

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

**Fiscal Year Ended  
September 30, 2021**





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# **INDEPENDENT AUDITORS' REPORT**

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## **INDEPENDENT AUDITORS' REPORT**

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

### ***Report of the Financial Statements***

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Eatonville, Florida (hereafter "the Town") as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditors' Responsibilities***

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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.

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

***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town, as of ended September 30, 2021, 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 is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

***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 enterprise fund budgetary comparison schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the enterprise fund budgetary comparison schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated November 28, 2022, on our consideration of the Town of Eatonville, Florida's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion of the effectiveness of the Town of Eatonville, Florida's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Eatonville, Florida's internal control over financial reporting and compliance.

*Carr, Riggs & Ingram, L.L.C.*

CARR, RIGGS & INGRAM, LLC

Orlando, Florida

November 28, 2022



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

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## 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, 2021. Please read our discussion and analysis of the Town's financial activities for the year ended September 30, 2021 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 \$13,792,022 (*net position*). The Town's total net position increased by \$542,745 during fiscal year 2021, including a \$38,046 increase in business-type activities and a \$504,699 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 13 - 14 of this report.

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

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

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

The Town maintains the following two individual governmental funds: General Fund and Community Redevelopment Agency Fund. Information is presented separately in the governmental fund balance sheet, and in the governmental funds' Statement of Revenues, Expenditures, and Changes in Fund Balances for these funds. The Town adopts an annual appropriated budget for its enterprise funds and its governmental funds. Budgetary comparison schedules have been provided to demonstrate compliance with the budget. The basic governmental funds' financial statements can be found on pages 15 - 17 of this report.

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

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

**Notes to the Financial Statements:** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 24 - 57 of this report.

**Other Information:** In addition to the basic financial statements and accompanying notes, this report presents certain *required supplementary information* concerning the Town's General Fund's and Community Redevelopment Agency Fund's budget compliance and schedules of changes in the net pension asset and schedules of contributions related to the Town of Eatonville Municipal Police Officers' Retirement Trust Fund (the Plan). Required supplementary information can be found on pages 58 - 61 of this report.

Additional budgetary information is presented immediately following the required supplementary information and can be found on pages 63 – 64 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 \$13,792,022 at the close of the most recent fiscal year.

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

Statement of Net Position						
	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
<b>Assets</b>						
Current and other assets	\$ 5,165,298	\$ 3,909,307	\$ (1,210,030)	\$ 2,364,939	\$ 3,955,268	\$ 6,274,246
Capital assets	6,585,333	6,650,215	7,200,919	7,420,407	13,786,252	14,070,622
Total assets	11,750,631	10,559,522	5,990,889	9,785,346	17,741,520	20,344,868
Deferred outflows of resources	154,998	232,538	-	-	154,998	232,538
<b>Liabilities</b>						
Other liabilities	747,954	178,525	312,392	4,081,877	1,060,346	4,260,402
Long-term liabilities	790,247	812,756	2,026,891	2,089,909	2,817,138	2,902,665
Total liabilities	1,538,201	991,281	2,339,283	6,171,786	3,877,484	7,163,067
Deferred inflows of resources	229,900	165,062	-	-	229,900	165,062
<b>Net Position</b>						
Net investment in capital assets	5,894,117	5,936,126	5,179,923	5,338,152	11,074,040	11,274,278
Restricted	920,421	1,021,740	-	-	920,421	1,021,740
Unrestricted (deficit)	3,325,878	2,677,851	(1,528,317)	(1,724,592)	1,797,561	953,259
Total net position	\$ 10,140,416	\$ 9,635,717	\$ 3,651,606	\$ 3,613,560	\$ 13,792,022	\$ 13,249,277

By far the largest portion of the Town's net position, \$11,074,040, 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.

\$920,421 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 \$1,528,317 and positive balances in all other categories of net position for both the governmental activities and business-type activities.

**Governmental Activities:** Total assets and deferred outflows increased \$1,113,570 (10%) from the prior year, while total liabilities and deferred inflows increased \$608,870 (45%) from the prior year. Key elements of these changes are as follows:

- The net pension asset and deferred outflows related to pensions decreased \$77,540, while deferred inflows related to pensions increased \$64,838. These changes are primarily due to a change in actuarial assumptions and expected to actual experience (see detailed discussion of the pension plan on pages 60 - 62 of this report).
- Capital assets decreased \$64,882, \$266,866 of which was current year accumulated depreciation, offset by \$201,984 in capital asset additions.
- Long-term liabilities decreased \$22,509, primarily due to \$55,090 in additional capital leases plus \$75,914 of regular payments on notes and capital leases.

**Business-type Activities:** Total assets decreased \$3,794,457 (39%) from the prior year while total liabilities decreased \$3,832,503 (51%) from the prior year. Key elements of these changes are as follows:

- Capital assets decreased \$219,488, primarily due to current year additions of \$1,044,129, of which \$898,250 were completed construction in progress additions, offset with accumulated depreciation increase of \$365,367.
- Internal balances that were eliminated in the amount of \$2,016,585 due to amounts owed to the Water and Sewer Fund due from Solid Waste and Stormwater Funds, as well as amounts due to the general fund were reported as internal balances, net.

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

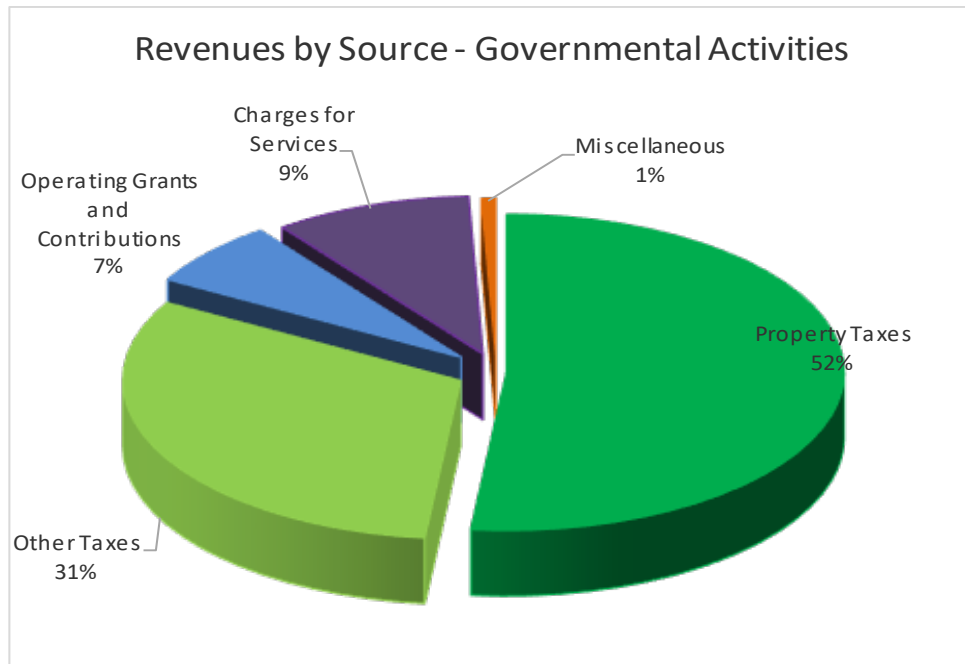
	Changes in Net Portfolio					
	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
<b>Revenues</b>						
Program revenues:						
Charges for Services	\$ 402,968	\$ 279,387	\$ 1,269,377	\$ 1,251,938	\$ 1,672,345	\$ 1,531,325
Operating grants and contributions	282,276	286,621	-	-	282,276	286,621
Capital grants and contributions	-	-	94,036	554,318	94,036	554,318
General revenues					-	-
Property taxes	2,197,931	2,007,197	-	-	2,197,931	2,007,197
Other taxes	1,340,300	1,314,666	-	-	1,340,300	1,314,666
Other revenues	28,909	47,212	-	-	28,909	47,212
Gain on sale of capital assets	-	8,310	-	-	-	8,310
<b>Total revenues</b>	<b>4,252,384</b>	<b>3,943,393</b>	<b>1,363,413</b>	<b>1,806,256</b>	<b>5,615,797</b>	<b>5,749,649</b>
<b>Expenses</b>						
General government	1,570,398	1,895,699	-	-	1,570,398	1,895,699
Public safety	1,597,839	1,457,425	-	-	1,597,839	1,457,425
Physical environment	264,078	412,145	-	-	264,078	412,145
Economic environment	7,380	8,477	-	-	7,380	8,477
Human services	17,298	12,597	-	-	17,298	12,597
Culture and recreation	211,512	68,638	-	-	211,512	68,638
Interest on long-term debt	24,180	29,615	-	-	24,180	29,615
Water and sewer	-	-	954,125	1,013,253	954,125	1,013,253
Solid waste	-	-	301,010	311,550	301,010	311,550
Stormwater	-	-	125,232	114,343	125,232	114,343
<b>Total expenses</b>	<b>3,692,685</b>	<b>3,884,596</b>	<b>1,380,367</b>	<b>1,439,146</b>	<b>5,073,052</b>	<b>5,323,742</b>
Increase (decrease) in net position before transfers	559,699	58,797	(16,954)	367,110	542,745	425,907
Transfers	(55,000)	-	55,000	-	-	-
<b>Change in net position</b>	<b>504,699</b>	<b>58,797</b>	<b>38,046</b>	<b>367,110</b>	<b>542,745</b>	<b>425,907</b>
Net position - beginning	9,635,717	9,576,920	3,613,560	3,246,450	13,249,277	12,823,370
<b>Net position - ending</b>	<b>\$ 10,140,416</b>	<b>\$ 9,635,717</b>	<b>\$ 3,651,606</b>	<b>\$ 3,613,560</b>	<b>\$ 13,792,022</b>	<b>\$ 13,249,277</b>

