

# **TOWN OF LOXAHATCHEE GROVES, FLORIDA**



**COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED**

**SEPTEMBER 30, 2019**

**TOWN OF LOXAHATCHEE GROVES, FLORIDA**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019**

PREPARED BY:  
THE TOWN OF LOXAHATCHEE GROVES

**TOWN OF LOXAHATCHEE GROVES, FLORIDA**  
**TABLE OF CONTENTS**

	PAGE
<b>I. INTRODUCTORY SECTION</b>	
Letter of Transmittal	i
List of Town Officials	v
Organizational Chart	vi
<b>II. FINANCIAL SECTION</b>	
INDEPENDENT AUDITOR'S REPORT	1
MANAGEMENT'S DISCUSSION AND ANALYSIS (Required Supplementary Information)	4
BASIC FINANCIAL STATEMENTS:	
Government-Wide Financial Statements:	
Statement of Net Position	16
Statement of Activities	17
Fund Financial Statements:	
Balance Sheet – Governmental Funds	18
Reconciliation of the Balance Sheet – Governmental Funds to the Statement of Net Position	20
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	21
Reconciliation of Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds to the Statement of Activities	23
Statement of Net Position – Proprietary Fund	24
Statement of Revenues, Expenses, and Changes in Net Position – Proprietary Fund	25
Statement of Cash Flows – Proprietary Fund	26
Notes to the Financial Statements	27
REQUIRED SUPPLEMENTARY INFORMATION	
Schedules of Revenues, Expenditures and Changes in Fund Balance –Budget and Actual–	
General Fund	59
Roads and Drainage Fund	60
Transportation Fund	61
Local Option Sales Tax Fund	62
Notes to the Required Supplementary Information	63

**TOWN OF LOXAHATCHEE GROVES, FLORIDA**  
**TABLE OF CONTENTS**

	PAGE
REQUIRED SUPPLEMENTARY INFORMATION (Continued)	
Schedule of Employer Contributions – Florida Retirement System Pension Plan	64
Schedule of Proportionate Share of Net Pension Liability – Florida Retirement System Pension Plan	65
Schedule of Employer Contributions – Florida Retirement System Retiree Health Insurance Subsidy Program	66
Schedule of Proportionate Share of Net Pension Liability – Florida Retirement System Retiree Health Insurance Subsidy Program	67
III. STATISTICAL SECTION	
Net Position by Component	68
Changes in Net Position	69
Fund Balances of Governmental Funds	71
Changes in Fund Balances of Governmental Funds	72
General Governmental Revenues by Source	73
Assessed Value and Estimated Actual Value of Taxable Property	75
Property Tax Rates Direct and Overlapping Governments	77
Principal Property Tax Payers	79
Property Tax Levies and Collections	80
Direct and Overlapping Governmental Activities Debt	81
Demographic and Economic Statistics	82
Principal Employers-Palm Beach County	83
Full-Time Equivalent Town Government Employees by Function	84
Operating Indicators by Function	85
IV. COMPLIANCE SECTION	
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	86
Management Letter in Accordance with the Rules of the Auditor General of the State of Florida	90
Independent Accountant's Report on Compliance with Section 218.415 Florida Statutes	94

---

---

## INTRODUCTORY SECTION

---

---



# Town of Loxahatchee Groves

155 F Road, Loxahatchee Groves, FL • 33470 (561) • 793-2418 Fax (561) 793-2420  
[www.loxahatcheegrovesfl.gov](http://www.loxahatcheegrovesfl.gov)

January 25, 2021

To: Honorable Mayor and Members of the Town Council  
155 F Road  
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, 2019, 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 issued an unmodified opinion that this report fairly represents the financial position of the Town in conformity with GAAP. Management’s Discussion & Analysis (MD&A) immediately follows the independent auditor’s report and provides narrative introduction, overview and analysis of the basic financial statements. MD&A complements this letter of transmittal, it 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”), initially incorporated in November 2006. The Town has a population estimated at 3,593 for the year 2019 from the University of Florida, Bureau of Economic and Business Research (“BEBR”) residents living within 12.5 square miles. The Town is a rural-residential-agricultural community with a very limited commercial district primarily along SR-80 (Southern Boulevard).

The Town operates under a Council-Manager form of government in which the Town elects five council members, one of whom is appointed Mayor. Council members are elected for staggered three-year terms. The Town Council determines policies that guide Town operations, hiring a Town Manager and Attorney to administer these policies on a full-time basis. From incorporation through May 2019, the Town functioned under a “Contract Form of Government” with a private management company supplying employees, services and Town administration management under the legislative direction and policies of the Town Council. The Town Attorney also serves the Town pursuant to contract rather than as an employee.

Fiscal 2019 was a year of significant transition:

- In June 2018, legislative act and voter referendum led to consolidation of the Loxahatchee Groves

Water Control District (LGWCD) into the Town as a dependent district. The Town became responsible for all roads and drainage operations and accordingly, established a Public Works department with the positions absorbed from LGWCD. The dependent district operations are accounted for in the Roads & Drainage Fund.

- In March 2019, the Town hired its first Town Manager as an employee and, in May 2019, the management contract was terminated early with a majority of existing management company staff becoming Town employees.
- In June of 2019, the Town selected a new firm to serve as Town Attorney.

The transition to a traditional full service, albeit small, local government model is a multi-year all-encompassing endeavor including but not limited to a shift in service delivery models, revisiting Town standards, evaluating all contract services, establishing and updating policies & procedures, implementing new processes, and so on in an effort to better serve the community. The Town's continued focus is addressing deferred maintenance and infrastructure needs; developing and implementing a comprehensive Capital Improvements Program (CIP) and related funding mechanisms; automating and streamlining administrative functions; increasing transparency and accountability; and achieving financial sustainability.

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 department function object.

Balancing competing needs drives the budget process which is a continuous cycle of predicting both long and short-term needs. Budgetary needs are constantly prioritized with choices made within the framework of established policies and resources. Necessities like delivery of basic operational and maintenance services, personnel costs, insurance coverage, and debt service usually take initial priority whether provided in-house, inter-governmentally, and/or contractually. The Town strives to constantly address issues critical to serving our residents, maintaining or improving quality of life and preserving richness of community character.

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. Warrants (transfers) of funds assessed between the Town and its dependent district are approved by Council.

## **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 and in the surrounding western communities. The major economic influences in this area are the housing market, the regional job market, new construction, weather events, any future tax reform and/or other legislative mandates.

Positive signs about the national and local economies are evidenced by the continuing annual increases in average residential market values and influx of new residents the Town has experienced for the last number of years along with relatively stable employment in the area which remains higher than national averages. Also, the equestrian community and industry play a major role in the economy of the western communities as approximately two-thirds of Palm Beach County's equestrian industry is located in the region including horse farms, stables and a variety of equestrian venues.

However, perhaps the key factor in the local and national economy as we issue this report is the ultimate impact of COVID 19 which continues to be unknown and will depend on the duration and severity of the pandemic—both highly uncertain and cannot be predicted with confidence. Nonetheless, the resulting financial impact could be anticipated to have a material adverse impact on the Town's operations, financial position, and results of operations as we proceed into the future.

For the fiscal year ending September 30, 2019 the Town Council adopted a rate of 3.0000 mills. This millage rate resulted in total tax levy of \$962,348, representing an increase of \$348,460 or 57% from the property tax levy for 2018. The driver behind the increase was the desire to begin "rebuilding" the Town and its critical infrastructure and to properly position the Town for the future by building reserves. This is critical as the Town's tax base is primarily residential, with considerable agricultural exemptions and little commercial property, and future property tax growth limited to the annual growth rate of per capita personal income, which is currently minimal, plus the value of new construction.

### **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 certain 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.

### **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 function object 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**

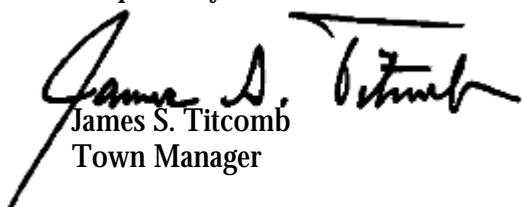
In accordance with Florida Statutes Section 218.39, the Town has engaged the firm of Nowlen, Holt & Miner, P.A., to perform the independent audit of the Town's financial statements for the year ended September 30, 2019. The Independent Certified Public Auditor's report is presented in the financial section of this Comprehensive Annual Financial Report.

### **ACKNOWLEDGEMENTS**

The preparation of this report could not have been accomplished without the efficient and dedicated services of the entire staff of the Town and its auditing firm, Nowlen, Holt & Miner, P.A., as well as key independent financial professional contractors. 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, it is an honor to serve the Town, its residents and landowners. The leadership and support of the Mayor and Town Council have made the accomplishments and anticipated successes noted in this report possible and provide a strong foundation for the Town's future.

Respectfully submitted,



James S. Titcomb  
Town Manager

TOWN OF LOXAHATCHEE GROVES

List of Elected Town Officials

September 30, 2019

Council-Manager Form of Government

TOWN COUNCIL

Robert Shorr, Mayor (Seat 4)

David DeMarois, Vice Mayor (Seat 5)

Phillis Maniglia, Councilmember (Seat 1)

Laura Danowski, Councilmember (Seat 2)

Lisa El-Ramey, Councilmember (Seat 3)

ADMINISTRATION

Town Manager, James S. Titcomb

Assistant Town Manager, Francine L. Ramaglia, CPA

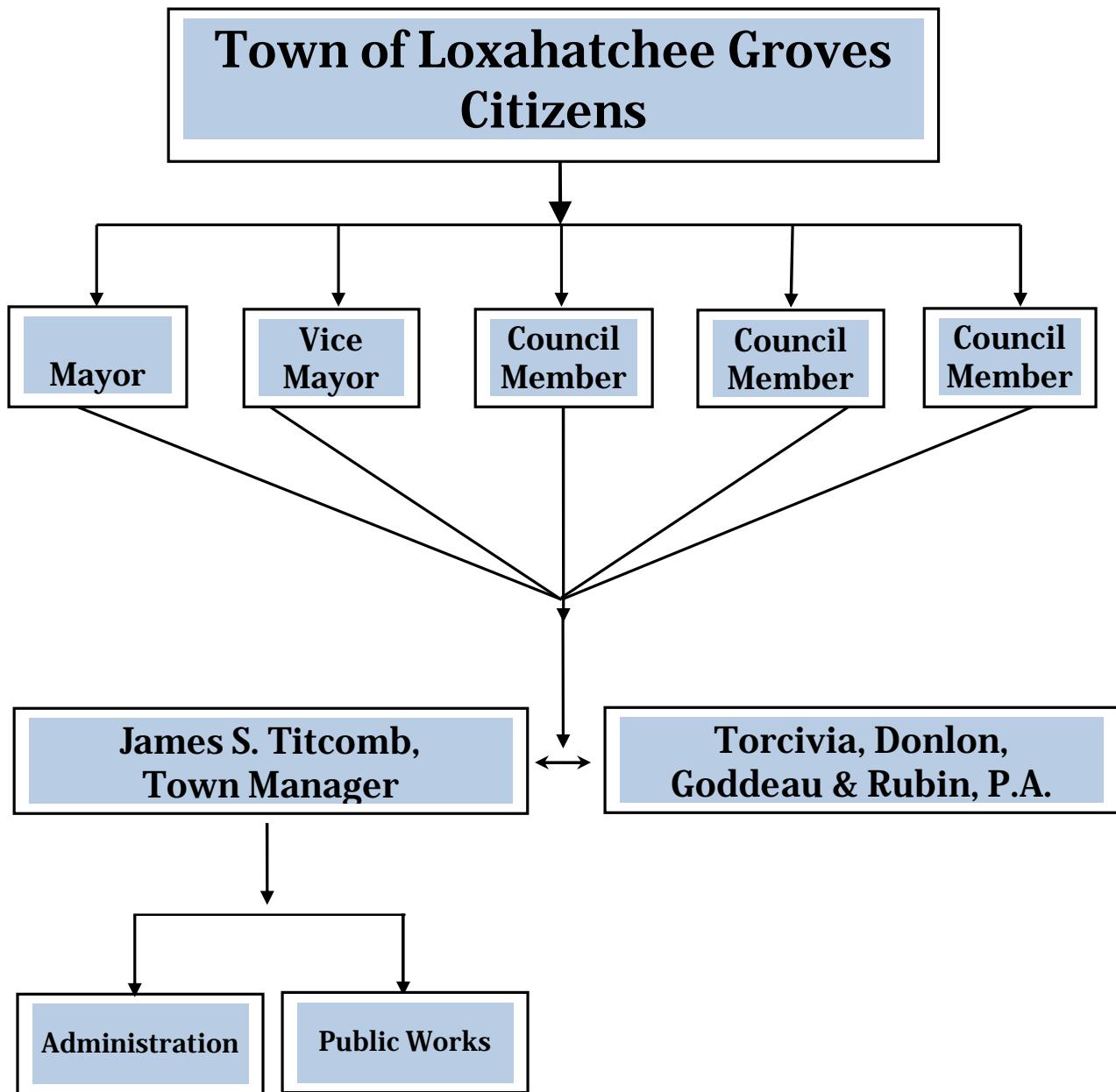
Town Attorney, R. Brian Shutt, Esq.

