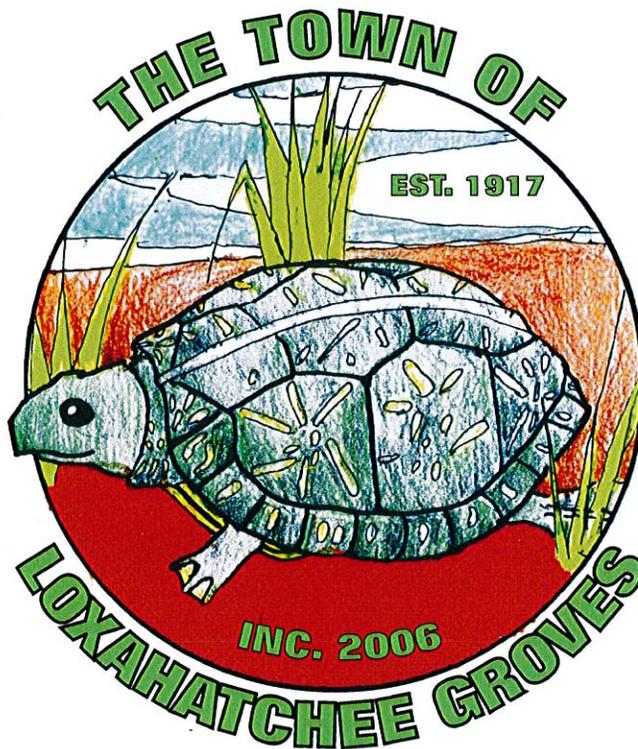


**TOWN OF LOXAHATCHEE GROVES,  
FLORIDA**



**COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**FOR THE FISCAL YEAR ENDED**

**SEPTEMBER 30, 2009**

**TOWN OF LOXAHATCHEE GROVES, FLORIDA**  
**FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2009**

**PREPARED BY:**  
**THE TOWN OF LOXAHATCHEE GROVES**  
**FINANCE DEPARTMENT**

**TOWN OF LOXAHATCHEE GROVES, FLORIDA**  
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# Town of Loxahatchee Groves

4579 Southern Blvd, Suite 2, Loxahatchee Groves, Florida 33470 (561) 793-2418 Fax (561) 793-2420 [clerk@loxahatcheegroves.org](mailto:clerk@loxahatcheegroves.org)

August 30, 2010

To The Honorable Mayor and Members of the Town Council  
14579 Southern Blvd., Suite 2  
Loxahatchee Groves, Florida 33470

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, 2009, 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 Nowlen, Holt & Miner, P.A., 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") incorporated in November 2006. The Town has a population estimated at 3,200 residents living within 12.5 square miles. The Town is a rural-residential community with a limited commercial district.

The Town operates under a Council-Manager form of government in which the Town elects five council members, one of whom is the Mayor. Council members are elected for three year terms. The Town Council determines the policies that guide the Town's operations and hire a Town Manager to implement and administer these policies that guide the Town's operations and implement these policies on a full-time basis. The Town functions under the basis of "Government Lite and Contract Form of Government" with no employees.

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. 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 1<sup>st</sup> by the passage of an Ordinance. The Town's budget is approved at the fund level.

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.

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 type of funds used are generally determined by the Town Commission upon the recommendations of the Town Manager and the Finance Director which is based upon established and accepted accounting policies and procedures as well as the number of funds required.

### **CASH MANAGEMENT**

The Town of Loxahatchee Groves is fully charged with the security of the Town's funds and assets with the goal of maximizing return on surplus or idle cash. The Town follows the cash management policies and 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 first ensure the safety of the Town's cash and then maximize the return on the Town's investments. During fiscal year 2009, the Town earned \$9,028 in investment income, as compared to \$18,859 earned in fiscal year 2008. The decline can be directly attributed to lower yields due to market conditions.

### **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 multi-year 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 insurance from the Florida League of Cities Florida Municipal Insurance Trust.

### **RETIREMENT BENEFITS**

No retirement benefits are offered by the Town as the Town has no employees and the Council receives no compensation.