**Governmental Activities:** Governmental activities increased net position by \$504,699, compared to an increase of \$58,797 in the prior year. Key elements of changes as a result of activities are as follows:

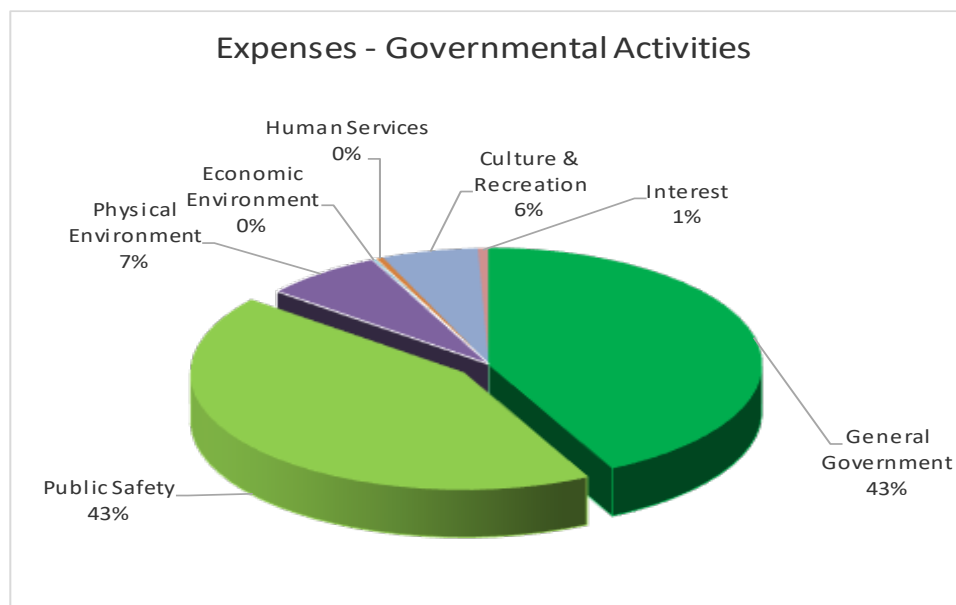
- General government expenses decreased \$325,301 (17%) primarily as a result of reduction in salary and wages and contractual services
- Property tax revenues increased \$190,734 (10%) due to an increase in the assessed value of properties.
- Physical environment expenses decreased \$148,067 primarily due to reduction in depreciation expense and utility costs.



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

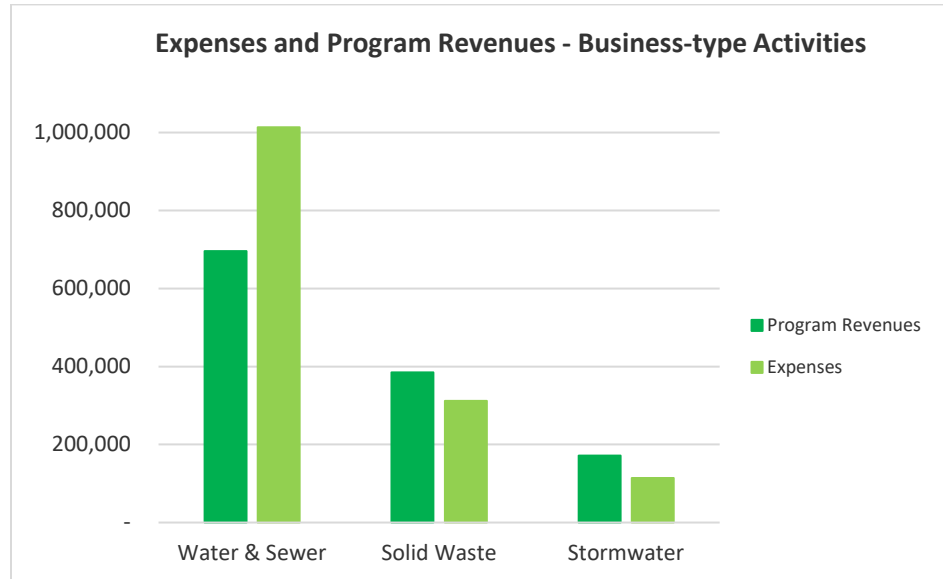


The following chart shows the Town's expenses by category.



**Business-type Activities:** Business-type activities increased net position by \$38,046, compared to an increase of \$367,110 in the prior year.

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



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

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

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

At the end of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$3,918,672, an increase of \$563,636 for the year. Approximately 73% (\$2,876,027) 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 (\$122,224), and restricted (\$920,421).

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 \$2,958,325 for the General Fund, an increase of \$625,029 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, 2021, the General Fund's unassigned fund balance represents 91% of total General Fund expenditures.

The fund balance of the Town's CRA Fund decreased \$61,393 from the prior year to \$960,347. Operating costs of \$542,686 within the CRA fell below revenue sources of \$408,366.

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

The unrestricted net deficit of the Water and Sewer, Solid Waste and Stormwater Funds at the end of the year amounted to \$1,528,316 with an unrestricted \$3,510,117 deficit in the Water and Sewer Fund offsetting positive balances in the other funds. The Water and Sewer fund decreased net position and the Solid Waste and Stormwater Funds increased net positions by (\$89,041), \$77,513 and \$49,574, respectively.

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

**General Fund Budgetary Highlights:** During the year there were \$3,449,655 budgeted expenditures, which exceeded actual expenditures by \$303,496 as shown below.

Expenditures	Budgeted Amounts		Actual Amounts	Variances
	Original	Final		Final Budget Positive/ (Negative)
General government	\$ 1,382,916	\$ 1,382,916	1,228,166	\$ 154,750
Public safety	1,574,445	1,574,445	1,555,770	18,675
Physical environment	207,245	207,245	133,324	73,921
Economic environment	7,184	7,184	7,380	(196)
Human services	27,615	27,615	17,298	10,317
Culture/recreation	15,125	15,125	12,683	2,442
Capital outlay	152,125	152,125	111,048	41,077
Debt service:				
Principal	58,000	58,000	57,282	718
Interest	25,000	25,000	23,208	1,792
Total expenditures	\$ 3,449,655	\$ 3,449,655	\$ 3,146,159	\$ 303,496

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

**Long-term Debt:** At the end of the current fiscal year, the Town had \$2,817,137 in total long-term debt outstanding. Of this amount, \$653,990 consists of a loan, and the related premium, through the Florida Municipal Loan Council; \$2,020,996 consists of State Revolving Fund loans; \$42,765 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 2, pages 36 - 49 of this report.

**Capital Assets:** The Town's capital assets for its governmental and business-type activities as of September 30, 2021 amounted to \$13,786,252 (net of accumulated depreciation). Capital assets includes land, infrastructure, buildings, improvements, machinery and equipment, and recreational facilities. Additional information on the Town's capital assets can be found in Note 2 on pages 41 - 42 of this report.

### **Economic Factors**

General economic conditions are increasingly positive in recent years. Although the Town's fund balances and cash flows are well below desired levels, recently development has begun on (2) two of three major planned development projects in the Town that will increase tax revenue and help add stability to the General Fund. In addition to development by external sources, the Town has been awarded some major infrastructure grants that will be beneficial to the Capital Improvement Programs associated with Water and Sewer Utilities which will strengthen the utility and add stability also.

