



TOWN OF EATONVILLE, FLORIDA

ANNUAL FINANCIAL REPORT

Year Ended September 30, 2014

And Reports of Independent Auditor

TOWN OF EATONVILLE, FLORIDA

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Report of Independent Auditor

Honorable Mayor and Town Council
Town of Eatonville, Florida:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Eatonville, Florida (the "Town"), as of and for the year ended September 30, 2014, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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 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 controls. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant account 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 September 30, 2014, 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.

Emphasis of Matter

As discussed in Note 1.d.14 to the basic financial statements, the Town adopted the provisions of Governmental Accounting Standards Board Statement No. 67, *Financial Reporting for Pension Plans*, effective October 1, 2013. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the basic financial statements. The other supplementary information as listed in the table of contents is presented for purposes of additional analysis and is 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 Other Supplementary 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 other supplementary information is 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 August 18, 2015 on our consideration of the Town's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control over financial reporting and compliance.



Orlando, Florida
August 18, 2015

MANAGEMENT'S DISCUSSION AND ANALYSIS



MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the Town of Eatonville, (the "Town"), we offer readers of the Town's financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended September 30, 2014. Please read our discussion and analysis of the Town's financial activities for the year ended September 30, 2014 in conjunction with the Town's basic financial statements which immediately follow the discussion.

Financial Highlights

1. The assets of the Town exceeded its liabilities at the close of the most recent fiscal year by \$9,221,191 (*net position*), \$556,763 of which was an unrestricted deficit.
2. The Town's total net position increased by \$137 during fiscal 2014, including a \$196,226 decrease in business-type activities and a \$196,363 increase in governmental activities.
3. As of the close of the current fiscal year, the Town's governmental funds reported a combined ending fund balance of \$1,297,773, which represents an increase of \$297,461 in comparison with the prior year.
4. At the end of the current fiscal year, the Town's General Fund reported a positive fund balance of \$440,781, which represents an increase of \$132,028 in comparison with the prior year.

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 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 of Eatonville's assets and liabilities, 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 government'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).

MANAGEMENT'S DISCUSSION AND ANALYSIS

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 of Eatonville itself (known as the *primary government*), but also a legally separate Community Redevelopment Agency (CRA), for which the Town is financially accountable. The Community Development Agency, 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.

These government-wide financial statements can be found on pages 10-11 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:

1. Governmental funds,
2. Proprietary funds, and
3. 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 fund 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 a government'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 fund balance sheet and the governmental fund 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 fund 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 fund financial statements can be found on pages 12-15 of this report.

Proprietary Funds: The Town maintains three enterprise funds. *Enterprise funds* 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.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Water and Sewer, Solid Waste, and Stormwater operations. The basic proprietary fund financial statements can be found on pages 16-18 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 19-20 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 21-44 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 and Community Redevelopment Agency Fund budget compliance and progress in funding its obligation to provide pension benefits to its police officers. Required supplementary information can be found on pages 45-50 of this report.

Additional budgetary information is presented immediately following the required supplementary information and can be found on pages 51-53 of this report.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Town, assets exceeded liabilities by \$9,221,191 at the close of the most recent fiscal year.

By far the largest portion of the Town of Eatonville's net position reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment), less any related debt used to acquire those assets. The Town of Eatonville 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.

None of the Town's net position represents resources that are subject to external restrictions on how they may be used.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Statement of Net Position

	Governmental Activities		Business-Type Activities		Total	
	2014	2013	2014	2013	2014	2013
Assets:						
Current and other assets	\$ 1,793,982	\$ 1,498,585	\$ (595,257)	\$ (472,761)	\$ 1,198,725	\$ 1,025,824
Capital assets	7,490,353	7,732,275	2,495,196	2,569,232	9,985,549	10,301,507
Total assets	<u>9,284,335</u>	<u>9,230,860</u>	<u>1,899,939</u>	<u>2,096,471</u>	<u>11,184,274</u>	<u>11,327,331</u>
Liabilities:						
Other liabilities	482,999	505,958	341,042	341,450	824,041	847,408
Long-term liabilities	1,069,588	1,189,517	69,454	69,352	1,139,042	1,258,869
Total liabilities	<u>1,552,587</u>	<u>1,695,475</u>	<u>410,496</u>	<u>410,802</u>	<u>1,963,083</u>	<u>2,106,277</u>
Net Position:						
Net investment in capital assets	6,505,219	6,625,404	2,429,317	2,503,351	8,934,536	9,128,755
Restricted for debt service and CRA	853,418	693,442	-	-	853,418	693,442
Unrestricted	373,111	216,539	(939,874)	(817,682)	(566,763)	(601,143)
Total net position	<u>\$ 7,731,748</u>	<u>\$ 7,535,385</u>	<u>\$ 1,489,443</u>	<u>\$ 1,685,669</u>	<u>\$ 9,221,191</u>	<u>\$ 9,221,054</u>

Governmental Activities: Governmental activities resulted in an increase in net position before transfers of \$45,363. In fiscal year 2013 governmental activities had a decrease in net position of \$147,746 before transfers. The Town had a cash transfer of \$151,000 from business-type activities to governmental activities in fiscal year 2014. After considering transfers, governmental activities reflect an increase in net position of \$196,363, as compared to an increase of \$22,254 in fiscal year 2013.

Business-type Activities: Revenues for business-type activities decreased \$17,984 for the year, and expenses for business-type activities increased by \$181,256. During fiscal year 2014, \$151,000 in cash transfers were made from the Water and Sewer Fund to the General Fund, a decrease of \$19,000 from that of fiscal year 2013. In total, business-type activities net position decreased \$196,226 in fiscal year 2014, as compared to a decrease of \$15,983 in fiscal year 2013.

MANAGEMENT'S DISCUSSION AND ANALYSIS

	Changes in Net Position					
	Governmental Activities		Business-Type Activities		Total	
	2014	2013	2014	2013	2014	2013
Revenues:						
Program revenues:						
Charges for services	\$ 263,442	\$ 249,726	\$ 1,140,899	\$ 1,158,883	\$ 1,404,341	\$ 1,408,609
Operating grants and contributions	170,942	171,018	-	-	170,942	171,018
Capital grants and contributions	7,800	-	-	-	7,800	-
General revenues:						
Property taxes	1,491,222	1,475,700	-	-	1,491,222	1,475,700
Other taxes	1,431,959	1,325,440	-	-	1,431,959	1,325,440
Other revenue	69,042	48,257	-	3	69,042	48,260
Total revenue	<u>3,434,407</u>	<u>3,270,141</u>	<u>1,140,899</u>	<u>1,158,886</u>	<u>4,575,306</u>	<u>4,429,027</u>
Expenses:						
General government	1,017,864	1,271,067	-	-	1,017,864	1,271,067
Public safety	1,508,729	1,496,187	-	-	1,508,729	1,496,187
Physical environment	2,586	-	-	-	2,586	-
Transportation	305,435	197,842	-	-	-	-
Human services	44,673	46,965	-	-	44,673	46,965
Economic environment	108,058	47,376	-	-	108,058	47,376
Culture and recreation	331,812	303,896	-	-	331,812	303,896
Interest on long-term debt	69,887	54,554	-	-	69,887	54,554
Water and sewer	-	-	764,702	653,723	764,702	653,723
Solid waste	-	-	307,729	281,347	307,729	281,347
Stormwater	-	-	113,694	69,799	113,694	69,799
Total expenses	<u>3,389,044</u>	<u>3,417,887</u>	<u>1,186,125</u>	<u>1,004,869</u>	<u>4,269,734</u>	<u>4,224,914</u>
Increase (decrease) in net position before transfers	45,363	(147,746)	(45,226)	154,017	137	6,271
Transfers	151,000	170,000	(151,000)	(170,000)	-	-
Change in net position	196,363	22,254	(196,226)	(15,983)	137	6,271
Net position - beginning	7,535,385	7,513,131	1,685,669	1,701,652	9,221,054	9,214,783
Net position - end	<u>\$ 7,731,748</u>	<u>\$ 7,535,385</u>	<u>\$ 1,489,443</u>	<u>\$ 1,685,669</u>	<u>\$ 9,221,191</u>	<u>\$ 9,221,054</u>

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 of Eatonville'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.

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 \$440,781 for the General Fund. This compares to a fund balance of \$308,753 at September 30, 2013.

MANAGEMENT'S DISCUSSION AND ANALYSIS

As of the end of the current fiscal year, the Town reported a combined ending fund balance of \$1,297,773 for governmental funds, including a fund balance of \$856,992 in the Community Redevelopment Agency Fund. This compares to \$1,000,312 of fund balance for governmental funds at September 30, 2013, including \$691,559 in the Community Redevelopment Agency Fund.

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 \$939,874, with an unrestricted \$2,099,359 deficit in the Water and Sewer Fund offsetting positive balances in the other funds. The Solid Waste Fund and Stormwater Fund increased net positions by \$47,922 and \$68,067, respectively, while the Water and Sewer Fund experienced a net deficit increase of \$312,215.

The Town intends to rebuild the fund balance of the Water and Sewer fund through future operations. 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:

	Budget		Actual Amounts	Positive/ (Negative)
	Original	Final		
General government	\$ 1,089,696	\$ 1,024,913	\$ 1,015,692	\$ 9,221
Public safety	1,505,136	1,615,262	1,524,161	91,101
Physical environment	196,154	194,506	176,561	17,945
Economic environment	23,510	25,156	25,156	-
Human services	45,765	45,765	44,673	1,092
Culture and recreation	220,733	273,928	186,686	87,242
Debt service				
Debt service interest	58,584	53,584	50,782	2,802
Debt service principal	95,000	100,000	142,300	(42,300)
Transfers out			5,000	(5,000)
Capital improvements	11,000	16,231	18,065	(1,834)
Total expenditures	<u>\$ 3,245,578</u>	<u>\$ 3,349,345</u>	<u>\$ 3,189,076</u>	<u>\$ 160,269</u>

The Town experienced generally favorable budget variances during the fiscal year.

Capital Asset and Debt Administration

Long-term Debt: At the end of the current fiscal year, the Town had \$1,139,042 in total long-term debt outstanding. Of this amount, \$980,000 consists of a loan through the Florida Municipal Loan Council, \$65,879 consists of a State Revolving Fund loan, \$5,134 consists of capital leases and the remainder consists of compensated absences obligations. The State Revolving Fund loan with the State of Florida Department of Environmental Protection is for wastewater facilities improvement projects, with initial draws occurring in fiscal 2013. Additional information on The Town's long-term debt can be found in Note 6, pages 34-36 of this report.

Capital Assets: The Town's net investment in capital assets for its governmental and business-type activities as of September 30, 2014 amounts to \$9,985,549 (net of accumulated depreciation). This net investment in capital assets includes land, buildings, improvements, machinery and equipment, and recreational facilities. Additional information on the Town's capital assets can be found in Note 5 on pages 33-34 of this report.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Economic Factors

General economic conditions have recently stabilized, although considerably below what had been experienced prior to the recent recession. Corresponding reductions in appraised property values and lack of development continue to have a significant effect on property tax revenue and the overall economic growth of the Town. Corresponding fund balances and cash flows have been compromised and have reached minimal levels. The Town is assessing various means by which to stabilize its fund balances and cash flows.