# 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, 2008

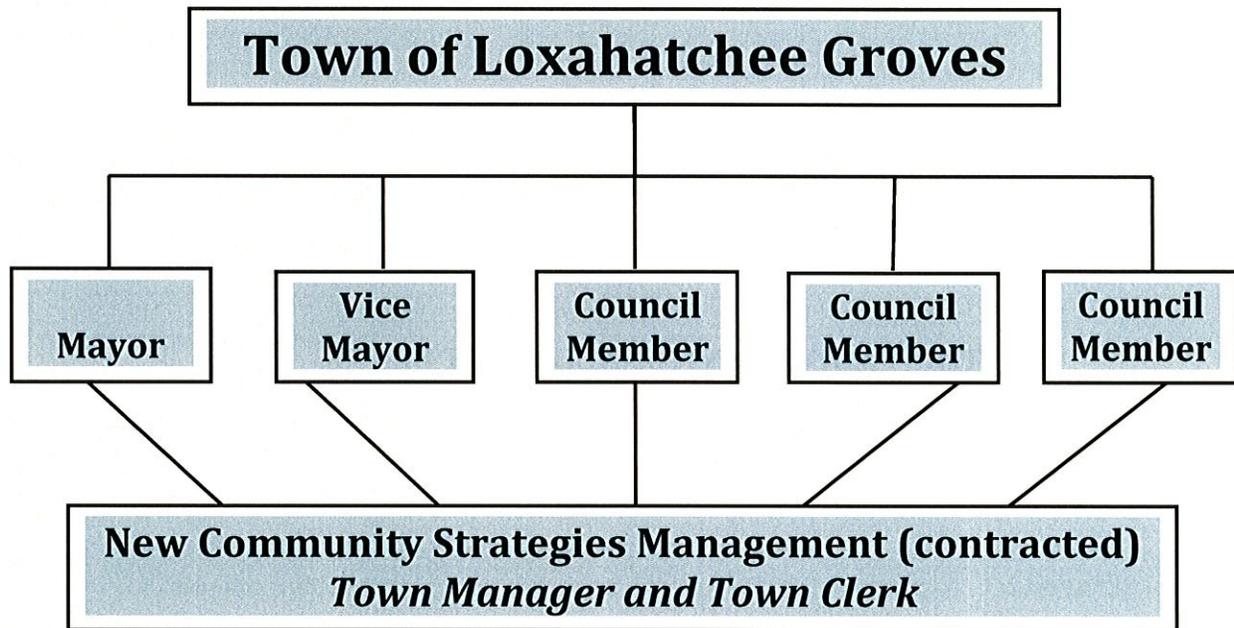
A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards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



President

Executive Director

# Town of Loxahatchee Groves Organizational Chart



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REPORT OF INDEPENDENT  
CERTIFIED PUBLIC ACCOUNTANTS

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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.

Management's Discussion and Analysis and the Required Supplementary Information as listed in the table of contents are not a required part of the basic financial statements but are supplementary information required by U.S. generally accepted accounting principles. 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's basic financial statements. The Introductory Section and Statistical Section are presented for purposes of additional analysis and are not a required part of the basic financial statements of the City of Parkland, Florida. The introductory and statistical sections 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.

*Rawley, Hart & Miner, P.A.*

West Palm Beach, Florida  
August 30, 2010

## Management's Discussion and Analysis

As management of the Town of Loxahatchee Groves, we offer readers of the Town's financial statements this narrative overview and analysis of the financial activities of the Town of Loxahatchee Groves (the Town) for the fiscal year ended September 30, 2009. Readers are encouraged to consider the information presented here in conjunction with the auditors' reports, the basic financial statements, the notes to the financial statements, and the supplementary information.

### Financial Highlights for Fiscal Year 2009

- At September 30, 2009, the assets of the Town of Loxahatchee Groves exceeded its liabilities by \$1,454,286 (*net assets*). Of this amount, \$5,100 was invested in capital assets, net of related debt. Additionally, \$315,885 was restricted by law or agreements. The Village had \$1,133,301 (*unrestricted net assets*) which may be used to meet the Town's ongoing obligations to citizens and creditors.
- During the fiscal year 2009, net assets increased by \$775,069. The increase is attributable to excess revenues over expenses.
- At September 30, 2009, the Town of Loxahatchee Grove's general fund reported an ending fund balance of \$1,449,186 an increase of \$773,449 as compared with the prior year. Of the total fund balance, \$1,105,332 or 76% of this total amount is available for spending at the government's discretion (*unreserved fund balance*). The unreserved fund balance represents 84% of total general fund operating 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:

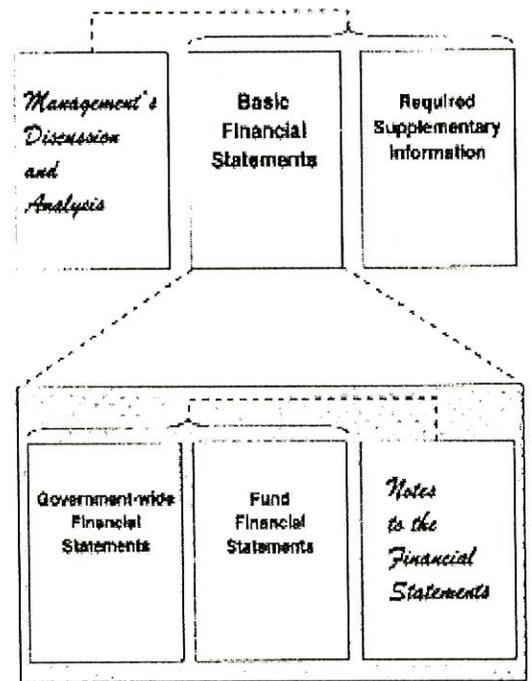
- The first two statements are *government-wide financial statements* that provide both long-term and short-term information about the Town's overall financial status.
- The remaining statements are *fund financial statements* that focus on individual parts of the Town government, reporting the Town's 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



Summary ↔ Detail

At September 30, 2009, the Town of Loxahatchee Grove's assets exceeded liabilities by \$1,454,286. A portion of the Town's net assets, \$5,100 or 0.4%, reflect its investment in capital assets, net of related debt (e.g., land and equipment). The Town uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. An additional portion of the Town's net assets, \$315,885 or 22%, represent resources that are subject to restrictions on how they may be used. The remaining balance of unrestricted net assets, \$1,133,301 or 78%, may be used to meet the government's on-going obligations to citizens and creditors.

