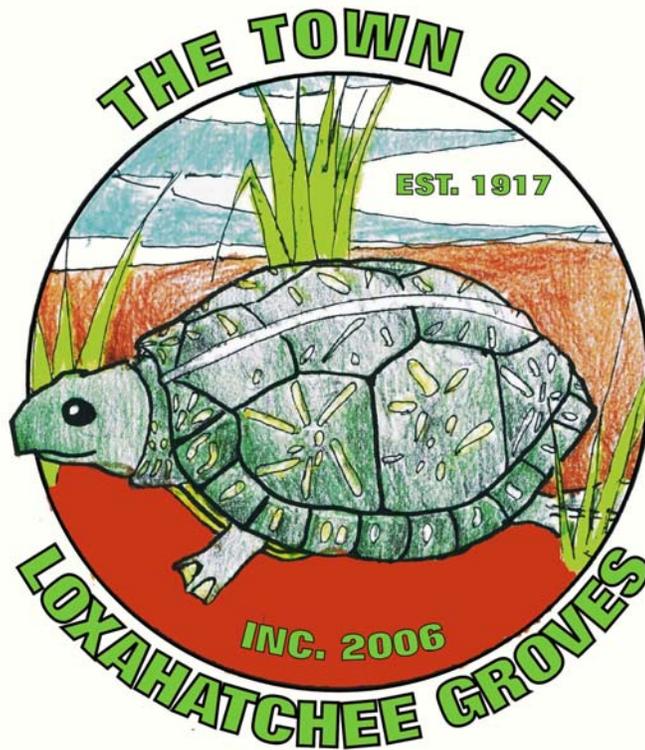


**TOWN OF LOXAHATCHEE GROVES,
FLORIDA**



COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED

SEPTEMBER 30, 2008

TOWN OF LOXAHATCHEE GROVES, FLORIDA
FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2008

PREPARED BY:
THE TOWN OF LOXAHATCHEE GROVES
FINANCE DEPARTMENT

TOWN OF LOXAHATCHEE GROVES, FLORIDA
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INTRODUCTORY SECTION



Town of Loxahatchee Groves

14579 Southern Boulevard, Suite 2 • Loxahatchee Groves, Florida 33470 • (561) 793-2418 Phone • (561) 793-2420 Fax • clerk@loxahatcheegroves.org

June 15, 2009

To the Citizens of the Town of LOXAHATCHEE GROVES,

It is our pleasure to submit the Comprehensive Annual Financial Report (CAFR) for the Town of LOXAHATCHEE GROVES, Florida, for the fiscal year ended September 30, 2008, pursuant to Section 218.39 of the Florida Statutes, Chapter 10.550 of the Rules of the Auditor General of the State of Florida, and the Town Charter. The financial statements included in this report conform to generally accepted accounting principles in the United States of America (GAAP) as prescribed by the Governmental Accounting Standards Board (GASB). The responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the Town. The financial statements have been audited by Albarni, Caballero & Castellanos, L.L.P. Certified Public Accountants. The independent auditor has issued an unqualified opinion that this report fairly represents the financial position of the Town in conformity with GAAP.

PROFILE OF THE GOVERNMENT

The Town of LOXAHATCHEE GROVES (the "Town") is a political subdivision of the State of Florida located in Palm Beach County (the "County") and was incorporated in November 2006. The Town operates under a Council-Manager form of government in which the Town elects five council members, one of whom is the Mayor. Except for the initial election and terms of office specified in the Town Charter, council members are elected for three year terms. The Town Council determines the policies that guide the Town's operations and hiring a Town Manager to implement and administer these policies on a full-time basis. The Town of LOXAHATCHEE GROVES provides code enforcement services. All other municipal services are contracted out to Palm Beach County.

The annual budget serves as the foundation for the Town's financial planning and control. All departments of the Town are required to submit proposed budgets to the Town Manager, who then makes any necessary revisions. The Town Manager then presents to the Town Council for their review, a budget estimate of the expenditures and revenues of all the Town's departments and divisions. Two public hearings are then conducted to inform taxpayers of the proposed budget, to receive their comments, and respond to their questions of the proposed budget. A majority affirmative vote of the quorum is needed to adopt the budget, which is legally enacted prior to October 1st by the passage of an Ordinance. The Town's budget is approved at the department level. The Town Manager and Finance Department may amend the adopted budget for adjustments within a department. The Town Council must approve all other budget adjustments as well as any supplemental appropriations. At the close of each fiscal year, the unencumbered balance of each appropriation reverts to the fund from which it was appropriated and is subject to future appropriations.

Budgets are monitored at varying levels of classification detail; however, budgetary control is legally maintained at the fund level. Budget-to-actual comparisons are provided in this report for each major individual governmental fund for which an appropriated annual budget has been adopted. For all non-major governmental funds with appropriated annual budgets, this comparison is presented in the combining and individual fund section of this report.

ECONOMIC CONDITION AND OUTLOOK

The Town is located in southeast Florida, Palm Beach County, and is a rural-residential community. It comprises approximately 12.5 square miles with approximately 3,200 full-time residents.

The Town has adopted its first Comprehensive Plan. Within this plan, the Town will examine the growth opportunities over the next 10 years for its community. On January 29, 2008, the Florida electorate approved an amendment to the Florida Constitution relative to property taxation. The amendment, which primarily provides for additional property tax exemptions and adds a "portability" provision, will impact the Town commencing in fiscal 2009 and will have a negative impact on the amount of property tax revenue the Town generates going forward, assuming the Town does not increase its millage rate or achieve growth in its tax base which will offset the amendment's effects. The Town also anticipates that the total assessed property value will decrease approximately 25% for Fiscal Year's 2009-2010 and 2010-2011. The accumulated reserves will assist the Town in continuing to provide the necessary flow of income needed based on the assessed ad-valorem.

LONG TERM FINANCIAL PLAN

The Town will continue to pursue grant opportunities that will benefit the Town. The Town will also continue to contract municipal services to maintain a low operational cost and the best opportunity to keep taxes as low as possible. The Town will maintain an appropriate reserve to absorb the increase cost of contracted services as well as the decrease of the ad-valorem base due to the decrease in property values within the Town.

FINANCIAL INFORMATION

Town management is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the Town are protected from loss, theft or misuse and to ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles in the United States of America. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

As a recipient of state and local financial assistance, the Town is also responsible for ensuring that an adequate internal control structure is in place to ensure and document compliance with applicable laws and regulations related to these programs. This internal control structure is subject to periodic evaluation by management. In addition, the Town maintains extensive budgetary controls. The objective of these controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the Town Council. The level of budgetary control is legally maintained at the fund level (i.e., the level at which expenditures cannot legally exceed the appropriated amount.)

The Town's *accounting system* is organized on a fund basis. A fund is defined as an independent fiscal and accounting entity with a self-balancing set of accounts. The types of funds used are generally determined by the Town Council upon the recommendations of the Town Manager and the Finance Department which is based upon established and accepted accounting policies and procedures as well as the number of funds required.

CASH MANAGEMENT

The Town Council and Town Manager of the Town are fully charged with the security of the Town's funds and assets with the goal of maximizing return on surplus or idle cash. Cash management policies are clearly identified in the adopted budget documents along with regulations defined by the laws of the State of Florida. The Town's excess funds are invested primarily in interest bearing deposits in a qualified public depository. The principal focus of cash management is to ensure the safety of the Town's cash while maximizing its return on investment.