Requests for Information

This financial report is designed to provide a general overview of the Town of Eatonville'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.

FINANCIAL STATEMENTS



TOWN OF EATONVILLE, FLORIDA
STATEMENT OF NET POSITION

SEPTEMBER 30, 2014

	Primary Government		
	Governmental Activities	Business- type Activities	Total Primary Government
Assets			
Cash and cash equivalents	\$ 641,100	\$ 44,333	\$ 685,433
Accounts receivable, net	95,682	205,927	301,609
Due from other governments	99,101	-	99,101
Prepaid items and other assets	72,579	7,176	79,755
Internal balances	852,693	(852,693)	-
Net pension asset	32,827	-	32,827
Capital assets net of accumulated depreciation:			
Nondepreciable	674,943	180,715	855,658
Depreciable	6,815,410	2,314,481	9,129,891
Total assets	9,284,335	1,899,939	11,184,274
Liabilities			
Accounts payable	107,391	74,703	182,094
Due to other governments	246,598	-	246,598
Accrued liabilities	72,927	214,747	287,674
Due to pension trust fund	2,181	-	2,181
Unearned revenue	15,645	-	15,645
Customer deposits	-	51,592	51,592
Accrued interest	19,617	-	19,617
Other liabilities	18,640	-	18,640
Long-term liabilities:			
Due within one year	173,411	3,575	176,986
Due in more than one year	896,177	65,879	962,056
Total liabilities	1,552,587	410,496	1,963,083
Net position			
Net investment in capital assets	6,505,219	2,429,317	8,934,536
Restricted for:			
Economic environment	851,535	-	851,535
Special events	1,883	-	1,883
Unrestricted (deficit)	373,111	(939,874)	(566,763)
Total net position	\$ 7,731,748	\$ 1,489,443	\$ 9,221,191

TOWN OF EATONVILLE, FLORIDA
STATEMENT OF ACTIVITIES

YEAR ENDED SEPTEMBER 30, 2014

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position		Total
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	
Primary government:							
Governmental activities:							
General government	\$ 1,018,479	\$ 98,445	\$ 105,287	\$ -	\$ (814,747)	\$ -	\$ (814,747)
Public safety	1,528,677	7,245	6,875	7,800.00	(1,506,757)	-	(1,506,757)
Physical environment	2,586	58,570	-	-	55,984	-	55,984
Transportation	305,435	-	-	-	(305,435)	-	(305,435)
Economic environment	108,058	-	-	-	(108,058)	-	(108,058)
Human services	44,673	-	49,347	-	4,674	-	4,674
Culture/recreation	331,812	99,182	9,433	-	(223,197)	-	(223,197)
Interest on long-term debt	49,324	-	-	-	(49,324)	-	(49,324)
Total governmental activities	<u>3,389,044</u>	<u>263,442</u>	<u>170,942</u>	<u>7,800</u>	<u>(2,946,860)</u>	<u>-</u>	<u>(2,946,860)</u>
Business-type activities:							
Water and sewer	764,702	611,487	-	-	-	(153,215)	(153,215)
Solid waste	307,729	355,651	-	-	-	47,922	47,922
Stormwater	113,694	173,761	-	-	-	60,067	60,067
Total business-type activities	<u>1,186,125</u>	<u>1,140,899</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(45,226)</u>	<u>(45,226)</u>
Total	<u>\$ 4,575,169</u>	<u>\$ 1,404,341</u>	<u>\$ 170,942</u>	<u>\$ 7,800</u>	<u>(2,946,860)</u>	<u>(45,226)</u>	<u>(2,992,086)</u>
General revenues:							
Property taxes					1,491,222	-	1,491,222
Franchise fees based on gross receipts					388,149	-	388,149
Sales taxes					337,319	-	337,319
Local business tax					81,088	-	81,088
Utility taxes					625,403	-	625,403
Miscellaneous and other taxes					68,533	-	68,533
Unrestricted investment earnings					509	-	509
Transfers					151,000	(151,000)	-
Total general revenues and transfers					<u>3,143,223</u>	<u>(151,000)</u>	<u>2,992,223</u>
Change in net position					196,363	(196,226)	137
0	Net position - beginning				<u>7,535,385</u>	<u>1,685,669</u>	<u>9,221,054</u>
	Net position - ending				<u>\$ 7,731,748</u>	<u>\$ 1,489,443</u>	<u>\$ 9,221,191</u>

TOWN OF EATONVILLE, FLORIDA
BALANCE SHEET
GOVERNMENTAL FUNDS

SEPTEMBER 30, 2014

	General Fund	Community Redevelopment Agency	Total
Assets			
Cash and cash equivalents	\$ 42,311	\$ 598,789	\$ 641,100
Accounts receivable, net	95,682	-	95,682
Due from other funds	852,693	269,497	1,122,190
Due from other governments	99,101	-	99,101
Prepaid items	67,122	5,457	72,579
Total assets	\$ 1,156,909	\$ 873,743	\$ 2,030,652
Liabilities and fund balances			
Liabilities:			
Accounts payable	\$ 90,768	\$ 16,623	\$ 107,391
Due to other governments	246,598	-	246,598
Accrued liabilities	72,799	128	72,927
Unearned revenue	15,645	-	15,645
Due to other funds	271,678	-	271,678
Other liabilities	18,640	-	18,640
Total liabilities	716,128	16,751	732,879
Fund balances:			
Nonspendable:			
Prepaid items	67,122	5,457	72,579
Restricted for:			
Special Events	1,883	-	1,883
Community Redevelopment Agency	-	851,535	851,535
Unassigned	371,776	-	371,776
Total fund balances	440,781	856,992	1,297,773
Total liabilities and fund balances	\$ 1,156,909	\$ 873,743	\$ 2,030,652

TOWN OF EATONVILLE, FLORIDA
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL
FUNDS TO THE STATEMENT OF NET POSITION

SEPTEMBER 30, 2014

Amounts reported for governmental activities in the statement of net position are different because:

Ending fund balance - governmental funds	\$ 1,297,773
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Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. These assets consist of:

Land	\$ 674,943	
Buildings and improvements, net of \$1,165,111 accumulated depreciation	2,127,657	
Improvements other than buildings, net of \$582,941 accumulated depreciation	117,470	
Equipment, net of \$1,399,044 accumulated depreciation	52,352	
Infrastructure, net of \$661,485 accumulated depreciation	<u>4,517,931</u>	
 Total capital assets, net		 7,490,353

Net pension asset included in total assets is not available to pay current expenditures and, therefore, is not reported in the funds.	32,827
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Long-term liabilities, including a note payable and capital leases, are not due and payable in the current period and, therefore, are not reported in the funds. Interest expense on long-term debt is not accrued in the governmental funds, but rather is recognized when due. Compensated absences are not accrued in the governmental funds, but rather are recognized when paid. These liabilities, both current and long-term, consist of:

Note payable	(980,000)	
Capital leases	(5,134)	
Compensated absences	(84,454)	
Accrued interest on long-term debt	<u>(19,617)</u>	
 Total liabilities		 <u>(1,089,205)</u>

Net position of governmental activities	<u>\$ 7,731,748</u>
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TOWN OF EATONVILLE, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES GOVERNMENTAL FUNDS

YEAR ENDED SEPTEMBER 30, 2014

	General Fund	Community Redevelopment Agency	Total
Revenues			
Ad valorem taxes	\$ 1,241,222	\$ 250,000	\$ 1,491,222
Utility taxes	706,491	-	706,491
Franchise fees	388,149	-	388,149
Sales tax	337,319	-	337,319
Rental and other income	131,643	8,217	139,860
Intergovernmental revenues	185,349	-	185,349
Licenses and permits	60,360	-	60,360
Charges for services	85,962	-	85,962
Fines and forfeitures	42,103	-	42,103
Interest income	104	405	509
Total revenues	<u>3,178,702</u>	<u>258,622</u>	<u>3,437,324</u>
Expenditures			
General government	1,016,307	93,189	1,109,496
Public safety	1,544,109	-	1,544,109
Physical environment	176,561	-	176,561
Economic environment	25,156	-	25,156
Human services	44,673	-	44,673
Culture/recreation	200,284	-	200,284
Capital outlay	18,065	-	18,065
Debt service:			
Principal	121,737	-	121,737
Interest	50,782	-	50,782
Total expenditures	<u>3,197,674</u>	<u>93,189</u>	<u>3,290,863</u>
Excess (deficiency) of revenues under expenditures	<u>(18,972)</u>	<u>165,433</u>	<u>146,461</u>
Other Financing Sources			
Transfers in	156,000	-	156,000
Transfers out	(5,000)	-	(5,000)
Total other financing sources	<u>151,000</u>	<u>-</u>	<u>151,000</u>
Net change in fund balances	132,028	165,433	297,461
Fund balance - beginning	<u>308,753</u>	<u>691,559</u>	<u>1,000,312</u>
Fund balance - ending	<u>\$ 440,781</u>	<u>\$ 856,992</u>	<u>\$ 1,297,773</u>

TOWN OF EATONVILLE, FLORIDA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE
STATEMENT OF ACTIVITIES

YEAR ENDED SEPTEMBER 30, 2014

Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balances - total governmental funds	\$	297,461	
<p>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 exceeded capitalized capital outlay in the current period.</p>			
Capitalized capital outlay	\$	18,065	
Depreciation		<u>(259,986)</u>	(241,921)
<p>The repayment of the principal of long-term debt is presented as expenditures of governmental funds, but does not have any effect on net position. This is the amount of principal payments.</p>			
			121,737
<p>This represents the change in net pension asset shown on the government-wide statements in the current year.</p>			
			19,436
<p>Under the modified accrual basis of accounting used in the governmental funds, compensated absences and interest on long term debt are recognized when due. In the statement of activities, however, which is presented on the accrual basis, expenses are reported regardless of when due.</p>			
<p>The details of the differences are as follows:</p>			
(Increase) in compensated absences payable		(1,808)	
Decrease in accrued interest on long-term debt		<u>1,458</u>	(350)
Change in net position of governmental activities	<u>\$</u>		<u>196,363</u>