The Town of Loxahatchee Groves is able to report positive balances in all three categories of net assets at September 30, 2009.

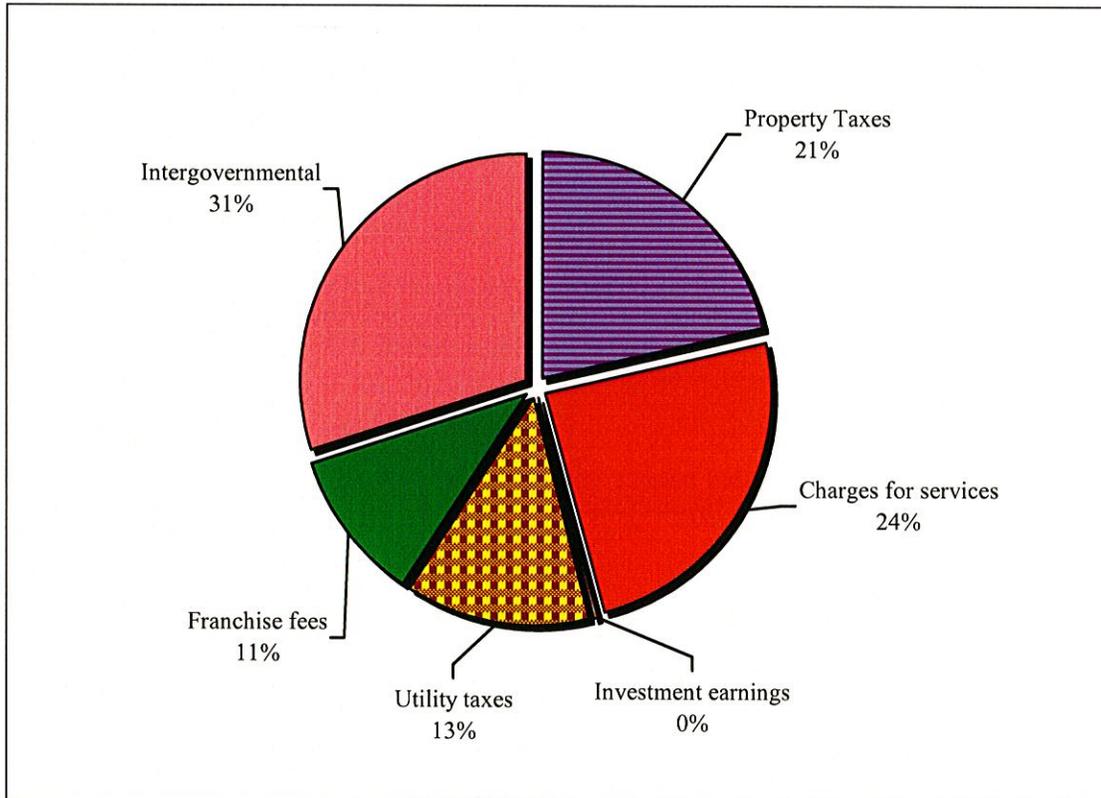
**Table 1**  
**Town of Loxahatchee Groves**  
**Summary of Net Assets**

	<u>2009</u>	<u>2008 (1)</u>	<u>Change</u>	<u>% Change</u>
Current and other assets	\$1,533,218	\$ 781,419	\$751,799	96%
Capital assets, net	<u>5,100</u>	<u>3,480</u>	<u>1,620</u>	47%
<b>Total assets</b>	1,538,318	784,899	753,419	96%
Other liabilities	<u>84,032</u>	<u>105,682</u>	<u>-21,650</u>	-20%
<b>Total liabilities</b>	<u>84,032</u>	<u>105,682</u>	<u>-21,650</u>	-20%
Invested in capital assets, net of related debt	5,100	3,480	1,620	47%
Restricted for Transportation	315,885	16,849	299,036	1,775%
Unrestricted	<u>1,133,301</u>	<u>658,888</u>	<u>474,413</u>	72%
<b>Total net assets</b>	<u>\$1,454,286</u>	<u>\$ 679,217</u>	<u>\$ 775,069</u>	114%

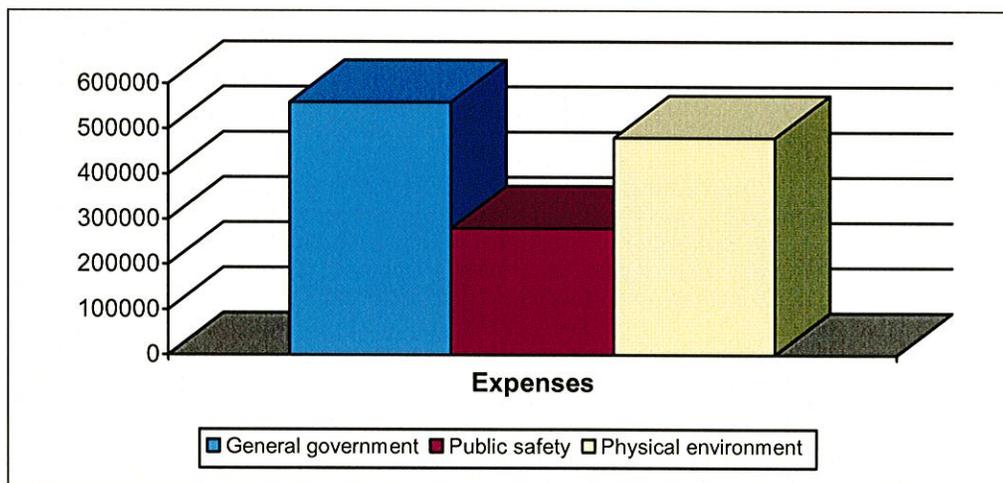
(1) As restated, see note 7 on page 23.