### **Requests for Information**

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

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## **BASIC FINANCIAL STATEMENTS**

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

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**Town of Eatonville, Florida**  
**Statement of Net Position**

	Primary Government		
<i>September 30, 2021</i>	Governmental Activities	Business-type Activities	Total
<b>Assets</b>			
Cash and cash equivalents	\$ 2,420,309	\$ 299,513	\$ 2,719,822
Accounts receivable, net	374,861	203,390	578,251
Due from other governments	-	23,517	23,517
Prepaid items and other assets	127,763	-	127,763
Internal balances	1,736,450	(1,736,450)	-
Net pension asset	505,915	-	505,915
Capital assets net of accumulated depreciation:			
Nondepreciable	1,014,679	2,500	1,017,179
Depreciable	5,570,654	7,198,419	12,769,073
Total assets	11,750,631	5,990,889	17,741,520
<b>Deferred Outflows of Resources</b>			
Deferred outflows related to pensions	154,998	-	154,998
Total deferred outflows of resources	154,998	-	154,998
<b>Liabilities</b>			
Accounts payable	2,938	11,350	14,288
Accrued liabilities	116,060	179,556	295,616
Unearned revenues	572,992	24,425	597,417
Other liabilities	55,964	-	55,964
Customer deposits	-	97,061	97,061
Other liabilities	-	-	-
Long-term liabilities:			
Due within one year	131,240	74,413	205,653
Due in more than one year	659,007	1,952,478	2,611,485
Total liabilities	1,538,201	2,339,283	3,877,484
<b>Deferred Inflows of Resources</b>			
Deferred inflows related to pensions	229,900	-	229,900
Total deferred inflows of resources	229,900	-	229,900
<b>Net Position</b>			
Net investment in capital assets	5,894,117	5,179,923	11,074,040
Restricted for:			
Economic environment	920,421	-	920,421
Unrestricted (deficit)	3,325,878	(1,528,317)	1,797,561
Total net position	\$ 10,140,416	\$ 3,651,606	\$ 13,792,022

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



## Town of Eatonville, Florida Statement of Activities

For the year ended September 30, 2021						Net (Expense) Revenue and Changes in Net Position		
						Primary Government		
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions		Governmental Activities	Business-type Activities	Total
Primary government:								
Governmental activities:								
General government	\$ 1,570,398	\$ 305,640	\$ 153,396	\$ -		\$ (1,111,362)	\$ -	\$ (1,111,362)
Public safety	1,597,839	4,263	121,016	-		(1,472,560)	-	(1,472,560)
Physical environment	264,078	27,372	-	-		(236,706)	-	(236,706)
Economic environment	7,380	-	-	-		(7,380)	-	(7,380)
Human services	17,298	-	7,864	-		(9,434)	-	(9,434)
Culture/recreation	211,512	65,693	-	-		(145,819)	-	(145,819)
Interest on long-term debt	24,180	-	-	-		(24,180)	-	(24,180)
Total governmental activities	3,692,685	402,968	282,276	-		(3,007,441)	-	(3,007,441)
Business-type activities:								
Water and sewer	954,125	716,047	-	94,036		-	(144,042)	(144,042)
Solid waste	301,010	378,523	-	-		-	77,513	77,513
Stormwater	125,232	174,807	-	-		-	49,575	49,575
Total business-type activities	1,380,367	1,269,377	-	94,036		-	(16,954)	(16,954)
<b>Total primary government</b>	<b>\$ 5,073,052</b>	<b>\$ 1,672,345</b>	<b>\$ 282,276</b>	<b>\$ 94,036</b>		<b>(3,007,441)</b>	<b>(16,954)</b>	<b>(3,024,395)</b>
General revenues:								
Property taxes						2,197,931	-	2,197,931
Franchise fees based on gross receipts						368,499	-	368,499
Sales taxes						334,291	-	334,291
Utility service taxes						637,510	-	637,510
Miscellaneous and other taxes						21,486	-	21,486
Unrestricted investment earnings						7,423	-	7,423
Transfers, net						(55,000)	55,000	-
<b>Total general revenues</b>						<b>3,512,140</b>	<b>55,000</b>	<b>3,567,140</b>
Change in net position						504,699	38,046	542,745
Net position, beginning of year						9,635,717	3,613,560	13,249,277
<b>Net position, end of year</b>						<b>\$ 10,140,416</b>	<b>\$ 3,651,606</b>	<b>\$ 13,792,022</b>

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

**Town of Eatonville, Florida**  
**Balance Sheet**

<i>September 30, 2021</i>	<b>General</b>	<b>Community Redevelopment Agency</b>	<b>Total Governmental Funds</b>
<b>Assets</b>			
Cash and cash equivalents	\$ 1,954,908	\$ 465,401	\$ 2,420,309
Accounts receivable, net	242,121	132,740	374,861
Due from other funds	1,875,069	322,280	2,197,349
Prepaid items	82,298	39,926	122,224
<b>Total assets</b>	<b>\$ 4,154,396</b>	<b>\$ 960,347</b>	<b>\$ 5,114,743</b>
<b>Liabilities and Fund Balances</b>			
Liabilities			
Accounts payable	\$ 2,938	\$ -	\$ 2,938
Accrued liabilities	103,278	-	103,278
Unearned revenue	572,992	-	572,992
Due to other funds	460,899	-	460,899
Other liabilities	55,964	-	55,964
<b>Total liabilities</b>	<b>1,196,071</b>	<b>-</b>	<b>1,196,071</b>
Fund balances			
Nonspendable			
Prepaid items	82,298	39,926	122,224
Restricted for			
Community Redevelopment Agency	-	920,421	920,421
Unassigned	2,876,027	-	2,876,027
<b>Total fund balances</b>	<b>2,958,325</b>	<b>960,347</b>	<b>3,918,672</b>
<b>Total liabilities and fund balances</b>	<b>\$ 4,154,396</b>	<b>\$ 960,347</b>	<b>\$ 5,114,743</b>

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

# Town of Eatonville, Florida

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

September 30, 2021

Total fund balances - governmental funds	\$	3,918,672
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Amounts reported for governmental activities in the statement of net position are different because:

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

	Governmental capital assets	12,443,822	
	Less accumulated depreciation	<u>(5,858,489)</u>	6,585,333

Net pension asset included in total assets is not available to pay current expenditures and, therefore, is not reported in the funds.		505,915
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Governmental funds record bond insurance costs as expenditures when these costs are first incurred. Unamortized bond insurance costs must be included as a prepaid item in the government-wide statements.		5,539
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Long-term liabilities, including compensated absences, are not due and payable in the current period and, therefore, are not reported in the funds.

	Notes payable	\$ (630,000)	
	Unamortized premium	(23,990)	
	Capital leases	(42,765)	
	Compensated absences	(93,492)	
	Accrued interest on long-term debt	<u>(9,894)</u>	(800,141)

Deferred outflow of resources related to pension earnings are not recognized in the governmental funds; however, they are recorded in the statement of net position under full accrual accounting.		154,998
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Deferred inflow of resources related to pension earnings are not recognized in governmental funds; however, they are recorded in the statement of net position under full accrual accounting.		(229,900)
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Net position of governmental activities	\$	10,140,416
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The notes to the financial statements are an integral part of this statement.

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

<i>For the year ended September 30, 2021</i>	<b>General</b>	<b>Community Redevelopment Agency</b>	<b>Total Governmental Funds</b>
<b>Revenue</b>			
Ad valorem taxes	\$ 1,796,931	\$ 401,000	\$ 2,197,931
Utility taxes	637,510	-	637,510
Franchise fees	368,499	-	368,499
Sales tax	334,291	-	334,291
Intergovernmental revenues	211,760	-	211,760
Licenses and permits	218,589	-	218,589
Charges for services	147,475	-	147,475
Fines and forfeitures	14,355	-	14,355
Interest income	57	7,366	7,423
Rental and other income	114,558	-	114,558
<b>Total revenues</b>	<b>3,844,025</b>	<b>408,366</b>	<b>4,252,391</b>
<b>Expenditures</b>			
General government	1,228,166	196,106	1,424,272
Public safety	1,555,770	-	1,555,770
Physical environment	133,324	-	133,324
Economic environment	7,380	-	7,380
Human services	17,298	-	17,298
Culture/recreation	12,683	163,525	176,208
Capital outlay	111,048	162,626	273,674
Debt service:			
Principal	57,282	18,632	75,914
Interest and other related charges	23,208	1,797	25,005
<b>Total expenditures</b>	<b>3,146,159</b>	<b>542,686</b>	<b>3,688,845</b>
Excess (deficiency) of revenues over (under) expenditures	697,866	(134,320)	563,546
<b>Other Financing Sources</b>			
Issuance of capital lease financing	-	55,090	55,090
Transfers in	-	17,837	17,837
Transfers out	(72,837)	-	(72,837)
<b>Total other financing sources</b>	<b>(72,837)</b>	<b>72,927</b>	<b>90</b>
<b>Net change in fund balances</b>	<b>625,029</b>	<b>(61,393)</b>	<b>563,636</b>
<b>Fund balance, beginning of year</b>	<b>2,333,296</b>	<b>1,021,740</b>	<b>3,355,036</b>
<b>Fund balance, end of year</b>	<b>\$ 2,958,325</b>	<b>\$ 960,347</b>	<b>\$ 3,918,672</b>

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

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

*For the year ended September 30,*

2021

Net change in fund balances - total governmental funds	\$	563,636
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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 (\$266,866) exceeded capitalized capital outlay (\$201,984) in the current period.		(64,882)
--	--	----------

Issuance of capital leases is an other financing source in the governmental funds, but increases long-term liabilities in the statement		(55,090)
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Repayment of note principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.		78,579
--	--	--------

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)
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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	\$	(979)	
Decrease in accrued interest on long-term debt		822	(157)

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

Increase in net pension asset	\$	125,606	
Decrease in deferred outflows related to pensions		(77,540)	
Decrease in deferred inflows related to pensions		(64,838)	(16,772)

Change in net position of governmental activities	\$	504,699
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The notes to the financial statements are an integral part of this statement.