TOWN OF EATONVILLE, FLORIDA
BALANCE SHEET
PROPRIETARY FUNDS

SEPTEMBER 30, 2014

	Business-type Activities - Enterprise Funds			Total
	Water and Sewer Fund	Solid Waste Fund	Stormwater Fund	
Assets				
Current assets				
Cash and cash equivalents	\$ 44,333	\$ -	\$ -	\$ 44,333
Accounts receivable, net	110,374	64,295	31,258	205,927
Prepaid items	5,003	-	2,173	7,176
Total current assets	<u>159,710</u>	<u>64,295</u>	<u>33,431</u>	<u>257,436</u>
Noncurrent assets				
Due from other funds	-	594,437	682,936	1,277,373
Capital assets				
Capital assets not being depreciated				
Land	2,500	-	-	2,500
Construction in progress	178,215	-	-	178,215
Total non-depreciable assets	<u>180,715</u>	<u>-</u>	<u>-</u>	<u>180,715</u>
Capital assets being depreciated				
Buildings and improvements	4,476,103	-	-	4,476,103
Equipment	251,975	-	160,427	412,402
Total depreciable assets	<u>4,728,078</u>	<u>-</u>	<u>160,427</u>	<u>4,888,505</u>
Less accumulated depreciation	<u>(2,439,401)</u>	<u>-</u>	<u>(134,623)</u>	<u>(2,574,024)</u>
Total depreciable capital assets, net of accumulated depreciation	<u>2,288,677</u>	<u>-</u>	<u>25,804</u>	<u>2,314,481</u>
Total noncurrent assets	<u>2,469,392</u>	<u>594,437</u>	<u>708,740</u>	<u>3,772,569</u>
Total assets	<u>\$ 2,629,102</u>	<u>\$ 658,732</u>	<u>\$ 742,171</u>	<u>\$ 4,030,005</u>
Liabilities and net position				
Current liabilities payable from current assets				
Accounts payable	\$ 73,021	\$ -	\$ 1,682	\$ 74,703
Accrued liabilities	2,964	184,326	27,457	214,747
Current portion of compensated absences	1,426	-	2,149	3,575
Payable from restricted assets:				
Customer deposits	51,592	-	-	51,592
Total current liabilities	<u>129,003</u>	<u>184,326</u>	<u>31,288</u>	<u>344,617</u>
Noncurrent liabilities				
Due to other funds	2,130,066	-	-	2,130,066
Loans payable	65,879	-	-	65,879
Total noncurrent liabilities	<u>2,195,945</u>	<u>-</u>	<u>-</u>	<u>2,195,945</u>
Total liabilities	<u>2,324,948</u>	<u>184,326</u>	<u>31,288</u>	<u>2,540,562</u>
Net position				
Net investment in capital assets	2,403,513	-	25,804	2,429,317
Unrestricted (deficit)	<u>(2,099,359)</u>	<u>474,406</u>	<u>685,079</u>	<u>(939,874)</u>
Total net position	<u>304,154</u>	<u>474,406</u>	<u>710,883</u>	<u>1,489,443</u>
Total liabilities and net position	<u>\$ 2,629,102</u>	<u>\$ 658,732</u>	<u>\$ 742,171</u>	<u>\$ 4,030,005</u>

TOWN OF EATONVILLE, FLORIDA
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUNDS

YEAR ENDED SEPTEMBER 30, 2014

	Business-type Activities -			Total
	Enterprise Funds			
	Water and Sewer Fund	Solid Waste Fund	Stormwater Fund	
Operating revenues				
Charges for services	\$ 611,487	\$ 355,651	\$ 173,761	\$ 1,140,899
Total operating revenues	<u>611,487</u>	<u>355,651</u>	<u>173,761</u>	<u>1,140,899</u>
Operating expenses				
Personnel services	154,725	-	76,861	231,586
Operating	486,301	307,729	35,116	829,146
Depreciation expense	145,036	-	1,717	146,753
Total operating expenses	<u>786,062</u>	<u>307,729</u>	<u>113,694</u>	<u>1,207,485</u>
Operating income (loss)	(174,575)	47,922	60,067	(66,586)
Capital contributions	21,360	-	-	21,360
Transfers in	-	-	8,000	8,000
Transfers out	<u>(159,000)</u>	<u>-</u>	<u>-</u>	<u>(159,000)</u>
Change in net position	(312,215)	47,922	68,067	(196,226)
Net position - beginning	<u>616,369</u>	<u>426,484</u>	<u>642,816</u>	<u>1,685,669</u>
Net position - ending	<u>\$ 304,154</u>	<u>\$ 474,406</u>	<u>\$ 710,883</u>	<u>\$ 1,489,443</u>

TOWN OF EATONVILLE, FLORIDA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS

YEAR ENDED SEPTEMBER 30, 2014

	Business-type Activities - Enterprise Funds			Total
	Water and Sewer Fund	Solid Waste Fund	Stormwater Fund	
Operating activities				
Cash received from customers	\$ 695,709	\$ 328,996	\$ 162,030	\$ 1,186,735
Cash payments to suppliers for goods and services	(470,938)	(307,730)	(34,742)	(813,410)
Cash payments to employees for services	(155,307)	-	(75,835)	(231,142)
Net cash provided by operating activities	<u>69,464</u>	<u>21,266</u>	<u>51,453</u>	<u>142,183</u>
Noncapital financing activities				
Borrowings from other funds	121,419	-	-	121,419
Loans and reimbursements to other funds	-	(21,266)	(63,294)	(84,560)
Transfers in from other funds	-	-	8,000	8,000
Transfers out to other funds	(159,000)	-	-	(159,000)
Net cash used in noncapital financing activities	<u>(37,581)</u>	<u>(21,266)</u>	<u>(55,294)</u>	<u>(114,141)</u>
Capital and related financing activities				
Acquisition and construction of capital assets	(51,357)	-	-	(51,357)
Net cash used in capital and related financing activities	<u>(51,359)</u>	<u>-</u>	<u>-</u>	<u>(51,359)</u>
Investing activities				
Interest income	-	-	-	-
Net cash provided by investing activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net decrease in cash and cash equivalents	(19,476)	-	(3,841)	(23,317)
Cash and cash equivalents - beginning of year	63,809	-	3,841	67,650
Cash and cash equivalents - end of year	<u>\$ 44,333</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 44,333</u>
Reconciliation of operating income (loss) to net cash provided by operating activities				
Operating income (loss)	\$ (174,575)	\$ 47,922	\$ 60,067	\$ (66,586)
Adjustment to reconcile operating income (loss) to net cash provided by operating activities:				
Depreciation	145,036	-	1,717	146,753
Change in assets and liabilities				
Accounts receivable	104,076	(26,656)	(11,731)	65,689
Prepaid expenses	(2,695)	-	(673)	(3,368)
Accounts payable	18,058	-	1,047	19,105
Accrued liabilities	211	-	129	340
Customer deposits	1,506	-	-	1,506
Unearned revenue	(21,360)	-	-	(21,360)
Compensated absences	(793)	-	897	104
Total adjustments	<u>244,039</u>	<u>(26,656)</u>	<u>(8,614)</u>	<u>208,769</u>
Net cash provided by operating activities	<u>\$ 69,464</u>	<u>\$ 21,266</u>	<u>\$ 51,453</u>	<u>\$ 142,183</u>

TOWN OF EATONVILLE, FLORIDA
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUND

SEPTEMBER 30, 2014

Assets	
Investments, at fair value:	
Money market funds	\$ 95,849
Equity securities, individual stocks and mutual funds	716,267
Asset backed securities and municipal bonds	36,910
Mutual funds investing in corporate and U.S. Treasury bonds	507,962
Total investments	<u>1,356,988</u>
Accrued interest and dividends	3,653
Due from the Town	2,181
Due from other government	<u>10,000</u>
 Total assets	 <u><u>\$ 1,372,822</u></u>
 Net Position	
Restricted for pension benefits	<u><u>\$ 1,372,822</u></u>

TOWN OF EATONVILLE, FLORIDA
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUND

YEAR ENDED SEPTEMBER 30, 2014

Additions

Contributions:		
Employer	\$	16,543
State of Florida		11,688
Plan members		29,951
Investment earnings:		
Interest		26,099
Net increase in fair value of investments		83,645
Total additions		<u>167,926</u>

Deductions

Administrative expenses		16,013
Total deductions		<u>16,013</u>

Change in net position		151,913
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Net position restricted for pension benefits - beginning		1,220,909
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Net position restricted for pension benefits - ending	\$	<u><u>1,372,822</u></u>
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TOWN OF EATONVILLE, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2014

Note 1 – Summary of Significant Accounting Policies

The Town of Eatonville (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 accounting and reporting policies of the Town of Eatonville relating to the accompanying financial statements conform to accounting principles generally accepted in the United States of America applicable to state and local governments. Accounting principles generally accepted in the United States of America for local governments include those principles prescribed by the Governmental Accounting Standards Board (“GASB”). The more significant accounting policies of the Town are described below.

a. Financial Reporting Entity

The Town of Eatonville is a municipal corporation with a five-member Town Council comprised of the Mayor and four Council persons. As required by accounting principles generally accepted in the United States of America, 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 of Eatonville’s operations and the Town of Eatonville’s Council is its governing body. Therefore, data from the CRA is combined with data of the primary government and is presented as a special revenue fund. The Town of Eatonville has no component units that require discrete presentation.

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

b. 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.

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.

TOWN OF EATONVILLE, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2014

Note 1 – Summary of Significant Accounting Policies (continued)

c. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and fiduciary fund financial statements. 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.

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 the liabilities of the current period. For this purpose, the government considers property tax revenue to be available if collected within sixty days of the end of the current fiscal period and all other revenues to be available if collected within ninety 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.

The Town reports the following major governmental funds in the basic financial statements:

General Fund – The General Fund is the operating fund of the Town. This fund is used to account for all financial resources not required to be accounted for in other funds. All general tax revenues and other receipts that are not restricted by law or contractual agreement to some other fund are accounted for in this fund. General operating expenditures, fixed charges and capital improvement costs that are not paid through other funds are paid from the General Fund.

Community Redevelopment Agency – The CRA is a special revenue fund that is used to account 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.

Private-sector standards of accounting and financial reporting issued prior to November 30, 1989, are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The Town has elected not to follow subsequent private-sector guidance.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

TOWN OF EATONVILLE, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2014

Note 1 – Summary of Significant Accounting Policies (continued)

Proprietary funds distinguish operating revenues and expenses from non-operating 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 Town's Water and Sewer, Solid Waste and Stormwater funds are charges to customers for services. Operating expenses for the enterprise funds include the costs of services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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

The Town reports the following major proprietary funds in the basic financial statements:

Water and Sewer Fund – 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.

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

Stormwater Fund – 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 in the basic financial statements:

Police Pension Trust Fund – The Police Pension Trust Fund is accounted for 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.

d. Assets, Liabilities, and Net Assets or Equity

1. Cash and Cash Equivalents

For the purpose of the reporting of cash flows, all highly liquid investments with maturity dates within three months from the date of purchase are considered to be cash equivalents. Cash and cash equivalents consist of amounts held by qualified public depositories.

2. Investments

Investments are stated at fair value using quoted market prices.

3. Interfund Receivables/Payables

During the year, transactions occurred between individual funds for goods provided, services rendered, and loans. The receivables and payables are classified as "Due to/from Other Funds" on the fund balance sheet. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "Internal Balances."

TOWN OF EATONVILLE, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2014

Note 1 – Summary of Significant Accounting Policies (continued)

4. Unearned Revenue

Unearned revenue consists of advance receipts for occupational licenses and building permits.

5. Inventories and Prepaid Items

Inventories purchased with governmental funds are recorded as expenditures when purchased rather than when consumed.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

6. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (for example, roads, sidewalks, and similar items) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets, other than infrastructure assets, are defined by the government as assets with an initial individual cost of more than \$1,000, and an estimated useful life in excess of one year. Infrastructure assets acquired prior to October 1, 2003 are not reported, as permitted by accounting standards. Infrastructure assets acquired on or after October 1, 2003 are capitalized and reported in the government-wide financial statements regardless of their amount.

