

**TOWN OF LOXAHATCHEE GROVES,  
FLORIDA**



*Town of*  
**LOXAHATCHEE GROVES**

**COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**FOR THE FISCAL YEAR ENDED**

**SEPTEMBER 30, 2013**

**TOWN OF LOXAHATCHEE GROVES, FLORIDA**  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013

PREPARED BY:  
THE TOWN OF LOXAHATCHEE GROVES  
UNDERWOOD MANAGEMENT SERVICES GROUP, LLC

**TOWN OF LOXAHATCHEE GROVES, FLORIDA**  
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## INTRODUCTORY SECTION

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# Town of Loxahatchee Groves

4579 Southern Blvd, Suite 2, Loxahatchee Groves, Florida 33470 (561) 793-2418 Fax (561) 793-2420

March 26, 2014

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, 2013, 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 unmodified opinion that this report fairly represents the financial position of the Town in conformity with GAAP. Management's Discussion and Analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis of the basic financial statements. MD&A complements this letter of transmittal and should be read in conjunction with it.

## **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 3,180 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 "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 and final budget, to receive their comments, and respond to their questions on the 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 a Resolution. The Town's budget is approved at the fund level.

The Town Council must approve all budget amendments 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.

### **ECONOMIC CONDITION AND OUTLOOK**

The growth and development of the Town of Loxahatchee Groves is dependent upon the economic environment of South Florida and particularly that of Palm Beach County. The major economic influences in this area are the housing market, the regional job market, new construction, weather events and uncertainty of any future tax reform.

During 2007, the Florida Legislature passed property tax reform legislation limiting the property tax levies of local governments in the State of Florida. For the fiscal year ending September 30, 2013, the maximum tax levy allowed by a majority vote of the governing body is based on a percentage reduction applied to the prior year property tax revenue. The percentage reduction is calculated based on the annual growth rate in the per capita property taxes levied for the fiscal year ended September 30, 2012. For the fiscal year ending September 30, 2013 the Town Council adopted a rate of 1.2 mills. This millage rate results in a total tax levy of \$210,006, representing a reduction of \$4,639 or 2% from the property tax levy for 2012. Future property tax growth is limited to the annual growth rate of per capita personal income, which is currently minimal, plus the value of new construction.

The impact of the ongoing recession and declining property values are a central influence in decisions made during the current fiscal year, as well as, in next year's budget. The combination of the current recession and collapse of the housing market have resulted in declining property values and in a large loss of tax dollars. Additionally, there is current proposed legislation that could place further restrictions on the amount of property taxes a municipality in Florida could levy.

### **LONG TERM FINANCIAL PLAN**

The Town adopted a Comprehensive Plan. Within this plan, the Town will examine the growth opportunities for the Town over the next 10 years. Management will continue to review revenues received from other sources to verify that, as a new government, the Town is receiving those revenues to which it is entitled. The Town will also continue to pursue new revenue streams which will have as little impact on the residents as possible. In addition, the Town will continue to contract municipal services to maintain low operational costs and the best opportunity to keep taxes as low as possible. Maintaining appropriate reserves will enable the Town to absorb the increased costs of contracted services, as well as, the decrease of the ad-valorem base due to the continued 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 federal, state and local financial assistance, the government 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 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 (i.e., the level at which expenditures cannot legally exceed the appropriated amount) is the department level.

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 Council upon the recommendations of the Town Manager which is based upon established and accepted accounting policies and procedures as well as the number of funds required.

### **INDEPENDENT AUDIT**

In accordance with Florida Statutes Section 218.39, the Town has engaged the firm of Nowlen, Holt & Miner, P.A., to perform the independent audit of the Town's financial statements for the year ended September 30, 2013. The Independent Certified Public Accountants' report is presented in the financial section of this Comprehensive Annual Financial Report.

### **AWARDS AND ACKNOWLEDGEMENTS**

The Government Finance Officers Association of the United States and Canada ("GFOA") awarded a Certificate of Achievement for Excellence in Financial Reporting to the Town of Loxahatchee Groves for its comprehensive annual financial report for the fiscal year ended September 30, 2012. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized Comprehensive Annual Financial Report. 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 Comprehensive Annual Financial Report continues to meet the Certificate of Achievement Program's 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 Underwood Management Services Group, LLC and the Town's audit firm, Nowlen, Holt & Miner, P.A.. We wish to express our appreciation to the staff for their interest and support in planning and conducting the financial operations of the Town in a responsible and progressive manner.

In closing, without the leadership and support of the Mayor and Town Council and the Finance and Audit Advisory Committee (FAAC), the accomplishments and anticipated future successes noted in this report would not have been possible.

Respectfully submitted,

  
Underwood Management Services Group, LLC  
Mark A. Kutney, ICMA-CM  
Town Manager



Government Finance Officers Association

**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, 2012**

Executive Director/CEO

TOWN OF LOXAHATCHEE GROVES

List of Elected Town Officials

September 30, 2013

Council-Manager Form of Government

TOWN COUNCIL

David W. Browning, Mayor

Ronald D. Jarriel, Vice Mayor

Tom Goltzene, Councilmember

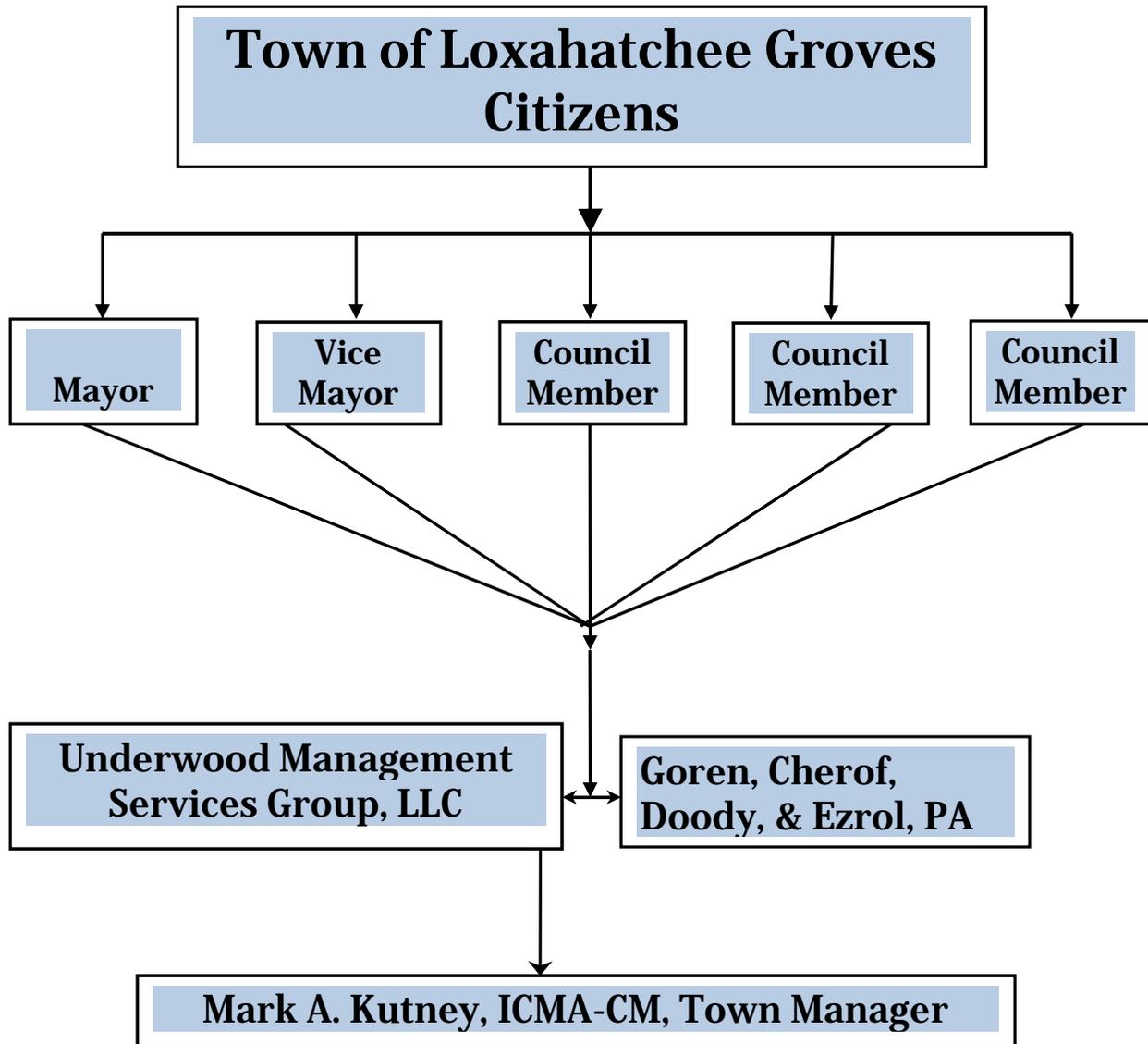
Jim Rockett, Councilmember

Ryan Liang, Councilmember

Prepared by:

Underwood Management Services Group, LLC

# Town of Loxahatchee Groves Organizational Chart



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## FINANCIAL SECTION

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# INDEPENDENT AUDITOR'S REPORT

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# NOWLEN, HOLT & MINER, P.A.

CERTIFIED PUBLIC ACCOUNTANTS

WEST PALM BEACH OFFICE  
NORTHBRIDGE CENTRE  
515 N. FLAGLER DRIVE, SUITE 1700  
POST OFFICE BOX 347  
WEST PALM BEACH, FLORIDA 33402-0347  
TELEPHONE (561) 659-3060  
FAX (561) 835-0628  
WWW.NHMCOPA.COM

EVERETT B. NOWLEN (1930-1984), CPA  
EDWARD T. HOLT, CPA  
WILLIAM B. MINER, CPA  
ROBERT W. HENDRIX, JR., CPA  
JANET R. BARICEVICH, CPA  
TERRY L. MORTON, JR., CPA  
N. RONALD BENNETT, CVA, ABV, CFF, CPA  
ALEXIA G. VARGA, CFE, CPA  
EDWARD T. HOLT, JR., PFS, CPA  
BRIAN J. BRESCIA, CFP®, CPA

KATHLEEN A. MINER, CPA  
J. MICHAEL STEVENS, CPA  
JARRETT A. PERRY, CPA  
KARA D. PETERSON, CFE, CPA  
MARK J. BYMASTER, CFE, CPA  
RUDINA TORO, CPA  
RYAN M. SHORE, CFP®, CPA  
TIMOTHY H. SCHMEDES, CFP®, CPA  
WEI PAN, CPA

BELLE GLADE OFFICE  
333 S.E. 2nd STREET  
POST OFFICE BOX 338  
BELLE GLADE, FLORIDA 33430-0338  
TELEPHONE (561) 996-5612  
FAX (561) 996-6248

## INDEPENDENT AUDITOR'S REPORT

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

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the Town of Loxahatchee Groves, Florida as of and for the year ended September 30, 2013, and the related notes to the financial statements, which collectively comprise the Town of Loxahatchee Groves, Florida's basic financial statements as listed in the table of contents.

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

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

### *Auditor's Responsibility*

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether

due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of the Town of Loxahatchee Groves, Florida as of September 30, 2013, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Other Matters***

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 4 through 12, and budgetary comparison information on pages 33 and 34 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### ***Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town 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.

The Introductory Section and Statistical Section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated March 26, 2014, on our consideration of the Town of Loxahatchee Groves, Florida's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Loxahatchee Groves, Florida's internal control over financial reporting and compliance.