Town Clerk, Lakisha Q. Burch

Director of Public Works, Larry A. Peters, P.E.

Accounting Manager, Desiree Rice

# Town of Loxahatchee Groves Organizational Chart



---

---

## FINANCIAL SECTION

---

---

---

---

## INDEPENDENT AUDITOR'S REPORT

---

---

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.NHMCAPA.COM

EVERETT B. NOWLEN (1930-1984), CPA  
EDWARD T. HOLT, CPA  
WILLIAM B. MINER, RETIRED  
ROBERT W. HENDRIX, JR., CPA  
JANET R. BARICEVICH, RETIRED, 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. BRESCHIA, CFP®, CPA

## INDEPENDENT AUDITOR'S REPORT

MARK J. BYMASTER, CFE, CPA  
RYAN M. SHORE, CFP®, CPA  
WEI PAN, CPA  
WILLIAM C. KISKER, CPA  
RICHARD E. DOTTI, CPA

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

### 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, 2019, 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of the Town of Loxahatchee Groves, Florida as of September 30, 2019, 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 15, and budgetary comparison information on pages 59 through 63 and the pension schedules on pages 64 through 67 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 January 25, 2021, 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, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the effectiveness of the Town of Loxahatchee Groves, Florida's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Loxahatchee Groves, Florida's internal control over financial reporting and compliance.

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

West Palm Beach, Florida

January 25, 2021

---

---

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

---

---

**TOWN OF LOXAHATCHEE GROVES, FLORIDA**  
**Management's Discussion and Analysis**  
**September 30, 2019**

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, 2019. 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**

- Ø At September 30, 2019, the assets plus deferred outflows of the Town of Loxahatchee Groves exceeded its liabilities plus deferred inflows by \$8,115,032 of which \$4,989,272 was invested in capital assets and \$2,481,866 was restricted by law or agreements. The Town had \$643,894 (*unrestricted net position*) which may be used to meet the Town's ongoing obligations to citizens and creditors.
- Ø During the fiscal year 2019, net position increased by \$1,166,207 from current year operations.
- Ø At September 30, 2019, the Town of Loxahatchee Groves' General Fund reported an ending fund balance of \$796,133, an increase of \$310,908 as compared with the prior year. Of the total fund balance, 80% is available for spending at the government's discretion (*unreserved fund balance*). The unassigned fund balance represents 29% of total General Fund operating expenditures and transfers.
- Ø The Loxahatchee Groves Water Control District became a dependent special district on June 26, 2018, as the Roads and Drainage special revenue fund with \$1,269,175 of fund balance transferred in as of that date. The significant increases in both governmental revenues and expenditures in 2019 is a result of the first full year of the dependent district's operations.

### **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 deferred outflows/inflows, 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).

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 16 and 17 of this report.

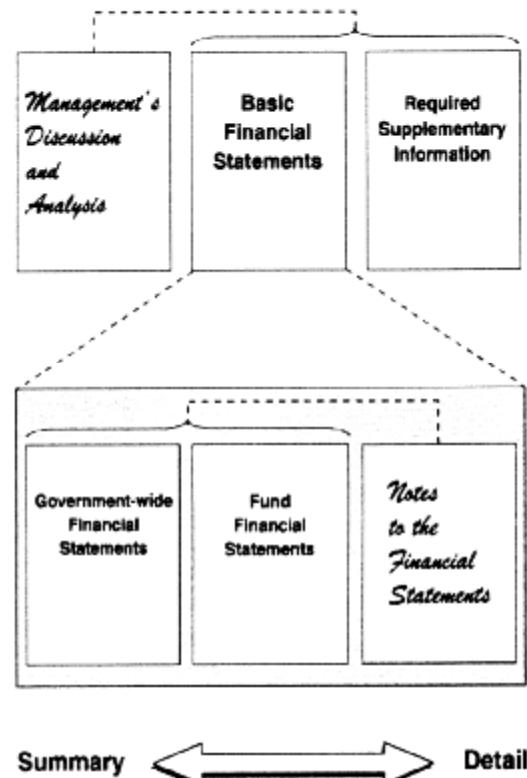
**Fund financial statements.** A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related 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 five governmental funds; the General Fund, the Roads and Drainage Fund, the Transportation Fund, the Local Option Sales Tax Fund, and the Capital Improvement Fund.

The Town adopts an annual appropriated budget for the General Fund, the Roads and Drainage Fund, the Transportation Fund, and the Local Option Sales Tax Fund. A budgetary comparison statement has been provided for the General Fund, the Roads and Drainage Fund, the Transportation Fund, and the Local Option Sales Tax Fund to demonstrate compliance with the budget.

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



The basic governmental fund financial statements can be found on pages 18 thru 23 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 24-26 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 27-58 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 plus deferred outflows exceeded liabilities plus deferred inflows by \$8,031,660. Business-type activity liabilities exceeded assets by \$83,372. The Town-wide total net position was \$8,115,032 at the close of the fiscal year ended September 30, 2019. The Statement of Net Position is on page 16 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 \$4,989,272 or 61% of total net position at September 30, 2019. 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 \$2,481,866 or 31% represents resources that are subject to external restrictions on how they may be used. The unrestricted net position of \$643,894 or 8% 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	
	2019	2018	2019	2018	2019	2018
<b>Assets:</b>						
Current and other assets	\$ 4,674,106	\$ 4,072,720	\$ 83,372	\$ 100,416	\$ 4,757,478	\$ 4,173,136
Capital assets	4,989,272	4,652,258	-	-	4,989,272	4,652,258
Total assets	9,663,378	8,724,978	83,372	100,416	9,746,750	8,825,394
Deferred outflows of resources	282,011	164,705	-	-	282,011	164,705
<b>Liabilities:</b>						
Long-term liabilities	1,186,906	1,537,886	-	-	1,186,906	1,537,886
Other liabilities	363,592	272,902	-	109,071	363,592	381,973
Total liabilities	1,550,498	1,810,788	-	109,071	1,550,498	1,919,859
Deferred inflows of resources	363,231	121,415	-	-	363,231	121,415
<b>Net position:</b>						
Net investment in capital assets	4,989,272	4,652,258	-	-	4,989,272	4,652,258
Restricted	2,481,866	1,973,806	-	-	2,481,866	1,973,806
Unrestricted	560,522	331,416	83,372	(8,655)	643,894	322,761
Total net position	\$ 8,031,660	\$ 6,957,480	\$ 83,372	\$ (8,655)	\$ 8,115,032	\$ 6,948,825

### **Governmental Activities.**

- Ø During the fiscal year 2019, net position increased by \$1,074,180 from current year operations.

### **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 approximately 1,500 residential properties \$450 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, 2019 and 2018. 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	
	2019	2018 (1)	2019	2018	2019	2018
<b>Revenues:</b>						
Program revenues:						
Charges for services	\$ 1,703,751	\$ 104,397	\$ 642,315	\$ 364,869	\$ 2,346,066	\$ 469,266
Grants and contributions	92,897	45,178	-	51,582	92,897	96,760
General revenues:						
Property taxes	913,924	612,844	-	-	913,924	612,844
Local option sales tax	244,142	219,920	-	-	244,142	219,920
Franchise fees	321,215	214,497	-	-	321,215	214,497
Utility taxes	474,036	388,641	-	-	474,036	388,641
Intergovernmental	755,583	748,944	-	-	755,583	748,944
Investment/other income	94,792	27,713	-	-	94,792	27,713
<b>Total revenues</b>	<b>4,600,340</b>	<b>2,362,134</b>	<b>642,315</b>	<b>416,451</b>	<b>5,242,655</b>	<b>2,778,585</b>
<b>Expenses:</b>						
General Government	1,452,992	1,051,357	-	-	1,452,992	1,051,357
Public safety	622,412	610,000	-	-	622,412	610,000
Physical environment	1,417,732	1,030,000	-	-	1,417,732	1,030,000
Sanitation	-	-	550,288	814,671	550,288	814,671
Interest	33,024	-	-	-	33,024	-
<b>Total expenses</b>	<b>3,526,160</b>	<b>2,691,357</b>	<b>550,288</b>	<b>814,671</b>	<b>4,076,448</b>	<b>3,506,028</b>
<b>Increase (decrease) in net position before transfers</b>	<b>1,074,180</b>	<b>(329,223)</b>	<b>92,027</b>	<b>(398,220)</b>	<b>1,166,207</b>	<b>(727,443)</b>
<b>Transfers:</b>	<b>-</b>	<b>(410,000)</b>	<b>-</b>	<b>410,000</b>	<b>-</b>	<b>-</b>
<b>Increase (decrease) in net position</b>	<b>1,074,180</b>	<b>(739,223)</b>	<b>92,027</b>	<b>11,780</b>	<b>1,166,207</b>	<b>(727,443)</b>
<b>Net position, beginning (1)</b>	<b>6,957,480</b>	<b>7,696,703</b>	<b>(8,655)</b>	<b>(20,435)</b>	<b>6,948,825</b>	<b>7,676,268</b>
<b>Net position, ending</b>	<b>\$ 8,031,660</b>	<b>\$ 6,957,480</b>	<b>\$ 83,372</b>	<b>\$ (8,655)</b>	<b>\$ 8,115,032</b>	<b>\$ 6,948,825</b>

(1) Includes \$1,269,175 transferred in from the Loxahatchee Groves Water Control District which became a dependent special district on June 26, 2018.