Property, plant, and equipment of the primary government, as well as the component unit, are depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Depreciable Life</u>
Infrastructure	50 years
Buildings	40 years
Signs	30 years
Building improvements	10 - 15 years
Vehicles	3 - 5 years
Office and computer equipment	3 years

7. Compensated Absences

It is the Town of Eatonville's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. There is no liability for unpaid accumulated sick leave since the government 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.

TOWN OF EATONVILLE, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2014

Note 1 – Summary of Significant Accounting Policies (continued)

8. Long-term Obligations

Long-term debt and other long-term obligations are reported as liabilities in the Statement of Net Assets of the government-wide financial statements and the proprietary fund financial statements. In the governmental fund type fund financial statements, the face amount of debt issued is reported as another financing source.

9. Property Taxes

The Town of Eatonville levied a millage rate of \$7.2938 per \$1,000 of assessed value for the fiscal year ended September 30, 2014. Orange County, Florida bills and receives payment for all ad valorem taxes levied by the Town of Eatonville. Payments are then remitted to the Town of Eatonville.

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 of Eatonville is established by the Town Council prior to October 1 of each year. The Orange County Property Appraiser incorporates the Town of Eatonville'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.

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.

On or prior to June 1 following the tax year, certificates are sold for all delinquent taxes on real property. Application for a tax deed on any unredeemed tax certificates may be made by the certificate holder after a period of two years. Unsold certificates are held by the County.

10. Utility Billings

Utility customers are billed monthly on a cycle basis. Unbilled revenue is recognized in the accompanying financial statements based upon estimates of revenue for services rendered between billing cycle dates and fiscal year end.

11. Fund Balance/Net Position Classification

Governmental funds report fund balances as either nonspendable or spendable. Spendable fund balances are further classified as restricted, committed, assigned or unassigned, based on the extent to which there are external or internal constraints on the spending of these fund balances.

Nonspendable fund balances include amounts that cannot be spent because they are not in spendable form or legally or contractually required to be maintained intact. The Town considers inventories and prepaid items as part of this category, as well as long-term receivables from which proceeds are not restricted, committed, or assigned.

TOWN OF EATONVILLE, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2014

Note 1 – Summary of Significant Accounting Policies (continued)

Spendable Fund Balances:

Restricted Fund Balance: Amounts that are restricted to specific purposes, and are restricted through enabling legislation and are legally enforceable. The legislation that creates the revenue stream must also stipulate the purposes for which that revenue can be used.

Committed Fund Balance: Amounts that are committed for specific purposes by formal action of the governments' highest level of decision making authority, the Town Council. These amounts are not subject to legal enforceability as are restricted; however, those amounts cannot be used for any other purpose unless the government removes or changes the limitation by taking the same form of action it employed to previously impose the limitation (ordinance or resolution). The Town does not have any committed fund balances.

Assigned Fund Balance: Amounts that are intended by the government to be used for specific purposes but are neither restricted nor limited. Intent should be expressed by (a) the governing body itself, or (b) a subordinate high-level body or official possessing the authority to assign amount to be used for specific purposes. The Town has not granted any specific individual the authority to assign amounts, thus assignments may be only made by the Town Council. The Town does not have any assigned fund balances

Unassigned Fund Balance: Is the residual classification for the general fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, limited, or assigned to specific purposes within the general fund.

The Town uses restricted amounts first when both restricted and unrestricted fund balances are available. Additionally, the Town first uses committed, then assigned, and then unassigned amounts of unrestricted fund balance when expenditures are made.

Government-wide statements and proprietary fund statements utilize an economic resources measurement focus and categorize net assets among the following components:

Net Investment in Capital Assets: Indicates that portion of net position which represents the Town's equity in capital assets, less the amount of related debt.

Restricted Net Position: Indicates that portion of net position which are segregated due to external restrictions imposed by creditors, grantors, contributors, or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.

Unrestricted Net Position: Indicates that portion of net position which is available for general operations.

12. Use of Estimates

The preparation of financial statements, in accordance with the modified accrual or accrual basis of accounting described in the previous paragraphs, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets or liabilities at the date of the financial statements, and the reported amounts of revenue and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

TOWN OF EATONVILLE, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2014

Note 1 – Summary of Significant Accounting Policies (continued)

13. Budget and Budgetary Accounting

All governmental funds budgets are prepared on a modified accrual basis consistent with accounting principles generally accepted in the United States of America (GAAP). The budgets for the enterprise funds are prepared on an accrual basis and are consistent with GAAP except that depreciation, amortization and gain/losses on the disposal of assets are not budgeted. A budget for the fiduciary fund is not legally required or adopted. The procedures for establishing budgetary data reflected in the budgetary comparison schedule are as follows:

1. The Town Chief Administrative Officer submits to the Town Council a proposed operating budget for the fiscal year commencing the following October 1. The operating budget is restricted to proposed expenditures and the means of financing them by means of appropriated revenues, other financing sources and appropriations of fund balances.
2. Two public hearings are conducted to obtain taxpayer comments as required by Truth in Millage (TRIM) legislation.
3. Prior to October 1, the budget is legally enacted through passage of an ordinance.
4. Budgeted amounts are as originally adopted or as amended. There were several supplemental appropriations during fiscal year ended September 30, 2014.
5. The level of control (level at which expenditures may not exceed budget) is at the fund level. Unexpended balances of appropriations lapse at year end.
6. Formal budgetary integration is employed as a management control device during the year for all funds which have a legally adopted budget.
7. Encumbrances - Under encumbrance accounting, purchase orders, contracts and other commitments for the expenditure of funds are recorded in order to reserve that portion of the applicable appropriation in each fund. Encumbrances outstanding at year-end are reported as assigned fund balance for construction and long-term contracts and do not constitute expenditures or liabilities because the commitments will be honored during the subsequent year.

14. New Accounting Pronouncements

Effective October 1, 2013, the Town adopted the provisions of Governmental Accounting Standards Board ("GASB") statement No. 67, *Financial Reporting for Pension Plans*. GASB 67 requires additional disclosure and supplementary information for the Town's Defined Benefit Pension Plan.

TOWN OF EATONVILLE, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2014

Note 2 – Cash, Cash Equivalents, and Investments

Cash, cash equivalents, and investments at September 30, 2014 are classified in the accompanying financial statements as follows:

	Carrying Amount
Pension Fund:	
Money market funds	\$ 95,849
U.S. government agencies	115,503
Asset backed securities and municipal bonds	36,910
Corporate bonds and notes	392,459
Common stock	716,267
Total pension fund	<u>1,356,988</u>
Demand deposits	<u>685,433</u>
Total Primary-Government	<u><u>\$ 2,042,421</u></u>

Reconciliation of cash, cash equivalents, and investments

Statement of Net Assets:	
Cash and cash equivalents - Governmental	\$ 641,100
Cash and cash equivalents - Business	<u>44,333</u>
Total - Primary Government	685,433
Statement of Fiduciary Net Assets:	
Investments - Fiduciary	<u>1,356,988</u>
Total	<u><u>\$ 2,042,421</u></u>

a. Deposits

Deposits consist of demand accounts with financial institutions. Deposits are insured by the Federal Depository Insurance Corporation or by collateral held in banking institutions approved by the State Treasurer of the State of Florida to hold public funds. Under Florida Statutes Chapter 280, Florida Security for Public Deposits Act, the State Treasurer requires all Florida qualified public depositories to deposit with the Treasurer, or other banking institution, eligible collateral. In the event of a failure of a qualified public depository, the remaining public depositories would be responsible for covering any resulting losses. Accordingly, all amounts reported as deposits are deemed as insured or collateralized with securities held by the Town or its agent in the Town's name.

TOWN OF EATONVILLE, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2014

Note 2 – Cash, Cash Equivalents, and Investments (continued)

b. Investments

Florida Statutes, the Town's Charter, and its Investment Policy authorize the investment of funds in the following:

- the Florida Local Government Surplus Funds Trust;
- direct obligations of the U.S. Government;
- direct obligations of any bank or savings and loan association certified as a Qualified public depository by the State of Florida including: interest-bearing savings accounts, money market accounts, certificates of deposit, money market certificates or time deposits; and
- obligations of the Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Federal Home Loan Bank or its district banks, Government National Mortgage Association, and Federal National Mortgage Association.

The Police Officers' Pension Trust Fund has a broader investment policy. The authorized investments include bonds, stocks, savings and time deposits, obligations of the United States Government (and its agencies) including instruments guaranteed as to principal and interest by the U.S. Government, and others. The Pension Fund is prohibited from investing more than five percent (5%) of its assets in common stock or capital stock of any one issuing company, nor shall the aggregate investment in any one issuing company exceed five percent (5%) of the outstanding stock of that company. Additionally, the aggregate of investments in the common stock or capital stock of companies at market shall not exceed sixty-five percent (65%) of the fund's assets.

c. Credit Risk

In compliance with the Town's investment policy, the Town minimizes credit risk losses due to default of a security issue or backer by:

- limiting investments to the safest types of securities;
- limiting bank certificates of deposit to institutions designated as qualified public depositories in compliance with Florida Statute 280.02; and
- diversifying the investment portfolio so that potential losses on individual securities are minimized.

The Pension Fund minimizes credit risk by:

- limiting investment in debt securities to those corporations that hold a rating in one of the three highest classifications by a major bond rating service; and
- prohibiting investment of more than five (5) percent of its assets in the common or capital stock of one company.

TOWN OF EATONVILLE, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2014

Note 2 – Cash, Cash Equivalents, and Investments (continued)

The Town's pension investments categorized by credit risk as of September 30, 2014 are:

Investment Type	Type	Credit Quality Rating	Fair Value	Maturities (in Years)			
				Less Than 1	1 to 5	5 to 10	More Than 10
Money Market Funds	Money Market	NR*	\$ 95,849	\$ 95,849	\$ -	\$ -	\$ -
U.S. treasury bonds and notes	Fixed income	AA+	30,836	10,013	9,914	10,909	-
FNCI	Fixed income	AA+	3,554	-	3,554	-	-
FGCI	Fixed income	AA+	1,458	-	696	762	-
GNSF	Fixed income	AA+	2,478	-	-	-	2,478
FGLMC	Fixed income	AA+	1,885	-	-	-	1,885
FNCL	Fixed income	AA+	5,566	-	-	-	5,566
FG Pool	Fixed income	AA+	3,661	-	-	-	3,661
G2 Pool	Fixed income	AA+	10,122	-	-	-	10,122
Federal Home Loan	Fixed Income	AA+	19,284	-	-	19,284	-
Federal Fram Credit	Fixed Income	AA+	2,004	-	-	2,004	-
Government Bonds							
-Freddie Mac	Fixed Income	AA+	4,892	-	4,892	-	-
Government Bonds							
-Fannie Mae	Fixed Income	AA+	34,768	-	34,768	-	-
Municipal bonds	Fixed income	AAA	6,359	-	-	-	6,359
Municipal bonds	Fixed income	AA	10,563	-	-	-	10,563
Municipal bonds	Fixed income	AA-	5,020	-	-	5,020	-
Corporate bonds	Fixed income	AAA	10,886	-	1,129	-	9,757
Corporate bonds	Fixed income	AA+	23,919	-	13,882	10,037	-
Corporate bonds	Fixed income	AA	10,031	-	5,013	5,018	-
Corporate bonds	Fixed income	AA-	37,964	-	19,911	10,093	7,960
Corporate bonds	Fixed income	A+	63,391	-	36,325	27,066	-
Corporate bonds	Fixed income	A	90,523	5,048	31,209	49,095	5,171
Corporate bonds	Fixed income	A-	53,750	-	19,087	34,663	-
Corporate bonds	Fixed income	BBB+	67,051	-	19,936	25,778	21,337
Corporate bonds	Fixed income	BBB	24,941	-	-	24,941	-
Corporate bonds	Fixed income	BBB-	24,808	-	14,913	9,895	-
Total debt securities			549,714	15,061	215,229	234,565	84,859
Common Stock	Equity	NR*	711,424	711,424	-	-	-
Total pension investments			<u>\$ 1,356,987</u>	<u>\$ 822,334</u>	<u>\$ 215,229</u>	<u>\$ 234,565</u>	<u>\$ 84,859</u>

* Not rated

TOWN OF EATONVILLE, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2014

Note 2 – Cash, Cash Equivalents, and Investments (continued)

As a means of limiting its exposure to fair value losses arising from rising interest rates, the Town's investment policy requires a maximum maturity of no longer than five (5) years for operating funds and ten (10) years for non-operating funds. Maturities are structured to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities on the secondary market prior to maturity. The Pension Fund does not have a maximum maturity for its investment portfolio.