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

<i>September 30, 2021</i>	Business-type Activities - Enterprise Funds			
	Water and Sewer	Solid Waste	Stormwater	Total
<b>Assets</b>				
Current assets				
Cash and cash equivalents	\$ 272,461	\$ -	\$ 27,052	\$ 299,513
Accounts receivable, net	109,556	64,040	29,794	203,390
Due from other governments	23,517	-	-	23,517
Total current assets	405,534	64,040	56,846	526,420
Noncurrent assets				
Due from other funds	-	1,052,054	964,531	2,016,585
Capital assets				
Capital assets not being depreciated				
Land	2,500	-	-	2,500
Total non-depreciable capital assets	2,500	-	-	2,500
Capital assets being depreciated				
Buildings and improvements	11,131,795	-	-	11,131,795
Equipment	272,688	-	125,187	397,875
Total depreciable assets	11,404,483	-	125,187	11,529,670
Less accumulated depreciation	(4,221,753)	-	(109,498)	(4,331,251)
Total depreciable capital assets, net of accumulated depreciation	7,182,730	-	15,689	7,198,419
Total noncurrent assets	7,185,230	1,052,054	980,220	9,217,504
Total assets	7,590,764	1,116,094	1,037,066	9,743,924
<b>Liabilities</b>				
Current liabilities				
Accounts payable	11,350	-	-	11,350
Accrued liabilities	26,179	127,011	26,366	179,556
Unearned revenues	24,425	-	-	24,425
Current portion of notes payable	70,270	-	-	70,270
Current portion of compensated absences	1,850	-	2,293	4,143
Customer deposits	97,061	-	-	97,061
Total current liabilities	231,135	127,011	28,659	386,805
Noncurrent liabilities				
Due to other funds	3,753,035	-	-	3,753,035
Compensated absences	1,752	-	-	1,752
Notes payable	1,950,726	-	-	1,950,726
Total noncurrent liabilities	5,705,513	-	-	5,705,513
Total liabilities	5,936,648	127,011	28,659	6,092,318
<b>Net Position</b>				
Net investment in capital assets	5,164,233	-	15,690	5,179,923
Unrestricted (deficit)	(3,510,117)	989,083	992,717	(1,528,317)
Total net position	\$ 1,654,116	\$ 989,083	\$ 1,008,407	\$ 3,651,606

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

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

<i>For the year ended September 30, 2021</i>	Business-type Activities - Enterprise Funds			
	Water and Sewer	Solid Waste	Stormwater	Total
<b>Operating Revenues</b>				
Charges for services	\$ 716,047	\$ 378,523	\$ 174,807	<b>\$ 1,269,377</b>
Total operating revenues	716,047	378,523	174,807	<b>1,269,377</b>
<b>Operating Expenses</b>				
Personnel services	114,427	-	105,244	<b>219,671</b>
Operating	475,504	301,010	18,815	<b>795,329</b>
Depreciation expense	364,194	-	1,173	<b>365,367</b>
Total operating expenses	954,125	301,010	125,232	<b>1,380,367</b>
Operating income (loss) before contributions and transfers	(238,078)	77,513	49,575	<b>(110,990)</b>
Capital contributions	94,036	-	-	<b>94,036</b>
Transfers in	55,000	-	-	<b>55,000</b>
Change in net position	(89,042)	77,513	49,575	<b>38,046</b>
Net position - beginning of year	1,743,157	911,570	958,833	<b>3,613,560</b>
Net position - end of year	\$ 1,654,115	\$ 989,083	\$ 1,008,408	<b>\$ 3,651,606</b>

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

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

<i>For the year ended September 30, 2021</i>	Business-type Activities - Enterprise Funds			
	Water and Sewer	Solid Waste	Stormwater	Total
<b>Operating Activities</b>				
Cash received from customers	\$ 737,936	\$ 378,209	\$ 173,581	\$ 1,289,726
Cash payments to suppliers for goods and services	(543,881)	(301,010)	(23,306)	(868,197)
Cash payments to employees for services	(113,044)	-	(105,244)	(218,288)
Net cash provided by operating activities	81,011	77,199	45,031	203,241
<b>Noncapital Financing Activities</b>				
Borrowings from other funds	41,611	-	-	41,611
Loans and reimbursements to other funds	-	(77,199)	(17,978)	(95,177)
Transfers in from other funds	55,000	-	-	55,000
Net cash provided by (used in) noncapital financing activities	96,611	(77,199)	(17,978)	1,434
<b>Capital and Related Financing Activities</b>				
Acquisition and construction of capital assets	(145,879)	-	-	(145,879)
Proceeds from state revolving loan	11,831	-	-	11,831
Principal paid on notes payable	(73,088)	-	-	(73,088)
Proceeds from capital contributions	94,036	-	-	94,036
Net cash used in capital and related financing activities	(113,100)	-	-	(113,100)
Net increase in cash and cash equivalents	64,522	-	27,053	91,575
Cash and cash equivalents, beginning of year	207,938	-	-	207,938
Cash and cash equivalents, end of year	\$ 272,460	\$ -	\$ 27,053	\$ 299,513
<b>Reconciliation of operating income (loss) to net cash provided by (used in) operating activities</b>				
Operating income (loss) before contributions	\$ (238,078)	\$ 77,513	\$ 49,575	\$ (110,990)
Adjustment to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation	364,194	-	1,173	365,367
Change in assets and liabilities				
Accounts receivable	10,228	(314)	(1,226)	8,688
Accounts payable	(68,377)	-	(8,105)	(76,482)
Accrued liabilities	4,052	-	2,706	6,758
Customer deposits	11,661	-	-	11,661
Compensated absences	(2,669)	-	908	(1,761)
Total adjustments	319,089	(314)	(4,544)	314,231
Net cash provided by operating activities	\$ 81,011	\$ 77,199	\$ 45,031	\$ 203,241

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



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

<i>September 30, 2021</i>	<b>Police Pension Trust Fund</b>
<hr/>	
<b>Assets</b>	
Money market mutual funds	\$      123,235
Investments, at fair value	2,224,425
Accrued interest and dividends	5,910
Accounts receivable	46,220
<hr/>	
Total assets	\$      2,399,790
<hr/>	
<b>Net Position</b>	
Restricted for pension benefits	\$      2,399,790
<hr/>	

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

<i>September 30, 2021</i>	<b>Police Pension Trust Funds</b>
<b>Additions</b>	
Contributions	
State of Florida	\$ -
Town	46,220
Plan members	29,628
<b>Total contributions</b>	<b>75,848</b>
Investment earnings	
Interest	52,656
Investment income, net of investment expense	96,904
Unrealized losses on investments	252,720
<b>Total investment earnings</b>	<b>402,280</b>
<b>Total additions</b>	<b>478,128</b>
<b>Deductions</b>	
Benefit payments including refunds of contributions	22,711
Administrative expenses	9,900
<b>Total deductions</b>	<b>32,611</b>
<b>Change in net position</b>	<b>445,517</b>
<b>Net position restricted for pension benefits, beginning of year</b>	<b>1,954,273</b>
<b>Net position restricted for pension benefits, end of year</b>	<b>\$ 2,399,790</b>

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# **NOTES TO THE FINANCIAL STATEMENTS**

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## Town of Eatonville, Florida Notes to 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 are combined with the accounts of the primary government and are 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.

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

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

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and 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.



## Town of Eatonville, Florida Notes to Financial Statements

### Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

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

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

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

#### ***Fund Financial Statements***

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

The Town reports the following major governmental funds:

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

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

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

***Fund Financial Statements (Continued)***

The Town reports the following major proprietary funds:

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

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

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

The Town reports the following fiduciary fund:

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

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

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

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

***Budgetary Information***

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

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

***Receivables and Payables***

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

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

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

*Interfund Activities and Transactions*

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

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

*Prepaid Items*

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

*Capital Assets*

Capital assets, which include property, plant, 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.

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

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

*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

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

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

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

*Deferred Outflows/Inflows of Resources (Continued)*

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Town has 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.

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

***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.

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

***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, 2021. 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.



**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

***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, 2021.

***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.

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

***Subsequent Events***

Management has evaluated subsequent events through the date that the financial statements were available to be issued, November 28, 2022. See Note 4 for relevant disclosure. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

***Recently Issued and Implemented Accounting Pronouncements***

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

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.