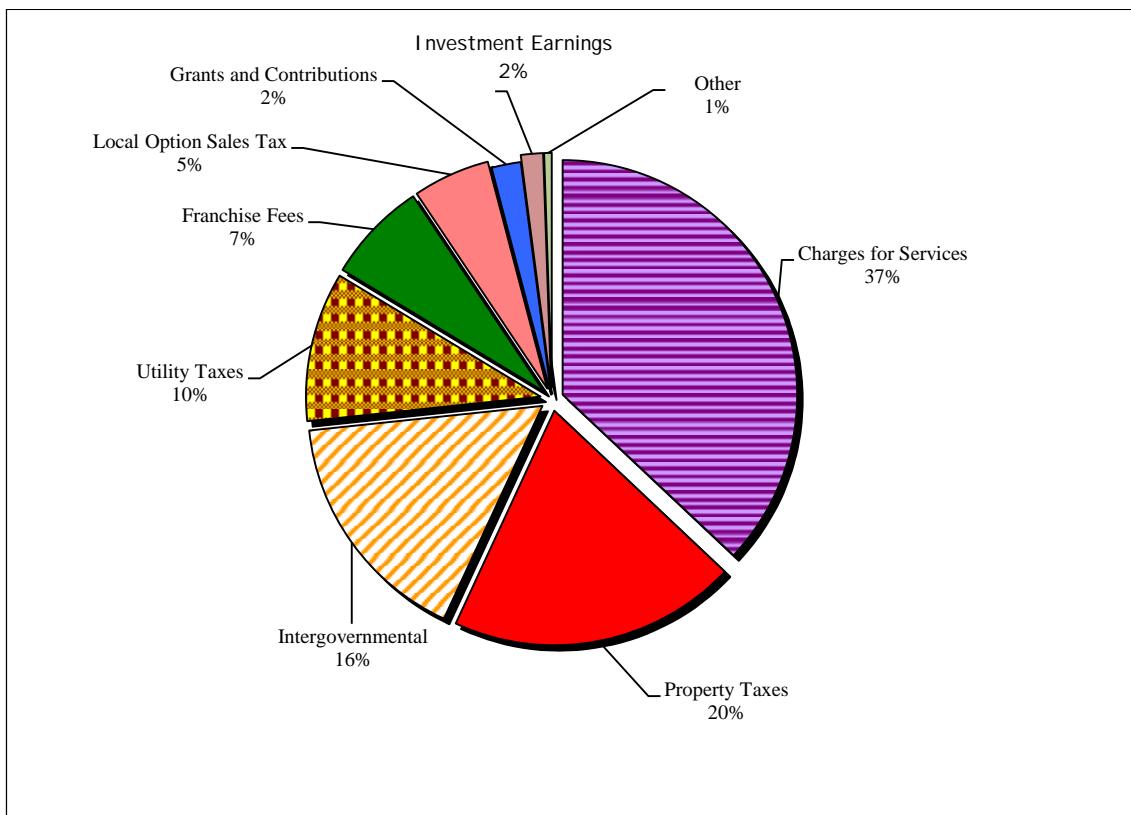
### **Governmental Activities.**

- Ø For fiscal year 2019, total revenues increased by \$2,238,206 of which \$1,847,996 is from increased revenue in Roads and Drainage special revenue fund attributable to the first full year of dependent district operations and \$301,080 due to increased property tax revenues resulting from both growth in tax base and rate.
- Ø Total expenses increased by \$834,803 or 31% primarily due to the first complete year of dependent district operations.

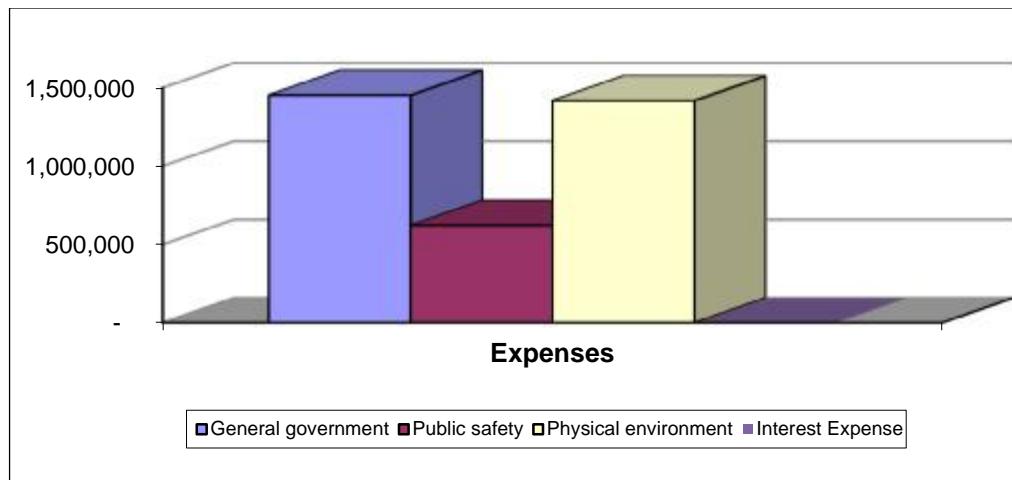
## **Business Activities.**

- Ø Fiscal year 2019 is the ninth 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, \$642,315. This figure represents the fees assessed for the Town's enterprise fund, Sanitation. Operating revenues increased by \$277,446 or 76% from a year ago due to an increase in assessments from \$256 to \$450 per unit as a result of significant increase in hauler contract renewal rates.
- Ø For business-type expenses, the \$550,288 represents Sanitation expenses. The decrease of \$264,383 in total expense was the result of clean-up from Hurricane Irma in prior year offset by increase in hauler contract costs in the current year. The Town increased its net position by \$92,027 at the end its ninth year of solid waste operations with ending net position of \$83,372 for the business-type activities.

**Figure A-2**  
**Town of Loxahatchee Groves**  
**Revenues by Source – Governmental Activities**  
**For the Fiscal Year Ended September 30, 2019**



**Figure A-3**  
**Town of Loxahatchee Groves**  
**Expenses – Governmental Activities**  
**For the Fiscal Year Ended September 30, 2019**



## **FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS**

The Town maintains five governmental funds; the General Fund, the Roads and Drainage Fund, the Transportation Fund, the Local Option Sales Tax Fund and the Capital Improvement Fund.

The Town adopts an annual appropriated budget for the General Fund, the Roads and Drainage Fund, the Transportation Fund, and the Local Option Sales Tax Fund. The General Fund provides revenues and resources for basic governmental services. The Roads and Drainage Fund is funded thru special assessments and accounts for the operations of the Town's dependent special district. The Transportation Fund is funded through a dedicated local option gas tax and can only be used for allowable transportation related expenses such as road, street maintenance, and construction. Likewise, the Local Option Sales Tax Fund is funded through an additional local option sales tax dedicated for infrastructure projects to occur over the next decade.

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 \$796,133, an increase of \$310,908 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, 2019 and 2018 is shown below:

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

	<u>2019</u>	<u>2018</u>	<u>Change</u>	<u>% Change</u>
<b>Assets</b>	<u><u>\$ 1,144,340</u></u>	<u><u>\$ 668,322</u></u>	<u><u>\$ 476,018</u></u>	71%
<b>Liabilities</b>	<u><u>\$ 315,273</u></u>	<u><u>\$ 173,097</u></u>	<u><u>\$ 142,176</u></u>	82%
<b>Deferred inflows</b>	<u><u>32,934</u></u>	<u><u>10,000</u></u>	<u><u>22,934</u></u>	229%
<b>Fund balance</b>				
Nonspendable fund balance	82,256	-	82,256	N/A
Restricted fund balance	75,635	-	75,635	N/A
Unassigned fund balance	<u><u>638,242</u></u>	<u><u>485,225</u></u>	<u><u>153,017</u></u>	32%
<b>Total fund balance</b>	<u><u>796,133</u></u>	<u><u>485,225</u></u>	<u><u>310,908</u></u>	64%
<b>Total liabilities, deferred inflows, and fund balance</b>	<u><u>\$ 1,144,340</u></u>	<u><u>\$ 668,322</u></u>	<u><u>\$ 476,018</u></u>	71%

During the fiscal year 2019, the General Fund assets increased by \$476,018 or 71%. The increase is mainly due to increases in cash as a result of the current year's operations and budgeted funding of unrestricted reserve balances. Liabilities increased by \$142,176 or 82% mainly due to increases in accounts payable. Total fund balance increased by \$310,908 or 64% due to revenues exceeding expenditures and transfers.

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

	<u>2019</u>	<u>2018</u>	<u>Change</u>	<u>% Change</u>
<b>Revenues</b>	<u><u>\$ 2,526,049</u></u>	<u><u>\$ 1,693,510</u></u>	<u><u>\$ 832,539</u></u>	49%
<b>Expenditures</b>	<u><u>2,215,141</u></u>	<u><u>1,637,261</u></u>	<u><u>577,880</u></u>	35%
<b>Net change in fund balance</b>	<u><u>310,908</u></u>	<u><u>56,249</u></u>	<u><u>254,659</u></u>	453%
<b>Fund balance, beginning</b>	<u><u>485,225</u></u>	<u><u>428,976</u></u>	<u><u>56,249</u></u>	13%
<b>Fund balance, ending</b>	<u><u>\$ 796,133</u></u>	<u><u>\$ 485,225</u></u>	<u><u>\$ 310,908</u></u>	64%

The Town of Loxahatchee Groves General Fund revenues increased \$832,539 or 49%. This increase was primarily due to increased property tax revenues along with smaller increases in other revenue categories.

Total expenditures increased \$577,880 or 35% primarily due to unbudgeted termination of management company and contract settlement along with budgeted increase in unrestricted reserves.

## **General Fund**

The Town adopts annual budgets by fund, department function and object 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 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 2019 budget was \$2.3 million as opposed to the \$2.2 million originally adopted budget. The actual revenues were greater than budgeted revenues by \$221,797 or 9.6% primarily due to increased permit activity, utility tax revenues, tree mitigation fees and interest earned on developer escrow deposit of \$1 million held for 8 months during 2019. Spending was \$28,419 or 1.8% less than the final amended budget and reserves increased as intended.

Budget versus actual schedules are presented on page 59 for the General Fund.

## **Roads and Drainage Special Revenue Fund**

The Loxahatchee Groves Water Control District became a dependent special district on June 26, 2018, and the operations were reported as the Roads and Drainage special revenue fund as of that date. The actual revenues were greater than budgeted revenues by \$49,889 or 2.7% primarily due to collection of assessments and a developer contribution of \$21,000 included in miscellaneous revenues. Spending was less than the final amended budget and reserves increased by \$115,611.

Budget versus actual schedules are presented on page 60 for the Roads and Drainage Special Revenue Fund.

## **Transportation Special Revenue Fund**

The fund balance of the Transportation Special Revenue Fund increased by \$384,466, which was due to accumulating fuel tax revenues for planned road maintenance and capital projects.

## **Local Option Sales Tax Special Revenue Fund**

In 2016, a one-cent infrastructure surtax or Local Option Sales Tax was approved by the voters in Palm Beach County for no more than ten years. The distribution is 50% for the School Board, 30% for the County, and 20% to be distributed to the Municipalities. Accordingly, the Town established the Local Option Sales Tax Fund to account for these funds which will enable the Town to initiate at least a portion of long-overdue roadway improvement projects. In 2019, the total funds received were \$244,142.

## **Capital Improvement Fund**

The Capital Improvement Fund had an ending fund balance of \$659,873, which was a decrease of \$263,175 due to planned spending on road improvement projects. The Town Council also continues its efforts to identify and prioritize additional projects to be funded.

## **Capital Assets**

As of September 30, 2019, the Town's capital assets amounted to \$4,989,272 (net of accumulated depreciation). More details relating to capital assets can be found on Note 4 of the Notes to the Financial Statements.

## **Long Term Debt**

The Loxahatchee Groves Water Control District which became a dependent special district on June 26, 2018, transferred in long term debt of \$1,387,375 for which the balance was \$853,375 at September 30, 2019. More details relating to long term debt can be found on Note 5 of the Notes to the Financial Statements

## **ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

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.