*Nowlen, Holt & Mimes, P.A.*

West Palm Beach, Florida  
March 26, 2014

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

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## 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, 2013. 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 2013

- ∅ At September 30, 2013, the assets of the Town of Loxahatchee Groves exceeded its liabilities by \$4,605,678 of which \$1,538,853 was invested in capital assets and \$896,886 was restricted by law or agreements. The Town had \$2,169,939 (*unrestricted net position*) which may be used to meet the Town's ongoing obligations to citizens and creditors.
- ∅ During the fiscal year 2013, net position increased by \$1,541,368. The increase was primarily attributable to the contribution of \$1,600,044 of road improvements.
- ∅ At September 30, 2013, the Town of Loxahatchee Groves' General Fund reported an ending fund balance of \$732,881, a decrease of \$601,906 as compared with the prior year. Of the total fund balance, \$690,277 or 94% of this total amount is available for spending at the government's discretion (*unreserved fund balance*). The unassigned fund balance represents 41% of total General Fund operating expenditures and transfers.

### 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.

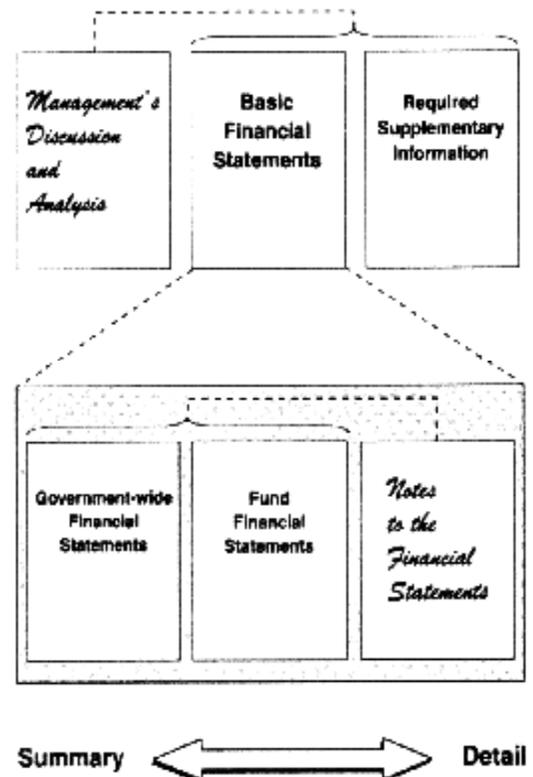
The financial statements also include *notes* that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of *required supplementary information*, which further explains and supports the information in the financial statements. 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 position* presents information on all of the Town's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating.

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

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



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 one business-type activity for the provision of garbage and trash collection services.

The government-wide financial statements can be found on pages 13 and 14 of this report.

**Fund financial statements.** A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental funds.** Most of the Town's basic services are reported in governmental funds. Governmental funds focus on how resources flow in and out, with the balances remaining at year-end that are available for spending. These funds are reported using an accounting method called the modified accrual accounting method, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the Town's general government operations and the basic services it provides. Governmental fund information shows whether there are more or fewer financial resources that can be spent in the near future to finance the Town's programs.

The Town maintains three governmental funds; the General Fund, the Transportation Fund and the Capital Improvement Fund.

The Town adopts an annual appropriated budget for both the General Fund and the Transportation Fund. A budgetary comparison statement has been provided for the General Fund and the Transportation Fund to demonstrate compliance with the budget.

The basic governmental fund financial statements can be found on pages 15 and 16 of this report.

**Enterprise funds.** The Town has one enterprise fund, the Sanitation Fund, which charges customers for the services provided. These services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Position and the Statement of Activities. The basic proprietary fund financial statements can be found on pages 17-19 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 20-32 of this report.

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

**Summary of net position.** As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Town, governmental activity assets exceeded liabilities by \$4,568,620. Business-type activity liabilities exceeded assets by \$37,058. The Town-wide total net position was \$4,605,678 at the close of the fiscal year ended September 30, 2013. The Statement of Net Position is on page 13 of this report.

The Town's investment in capital assets (e.g., land, buildings, equipment and vehicles, less any related debt used to acquire those assets that is still outstanding) was \$1,538,853 or 33% of total net position at September 30, 2013. 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 net position \$896,886 or 20% represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position \$2,169,939 or 47% may be used to meet the government's ongoing obligations to citizens and creditors. The following table reflects the condensed Statement of Net Position for the current year as compared to the prior year.

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

	Governmental Activities		Business Activities		Total	
	2013	2012	2013	2012	2013	2012
<b>Assets:</b>						
Current and other assets	\$ 3,060,932	\$ 3,008,829	\$ 37,058	\$ 31,689	\$ 3,097,990	\$ 3,040,518
Capital assets	1,538,853	55,475	-	-	1,538,853	55,475
Total assets	<u>4,599,785</u>	<u>3,064,304</u>	<u>37,058</u>	<u>31,689</u>	<u>4,636,843</u>	<u>3,095,993</u>
<b>Liabilities:</b>						
Other liabilities	31,165	31,683	-	-	31,165	31,683
Total liabilities	<u>31,165</u>	<u>31,683</u>	<u>-</u>	<u>-</u>	<u>31,165</u>	<u>31,683</u>
<b>Net position:</b>						
Net investment in capital assets	1,538,853	55,475	-	-	1,538,853	55,475
Restricted	896,886	642,359	-	-	896,886	642,359
Unrestricted	2,132,881	2,334,787	37,058	31,689	2,169,939	2,366,476
Total net position	<u>\$ 4,568,620</u>	<u>\$ 3,032,621</u>	<u>\$ 37,058</u>	<u>\$ 31,689</u>	<u>\$ 4,605,678</u>	<u>\$ 3,064,310</u>

**Governmental Activities.**

- Ø During the fiscal year 2013, the Town's assets increased by \$1,540,850 or 11.8%. The increase is mainly due to the contribution of road improvements.

**Business Activities.**

- Ø The funding for the operation is derived from an assessment placed up residential properties within the Town's jurisdiction.
- Ø The Town assesses 1,260 residential properties \$274.89 per year for both the collection and disposal of solid waste.
- Ø Palm Beach County Property Appraiser notifies all affected property owners of the amount, public hearing date, and location of the meeting when the Town will adopt the Tentative Assessment.
- Ø Palm Beach County Tax Collector receives all Town ad valorem tax and assessment payments and remits the funds to the Town.

The following is a summary of the changes in net position for the years ended September 30, 2013 and 2012: Key indicators, including revenues and expenditures by category are presented herein for review:

**Table 2**  
**Town of Loxahatchee Groves**  
**Changes in Net Position**

	Governmental Activities		Business Activities		Total	
	2013	2012	2013	2012	2013	2012
<b>Revenues:</b>						
Program revenues:						
Charges for services	\$ 56,392	\$ 107,895	\$ 347,557	\$ 464,987	\$ 403,949	\$ 572,882
Capital grants and contributions	1,600,044	49,813	-	-	1,600,044	49,813
General revenues:						
Property taxes	210,005	214,645	-	-	210,005	214,645
Franchise fees	192,552	193,270	-	-	192,552	193,270
Utility taxes	342,478	341,596	-	-	342,478	341,596
Intergovernmental	655,888	648,838	-	-	655,888	648,838
Investment/other income	2,421	1,191	-	-	2,421	1,191
<b>Total revenues</b>	<b>3,059,780</b>	<b>1,557,248</b>	<b>347,557</b>	<b>464,987</b>	<b>3,407,337</b>	<b>2,022,235</b>
<b>Expenses:</b>						
General Government	744,933	580,508	-	-	744,933	580,508
Public safety	275,243	274,911	-	-	275,243	274,911
Physical environment	366,296	342,238	-	-	366,296	342,238
Sanitation			479,497	429,196	479,497	429,196
<b>Total expenses</b>	<b>1,386,472</b>	<b>1,197,657</b>	<b>479,497</b>	<b>429,196</b>	<b>1,865,969</b>	<b>1,626,853</b>
<b>Transfers:</b>	<b>(137,309)</b>		<b>137,309</b>			
<b>Increase (decrease) in net position</b>	<b>1,535,999</b>	<b>359,591</b>	<b>5,369</b>	<b>35,791</b>	<b>1,541,368</b>	<b>395,382</b>
<b>Net position, beginning</b>	<b>3,032,621</b>	<b>2,673,030</b>	<b>31,689</b>	<b>(4,102)</b>	<b>3,064,310</b>	<b>2,668,928</b>
<b>Net position, ending</b>	<b>\$ 4,568,620</b>	<b>\$ 3,032,621</b>	<b>\$ 37,058</b>	<b>\$ 31,689</b>	<b>\$ 4,605,678</b>	<b>\$ 3,064,310</b>

**Governmental Activities.**

For fiscal year 2013, total revenues increased by \$1,502,532. Property tax revenues decreased \$4,640 or 2.2% as a direct result of the housing market crisis and the downturn in the economy. Investment and other income increased \$1,230 or 103% due to slightly improved investment returns. Charges for services decreased \$51,503 or 48% due to the fact the Town received a large one-time revenue in the prior year, which is not repeated in this current year. Unrestricted intergovernmental revenues increased \$7,050 or 1%, franchise fee revenue decreased by \$718 or 0.4%, and utility tax revenue increased by \$882 or 0.3%. The increase in utility tax revenue was primarily due to the recession softening affecting all operations within the Town.

Total expenses increased by \$188,815 or 16% primarily due to contracted increases in municipal services and improvements in physical assets.

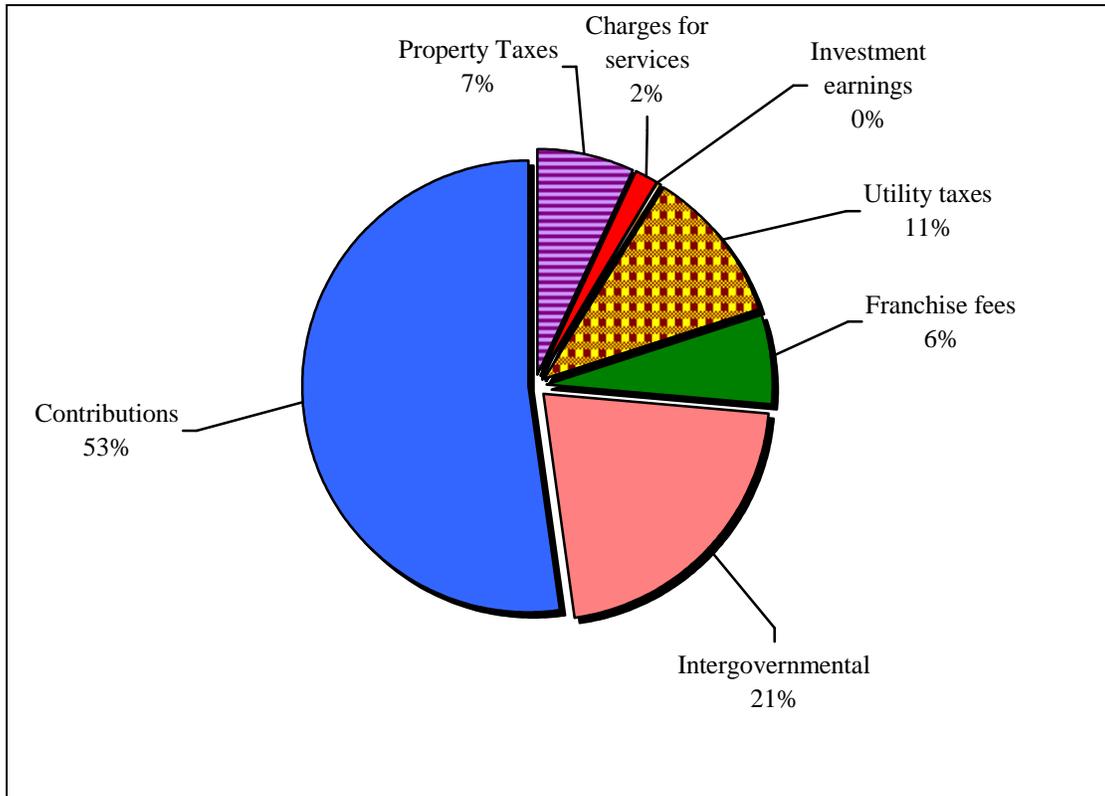
**Business Activities.**

Fiscal year 2013 is the third year the Town operated a proprietary fund as an enterprise fund within the Town's oversight. Revenue earned by business-type activities is primarily concentrated in one source, charges for services, \$347,557. This figure represents the fees assessed for the Town's enterprise fund, Sanitation. Operating revenues decreased by \$117,430 or 25% from a year ago for the Sanitation Fund. The reduction in revenues was the result of Council action to supplement for the year the operations with a transfer from General Fund.