DEBT ADMINISTRATION

According to the Town Charter, no appropriation for debt service may be reduced or transferred, and no appropriation may be reduced below any amount required by law to be appropriated, or by more than the unencumbered balance thereof. Other provisions of law to the contrary notwithstanding, the supplemental and emergency appropriations and reduction or transfer of appropriations authorized by this section may be made effective immediately upon adoption.

Subject to the referendum requirements of the State Constitution, if applicable, the town may from time to time borrow money and issue bonds or other obligations or evidence of indebtedness (collectively, "bonds") of any type or character for any of the purposes for which the town is now or hereafter authorized by law to borrow money, including to finance the cost of any capital or other project and to refund any and all previous issues of bonds at or prior to maturity. Such bonds may be issued pursuant to one or more resolutions adopted by a majority of the council.

The town may assume all outstanding indebtedness related to facilities it acquires from other units of local government and be liable for payment thereon in accordance with its terms.

Unless authorized by the electors of the town at a duly held referendum election, the council shall not authorize or allow to be authorized the issuance of revenue bonds or enter into lease-purchase contracts or any other unfunded multiyear contracts for the purchase of real property or the construction of any capital improvement, the repayment of which extends in excess of 36 months, unless mandated by state or federal governing agencies.

RISK MANAGEMENT

The Town purchases General and Professional Liability from the Florida League of Cities Florida Municipal Insurance Trust.

RETIREMENT BENEFITS

Currently since the Town does not have any employees and the Town Council members don't receive any compensation, no retirement benefits are offered.

INDEPENDENT AUDIT

In accordance with Florida Statutes Section 218.39, the Town has engaged the firm of Alberni, Caballero & Castellanos, L.L.P., to perform the independent audit of the Town's financial statements. The Independent Certified Public Accountants report is included in the financial section of this Comprehensive Annual Financial Report.

AWARDS AND ACKNOWLEDGEMENTS

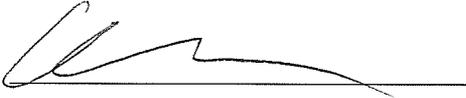
Town received the Certificate of Achievement for Excellence in Financial Reporting awarded by the Governmental Finance Officers Association of the United States and Canada (GFOA) for the Fiscal Year ending September 30, 2007. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized Comprehensive Annual Financial Report, whose contents conform to program standards. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current report conforms to the Certificate of Achievement Program requirements, and we are submitting it to the GFOA to determine its eligibility for the certificate.

The preparation of this report could not have been accomplished without the efficient and dedicated services of the entire staff of the Finance Department and the Town's audit firm, Alberni, Caballero & Castellanos, L.L.P. We wish to express our appreciation to them for their interest and support in planning and conducting the financial operations of the Town in a responsible and progressive manner. Finally, we would also like to thank the various operating departments for their timely contributions in the writing of this report.

In closing, without the leadership and support of the Mayor and Town Council, the accomplishments and anticipated future successes noted in this report would not have been possible.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'Irv Rosenbaum', written over a horizontal line.

Dr. Irv Rosenbaum, D.P.A., Ed.D, Town Manager

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

Town of Loxahatchee Groves
Florida

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
September 30, 2007

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



Handwritten signature of the President, appearing to be "M. L. R. H."

President

Handwritten signature of the Executive Director, appearing to be "Jeffrey R. Ennis"

Executive Director

TOWN OF LOXAHATCHEE GROVES, FLORIDA

List of Elected Town Officials

September 30, 2008

Council-Manager Form of Government

TOWN COUNCIL

David Browning, Mayor

Dennis Lipp, Vice Mayor

Ryan Liang, Councilmember

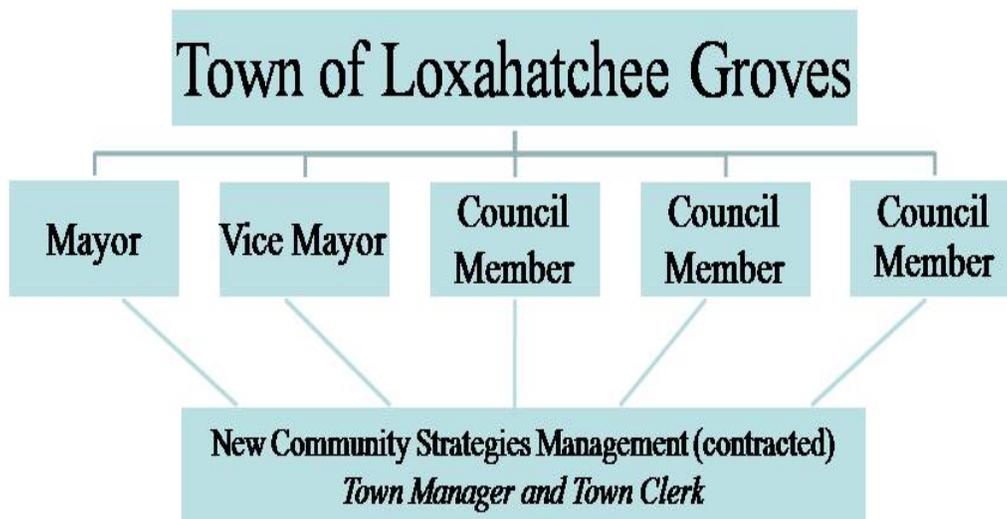
Bill Louda, Councilmember

Ron Jarriel, Councilmember

Prepared by:

Finance Department and Administration

Town of Loxahatchee Groves Organizational Chart



June 2008

FINANCIAL SECTION

REPORT OF INDEPENDENT
CERTIFIED PUBLIC ACCOUNTANTS



4649 PONCE DE LEON BLVD.
SUITE 404
CORAL GABLES, FL 33146
TEL: 305-662-7272
FAX: 305-662-4266
ACC-CPA.COM

INDEPENDENT AUDITORS' REPORT

Honorable Mayor, Town Council and Town Manager
Town of Loxahatchee Groves, Florida

We have audited the accompanying financial statements of the governmental activities, and each major fund of the Town of Loxahatchee Groves, Florida (the Town) as of and for the fiscal year ended September 30, 2008, which collectively comprise the Town's basic financial statements as listed in the table of contents. These basic financial statements are the responsibility of the Town's management. Our responsibility is to express opinions on these basic financial statements based on our audits.

We conducted our audits 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 includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing and opinion on the effectiveness of the Town's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Loxahatchee Groves, Florida as of September 30, 2008, and the respective changes in financial position, thereof for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated May 11, 2009 on our consideration of the Town's internal control over financial reporting and our tests of 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* and should be read in conjunction with this report in considering the results of our audit.

The Management's Discussion and Analysis and the Budgetary Comparison Schedules, listed in the table of contents, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Loxahatchee Groves' Florida, basic financial statements. The introductory section and statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements. The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

May 11, 2009
Coral Gables, Florida

MANAGEMENT'S DISCUSSION AND ANALYSIS
(MD&A)

Management's Discussion and Analysis

As management of the Town of Loxahatchee Groves, we offer readers of the Town of Loxahatchee Groves (the Town) financial statements this narrative overview and analysis of the financial activities of the Town of Loxahatchee Groves for the fiscal year ended September 30, 2008.