- During the fiscal year 2009, the Town's current assets increased by \$775,069 or 102%. The increase is mainly due to increases in cash as a result of the current year's operations and collection of property tax.
- Capital assets increased due to acquisitions.
- Liabilities decreased by 20% mainly due to stabilization in the operations of the Town.

**Figure A-1**  
**Town of Loxahatchee Groves**  
**Revenues by Source – Governmental Activities**  
**For the Fiscal Year Ended September 30, 2009**



**Figure A-2**  
**Town of Loxahatchee Groves**  
**Expenses – Governmental Activities**  
**For the Fiscal Year Ended September 30, 2009**



**Table 4**  
**Town of Loxahatchee Groves**  
**Summary of General Fund Statement of Revenues,**  
**Expenditures, and Changes in Fund Balance**

	2009	2008 (1)	Change	% Change
Total revenues	2,094,615	1,653,495	441,120	27%
Total expenditures	1,321,166	1,205,999	115,167	10%
Excess of revenues over expenditures	773,449	447,496	325,953	73%
Other financing sources				
Change in fund balance	773,449	447,496	325,953	73%
<b>Fund balance, beginning</b>	<b>675,737</b>	<b>228,241</b>		
<b>Fund balance, ending</b>	<b>1,449,186</b>	<b>675,737</b>	<b>787,762</b>	<b>121%</b>

(1) As restated, see note 7 on page 23.

The Town of Loxahatchee Groves revenues increased \$441,120. Although property tax revenues decreased \$63,551 and investment income decreased \$9,831, these decreases were offset by increases in charges for services of \$172,899 due to increased fees and increases in unrestricted intergovernmental revenues, \$249,035, franchise fee revenue, \$13,936, and utility tax revenue, \$62,946 due to reallocation of revenues between the Town and the County.

Total expenditures increased \$115,167 or 10% due to the Town increasing services necessary to meet the demands of a new government.

**General Fund Budgetary Highlights**

Budget versus actual schedules are presented in page 24 for the general fund, there were no supplemental appropriations for 2009.

**Capital Assets and Long Term Debt**

As of September 30, 2009, the Town's investment in capital assets amounted to \$5,100 (net of accumulated depreciation). More details relating to capital assets can be found in page 21 of the footnotes.

The Town has no long term debt.

**Economic Factors and Next Year's Budgets and Rates**

- In setting its fiscal 2009-2010 budget, the Town adopted a millage rate of 1.40.
- The Town of Loxahatchee Groves anticipates that the total assessed property value will decrease 25% for 2010 and 13% for 2011. Accordingly, the reserves that have been built up will secure the Town's income flow for the upcoming fiscal years.
- For fiscal year 2010, the Town established a Transportation Fund to account for revenues and expenditures restricted for drainage and road improve projects. The current restricted fund balance of \$315,885 was transferred to that fund.

**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.

**TOWN OF LOXAHATCHEE GROVES, FLORIDA**  
**Statement of Net Assets**  
**September 30, 2009**

	<u>Governmental Activities</u>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 1,358,225
Receivables (net)	
Franchise and utility taxes	66,352
Due from other governments	80,672
Prepaid items	27,969
Capital assets, depreciable (net of depreciation)	<u>5,100</u>
 Total assets	 <u>1,538,318</u>
 <b>LIABILITIES AND NET ASSETS</b>	
 Accounts payable	 62,438
Deposits for planning and zoning	<u>21,594</u>
 Total liabilities	 <u>84,032</u>
 Net Assets	
Invested in capital assets	5,100
Restricted for:	
Transportation	315,885
Unrestricted	<u>1,133,301</u>
 Total net assets	 <u><u>\$ 1,454,286</u></u>

See notes to the financial statements

**TOWN OF LOXAHATCHEE GROVES, FLORIDA**  
**Balance Sheet**  
**Governmental Funds**  
**September 30, 2009**

	Major Fund
	General
<b>ASSETS</b>	
Cash and cash equivalents	\$ 1,358,225
Receivables (net)	
Franchise and utility taxes	66,352
Due from other governments	80,672
Prepaid items	27,969
Total assets	\$ 1,533,218
<b>LIABILITIES AND FUND BALANCE</b>	
<b>Liabilities</b>	
Accounts payable	\$ 62,438
Deposits for planning and zoning	21,594
Total liabilities	84,032
<b>Fund balances</b>	
Reserved for:	
Transportation	315,885
Prepaid items	27,969
Unreserved:	
Undesignated	1,105,332
Total fund balances	1,449,186
Total liabilities and fund balances	\$ 1,533,218
<b>Reconciliation to the Statement of Net Assets</b>	
Fund balances - governmental fund	\$ 1,449,186
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds:	5,100
Net assets of governmental activities	\$ 1,454,286

See notes to the financial statements

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## NOTES TO BASIC FINANCIAL STATEMENTS

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**TOWN OF LOXAHATCHEE GROVES, FLORIDA**  
**Notes to the Financial Statements**  
**September 30, 2009**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

*Government-wide and Fund Financial Statements – GASB Statement #34* (Continued)

government. For the most part, the effect of inter-fund 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 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 are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. 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 and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not 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.