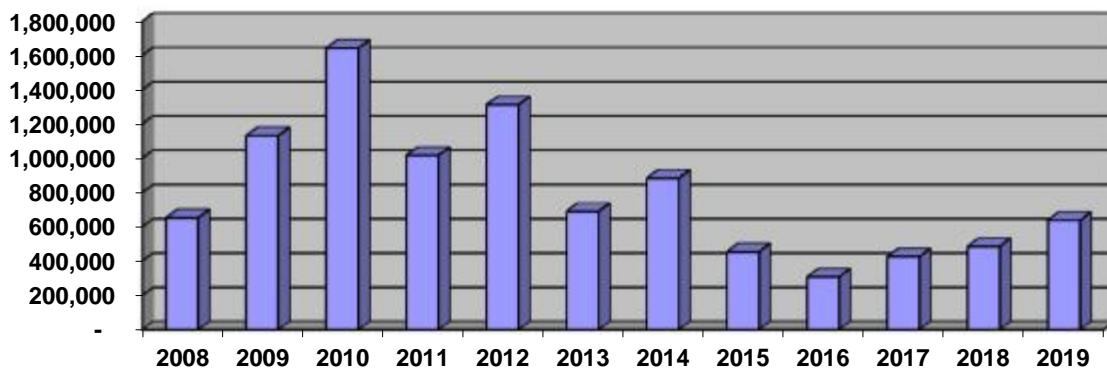
With respect to non-homestead property, Amendment 1 limits (caps) the annual increase in assessed value for non-homestead property (businesses, industrial property, rental property, second homes, etc.) to ten percent (10%), except for school district taxes. The Amendment also provides a \$25,000 exemption 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 were introduced at the 2018 legislative session which could further limit the extent to which municipalities can levy taxes. Along with all Florida municipalities, the Town faces the unknown negative financial impact of a proposed constitutional amendment on the November 8, 2018 ballot which was approved, which created an additional \$25,000 exemption for homestead properties for the purposes of non-school (city, county and special district) property taxes. It has been estimated that the new homestead exemption will have a collective negative fiscal impact on all Florida cities, counties and special districts of roughly \$750 million in the first year growing to nearly \$820 million by the fifth year.

- Ø In setting its fiscal 2019-2020 budget, the Town adopted a millage rate of 3.0000.
- Ø The Town of Loxahatchee Groves anticipates that the total assessed property value will increase between 5 and 10% for 2020. Accordingly, the Town's reserves will secure the Town's income flow for the upcoming fiscal years.

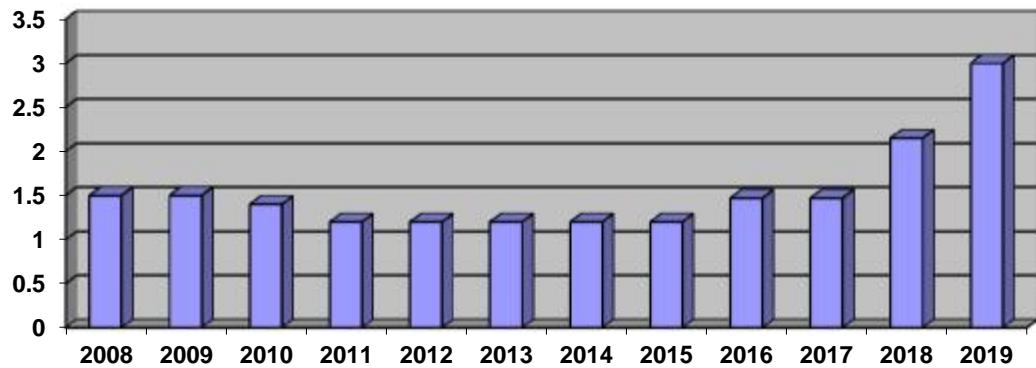
Revenues in the FY 2020 adopted General Fund budget are \$2.421 million, an increase of approximately 43% from the FY 2019 actual revenues of \$1.693 million. Fiscal year 2020 budgeted expenditures are expected to increase in the same manner largely due to continued subsidies to the Solid Waste fund as well as for increased repairs and maintenance.

**General Fund Unassigned Surplus  
For the Fiscal Years ended September 30, 2008-2019**



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 since 2011. 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, 2008-2019**



The operating millage rate for tax year 2019, which is collected in fiscal year 2020, is 3.0000 or \$3.00 per thousand dollars of taxable value. Historically, the rollback rate has always been lower than the existing rate. 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, 155 F Road, Loxahatchee Groves, Florida 33470.

THIS PAGE INTENTIONALLY LEFT BLANK

---

---

## **BASIC FINANCIAL STATEMENTS**

---

---

**TOWN OF LOXAHATCHEE GROVES, FLORIDA**  
**Statement of Net Position**  
**September 30, 2019**

	Primary Government		
	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Cash and cash equivalents	\$ 3,294,705	\$ 45,403	\$ 3,340,108
Investments	139,858		139,858
Receivables			
Planning and zoning	30,399		30,399
Franchise and utility taxes	114,967		114,967
Due from other governments	108,546	37,969	146,515
Prepays	132,256		132,256
Debt assessments receivable	853,375		853,375
Capital assets			
Non-depreciable	1,613,349		1,613,349
Depreciable (net of depreciation)	<u>3,375,923</u>		<u>3,375,923</u>
Total assets	<u>9,663,378</u>	<u>83,372</u>	<u>9,746,750</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Pension related items	<u>282,011</u>		<u>282,011</u>
<b>LIABILITIES</b>			
Accounts payable	274,292		274,292
Due to other governments	43,029		43,029
Deposits for planning and zoning	41,919		41,919
Accrued interest payable	4,352		4,352
Noncurrent liabilities			
Due within one year	288,908		288,908
Due in more than one year	<u>897,998</u>		<u>897,998</u>
Total liabilities	<u>1,550,498</u>		<u>1,550,498</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Pension related items	331,729		331,729
Unearned revenues	<u>31,502</u>		<u>31,502</u>
Total deferred inflows of resources	<u>363,231</u>		<u>363,231</u>
<b>NET POSITION</b>			
Net position			
Net investment in capital assets	4,989,272		4,989,272
Restricted for:			
Debt service	103,591		103,591
Road resurfacing	368,339		368,339
Tree mitigation	75,635		75,635
Infrastructure	624,508		624,508
Transportation	1,007,764		1,007,764
Roads and drainage	302,029		302,029
Unrestricted	<u>560,522</u>	<u>83,372</u>	<u>643,894</u>
Total net position	<u>\$ 8,031,660</u>	<u>\$ 83,372</u>	<u>\$ 8,115,032</u>

See notes to the financial statements

**TOWN OF LOXAHATCHEE GROVES, FLORIDA**  
**Statement of Activities**  
**For the Year Ended September 30, 2019**

Function / Program Activities	Net (Expenses) Revenues and Changes in Net Position				
	Charges For Services		Capital Grants and Contributions	Primary Government	
	Expenses	Governmental Activities	Business-type Activities	Total	
Governmental activities					
General government	\$ 1,452,992	\$ 160,658	\$ (1,292,334)	\$	\$ (1,292,334)
Public safety	622,412		(622,412)		(622,412)
Physical environment	1,417,732	1,503,117	92,897	178,282	178,282
Interest expense	33,024	39,976		6,952	6,952
Total governmental activities	<u>3,526,160</u>	<u>1,703,751</u>	<u>92,897</u>	<u>(1,729,512)</u>	<u>(1,729,512)</u>
Business-type activities					
Sanitation	<u>550,288</u>	<u>642,315</u>		<u>92,027</u>	<u>92,027</u>
Total	<u><u>\$ 4,076,448</u></u>	<u><u>\$ 2,346,066</u></u>	<u><u>\$ 92,897</u></u>	<u><u>(1,729,512)</u></u>	<u><u>92,027</u></u>
General revenues					
Property taxes		913,924		913,924	
Local option sales tax		244,142		244,142	
Franchise fees		321,215		321,215	
Utility taxes		474,036		474,036	
Intergovernmental (unrestricted)		755,583		755,583	
Miscellaneous revenue		24,453		24,453	
Interest		70,339		70,339	
Total general revenues and transfers		<u>2,803,692</u>			<u>2,803,692</u>
Change in net position		1,074,180	92,027	1,166,207	
Net position, beginning of year		<u>6,957,480</u>	<u>(8,655)</u>	<u>6,948,825</u>	
Net position, end of year		<u><u>\$ 8,031,660</u></u>	<u><u>\$ 83,372</u></u>	<u><u>\$ 8,115,032</u></u>	

See notes to the financial statements

**TOWN OF LOXAHATCHEE GROVES, FLORIDA**  
**Balance Sheet**  
**Governmental Funds**  
**September 30, 2019**

	Major Funds			
	General	Roads and Drainage	Transportation	Local Option Sales Tax
	ASSETS			
Cash and cash equivalents	\$ 735,390	\$ 822,278	\$ 475,078	\$ 602,086
Investments	139,858			
Receivables				
Planning and zoning	30,399			
Franchise and utility taxes	114,967			
Due from other governments	41,470		37,859	22,422
Prepaid items	82,256	50,000		
Debt assessments receivable		853,375		
Total assets	<u>\$ 1,144,340</u>	<u>\$ 1,725,653</u>	<u>\$ 512,937</u>	<u>\$ 624,508</u>
<b>LIABILITIES DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>				
Liabilities				
Accounts payable	\$ 206,500	\$ 9,697	\$	
Accrued expenses	23,825	34,270		
Due to other governments	43,029			
Deposits for planning and zoning	41,919			
Total liabilities	<u>315,273</u>	<u>43,967</u>		
Deferred inflows of resources				
Unavailable revenues	1,432	853,375	2,378	
Unearned revenue	<u>31,502</u>			
Total deferred inflows of resources	<u>32,934</u>	<u>853,375</u>	<u>2,378</u>	
Fund balances				
Nonspendable:				
Prepaid items	82,256	50,000		
Restricted for:				
Debt service		107,943		
Road resurfacing		368,339		
Tree mitigation	75,635			
Infrastructure			510,559	624,508
Transportation				
Roads and drainage		302,029		
Assigned for capital projects				
Unassigned	<u>638,242</u>	<u>828,311</u>	<u>510,559</u>	<u>624,508</u>
Total fund balances	<u>796,133</u>			
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 1,144,340</u>	<u>\$ 1,725,653</u>	<u>\$ 512,937</u>	<u>\$ 624,508</u>

Capital Improvement	Total
\$ 659,873	\$ 3,294,705
	139,858
	30,399
	114,967
6,795	108,546
	132,256
	853,375
<u>\$ 666,668</u>	<u>\$ 4,674,106</u>

\$	\$ 216,197
	58,095
	43,029
	41,919
<u>\$</u>	<u>359,240</u>

6,795	863,980
	31,502
<u>6,795</u>	<u>895,482</u>

	132,256
	107,943
	368,339
	75,635
	624,508
497,205	1,007,764
	302,029
162,668	162,668
	638,242
<u>659,873</u>	<u>3,419,384</u>
<u>\$ 666,668</u>	<u>\$ 4,674,106</u>

See notes to the financial statements

THIS PAGE INTENTIONALLY LEFT BLANK

**TOWN OF LOXAHATCHEE GROVES**  
**Reconciliation of the Balance Sheet – Governmental Funds**  
**to the Statement of Net Position**  
**September 30, 2019**

Fund balances total governmental funds	\$ 3,419,384
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.	
Governmental capital assets	\$ 8,506,943
Less accumulated depreciation	<u>(3,517,671)</u>
	4,989,272
Revenues earned but not collected within 60 days are not current financial resources and therefore, are not reported in the governmental fund.	
Unavailable revenue	863,980
Long-term liabilities, including notes and bonds payable, are not due and payable in the current period and therefore are not reported in the governmental funds. Long-term liabilities at year end consist of:	
Net pension liability	(323,623)
Compensated absences	(9,908)
Note payable	(853,375)
Accrued interest on long-term debt	<u>(4,352)</u>
	(1,191,258)
Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the governmental funds:	
Pension related deferred outflows	282,011
Pension related deferred inflows	<u>(331,729)</u>
	(49,718)
Net position of governmental activities	<u><u>\$ 8,031,660</u></u>