The Town maintains an Employee Deferred Compensation Plan as a benefit to employees. As prescribed by the Plan documents, the Plan administrator is authorized to invest Plan assets in a variety of investment products, which are not in the Town's name, but are held by the Plan administrator. At September 30, 2014 and during the year, Plan assets were invested in various mutual funds under a custodial account. The Town has no fiduciary responsibility for these accounts, and accordingly, they have not been reflected in the financial statements.

Note 3 – Accounts Receivable, Unbilled Receivables, Other Receivables, and Due from Governmental Agencies

Receivables as of fiscal year-end September 30, 2014 for the Town's individual major funds and fiduciary funds, including the applicable allowances for uncollectible accounts, are as follows:

	<u>General Fund</u>	<u>Water and Sewer</u>	<u>Solid Waste</u>	<u>Stormwater</u>	<u>Total</u>
Receivables:					
Customer receivables and unbilled revenue	\$ -	\$ 272,274	\$ 157,671	\$ 76,940	\$ 506,885
Franchise and utility	128,680	-	-	-	128,680
	<u>128,680</u>	<u>272,274</u>	<u>157,671</u>	<u>76,940</u>	<u>635,565</u>
Less allowance for uncollectibles	<u>(32,998)</u>	<u>(161,900)</u>	<u>(93,376)</u>	<u>(45,682)</u>	<u>(333,956)</u>
Total receivables, net	<u>\$ 95,682</u>	<u>\$ 110,374</u>	<u>\$ 64,295</u>	<u>\$ 31,258</u>	<u>\$ 301,609</u>

TOWN OF EATONVILLE, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2014

Note 4 – Interfund Balances and Transfers

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, 2014:

	<u>Receivable</u>	<u>Payable</u>
Due from/to other funds:		
General Fund	\$ 852,693	\$ 271,678
CRA	269,497	-
Pension Trust Fund	2,181	-
Water and Sewer Fund	-	2,130,066
Solid Waste Fund	594,437	-
Stormwater Fund	682,936	-
	<u>\$ 2,401,744</u>	<u>\$ 2,401,744</u>
Total		

Further detail of interfund balances, with the receiving fund provided in the first column and the owing fund provided in the second column, is as follows:

Due from/to other funds:		<u>Amount</u>
General	Water & Sewer	\$ 852,693
CRA	General	269,497
Pension Trust	General	2,181
Solid Waste	Water & Sewer	594,437
Stormwater	Water & Sewer	682,936
		<u>\$ 2,401,744</u>

Interfund Transfers:

Transfers from the Water and Sewer Fund to the General Fund are to finance various general government activities and to cover General Fund administrative costs incurred on behalf of the Water and Sewer Fund.

	<u>Transfers in</u>		
	<u>General Fund</u>	<u>Stormwater Fund</u>	<u>Total</u>
Transfers out:			
General Fund	\$ -	\$ 5,000	\$ 5,000
Water and Sewer Fund	156,000	3,000	159,000

TOWN OF EATONVILLE, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2014

Note 5 – Capital Assets

The following is a summary of changes in the primary government's capital assets during the year ended September 30, 2014:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 674,943	\$ -	\$ -	\$ 674,943
Total capital assets not being depreciated	<u>674,943</u>	<u>-</u>	<u>-</u>	<u>674,943</u>
Capital assets being depreciated:				
Infrastructure	5,179,416	-	-	5,179,416
Buildings and improvements	3,292,768	-	-	3,292,768
Improvements other than buildings	694,711	5,700	-	700,411
Equipment	1,439,030	12,366	-	1,451,396
Total capital assets being depreciated	<u>10,605,925</u>	<u>18,066</u>	<u>-</u>	<u>10,623,991</u>
Less accumulated depreciation for:				
Infrastructure	(536,044)	(125,441)	-	(661,485)
Buildings and improvements	(1,085,639)	(79,472)	-	(1,165,111)
Improvements other than buildings	(557,379)	(25,561)	-	(582,941)
Equipment	(1,369,533)	(29,512)	-	(1,399,044)
Total accumulated depreciation	<u>(3,548,594)</u>	<u>(259,987)</u>	<u>-</u>	<u>(3,808,581)</u>
Total capital assets being depreciated, net	<u>7,057,331</u>	<u>(241,921)</u>	<u>-</u>	<u>6,815,410</u>
Governmental activities capital assets, net	<u>\$ 7,732,274</u>	<u>\$ (241,921)</u>	<u>\$ -</u>	<u>\$ 7,490,353</u>
Business-type activities:				
Capital assets not being depreciated:				
Land	\$ 2,500	\$ -	\$ -	\$ 2,500
Construction in progress	114,887	63,328	-	178,215
Total capital assets not being depreciated	<u>117,387</u>	<u>63,328</u>	<u>-</u>	<u>180,715</u>
Capital assets being depreciated:				
Buildings and improvements	4,466,713	9,390	-	4,476,103
Equipment	412,402	-	-	412,402
Total capital assets being depreciated	<u>4,879,115</u>	<u>9,390</u>	<u>-</u>	<u>4,888,505</u>
Less accumulated depreciation for:				
Buildings and improvements	(2,059,756)	(142,773)	-	(2,202,529)
Equipment	(367,514)	(3,980)	-	(371,494)
Total accumulated depreciation	<u>(2,427,270)</u>	<u>(146,753)</u>	<u>-</u>	<u>(2,574,023)</u>
Total capital assets being depreciated, net	<u>2,451,845</u>	<u>(137,363)</u>	<u>-</u>	<u>2,314,482</u>
Business-type activities capital assets, net	<u>\$ 2,569,232</u>	<u>\$ (74,035)</u>	<u>\$ -</u>	<u>\$ 2,495,197</u>

TOWN OF EATONVILLE, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2014

Note 5 – Capital Assets (continued)

Depreciation expense was charged as follows:

Governmental activities:

General government	\$ 71,067
Public safety	10,764
Physical environment	2,586
Transportation	128,821
Economic environment	-
Culture and recreation	46,748
Total	<u>\$ 259,986</u>

Business-type activities:

Water and Sewer	\$ 145,036
Stormwater	1,717
Total	<u>\$ 146,753</u>

Note 6 – Long-Term Liabilities

The following is a summary of changes in long-term liabilities of the Town for governmental activities for the year ended September 30, 2014:

	<u>Beginning</u>			<u>Ending</u>	<u>Due Within</u>
	<u>Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u>	<u>One Year</u>
Governmental activities:					
FMLC Series 2005B	\$ 1,080,000	\$ -	\$ (100,000)	\$ 980,000	\$ 105,000
Total note payable	<u>1,080,000</u>	<u>-</u>	<u>(100,000)</u>	<u>980,000</u>	<u>105,000</u>
Other liabilities:					
Capital leases	26,871	-	(21,737)	5,134	3,324
Compensated absences	82,646	66,697	(64,889)	84,454	65,087
Total other liabilities	<u>109,517</u>	<u>66,697</u>	<u>(86,626)</u>	<u>89,588</u>	<u>68,411</u>
Governmental activities					
long-term liabilities	<u>\$ 1,189,517</u>	<u>\$ 66,697</u>	<u>\$ (186,626)</u>	<u>\$ 1,069,588</u>	<u>\$ 173,411</u>

For the governmental activities, compensated absences are generally liquidated by the General Fund.

TOWN OF EATONVILLE, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2014

Note 6 – Long-Term Liabilities (continued)

a. FMLC Series 2005B Note Payable

On May 1, 2005 the Town entered into an agreement with the Florida Municipal Loan Council to partially advance refund the Series 1999B through the issuance of FMLC Series 2005B. The loan contains certain filing requirements, noncompliance of which is described below, and revenue coverage requirements. The loan is payable annually on November 1 through November 2029. The interest is payable semi-annually on May 1 and November 1 through November 2029, with interest rates from 3.00% to 5.00% over the term of the loan.

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Fiscal year ended September 30:			
2015	\$ 105,000	\$ 45,190	\$ 150,190
2016	45,000	42,400	87,400
2017	45,000	40,375	85,375
2018	45,000	38,125	83,125
2019	50,000	37,000	87,000
2020-2024	265,000	140,625	405,625
2025-2029	345,000	65,125	410,125
2030	80,000	2,000	82,000
	<u>\$ 980,000</u>	<u>\$ 410,840</u>	<u>\$ 1,390,840</u>

b. Capital Leases

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

The assets acquired through capital leases are as follows:

Asset:	
Copier	\$ 14,705
Radios	83,430
Less: accumulated depreciation	<u>(95,194)</u>
Total	<u>\$ 2,941</u>

TOWN OF EATONVILLE, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2014

Note 6 – Long-Term Liabilities (continued)

The future minimum lease obligations and the net present value of these minimum lease payments as of September 30, 2014 were as follows:

Year Ending September 30:		
2015	\$	3,142
2016		<u>1,870</u>
Total minimum lease payments		5,612
Less: amount representing interest		<u>(478)</u>
Present value of minimum lease payments	\$	<u><u>5,134</u></u>

The following is a summary of changes in long-term liabilities of the Town for business-type activities for the year ended September 30, 2014:

	<u>Beginning</u> <u>Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending</u> <u>Balance</u>	<u>Due Within</u> <u>One Year</u>
Business-type activities:					
State Revolving Fund Loan	\$ 65,879	\$ -	\$ -	\$ 65,879	\$ -
Total loans payable	<u>65,879</u>	<u>-</u>	<u>-</u>	<u>65,879</u>	<u>-</u>
Other liabilities:					
Compensated absences	3,471	8,008	(7,904)	3,575	3,575
Total other liabilities	<u>3,471</u>	<u>8,008</u>	<u>(7,904)</u>	<u>3,575</u>	<u>3,575</u>
Business-type activities long-term liabilities	<u>\$ 69,350</u>	<u>\$ 8,008</u>	<u>\$ (7,904)</u>	<u>\$ 69,454</u>	<u>\$ 3,575</u>

a. State Revolving Fund Loan

In 2012, the Town entered into a loan agreement with the State of Florida Department of Environmental Protection for the Wastewater Facilities Improvement Projects for a total loan amount of \$250,957, of which total draws amounted to \$65,879 as of September 30, 2014. The loan specifies semiannual loan payments of \$7,866 including interest at 2.10%, which will be due on August 15 and February 15 of each year for a 20 year period starting August 15, 2017. The semiannual payment amount will be subject to amendment at project close-out.