Financial Highlights

- The assets of the Town of Loxahatchee Groves exceeded its liabilities at the close of the most recent fiscal year by \$656,904 (net assets). Of this amount, \$653,424 (*unrestricted net assets*) may be used to meet the Town's ongoing obligations to citizens and creditors.
- The Town's total net assets increased by \$424,294. This increase is attributable to excess revenues over expenses for 2008.
- As of the close of the current fiscal year, the Town of Loxahatchee Groves general fund reported an ending fund balance of \$653,424, an increase of \$425,183 comparison with the prior year. The entire \$653,424 is available for spending at the government's discretion (*unreserved fund balance*).
- At the end of the current fiscal year, unreserved fund balance for the general fund was \$653,424 or 54% of total general fund expenditures.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts—*management's discussion and analysis* (this section), the *basic financial statements* and *required supplementary information*. The basic financial statements include two kinds of statements that present different views of the Town:

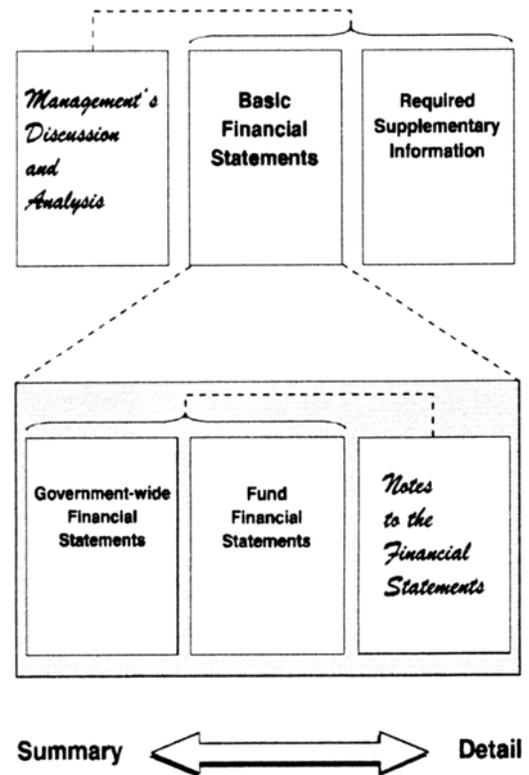
- The first two statements are *government-wide financial statements* that provide both long-term and short-term information about the Town's overall financial status.
- The remaining statements are *fund financial statements* that focus on individual parts of the Town government, reporting the Town's operations in more detail than the government-wide statements.
- The *governmental funds* statements show how general government services such as public safety were financed in the short term as well as what remains for future spending.

The financial statements also include *notes* that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of *required supplementary information* which further explains and supports the information in the financial statements. Figure A-1 shows how the required parts of this annual report are arranged and are related to one another.

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 assets* presents information on all of the Town's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating.

Figure A-1
Required Components of
City's Annual Financial Report



The *statement of activities* presents information showing how the Town's net assets changed during the most recent fiscal year. All changes in net assets 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 (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the Town that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The government activities of the Town include public works, police, and general administration services. The Town has no business-type activities.

The government-wide financial statements can be found on pages 6 and 7 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 are governmental funds.

Governmental funds. *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 government'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 only one governmental fund; the general fund; which is considered the Town's major fund.

The Town adopts an annual appropriated budget for the general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with the budget.

The basic governmental fund financial statements can be found on pages 8 and 9 of this report.

Notes to the basic 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 10 to 15 of this report.

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the Town's case, assets exceeded liabilities by \$656,904 at the close of the most recent fiscal year.

A portion of the Town's net assets, \$3,480 or 1%, reflects its investment in capital assets, net of related debt (e.g., equipment). The Town of Loxahatchee Groves uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending.

The remaining balance of unrestricted net assets, \$653,424 or 99%, may be used to meet the government's on-going obligations to citizen's and creditors.

At the end of the current year, the Town is able to report positive balances in all three categories of net assets.

**TOWN OF LOXAHATCHEE GROVES
STATEMENTS OF NET ASSETS**

	<u>2008</u>	<u>2007</u>	<u>Change</u>	<u>% Change</u>
Current and other assets	\$ 759,106	\$ 244,484	\$ 514,622	210%
Capital assets, net	<u>3,480</u>	<u>4,369</u>	<u>(889)</u>	<u>-20%</u>
Total assets	<u>762,586</u>	<u>248,853</u>	<u>513,733</u>	<u>206%</u>
Current liabilities	<u>105,682</u>	<u>16,243</u>	<u>89,439</u>	<u>551%</u>
Total liabilities	<u>105,682</u>	<u>16,243</u>	<u>89,439</u>	<u>551%</u>
Net Assets:				
Invested in capital assets, net of related debt	3,480	4,369	(889)	-20%
Unrestricted	<u>653,424</u>	<u>228,241</u>	<u>425,183</u>	<u>186%</u>
Total net assets	<u>\$ 656,904</u>	<u>\$ 232,610</u>	<u>\$ 424,294</u>	<u>182%</u>

- The Town's current assets increased by 210% mainly due to increases in cash as a result of the current year's operations and collection of property taxes.
- Capital assets decreased due to depreciation expense.
- Liabilities increased by 551% mainly due to increased in operations by the Town due to its first full year of operations.

**TOWN OF LOXAHATCHEE GROVES
STATEMENTS OF CHANGES IN NET ASSETS**

	<u>2008</u>	<u>2007</u>	<u>Change</u>	<u>% Change</u>
Revenues:				
Program Revenues:				
Charges for services	\$ 339,857	\$ 14	\$ 339,843	>100%
General Revenues:				
Property taxes	508,845	-	508,845	>100%
Franchise taxes	218,236	65,729	152,507	232%
Utility taxes	187,584	154,857	32,727	21%
Intergovernmental	361,896	124,459	237,437	191%
Investment income	<u>18,859</u>	<u>1,387</u>	<u>17,472</u>	<u>1,260%</u>
Total revenues	<u>1,635,277</u>	<u>346,446</u>	<u>1,288,831</u>	<u>372%</u>
Expenses:				
General government	\$585,554	\$ 113,836	\$ 471,718	414%
Public safety	241,921	-	241,921	>100%
Solid waste	<u>3873,508</u>	<u>-</u>	<u>383,508</u>	<u>>100%</u>
Total expenses	<u>1,210,983</u>	<u>113,836</u>	<u>1,097,147</u>	<u>964%</u>
Change in net assets	<u>424,294</u>	<u>232,610</u>	<u>\$191,684</u>	<u>>100%</u>
Beginning net assets	232,610	-		
Ending net assets	<u>\$656,904</u>	<u>\$232,610</u>		

The Town's net assets increased by \$424,294 in the current fiscal year; the increase was mainly due the first full year of the Town's operations and the first year of property tax collections. Also, the new solid waste collection contract increased charges for services and solid waste expenses and the new law enforcement contract increased the public safety expenses.

Financial Analysis of the Government's Funds

As noted earlier, the Town uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

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

General Fund

The general fund is the main operating fund of the Town. At the end of the current fiscal year, the Town's general fund reported a fund balance of \$653,424 an increase of \$425,183 in comparison with the prior year. See the description for the increases and decreases in the governmental activities above which apply to the general fund operations also for 2008.

General Fund Budgetary Highlights

Budget vs. actual schedules are presented in page 16 for the general fund, there were no supplemental appropriations for 2008.

Capital Assets and long term debt

As of September 30, 2008, the Town's investment in capital assets amounted to \$3,480 (net of accumulated depreciation). More details relating to capital assets can be found in page 14 of the footnotes.

The Town has no long term debt.

Economic Factors and Next Year's Budgets and Rates

- In setting its fiscal 2008-2009 budget, the Town adopted a millage rate of 1.500.
- On January 29, 2008, the Florida electorate approved an amendment to the Florida Constitution relative to property taxation. The amendment, which primarily provides for additional property tax exemptions and adds a "portability" provision, will impact the Town commencing in fiscal 2009 and will have a negative impact on the amount of property tax revenue the Town generates going forward, assuming the Town does not increase its millage rate or achieve growth in its tax base which will offset the amendment's effects.
- The Town of Loxahatchee Groves anticipates that the total assessed property value will decrease 25% for the next two (2) fiscal years. Accordingly, the reserves that have been built up will secure the Town's income flow for the upcoming fiscal years.