See notes to the financial statements

**TOWN OF LOXAHATCHEE GROVES, FLORIDA**  
**Statement of Revenues, Expenditures, and Changes**  
**in Fund Balances - Governmental Funds**  
**09/30/2019**

	<b>Major Funds</b>			
	<b>General</b>	<b>Roads and Drainage</b>	<b>Transportation</b>	<b>Local Option Sales Tax</b>
<b>Revenues</b>				
Property taxes	\$ 913,924	\$	\$	\$
Local option sales tax				244,142
Permits and franchise fees	360,423			
Utility service taxes	474,036			
Intergovernmental revenues	348,762		441,393	
Charges for services	240,539			
Maintenance assessments		1,503,117		
Debt assessments		310,976		
Fines and forfeitures	36,911			
Miscellaneous revenue	95,088	22,262		
Interest	56,366	13,973		
<b>Total revenues</b>	<b>2,526,049</b>	<b>1,850,328</b>	<b>441,393</b>	<b>244,142</b>
<b>Expenditures</b>				
Current				
General government	1,592,729			
Public safety	622,412			
Physical environment		1,367,336	56,927	
Debt service				
Principal	271,000			
Interest	34,406			
Other debt service costs	11,625			
Capital outlay	50,350			
<b>Total expenditures</b>	<b>2,215,141</b>	<b>1,734,717</b>	<b>56,927</b>	<b></b>
Net change in fund balances	310,908	115,611	384,466	244,142
Fund balances, beginning of year	<u>485,225</u>	<u>712,700</u>	<u>126,093</u>	<u>380,366</u>
Fund balances, end of year	<u><b>\$ 796,133</b></u>	<u><b>\$ 828,311</b></u>	<u><b>\$ 510,559</b></u>	<u><b>\$ 624,508</b></u>

Capital Improvement	Total
\$	\$ 913,924
	244,142
	360,423
	474,036
	790,155
	240,539
	1,503,117
	310,976
	36,911
	117,350
	70,339
	<u>5,061,912</u>

	1,592,729
	622,412
	1,424,263
	271,000
	34,406
	11,625
263,175	<u>313,525</u>
<u>263,175</u>	<u>4,269,960</u>
(263,175)	791,952
923,048	<u>2,627,432</u>
<u>\$ 659,873</u>	<u>\$ 3,419,384</u>

See notes to the financial statements

**TOWN OF LOXAHATCHEE GROVES, FLORIDA**  
**Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund**  
**Balance of the Governmental Funds to the Statement of Activities**  
**For the Year Ended September 30, 2019**

Net change in fund balances - total governmental funds \$ 791,952

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of capital assets is allocated over their estimated useful lives and reported as depreciation expense.

Expenditures for capital assets	\$ 809,525	
Less: current year depreciation	<u>(472,511)</u>	337,014

Revenues earned but not collected within 60 days are not current financial resources and therefore, are not reported in the governmental fund.

Grant revenues reported in prior year	(34,572)	
Assessments reported in prior year	<u>(271,000)</u>	(305,572)

Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.

Principal payments on debt	271,000	
----------------------------	---------	--

Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.

Change in accrued interest	1,382	
Change in net pension liability and related deferred amounts	<u>(14,932)</u>	
Change in long-term compensated absences	<u>(6,664)</u>	(20,214)

Change in net position	<u>\$ 1,074,180</u>	
------------------------	---------------------	--

See notes to the financial statements

**TOWN OF LOXAHATCHEE GROVES, FLORIDA**

**Statement of Net Position**

**Proprietary Fund**

**September 30, 2019**

**Sanitation  
Fund**

---

**ASSETS**

Cash and cash equivalents	\$ 45,403
Due from other governments	<u>37,969</u>
Total assets	<u><u>83,372</u></u>

**LIABILITIES AND NET POSITION**

**Liabilities**

**Net Position**

Unrestricted	\$ <u><u>83,372</u></u>
--------------	-------------------------

See notes to the financial statements

**TOWN OF LOXAHATCHEE GROVES, FLORIDA**  
**Statement of Revenues, Expenses, and Changes**  
**in Net Position**  
**Proprietary Fund**  
**For the Year Ended September 30, 2019**

	<u>Sanitation Fund</u>
Operating revenues	
Charges for services	<u>\$ 642,315</u>
Operating expenses	
Solid waste contractor	538,095
Other expenses	<u>12,193</u>
Total operating expenses	<u>550,288</u>
Change in net position	92,027
Net position, beginning of year	<u>(8,655)</u>
Net position, end of year	<u>\$ 83,372</u>

See notes to the financial statements

**TOWN OF LOXAHATCHEE GROVES, FLORIDA**  
**Statement of Cash Flows**  
**Proprietary Fund**  
**For the Year Ended September 30, 2019**

	<b>Sanitation Fund</b>
Cash flows from operating activities:	
Receipts from customers and users	\$ 642,315
Payments to suppliers	(659,359)
Operating grants	<u>67,964</u>
Net cash from by operating activities	<u><u>50,920</u></u>
Cash flows from non-capital financing activities:	
Payments to other funds	<u><u>(5,517)</u></u>
Net increase in cash and cash equivalents	45,403
Cash and cash equivalents, beginning of year	<u>-</u>
Cash and cash equivalents, end of year	<u><u>\$ 45,403</u></u>
Cash flows from operating activities	
Operating income	\$ 92,027
Operating grants	67,964
Adjustments to reconcile operating income to net cash provided by operating activities:	
Decrease in accounts payable	<u><u>(109,071)</u></u>
Net cash used by operating activities	<u><u>\$ 50,920</u></u>

See notes to the financial statements

---

---

## **NOTES TO BASIC FINANCIAL STATEMENTS**

---

---

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

### **Notes to the Financial Statements**

**September 30, 2019**

#### **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:

1. 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
2. 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 the Loxahatchee Groves Water Control District of Palm Beach County, Florida (District) is the only legally separate entities to consider as a potential component unit.

Although the District is legally separate from the Town, effective June 26, 2018, the District became a dependent district of the Town of Loxahatchee Groves, Florida with the Town Council acting as the Board of Supervisors, therefore the District meets the first test of financial accountability. The District does not issue separate financial statements and is reported as the Roads and Drainage Fund, a special revenue fund type.

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

### **Notes to the Financial Statements**

**September 30, 2019**

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

##### *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. 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.

**TOWN OF LOXAHATCHEE GROVES, FLORIDA**

**Notes to the Financial Statements**

**September 30, 2019**

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

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

*Governmental Funds* (Continued)

The Town considers revenues collected within 60 days of the year end to be available to pay liabilities of the current period.

Expenditures are generally recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures relating to compensated absences and claims and judgments are recorded only when payment is due. 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 Town reports the following special revenue funds. The Transportation Fund accounts for revenues that are restricted for transportation related expenditures. The Local Option Sales Tax Fund accounts for local option sales taxes that are restricted for infrastructure related expenditures. The Roads and Drainage Fund accounts for the operations of the Town's dependent special district.

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.

**TOWN OF LOXAHATCHEE GROVES, FLORIDA**

**Notes to the Financial Statements**

**September 30, 2019**

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

**Cash and Cash Equivalents**

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

**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, donated works of art and similar items, and capital assets received in a service concession arrangement are recorded at acquisition value.

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

Equipment	4 to 10 years
Buildings	15 to 40 years
Infrastructure	5 to 50 years

**TOWN OF LOXAHATCHEE GROVES, FLORIDA**

**Notes to the Financial Statements**

**September 30, 2019**

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

*Compensated Absences*

It is the Town's policy to permit employees to accumulate, within certain limits, earned but unused paid time off benefits, which will be paid to employees upon separation from the Town's service. The Town uses the vesting method to accrue paid time off for employees who are eligible to receive payments upon separation, as well as those expected to become eligible in the future. A liability for accrued compensated absences of the governmental activities is not reported in the balance sheet of the governmental funds and, accordingly, represents a reconciling item between the fund and government-wide presentations.

Compensated absences are accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in the governmental fund only if they have matured.

*Deferred Outflow of Resources*

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position or fund balance that applies to a future period(s) and thus, will not be recognized as an outflow of resources (expense/expenditure) until then. The Town reports deferred outflows for pension items in connection with its participation in the Florida Retirement System in the government-wide statement of net position. These deferred pension charges are either (a) recognized in the subsequent period as a reduction of the net pension liability (which includes pension contributions made after the measurement date) or (b) amortized in a systematic and rational method as pension expense in future periods.

*Deferred Inflow of Resources*

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position or fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. There are three types of items that qualify for reporting in this category:

1. Pension items in connection with the Town's participation in the Florida Retirement System are reported in the government-wide statement of net position. These deferred pension charges are amortized in a systematic and rational method as pension expense in future periods.
2. Business tax receipts that are received by the Town prior to the period for which the taxes are levied are reported as deferred inflows on both the government-wide statement of net position and on the governmental funds balance sheet.

**TOWN OF LOXAHATCHEE GROVES, FLORIDA**

**Notes to the Financial Statements**

**September 30, 2019**

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

*Deferred Inflow of Resources* (Continued)

3. Special assessments that are not received within 60 days of the end of the fiscal year do not meet the availability criterion of the modified accrual basis of accounting, and therefore are reported as deferred inflows only on the governmental funds balance sheet.

*Assessments*

Maintenance assessments are non-ad valorem assessments on all platted lots within the District. Assessments are levied each November 1 on property as of the previous January 1 to pay for the operations and maintenance of the District. The fiscal year for which annual assessments are levied begins on October 1 with discounts available for payments through February 28 and become delinquent on April 1. Assessments and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period.

Debt assessments are non-ad valorem assessments on certain benefited property within the District. Debt assessments were levied over ten years to pay for the debt service related to the Series 2011 Note which was issued to pay for four roadway pavement projects and a roadway bridge culvert crossing. Debt assessments receivable recorded in the Roads and Drainage Fund represent the balance of outstanding assessments levied by the Town to repay the outstanding debt. Debt assessments receivable are collected in annual installments in amounts sufficient to meet the annual debt service requirements in the same manner as maintenance assessments. Only the portion of assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period.

*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, deferred outflows and inflows, liabilities, disclosure of contingent liabilities, revenues, and expenditures/expenses reported in the financial statements and accompanying notes. These estimates include assessing the collectability of receivables and the useful lives of capital assets. Although those estimates are based on management's knowledge of current events and actions it may undertake in the future, they may ultimately differ from actual results.

**TOWN OF LOXAHATCHEE GROVES, FLORIDA**

**Notes to the Financial Statements**

**September 30, 2019**

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

**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 is 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. It is also used to report negative fund balances in other governmental funds.

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.

**TOWN OF LOXAHATCHEE GROVES, FLORIDA**

**Notes to the Financial Statements**

**September 30, 2019**

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

**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 0% 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.
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.

**TOWN OF LOXAHATCHEE GROVES, FLORIDA**

**Notes to the Financial Statements**

**September 30, 2019**

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

*Budgetary Data* (Continued)

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 and Local Option Sales Tax Funds.

5. Appropriations along with encumbrances lapse on September 30.
6. During the fiscal year ended September 30, 2019, there were two supplemental appropriations.

In the General Fund the Town Manager department was over budget by \$54,686. This was caused by a settlement with the former management company for \$97,200 that was finalized after the sixty-day period in which year-end budget amendments were permitted for fiscal year 2019.

*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 tax rate for the Palm Beach County Fire/Rescue Municipal Service Taxing Unit (MSTU) is included in the 10 mills. The millage rate assessed by the Town for the year ended September 30, 2019, was 3.0 mills (\$3.00 per \$1,000 of taxable assessed valuation).