*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 recorded when a liability is incurred, regardless of the timing of related cash flows. The Town does not accrue property tax revenues since the collection of these taxes coincides with the fiscal year in which levied, and since the Town consistently has no material uncollected property taxes at year end. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

*Governmental Funds*

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 afterwards to pay liabilities of the current period. The Town considers revenues collected within 60 days of the year end to be available to pay liabilities of the current period. Expenditures are generally recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures relating to compensated absences and claims and judgments are recorded only when payment is due.

**TOWN OF LOXAHATCHEE GROVES, FLORIDA**  
**Notes to the Financial Statements**  
**September 30, 2009**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

*Net Assets*

Equity in the government-wide statement of net assets is displayed in three categories: 1) invested in capital assets, 2) restricted, 3) unrestricted. Net assets invested in capital assets consist of capital assets reduced by accumulated depreciation. Net assets are reported as restricted when there are legal limitations imposed on their use by Town legislation or external restrictions by other governments, creditors, or grantors. Unrestricted net assets consist of all net assets that do not meet the definition of either of the other two components.

*Fund Equity*

The Town has established certain reservations of governmental fund balances. Reserves represent those portions of fund balances not considered as available for future appropriation or legally segregated for a specific future use. Reservations of fund balances are reported on the balance sheet for governmental funds.

The following is a list of all reserves used by the Town and a description of each:

- Reserved for prepaid items – Represents certain payments made in advance indicating that these funds are not available spendable resources.
  
- Reserved for transportation – Funds received from the State of Florida from Local Option Gas Taxes, which are required to be spent on transportation.
  
- Reserved for public safety – Remaining funds from a donation required to be used for police and fire.

*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 collectability 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.

**TOWN OF LOXAHATCHEE GROVES, FLORIDA**  
**Notes to the Financial Statements**  
**September 30, 2009**

**NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

(Continued)

*Property Taxes* (Continued)

The tax levy of the Town is established by the Town Council prior to October 1 of each year, and the Palm Beach County Property Appraiser incorporates the Town's millages into the total tax levy, which includes Palm Beach County and Palm Beach County School Board tax requirements.

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 millage rate assessed by the Town for the year ended September 30, 2009, was 1.500 mills (\$1.500 per \$1,000 of taxable assessed valuation).

All property is reassessed according to its fair market value January 1 of each year, which is also the lien date. 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. Each assessment roll is submitted to the Executive Director of the State Department of Revenue for review to determine if the rolls meet all the appropriate requirements of state statutes.

All taxes are due and payable on November 1 of each year or as soon thereafter as the assessment roll is certified and delivered to the Tax Collector. Taxes may be paid less a discount beginning November 1. 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 without discount. All unpaid taxes become delinquent on April 1, following the year in which they are assessed.

On or prior, to June 1 following the tax year, certificates are sold for all delinquent taxes on real property. After the sale, tax certificates bear interest of 18% per year or any lower rate bid by the buyer. Application for a tax deed on any unredeemed tax certificates may be made by the certificate holder after a period of two years. Delinquent taxes on personal property bear interest of 18% per year until the tax is satisfied either by seizure and sale of the property or by the five year statute of limitations.

**NOTE 3 - CASH AND INVESTMENTS**

*Deposits*

As of September 30, 2009, the carrying amounts of the Town's deposits were \$1,358,225 and the bank balances totaled \$1,371,080. All cash deposits are covered by FDIC insurance or the multiple financial institution collateral pool administered by the State of Florida. The collateral pool was created pursuant to the Florida Security for Deposits Act, Chapter 280, Florida Statutes.

**TOWN OF LOXAHATCHEE GROVES, FLORIDA**  
**Notes to the Financial Statements**  
**September 30, 2009**

**NOTE 4 – CAPITAL ASSETS**

Capital asset activity for the year ended September 30, 2009, was as follows:

**Primary Government**

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
<b>Governmental Activities:</b>				
Capital assets being depreciated:				
Equipment	\$ 4,443	\$ 2,777	\$	\$ 7,220
Less accumulated depreciation for:				
Equipment	(963)	(1,157)	_____	(2,120)
<b>Governmental activities capital assets, net</b>	<u>\$ 3,480</u>	<u>\$ 1,620</u>	<u>\$ _____</u>	<u>\$ 5,100</u>

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

**NOTE 5 - 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; 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.

The Town is also covered by Florida Statutes under the Doctrine of Sovereign Immunity which effectively limits the amount of liability of municipalities to individual claims of \$100,000/\$200,000 for all claims relating to the same accident. There have been no significant reductions in insurance coverage in the prior year. No settlements exceeded insurance coverage for the past three years.