Requests for Information

This financial report is designed to provide a general overview of the Town of Loxahatchee Groves' finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Town Clerk, 14579 Southern Blvd., Suite 2, Loxahatchee Groves, Florida 33470.

BASIC FINANCIAL STATEMENTS

TOWN OF LOXAHATCHEE GROVES, FLORIDA
STATEMENT OF NET ASSETS
SEPTEMBER 30, 2008

		<u>Governmental Activities</u>
<u>ASSETS</u>		
Cash and cash equivalents	\$	687,622
Accounts receivable - net		71,484
Equipment, net		<u>3,480</u>
Total assets		<u>762,586</u>
<u>LIABILITIES</u>		
Accounts payable		<u>105,682</u>
Total liabilities		<u>105,682</u>
<u>NET ASSETS</u>		
Invested in capital assets		3,480
Unrestricted		<u>653,424</u>
Total net assets	\$	<u>656,904</u>

See notes to basic financial statements

TOWN OF LOXAHATCHEE GROVES, FLORIDA
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2008

<u>Functions/programs</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Changes in Net Assets</u>	
<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>	
Governmental activities:					
General government	\$ 585,554	\$ 8,119	\$ -	\$ -	\$ (577,435)
Public safety	241,921	1,500	-	-	(240,421)
Solid waste	<u>383,508</u>	<u>330,238</u>	-	-	<u>(53,270)</u>
Total governmental activities	<u>1,210,983</u>	<u>339,857</u>	-	-	<u>(871,126)</u>
General revenues:					
Property taxes					508,845
Utility taxes					187,584
Franchise fees on gross receipts					218,236
Intergovernmental (unrestricted)					361,896
Interest and other					<u>18,859</u>
Change in net assets					<u>424,294</u>
Net assets, Beginning					<u>232,610</u>
Net assets, Ending					<u>\$ 656,904</u>

See notes to basic financial statements

TOWN OF LOXAHATCHEE GROVES, FLORIDA
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2008

		Major Fund
		General
	<u>ASSETS</u>	
Cash and cash equivalents		\$ 687,622
Accounts receivable - net		71,484
Total assets		\$ 759,106
	<u>LIABILITIES</u>	
Accounts payable		\$ 105,682
Total liabilities		105,682
	<u>FUND BALANCE</u>	
Unreserved		653,424
Total fund balance		653,424
Amounts reported for governmental activities in the statement of net assets are different as a result of:		
Capital assets used in governmental activities are not financial resources, and therefore are not reported in the funds.		
		3,480
Net assets of governmental activities		\$ 656,904

See notes to basic financial statements

TOWN OF LOXAHATCHEE GROVES, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUND
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2008

	<u>Major Fund</u>
	<u>General</u>
Revenues:	
Property taxes	\$ 508,845
Franchise fees	218,236
Utility taxes	187,584
Intergovernmental	361,896
Licenses and permits	8,119
Charges for services	330,238
Fines and forfeitures	1,500
Interest and other	<u>18,859</u>
Total revenues	<u>1,635,277</u>
Expenditures:	
Current:	
General government	584,665
Public safety	241,921
Solid waste	<u>383,508</u>
Total expenditures	<u>1,210,094</u>
Net change in fund balance	425,183
Fund balance - Beginning	<u>228,241</u>
Fund balance - Ending	<u>653,424</u>
Amounts reported for governmental activities in the statement of activities are different because:	
Net change in fund balances - total government fund	425,183
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is depreciated over their estimated useful lives.	
Add current year capital outlays	-
Less current year depreciation	<u>(889)</u>
Change in net assets of governmental activities	<u>\$ 424,294</u>

See notes to basic financial statements

NOTES TO BASIC FINANCIAL STATEMENTS

TOWN OF LOXAHATCHEE GROVES, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2008

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The summary of the Town of Loxahatchee Groves, Florida's (the Town) significant accounting policies is presented to assist the reader in interpreting the financial statements and other data in this report. The policies are considered essential and should be read in conjunction with the accompanying financial statements.

The accounting policies of the Town conform to accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. This report, the accounting systems and classification of accounts conform to standards of the Governmental Accounting Standards Board (GASB), which is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the more significant policies:

a. Financial Reporting Entity

The Town was incorporated on November 1, 2006 as a municipal corporation, in accordance with Chapter 2006-328 under the Laws of the State of Florida, and was established to conduct a government, perform municipal functions, and provide services to its citizens, as provided by the Constitution of the State of Florida. The Town operates under a Council-Manager form of government. The Town Council is responsible for legislative and fiscal control of the Town. A Town Manager is appointed by the Town Council and is responsible for the administration of all Town affairs placed in the manager's charge by charter or action of the Town Council.

The financial statements were prepared in accordance with government accounting standards which establishes standards for defining and reporting on the financial reporting entity. The definition of the financial reporting entity is based upon the concept that elected officials are accountable to their constituents for their actions. One of the objectives of financial reporting is to provide users of financial statements with a basis for assessing the accountability of the elected officials. The financial reporting entity consists of the Town, organizations for which the Town is financially accountable and other organizations for which the nature and significance of their relationship with the Town are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. The Town is financially accountable for a component unit if it appoints a voting majority of the organization's governing board and it is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the Town. Based upon the application of these criteria, there were no organizations which met the criteria described above.

b. Government-wide and fund financial statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the non-fiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. 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 Town has no business-type activities.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segments 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. Major individual governmental funds are reported as separate columns in the fund financial statements.

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. 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 liabilities of the current period. For this purpose, the Town considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Revenues resulting from expenditure driven transactions such as certain grants are considered collectible at the time the expenditure has been made. 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.

Property taxes, sales taxes, utility taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The Town reports only one governmental fund:

The **general fund** is the Town's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

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.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the government-wide financial statements to the extent that those standards do not conflict with or contradict guidance of the Government Accounting Standards Board.

When both restricted and unrestricted resources are combined in a fund, expenses are considered to be paid first from restricted resources and then from the unrestricted resources.

d. Assets, liabilities and net assets

1. Deposits

The Town's cash and cash equivalents are considered to be cash on hand and demand deposits.

2. Prepaids

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.

3. Receivables and Payables

Receivables due from external sources are considered to be fully collectible and as such, an allowance for doubtful accounts has not been established.

4. Property Taxes

Property values are assessed as of January 1 of each year, at which time taxes become an enforceable lien on property. Tax bills are mailed for the Town by Palm Beach County (the County) on or about October 1 of each year and are payable with discounts of up to 4% offered for early payment. Taxes become delinquent on April 1 of the year following the year of assessment and State law provides for enforcement of collection of property taxes by seizure of the personal property or by the sale of interest-bearing tax certificates to satisfy unpaid property taxes.

Assessed values are established by the Palm Beach County Property Appraiser. In November 1992, a Florida constitutional amendment was approved by the voters which provides for limiting the increases in homestead property valuations for Ad Valorem tax purposes to a maximum of 3% annually and also provides for reassessment of market values upon changes in ownership. The County bills and collects all property taxes and remits them to the Town.

State statutes permit municipalities to levy property taxes at a rate of up to 10 mills (\$10 per \$1,000 of assessed taxable valuation). The tax levy of the Town is established by the Town council and the Palm Beach County Property Appraiser incorporates the Town's millage into the total tax levy, which includes the County and the County School Board tax requirements. The millage rate assessed by the Town for the year ended September 30, 2008 was 1.500 mills (\$1.500 per \$1,000 of taxable assessed valuation).