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

## Town of Eatonville, Florida Notes to Financial Statements

### Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### *Recently Issued and Implemented Accounting Pronouncements*

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

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

### Note 2: DETAILED NOTES ON ALL FUNDS

#### *Cash Deposits*

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

#### *Investments*

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

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

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

**Note 2: DETAILED NOTES ON ALL FUNDS (Continued)**

***Investments (Continued)***

As of September 30, 2021, the Town's pension investments are held in street name in the form of stock, debt securities and U.S. government bonds through a financial brokerage firms segregated out from the assets and investments held by other clients of the investment firm and their own assets.

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

*Credit Risk* – Section 150: *Investments* of the GASB Codification requires that governments provide information about credit risk associated with their investments by disclosing the credit rating of investments in debt securities as described by nationally recognized statistical rating organizations. The Town has limited its credit risk by limiting investments to the safest types of securities, primarily government investment pools. The Town's investment objectives are prioritized by safety, liquidity and yield. Time Deposits, including Certificates of Deposit, are collateralized under the State of Florida Qualified Public Depository Program, whereby member institutions are collectively responsible for any individual member's default.

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

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

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

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

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

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

**Note 2: DETAILED NOTES ON ALL FUNDS (Continued)**

***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.

Investment Type	Type	Credit Quality Rating	Carrying Amount	Maturities (in Years)			
				Less Than 1	1 to 5	5 to 10	More Than 10
Money market mutual funds	Money Market	NR*	\$ 123,235	\$ 123,235	\$ -	\$ -	\$ -
Corporate Bonds	Fixed Income	Aaa	\$ 13,765	-	-	-	13,765
Corporate Bonds	Fixed Income	Aa2	\$ -	-	-	-	-
Corporate Bonds	Fixed Income	Aa3	\$ -	-	-	-	-
Corporate Bonds	Fixed Income	A1	\$ 13,512	-	5,225	-	8,287
Corporate Bonds	Fixed Income	A2	\$ 43,897	-	21,368	5,396	17,133
Corporate Bonds	Fixed Income	A3	\$ 26,301	-	19,520	-	6,781
Corporate Bonds	Fixed Income	Baa1	\$ 35,687	-	17,485	2,009	16,193
Corporate Bonds	Fixed Income	Baa2	\$ 52,502	5,090	21,082	19,391	6,939
Corporate Bonds	Fixed Income	Baa3	\$ 129,061	-	83,281	27,418	18,362
Corporate Bonds	Fixed Income	NR	\$ 77,535	-	55,455	14,171	7,909
Municipal Bonds	Fixed Income	Aaa	\$ 10,294	5,184	5,110	-	-
Municipal Bonds	Fixed Income	Aa2	\$ 14,797	-	5,524	-	9,273
Municipal Bonds	Fixed Income	Aa3	\$ 9,710	-	-	-	9,710
Municipal Bonds	Fixed Income	NR	\$ 5,411	-	-	-	5,411
Government Bonds	Fixed Income	Aaa	\$ 28,271	-	8,804	7,783	11,684
Government Sponsored Bonds	Fixed Income	Aaa	\$ 16,026	-	-	-	16,026
Mortgage Pools	Fixed Income	Aaa	\$ 278,489	-	50,246	80,823	147,420
Total debt securities			755,258	10,274	293,100	156,991	294,893
Common Stock	Equity	NR*	\$ 1,469,167	1,469,167	-	-	-
Total pension investments			\$ 2,347,660	\$ 1,602,676	\$ 293,100	\$ 156,991	\$ 294,893

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

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

**Note 2: DETAILED NOTES ON ALL FUNDS (Continued)**

***Investments (Continued)***

The following table sets forth by level, within the fair value hierarchy, the Town's assets at fair value as of September 30, 2021:

Investments	Carrying Amount	Fair Value		Amortized Cost
		Level 1	Level 2	
Money market mutual funds	\$ 123,235	\$ -	\$ -	\$ 123,235
U.S. treasury bonds and notes	28,270	-	28,270	-
U.S. government agencies	16,026	-	16,026	-
Asset-backed securities	278,490	-	278,490	-
Municipal bonds	40,211	-	40,211	-
Corporate bonds and notes	392,261	-	392,261	-
Common stock	1,469,167	1,469,167	-	-
<b>Total Investments</b>	<b>\$ 2,347,660</b>	<b>\$ 1,469,167</b>	<b>\$ 755,258</b>	<b>\$ 123,235</b>

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, 2021.

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

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

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

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

**Note 2: DETAILED NOTES ON ALL FUNDS (Continued)**

***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, 2021 (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, 2021, were as follows:

	General Fund	Community Redevelopment Fund	Water and Sewer	Solid Waste	Stormwater	Total
<b>Receivables</b>						
Customer receivables and unbilled revenues	\$ 37,623	\$ 132,740	\$ 331,239	\$ 187,285	\$ 84,135	\$ 773,022
Franchise and utility	235,473	-	-	-	-	235,473
Total receivables	273,096	132,740	331,239	187,285	84,135	1,008,495
Less allowance for uncollectibles	(30,975)	-	(221,683)	(123,245)	(54,341)	(430,244)
Total receivables, net	\$ 242,121	\$ 132,740	\$ 109,556	\$ 64,040	\$ 29,794	\$ 578,251

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, 2021. There are no other reserves for receivables recorded by the Town as of September 30, 2021.

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

**Note 2: DETAILED NOTES ON ALL FUNDS (Continued)**

***Capital Assets***

The following is a summary of changes in capital assets during the year ended September 30, 2021:

	Beginning Balance	Additions	Deletions	Ending Balance
<b>Governmental activities</b>				
Capital assets not being depreciated				
Land	\$ 907,143	\$ 107,536	\$ -	\$ 1,014,679
Total capital assets not being depreciated	907,143	107,536	-	1,014,679
Capital assets, being depreciated				
Infrastructure	5,269,416	-	-	5,269,416
Buildings and improvements	3,342,152	-	-	3,342,152
Improvements other than buildings	796,742	-	-	796,742
Equipment	1,926,385	94,448	-	2,020,833
Total capital assets, being depreciated	11,334,695	94,448	-	11,429,143
Less accumulated depreciation for				
Infrastructure	(1,407,464)	(121,916)	-	(1,529,380)
Buildings and improvements	(1,647,306)	(76,274)	-	(1,723,580)
Improvements other than buildings	(696,400)	(20,057)	-	(716,457)
Equipment	(1,840,453)	(48,619)	-	(1,889,072)
Total accumulated depreciation	(5,591,623)	(266,866)	-	(5,858,489)
Total capital assets being depreciated, net	5,743,072	(172,418)	-	5,570,654
Governmental activities capital assets, net	\$ 6,650,215	\$ (64,882)	\$ -	\$ 6,585,333



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

**Note 2: DETAILED NOTES ON ALL FUNDS (Continued)**

***Capital Assets (Continued)***

	Beginning Balance	Additions	Deletions	Ending Balance
<b>Business-type activities</b>				
Capital assets not being depreciated				
Land	\$ 2,500	\$ -	\$ -	\$ 2,500
Construction in progress	856,600	41,650	(898,250)	-
Total capital assets not being depreciated	859,100	41,650	(898,250)	2,500
Capital assets being depreciated				
Buildings and improvements	10,150,026	981,766	-	11,131,792
Equipment	377,162	20,713	-	397,875
Total capital assets being depreciated	10,527,188	1,002,479	-	11,529,667
Less accumulated depreciation for				
Buildings and improvements	(3,618,712)	(360,645)	-	(3,979,357)
Equipment	(347,169)	(4,722)	-	(351,891)
Total accumulated depreciation	(3,965,881)	(365,367)	-	(4,331,248)
Total capital assets being depreciated, net	6,561,307	637,112	-	7,198,419
Business-type activities capital assets, net	\$ 7,420,407	\$ 678,762	\$ (898,250)	\$ 7,200,919

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

**Governmental activities:**

General government	\$ 84,216
Public safety	25,297
Physical environment	122,049
Culture and recreation	35,304
Total	\$ 266,866

**Business-type activities:**

Water and Sewer	\$ 364,194
Stormwater	1,173
Total	\$ 365,367

**Note 2: DETAILED NOTES ON ALL FUNDS (Continued)**

***Long-Term Debt***

*FMLC Series Note Payable*

In fiscal year 2016, the Town entered into an agreement with the Florida Municipal Loan Council to advance refund the Series 2005B through the issuance of FMLC Series 2016. The loan contains certain filing requirements. The loan is payable annually on October 1 through October 2030. The interest is payable semi-annually on April 1 and October 1 through October 2030, with interest rates from 2.00% to 5.00% over the term of the loan. The loan agreement provides for events of default upon failure to timely make loan payments or other specified payments when due, and failure to observe and perform any covenant, condition or agreement, other than loan payment requirements, for a period of more than 30 days after notice of noncompliance. Covenants beyond timely loan payment requirements include incurrence of additional debt secured by non-ad valorem tax revenues and timely submission of financial information. In the event of default, the lender may call the loan and take other actions to collect amounts due. The Town did not meet the time deadline specified in the loan agreement for submission of audited financial statements; however, this covenant violation was not an event of default. As of September 30, 2021, the principal outstanding on the note was \$630,000.