TOWN OF EATONVILLE, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2014

Note 7 – Risk Management

The Town purchases commercial insurance to cover exposure to various risks of loss related to torts, theft of, damage to, and destruction of assets, errors and omissions, injuries to employees, and natural disasters. Settlements have not exceeded coverage under insurance policies for each of the past three fiscal years.

Note 8 – Contingent Liabilities

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies, principally the federal and state governments. 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 Town is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, it is the opinion of the government's counsel that the resolution of these matters will not have a material adverse effect on the financial condition of the government.

Note 9 – Fund Balance Deficit

The Water and Sewer Fund had a deficit balance in unrestricted net assets of \$2,099,359 at September 30, 2014. The Water and Sewer Fund deficit is anticipated to be funded through normal operations and a reduction of transfers and expenses.

TOWN OF EATONVILLE, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2014

Note 10 – CRA Deposits and Withdrawals

As required by Florida Statute, additional description of CRA financial information during fiscal year 2014 is as follows:

Beginning cash and cash equivalents	\$ 422,934
<u>Source of Deposits</u>	
Tax increment financing - Town	276,830
Tax increment financing - Orange County	168,261
Interest income	405
Miscellaneous Revenue	8,217
Total sources	<u>453,713</u>
<u>Purpose of Withdrawals</u>	
Tax increment financing rebate - Town	121,339
Tax increment financing rebate - Orange County	73,752
Professional services	66,595
Operations	16,172
Total withdrawals	<u>277,858</u>
Ending cash and cash equivalents	<u>\$ 598,789</u>

The CRA has not pledged any incremental revenues or incurred any debt to carry out its activities.

TOWN OF EATONVILLE, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2014

Note 11 – Pension Plans

The Town of Eatonville has two public employee retirement plans; a single employer defined benefit police officers’ pension plan for its sworn police officers (Town of Eatonville 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.

a. Police 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.

As of October 1, 2012, the date of the Plan’s latest actuarial valuation, the Plan had 12 active participants and no inactive participants.

Town Ordinance 72-100-B provides the Plan is to be funded 9.10% by the Town and 5% by Plan members. 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.

1. Annual pension cost and net pension asset

The following table shows the components of the Plan’s annual cost, the amount actually contributed, and the changes in the net pension asset as of September 30, 2014:

Annual required contribution (ARC)	\$ 8,734
Interest on net pension obligation	(900)
Adjustments to ARC	961
Annual pension cost	<u>8,795</u>
Contributions made	<u>28,231</u>
Increase in net pension asset	19,436
Net pension asset - beg	<u>13,391</u>
Net pension asset - end	<u><u>\$ 32,827</u></u>

TOWN OF EATONVILLE, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2014

Note 11 – Pension Plans (continued)

2. Three-year trend information

The net pension asset of \$32,827 is presented as an asset on the Town's entity wide financial statements.

Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Asset
09/30/2014	\$ 8,795	320.99%	\$ 32,827
09/30/2013	51,071	99.88%	13,391
09/30/2012	46,830	64.23%	13,452

3. Funded status and funding progress

The most recent actuarial report for the Plan was prepared as of October 1, 2012 with certain information rolled-forward from the valuation date to the plan's fiscal year ending September 30, 2014 in order to comply generally accepted accounting principles. As of this point in time, the actuarial accrued liability for benefits was \$657,152 and the actuarial value of investments was \$1,007,678, resulting in an over-funded actuarial accrued liability of \$350,526 and a funded ratio of 153.34%. The annual covered payroll was \$599,025 and the ratio of the over-funded actuarial accrued liability to covered payroll was 58.52%.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment and mortality trends. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actual accrued liabilities for benefits.

4. Annual Money-Weighted Rate of Return

For the fiscal year ended September 30, 2014, the annual money-weighted rate of return on Plan investments, net of investment expense, was 8.85%. 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 THE FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2014

Note 11 – Pension Plans (continued)

5. Actuarial methods and assumptions

The following is a summary of actuarial methods and assumptions used in the latest actuarial valuations:

Valuation date	10/01/2012
Actuarial cost method	Aggregate
Amortization method	N/A
Asset valuation method	Each year, the prior Actuarial Value Assets is brought forward utilizing the historical geometric 4-year average market value return
Actuarial assumptions:	
Investment rate of return	7%
Projected salary increases	5.5-10%
Inflation rate	3%
Post retirement COLA	0%
Mortality table	RP 2000 Table - Sex Distinct

The aggregate actuarial cost method does not identify or separately amortize unfunded actuarial liabilities. Accordingly, information about funded status and funding progress has been prepared using the entry age actuarial cost method for that purpose and information presented is intended to serve as a surrogate for the funded status and funding progress of the Plan.

The long-term expected rate of return on pension 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 pension 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 pension plan's target asset allocation as of September 30, 2014 are summarized in the following table:

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>
Value	9.18%
Core Fixed	1.21%
Cash	0.00%

TOWN OF EATONVILLE, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2014

Note 11 – Pension Plans (continued)

6. Net Pension Asset and Discount Rate

In fiscal year 2015 the Town will be required to adopt GASB 68, *Accounting and Financial Reporting for Pensions*. The net pension asset to be reported on the Town's government-wide statement of net position under GASB 68 for fiscal year 2015 is based on the amount calculated at September 30, 2014, consisting of the following components:

Total pension liability	\$ 869,185
Plan fiduciary net position	<u>1,372,822</u>
Net pension (asset)	<u>\$ (503,637)</u>
Plan fiduciary net position as a percentage of the total pension liability	157.94%

The discount rate used to measure the total pension asset was 7%. 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 liability, calculated under GASB 67 using the discount rate of 7% as well as what it would be if it were calculated using a discount rate that is 1% lower (6%) and 1% higher (8%) than the current rate:

	1% Decrease 6%	Current Discount Rate 7%	1% Increase 8%
Net pension asset	<u>\$ (366,278)</u>	<u>\$ (503,637)</u>	<u>\$ (617,503)</u>

Updated procedures were applied to the Plan's October 1, 2012 actuarial valuation to roll forward the total pension liability to September 30, 2014 for the purposes of the GASB 67 calculation.

TOWN OF EATONVILLE, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2014

Note 11 – Pension Plans (continued)

b. General Employees Defined Contribution Plan and Trust

The Town of Eatonville, Florida 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, fund balance and operations are not recorded within the Town’s financial statements.

1. Funding Provisions

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. However, the Town contributed \$22,188, which represents approximately five percent (5%) of eligible compensation to the Defined Contribution Plan for the year ended September 30, 2014. Contributions to the Defined Contribution Plan are discretionary on the part of the Town. Employees may contribute up to a maximum of the percentage, ten percent (10%) of covered compensation. There were no employee contributions to the Defined Contribution Plan during the fiscal year ended September 30, 2014.

Vesting Provisions - An employee who leaves the employment of the Town is entitled to all of his or her contributions and a portion of the Town’s contributions as follows:

<u>Years of Service</u>	<u>Percentage of Balance Vested</u>
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%

Retirement Provisions - Under the provisions of the Defined Contribution Plan, employees are eligible for normal retirement at age 65 with 10 years credited service.

TOWN OF EATONVILLE, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2014

Note 12 – Operating Leases

The Town entered into noncancelable lease agreements with Orange County (the “County”) and the Orange County Library System (the “OCLS”) in 1998 and 2004, respectively. The agreement with Orange County allows for the use of the Denton Johnson Center for the County’s Head Start program. The cost of the leased property is \$628,823, with \$332,841 of accumulated depreciation at September 30, 2014, for a net carrying value of \$295,982. The lease will terminate in 2023, at which time all additions to the property will revert to the Town. The lease agreement provides for an annual rental of \$1 and the County pays 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 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 cost of the leased property is \$975,514, with \$241,846 of accumulated depreciation at September 30, 2014, for a net carrying value of \$733,668. The lease will terminate in 2019, at which time all additions to the property will revert to the Town. OCLS has the option to extend the lease for two additional five year terms. The lease agreement provides for an annual rental of \$60,564, paid in monthly installments, with minimum future rentals of \$302,820 for fiscal years 2015 through 2018.

Note 13 – Tax Increment Financing

The CRA funding is derived by growth in property taxes over the “base year”. The base year for the establishment of the CRA is the 1996 tax roll. Orange County, Florida and the Town are required to make tax increment payments to the CRA trust fund by January 1st of each year in accordance with Florida Statutes. Payments are determined by the 2004 interlocal agreement between the Town, the CRA, and Orange County. In 2012, such payment provided \$250,000 of tax increment financing revenue. The 2004 interlocal agreement provides that the payment will effectively provide a net \$250,000 in tax increment financing revenue for fiscal years 2010 through 2014, a net \$300,000 in tax increment financing revenue from 2015 through 2019 and a net \$350,000 in tax increment financing revenue from 2020 through 2027.

Note 14 – Utility Tax

During fiscal 2011, the Town discovered it had been charging a 10% utility tax on Solid Waste and Stormwater fees without proper authority between October 1, 2003 and May 31, 2011, resulting in unauthorized billings totaling \$184,325 and \$25,460, respectively, in accrued liabilities as of September 30, 2014. The Town has adopted an Ordinance that authorizes these charges, effective June 1, 2011; however, the timing and method of repayment for unauthorized billings has not yet been determined.

Note 15 – Subsequent Events

In December 2014, the Town entered into a \$3,691,013 Clean Water State Revolving Fund Construction Loan Agreement in order to fund a major sewer rehabilitation project. The Agreement allows for \$2,367,481 of the loan to be forgiven, leaving a loan principal amount to be paid by the Town of \$1,323,532.

In March 2015, the Town entered into a Community Development Block Grant agreement, which will provide funding not to exceed \$700,000 to be used toward the sewer line rehabilitation project.