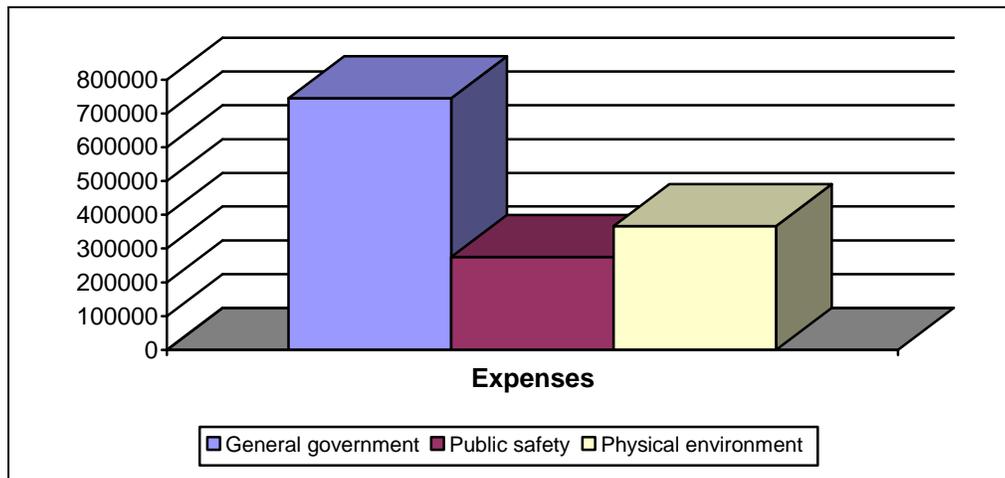
For business-type expenses, the \$479,497 represents Sanitation expenses. The increase of \$50,301 in total expense was the result of contract negotiations in costs of Sanitation operations. Despite the 12% increase in costs, the Town was able to increase its net position by \$5,369 at the end its third year of solid waste operations with ending net position of \$37,058 for the business-type activities.

Figure A-2

**Town of Loxahatchee Groves  
Revenues by Source – Governmental Activities  
For the Fiscal Year Ended September 30, 2013**



**Figure A-2  
Town of Loxahatchee Groves  
Expenses – Governmental Activities  
For the Fiscal Year Ended September 30, 2013**



## Financial Analysis of the Government's Funds

The Town maintains three governmental funds; the General Fund, the Transportation Fund and the Capital Improvement Fund.

The Town adopts an annual appropriated budget for both the General Fund and the Transportation Fund. The General Fund provides revenues and resources for basic governmental services. Whereas the Transportation Fund is funded through a dedicated local option gas tax and can only be used for transportation related expenses such as road, street maintenance, and construction.

As noted earlier, the Town of Loxahatchee Groves 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, the *unreserved fund balance* may serve as a useful measure of the government's net resources available for spending at the end of a fiscal year.

**General Fund.** The General Fund is the primary operating fund of the Town. At the end of the current fiscal year, the Town's General Fund reported a fund balance of \$732,881 a decrease of \$601,906 in comparison with the prior fiscal year.

A summary of the General Fund's condensed balance sheet and statement of revenues, expenditures and changes in fund balance for September 30, 2013 and 2012 is shown below:

**Table 3**  
**Town of Loxahatchee Groves**  
**Summary of General Fund Balance Sheet**

	2013	2012	Change	% Change
<b>Total assets</b>	\$ 759,489	\$ 1,410,139	(\$650,650)	(46)%
<b>Total liabilities</b>	26,608	75,352	(48,744)	(65)%
Nonspendable fund balance	42,604	22,899	19,705	86%
Unassigned fund balance	690,277	1,311,888	(621,611)	(47)%
<b>Total fund balance</b>	732,881	1,334,787	(601,906)	(45)%
<b>Total liabilities and fund balance</b>	\$ 759,489	\$ 1,410,139	(\$650,650)	(46)%

During the fiscal year 2013, the General Fund assets decreased by \$650,650 or 46%. The decrease is mainly due to decreases in cash as a result of the current year's operations. Liabilities decreased by \$48,744 or 65% mainly due to decreases in due to other funds. Total fund balance decreased by \$601,906 or 45% due to expenditures exceeding revenues.

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

	2013	2012	Change	% Change
Total revenues	\$ 1,099,665	\$ 1,194,310	(\$ 94,645)	(8)%
Total expenditures	1,022,418	855,745	166,673	19%
Excess of revenues over expenditures	77,247	338,565	(261,318)	(77)%
Other financing uses	(679,153)	(1,048,913)	(369,760)	
Change in fund balance	(601,906)	(710,348)	(108,442)	(15)%
Fund balance, beginning	1,334,787	2,045,135	(710,348)	(35)%
Fund balance ending	<u>\$ 732,881</u>	<u>\$ 1,334,787</u>	<u>(\$601,906)</u>	(45)%

The Town of Loxahatchee Groves General Fund revenues decreased \$94,645 or 8%. This reduction was primarily attributed to a reduction in Charges for Services compounded by property tax revenues decreasing \$4,640 along with a \$718 reduction in Franchise Fees.

Total expenditures increased \$166,673 or 19% due to the Town increasing legal costs necessary to meet the legal demands and expanded planning services of a new government.

A net reduction in General Fund fund balance of \$601,906 is the result of transfers to the Capital Improvement Fund of \$400,000, the Transportation Fund of \$141,844, the Sanitation fund of \$137,309, and various expenditure increases less excess revenue of \$77,247. As a result, the Capital Improvement Fund fund balance increased to \$1,400,000, the Transportation Fund fund balance increased due to the transfer from General Fund to \$896,886.

In the Town's enterprise fund, Solid Waste, operations provided \$5,369 improvement moving the Net Position from \$31,689 to \$37,058.

#### **General Fund Budgetary Highlights**

The Town adopts annual budgets by fund, department and line item in compliance with Florida State Statute Section 200.065 (commonly referred to as the Truth-in Millage Legislation). The law requires municipal organizations to prepare and adopt annual operating budgets for the General, Special Revenue and Debt Service Funds following uniform time frames related to property tax levies. The balanced budgets may be revised throughout the year. The Town's code allows for intra-department level budget transfers between expenditure categories without Council approval; however, inter-department and fund total changes require Council-approved budget amendments adopted by resolution.

The estimated revenues are lagging \$4,491 or 0.4% behind the estimated revenue caused primarily by a reduction in citizen usage of electric, and water consumption and an assumed increase in intergovernmental revenues. However, the unanticipated drop in revenue was somewhat mitigated by a \$31,663 favorable variance in expenditures below appropriations. The most significant saving occurred within the legislative function of the Town where \$18,786 or 43% of the appropriation was not used.

The Town's policy is to adopt the budget following the second public hearing of each fiscal year, held in September for an October 1<sup>st</sup> year. Budget amendments may be presented to Council at any time during the fiscal year.

Over the course of the year, the Town did amend the General Fund budget. The fiscal year final 2013 budget was \$1.1 million. Revenues failed to meet budgeted amounts by approximately \$4 thousand and expenses were approximately \$32 thousand below budgeted amounts. General government, \$31 thousand, was the most significant contributor to this variance.

Budget versus actual schedules are presented on page 33 for the General Fund.

## **Transportation Special Revenue Fund**

The fund balance of the Transportation Special Revenue Fund increased by \$254,527, which was composed of a transfer-in from the General Fund to reimburse the fund \$141,844 for a prior year expenditure for road improvements. The reimbursement supplied in excess of 60% of the budgeted surplus of \$120,326.

## **Capital Improvement Fund**

The Capital Improvement Fund had an ending fund balance of \$1,400,000 due to a transfer from the General Fund for future projects. The Town Council is still in the process of identifying and prioritizing projects to be funded.

## **Capital Assets and Long Term Debt**

As of September 30, 2013, the Town's net investment in capital assets amounted to \$1,538,853 (net of accumulated depreciation). More details relating to capital assets can be found on page 29 of the footnotes.

The Town has no long term debt.

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

- Ø In setting its fiscal 2013-2014 budget, the Town adopted a millage rate of 1.20.
- Ø The Town of Loxahatchee Groves anticipates that the total assessed property value will decrease about 6% for 2014. Accordingly, the Town's reserves that have been built up will secure the Town's income flow for the upcoming fiscal years.

The State of Florida, by constitution, does not have a state personal income tax and therefore, the State operates primarily using sales, gasoline and corporate income taxes. Local governments (cities, counties and school boards) primarily rely upon property taxes and a limited array of permitted other taxes (sales, telecommunication, gasoline, utilities services, etc.) and fees (franchise, building permits, occupational license, etc.) for funding of their governmental activities. In addition, there are a limited number of state-shared revenues and recurring and non-recurring (one-time) grants from both the state and federal governments.

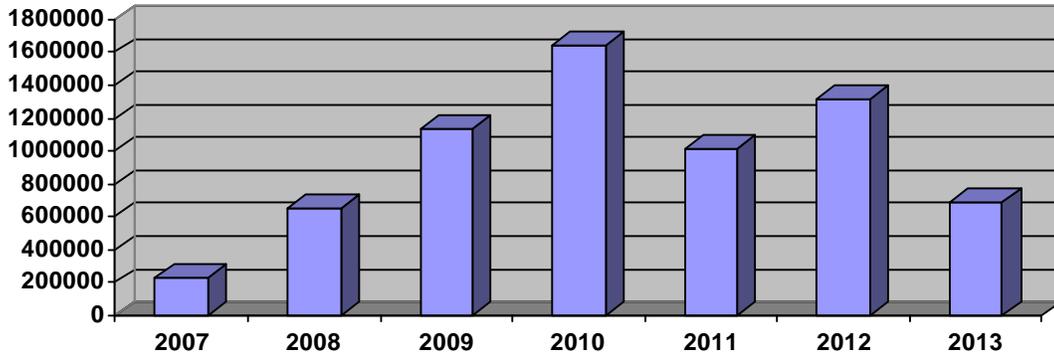
On January 29, 2008 the Florida electorate approved an amendment to the Florida Constitution relative to property taxation. This amendment (referred to as Amendment 1) was placed on the ballot by the Florida Legislature at a special session held in October 2007. With respect to homestead property, Amendment 1 increases the current \$25,000 homestead exemption by another \$25,000 (for property values between \$50,000 - \$75,000), except for school district taxes. Since the new \$25,000 homestead exemption does not apply to school district taxes, this effectively amounts to a \$15,000 increase to the existing homestead exemption. Amendment 1 also allows property owners to transfer (make portable) up to \$500,000 of their Save Our Homes benefits to their next homestead when they move. Save Our Homes became effective in 1995 and limits (caps) the annual increase in assessed value for homestead property to three percent (3%) or the percentage change in the Consumer Price Index, whichever is less.