5. Capital Assets

Capital assets, which include equipment is reported in the government-wide financial statements. Capital assets, excluding infrastructure assets, are defined by the Town as assets with an initial, individual cost of more than \$1,000 and an estimated useful life in excess of one year. Capital assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

As of September 30, 2008 the County has not transferred any infrastructure (roads, sidewalks and similar items) to the Town.

Capital assets are depreciated using the straight line method over the following estimated useful lives:

	<u>Years</u>
Equipment	5

When capital assets are sold or disposed of, the related cost and accumulated depreciation are removed from the accounts and a resulting gain or loss is recorded in the government-wide financial statements.

6. Fund Balance/Net Assets

In the fund financial statements, the governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. The description of each reserve indicates the purpose for which each is intended. Designations of fund balance represent tentative management plans that are subject to change.

Unreserved, undesignated fund balance is the portion of fund balance available for any lawful use.

In the government-wide financial statements, net assets represent the difference between assets and liabilities and are reported in three categories as hereafter described.

- Net assets invested in capital assets, net of related debt, represent capital assets, net of accumulated depreciation and any outstanding debt related to those assets.
- Net assets are reported as restricted when there are legal limitations imposed on their use by legislation, or external restrictions imposed by other governments, creditors, or grantors.
- Unrestricted net assets are net assets that do not meet the definitions of the classifications previously described.

7. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the amounts of assets, liabilities, disclosure of contingent liabilities, revenues, and expenditures/expenses reported in the financial statements and accompanying notes. These estimates include assessing the collectibility of receivables and the useful lives of capital assets. Although those estimates are based on management's knowledge of current events and actions it may undertake in the future, they may ultimately differ from actual results.

II. DEPOSITS AND INVESTMENTS

Deposits

In addition to insurance provided by the Federal Depository Insurance Corporation, all deposits are 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 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 insured or collateralized.

Investments

The Town adopted an investment policy on August 5, 2008, which is consistent with the requirements of State Statute 218.415. In accordance with Section 218.415 of the Florida Statutes, the Town is authorized to invest in obligations of the U.S. Treasury, its agencies and instrumentalities and in the Local Government Surplus Trust Funds administered by the State Board of Administration (SBA).

As of September 30, 2008, the Town had no investments.

III. RECEIVABLES/PAYABLES

Receivables

The Town's receivables at September 30, 2008 were as follows:

	<u>Franchise Fees</u>	<u>State Revenue Sharing</u>	<u>Utility Taxes</u>	<u>Totals</u>
General fund	<u>\$44,457</u>	<u>\$22,360</u>	<u>\$4,667</u>	<u>\$71,484</u>

All amounts are considered fully collectible.

Payables

	<u>Vendors</u>
General fund	<u>\$105,682</u>

IV. CAPITAL ASSETS

Capital asset activities for the fiscal year ended September 30, 2008 was as follows:

	<u>Balance October 1, 2007</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance September 30, 2008</u>
Governmental activities				
Capital assets being depreciated:				
Equipment	<u>\$4,443</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$4,443</u>
Less accumulated depreciation for:				
Equipment	<u>(74)</u>	<u>(889)</u>	<u>-</u>	<u>(963)</u>
Governmental activities capital assets, net	<u>\$4,369</u>	<u>\$(889)</u>	<u>\$ -</u>	<u>\$3,480</u>

Depreciation expense was charged to the general government functions/programs of the Town.

V. RISK MANAGEMENT

The Town is exposed 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.

The Town has joined with other municipalities in the State participating in the Florida League of Cities Municipal Self Insurance Program, (the Program) a public entity risk pool currently operating as a common risk management and insurance program. The inter-local agreement with the Florida League of Cities Municipal Self Insurance Program provides that the Program will be self-sustaining through member premiums and will reinsure through commercial companies.

VI. COMMITMENTS AND CONTINGENCIES

Lawsuits

As of September 30, 2008, the Town was not involved in any lawsuits.

Professional Services Agreement- Management Services

On June 15, 2007, the Town entered into a professional service agreement for the position of Town Manager. The agreement also provides for a Town Clerk and financial reporting services.

The agreement calls for monthly payments of \$7,000 and expires on September 30, 2008 with a one year renewal option.

Subsequent to year end the contract was extended with monthly payment of \$8,000; however, the contract was terminated by mutual agreement in May 2009.

Operating Lease

On June 1, 2007, the Town entered into an operating lease for office space which calls for monthly payments of \$577 through September 30, 2008. The lease has a one year renewal option. On October 8, 2008, the Town executed an addendum to the lease agreement which included an additional office space. The monthly payments increased to \$802.

Interlocal Agreements with Palm Beach County

In 2007, the Town entered into two interlocal agreements with Palm Beach County (the County) for zoning services and land development services within the municipal limits of the Town. The County will provide the same level of service to the Town as it provides its unincorporated areas and collect fees and surcharges from applicants for the services. Oversight of the County's performance of these public services will be performed by the Town Manager. Both agreements automatically renew each year unless either party notifies the other, in writing, of the other party's desire to terminate all or part of the agreements six months in advance, but no later than April 1 of the previous fiscal year.

Agreement for Code Enforcement Services

In 2007, the Town entered into an agreement with a company for code enforcement and related services for \$1,500 per month plus reimbursable expenses. During 2008, the agreement was amended increasing the hours of code enforcement services and a new monthly rate of \$4,700 plus reimbursable expenses. Subsequent to yearend, the Town Council directed Town Staff to communicate to the company to decrease the Code Enforcement to one day a week which reduced the monthly commitment to \$2,350 per month. The agreement may be terminated by either party with seven days written notice.

Agreement with Palm Beach County for Law Enforcement Services

During 2008, the Town executed an agreement with Palm Beach County for law enforcement services within the Town's boundaries. The agreement calls for monthly payments of \$20,000 and may be terminated by either party by providing sixty days notice. Subsequent to year end the agreement was extended for 2009 with a increase in monthly payments to \$21,800.

Solid Waste and Recycling Collection Franchise Agreement

During 2008, the Town executed an agreement with Waste Pro of Florida for solid waste and recycling collection services. The term of the agreement is for the period beginning October 1, 2008 through September 30, 2013. For the fiscal year ended September 30, 2008, solid waste and recycling services will be provided by ONYX Waste Services, Inc. under an existing agreement with the Solid Waste Authority of Palm Beach County.

REQUIRED SUPPLEMENTARY INFORMATION
(Other Than MD&A)

TOWN OF LOXAHATCHEE GROVES, FLORIDA
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2008

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
				Positive/(Negative)
Revenues:				
Property taxes	\$ 520,000	\$ 520,000	\$ 508,845	\$ (11,155)
Franchise fees	135,000	135,000	218,236	83,236
Utility taxes	268,000	268,000	187,584	(80,416)
Intergovernmental	367,000	367,000	361,896	(5,104)
Charges for services	400,000	400,000	330,238	(69,762)
Licenses and permits	-	-	8,119	8,119
Fines and forfeitures	-	-	1,500	1,500
Interest and other	-	-	18,859	18,859
Total revenues	<u>1,690,000</u>	<u>1,690,000</u>	<u>1,635,277</u>	<u>(54,723)</u>
Expenditures:				
Current:				
General government	770,000	770,000	584,665	185,335
Public safety	520,000	520,000	241,921	278,079
Solid waste	<u>400,000</u>	<u>400,000</u>	<u>383,508</u>	<u>16,492</u>
Total expenditures	<u>1,690,000</u>	<u>1,690,000</u>	<u>1,210,094</u>	<u>479,906</u>
Net change in fund balance	-	-	425,183	<u>\$ 425,183</u>
Fund balances - Beginning	-	-	<u>228,241</u>	
Fund balances - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 653,424</u>	