All property is reassessed according to its fair market value January 1 of each year, which is also the lien date. In November 1992, a Florida constitutional amendment was approved by the voters which provides for limiting the increases in homestead property valuations for Ad Valorem tax purposes to a maximum of 3% annually and also provides for reassessment of market values upon changes in ownership. Each assessment roll is submitted to the Executive Director of the State Department of Revenue for review to determine if the rolls meet all the appropriate requirements of state statutes.

All taxes are due and payable on November 1 of each year or as soon thereafter as the assessment roll is certified and delivered to the Tax Collector. Taxes may be paid less a discount beginning November 1. Discounts are allowed for early payment at the rate of 4% in the month of November, 3% in the month of December, 2% in the month of January and 1% in the month of February. The taxes paid in March are without discount. All unpaid taxes become delinquent on April 1, following the year in which they are assessed.

**TOWN OF LOXAHATCHEE GROVES, FLORIDA**

**Notes to the Financial Statements**

**September 30, 2019**

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

*Property Taxes* (Continued)

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

**NOTE 3 - CASH AND INVESTMENTS**

*Deposits*

As of September 30, 2019, the carrying amounts of the Town's deposits were \$3,399,808 and the bank balances totaled \$3,691,042. 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 Town also had \$300 of petty cash.

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 \$3,691,042 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). The policy was subsequently amended to include the Florida Municipal Investment Trust administered by the Florida League of Cities.

The Florida Municipal Investment Trust (FMIvt) was created under the laws of the State of Florida to provide eligible units of local government with an investment vehicle to pool their surplus funds and to reinvest such funds in one or more investment portfolios under the direction and daily supervision of an investment advisor. The Florida League of Cities serves as the administrator, investment manager and secretary-treasurer of the Trust.

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

### **Notes to the Financial Statements**

**September 30, 2019**

#### **NOTE 3 - CASH AND INVESTMENTS** (Continued)

##### *Investments* (Continued)

The FMIvT is a Local Government Investment Pool and is considered an external investment pool for GASB reporting purposes. The Town reports its investment in the FMIvT at fair value in accordance with the GASB 72 fair value hierarchy.

GASB 72 requires governments to disclose the fair value hierarchy for each type of asset or liability measured at fair value in the notes to the financial statements. The standard also requires governments to disclose a description of the valuation techniques used in the fair value measurement and any significant changes in valuation techniques. GASB 72 establishes a three-tier fair value hierarchy. The hierarchy is based on valuation inputs used to measure the fair value as follows:

- Level 1: Inputs are directly observable, quoted prices in active markets for identical assets or liabilities.
- Level 2: Inputs are other than quoted prices included within Level 1 that are for the asset or liability, either directly or indirectly. These inputs are derived from or corroborated by observable market data through correlation or by other means.
- Level 3: Inputs are unobservable inputs used only when relevant Level 1 and Level 2 inputs are unavailable.

The level in which an asset is assigned is not indicative of its quality but an indication of the source of valuation inputs.

As of September 30, 2019, the Town had \$139,858 invested in the FMIvT 0-2 Year High Quality Bond Fund, which was categorized as Level 2 and was valued using a matrix pricing technique. Matrix pricing values securities based on the securities relationship to benchmark quoted prices. The weighted average maturity was 0.86 years and the fund was rated AAAf/S1 by Fitch.

##### *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.

**TOWN OF LOXAHATCHEE GROVES, FLORIDA**

**Notes to the Financial Statements**

**September 30, 2019**

**NOTE 3 - CASH AND INVESTMENTS** (Continued)

*Investments* (Continued)

*Interest Rate Risk* (Continued)

2. Investing operating funds primarily in shorter-term securities, money market mutual funds, or similar investment pools.

**NOTE 4 - CAPITAL ASSETS**

Capital asset activity for the year ended September 30, 2019, was as follows:

**Primary Government**

<b>Governmental Activities:</b>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Capital assets not being depreciated:				
Land Construction in progress	\$ 529,034	\$ 731,099		\$ 529,034
	353,216			1,084,315
Capital assets being depreciated:				
Buildings	554,653	8,603		563,256
Equipment	976,937	69,823		1,046,760
Infrastructure	5,283,578			5,283,578
<b>Total at historical cost:</b>	<u>7,697,418</u>	<u>809,525</u>		<u>8,506,943</u>
Less accumulated depreciation for:				
Buildings	(102,724)	(14,318)		(117,042)
Equipment	(688,235)	(59,352)		(747,587)
Infrastructure	(2,254,201)	(398,841)		(2,653,042)
<b>Total accumulated depreciation</b>	<u>(3,045,160)</u>	<u>(472,511)</u>		<u>(3,517,671)</u>
<b>Governmental activities capital assets, net</b>	<u>\$ 4,652,258</u>	<u>\$ 337,014</u>	<u>\$</u>	<u>\$ 4,989,272</u>

Depreciation expense of \$14,659 was charged to the general government function and \$457,852 was charged to the physical environment functions of the Town.

**TOWN OF LOXAHATCHEE GROVES, FLORIDA**

**Notes to the Financial Statements**

**September 30, 2019**

**NOTE 5 – LONG-TERM LIABILITIES**

*Series 2011*

On December 20, 2011, the District issued a \$2.6 million Special Assessment Promissory Note, Series 2011, to BankUnited. The Note bears interest at 3.06% and is secured by all of the pledged assessments from the benefiting properties. Interest will accrue on this Note and shall be payable on February 1 and August 1 of each year, commencing February 1, 2012. Principal will be payable in ten annual installments on August 1 of each year, commencing August 1, 2013. The proceeds of the Note will be used to fund four roadway pavement projects, a roadway bridge culvert crossing, and the cost of issuing the Note (the “Project”).

On August 14, 2012, the District and BankUnited entered into the first amendment to the Loan Agreement, whereby it was determined that the Benefited Property will be benefited by each of the five subprojects. Therefore, the District covenants that it has and will cause the Special Assessments to be levied and collected each year, commencing with the fiscal year beginning October 1, 2012 in such amounts as shall produce an amount at least sufficient to pay the principal and interest on the Note as they become due and payable. The District may, however, also use funds received from other sources to pay debt service; however, the receipt of such moneys by the District shall not diminish, or otherwise affect the assessment of benefits against each parcel of the benefited property or the District’s obligation under the loan agreement. Assessments to service the debt were levied for current fiscal year and included on the tax roll.

*Net Position/Fund Balance Restricted for Resurfacing of Certain Roads*

Although portions of the Project funded with the Series 2011 Note were completed in fiscal year 2012 and conveyed to the Town of Loxahatchee Groves in fiscal year 2013, there remains a portion of the Project for future resurfacing yet to be completed. The net position/fund balance restricted for resurfacing of certain roads of \$368,339 at September 30, 2019 consists of funds for the resurfacing of (i) the improvements to North A Road and North Road approved by referendum on February 24, 2009 (the "North A Road Project"), (ii) the improvements to North C Road and North Road approved by referendum on March 25, 2009 (the "North C Road Project"), (iii) the improvements to South C Road and Collecting Canal Road approved by referendum on February 25, 2010 (the "South C Road Project"), (iv) the improvements to North D Road and North Road approved by referendum on April 22, 2009 (the "North D Road Project"). The resurfacing was estimated to be required in fiscal year 2019.

In fiscal year 2020 the Town used the funds to prepay \$340,000 of the Note.

**TOWN OF LOXAHATCHEE GROVES, FLORIDA**  
**Notes to the Financial Statements**  
**September 30, 2019**

**NOTE 5 – LONG-TERM LIABILITIES** (Continued)

*Changes in Long-Term Liabilities*

The following is a summary of changes in the long-term liabilities during the fiscal year.

	October 1, 2018	Additions	Deletions	September 30, 2019	Current
Note payable	\$1,124,375	\$	\$ (271,000)	\$ 853,375	\$ 279,000
Compensated absences	3,244	9,587	(2,923)	9,908	9,908
Net pension liability	410,267		(86,644)	323,623	
	<u>\$1,537,886</u>	<u>\$ 9,587</u>	<u>\$ (360,567)</u>	<u>\$ 1,186,906</u>	<u>\$ 288,908</u>

Compensated absences and net pension liabilities are expected to be paid out of the General and Roads and Drainage funds.

*Annual Maturities*

The aggregate maturities for all long-term debt of the Town with scheduled maturities (excluding compensated absences and net pension liabilities), are as follows:

Year Ending September 30	Principal	Interest	Total Amount
2020	\$ 279,000	\$ 26,113	\$ 305,113
2021	288,000	17,576	305,576
2022	286,375	8,763	295,138
Total	<u>\$ 853,375</u>	<u>\$ 52,452</u>	<u>\$ 905,827</u>

**NOTE 6 – OTHER POST EMPLOYMENT BENEFITS (OPEB)**

At September 30, 2019, the amount of OPEB liabilities of the Town were not significant, therefore no liability or expense was recorded

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

### **Notes to the Financial Statements**

**September 30, 2019**

#### **NOTE 7 – FLORIDA RETIREMENT SYSTEM**

##### *General Information*

All full-time employees participate in the Florida Retirement System (FRS). The FRS was created in Chapter 121, Florida Statutes, to provide a defined benefit pension plan for participating public employees.

The FRS was amended in 1998 to add the Deferred Retirement Option Program (DROP) under the defined benefit plan and amended in 2000 to provide a defined contribution plan alternative to the defined benefit plan for FRS members effective July 1, 2002. This integrated defined contribution pension plan is the Florida Retirement System Investment Plan. Chapter 112, Florida Statutes, established the Retiree Health Insurance Subsidy (HIS) Program, a cost sharing multiple-employer defined benefit pension plan, to assist retired members of any state administered retirement system in paying the costs of health insurance.

Provisions relating to the FRS are established by Chapters 121 and 122, Florida Statutes; Chapter 112, Part IV, Florida Statutes; Chapter 238, Florida Statutes; and FRS Rules, Chapter 60S, Florida Administrative Code; wherein eligibility, contributions, and benefits are defined and described in detail. Such provisions may be amended at any time by further action from the Florida Legislature. The FRS is single retirement system administered by the Florida Department of Management Services, Division of Retirement, and consists of the two cost-sharing, multiple-employer defined benefit plans and other nonintegrated programs.

The State of Florida annually issues a publicly available financial report that includes financial statements and required supplementary information for the FRS. The latest available report may be obtained by writing to the State of Florida Division of Retirement, Department of Management Services, P.O. Box 9000, Tallahassee, Florida 32315-9000 or calling toll free at 877-377-1737. The report is also available at the Florida Department of Management Services web site [www.dms.myflorida.com](http://www.dms.myflorida.com).

##### *Significant Accounting Policies*

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Florida Retirement System Pension Plan (FRSP) and the Florida Retirement System Health Insurance Subsidy Program and additions to/deduction from the FRSP and HIS fiduciary net position have been determined on the same basis as they are reported by FRSP and HIS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**TOWN OF LOXAHATCHEE GROVES, FLORIDA**

**Notes to the Financial Statements**

**September 30, 2019**

**NOTE 7 – FLORIDA RETIREMENT SYSTEM** (Continued)

***Pension Plan***

***Plan Description***

The FRS Pension Plan is a cost-sharing multiple-employer defined benefit pension plan, with a Deferred Retirement Option Program (DROP) for eligible employees. The general classes of membership are as follows:

- Regular Class
- Senior Management Service Class

Employees enrolled in the Plan prior to July 1, 2011, vest at six years of creditable service and employees enrolled in the Plan on or after July 1, 2011, vest at eight years of creditable service. All vested members, enrolled prior to July 1, 2011, are eligible for normal retirement benefits at age 62 or at any age after 30 years of service.