REQUIRED SUPPLEMENTARY INFORMATION



TOWN OF EATONVILLE, FLORIDA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (BUDGETARY BASIS)

YEAR ENDED SEPTEMBER 30, 2014

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variances</u>
	<u>Original</u>	<u>Final</u>		<u>Final Budget Positive/ (Negative)</u>
Resources (inflows)				
Ad valorem taxes	\$ 1,242,187	\$ 1,242,187	\$ 1,241,222	\$ (965)
Utility taxes	633,215	633,214	706,491	73,277
Franchise fees	404,169	404,169	388,149	(16,020)
Sales tax	291,997	312,171	337,319	25,148
Intergovernmental revenues	107,590	115,162	185,349	70,187
Licenses and permits	31,000	31,000	60,360	29,360
Charges for services	22,440	48,664	85,962	37,298
Fines and forfeitures	12,500	42,642	42,103	(539)
Interest	500	500	104	(396)
Rental and other income	199,980	219,635	131,643	(87,992)
Transfers in	300,000	420,000	156,000	(264,000)
Amounts available for appropriations	<u>3,245,578</u>	<u>3,469,344</u>	<u>3,334,702</u>	<u>(134,642)</u>
Charges to appropriations (outflows)				
General government	1,089,696	1,024,913	1,016,307	8,606
Public safety	1,505,136	1,615,262	1,544,109	71,153
Physical environment	196,154	194,506	176,561	17,945
Economic environment	23,510	25,156	25,156	-
Human services	45,765	45,765	44,673	1,092
Culture/recreation	220,733	273,928	200,284	73,644
Capital outlay	11,000	16,231	18,065	(1,834)
Transfers out	-	-	5,000	(5,000)
Debt service:				
Principal	95,000	100,000	121,737	(21,737)
Interest	58,584	53,584	50,782	2,802
Total charges to appropriations	<u>3,245,578</u>	<u>3,349,345</u>	<u>3,202,674</u>	<u>146,671</u>
Excess of resources over charges to appropriations	<u>\$ -</u>	<u>\$ 119,999</u>	<u>\$ 132,028</u>	<u>\$ 12,029</u>

TOWN OF EATONVILLE, FLORIDA

NOTES TO SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE BUDGET AND ACTUAL - GENERAL FUND

YEAR ENDED SEPTEMBER 30, 2014

Note 1 – Budgetary Reporting

Reconciliation of Budgetary Basis Reporting Difference

The General Fund – Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual (Budgetary Basis), presents comparisons of the legally adopted budget with actual data on a budgetary basis. Governmental funds applied to develop data on a budgetary basis differ from those presented in the governmental fund financial statement due to the implementation of Governmental Accounting Standards Board Statement No. 54 *Fund Balance Reporting and Governmental Fund Type Definitions*, which became effective October 1, 2010. The following describes the major differences between budgetary financial data and the governmental fund financial statements.

Perspective differences – Certain funds are not included in the General Fund’s annual budget but are presented in the General Fund for purposes of the governmental financial statements.

The following table presents a reconciliation of General Fund change in Fund Balance perspective on a budgetary basis to the fund balances shown on the governmental fund financial statements at September 30, 2014:

	<u>General Fund</u>
General Fund change in Fund Balance - actual on a budgetary basis	\$ 132,028
Perspective Differences:	
Special Events - budgeted as a separate fund	(1,070)
General Fund change in Fund Balance - actual on governmental fund financial statements	<u>\$ 130,958</u>

TOWN OF EATONVILLE, FLORIDA
CRA SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL

YEAR ENDED SEPTEMBER 30, 2014

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variances</u>
	<u>Original</u>	<u>Final</u>		<u>Final Budget Positive/ (Negative)</u>
Resources (inflows)				
Ad valorem taxes	\$ 250,000	\$ 250,000	\$ 250,000	\$ -
Interest	-	-	405	405
Rental and other income	-	-	8,217	8,217
Amounts available for appropriations	<u>250,000</u>	<u>250,000</u>	<u>258,622</u>	<u>8,622</u>
Charges to appropriations (outflows)				
General government	220,000	220,000	93,189	126,811
Capital outlay	30,000	30,000	-	30,000
Total charges to appropriations	<u>250,000</u>	<u>250,000</u>	<u>93,189</u>	<u>156,811</u>
Excess of resources over (under) charges to appropriations	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 165,433</u>	<u>\$ 165,433</u>

TOWN OF EATONVILLE, FLORIDA
POLICE OFFICERS' PENSION FUND

YEAR ENDED SEPTEMBER 30, 2014

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Over-funded AAL (b-a)	Funded Ratio (a/b)	Annual Covered Payroll (c)	Over-funded AAL as a % of Payroll ((b-a)/c)
10/01/2012	\$ 1,007,678	\$ 657,152	\$ 350,526	153.34%	\$ 599,025	58.52%
10/01/2010	761,858	688,645	73,213	110.63%	670,970	10.91%
10/01/2007	587,016	408,844	178,172	143.58%	461,577	38.60%

Note: The Town utilizes the aggregate actuarial cost method to determine its annual required contribution to the Police Officers' Pension Fund. As required by Governmental Accounting Standards Board Statement No. 50, *Pension Disclosures*, pension plans utilizing the aggregate actuarial cost method should disclose funded status using the entry age actuarial cost method. This information serves as a surrogate for funding progress of the Police Officers' Pension Fund and is applicable for actuarial valuations as of June 15, 2007 or thereafter.

Schedule of Contributions from the Town and Other Contributing Entities

Year Ended September 30	Annual Required Contribution	Town Contribution	State Contribution	Percentage Contribution
2014	\$ 8,795	\$ 16,543	\$ 11,688	320.99%
2013	51,071	41,654	9,356	99.88%
2012	46,826	21,154	8,923	64.23%
2011	46,562	46,026	9,123	118.44%
2010	50,376	60,492	9,437	138.81%
2009	47,900	30,881	9,216	83.71%

Schedule of Investment Returns – Last 10 Fiscal Years

Annual money-weighted rate of return	<u>09/30/2014</u> 8.85%
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Note: Information is not available for years preceding fiscal year 2014.

TOWN OF EATONVILLE, FLORIDA
POLICE OFFICERS' PENSION FUND

YEAR ENDED SEPTEMBER 30, 2014

Schedule of Changes in Net Pension Asset – Last 10 Fiscal Years

	<u>09/30/2014</u>
Total Pension Liability	
Service Cost	\$ 71,395
Interest	56,863
Net change in total pension liability	128,258
Total pension liability - beginning	740,927
Total pension liability - ending	<u>\$ 869,185</u>
Plan Fiduciary Net Position	
Contributions - Employer	\$ 16,543
Contributions - State	11,688
Contributions - Employee	29,951
Net investment income	109,744
Administrative expense	(16,013)
Net change in plan fiduciary net position	<u>151,913</u>
Plan fiduciary net position - beginning	<u>1,220,909</u>
Plan fiduciary net position - ending	<u>\$ 1,372,822</u>
Net pension (asset) - ending	<u>\$ (503,637)</u>
Plan fiduciary net position as a percentage of the total pension liability	157.94%
Covered employee payroll	\$ 599,025
Net pension asset as a percentage of covered employee payroll	84.08%

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

TOWN OF EATONVILLE, FLORIDA
POLICE OFFICERS' PENSION FUND

YEAR ENDED SEPTEMBER 30, 2014

Schedule of Contributions

Year Ended September 30	Actuarially Determined Contribution (a)	Contribution in Relation to Actuarially Required (b)	Contribution (Excess) Deficiency (a-b)	Covered Payroll (c)	Percentage of Covered Payroll Contributed (b/c)
2014	\$ 8,734	\$ 28,231	\$ (19,497)	\$ 599,025	4.71%
2013	51,010	51,010	-	552,485	9.23%
2012	46,826	30,077	16,749	670,970	4.48%
2011	46,562	55,426	(8,864)	461,577	12.01%
2010	50,376	69,929	(19,553)	461,577	15.15%
2009	47,900	40,097	7,803	461,577	8.69%

Actuarial Methods and Assumptions

Valuation date	10/01/2012
Actuarial cost method	Aggregate
Amortization method	N/A
Asset valuation method	Each year, the prior Actuarial Value Assets is brought forward utilizing the historical geometric 4-year average market value return
Actuarial assumptions:	
Investment rate of return	7%
Projected salary increases	5.5-10%
Inflation rate	3%
Post retirement COLA	0%
Mortality table	RP 2000 Table - Sex Distinct

OTHER SUPPLEMENTARY INFORMATION



TOWN OF EATONVILLE, FLORIDA
WATER AND SEWER FUND
SCHEDULE OF REVENUES AND EXPENSES
COMPARED TO BUDGET (BUDGETARY BASIS)

SEPTEMBER 30, 2014

	Water and Sewer		
	Final Budget	Actual	Variance Positive/ (Negative)
Operating revenues			
Charges for services	\$ 809,000	\$ 611,487	\$ (197,513)
Total operating revenues	<u>809,000</u>	<u>611,487</u>	<u>(197,513)</u>
Operating expenses			
Personnel services	215,849	154,725	61,124
Operating	398,651	486,301	(87,650)
Total operating expenses	<u>614,500</u>	<u>641,026</u>	<u>(26,526)</u>
Operating income	<u>194,500</u>	<u>(29,539)</u>	<u>(224,039)</u>
Non-operating revenues (expenses)			
Other income	5,500	-	(5,500)
Interest expense	-	-	-
Total non-operating revenues (expense)	<u>5,500</u>	<u>-</u>	<u>(5,500)</u>
Income before transfers	200,000	(29,539)	(229,539)
Capital contributions	-	21,360	21,360
Transfers in	100,000	-	(100,000)
Transfers out	(300,000)	(159,000)	141,000
Total transfers	<u>(200,000)</u>	<u>(137,640)</u>	<u>62,360</u>
Deficiency of revenues over expenses	<u>\$ -</u>	<u>\$ (167,179)</u>	<u>\$ (167,179)</u>

Note: Depreciation expense of \$145,036 is not budgeted and, therefore, is not included on this schedule.

TOWN OF EATONVILLE, FLORIDA
SOLID WASTE FUND
SCHEDULE OF REVENUES AND EXPENSES
COMPARED TO BUDGET (BUDGETARY BASIS)

SEPTEMBER 30, 2014

	Solid Waste		
	Final Budget	Actual	Variance Positive/ (Negative)
Operating revenues			
Charges for services	\$ 323,135	\$ 355,651	\$ 32,516
Total operating revenues	<u>323,135</u>	<u>355,651</u>	<u>32,516</u>
Operating expenses			
Operating	282,480	307,729	(25,249)
Total operating expenses	<u>282,480</u>	<u>307,729</u>	<u>(25,249)</u>
Operating income	40,655	47,922	7,267
Transfers out	<u>(40,655)</u>	<u>-</u>	<u>40,655</u>
Excess of revenues over expenses	<u>\$ -</u>	<u>\$ 47,922</u>	<u>\$ 47,922</u>

TOWN OF EATONVILLE, FLORIDA
STORMWATER FUND
SCHEDULE OF REVENUES AND EXPENSES
COMPARED TO BUDGET (BUDGETARY BASIS)

SEPTEMBER 30, 2014

	Stormwater		
	Final Budget	Actual	Variance Positive/ (Negative)
Operating revenues			
Charges for services	\$ 214,244	\$ 173,761	\$ (40,483)
Total operating revenues	<u>214,244</u>	<u>173,761</u>	<u>(40,483)</u>
Operating expenses			
Personnel services	125,070	76,861	48,209
Operating	89,174	35,116	54,058
Total operating expenses	<u>214,244</u>	<u>111,977</u>	<u>102,267</u>
Operating income	-	61,784	61,784
Transfers in	-	8,000	8,000
Excess of revenues over expenses	<u>\$ -</u>	<u>\$ 69,784</u>	<u>\$ 69,784</u>

Note: Depreciation expense of \$1,717 is not budgeted and, therefore, is not included on this schedule.