*State Revolving Loan Fund*

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

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

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

**Note 2: DETAILED NOTES ON ALL FUNDS (Continued)**

***Long-Term Debt (Continued)***

*State Revolving Loan Fund (Continued)*

Each of the State Revolving Fund Loans contain covenants that provide for a revenue coverage ratio of 1.15 times debt service payments. As of September 30, 2021, 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, 2021, the principal outstanding on the state revolving loan funds were \$1,748,858.

*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, 2021, the principal outstanding on the system revenue bonds is \$272,138.

*Capital Lease*

The Town has entered into lease agreements as a lessee for financing the acquisition of 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.

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

**Note 2: DETAILED NOTES ON ALL FUNDS (Continued)**

***Long-Term Debt (Continued)***

Long-term liability activity for the fiscal year ended September 30, 2021 as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<b>Governmental activities</b>					
Note payable					
FMLC Series 2016	\$ 685,000	\$ -	\$ (55,000)	\$ 630,000	\$ 55,000
Total notes from direct borrowings	685,000	-	(55,000)	630,000	55,000
Other liabilities:					
Unamortized premium	26,655	-	(2,665)	23,990	2,665
Capital leases	8,589	55,090	(20,914)	42,765	20,627
Compensated absences	92,513	66,119	(65,140)	93,492	52,948
Total other liabilities	127,757	121,209	(88,719)	160,247	76,240
Governmental activities long-term liabilities	\$ 812,757	\$ 121,209	\$ (143,719)	\$ 790,247	\$ 131,240

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

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

For the year ended September 30:	Principal	Interest	Total
2022	\$ 55,000	\$ 18,963	\$ 73,963
2023	55,000	17,038	72,038
2024	60,000	15,338	75,338
2026	60,000	14,138	74,138
2026	60,000	12,863	72,863
2027-2031	340,000	36,419	376,419
Total	\$ 630,000	\$ 114,759	\$ 744,759

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

**Note 2: DETAILED NOTES ON ALL FUNDS (Continued)**

***Long-Term Debt (Continued)***

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

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<b>Business-type activities</b>					
Notes payable					
SRF Loan WW480200	\$ 185,757	\$ -	\$ (9,519)	\$ 176,238	\$ 9,719
SRF Loan WW480202	1,545,790	-	(52,858)	1,492,932	51,364
SRF Loan WW480240	68,706	11,831	(849)	79,688	4,174
System Revenue Bond 2019A	203,000	-	(7,099)	195,901	3,609
System Revenue Bond 2019B	79,000	-	(2,763)	76,237	1,404
Total notes from direct borrowings	2,082,253	11,831	(73,088)	2,020,996	70,270
Other liabilities:					
Compensated absences	7,655	2,884	(4,644)	5,895	4,143
Total other liabilities	7,655	2,884	(4,644)	5,895	4,143
Business-type activities long-term liabilities	\$ 2,089,908	\$ 14,715	\$ (77,732)	\$ 2,026,891	\$ 74,413

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

For the year ended September 30:	Principal	Interest	Total
2022	\$ 69,904	\$ 22,461	\$ 92,365
2023	70,689	21,685	92,374
2024	71,483	20,898	92,381
2025	72,289	20,100	92,389
2026	73,107	21,356	94,462
2027-2031	378,163	22,157	400,320
2032-2036	400,155	36,142	436,297
2037-2041	354,568	75,101	429,669
2042-2046	349,616	54,598	404,214
2047-2051	104,368	37,978	142,346
2052-2056	43,685	9,256	52,941
2057-2059	32,968	5,626	38,594
Total	\$ 2,020,996	\$ 347,357	\$ 2,368,354

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

**Note 2: DETAILED NOTES ON ALL FUNDS (Continued)**

***Pledged Revenues***

The Town has revenue notes outstanding at September 30, 2021, for which revenues of the Town have been pledged for repayment. Revenues pledged to repay these obligations are as follows:

	Amount Issued	Future Principal and Interest	Current Pledged Revenue	Current Year Principal and Interest	Current Percentage of Revenue
<b>Business-type activities</b>					
<b>Revenue Notes</b>					
State Revolving Fund Loans					
Maturity: 2037-2047					
Interest rate: 2.50%	\$ 1,922,829	\$ 1,974,212	\$ (113,887)	\$ 64,891	-57.0%
Purpose: Wastewater Facility Improvements					
Pledged revenue: Charges for services					

***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, 2021, was \$23,935. The leases have a 4 year term. The net book value of the leased assets as of September 30, 2021 is as follow:

Capitalized assets	
Copiers	\$ 21,022
Vehicles	55,090
Total capitalized assets	76,112
Less: accumulated depreciation	(23,952)
Total	\$ 52,160

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

**Note 2: DETAILED NOTES ON ALL FUNDS (Continued)**

***Obligations under Capital Lease (Continued)***

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

September 30:

2022	\$	20,627
2023		22,303
2024		2,223
Total minimum lease payments		45,153
Less: amount representing interest		(2,388)
Present value of minimum lease payments	\$	42,765

***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 \$242,256 for fiscal years 2022 through 2024.

***Net Investment In Capital Assets***

The elements of this calculation are as follows:

	Governmental Activities	Business-Type Activities	Total
Capital assets (net)	\$ 6,585,333	\$ 7,200,919	\$ 13,786,252
Plus unamortized deferred bond cost	5,539	-	5,539
Less outstanding debt related to capital assets	(696,755)	(2,020,996)	(2,717,751)
Net investment in capital assets	\$ 5,894,117	\$ 5,179,923	\$ 11,074,040

## **Town of Eatonville, Florida**

### **Notes to Financial Statements**

#### ***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 \$3,510,117 at September 30, 2021. The Water and Sewer Fund deficit is anticipated to be funded through enhanced revenues and reduction of expenses.



**Note 3: RETIREMENT PLANS**

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

The Town participates in two public employee retirement plans. These plans are a 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.

## Town of Eatonville, Florida Notes to Financial Statements

### Note 3: RETIREMENT PLANS (Continued)

#### *Contributions (Continued)*

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

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

There were no employee contributions to the Defined Contribution Plan during the fiscal year ended September 30, 2021. The employer's contributions were \$76,551 for the year ended September 30, 2021.

#### *Pension Plan*

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

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

**Note 3: RETIREMENT PLANS (Continued)**

***Pension Plan (Continued)***

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

As of October 1, 2020, 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, 2021, the annual money-weighted rate of return, net of investment expense on Plan investments was 6.5%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

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

**Note 3: RETIREMENT PLANS (Continued)**

***Pension Plan (Continued)***

*Net Pension Asset*

The following schedule displays the components of the net pension asset as of the Town's measurement date of September 30, 2021.

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension (Asset) (a) - (b)
Balance at October 1, 2020	\$ 1,573,964	\$ 1,954,273	\$ (380,309)
Changes for the year:			
Service cost	77,649	-	77,649
Interest	113,461	-	113,461
Difference between expected and actual experience	105,293	-	105,293
Contributions - Employee	-	29,628	(29,628)
Net investment income	-	402,281	(402,281)
Benefit payments, including refunds of employee contributions	(22,712)	(22,712)	-
Administrative expense	-	(9,900)	9,900
Net changes	273,691	399,297	(125,606)
Balance at September 30, 2021	\$ 1,847,655	\$ 2,353,570	\$ (505,915)

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

**Note 3: RETIREMENT PLANS (Continued)**

***Pension Plan (Continued)***

*Actuarial Assumptions*

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

Valuation date	10/1/2020
----------------	-----------

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, 2021 are summarized in the following table:

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

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

**Note 3: RETIREMENT PLANS (Continued)**

***Pension Plan (Continued)***

*Discount Rate*

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

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

	1 % Decrease (5.5%)	Current Discount Rate (6.5%)	1 % Increase (7.5%)
Net pension (asset)	\$ (250,941)	\$ (505,915)	\$ (717,776)

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

For the year ended September 30, 2021, the Town recognized a pension expense of \$16,772. At September 30, 2021, the Town reported deferred outflows of resources and deferred inflows of resources from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 107,690	\$ 90,316
Changes of assumptions	47,308	21,591
Net difference between projected and actual earnings on plan investments	-	117,993
<b>Total</b>	<b>\$ 154,998</b>	<b>\$ 229,900</b>

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

**Note 3: RETIREMENT PLANS (Continued)**

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

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

Year ended September 30:

2022	\$	(19,696)
2023		(23,960)
2024		2,767
2025		(34,013)
2026		-
Total	\$	(74,902)

**Note 4: INTERFUND BALANCES**

The outstanding balances between funds result mainly from interfund goods and services provided, reimbursements of expenditures, and working capital loans. The following is a summary of interfund receivables and payables at September 30, 2021:

Fund	Receivable	Payable
General Fund	\$ 1,875,069	\$ 460,899
CRA	322,280	-
Water and Sewer Fund	-	3,753,035
Solid Waste Fund	1,052,054	-
Stormwater Fund	964,531	-
Total	\$ 4,213,934	\$ 4,213,934

Transfers for the year ended September 30, 2021:

	Transfers in:			Total
	Water and Sewer	Community Redevelopment Agency		
Transfers out:				
General Fund	\$ 55,000	\$ 17,837	\$	72,837

**Note 5: 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 6: SUBSEQUENT EVENTS**

The Town was awarded \$665,000 from Environmental Protection Agency for facility rehabilitation.