See notes to budgetary comparison schedule

TOWN OF LOXAHATCHEE GROVES, FLORIDA
NOTES TO BUDGETARY COMPARISON SCHEDULES
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2008

Notes to Budgetary Comparison Schedule

The Town follows these procedures in establishing the budgetary data reflected in the financial statements:

- a. Prior to September 1, the Town Manager submits to the Town Council a proposed operating budget for the fiscal year commencing the following October 1. The operating budget includes proposed expenditures and the means of financing them.
- b. Public hearings are conducted to obtain taxpayer comments.
- c. Prior to October 1, the budget is legally enacted through passage of two ordinances - one establishing a millage rate and another adopting the final budget.
- d. Appropriations which are neither expended, encumbered, or specifically designated to be carried over lapse at the end of the fiscal year.
- e. The Town prepares and adopts a budget for the General Fund. The budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP) except for principal payments on their debt. No differences exist between the budgetary or GAAP basis of accounting. Budgeted amounts are as originally adopted, or as amended by the Town Council. If, at any time during the fiscal year, it appears probable to the Town Manager that the revenues available will be insufficient to meet the amount appropriated, the Town Manager shall report to the Council without delay, indicating the estimated amount of the deficit, any remedial action taken, and recommendations as to any other steps that should be taken. The Council shall then take such further action as it deems necessary to prevent or minimize any deficit and, for that purpose, the council may by resolution reduce one or more appropriations accordingly. Therefore, the legal level of control (level of which expenditures may not exceed the budget) is at the fund level.
- f. During the fiscal year ended September 30, 2008, there were no supplemental appropriations.
- g. Formal budgetary integration is employed as a management control device. Additionally, the Town does not utilize encumbrance accounting. There were no budget amendments.

STATISTICAL SECTION

STATISTICAL SECTION

This part of the Town of Loxahatchee Grove's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the government's overall financial health.

<u>Contents</u>	<u>Page</u>
Financial Trends	
<i>These schedules contain trend information to help the reader understand how the Town's financial performance and well-being have changed over time. These schedules include:</i>	18-21
Revenue Capacity	
<i>These schedules contain information to help the reader assess the Town's most significant local revenue source, the property tax.</i>	22-25
Demographic and Economic Information	
<i>These schedules offer demographic and economic indicators to help the reader understand the environment within which the Town's financial activities take place.</i>	26-29

TOWN OF LOXAHATCHEE GROVES, FLORIDA

Net Assets By Component
Last Ten Fiscal Years (1)
(accrual basis of accounting)

	<u>2008</u>	<u>2007</u>
Governmental activities:		
Invested in capital assets	\$ 3,480	\$ 4,369
Unrestricted	<u>653,424</u>	<u>228,241</u>
Total governmental activities net assets	<u>\$ 656,904</u>	<u>\$ 232,610</u>
Primary government:		
Invested in capital assets	\$ 3,480	\$ 4,369
Unrestricted	<u>653,424</u>	<u>228,241</u>
Total primary government net assets	<u>\$ 656,904</u>	<u>\$ 232,610</u>

(1) - Information for fiscal years prior to September 30, 2007 are unavailable in this format since the Town was incorporated in November 2006.

TOWN OF LOXAHATCHEE GROVES, FLORIDA

Changes in Net Assets
Last Ten Fiscal Years (1)
(accrual basis of accounting)

	<u>2008</u>	<u>2007</u>
EXPENSES		
Governmental activities:		
General government	\$ 585,554	\$ 113,836
Public safety	241,921	-
Solid waste	<u>383,508</u>	<u>-</u>
Total governmental activities	<u>1,210,983</u>	<u>113,836</u>
 Total primary government expenses	 <u>1,210,983</u>	 <u>113,836</u>
 PROGRAM REVENUES		
Governmental activities:		
Charges for services:		
General government	8,119	14
Public safety	1,500	-
Solid waste	330,238	-
Operating grants and contributions	-	-
Capital grants and contributions	<u>-</u>	<u>-</u>
Total governmental activities program revenues	<u>339,857</u>	<u>14</u>
 Total primary government revenues	 <u>339,857</u>	 <u>14</u>
 Net (expense) revenue of governmental activities	 <u>(871,126)</u>	 <u>(113,822)</u>
 Total primary government net expenses	 <u>(871,126)</u>	 <u>(113,822)</u>
 General revenues and Other Changes in Net Assets:		
Governmental activities:		
Property taxes	508,845	-
Utility taxes	187,584	154,857
Franchise fees based on gross receipts	218,236	65,729
Unrestricted intergovernmental revenue	361,896	124,459
Unrestricted interest earnings	<u>18,859</u>	<u>1,387</u>
Total governmental activities	<u>1,295,420</u>	<u>346,432</u>
 Total primary government	 <u>1,295,420</u>	 <u>346,432</u>
 Change in Net Assets		
Governmental activities	<u>\$ 424,294</u>	<u>\$ 232,610</u>
 Total primary government	 <u>\$ 424,294</u>	 <u>\$ 232,610</u>

(1) - Information for fiscal years prior to September 30, 2007 are unavailable in this format since the Town was incorporated in November 2006.

TOWN OF LOXAHATCHEE GROVES, FLORIDA

Fund Balances of Governmental Funds

Last Ten Fiscal Years (1)

(modified accrual basis of accounting)

	<u>2008</u>	<u>2007</u>
General Fund		
Reserved	\$ -	\$ 5,095
Unreserved	653,424	223,146
Total general fund	<u>\$ 653,424</u>	<u>\$ 228,241</u>
All other governmental funds		
Reserved	\$ -	\$ -
Total all other governmental funds	<u>\$ -</u>	<u>\$ -</u>

(1) - Information for fiscal years prior to September 30, 2007 are unavailable in this format since the Town was incorporated in November 2006.

TOWN OF LOXAHATCHEE GROVES, FLORIDA
Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years (1)
(modified accrual basis of accounting)

	2008	2007
REVENUES		
Property taxes	\$ 508,845	\$ -
Utility taxes	187,584	154,857
Franchise fees	218,236	65,729
Intergovernmental revenue	361,896	124,459
Charges for services	330,238	-
Licenses and permits	8,119	-
Fines and forfeitures	1,500	14
Interest and other	18,859	1,387
Total revenues	1,635,277	346,446
 EXPENDITURES		
Current:		
General government	584,665	113,762
Public safety	241,921	
Solid waste	383,508	
Capital outlay	-	4,443
Total expenditures	1,210,094	118,205
 Net change in fund balances	 \$ 425,183	 \$ 228,241
 Debt service as a percentage of noncapital expenditures	 0.0%	 0.0%

(1) - Information for fiscal years prior to September 30, 2007 are unavailable in this format since the Town was incorporated in November 2006.

TOWN OF LOXAHATCHEE GROVES, FLORIDA
 General Governmental Tax Revenues By Source
 Last Ten Fiscal Years (1)
 (accrual basis of accounting)

Fiscal Year	Ad-Valorem Taxes General Purpose	Utility Tax	Intergovernmental	Franchise Tax	Charges for Services	Licenses and Permits	Interest	Fines and Forfeitures	Total
2007	\$ -	\$ 154,857	\$ 124,459	\$ 65,729	\$ -	\$ -	\$ 1,387	\$ 14	\$ 346,446
2008	\$ 508,845	\$ 187,584	\$ 361,896	\$ 218,236	\$ 330,238	\$ 8,119	\$ 18,859	\$ 1,500	\$ 1,635,277

(1) - Information for fiscal years prior to September 30, 2007 are unavailable in this format since the Town was incorporated in November 2006.