COMPLIANCE SECTION



**Report of Independent Auditor 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 Town Council
Town of Eatonville, Florida:

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, 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, 2014, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements, and have issued our report thereon dated August 18, 2015.

Internal Control over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or combination of control 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 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 were not identified. We did identify a deficiency, described as finding 2006-01 in the accompanying Appendix A, that we consider to be a material weakness. Finding 2006-01 is a repeat deficiency from the preceding two annual financial audit reports, where it was also identified as finding 2006-01, and also contains aspects of finding 2008-02 from the prior two years and Management Letter comment 2010-B from the prior two years.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Town's Response to Finding

The Town's response to the finding identified in our audit is described in the accompanying Appendix A of this report. We did not audit the Town's response 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 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.

A handwritten signature in black ink that reads "Cheryl Behrman LLP". The signature is written in a cursive, flowing style.

Orlando, Florida
August 18, 2015

TOWN OF EATONVILLE, FLORIDA

APPENDIX A - Findings and Recommendations for Report of Independent Auditor 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*

YEAR ENDED SEPTEMBER 30, 2014

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance related to the financial statements that are required to be reported in accordance with *Government Auditing Standards*.

Current Year Audit Findings:

Reconciliations

Finding 2006-01 (Combined with prior year finding 2008-02 and prior year management letter comment 2010-B): Reconciliations of general ledger accounts to subsidiary detail is a key control to ensure accounting errors are identified on a timely basis. We noted reconciliations were not provided for billed and unbilled receivables and interfund balance sheet accounts, and the allowance for doubtful accounts was not analyzed and adjusted at year end, similar to what was reported in prior financial statement audits. As a result, certain general ledger account balances were incorrectly recorded and considerable time and effort was required to analyze financial statement amounts at year end.

Recommendation: We recommend that the Finance Department at the Town prepare regular reconciliations of its balance sheet subsidiary ledgers to the general ledger balances in order to ensure accuracy of general ledger balances and avoid errors or omissions of financial data.

Management Response: The Finance Department is making every effort to adhere to auditor's recommendation for current transactions. The Finance Department is also working diligently on resolving the past issues regarding this finding.

TOWN OF EATONVILLE, FLORIDA

APPENDIX A - Findings and Recommendations for Report of Independent Auditor 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*

YEAR ENDED SEPTEMBER 30, 2014

Prior Year Audit Findings:

Reconciliations

Finding 2006-01: Reconciliations of general ledger accounts to subsidiary detail is a key control to ensure accounting errors are identified on a timely basis. We noted reconciliations were not provided for receivables and interfund balance sheet accounts during the fiscal year, similar to what was reported in prior financial statement audits. As a result, certain general ledger account balances were incorrectly recorded and considerable time and effort was required to analyze financial statement amounts at year end. In addition, the Town's ability to address financial management matters is compromised by the inability to rely on unsupported financial data.

Recommendation: We recommend that the Finance Department at the Town prepare regular reconciliations of its balance sheet subsidiary ledgers to the general ledger balances in order to ensure accuracy of general ledger balances and avoid errors or omissions of financial data.

Current Status: The matter continues to exist and is addressed in current year finding 2006-01.

Recording of Receivables

Finding 2008-02: We noted unbilled receivables for the month of September 30, 2012 for each of the Town's enterprise funds were not updated from the prior year to reflect the current year accrual amounts. Audit adjustments were required to correct receivables balances, requiring significant investigation and time.

Recommendation: We recommend that unbilled receivables be updated annually to reflect current year activity

Current Status: The matter continues to exist and is addressed in current year finding 2006-01.

Recording of Capital Assets and the State Revolving Fund Loan Funds

Finding 2013-01: We noted that \$65,879 of proceeds received from the State Revolving Fund Loan program were not properly recorded as a loan payable and that the related capital asset purchases were not properly capitalized into construction in progress as of 9/30/2013. Additionally, \$49,008 of costs incurred but not yet requested for reimbursement were expensed rather than capitalized, resulting in a total adjustment to capitalize costs of \$114,887. The accounting treatment provided was consistent with that for governmental funds, rather than the accrual basis of accounting relevant to the Water and Sewer Fund.

Recommendation: We recommend the Town record capital assets and loan proceeds associated with the State Revolving Fund Loan as balance sheet only transactions, rather than affecting operations, to be consistent with requirements of generally accepted accounting principles.

Current Status: As we did not note any similar matters in fiscal year 2014, this finding has been resolved.

Independent Auditor's Management Letter

Honorable Mayor and Town Council
Town of Eatonville, Florida:

Report on the Financial Statements

We have audited 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, 2014, and have issued our report thereon dated August 18, 2015.

Auditor's Responsibility

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

Other Reports

We have issued our Report of Independent Auditor 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*. Disclosures in this report, which is dated August 18, 2015, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.554(1)(i)1., *Rules of the Auditor General*, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit. Corrective actions have been taken to address the findings and recommendations made in the preceding annual financial report, with the exception of those included in Appendix A of this letter and in Appendix A of the Report of Independent Auditor 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*. Observations 2006-A, and 2012-C in Appendix A of this letter are repeat recommendations from the preceding annual financial audit report, and repeated from the second preceding annual financial audit report, noted as Observations 2006-A, and 2012-C.

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 the management letter, unless disclosed in the notes to the financial statements. Such disclosure is included in notes to the financial statements.

Financial Condition

Section 10.554(1)(i)5.a., *Rules of the Auditor General*, requires that we report the results of our determination as to whether or not the Town has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identification of the specific condition(s) met. In connection with our audit of the financial statements of the Town, the results of our tests did not indicate the Town met any of the specified conditions of a financial emergency contained in Section 218.503(1), Florida Statutes.

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

Annual Financial Report

Section 10.554(1)(i)5.b., *Rules of the Auditor General*, requires that we determine whether the annual financial report for the Town for the fiscal year ended September 30, 2014, filed with the Florida Department of Financial Services pursuant to Section 218.32(1)(a), Florida Statutes, is in agreement with the annual financial audit report for the fiscal year ended September 30, 2014. Our review of the financial report filed with the Florida Department of Financial Services to the Town's 2014 audited financial statements resulted in no material differences.

Other Matters

Section 10.554(1)(i)2., *Rules of the Auditor General*, requires that we address in the management letter any recommendations to improve the Town's financial management. We have identified certain matters in Appendix A of this letter that are relevant to financial management.

Section 10.554(1)(i)3., *Rules of the Auditor General*, requires that we address violations of provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but which warrants the attention of those charged with governance. In connection with our audit, we identified an instance of noncompliance, identified as 2014-A in Appendix A.

We did not audit the Town's responses to these matters, which are also provided in Appendix A of this letter, and, accordingly, we express no opinion on them.

Purpose of this Letter

The purpose of this management letter is to communicate certain matters prescribed by Chapter 10.550, *Rules of the Auditor General*. Accordingly, this management letter is not suitable for any other purpose.

Handwritten signature of Cheryl Behrman in cursive script.

Orlando, Florida
August 18, 2015

TOWN OF EATONVILLE, FLORIDA

APPENDIX A - MANAGEMENT LETTER COMMENTS

YEAR ENDED SEPTEMBER 30, 2014

Current Year Recommendations

Observations are provided by the year in which they originated.

Financial Condition Assessment

Observation 2006-A: We applied financial condition assessment procedures as part of the annual audit of the Town, in accordance with Rules of the Auditor General, Chapter 10.550. These procedures require that we report matters in connection with this assessment if we find there are deteriorating financial conditions that could lead to a state of financial emergency as provided by Florida Statute 218.503(1). Our financial condition assessment procedures applied found that the Town had a deficit fund balance at September 30, 2014, when aggregating the General Fund and enterprise funds. Also, liquidity remains low as a percent of annual costs and there are minimal funds available to fund aging capital infrastructure, amounts due to the CRA or utility tax overcharges from prior years. Without strengthening of financial condition and resolution of other matters, conditions exist that could lead to a state of financial emergency as prescribed by Florida Statute 218.503(1).

Recommendation: We recommend the Town's budgeting, financial management and strategic planning process provide for strengthening of the Town's financial position in order to ensure adequate liquidity and ability to address long-term capital and other needs.

Management Response: The management is currently reviewing spending needs, monitoring anticipated revenues against actual and closely monitoring expenditures against budget appropriation. In addition, the management will cut down unnecessary expenses and find other resources or revenues to strengthen the Town's financial condition. The Town continues to encourage new business. Recently, the Town was awarded a CDBG grant and SRF loan to improve our Wastewater infrastructure that will later reduce expenses.

Water and Sewer Fund Transfers and Accountability

Observation 2012-C: It appears the Water and Sewer Fund has effectively borrowed from other funds in order to finance transfers made to the General Fund in recent years, resulting in an improved fund balance position for the General Fund but leaving a deficit in unrestricted Water and Sewer Fund balance of \$2,099,359 at September 30, 2014. It is unclear as to the portion of Water and Sewer Fund transfers to the General Fund that might represent payments for administrative overhead versus simply transfers of equity. Accordingly, fund level accountability is compromised and, due to the amount owed and limited resources available in the Water and Sewer Fund, it is unclear as to how interfund balances will be eliminated.

Recommendation: We recommend interfund activity be evaluated in order to determine how interfund balances will be eliminated and to establish an appropriate methodology for future transfers and/or administrative charges. To the extent interfund activity represents charges between funds, such as administrative charges from the General Fund, those charges should be accounted for as operating activity based on the cost of services provided, rather than as transfers.

Management Response: The Finance Department reduced the number of interfund transfers compared to the previous years and is diligently working on resolving past issues regarding this finding. This finding is expected to be resolved in fiscal year 2015.

TOWN OF EATONVILLE, FLORIDA
APPENDIX A - MANAGEMENT LETTER COMMENTS

YEAR ENDED SEPTEMBER 30, 2014

Compliance with Regulatory and Debt Reporting Requirements

Observation 2014-A: The Town is required to file its audited financial statements by June 30 of each year. However, audited financial statements were not available for fiscal year 2014 until August 2015, partially due to the implementation and adoption of GASB 67, resulting in noncompliance with timeliness requirements of the Auditor General and debt covenants.

Recommendation: We recommend that the Town strive for more timely reporting in the future.

Management Response: The Town will file on time and will be in compliance for FY 2015 audit report by June 30, 2016.

**Report of Independent Accountant on Compliance
With Local Government Investment Policies**

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

Report on Compliance

We have examined the Town of Eatonville, Florida's (the "Town's") compliance with the local government investment policy requirements of 218.415, Florida Statutes, during the year ended September 30, 2014. Management is responsible for the Town's compliance with those requirements. Our responsibility is to express an opinion on the Town's compliance based on our examination.

Scope

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the City's compliance with specified requirements.

Opinion

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



Orlando, Florida
August 18, 2015