As of April 22, 2022, the Executive Director position of the Town of Eatonville Redevelopment Agency was vacated, with no current replacement as of the date of this report.



## **REQUIRED SUPPLEMENTARY INFORMATION**

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

	Budgeted Amounts			Variances	
	Original	Final	Actual Amounts	Final Budget	Positive/ (Negative)
For the year ended September 30, 2021					
Revenue					
Ad valorem taxes	\$ 1,727,356	\$ 1,727,356	\$ 1,796,931	\$ 69,575	
Utility taxes	627,391	627,391	637,510	10,119	
Franchise fees	395,188	395,188	368,499	(26,689)	
Sales tax	269,640	269,640	334,291	64,651	
Intergovernmental revenues	164,217	164,217	211,760	47,543	
Licenses and permits	65,500	65,500	218,589	153,089	
Charges for services	123,690	123,690	147,475	23,785	
Fines and forfeitures	22,900	22,900	14,355	(8,545)	
Interest income	200	200	57	(143)	
Rental and other income	87,123	87,123	114,558	27,435	
Total revenues	3,483,205	3,483,205	3,844,025	360,820	
Expenditures					
General government	1,382,916	1,382,916	1,228,166	154,750	
Public safety	1,574,445	1,574,445	1,555,770	18,675	
Physical environment	207,245	207,245	133,324	73,921	
Economic environment	7,184	7,184	7,380	(196)	
Human services	27,615	27,615	17,298	10,317	
Culture/recreation	15,125	15,125	12,683	2,442	
Capital outlay	152,125	152,125	111,048	41,077	
Debt service:					
Principal	58,000	58,000	57,282	718	
Interest	25,000	25,000	23,208	1,792	
Total expenditures	3,449,655	3,449,655	3,146,159	303,496	
Excess of revenues over expenditures	33,550	33,550	697,866	57,324	
Other Financing Sources					
Transfers out	-	-	(72,837)	72,837	
Total other financing sources	-	-	(72,837)	72,837	
Net change in fund balances	33,550	33,550	625,029	130,161	
Fund balance, beginning of year	2,333,296	2,333,296	2,333,296	-	
Fund balance, end of year	\$ 2,366,846	\$ 2,366,846	\$ 2,958,325	\$ 130,161	

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

	Budgeted Amounts		Actual Amounts	Variances
	Original	Final		Final Budget Positive/ (Negative)
<b>Revenue</b>				
Ad valorem taxes	\$ 400,000	\$ 400,000	\$ 401,000	\$ 1,000
Interest	2,500	2,500	7,366	4,866
<b>Total revenues</b>	<b>402,500</b>	<b>402,500</b>	<b>408,366</b>	<b>5,866</b>
<b>Expenditures</b>				
General government	394,350	394,350	196,106	198,244
Culture/recreation	116,400	116,400	163,525	(47,125)
Capital outlay	426,750	426,750	162,626	264,124
Debt service				
Principal	-	-	18,632	(18,632)
Interest	-	-	1,797	(1,797)
<b>Total expenditures</b>	<b>937,500</b>	<b>937,500</b>	<b>542,686</b>	<b>394,814</b>
<b>Deficiency of revenues under expenditures</b>	<b>(535,000)</b>	<b>(535,000)</b>	<b>(134,320)</b>	<b>400,680</b>
<b>Other financing sources</b>				
Issuance of capital lease financing	-	-	55,090	(55,090)
Transfers in	35,000	35,000	17,837	17,163
<b>Total other financing sources</b>	<b>35,000</b>	<b>35,000</b>	<b>72,927</b>	<b>(37,927)</b>
<b>Net change in fund balance</b>	<b>(500,000)</b>	<b>(500,000)</b>	<b>(61,393)</b>	<b>362,753</b>
<b>Fund balance, beginning of year</b>	<b>1,021,740</b>	<b>1,021,740</b>	<b>1,021,740</b>	<b>-</b>
<b>Fund balance, end of year</b>	<b>\$ 521,740</b>	<b>\$ 521,740</b>	<b>\$ 960,347</b>	<b>\$ 362,753</b>

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

	2021	2020	2019	2018	2017	2016	2015
<b>Total Pension Liability</b>							
Service cost	\$ 77,649	\$ 82,509	\$ 78,742	\$ 70,718	\$ 71,173	\$ 71,173	\$ 66,517
Interest	113,461	96,643	89,594	94,557	85,329	75,091	65,507
Differences between expected and actual experience	105,293	-	47,668	(270,949)	-	-	7,014
Changes of assumptions	-	(37,585)	56,088	62,221	-	-	-
Benefit payments, including refunds of employee contributions	(22,712)	(19,003)	(33,112)	(48,446)	-	-	(6,670)
Net change in total pension liability	273,691	122,564	238,980	(91,899)	156,502	146,264	132,368
Total pension liability, beginning	1,573,964	1,451,400	1,212,420	1,304,319	1,147,817	1,001,553	869,185
Total pension liability, ending (a)	1,847,655	1,573,964	1,451,400	1,212,420	1,304,319	1,147,817	1,001,553
<b>Plan Fiduciary Net Position</b>							
Contributions - Employer	\$ -	\$ 16,839	\$ 15,000	\$ 15,000	\$ 9,000	\$ 6,000	\$ -
Contributions - State	-	-	17,160	14,803	13,340	2,484	10,398
Contributions - Employee	29,628	30,675	31,598	29,461	28,405	28,010	28,874
Net investment income	402,281	(20,267)	96,006	106,241	151,725	138,286	19,866
Benefit payments, including refunds of employee contributions	(22,712)	(19,003)	(33,112)	(48,446)	-	-	(6,670)
Administrative expense	(9,900)	(14,660)	(24,694)	(25,168)	(15,150)	(9,900)	(10,650)
Net change in plan fiduciary net position	399,297	(6,416)	101,958	91,891	187,320	164,880	41,818
Plan fiduciary net position, beginning	1,954,273	1,960,689	1,858,731	1,766,840	1,579,520	1,414,640	1,372,822
Plan fiduciary net position, ending (b)	2,353,570	1,954,273	1,960,689	1,858,731	1,766,840	1,579,520	1,414,640
Net pension (asset) - ending (a) - (b)	\$ (505,915)	\$ (380,309)	\$ (509,289)	\$ (646,311)	\$ (462,521)	\$ (431,703)	\$ (413,087)
Plan fiduciary net position as a percentage of the total pension liability	127.38%	124.16%	135.09%	153.31%	135.46%	137.61%	141.24%
Covered payroll	\$ 592,560	\$ 613,500	\$ 631,956	\$ 589,220	\$ 568,100	\$ 560,200	\$ 577,474
Net pension asset as a percentage of covered payroll	(85.38%)	(61.99%)	(80.59%)	(109.69%)	(81.42%)	(77.06%)	(71.53%)

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

**NOTES TO SCHEDULE:**

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

**Change of Assumptions:**

For measurement date September 30, 2021, there were no changes to assumptions made in the calculations presented above.

**PRIOR YEAR NOTES TO SCHEDULE:**

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

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

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

**Schedule of Contributions**  
**Last 10 Fiscal Years**

Year Ended September 30	Actuarially Determined Contribution (a)	Contribution in Relation to Actuarially Required Contribution (b)	Contribution (Excess) Deficiency (a-b)	Covered Payroll (c)	Percentage of Covered Payroll Contributed (b/c)
2021	\$ -	\$ 46,220	\$ (46,220)	\$ 592,560	7.80%
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%

**Annual Money Weighted Rate of Return**  
**Last 10 Fiscal Years**

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

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## **OTHER SUPPLEMENTARY INFORMATION**

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

<i>For the year ended September 30, 2021</i>	Water and Sewer		Variance Positive/ (Negative)
	Final Budget	Actual	
<b>Operating Revenues</b>			
Charges for services	\$ 762,611	\$ 716,047	\$ (46,564)
Total operating revenues	762,611	716,047	(46,564)
<b>Operating Expenses</b>			
Personnel services	269,160	114,427	154,733
Operating	593,451	475,504	117,947
Total operating expenses	862,611	589,931	272,680
Operating income (loss)	(100,000)	126,116	226,116
<b>Non-operating revenues</b>			
Capital contributions	-	149,036	\$ 149,036
Total non-operating revenues	-	149,036	149,036
Excess (deficiency) of revenues over (under) expenses	\$ (100,000)	\$ 275,152	\$ 375,152

Note: Depreciation expense of \$364,194 is not budgeted and, therefore, is not included on this schedule.