With respect to non-homestead property, Amendment 1 limits (caps) the annual increase in assessed value for non-homestead property (businesses, industrial property, rental property, second homes, etc.) to ten percent (10%), except for school district taxes. The Amendment also provides a \$25,000 exemption for tangible personal property .

Amendment 1 became effective on October 1, 2008, with the exception of the ten percent (10%) assessment cap on non-homestead property which became effective on January 1, 2009. Additional tax relief bills are expected to be introduced at the upcoming legislative session which could, if ratified, further limit the extent to which municipalities can levy taxes.

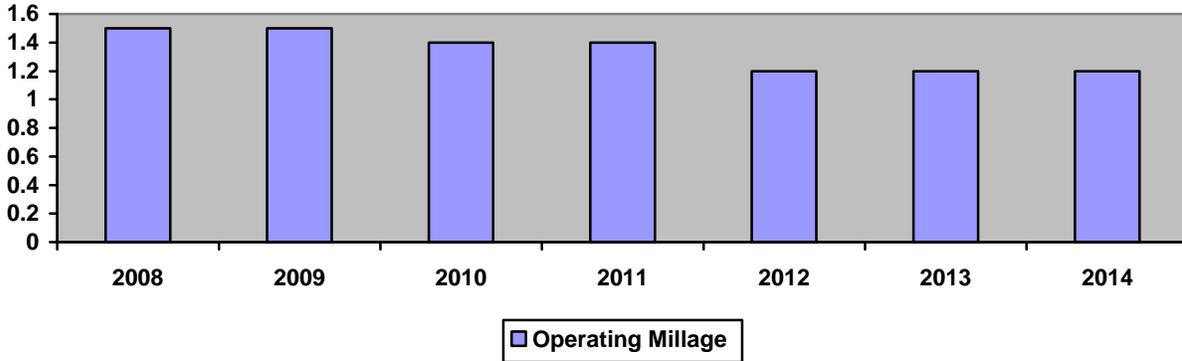
Revenues in the FY 2014 adopted General Fund budget are \$1.096 million, a decrease of approximately 0.7% from the FY 2013 actual revenues of \$1.099 million. Fiscal year 2014 budgeted expenditures are expected to be consistent with actual expenses of \$1.096 million.

**General Fund Unassigned Surplus  
For the Fiscal Years ended September 30, 2007-2013**



In 1995, the state of Florida limited all local governments' ability to increase property assessments of homestead property in any given year to 3 percent or cost of living, whichever is lower. The graph below shows the millage rates over the past four years. The Town, just like many cities across the country, has to face the challenge of keeping taxes and service charges as low as possible while providing residents with the level of service they have come to expect.

**Town of Loxahatchee Groves Millage  
For the Fiscal Years ended September 30, 2008-2014**



The operating millage rate for tax year 2013, which is collected in fiscal year 2013, is 1.2 or \$1.20 per thousand dollars of taxable value. Under current legislation, the Town was not required to rollback its millage rate, but to increase the rollback rate less 5%. The 2013 budget achieved this objective. Historically, the rollback rate has always been lower than the existing rate. However, with new laws, the rolled back rate was actually higher, even though the resulting tax bill will be lower due to the new homestead exemption. Overall, the adopted budget is an economical and prudent financial plan that will ensure quality public services and needed capital improvements for all residents, both today and in the future.

**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 Manager, 14579 Southern Blvd., Suite 2, Loxahatchee Groves, Florida 33470.

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# BASIC FINANCIAL STATEMENTS

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**TOWN OF LOXAHATCHEE GROVES, FLORIDA**  
**Statement of Net Position**  
**September 30, 2013**

	Primary Government		
	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Cash and cash equivalents	\$ 2,879,776	\$ 37,058	\$ 2,916,834
Receivables			
Planning and zoning	21,065		21,065
Franchise and utility taxes	60,818		60,818
Due from other governments	56,669		56,669
Prepaid items	42,604		42,604
Capital assets			
Non-depreciable	4,211		4,211
Depreciable (net of depreciation)	1,534,642		1,534,642
Total assets	4,599,785	37,058	4,636,843
<b>LIABILITIES AND NET POSITION</b>			
Accounts payable	19,467		19,467
Deposits for planning and zoning	11,698		11,698
Total liabilities	31,165		31,165
Net position			
Net investment in capital assets	1,538,853		1,538,853
Restricted for:			
Transportation	896,886		896,886
Unrestricted	2,132,881	37,058	2,169,939
Total net position	\$ 4,568,620	\$ 37,058	\$ 4,605,678

See notes to the financial statements

**TOWN OF LOXAHATCHEE GROVES, FLORIDA**  
**Statement of Activities**  
**For the Year Ended September 30, 2013**

Function / Program Activities	Expenses	Program Revenues			Net (Expenses) Revenues and Changes in Net assets		
		Charges For Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-type Activities	Total
Governmental activities							
General government	\$ 744,933	\$ 56,392	\$	\$	\$ (688,541)	\$	\$ (688,541)
Public safety	275,243				(275,243)		(275,243)
Physical environment	366,296			1,600,044	1,233,748		1,233,748
Total governmental activities	1,386,472	56,392		1,600,044	269,964		269,964
Business-type activities							
Sanitation	479,497	347,557				(131,940)	(131,940)
Total	<u>\$ 1,865,969</u>	<u>\$ 403,949</u>	<u>\$</u>	<u>\$ 1,600,044</u>	269,964	(131,940)	138,024
		General revenues					
		Property taxes			210,005		210,005
		Franchise taxes			192,552		192,552
		Utility taxes			342,478		342,478
		Intergovernmental (unrestricted)			655,888		655,888
		Interest and other			2,421		2,421
		Transfers			(137,309)	137,309	
		Total general revenues			1,266,035	137,309	1,403,344
		Change in net position			1,535,999	5,369	1,541,368
		Net position, beginning of year			3,032,621	31,689	3,064,310
		Net position, end of year			<u>\$ 4,568,620</u>	<u>\$ 37,058</u>	<u>\$ 4,605,678</u>

See notes to the financial statements

**TOWN OF LOXAHATCHEE GROVES, FLORIDA**  
**Balance Sheet**  
**Governmental Funds**  
**September 30, 2013**

	Major Funds			Total
	General	Transportation Special Revenue	Capital Improvement	
<b>ASSETS</b>				
Cash and cash equivalents	\$ 608,821	\$ 870,955	\$ 1,400,000	\$ 2,879,776
Receivables				
Planing and zoning	21,065			21,065
Franchise and utility taxes	60,818			60,818
Due from other governments	26,181	30,488		56,669
Prepaid items	42,604			42,604
Total assets	<u>\$ 759,489</u>	<u>\$ 901,443</u>	<u>\$ 1,400,000</u>	<u>\$ 3,060,932</u>
<b>LIABILITIES AND FUND BALANCE</b>				
<b>Liabilities</b>				
Accounts payable	\$ 14,910	\$ 4,557	\$	\$ 19,467
Deposits for planning and zoning	11,698			11,698
Total liabilities	<u>26,608</u>	<u>4,557</u>		<u>31,165</u>
<b>Fund balances</b>				
Nonspendable:				
Prepaid items	42,604			42,604
Restricted for:				
Transportation		896,886		896,886
Assigned for capital projects			1,400,000	1,400,000
Unassigned	690,277			690,277
Total fund balances	<u>732,881</u>	<u>896,886</u>	<u>1,400,000</u>	<u>3,029,767</u>
Total liabilities and fund balances	<u>\$ 759,489</u>	<u>\$ 901,443</u>	<u>\$ 1,400,000</u>	<u>\$ 3,060,932</u>

Reconciliation to the Statement of Net Position

Fund balances - governmental fund	\$ 3,029,767
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds:	<u>1,538,853</u>
Net position of governmental activities	<u>\$ 4,568,620</u>

See notes to the financial statements

**TOWN OF LOXAHATCHEE GROVES, FLORIDA**  
**Statement of Revenues, Expenditures, and Changes**  
**in Fund Balances - Governmental Funds**  
**For the Year Ended September 30, 2013**

	Major Funds			Total
	General	Transportation Special Revenue	Capital Improvement	
Revenues				
Property taxes	\$ 210,005	\$	\$	\$ 210,005
Franchise taxes	192,552			192,552
Utility service taxes	342,478			342,478
Intergovernmental revenues	295,817	360,071		655,888
Licenses and permits	9,564			9,564
Charges for services	45,117			45,117
Fines and forfeitures	1,711			1,711
Interest and other	2,421			2,421
Total revenues	<u>1,099,665</u>	<u>360,071</u>		<u>1,459,736</u>
Expenditures				
Current				
General government	744,225			744,225
Public safety	275,243			275,243
Physical environment	2,950	247,388		250,338
Total expenditures	<u>1,022,418</u>	<u>247,388</u>		<u>1,269,806</u>
Excess (deficiency) of revenues over expenditures before other financing sources (uses)	<u>77,247</u>	<u>112,683</u>		<u>189,930</u>
Other financing sources				
Transfers in		141,844	400,000	541,844
Transfers out	<u>(679,153)</u>			<u>(679,153)</u>
Total other financing sources	<u>(679,153)</u>	<u>141,844</u>	<u>400,000</u>	<u>(137,309)</u>
Net change in fund balances	(601,906)	254,527	400,000	52,621
Fund balances, beginning of year	<u>1,334,787</u>	<u>642,359</u>	<u>1,000,000</u>	<u>2,977,146</u>
Fund balances, end of year	<u>\$ 732,881</u>	<u>\$ 896,886</u>	<u>\$ 1,400,000</u>	<u>\$ 3,029,767</u>

Reconciliation to the Statement of Activities

Net change in fund balances	\$ 52,621
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.	
Current year depreciation	(116,666)
Donations of capital assets affect net assets in the statement of activities, but do not appear in the governmental funds because they are not financial resources.	
	<u>1,600,044</u>
Change in net position	<u>\$ 1,535,999</u>

See notes to the financial statements

**TOWN OF LOXAHATCHEE GROVES, FLORIDA**  
**Statement of Net Position**  
**Proprietary Fund**  
**September 30, 2013**

	<u>Sanitation Fund</u>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 37,058
Total assets	<u>37,058</u>
<b>LIABILITIES AND FUND BALANCE</b>	
Net Position	
Unrestricted	<u><u>\$ 37,058</u></u>

See notes to the financial statements

**TOWN OF LOXAHATCHEE GROVES, FLORIDA**  
**Statement of Revenues, Expenses, and Changes**  
**in Fund Net Position**  
**Proprietary Fund**  
**For the Year Ended September 30, 2013**

	<u>Sanitation Fund</u>
Operating revenues	
Charges for services	<u>\$ 347,557</u>
Operating expenses	
Solid waste contractor	451,634
Contractual waste oversight	8,336
Other expenses	<u>19,527</u>
Total operating expenses	<u>479,497</u>
Operating loss	<u>(131,940)</u>
Transfers in	<u>137,309</u>
Change in net position	5,369
Net position, beginning of year	<u>31,689</u>
Net position, end of year	<u><u>\$ 37,058</u></u>

See notes to the financial statements

**TOWN OF LOXAHATCHEE GROVES, FLORIDA**  
**Statement of Cash Flows**  
**Proprietary Fund**  
**For the Year Ended September 30, 2013**

	Sanitation Fund
Cash flows from operating activities:	
Receipts from customers and users	\$ 347,557
Payments to suppliers	(479,497)
Net cash used by operating activities	(131,940)
Cash flows from non-capital financing activities:	
Payments from other funds	137,309
Net cash provided by investing activities	
Net increase in cash and cash equivalents	5,369
Cash and cash equivalents, beginning of year	31,689
Cash and cash equivalents, end of year	\$ 37,058
Cash flows from operating activities	
Operating loss/Net cash used by operating activities	\$ (131,940)

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, 2013**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of the Town of Loxahatchee Groves, Florida (the “Town”) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The Town’s significant accounting policies are described below.