**TOWN OF LOXAHATCHEE GROVES, FLORIDA**  
**Notes to the Financial Statements**  
**September 30, 2009**

**NOTE 7 – PRIOR PERIOD ADJUSTMENTS**

*General Fund:*

The beginning fund balance of the General Fund was restated to correct errors in accounts receivable and prepaid items. Accounts receivable was understated for one months revenue in the utility service taxes and prepaid items was understated for the insurance premium paid for the subsequent year. A reconciliation of the prior period ending fund balance to the beginning fund balance for the General Fund is presented below:

Beginning fund balance, as previously reported	\$ 653,424
Adjustment to correct:	
Accounts receivable	18,218
Prepays	<u>4,095</u>
Beginning fund balance, as restated	\$ <u>675,737</u>

The above adjustments had no effect on the change in fund balance for the current year and understated the prior year change in fund balance by \$22,313.

*Governmental Activities:*

The beginning net assets of the Governmental Activities were restated on the government wide financial statements for the same reasons as discussed above. A reconciliation of the prior period ending net assets to the beginning net assets for the Governmental Activities is presented below:

Beginning net assets, as previously reported	\$ 656,904
Adjustment to correct:	
Accounts receivable	18,218
Prepays	<u>4,095</u>
Beginning net assets, as restated	\$ <u>679,217</u>

The above adjustments had no effect on the change in net assets for the current year and understated the prior year change in net assets by \$22,313.

**TOWN OF LOXAHATCHEE GROVES, FLORIDA**  
**Required Supplementary Information (RSI)**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance-Budget and Actual**  
**General Fund**  
**For the Year Ended September 30, 2009**

	Budget Amounts		Actual Amounts	Variance
	Original	Final Revised		
<b>Revenues</b>				
Property taxes	\$ 442,700	\$ 442,700	\$ 446,294	\$ 3,594
Franchise taxes	195,000	195,000	232,172	37,172
Utility service taxes	255,500	255,500	268,748	13,248
Intergovernmental revenues	694,596	694,596	625,617	(68,979)
Licenses and permits	300	300	10,721	10,421
Charges for services	443,400	443,400	502,035	58,635
Interest and other	7,550	7,550	9,028	1,478
Total revenues	<u>2,039,046</u>	<u>2,039,046</u>	<u>2,094,615</u>	<u>55,569</u>
<b>Expenditures</b>				
General government				
Legislative	42,260	42,260	38,492	3,768
Executive	357,973	357,973	156,331	201,642
Town clerk	3,220	3,220	3,040	180
Finance	11,500	11,500	11,500	
Legal	144,000	144,000	112,699	31,301
Planning and zoning	365,597	365,597	238,286	127,311
Total general government	<u>924,550</u>	<u>924,550</u>	<u>560,348</u>	<u>364,202</u>
Public safety				
Police	289,200	289,200	280,295	8,905
Physical environment				
Roads and streets/sanitation	825,296	825,296	480,523	344,773
Total expenditures	<u>2,039,046</u>	<u>2,039,046</u>	<u>1,321,166</u>	<u>717,880</u>
Net change in fund balance	<u>\$</u>	<u>\$</u>	773,449	<u>\$ (662,311)</u>
Fund balance, beginning of year, as restated			<u>675,737</u>	
Fund balance, end of year			<u>\$ 1,449,186</u>	

## STATISTICAL SECTION

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

<u>Contents</u>	<u>Page</u>
<b>Financial Trends</b>	
<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>	
Net Assets by Component	26
Changes in Net Assets	27
Fund Balances of Governmental Funds	28
Changes in Fund Balances of Governmental Funds	29
General Governmental Revenues by Source	30-31
<b>Revenue Capacity</b>	
<i>These schedules contain information to help the reader assess the Town's most significant local revenue source, the property tax.</i>	
Assessed Value and Estimated Actual Value of Taxable Property	32-33
Property Tax Rates Direct and Overlapping Governments	34-35
Principal Property Tax Payers	36
Property Tax Levies and Collections	37
<b>Debt Capacity</b>	
<i>These schedules present information to help the reader assess the affordability of the Town's current levels of outstanding debt and the Village's ability to issue additional debt in the future.</i>	
Direct and Overlapping Governmental Activities Debt	38
<b>Demographic and Economic Information</b>	
<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>	
Demographic and Economic Statistics	39
Principal Employers	40
<b>Operating Information</b>	
<i>These schedules contain service and infrastructure data to help understand how the information in the Town's financial report relates to the services the Town provides and the activities it performs.</i>	
Full-Time Equivalent Town Government Employees by Function/Program	41
Operating indicators By Function	42

*Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.*

**TOWN OF LOXAHATCHEE GROVES, FLORIDA**

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

	<u>2007</u>	<u>2008</u>	<u>2009</u>
<b>EXPENSES</b>			
Governmental activities:			
General government	\$ 113,836	\$ 581,459	\$ 558,728
Public safety	-	241,921	280,295
Physical environment	-	383,508	480,523
Total governmental activities	<u>113,836</u>	<u>1,206,888</u>	<u>1,319,546</u>
Total primary government expenses	<u>113,836</u>	<u>1,206,888</u>	<u>1,319,546</u>
<b>PROGRAM REVENUES</b>			
Governmental activities:			
Charges for services:			
General government	14	8,119	12,496
Public safety	-	1,500	-
Physical environment	-	330,238	500,260
Operating grants and contributions	-	-	-
Capital grants and contributions	-	-	-
Total governmental activities program revenues	<u>14</u>	<u>339,857</u>	<u>512,756</u>
Total primary government revenues	<u>14</u>	<u>339,857</u>	<u>512,756</u>
Net (expense) revenue of governmental activities	<u>(113,822)</u>	<u>(867,031)</u>	<u>(806,790)</u>
Total primary government net expenses	<u>(113,822)</u>	<u>(867,031)</u>	<u>(806,790)</u>
<b>General revenues and Other Changes in Net Assets:</b>			
Governmental activities:			
Property taxes	-	508,845	446,294
Utility taxes	154,857	205,802	268,748
Franchise fees based on gross receipts	65,729	218,236	232,172
Unrestricted intergovernmental revenue	124,459	361,896	625,617
Interest and other	1,387	18,859	9,028
Total governmental activities	<u>346,432</u>	<u>1,313,638</u>	<u>1,581,859</u>
Total primary government	<u>346,432</u>	<u>1,313,638</u>	<u>1,581,859</u>
<b>Change in Net Assets</b>			
Governmental activities	<u>232,610</u>	<u>446,607</u>	<u>775,069</u>
Total primary government	<u>\$ 232,610</u>	<u>\$ 446,607</u>	<u>\$ 775,069</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)**

	<u>2007</u>	<u>2008</u>	<u>2009</u>
<b>REVENUES</b>			
Property taxes	\$ -	\$ 508,845	\$ 446,294
Utility taxes	154,857	205,802	268,748
Franchise fees	65,729	218,236	232,172
Intergovernmental revenue	124,459	361,896	625,617
Charge for services	-	330,238	502,035
Licenses and permits	-	8,119	10,721
Fines and forfeitures	14	1,500	-
Interest and other	1,387	18,859	9,028
<b>Total revenues</b>	<u>346,446</u>	<u>1,653,495</u>	<u>2,094,615</u>
<b>EXPENDITURES</b>			
Current:			
General government	113,762	807,439	560,348
Public safety	-	241,921	280,295
Solid waste	-	156,639	480,523
Capital outlay	4,443		
<b>Total expenditures</b>	<u>118,205</u>	<u>1,205,999</u>	<u>1,321,166</u>
<b>Net change in fund balances</b>	<u>\$ 228,241</u>	<u>\$ 447,496</u>	<u>\$ 773,449</u>
 Debt service as a percentage of noncapital expenditures	<u>0.0%</u>	<u>0.0%</u>	<u>0.0%</u>

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

<u>Charges for Service</u>	<u>License and Permits</u>	<u>Interest</u>	<u>Fines and Forfeitures</u>	<u>Total</u>
-	-	1,387	14	346,446
330,238	8,119	18,859	1,500	1,635,277
502,035	10,721	9,016	12	2,094,615

Total Direct Tax Rate	Estimated Actual Value	Net Assessed Value as a Percentage of Estimated Actual Value
(1)	(1)	(1)
1.5000	727,915,606	48.12%
1.5000	653,870,928	47.01%

OVERLAPPING RATES

South Florida Water Management District	Children's Services Council	Special Districts Florida Inland Navigation District	Total Direct and Overlapping Rates
(1)	(1)	(1)	(1)
0.620	0.580	0.030	18.280
0.620	0.600	0.040	18.470

**TOWN OF LOXAHATCHEE GROVES, FLORIDA**  
Property Tax Levies and Collections  
Last Ten Fiscal Years (1)

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	543,920	508,845	93.55%	n/a	508,845	93.55%
2009	465,999	446,294	95.77%	n/a	446,294	95.77%

- (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 (3)</u>	<u>Per Capita Personal Income (4)</u>	<u>Unemployment Rate (5)</u>
2007	3,200	n/a	\$ 59,147	4.7%
2008	3,200	n/a	n/a	7.4%
2009	3,200	n/a	n/a	11.7%

(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**  
**Full-Time Equivalent Town Government Employees By Function**  
**Last Ten Fiscal Years (1)**

Function	2007	2008	2009
Legislative	(2)	(2)	(2)
Clerk	(2)	(2)	(2)
General government	(2)	(2)	(2)
Community Development	(2)	(2)	(2)
Public Works	(2)	(2)	(2)
Parks	(2)	(2)	(2)
Public Safety: Police	(3)	(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 .

Source: Town of Loxahatchee Groves Finance Department



# NOWLEN, HOLT & MINER, P.A.

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## 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*

BELLE GLADE OFFICE  
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BELLE GLADE, FLORIDA 33430-0338  
TELEPHONE (561) 996-5612  
FAX (561) 996-6248

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

We have audited the basic financial statements of the Town of Loxahatchee Groves, Florida (the "Town") as of and for the year ended September 30, 2009, and have issued our report thereon dated August 30, 2010. We conducted our audit in accordance with U.S. generally accepted auditing standards 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 opinions 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 deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, 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.



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## MANAGEMENT LETTER

BELLE GLADE OFFICE  
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TELEPHONE (561) 996-5612  
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The Honorable Mayor and Members of the Town Council  
Town of Loxahatchee Groves

We have audited the basic financial statements of the Town of Loxahatchee Groves, as of and for the year ended September 30, 2009, and have issued our report thereon dated August 30, 2010.