TOWN OF LOXAHATCHEE GROVES, FLORIDA
 Assessed Value and Estimated Actual Value of Taxable Property
 Last Ten Fiscal Years (1)
 (amounts expressed in thousands, except as noted)

Fiscal Year	Real Property		Personal Property	Net Assessed Value	Total Direct Tax Rate (2)	Estimated Actual Value	Net Assessed Value as a Percentage of Estimated Actual Value
	Residential Property	Commercial Property					
2007	(1)	(1)	(1)	(1)	(1)	(1)	(1)
2008	332,560,278	-	-	332,560,278	1.5000	465,999	442,699.70

Note: Property in the Town is reassessed each year. State law requires the Property Appraiser to appraise property at 100% of market value. The Florida Constitution was amended, effective January 1, 1995, to limit annual increases in assessed value of property with homestead exemption to 3% per year or the amount of the Consumer Price Index, whichever is less. The increase is not automatic since no assessed value shall exceed market value. Tax rates are per \$1,000 of assessed value.

(1) The Town incorporated in November 2006 and its first year of setting its millage rate will be fiscal year 2008. Therefore, information for fiscal periods prior to that are not available.

TOWN OF LOXAHATCHEE GROVES, FLORIDA

Property Tax Rates
Direct and Overlapping Governments
Last Ten Fiscal Years (1)

Fiscal Year	OVERLAPPING RATES								Total Direct and Overlapping Rates
	Town Operating Millage	Palm Beach County School District	Palm Beach County	Palm Beach County Health Care District	Palm Beach County Library System	South Florida Water Management District	Children's Services Council	Florida Inland Navigation District	
2007	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)
2008	1.50000	7.35600	3.98130	0.89000	0.54410	0.62400	0.58230	0.03450	15.51220

(1) The Town incorporated in November 2006 and its first year of setting its millage rate will be fiscal year 2008. Therefore, information for fiscal periods prior to that are not available.

Note: All millage rates are based on \$1 for every \$1,000 of assessed value.

Sources: Town of Loxahatchee Groves Finance Department and Palm Beach County Property Appraiser's Office.

TOWN OF LOXAHATCHEE GROVES, FLORIDA
Property Tax Levies and Collection
Last Ten Fiscal Years (1)
(amounts expressed in thousands)

Fiscal Year	Total Taxes Levied for Fiscal Year	Collected Within the Fiscal Year of Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percent of Levy		Amount	Percent of Levy
2007	(1)	(1)	(1)	(1)	(1)	(1)
2008	\$ 537,471	\$ 508,845	95%	\$ -	\$ 508,845	95%

(1) The Town incorporated in November 2006 and its first year of setting its millage rate was fiscal year 2007. Therefore, information for fiscal periods prior to that are not available.

TOWN OF LOXAHATCHEE GROVES, FLORIDA
Demographic and Economic Statistics
Last Ten Fiscal Years (1)

<u>Fiscal Year</u>	<u>Population (2)</u>	<u>Personal Income (in thousands) (3)</u>	<u>Per Capita Personal Income (4)</u>	<u>Unemployment Rate (5)</u>
2007	3,200	n/a	\$ 47,011	4.3%
2008	3,200	n/a	\$ 47,011	4.3%

- (1) Information for fiscal years prior to September 30, 2007 are unavailable in this format since the Town was incorporated in November 2006.
- (2) Population estimate for 2007 as published by the University of Florida, Bureau of Economic and Business Research. Estimated population for 2006 is from Adopted Operating Budget.
- (3) Personal income is the Palm Beach County per capita personal income applied to the Loxahatchee Groves population.
- (4) Per Capita Personal Income is for Palm-Beach County from the U.S. Department of Commerce, Bureau of Economic Analysis. The most recent data are for fiscal 2005.
- (5) Florida Agency for Workplace Innovation, Labor Force Statistics, Labor Force Summary, Annual Average Employment for Palm-Beach County.
- n/a Data not available.

TOWN OF LOXAHATCHEE GROVES, FLORIDA

Principal Employers - Palm Beach County

September 30, 2008(1)

<u>Employer</u>	<u>Employees</u>	<u>Percentage of Total County Employees</u>
Palm Beach County School District	21,707	39.1%
Palm Beach County	11,293	20.3%
Tenet Healthcare Corp.	4,794	8.6%
Hospital Corporation of America	3,411	6.1%
Florida Power & Light	3,250	5.9%
Florida Atlantic University	2,923	5.3%
The Breakers	2,300	4.1%
Office Depot	2,180	3.9%
Boca Raton Community Hospital	1,860	3.4%
U.S. Sugar Corp.	1,800	3.2%
	<u>55,518</u>	<u>100.0%</u>

Source: The employers, Harris Infosource.

(1) - Information for fiscal years prior to September 30, 2007 are unavailable in this format since the Town was incorporated in November 2006.

TOWN OF LOXAHATCHEE GROVES, FLORIDA
 Full-Time Equivalent Town Government Employees By Function
 Last Ten Fiscal Years (1)

Function	2008	2007
Legislative	(2)	(2)
Clerk	(2)	(2)
General government	(2)	(2)
Community Development	(2)	(2)
Public Works	(2)	(2)
Parks	(2)	(2)
Public Safety: Police	(3)	(3)

(1) - Information for fiscal years prior to September 30, 2007 are unavailable in this format since the Town was incorporated in November 2006.

(2) - Town Manager and Town Clerk as well as other managerial services are provided by a private management company.

(3) - Police services contracted through Palm Beach County County.

Source: Town of Loxahatchee Groves Finance Department

TOWN OF LOXAHATCHEE GROVES, FLORIDA

Operating Indicators By Function

Last Ten Fiscal Years (1)

Function/Program	2008	2007
Public Safety		
Police:		
Number of emergency calls for service	(2)	(2)
Number of non-emergency calls for service	(2)	(2)
Number of arrests	(2)	(2)
Number of uniformed officers	(2)	(2)
Building and Zoning:		
Number of building permits issued	(2)	(2)
Number of certificates of use issued	(2)	(2)
Number of occupational licenses issued	(2)	(2)
Culture and Recreation		
Number of parks	(3)	(3)

(1) - Information for fiscal years prior to September 30, 2007 are unavailable in this format since the Town was incorporated in November 2006.

(2) - The County provided these services for 2007. In 2008, the Town contracted with the County for these services.

(3)- The County did not transfer any parks during 2007.

Source: Town Clerk

COMPLIANCE SECTION



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

Honorable Mayor and Members of the Town Council
Town of Loxahatchee Groves, Florida

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Loxahatchee Groves, Florida (the Town) as of and for the fiscal year ended September 30, 2008, which collectively comprise the Town's basic financial statements, and have issued our report thereon dated May 11, 2009. 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.

Internal Control Over Financial Reporting

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

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Town's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Town's financial statements that is more than inconsequential will not be prevented or detected by the Town's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Town's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Honorable Mayor, Town Council and Town Manager
Town of Loxahatchee Groves, Florida

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 the 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*.

However, we noted other matters that we have reported in the schedule of recommendations and responses as required by the Auditor General of the State of Florida.

The Town's responses to the recommendations identified in our audit are described in the accompanying schedule of recommendations and responses. We did not audit the Town's response and, accordingly, we express no opinion on them.