*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.

As required by generally accepted accounting principles, these financial statements include the Town (the primary government) and its component units. Component units are legally separate entities for which the Town is financially accountable. The Town is financially accountable if:

- it appoints a voting majority of the organization’s governing board and (1) it is able to impose its will on the organization, or (2) there is a potential for the organization to provide specific financial benefits to or impose specific financial burdens on the Town, or
- the organization is fiscally dependent on the Town and (1) there is a potential for the organization to provide specific financial benefits to the Town or (2) impose specific financial burdens on the Town.

Organizations for which the Town is not financially accountable are also included when doing so is necessary in order to prevent the Town’s financial statements from being misleading.

Based upon application of the above criteria, the Town of Loxahatchee Groves has determined that there are no legally separate entities to consider as potential component units.

*Government-wide and Fund Financial Statements*

The basic financial statements include both government-wide and fund financial statements. The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the activities of the primary government.

**TOWN OF LOXAHATCHEE GROVES, FLORIDA**  
**Notes to the Financial Statements**  
**September 30, 2013**

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

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

For the most part, the effect of inter-fund activity has been removed from these statements, except for inter-fund services provided and used. 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 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.

When both restricted and unrestricted resources are available for use, it is the Town's policy to use restricted resources first, then unrestricted resources.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and the major individual enterprise fund 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.

**TOWN OF LOXAHATCHEE GROVES, FLORIDA**  
**Notes to the Financial Statements**  
**September 30, 2013**

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

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

*Governmental Funds* (Continued)

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. Property taxes, franchise taxes, licenses, interest revenue, intergovernmental revenues, and charges for services associated with the current fiscal period are all considered to be susceptible to accrual and 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 Town.

The Town reports the following major governmental funds:

The General Fund is the general operating fund of the Town. It is used to account for all financial resources except those required to be accounted for in another fund.

The Transportation Fund is a special revenue fund that accounts for primarily State shared revenues that are restricted for transportation related expenditures.

The Capital Improvement Fund is a capital projects fund to account for long term capital projects of the Town.

*Proprietary Fund*

The Town reports one major proprietary fund the Sanitation Fund to account for the Town's garbage and trash collection services, which are financed primarily by user charges.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Town's Sanitation Fund are charges to customers for sales and services. Operating expenses for the Enterprise Fund include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

*Cash and Cash Equivalents*

Cash and cash equivalents include amounts on deposit in demand accounts, money market accounts and certificate of deposits.

**TOWN OF LOXAHATCHEE GROVES, FLORIDA**  
**Notes to the Financial Statements**  
**September 30, 2013**

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

*Statement of Cash Flows*

For purposes of the statement of cash flows, the Town considers all short-term investments that are highly liquid to be cash equivalents. Cash equivalents are readily convertible to a known amount of cash, and at the day of purchase, have a maturity date no longer than three months.

*Prepaid Items*

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. Prepaid items in governmental funds are accounted for using the consumption method.

*Interfund Transactions*

Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either “due to” or “due from other funds”. Any residual balance outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as internal balances.

Transfers and interfund balances totally within governmental activities and those that are totally within business-type activities are eliminated and not presented in the government wide financial statements. Transfers and balances between governmental and business-type activities are presented in the government-wide financial statements.

*Capital Assets*

Capital assets are 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 \$5,000 and an estimated useful life in excess of one year. Capital assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

Depreciation has been provided over the useful lives using the straight line method. The estimated useful lives are as follows:

Equipment	5 to 10 years
Improvements	5 to 30 years

**TOWN OF LOXAHATCHEE GROVES, FLORIDA**  
**Notes to the Financial Statements**  
**September 30, 2013**

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

*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.

*Net Position*

Net position is the residual of all other elements presented in a statement of financial position. Net position is displayed in three categories: 1) net investment in capital assets, 2) restricted, 3) unrestricted. Net position invested in capital assets consist of capital assets reduced by accumulated depreciation. Net position 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 position consist of all net position that does not meet the definition of either of the other two components.

*Fund Equity*

There are five possible components of fund balance:

- Nonspendable fund balance represents amounts that are not in spendable form or are legally or contractually required to be maintained intact.
- Restricted fund balance represents amounts that can be spent only for specific purposes stipulated by external providers (e.g. creditors, grantors, contributor, or laws or regulations of other governments) or imposed by law through constitutional provisions or enabling legislation.
- Committed fund balance represents amounts that can be used only for the specific purposes pursuant to constraints imposed by Town Council by the adoption of an ordinance, the Town's highest level of decision making authority. Those committed amounts cannot be used for any other purpose unless the Town removes or changes the specified use by the adoption of an ordinance.
- Assigned fund balance includes spendable fund balance amounts that are intended to be used for specific purposes that are considered neither restricted nor committed. In accordance with the Town's fund balance policy, the Town Council or Town Manager may make assignments.
- Unassigned fund balance is the residual fund balance classification for the general fund.

**TOWN OF LOXAHATCHEE GROVES, FLORIDA**  
**Notes to the Financial Statements**  
**September 30, 2013**

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

*Fund Equity* (Continued)

When both restricted and unrestricted resources are available for use, it is the Town's policy to use restricted resources first, then unrestricted resources as they are needed. The Town will first use committed fund balance, then assigned fund balance, and then unassigned fund balance when expenditures are incurred for purposes for which any of the unrestricted fund balance classifications could be used.

*Unassigned Fund Balance/Unrestricted Net Position*

Maintaining an adequate fund balance or net position is essential to the Town's financial health. The unassigned fund balance and unrestricted net position will be considered adequate between a minimum of 25% and a maximum of 30% of the current year's operating appropriations, including transfers, for the General Fund; and minimum of 10% and a maximum of 25% of the current year's operating appropriations, including transfers, will be considered adequate unrestricted net position for the Enterprise Funds.

In the event that sufficient unassigned fund balance/unrestricted net position targets are not met, a proposed revenue enhancement and/or service level reduction plan to achieve the target will be submitted to the Council for the subsequent year budget consideration. The replenishment to the expected minimum level shall be completed within five years.

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

*Budgetary Data*

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

1. 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.
2. Public hearings are conducted to obtain taxpayer comments.
3. Prior to October 1, the budget is legally enacted through passage of two resolutions – one establishing a milage rate and another adopting the final budget.

**TOWN OF LOXAHATCHEE GROVES, FLORIDA**  
**Notes to the Financial Statements**  
**September 30, 2013**

**NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY** (Continued)

*Budgetary Data* (Continued)

4. The Town prepares and adopts budgets for the General Fund and Transportation Fund. No differences exist between the budgetary and 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. The legal level of control (level of which expenditures may not exceed the budget) is at the department level for the General Fund and at the fund level for the Transportation Fund.
5. Appropriations along with encumbrances lapse on September 30.
6. During the fiscal year ended September 30, 2013, there were three supplemental appropriations.

*Property Taxes*

Under Florida law, the assessment of all properties and the collection of all county, municipal, and school board property taxes are consolidated in the offices of the County Property Appraiser and County Tax Collector. The laws of the State regulating tax assessment are also designed to assure a consistent property valuation method statewide.

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, 2013, was 1.200 mills (\$1.200 per \$1,000 of taxable assessed valuation).

**TOWN OF LOXAHATCHEE GROVES, FLORIDA**  
**Notes to the Financial Statements**  
**September 30, 2013**

**NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY** (Continued)

*Property Taxes* (Continued)

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.

**TOWN OF LOXAHATCHEE GROVES, FLORIDA**  
**Notes to the Financial Statements**  
**September 30, 2013**

**NOTE 3 - CASH AND INVESTMENTS**

*Deposits*

As of September 30, 2013, the carrying amounts of the Town's deposits were \$2,916,834 and the bank balances totaled \$2,944,781. 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.

The collateral pool consists of assets pledged to the State Treasurer by financial institutions that comply with the requirements of Florida Statutes and have been thereby designated as "qualified public depositories". Therefore, the Town's entire bank balance of \$2,944,781 is insured either by Federal depository insurance or is collateralized with securities pursuant to the Florida Security for Public Deposits Act. The Town's deposits at year end are considered insured for custodial credit risk purposes.

*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).

*Interest Rate Risk*

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Town's investment policy states that interest rate risk will be minimized by:

1. Structuring the investment portfolio so that the securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity.
2. Investing operating funds primarily in shorter-term securities, money market mutual funds, or similar investment pools.

**TOWN OF LOXAHATCHEE GROVES, FLORIDA**  
**Notes to the Financial Statements**  
**September 30, 2013**

**NOTE 4 - CAPITAL ASSETS**

Capital asset activity for the year ended September 30, 2013, was as follows:

**Primary Government**

Governmental activities:	Beginning Balance	Additions	Deletions	Ending Balance
Capital assets not being depreciated:				
Land	\$ 3,932	\$ 279	\$	\$ 4,211
Capital assets being depreciated:				
Equipment	8,753			8,753
Improvements	50,663	1,599,765		1,650,428
Less accumulated depreciation	(7,873)	(116,666)		(124,539)
Governmental activities capital assets, net	<u>\$ 55,475</u>	<u>\$ 1,483,378</u>	<u>\$</u>	<u>\$ 1,538,853</u>

Depreciation expense of \$708 was charged to the general government function and \$115,958 was charged to the physical environment functions 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.

Florida Statutes limit the Town's maximum loss for most liability claims to \$200,000 per person and \$300,000 per occurrence under the Doctrine of Sovereign Immunity. However, under certain circumstances, a plaintiff can seek to recover damages in excess of statutory limits by introducing a claims bill to the Florida Legislature. The limits addressed in Florida Statutes do not apply to claims filed in Federal courts. 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, 2013**

**NOTE 6 - COMMITMENTS AND CONTINGENCIES**

*Professional Services Agreement- Management Services*

The Town has entered into a professional service agreement for the positions of Town Manager, Town Clerk and financial reporting services. The current contract started on October 1, 2011, and expires on September 30, 2014, and calls for monthly payments of \$20,885. The contract was amended to include additional services for a total monthly payment of \$27,135. The contract may be extended for additional one year terms, with the contract payments being increased by the percentage change in the Consumer Price Index – All Urban Consumers for the South Urban Region for corresponding period.

*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 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. There have been six addendums to the agreement to amend the term and payments. The agreement currently expires on September 30, 2014, and the total cost of personnel and equipment is \$280,284 payable in monthly installments of \$23,357.