We conducted our audit in accordance with U.S. generally accepted auditing standards, and *Government Auditing Standards* issued by the Comptroller General of the United States. We have issued our 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*. Disclosures in that report, which is dated August 30, 2010, should be considered in assessing the results of our audit.

Additionally, our audit was conducted in accordance with the provisions of Chapter 10.550, Rules of the Auditor General, which require that we address certain compliance and other matters in the management letter, if not already addressed in the auditor's report on internal control over financial reporting and on compliance and other matters.

In planning and performing our audit of the basic financial statements of the Town of Loxahatchee Groves, for the year ended September 30, 2009, we considered the Town's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the basic financial statements and not to provide an opinion on the internal control. While our purpose was not to provide an opinion on internal control, certain matters came to our attention that we want to report to you. We do not wish to imply that they cover every possible weakness or strength. Nevertheless, we do think they deserve your careful evaluation. The status of these comments will be reviewed during the next audit engagement. We have already discussed these comments with the Town's management and will be pleased to discuss them in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations.

### Consideration of Financial Emergency Criteria

As required by the Rules of the Auditor General, our audit included a review of whether or not the Town has met one or more of the conditions described in Section 218.503(1), Florida Statutes. The results of our procedures did not disclose that the Town of Loxahatchee Groves has met any of the conditions described in Section 218.503(1) during the year ended September 30, 2009.

### Financial Condition Assessment Procedures

As required by Rules of the Auditor General we applied financial condition assessment procedures for the Town of Loxahatchee Groves. 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. The results of our procedures did not disclose any matters that are required to be reported.

### Annual Financial Report

In connection with our audit, we reviewed the Annual Financial Report of Units of Local Government filed by the Town of Loxahatchee Groves with the Florida Department of Banking and Finance pursuant to Section 218.32(1)(a), Florida Statutes, for the year ended September 30, 2009. We noted that the amounts reported in the Annual Financial Report were in substantial agreement with the annual financial audit report for the year ended September 30, 2009.

### Other Current Year Comments

Rules of the Auditor General, requires for matters that are inconsequential to the determination of financial statement amounts, considering both quantitative and qualitative factors, the following may be reported based on professional judgment:: (1) violations of laws, rules, regulations, and contractual provisions or abuse, that have occurred, or are likely to have occurred; (2) improper or illegal expenditures; (3) improper or inadequate accounting procedures; (4) failures to properly record financial transactions; and (5) other inaccuracies, shortages, defalcations, and instances of fraud or illegal acts discovered by, or that come to the attention of the auditor. Our audit as of and for the year ended September 30, 2009 did not disclose any such items that are required to be reported under Chapter 10.550 Rules of the Auditor General and are not already addressed in our management letter.

The Town's response to the findings identified in our audit is described in the attached letter dated August 30, 2010. We did not audit the Town's responses and, accordingly, we express no opinion on them.



# Town of Loxahatchee Groves

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## **TOWN OF LOXAHATCHEE GROVES MANAGEMENT RESPONSE TO AUDITOR'S COMMENTS FOR AUDIT OF FINANCIALS ENDING ON SEPTEMBER 30, 2009**

### **DISCLAIMER**

This audit is for the fiscal year 2009, ending September 30, 2009. The Town's Contract Management Team, New Community Strategies (NCS), was responsible for the administration of all aspects of financial management for the Town. Their contract ended on September 30, 2009. A new Contract Management Team, FRANK R. SPENCE, INC., assumed responsibility for the Town's day-to-day operations on October 1, 2009, and continues to be responsible for all financial matters of the Town. These Management Responses to the auditor's comments about matters that occurred in the last fiscal year and were the responsibility of NCS, are being responded to by the current Town Manager, Frank R. Spence. He can only comment on what the Town and his administration has done since October 1, 2009 to correct any deficiencies or concerns or comments made by the auditor, Nowlen, Holt & Miner, CPA, P.A.

### **PRIOR YEAR COMMENTS THAT CONTINUE TO APPLY**

#### **2007-1 Accounting Policies and Procedures Manual**

**ISSUE:** Town does not have a Manual approved by the Town Council.

**MANAGEMENT RESPONSE:** The existing Accounting Policies & Procedures Manual was approved by the Town's Finance Advisory and Audit Committee that was to be applicable to the then Management Company of New Community Strategies, only, through September 30, 2009. The new Management firm of FRANK R. SPENCE, INC., will develop its own Manual that will be applicable to them for the fiscal year of 2010. This will be developed and submitted to the Town Council for approval before the end of the calendar year.

### **CURRENT YEAR COMMENTS**

#### **2009-1 Cash Disbursements**

**ISSUE:** Resolution required two Council Member signatures on checks over ten thousand dollars; auditor found checks over ten thousand dollars that did not have Council member signatures on them; were signed by Town Manager.

**MANAGEMENT RESPONSE:** At the recommendation of the Finance Advisory & Audit Committee and the current Town Manager, the Town Council in early 2010 rescinded the authority of the Town Manager to sign any checks, and reverted to the original Resolution requiring two Council member signatures on *all* checks.