Section 121.091, Florida Statutes, permits employees eligible for normal retirement under the Plan to defer receipt of monthly benefit payments while continuing employment with an FRS employer. An employee may participate in DROP for a period not to exceed 60 months after electing to participate, except that certain instructional personnel may participate for up to 96 months. During the period of DROP participation, deferred monthly benefits are held in the FRS Trust Fund and accrue interest. The net pension liability does not include amounts for DROP participants, as these members are considered retired and are not accruing additional pension benefits.

***Benefits Provided***

Benefits under the Plan are computed on the basis of age and/or years of service, average final compensation, and service credit. Credit for each year of service is expressed as a percentage of the average final compensation. For members initially enrolled before July 1, 2011, the average final compensation is the average of the five highest fiscal years' earnings; for members initially enrolled on or after July 1, 2011, the average final compensation is the average of the eight highest fiscal years' earnings. The total percentage value of the benefit received is determined by calculating the total value of all service, which is based on the retirement class to which the member belonged when the service credit was earned. Members are eligible for in-line-of-duty or regular disability and survivors' benefits.

**TOWN OF LOXAHATCHEE GROVES, FLORIDA**

**Notes to the Financial Statements**

**September 30, 2019**

**NOTE 7 – FLORIDA RETIREMENT SYSTEM** (Continued)

***Pension Plan*** (Continued)

***Benefits Provided*** (Continued)

The following table shows the percentage value for each year of service credit earned:

Regular Class members initially enrolled before July 1, 2011

Retirement up to age 62 or up to 30 years of service	1.60%
Retirement at age 63 or with 31 years of service	1.63%
Retirement at age 64 or with 32 years of service	1.65%
Retirement at age 65 or with 33 or more years of service	1.68%

Regular Class members initially enrolled on or after July 1, 2011

Retirement up to age 65 or up to 33 years of service	1.60%
Retirement at age 66 or with 34 years of service	1.63%
Retirement at age 67 or with 35 years of service	1.65%
Retirement at age 68 or with 36 or more years of service	1.68%

Special Risk Class

Service from December 1, 1970 through September 30, 1974	2.00%
Service on or after October 1, 1974	3.00%

Senior Management Service Class 2.00%

As provided in Section 121.101, Florida Statutes, if the member is initially enrolled in the FRS before July 1, 2011, and all service credit was accrued before July 1, 2011, the annual cost-of-living adjustment is 3 percent per year. If the member is initially enrolled before July 1, 2011, and has service credit on or after July 1, 2011, there is an individually calculated cost-of-living adjustment. The annual cost-of-living adjustment is a proportion of 3 percent determined by dividing the sum of the pre-July 2011 service credit by the total service credit at retirement multiplied by 3 percent. Plan members initially enrolled on or after July 1, 2011 will not have a cost-of-living adjustment after retirement.

***Contributions***

Effective July 1, 2011, all enrolled members of the FRS, other than DROP participants, are required to contribute three percent of their salary to the FRS. In addition to member contributions, governmental employers are required to make contributions to the FRS based on state-wide contribution rates established by the Florida Legislature. These rates are updated as of July 1 of each year.

**TOWN OF LOXAHATCHEE GROVES, FLORIDA**  
**Notes to the Financial Statements**  
**September 30, 2019**

**NOTE 7 – FLORIDA RETIREMENT SYSTEM** (Continued)

***Pension Plan*** (Continued)

***Contributions*** (Continued)

The employer contribution rates by job class For the fiscal year ended September 30, 2019 were as follows:

Class	10/1/18 through 6/30/19	07/01/19 through 09/30/19
Regular Class	8.26%	8.47%
Senior Management Service Class	24.06%	25.41%
Special Risk Class	24.50%	25.48%
DROP	14.03%	14.60%

Except for the DROP, the employer contribution rates include a 1.66% HIS Plan subsidy. The rates also include 0.06% for administrative costs of the Public Employee Optional Retirement Program.

For the fiscal year ended September 30, 2019, the Town made contributions of \$18,804 to the Pension Plan and the Town's employees made contributions of \$5,823, for total contributions of \$24,628.

***Pension Liabilities and Pension Expense***

At September 30, 2019, the Town reported a liability of \$220,163 for its proportionate share of the Pension Plan's net pension liability. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2019. The Town's proportionate share of the net pension liability was based on the Town's 2018-19 plan year contributions relative to the 2018-19 plan year contributions of all participating members. At June 30, 2019, the Town's proportionate share was 0.000639291 percent, which was a decrease of 0.000349104 percent from its proportionate share measured as of June 30, 2018.

For the fiscal year ended September 30, 2019, the Town recognized pension expense of \$51,080 related to the Plan.

**TOWN OF LOXAHATCHEE GROVES, FLORIDA**

**Notes to the Financial Statements**

**September 30, 2019**

**NOTE 7 – FLORIDA RETIREMENT SYSTEM** (Continued)

***Pension Plan*** (Continued)

***Deferred Outflows and Inflows of Resources Related to Pensions***

The Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Description	Outflows of Resources	Inflows of Resources
Difference between expected and actual experience	\$ 13,059	\$ 137
Change of assumptions	56,548	
Net difference between projected and actual earnings on Pension Plan investments		12,180
Change in proportion and differences between Town Pension Plan contributions and proportionate share of contributions	107,490	194,530
Pension Plan contributions subsequent to the measurement date	<u>10,250</u>	
<b>Total</b>	<b><u>\$ 187,347</u></b>	<b><u>\$ 206,847</u></b>

The deferred outflows of resources totaling \$10,250 resulting from Town contributions to the Plan subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the fiscal year ended September 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

Fiscal Year Ending September 30	Amount
2020	\$ 7,174
2021	(13,453)
2022	(4,333)
2023	(5,501)
2024	(9,914)
Thereafter	<u>(3,723)</u>
	<b><u>\$ (29,750)</u></b>

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

### **Notes to the Financial Statements**

**September 30, 2019**

#### **NOTE 7 – FLORIDA RETIREMENT SYSTEM** (Continued)

##### ***Pension Plan*** (Continued)

##### ***Actuarial Assumptions***

The total pension liability in the June 30, 2019 actuarial valuation was determined using the following actuarial assumptions:

Valuation date	July 1, 2019
Measurement date	June 30, 2019
Inflation	2.60%
Salary increases	3.25%, average, including inflation
Investment rate of return	6.90%, net of pension plan investment expense, including inflation
Mortality	PUB2010 base table varies by member category and sex
	Projected generationally with Scale MP-2018
Actuarial cost method	Individual Entry Age

The actuarial assumptions used in the July 1, 2019, valuation were based on the certain results of an actuarial experience study of the FRS for the period July 1, 2013 through June 30, 2018.

The long-term expected rate of return on investments is not based on historical returns, but instead is based on a forward-looking capital market economic model. The allocation policy's description of each asset class was used to map the target allocation to the asset classes shown below. Each asset class assumption is based on a consistent set of underlying assumptions and includes an adjustment for the inflation assumption.

The target allocation and best estimates of arithmetic and geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	(1) Target Allocation	Annual Arithmetic Return	Compound Annual (Geometric) Return		Standard Deviation
Cash	1.0%	3.3%	3.3%		1.2%
Fixed Income	18.0%	4.1%	4.1%		3.5%
Global Equity	54.0%	8.0%	6.8%		16.5%
Real Estate (Property)	11.0%	6.7%	6.1%		11.7%
Private Equity	10.0%	11.2%	8.4%		25.8%
Strategic Investments	6.0%	5.9%	5.7%		6.7%
Total	<u>100.0%</u>				
Assumed Inflation - Mean			2.60%		1.70%

(1) As outlined in the Pension Plan's investment policy

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

### **Notes to the Financial Statements**

**September 30, 2019**

#### **NOTE 7 – FLORIDA RETIREMENT SYSTEM** (Continued)

##### ***Pension Plan*** (Continued)

###### ***Discount Rate***

The discount rate used to measure the total pension liability was 6.90%. The Pension Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculation the total pension liability is equal to the long-term expected rate of return.

###### ***Sensitivity of the Town's Proportionate Share of the Net Position Liability to Changes in the Discount Rate***

The following represents the Town's proportionate share of the net pension liability calculated using the discount rate of 6.90%, as well as what the Town's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (5.90%) or one percentage point higher (7.90%) than the current rate:

	1% Decrease (5.90%)	Current Discount Rate (6.90%)	1% Increase (7.90%)
Proportionate share of the net pension liability	\$ 380,558	\$ 220,163	\$ 86,181

###### ***Pension Plan Fiduciary Net Position***

Detailed information regarding the Pension Plan's fiduciary net position is available in the separately issued FRS Pension Plan and Other State-Administered Systems Comprehensive Annual Financial Report.

###### ***Payables to the Pension Plan***

At September 30, 2019, the Town had \$4,107 payable for outstanding contributions to the Pension Plan for the fiscal year ended September 30, 2019.

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

### **Notes to the Financial Statements**

**September 30, 2019**

#### **NOTE 7 – FLORIDA RETIREMENT SYSTEM** (Continued)

##### ***Retiree Health Insurance Subsidy (HIS) Program***

###### **Plan Description**

The HIS Plan is a cost-sharing multiple-employer defined benefit pension plan established under Section 112.363, Florida Statutes, and may be amended by the Florida legislature at any time. The benefit is a monthly payment to assist retirees of State-administered retirement systems in paying their health insurance costs and is administered by the Florida Department of Management Services, Division of Retirement.

###### **Benefits Provided**

For the fiscal year ended September 30, 2019, eligible retirees and beneficiaries received a monthly HIS payment of \$5 for each year of creditable service completed at the time of retirement, with a minimum HIS payment of \$30 and a maximum HIS payment of \$150 per month. To be eligible to receive these benefits, a retiree under a State-administered retirement system must provide proof of health insurance coverage, which may include Medicare.

###### **Contributions**

The HIS Plan is funded by required contributions from FRS participating employers as set by the Florida Legislature. Employer contributions are a percentage of gross compensation for all active FRS members. For the fiscal year ended September 30, 2019, the HIS contribution was 1.66%. The Town contributed 100% of its statutorily required contributions for the current and preceding three years. HIS Plan contributions are deposited in a separate trust fund from which payments are authorized. HIS Plan benefits are not guaranteed and are subject to annual legislative appropriation. In the event legislative appropriation or available funds fail to provide full subsidy benefits to all participants, benefits may be reduced or cancelled.

The Town's contributions to the HIS Plan totaled \$7,696 for the fiscal year ended September 30, 2019.

###### **Pension Liabilities and Pension Expense**

At September 30, 2019, the Town reported a liability of \$103,460 for its proportionate share of the HIS Plan's net pension liability. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2018.

**TOWN OF LOXAHATCHEE GROVES, FLORIDA**  
**Notes to the Financial Statements**  
**September 30, 2019**

**NOTE 7 – FLORIDA RETIREMENT SYSTEM** (Continued)

***Retiree Health Insurance Subsidy (HIS) Program*** (Continued)

**Pension Liabilities and Pension Expense** (Continued)

The Town's proportionate share of the net pension liability was based on the Town's 2018-19 plan year contributions relative to the 2018-19 plan year contributions of all participating members. At June 30, 2019, the Town's proportionate share was 0.000924658 percent, which was a decrease of 0.000138798 percent from its proportionate share measured as of June 30, 2018.

For the fiscal year ended September 30, 2019, the Town recognized pension expense of \$608.

**Deferred Outflows and Inflows of Resources Related to Pensions**

In addition the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Description	Outflows of Resources	Inflows of Resources
Difference between expected and actual experience	\$ 1,257	\$ 127
Change of assumptions	11,980	8,456
Net difference between projected and actual earnings on Pension Plan investments	67	
Change in proportion and differences between Town Pension Plan contributions and proportionate share of contributions	78,293	116,299
Pension Plan contributions subsequent to the measurement date	<u>3,067</u>	
Total	<u>\$ 94,664</u>	<u>\$ 124,882</u>

The deferred outflows of resources totaling \$3,067 resulting from Town contributions to the Plan subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the fiscal year ended September 30, 2020.