*Solid Waste and Recycling Collection Franchise Agreement*

During 2013, 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, 2013 through September 30, 2018. Residential rates are set by a monthly amount per unit and commercial rates are set per cubic yard or per pull. The rates are adjusted based the Refuse Rate Index. The monthly rate for October 1, 2013, was \$34,650.

*Contingencies*

The Town is involved in various litigations and claims arising in the course of operations. It is the opinion of legal counsel that the likelihood of unfavorable outcome and the amounts of potential losses cannot be reasonably determined for all claims at this time.

**TOWN OF LOXAHATCHEE GROVES, FLORIDA**  
**Notes to the Financial Statements**  
**September 30, 2013**

**NOTE 7 - ACCOUNTING CHANGE**

Below is a brief description of the new accounting standards implemented in the current year.

In November 2010, the Governmental Accounting Standards Board (GASB) issued Statement No. 61, *The Financial Reporting Entity: Omnibus an amendment of GASB Statements No. 14 and No. 34*. GASB 61 provides additional criteria for classifying entities as component units to better assess the accountability of elected officials by ensuring that the financial reporting entity includes organizations for which the elected officials are financially accountable or that are determined by the government to be misleading to exclude.

In December 2010, the Governmental Accounting Standards Board (GASB) issued Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. GASB 62 directly incorporates the applicable guidance from FASB and AICPA pronouncements into the state and local government accounting and financial reporting standards, with provisions modified, as appropriate, to recognize the effects of the governmental environment and the needs of governmental financial statement users without affecting the substance of the applicable guidance.

In June 2011, the Governmental Accounting Standards Board (GASB) issued Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. GASB 63 improves financial reporting by standardizing the presentation of deferred outflows of resources and deferred inflows of resources and their effects on a government's net position. It alleviates uncertainty about reporting those financial statement elements by providing guidance where none previously existed

**NOTE 8 - NEW ACCOUNTING STANDARDS**

In March 2012, the GASB issued Statement No. 65, *Items Previously Reported as Assets and Liabilities*. GASB 65 establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities. This statement is effective for the fiscal year ending September 30, 2014. Management is currently evaluating the impact of the adoption of this statement on the Town's financial statements.

**TOWN OF LOXAHATCHEE GROVES, FLORIDA**  
**Notes to the Financial Statements**  
**September 30, 2013**

**NOTE 8 - NEW ACCOUNTING STANDARDS** (Continued)

In March 2012, the GASB issued Statement No. 66, *Technical Corrections – 2012 – an amendment of GASB Statements No. 10 and No. 62*. GASB 66 improves accounting and financial reporting for a governmental reporting entity by resolving conflicting guidance that resulted from the issuance of two pronouncements, Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* and Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. This statement is effective for the fiscal year ending September 30, 2014. Management is currently evaluating the impact of the adoption of this statement on the Town's financial statements.

In June 2012, the GASB issued Statement No. 67, *Financial Reporting for Pension Plans – an amendment of GASB Statement 25*. GASB 67 improves financial reporting by state and local governmental pension plans primarily through enhanced note disclosures and schedules of required supplementary information. This statement is effective for the fiscal year ending September 30, 2014. Management is currently evaluating the impact of the adoption of this statement on the Town's financial statements.

In June 2012, the GASB issued Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement 27*. GASB 68 improves financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision-useful information, supporting assessments of accountability and inter-period equity, and creating additional transparency. This statement is effective for the fiscal year ending September 30, 2015. Management is currently evaluating the impact of the adoption of this statement on the Town's financial statements.

In November 2013, the GASB issued Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*. This Statement amends paragraph 137 of GASB 68 to require that, at transition, a government recognize a beginning deferred outflow of resources for its pension contributions, if any, made subsequent to the measurement date of the beginning net pension liability. The provisions of this Statement are required to be applied simultaneously with the provisions of GASB 68. Management is currently evaluating the impact of the adoption of this statement on the Town's financial statements.

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**REQUIRED SUPPLEMENTARY INFORMATION**  
**(Other Than MD&A)**

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**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, 2013**

	Budget Amounts		Actual Amounts	Variance
	Original	Final Revised		
<b>Revenues</b>				
Property taxes	\$ 206,025	\$ 210,005	\$ 210,005	\$
Franchise taxes	218,500	213,950	192,552	(21,398)
Utility service taxes	338,726	318,726	342,478	23,752
Intergovernmental revenues	289,897	301,657	295,817	(5,840)
Licenses and permits	35,000	9,564	9,564	
Charges for services	25,000	46,000	45,117	(883)
Fines and forfeitures	5,000	1,800	1,711	(89)
Interest and other	8,600	2,454	2,421	(33)
Total revenues	<u>1,126,748</u>	<u>1,104,156</u>	<u>1,099,665</u>	<u>(4,491)</u>
<b>Expenditures</b>				
<b>General government</b>				
Legislative	39,235	43,235	24,449	18,786
Executive	275,259	279,748	278,008	1,740
Financial and administrative	23,750	21,050	19,828	1,222
Legal	60,000	107,000	106,975	25
Planning and zoning	148,700	182,333	176,148	6,185
Other general government	169,519	141,930	138,817	3,113
Total general government	<u>716,463</u>	<u>775,296</u>	<u>744,225</u>	<u>31,071</u>
<b>Public safety</b>				
Police	<u>275,285</u>	<u>275,285</u>	<u>275,243</u>	<u>42</u>
<b>Physical environment</b>				
Sanitation	<u>9,000</u>	<u>3,500</u>	<u>2,950</u>	<u>550</u>
Total expenditures	<u>1,000,748</u>	<u>1,054,081</u>	<u>1,022,418</u>	<u>31,663</u>
Excess (deficiency) of revenues over (under) expenditures	<u>126,000</u>	<u>50,075</u>	<u>77,247</u>	<u>27,172</u>
<b>Other financing sources</b>				
Transfers out	(526,000)	(679,153)	(679,153)	
Appropriation of fund balance	400,000	629,078		(629,078)
Total other financing sources	<u>(126,000)</u>	<u>(50,075)</u>	<u>(679,153)</u>	<u>(629,078)</u>
Net change in fund balance	<u>\$</u>	<u>\$</u>	(601,906)	<u>\$ (601,906)</u>
Fund balance, beginning of year			<u>1,334,787</u>	
Fund balance, end of year			<u>\$ 732,881</u>	

**TOWN OF LOXAHATCHEE GROVES, FLORIDA**  
**Required Supplementary Information (RSI)**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance-Budget and Actual**  
**Transportation Special Revenue Fund**  
**For the Year Ended September 30, 2013**

	Budget Amounts		Actual Amounts	Variance
	Original	Final Revised		
Revenues				
Intergovernmental revenues	\$ 366,571	\$ 366,571	\$ 360,071	\$ (6,500)
Total revenues	<u>366,571</u>	<u>366,571</u>	<u>360,071</u>	<u>(6,500)</u>
Expenditures				
Physical environment				
Roads and streets	<u>249,245</u>	<u>246,245</u>	<u>247,388</u>	<u>(1,143)</u>
Total expenditures	<u>249,245</u>	<u>246,245</u>	<u>247,388</u>	<u>(1,143)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>117,326</u>	<u>120,326</u>	<u>112,683</u>	<u>7,643</u>
Other financing sources				
Transfers in			141,844	(141,844)
Transfer to fund balance	<u>(117,326)</u>	<u>(120,326)</u>	<u>120,326</u>	<u>120,326</u>
Total other financing sources	<u>(117,326)</u>	<u>(120,326)</u>	<u>141,844</u>	<u>(21,518)</u>
Net change in fund balance	<u>\$</u>	<u>\$</u>	254,527	<u>\$ (13,875)</u>
Fund balance, beginning of year			<u>642,359</u>	
Fund balance, end of year			<u>\$ 896,886</u>	

# TOWN OF LOXAHATCHEE GROVES, FLORIDA

## Notes to the Required Supplementary Information (RSI)

September 30, 2013

### **Note 1 - Basis of Accounting**

Budgetary comparison schedules are presented for the General Fund and Transportation Fund, as required by generally accepted accounting principles. The budgetary process is described in Note 2 to the financial statements on page 24. Budgets are adopted on a basis consistent with generally accepted accounting principles.

### **Note 2 - Stewardship, Compliance, and Accountability**

Appropriations are legally controlled at the department level for the General Fund and at the fund level for the Transportation Fund. Expenditures may not legally exceed budgeted appropriations at that level. For the year ended September 30, 2013, the following departments or funds had an excess of expenditures over appropriations.

Transportation Fund	\$ 1,143
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# STATISTICAL SECTION

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## 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.*

### Contents

### Page

#### **Financial Trends**

*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:*

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Fund Balances of Governmental Funds	39
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#### **Revenue Capacity**

*These schedules contain information to help the reader assess the Town's most significant local revenue source, the property tax.*

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#### **Debt Capacity**

*These schedules present information to help the reader assess the affordability of the Town's current levels of outstanding debt and the Town's ability to issue additional debt in the future.*

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#### **Demographic and Economic Information**

*These schedules offer demographic and economic indicators to help the reader understand the environment within which the Town's financial activities take place.*

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#### **Operating Information**

*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.*

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Operating Indicators by Function	53

*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**

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

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Governmental activities:					
Net investment in capital assets	\$ 4,369	\$ 3,480	\$ 5,100	\$ 3,656	\$ 7,600
Restricted		16,849	315,885	449,365	620,295
Unrestricted	228,241	658,888	1,133,301	1,671,555	2,045,135
Total governmental activities net position	<u>\$ 232,610</u>	<u>\$ 679,217</u>	<u>\$ 1,454,286</u>	<u>\$ 2,124,576</u>	<u>\$ 2,673,030</u>
Business-type activities					
Unrestricted	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$ (4,102)</u>
Primary government:					
Net investment in capital assets	\$ 4,369	\$ 3,480	\$ 5,100	\$ 3,656	\$ 7,600
Restricted		\$ 16,849	315,885	449,365	620,295
Unrestricted	228,241	658,888	1,133,301	1,671,555	2,041,033
Total primary government net position	<u>\$ 232,610</u>	<u>\$ 679,217</u>	<u>\$ 1,454,286</u>	<u>\$ 2,124,576</u>	<u>\$ 2,668,928</u>
	<u>2012</u>	<u>2013</u>			
Governmental activities:					
Net investment in capital assets	\$ 55,475	\$ 1,538,853			
Restricted	642,359	896,886			
Unrestricted	2,334,787	2,132,881			
Total governmental activities net position	<u>\$ 3,032,621</u>	<u>\$ 4,568,620</u>			
Business-type activities					
Unrestricted	<u>\$ 31,689</u>	<u>\$ 37,058</u>			
Primary government:					
Net investment in capital assets	\$ 55,475	\$ 1,538,853			
Restricted	642,359	896,886			
Unrestricted	2,366,476	2,169,939			
Total primary government net position	<u>\$ 3,064,310</u>	<u>\$ 4,605,678</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 Position  
Last Ten Fiscal Years (1)  
(accrual basis of accounting)