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

<i>For the year ended September 30, 2021</i>	Solid Waste		Variance Positive/ (Negative)
	Final Budget	Actual	
<b>Operating Revenues</b>			
Charges for services	\$ 360,000	\$ 378,523	\$ 18,523
Total operating revenues	360,000	378,523	18,523
<b>Operating Expenses</b>			
Operating	293,550	301,010	(7,460)
Total operating expenses	293,550	301,010	(7,460)
Excess of revenues over expenses	\$ 66,450	\$ 77,513	\$ 11,063

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

	Stormwater		
	Final Budget	Actual	Variance Positive/ (Negative)
<i>For the year ended September 30, 2021</i>			
<b>Operating Revenues</b>			
Charges for services	\$ (219,336)	\$ 174,807	\$ 394,143
Total operating revenues	(219,336)	174,807	394,143
<b>Operating Expenses</b>			
Personnel services	121,707	105,244	16,463
Operating	74,245	18,815	55,430
Total operating expenses	195,952	124,059	71,893
Excess of (deficiency) revenues over (under) expenses	\$ (415,288)	\$ 50,748	\$ 466,036

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

## **OTHER AUDITORS' REPORTS**

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Eatonville, Florida (the Town), as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements and have issued our report thereon dated November 28, 2022.

**Report on Internal Control Over Financial Reporting**

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings as item 2021-001 that we consider to be a material weakness.



## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Town's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings as item 2021-002.

## **Town's Response to Findings**

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

Orlando, Florida  
November 28, 2022

**PART I – SUMMARY OF AUDITORS’ RESULTS**

*Financial Statements:*

- |  |            |
|--|------------|
| 1. Type of auditors’ report issued   | Unmodified |
| 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        |

**PART II – FINANCIAL STATEMENT FINDINGS**

**2021-001 Financial Reporting (Repeat material weakness finding)**

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

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

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

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

- \$66,000 to correct double entry booked for cash held by trustee
- \$37,000 to correct double entry booked for deferred revenue
- \$322,000 to properly reflect due from other governmental fund for CRA
- \$31,000 to correct payments made to the CRA for TIF payments
- \$132,000 to properly account for receivables and revenue for TIF payment for CRA
- \$55,000 to properly record lease purchase with proceeds of debt
- \$40,000 to properly reflect prepaid insurance expense for CRA
- \$46,000 to adjust for Town deficiency in contributions to the Police Retirement Pension Plan
- \$244,000 to properly account for the balances between the due to/from other funds
- \$55,000 of administrative expense and related revenue between governmental funds
- \$148,000 to properly account for accounts payable balances

**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 71 - 72 for management’s response to the finding.

**2021-002 Debt Covenant Compliance (Repeat compliance finding)**

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

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

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

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

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

**Views of Responsible Officials:** See pages 71 - 72 for management's response to the finding.

**PART III – SUMMARY OF PRIOR YEAR AUDIT FINDINGS**

**2020-001: Financial Reporting (Repeat material weakness finding)**

**Criteria:** 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 2021-001.

**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.

**Recommendation:** 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.

**Current Status:** Finding is not relevant in the current year as expenditures did not exceed \$750,000.

**2020-003 Debt Covenant Compliance (Repeat compliance finding)**

**Criteria:** 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 2021-002.

**Management's Corrective Action Plan**



## TOWN OF EATONVILLE

*"THE OLDEST BLACK INCORPORATED MUNICIPALITY IN AMERICA"*

**Financial Statement Findings:**

**2021-001 Financial Reporting (Repeat material weakness finding)**

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

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

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

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

- \$66,000 to correct double entry booked for cash held by trustee
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- \$40,000 to properly reflect prepaid insurance expense for CRA
- \$46,000 to adjust for Town deficiency in contributions to the Police Retirement Pension Plan
- \$244,000 to properly account for the balances between the due to/from other funds
- \$55,000 of administrative expense and related revenue between governmental funds
- \$148,000 to properly account for accounts payable balances

**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 has invested in a new financial software and will be implementing new policies and procedures to resolve the accounting and financial issues in the upcoming fiscal years. Finance department will close each period on a timely basis and all appropriate accounts.

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



## TOWN OF EATONVILLE

---

*"THE OLDEST BLACK INCORPORATED MUNICIPALITY IN AMERICA"*

**2021-002 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:** The Town is doing every effort to complete the water rate study with the conjunction water and sewer impact fees as well. This will increase revenue in the water and sewer funds to cover the pledged revenues and future capital improvement projects.

**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, 2021, and have issued our report thereon dated November 28, 2022.

**Auditors' Responsibility**

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

**Other Reporting Requirements**

We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards* and Independent Accountants' Report on an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports and schedule, which are dated November 28, 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 2021-001 and 2021-002 are repeat findings from the preceding two annual financial audit reports.

Tabulation of Uncorrected Audit Findings		
Current Year		
Finding #	2020-21 FY Finding #	2019-20 FY Finding #
2021-001	2020-001	2019-001
2021-002	2020-003	2019-002



### **Official Title and Legal Authority**

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

### **Financial Condition and Management**

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

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

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

#### **FC 2021-003 Financial Close**

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

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

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

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

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

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



### **Special Information**

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

### **Additional Matters**

Section 10.554(1)(i)3., Rules of the Auditor General, requires us to communicate noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but warrants the attention of those charged with governance. In connection with our audit, we noted the following noncompliance.

#### **FC 2021-004 Budgets**

**Criteria:** Tentative, final and amended budgets are required to be posted on the Town's website in accordance with Chapter 166.241, F.S.

**Condition:** Tentative, final or amended budgets were not posted on the Town's website in accordance with Chapter 166.241, F.S.

**Cause of Condition:** Budgets were not posted on the Town's website during the fiscal year September 30, 2021.

**Potential Effect of Condition:** The Town is not in compliance with Chapter 166.241, F.S.

**Recommendations:** We recommend that tentative, final and amended budgets be posted to the Town's website in accordance with Chapter 166.241, F.S.

**Management's Response:** We concur with the finding and noted previous year website was under construction doing some upgrades and the current year FY 2022 budgets have been uploaded to the Town website.

#### **FC 2021-005 Public Depositor Annual Report**

**Criteria:** Public Depositor Annual Report is required to be filed with the Department of Financial Services in accordance with Chapter 280.17(6), F.S.

**Condition:** Public Depositor Annual Report was not filed with the Department of Financial Services in accordance with Chapter 280.17(6), F.S.

**Cause of Condition:** Public Depositor Annual Report was not filed to report public money being deposited into a depository qualified under the provisions of Chapter 280, F.S.

**Potential Effect of Condition:** The Town is not in compliance with Chapter 280.17(6), F.S.

**Recommendations:** We recommend that the Public Depositor Annual Report be filed with the Department of Financial Services in accordance with Chapter 280.17(6), F.S.

**Management's Response:** We concur with the finding. The finance department has requested the form and in the future will be filed timely with the Department of Financial Services.

#### **DC 2021-006 Debt Covenant**

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

**Condition:** Audit report for fiscal year September 30, 2021, was not completed within nine months of the fiscal year in accordance with Rules of the Auditor General.

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

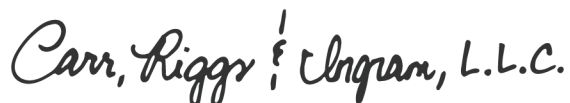
**Potential Effect of Condition:** The Town is not in compliance with the debt covenant to complete their audit within nine months of the fiscal year.

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

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

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

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



CARR, RIGGS & INGRAM, LLC

Orlando, Florida  
November 28, 2022

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Carr, Riggs & Ingram, LLC  
1031 West Morse Boulevard  
Suite 200  
Winter Park, FL 32789

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407.628.5277 (fax)  
CRLcpa.com

## **INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE WITH LOCAL GOVERNMENT INVESTMENT POLICIES**

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

We have examined the Town of Eatonville, Florida's (the Town) compliance with the requirements of Section 218.415, Florida Statutes, *Local Government Investment Policies*, during the year ended September 30, 2021. Management of the Town is responsible for the Town's compliance with the specified requirements. Our responsibility is to express an opinion on the Town's compliance with the specified requirements based on our examination.

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

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

Our examination does not provide a legal determination on the Town's compliance with specified requirements.

In our opinion, the Town complied, in all material respects, with the requirements of Section 218.415, Florida Statutes, *Local Government Investment Policies*, for the year ended September 30, 2021.

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

*Carr, Riggs & Ingram, L.L.C.*

Orlando, Florida  
November 28, 2022