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



May 11, 2009
Coral Gables, Florida



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MANAGEMENT LETTER REQUIRED BY SECTION 10.550 OF THE RULES OF THE AUDITOR GENERAL OF THE STATE OF FLORIDA

Honorable Mayor and Members of the Town Council
Town of Loxahatchee Groves, Florida

We have audited the financial statements of the Town of Loxahatchee Groves, Florida, as of and for the fiscal year ended September 30, 2008, and have issued our report thereon dated May 11, 2009.

We conducted our audit in accordance with United States generally accepted auditing standards, and *Government Auditing Standards* issued by the Comptroller General of the United States. We have issued our Independent Auditor's Report on Internal Control over financial reporting and on Compliance and Other Matters. Disclosures in that report, which are dated May 11, 2009, should be considered in conjunction with this management letter

Additionally, our audit was conducted in accordance with the provisions of Chapter 10.550, Rules of the Auditor General, which govern the conduct of local governmental entity audits performed in the State of Florida and, unless otherwise required to be reported in the report on compliance and internal controls, this letter is required to include the following information.

- ❖ 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 significant findings and recommendations made in the preceding annual financial report. See Schedule of Comments and Recommendations for follow up of prior year's recommendation No. 2007-1.
- ❖ Section 10.554(1)(i)2., Rules of the Auditor General, requires our audit to include a review of the provisions of Section 218.415., Florida Statutes, regarding the investment of public funds. In connection with our audit, we determined that the Town of Loxahatchee Groves, Florida complied with Section 218.415, Florida Statutes.
- ❖ Section 10.554(1)(i)3., Rules of the Auditor General, requires that we address in the management letter any recommendations to improve financial management, accounting procedures, and internal controls. In connection with our audit, we have one recommendation which has been included in the schedule of comments and recommendations as item 2008-1.
- ❖ Section 10.554(1)(i)4., Rules of the Auditor General, requires that we address violations of provisions of contracts and grant agreements or abuse that have an effect on the financial statements that is less than material but more than inconsequential. In connection with our audit, we did not have any such findings.

Honorable Mayor, Town Council and Town Manager
Town of Loxahatchee Groves, Florida

- ❖ Section 10.554(1)(i)5., Rules of the Auditor General, requires, based on professional judgment, the reporting of matters that are inconsequential to the financial statements, considering both quantitative and qualitative factors: (1) violations of laws, rules, regulations, and contractual provisions that have occurred, or were likely to have occurred, and would have an immaterial effect on the financial statements; (2) improper expenditures or illegal acts that would have an immaterial effect on the financial statements; and (3) control deficiencies that are not significant deficiencies, including but not limited to; (a) improper or inadequate accounting procedures (e.g., the omission of required disclosures from the financial statements); (b) failures to properly record financial transactions; and (c) other inaccuracies, shortages, defalcations, and instances of fraud discovered by, or that come to the attention of, the auditor. In connection with our audit, we did not have any such findings.
- ❖ Section 10.554(1)(i)6., 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. The Town of Loxahatchee Groves was created pursuant to the Constitution of the State of Florida Chapter 2006-328 of the State of Florida. There were no component units related to the Town.
- ❖ Section 10.554(1)(i)7.a., Rules of the Auditor General, requires a statement be included as to whether or not the local government entity has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identification of the specific condition(s) met. In connection with our audit, we determined that the Town of Loxahatchee Groves, Florida did not meet any of the conditions described in Section 218.503(1), Florida Statutes.
- ❖ Section 10.554(1)(i)7.b., Rules of the Auditor General, required that the annual financial report for the Town of Loxahatchee Groves, Florida for the fiscal year ended September 30, 2008, was filed with the Florida Department of Financial Services pursuant to Section 218.32(1)(a), Florida Statutes, and is in agreement with the annual financial audit report for the fiscal year ended September 30, 2008. In connection with our audit, we determined that these two reports were in agreement.
- ❖ Sections 10.554(i)7.c. and 10.556(7), Rules of the Auditor General, require that we apply financial assessment procedures. In connection with our audit, we applied financial condition assessment procedures. It is management's responsibility to monitor the entity's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same.

This management letter is intended solely for the information of the Town of Loxahatchee Groves, Florida and management, and the Florida Auditor General, and is not intended to be and should not be used by anyone other than these specified parties.

We wish to thank the Town of Loxahatchee Groves, Florida, and the personnel associated with it, for the opportunity to be of service to them in this endeavor as well as future engagements and the courtesies extended to us.

 Albert Castellanos & Castellanos LLP

May 11, 2009
Coral Gables, Florida

TOWN OF LOXAHATCHEE GROVES, FLORIDA
SCHEDULE OF COMMENTS AND RECOMMENDATIONS
FISCAL YEAR ENDED SEPTEMBER 30, 2008

I. CURRENT YEAR RECOMMENDATIONS

2008-1 Consider Use of Special Revenue Funds

Special revenue funds are used to account for specific revenue sources that are legally restricted to expenditure for specific purposes. The Town receives funds such as the local option gas taxes which are restricted as to its expenditure. Although the use of special revenue funds is not required, creating a special revenue fund to account for these restricted funds and expenditure of the funds would simplify the accounting, reporting and compliance with these funds.

Recommendation:

We recommend that the Town consider creating a special revenue fund to account for specific revenue sources that are legally restricted to expenditure for specific purposes, such as the local option gas tax funds.

View of Responsible Officials and Planned Corrective Actions:

We agree with the auditors' recommendation and will create Special Revenue Funds in preparation of the 2009-2010 Fiscal Year.

II. PRIOR YEAR RECOMMENDATIONS

Other Matter

2007-1 Accounting Policies and Procedures Manual

We noted during our inquiries of management and our audit testing that the Town does not maintain a written Accounting Policies and Procedures Manual. This is due to the fact that the Town is newly incorporated and is in the process of formalizing policies and procedures. Not having a formal written Accounting Policies and Procedures Manual can create inconsistencies in the process, which can cause difficulties ensuring that all proper procedures were followed in order to complete a transaction.

Recommendation:

We recommend that the Town formalize a written Accounting Policies and Procedures Manual because it is imperative that a Town develop, maintain, and enforce formal, written accounting policies and procedures in order to facilitate the creation of an audit trail. A formal written manual will ensure that assets are safeguarded and that finances are managed with responsible stewardship. In the absence of formal procedures, mistakes, whether intentional or not can occur. Written procedures, instructions, and assignments of duties will prevent or reduce misunderstandings, errors, duplicated or omitted procedures, and other situations that can result in inaccurate or untimely accounting records. A well-devised accounting manual can also help to ensure that all similar transactions are treated consistently, that accounting principles used are proper, and that records are produced in the form desired by management. A good accounting manual should aid in the training of new employees and possibly allow for delegation to other employees of some accounting functions management performs.

The benefit of such a manual is that it would assist the employees in discharging their responsibilities consistently and in accordance with Town guidelines. This becomes more important as new personnel are hired by the Town to replace terminating or retiring personnel and also provides guidance for personnel when they have to assume other functions resulting from personnel vacations or other personal leave instances.

We understand that the Town has no employees and has contracted with a management company to manage the Town's operations. The Accounting Policies and Procedures manual should address levels of internal control and segregation of duties within the operations of the management company and oversight and approval by the Town's Council.

Current Year Status:

During the 2008, the Town adopted policies over procurement and investments. The Town also established policies and procedures documenting internal controls over cash receipts and cash disbursements; however, a formal accounting procedures manual was not prepared. **This recommendation will be repeated.**

View of Responsible Officials and Planned Corrective Actions:

We agree with the auditors' recommendation and will draft an accounting procedures manual for the fiscal year ended September 30, 2009.