	2007	2008	2009	2010	2011
<b>EXPENSES</b>					
Governmental activities:					
General government	\$ 113,836	\$ 581,459	\$ 558,728	\$ 451,305	\$ 477,173
Public safety	-	241,921	280,295	272,064	274,785
Physical environment	-	383,508	480,523	716,178	182,996
<b>Total governmental activities</b>	<u>113,836</u>	<u>1,206,888</u>	<u>1,319,546</u>	<u>1,439,547</u>	<u>934,954</u>
Business-type activities:					
Sanitation	-	-	-	-	469,761
<b>Total primary government expenses</b>	<u>113,836</u>	<u>1,206,888</u>	<u>1,319,546</u>	<u>1,439,547</u>	<u>1,404,715</u>
<b>PROGRAM REVENUES</b>					
Governmental activities:					
Charges for services:					
General government	14	8,119	12,496	12,743	11,948
Public safety	-	1,500	-	-	-
Physical environment	-	330,238	500,260	445,368	-
Operating grants and contributions	-	-	-	-	-
Capital grants and contributions	-	-	-	-	453
<b>Total governmental activities program revenues</b>	<u>14</u>	<u>339,857</u>	<u>512,756</u>	<u>458,111</u>	<u>12,401</u>
Business-type activities:					
Charges for services-Sanitation	-	-	-	-	464,023
<b>Total primary government program revenues</b>	<u>14</u>	<u>339,857</u>	<u>512,756</u>	<u>458,111</u>	<u>476,424</u>
<b>Net (expense) revenue</b>					
Governmental activities	(113,822)	(867,031)	(806,790)	(981,436)	(922,553)
Business-type activities	-	-	-	-	(5,738)
<b>Total primary government net (expenses) revenue</b>	<u>(113,822)</u>	<u>(867,031)</u>	<u>(806,790)</u>	<u>(981,436)</u>	<u>(928,291)</u>
<b>General revenues and Other Changes in Net Position:</b>					
Governmental activities:					
Property taxes	-	508,845	446,294	321,912	263,170
Utility taxes	154,857	205,802	268,748	481,710	345,155
Franchise fees based on gross receipts	65,729	218,236	232,172	208,158	207,153
Unrestricted intergovernmental revenue	124,459	361,896	625,617	633,171	635,465
Interest and other	1,387	18,859	9,028	6,775	20,064
Transfers	-	-	-	-	-
<b>Total governmental activities</b>	<u>346,432</u>	<u>1,313,638</u>	<u>1,581,859</u>	<u>1,651,726</u>	<u>1,471,007</u>
Business-type activities:					
Interest and other	-	-	-	-	1,636
Transfers	-	-	-	-	-
<b>Total business-type activities</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,636</u>
<b>Total primary government</b>	<u>346,432</u>	<u>1,313,638</u>	<u>1,581,859</u>	<u>1,651,726</u>	<u>1,472,643</u>
<b>Change in Net Position</b>					
Governmental activities	232,610	446,607	775,069	670,290	548,454
Business-type activities	-	-	-	-	(4,102)
<b>Total primary government</b>	<u>\$ 232,610</u>	<u>\$ 446,607</u>	<u>\$ 775,069</u>	<u>\$ 670,290</u>	<u>\$ 544,352</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>2012</u>	<u>2013</u>
\$ 580,508	\$ 744,933
274,911	275,243
342,238	366,296
1,197,657	1,386,472
429,196	479,497
1,626,853	1,865,969
107,895	56,392
-	-
-	-
-	-
49,813	1,600,044
157,708	1,656,436
464,987	347,557
622,695	2,003,993
(1,039,949)	269,964
35,791	(131,940)
(1,004,158)	138,024
214,645	210,005
341,596	342,478
193,270	192,552
648,838	655,888
1,191	2,421
-	(137,309)
1,399,540	1,266,035
-	-
-	137,309
-	137,309
1,399,540	1,403,344
359,591	1,535,999
35,791	5,369
\$ 395,382	\$ 1,541,368

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

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
General Fund					
Nondisposable-prepays	\$ 5,095	\$ 20,944	\$ 27,969	\$ 28,437	\$ 28,437
Restricted for transportation			315,885		
Assigned for capital projects					1,000,000
Unassigned	<u>223,146</u>	<u>654,793</u>	<u>1,105,332</u>	<u>1,643,118</u>	<u>1,016,698</u>
Total general fund	<u>\$ 228,241</u>	<u>\$ 675,737</u>	<u>\$ 1,449,186</u>	<u>\$ 1,671,555</u>	<u>\$ 2,045,135</u>
All other governmental funds					
Restricted for transportation	\$	\$	\$	\$ 449,365	\$ 620,295
Assigned for capital projects					
Total all other governmental funds	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$ 449,365</u>	<u>\$ 620,295</u>
	<u>2012</u>	<u>2013</u>			
General Fund					
Nondisposable-prepays	\$ 22,899	\$ 42,604			
Restricted for transportation					
Assigned for capital projects					
Unassigned	<u>1,311,888</u>	<u>690,277</u>			
Total general fund	<u>\$ 1,334,787</u>	<u>\$ 732,881</u>			
All other governmental funds					
Restricted for transportation	\$ 642,359	\$ 896,886			
Assigned for capital projects	<u>1,000,000</u>	<u>1,400,000</u>			
Total all other governmental funds	<u>\$ 1,642,359</u>	<u>\$ 2,296,886</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)**

	2007	2008	2009	2010	2011
<b>REVENUES</b>					
Property taxes	\$ -	\$ 508,845	\$ 446,294	\$ 321,912	\$ 263,170
Utility taxes	154,857	205,802	268,748	481,710	345,155
Franchise fees	65,729	218,236	232,172	208,158	207,153
Intergovernmental revenue	124,459	361,896	625,617	633,171	635,465
Charge for services	-	330,238	502,035	447,379	2,352
Licenses and permits	-	8,119	10,721	10,732	9,596
Fines and forfeitures	14	1,500	-	-	-
Contributions from private sources	-	-	-	-	-
Interest and other	1,387	18,859	9,028	6,775	20,064
Total revenues	346,446	1,653,495	2,094,615	2,109,837	1,482,955
<b>EXPENDITURES</b>					
Current:					
General government	113,762	807,439	560,348	449,861	480,664
Public safety	-	241,921	280,295	272,064	274,785
Physical environment	-	156,639	480,523	716,178	182,996
Capital outlay	4,443	-	-	-	-
Total expenditures	118,205	1,205,999	1,321,166	1,438,103	938,445
<b>Net change in fund balances</b>	<b>\$ 228,241</b>	<b>\$ 447,496</b>	<b>\$ 773,449</b>	<b>\$ 671,734</b>	<b>\$ 544,510</b>
Debt service as a percentage of noncapital expenditures	0.0%	0.0%	0.0%	0.0%	0.0%
	2012	2013			
<b>REVENUES</b>					
Property taxes	\$ 214,645	\$ 210,005			
Utility taxes	341,596	342,478			
Franchise fees	193,270	192,552			
Intergovernmental revenue	648,838	655,888			
Charge for services	61,650	45,117			
Licenses and permits	10,518	9,564			
Fines and forfeitures	35,727	1,711			
Contributions from private sources	49,813	-			
Interest and other	1,191	2,421			
Total revenues	1,557,248	1,459,736			
<b>EXPENDITURES</b>					
Current:					
General government	578,987	744,225			
Public safety	274,911	275,243			
Physical environment	340,971	250,338			
Capital outlay	50,663	-			
Total expenditures	1,245,532	1,269,806			
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in		541,844			
Transfers out		(679,153)			
	-	(137,309)			
<b>Net change in fund balances</b>	<b>\$ 311,716</b>	<b>\$ 52,621</b>			
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 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 Service (2)
2007	\$ -	\$ 154,857	\$ 124,459	\$ 65,729	\$ -
2008	508,845	187,584	361,896	218,236	330,238
2009	446,294	268,748	625,617	232,172	502,035
2010	321,912	481,710	633,171	208,158	444,379
2011	263,170	345,155	635,465	207,153	2,352
2012	214,645	341,596	648,838	193,270	61,650
2013	210,005	342,478	655,888	192,552	45,117

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

(2) Starting in 2011 sanitation revenue is recorded in the Sanitation Fund.

<u>License and Permits</u>	<u>Fines and Forfeitures</u>	<u>Contributions from Private Sources</u>	<u>Interest</u>	<u>Total</u>
\$ -	\$ 14	\$ -	\$ 1,387	\$ 346,446
8,119	1,500	-	18,859	1,635,277
10,721	12	-	9,016	2,094,615
10,732	-	-	6,775	2,106,837
9,596	-	-	20,064	1,482,955
10,518	35,727	49,813	1,191	1,557,248
9,564	1,711	-	2,421	1,459,736

**TOWN OF LOXAHATCHEE GROVES, FLORIDA**  
 Assessed Value and Estimated Actual Value of Taxable Property  
 Last Ten Fiscal Years (1)

Fiscal Year	Real Property				Personal Property	Net Assessed Value
	Residential Property	Commercial Property	Agricultural Property	Gov't/Institutional Property		
2007	(1)	(1)	(1)	(1)	(1)	(1)
2008	\$ 245,439,224	\$ 17,618,241	\$ 72,320,220	\$ 2,222,765	\$ 12,680,070	\$ 350,280,520
2009	207,549,455	18,974,712	71,068,044		9,797,359	307,389,570
2010	146,181,111	16,932,326	54,450,995		9,823,860	227,388,292
2011	143,947,895	14,652,455	59,567,834		12,798,827	230,967,011
2012	140,860,901	13,939,039	61,640,848		12,048,183	228,488,971
2013	135,879,337	19,406,534	63,669,330		12,887,438	231,842,639

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 was fiscal year 2008. Therefore, information for fiscal periods prior to that are not available.

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%
1.4000	459,295,516	49.51%
1.2000	327,489,734	70.53%
1.2000	313,377,456	72.91%
1.2000	308,896,937	75.06%

**TOWN OF LOXAHATCHEE GROVES, FLORIDA**

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

Fiscal Year	Town Operating Millage	OVERLAPPING RATES			
		Palm Beach County School District	Palm Beach County	County Palm Beach County Health Care District	Palm Beach County Library System
2007	(1)	(1)	(1)	(1)	(1)
2008	1.500	7.360	6.760	0.890	0.540
2009	1.500	7.250	6.920	1.000	0.540
2010	1.400	7.980	8.020	1.150	0.550
2011	1.200	8.010	8.450	1.150	0.610
2012	1.200	7.778	8.789	1.220	0.605
2013	1.200	7.586	8.443	1.080	0.606

(1) The Town incorporated in November 2006 and its first year of setting its millage rate was 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.

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

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
0.620	0.690	0.040	20.450
0.620	0.748	0.035	20.823
0.620	0.730	0.035	20.977
0.411	0.702	0.035	20.063

**TOWN OF LOXAHATCHEE GROVES, FLORIDA**  
Principal Property Taxpayers  
Last year and nine years ago

<u>2013</u>				<u>2004(1)</u>			
<u>Taxpayer</u>	<u>Assessed Valuation</u>	<u>Rank</u>	<u>Percentage Total Assessed Valuation</u>	<u>Taxpayer</u>	<u>Assessed Valuation</u>	<u>Rank</u>	<u>Percentage Total Assessed Valuation</u>
R BROKE NOW LLC	\$ 2,255,188	1	1.26				
YEES CORP	1,873,410	2	1.04				
GROVES MEDICAL PLAZA LLC	1,793,040	3	1.00				
EVERGLADES FARM EQUIP CO	1,628,455	4	0.91				
CONSTANTINE ZDARSKY	1,463,369	5	0.81				
SOUTHERN MANAGEMENT CORP	1,408,363	6	0.78				
SUNSPORT GARDENS	1,109,017	7	0.62				
JULIEN PLANTE	939,315	8	0.52				
ROYALS OK LUNCH INC	923,000	9	0.51				
WELLINGTON HESS INC.	824,884	10	0.46				
	<u>\$ 14,218,041</u>		<u>7.91</u>				

(1) The Town incorporated in November 2006. Therefore, information for fiscal periods prior to that are not available.

**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	441,450	94.73%	n/a	441,450	94.73%
2010	319,175	307,800	96.44%	n/a	307,800	96.44%
2011	263,434	261,597	99.30%	n/a	261,597	99.30%
2012	219,578	214,645	97.75%	n/a	214,645	97.75%
2013	215,284	210,006	97.55%	n/a	210,006	97.55%

(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**  
 Direct and Overlapping Governmental Activities Debt  
 Fiscal year ended September 30, 2013

<u>Government Unit</u>	<u>Net Debt Outstanding</u>	<u>Estimated Percentage Applicable(1)</u>	<u>Amount Applicable to Town of Loxahatchee Groves</u>
Debt repaid with property taxes:			
Palm Beach County	\$ 187,210,000	0.18%	\$ 336,978
Palm Beach County School Board		0.18%	-
Other debt:			
Palm Beach County	761,946,000	0.18%	1,371,503
Palm Beach County School Board	26,370,000	0.18%	47,466
Town of Loxahatchee Groves direct debt	n/a	n/a	-
Total direct and overlapping debt			<u>\$ 1,755,947</u>

Sources: Data provided by the Palm Beach Country Finance Department and Palm Beach Country School Board

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the Town. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the Town of Loxahatchee Groves. This process recognizes that, when considering the Town's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt.

(1) For debt repaid with property taxes, the percentage of overlapping debt applicable is estimated using taxable assessed property values by taking the value that is within the Town's boundaries and dividing it by the County's and School Boards total taxable assessed value. This approach was also used for the other debt.

**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%
2010	3,200	n/a	n/a	12.4%
2011	3,091	n/a	n/a	12.4%
2012	3,173	n/a	n/a	8.20%
2013	3,262	n/a	n/a	7.10%

(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

Last year and nine years ago

Employer	2013			2004(1)		
	<u>EMPLOYEES</u>	<u>RANK</u>	<u>Percentage of Total County Employment</u>	<u>EMPLOYEES</u>	<u>RANK</u>	<u>Percentage of Total County Employment</u>
Palm Beach County School District	21,495	1	3.71%			
Palm Beach County	11,381	2	1.96%			
Tenet Healthcare Corp.	6,100	3	0.94%			
Florida Power & Light	3,635	4	0.63%			
Wackenhut Corporation	3,000	5	0.52%			
Hospital Corporation of America	2,714	6	0.47%			
Florida Atlantic University	2,706	7	0.47%			
Bethesda Memorial Hospital	2,391	8	0.41%			
Boca Raton Community Hospital	2,250	9	0.40%			
Veterans Health Administration	2,207	10	0.40%			
	<u>57,879</u>		<u>9.91%</u>			

Source: Business Development Board of Palm Beach County

Note: The Town is not a significant area for employment but rather a residential community. Therefore, Palm Beach County statistics were used.

(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	2007	2008	2009	2010	2011
Legislative	(2)	(2)	(2)	(2)	(2)
Clerk	(2)	(2)	(2)	(2)	(2)
General government	(2)	(2)	(2)	(2)	(2)
Community Development	(2)	(2)	(2)	(2)	(2)
Public Works	(2)	(2)	(2)	(2)	(2)
Parks	(2)	(2)	(2)	(2)	(2)
Public Safety: Police	(3)	(3)	(3)	(3)	(3)

Function	2012	2013
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 .

Source: Town of Loxahatchee Groves Finance Department

**TOWN OF LOXAHATCHEE GROVES, FLORIDA**  
 Operating Indicators by Function  
 Last Ten Fiscal Years (1)

Function/Program	2007	2008	2009	2010	2011
<b>Public Safety</b>					
Police:					
Number of emergency calls for service	(2)	(2)	(2)	(2)	(2)
Number of non-emergency calls for service	(2)	(2)	(2)	(2)	(2)
Number of arrests	(2)	(2)	(2)	(2)	(2)
Number of uniformed officers	(2)	(2)	(2)	(2)	(2)
Building and Zoning:					
Number of building permits issued	(2)	(2)	(2)	(2)	(2)
Number of certificates of use issued	(2)	(2)	(2)	(2)	(2)
Number of occupational licenses issued	(2)	(2)	(2)	(2)	(2)
<b>Culture and Recreation</b>					
Number of parks	(3)	(3)	(3)	(3)	(3)
Function/Program	2012	2013			
<b>Public Safety</b>					
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)			
<b>Culture and Recreation</b>					
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

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## COMPLIANCE SECTION

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# NOWLEN, HOLT & MINER, P.A.

CERTIFIED PUBLIC ACCOUNTANTS

WEST PALM BEACH OFFICE  
NORTHBRIDGE CENTRE  
515 N. FLAGLER DRIVE, SUITE 1700  
POST OFFICE BOX 347  
WEST PALM BEACH, FLORIDA 33402-0347  
TELEPHONE (561) 659-3060  
FAX (561) 835-0628  
WWW.NHMCOPA.COM

## 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*

EVERETT B. NOWLEN (1930-1984), CPA  
EDWARD T. HOLT, CPA  
WILLIAM B. MINER, CPA  
ROBERT W. HENDRIX, JR., CPA  
JANET R. BARICEVICH, CPA  
TERRY L. MORTON, JR., CPA  
N. RONALD BENNETT, CVA, ABV, CFF, CPA  
ALEXIA G. VARGA, CFE, CPA  
EDWARD T. HOLT, JR., PFS, CPA  
BRIAN J. BRESCIA, CFP®, CPA

KATHLEEN A. MINER, CPA  
J. MICHAEL STEVENS, CPA  
JARRETT A. PERRY, CPA  
KARA D. PETERSON, CFE, CPA  
MARK J. BYMASTER, CFE, CPA  
RUDINA TORO, CPA  
RYAN M. SHORE, CFP®, CPA  
TIMOTHY H. SCHMEDES, CFP®, CPA  
WEI PAN, CPA

BELLE GLADE OFFICE  
333 S.E. 2nd STREET  
POST OFFICE BOX 338  
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, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, and each major fund of the Town of Loxahatchee Groves, Florida, as of and for the year ended September 30, 2013, and the related notes to the financial statements, which collectively comprise the Town of Loxahatchee Groves, Florida's basic financial statements and have issued our report thereon dated March 26, 2014.

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

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented,

or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

### **Compliance and Other Matters**

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

### **Purpose of this Report**

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

*Nowlen, Holt & Miner, P.A.*

West Palm Beach, Florida  
March 26, 2014



**NOWLEN, HOLT & MINER, P.A.**

CERTIFIED PUBLIC ACCOUNTANTS

WEST PALM BEACH OFFICE  
NORTHBRIDGE CENTRE  
515 N. FLAGLER DRIVE, SUITE 1700  
POST OFFICE BOX 347  
WEST PALM BEACH, FLORIDA 33402-0347  
TELEPHONE (561) 659-3060  
FAX (561) 835-0628  
WWW.NHMCPA.COM

EVERETT B. NOWLEN (1930-1984), CPA  
EDWARD T. HOLT, CPA  
WILLIAM B. MINER, CPA  
ROBERT W. HENDRIX, JR., CPA  
JANET R. BARICEVICH, CPA  
TERRY L. MORTON, JR., CPA  
N. RONALD BENNETT, CVA, ABV, CFF, CPA  
ALEXIA G. VARGA, CFE, CPA  
EDWARD T. HOLT, JR., PFS, CPA  
BRIAN J. BRESCIA, CFP®, CPA

KATHLEEN A. MINER, CPA  
J. MICHAEL STEVENS, CPA  
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**MANAGEMENT LETTER IN ACCORDANCE WITH  
THE RULES OF THE AUDITOR GENERAL  
OF THE STATE OF FLORIDA**

BELLE GLADE OFFICE  
333 S.E. 2nd STREET  
POST OFFICE BOX 338  
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 financial statements of the Town of Loxahatchee Groves, Florida, as of and for the fiscal year ended September 30, 2013, and have issued our report thereon dated March 26, 2014.

We conducted our audit in accordance with U.S. generally accepted auditing standards, the standards applicable to financial audits contained in *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 Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards. Disclosures in that report, which is dated March 26, 2014, should be considered in conjunction with this management letter.

Additionally, our audit was conducted in accordance with Chapter 10.550, Rules of the Auditor General, which governs the conduct of local governmental entity audits performed in the State of Florida. This letter includes the following information, which is not included in the aforementioned auditor’s reports.

**PRIOR YEAR COMMENTS**

The Rules of the Auditor General require that we address in the management letter whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. Comment 2013-1 regarding expenditures in excess of the budget is a repeat comment from the prior year and was included in that report as comment 2012-1. Corrective actions have been taken to address all other findings and recommendations made in the preceding annual financial audit report.

## CURRENT YEAR COMMENTS

The Rules of the Auditor General require that we address in the management letter any recommendations to improve financial management. In connection with our audit for the fiscal year ended September 30, 2013, we did not have any such recommendations.

### *Investment of Public Funds*

Rules of the Auditor General require our audit to include a review of the Town's compliance with Section 218.415, Florida Statutes, regarding the investment of public funds. In connection with our audit for the fiscal year ended September 30, 2013, the results of our procedures did not disclose any instances of noncompliance with Section 218.415, Florida Statutes.

### *Noncompliance with Provisions of Contracts and Grants, or Abuse*

Rules of the Auditor General require that we address noncompliance with provisions of contracts or grant agreements, or abuse that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but which warrants the attention of those charged with governance. In connection with our audit for the fiscal year ended September 30, 2013, we did not have any such findings.

### *Oversight Unit and Component Units*

Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. This information is disclosed in Note 1 to the financial statements.

### *Consideration of Financial Emergency Criteria*

Rules of the Auditor General require 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, the results of our procedures did not disclose that the Town of Loxahatchee Groves, Florida has met any of the conditions described in Section 218.503(1) during the fiscal year ended September 30, 2013.

### *Annual Financial Report*

Rules of the Auditor General require that we determine whether the annual financial report for the Town of Loxahatchee Groves, Florida for the fiscal year ended September 30, 2013, filed with the Florida Department of Financial Services pursuant to Section 218.32(1)(a), Florida Statutes, is in agreement with the annual financial audit report for the fiscal year ended September 30, 2013. In connection with our audit, we noted that the two reports were in substantial agreement.

Financial Condition Assessment Procedures

Pursuant to Rules of the Auditor General, we applied financial condition assessment procedures. It is management's responsibility to monitor the Town's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provide by management. The results of our procedures did not disclose any matters that are required to be reported. Our assessment was made as of the fiscal year end.

2013-1 Excess of Expenditures Over Appropriations

The transportation fund had expenditures in excess of appropriations in the amount of \$1,143.

*Management's Response:* Management concurs with the comment and to avoid this occurrence in the future, it will be incumbent upon management to more effectively monitor year end work and associated invoices to assure that all invoices and payments are recorded and addressed in the end-of-year budget amendments.

Response to Management Letter

We did not audit management's response to the management letter above and express no opinion on it

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, management, the audit committee, Town Council, and federal and state awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

*Nowlen, Holt & Mimer, P.A.*

March 26, 2014  
West Palm Beach, Florida