**TOWN OF LOXAHATCHEE GROVES, FLORIDA**

**Notes to the Financial Statements**

**September 30, 2019**

**NOTE 7 – FLORIDA RETIREMENT SYSTEM** (Continued)

***Retiree Health Insurance Subsidy (HIS) Program*** (Continued)

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

Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

Fiscal Year Ending		
September 30:	Amount	
2019	\$	(5,317)
2020		(5,264)
2021		(5,937)
2022		(7,752)
2023		(6,466)
Thereafter		(2,549)
	<hr/>	<hr/>
	\$	(33,285)

**Actuarial Assumptions**

The total pension liability in the July 1, 2018, actuarial valuation was determined using the following actuarial assumptions:

Valuation date	July 1, 2018
Measurement date	June 30, 2019
Inflation	2.60 %
Salary increases	3.25%, average, including inflation
Municipal bond rate	3.50%
Long-term expected rate of return	N/A
Mortality	Generational RP-2000 with Projection Scale BB
Actuarial cost method	Individual Entry Age

The actuarial assumptions used in the July 1, 2018, valuation were based on the results of an actuarial experience study for the period July 1, 2008 through June 30, 2013.

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

### **Notes to the Financial Statements**

**September 30, 2019**

#### **NOTE 7 – FLORIDA RETIREMENT SYSTEM** (Continued)

##### ***Retiree Health Insurance Subsidy (HIS) Program*** (Continued)

###### **Discount Rate**

The discount rate used to measure the total pension liability was 3.50%, which decreased from the discount rate of 3.87% as of June 30, 2018. In general, the discount rate for calculating the total pension liability is equal to the single rate equivalent to discounting at the long-term expected rate of return for benefit payments prior to the projected depletion date.

Because the HIS benefit is essentially funded on a pay-as-you-go basis, the depletion date is considered to be immediate, and the single equivalent discount rate is equal to the municipal bond rate selected by the HIS Plan sponsor. The Bond Buyer General Obligation 20-Bond Municipal Bond Index was adopted as the applicable municipal bond index.

###### **Sensitivity of the Town's Proportionate Share of the Net Position Liability to Changes in the Discount Rate**

The following represents the Town's proportionate share of the net pension liability calculated using the discount rate of 3.50%, as well as what the Town's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (2.50%) or one percentage point higher (4.50%) than the current rate:

	<b>1% Decrease (2.50%)</b>	<b>Discount Rate (3.50%)</b>	<b>1% Increase (4.50%)</b>
Proportionate share of the net pension liability	\$ 118,105	\$ 103,460	\$ 91,262

###### **Pension Plan Fiduciary Net Position**

Detailed information regarding the HIS Plan's fiduciary net position is available in the separately issued FRS Pension Plan and Other State-Administered Systems Comprehensive Annual Financial Report.

###### **Payables to the Pension Plan**

At September 30, 2019, the Town had \$980 payable for outstanding contributions to the HIS Plan for the fiscal year ended September 30, 2019.

**TOWN OF LOXAHATCHEE GROVES, FLORIDA****Notes to the Financial Statements****September 30, 2019****NOTE 7 – FLORIDA RETIREMENT SYSTEM** (Continued)***Summary Data***

The following table provides a summary of significant information related to the Florida Retirement System defined benefit plans for the year ended September 30, 2019.

Description	Pension Plan	HIS Plan	Total
Proportionate share of total pension liability	\$ 1,265,876	\$ 106,253	\$ 1,372,129
Proportionate share of plan fiduciary net position	1,045,713	2,793	1,048,506
Proportionate share of net pension liability	220,163	103,460	323,623
Proportionate share of deferred outflows of resources	187,347	94,664	282,011
Proportionate share of deferred inflows of resources	206,847	124,882	331,729
Pension expense	51,080	608	51,688

***Investment Plan*****Plan Description**

The Florida Retirement System Investment Plan is a defined contribution retirement plan qualified under Section 401(a) of the Internal Revenue Code. The Florida Legislature enacted the Plan during the 2000 legislative session, and amendments to the Plan can only be made by an act of the Florida Legislature. The Plan is administered by the State Board of Administration of Florida. The Investment Plan is reported in the SBA's annual financial statements and in the State of Florida Comprehensive Annual Financial Report.

As provided in Section 121.4501, Florida Statutes, eligible FRS members may elect to participate in the Investment Plan in lieu of the FRS defined benefit plan. Town employees participating in DROP are not eligible to participate in the Investment Plan. Employer and employee contributions, including amounts contributed to individual member's accounts, are defined by law, but the ultimate benefit depends in part on the performance of investment funds. Benefit terms, including contribution requirements, for the Investment Plan are established and may be amended by the Florida Legislature.

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

### **Notes to the Financial Statements**

**September 30, 2019**

#### **NOTE 7 – FLORIDA RETIREMENT SYSTEM** (Continued)

##### ***Investment Plan*** (Continued)

###### **Funding Policy**

The Investment Plan is funded with the same employer and employee contribution rates that are based on salary and membership class (Regular Class, Elected Officers, etc.), as the defined benefit Pension Plan. Contributions are directed to individual member accounts, and the individual members allocate contributions and account balances among various approved investment choices. Costs of administering the Investment Plan, including the FRS Financial Guidance Program, are funded through an employer contribution of 0.06 percent of payroll and by forfeited benefits of plan members.

Participating employers are required to make contributions based upon statewide contributions rates. The contribution rates by job class for the Town's employees for the fiscal year ended September 30, 2019, are as follows:

Class	10/1/18 through 6/30/19	07/01/19 through 09/30/19
Regular Class	8.26%	8.47%
Senior Management Service Class	24.06%	25.41%

For all membership classes, employees are immediately vested in their own contributions and are vested after one year of service for employer contributions and investment earnings. If an accumulated benefit obligation for service credit originally earned under the Pension Plan is transferred to the Investment Plan, the member must have the years of service required for Pension Plan vesting (including the service credit represented by the transferred funds) to be vested for these funds and the earnings on the funds. Nonvested employer contributions are placed in a suspense account for up to five years. If the employee returns to FRS-covered employment within the five-year period, the employee will regain control over their account. If the employee does not return within the five-year period, the employee will forfeit the accumulated account balance. For the fiscal year ended September 30, 2019, the information for the amount of forfeitures was unavailable from the SBA; however, management believes that these amounts, if any, would be immaterial to the Town.

After termination and applying to receive benefits, the member may rollover vested funds to another qualified plan, structure a periodic payment under the Investment Plan, receive a lump sum distribution, leave the funds invested for future distribution, or any combination of these options.

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

### **Notes to the Financial Statements**

**September 30, 2019**

#### **NOTE 7 – FLORIDA RETIREMENT SYSTEM** (Continued)

##### ***Investment Plan*** (Continued)

Disability coverage is provided; the member may either transfer the account balance to the Pension Plan when approved for disability retirement to receive guaranteed lifetime monthly benefits under the Pension Plan or remain in the Investment Plan and rely upon that account balance for retirement income.

The Town's Investment Plan pension expense totaled \$24,002 for the fiscal year ended September 30, 2019.

#### **NOTE 8 - 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.

The Town is a defendant in various lawsuits arising in the ordinary course of normal operations. Although the ultimate outcome of these lawsuits cannot be determined at the present time, 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.

#### **NOTE 9 - COMMITMENTS AND CONTINGENCIES**

##### **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.

**TOWN OF LOXAHATCHEE GROVES, FLORIDA**

**Notes to the Financial Statements**

**September 30, 2019**

**NOTE 9 - COMMITMENTS AND CONTINGENCIES** (Continued)

*Agreement with Palm Beach County for Law Enforcement Services*

On June 6, 2017, the Town executed a new agreement with Palm Beach County for law enforcement services, for an annual amount of \$610,000 for the fiscal year ending September 30, 2018. Absent a notice of termination, the agreement renews annually subject to the costing proposal by the Sheriff. Effective October 1, 2018, the first amendment to the contract was for an annual amount of \$622,200 for the fiscal year ending September 30, 2019. The second amendment was approved September 27, 2019 for an additional twelve months at the same amount. The third amendment was approved September 8, 2020 for an additional twelve months at the same amount.

*Fire Protection and Emergency Medical Services*

The Town has opted into the County's Fire-Rescue Municipal Services Taxing Unit ("MSTU") for the provision of fire rescue, fire protection, and related services from the County. The tax for the MSTU is included in the maximum 10 mills the Town is legally allowed to assess. On September 30, 2019, the MSTU millage rate was 3.4581 mills.

*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. On August 7, 2018, the agreement was amended thru September 30, 2019. The monthly rate starting October 1, 2018, is \$44,836.

Pursuant to RFP 2019-01 for solid waste collection and recycling services, the Town awarded a new contract to Coastal Waste & Recycling of Palm Beach County, LLC effective January 1, 2020 through December 31, 2026 in September, 2019 understanding that services would begin in 60 to 90 days based on delivery of new equipment. Concurrently, the Town entered into a separate interim agreement beginning October 1, 2019 and ending no later than December 31, 2019 with Coastal Waste & Recycling of Palm Beach County, LLC mirroring the previous Waste Pro agreement until such time as Coastal began service under the new agreement. The rate per unit was \$42 per unit per month or the same rate as quoted by Waste Pro for extension of their current contract. This rate dropped to \$37.50 per unit per month when the newly awarded contract with Coastal took effect on December 2, 2019.

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

### **Notes to the Financial Statements**

**September 30, 2019**

#### **NOTE 9 - COMMITMENTS AND CONTINGENCIES** (Continued)

##### *Code Enforcement and Compliance Contract*

On August 20, 2019, the Town Council approved a contract with C. A. P Government, Inc. to provide code enforcement/compliance and related professional services for the Town. The method of contracting is via a “piggy-back” agreement through a competitively bid agreement with the Town of Lake Worth Beach. Payments for the services are based on quoted hourly rates up to the amount approved in the Town budget.

##### *Lines of Credit*

The Loxahatchee Groves Water Control District has a \$200,000 Revolving Line of Credit, with Floridian Community Bank, which became Synovus Bank, at a variable interest rate equal to The Wall Street Journal Prime Rate plus 1%, but not less than 5% adjusted daily. The Revolving Line of Credit is to provide funds in the event of a major storm until such time as FEMA or USDA funding or a maintenance assessment increase can occur. The line of credit expired on August 3, 2019 and was not renewed. There have been no draws on the line of credit.

On September 19, 2019, the Town approved a \$500,000 Emergency Revolving Line of Credit with Synovus Bank, at a variable interest rate equal to LIBOR plus 3%, but not less than 5.19% adjusted on the 1<sup>st</sup> day of each month. The Emergency Revolving Line of Credit is to provide emergency funds until such time as FEMA or State proceeds are received or is to be repaid by budgeted non-ad valorem revenues. The Emergency Revolving Line of Credit is valid for twelve months unless renewed. There have been no draws on the line of credit.

On December 10, 2020, the Town entered into a \$500,000 Emergency Revolving Line of Credit with Bank United, at a variable interest rate equal to Prime Rate, but not less than 3.25% adjusted on the 1<sup>st</sup> day of each month. The Emergency Revolving Line of Credit is to provide emergency funds until such time as FEMA or State proceeds are received or is to be repaid by budgeted non-ad valorem revenues. The Emergency Revolving Line of Credit is valid for twelve months unless renewed.

##### *Approved Bonds*

On March 15, 2017, a referendum to use gas tax funds and if necessary, infrastructure sales tax funds, in support of issuing bonds in an amount not to exceed \$6,000,000 for new road construction was approved. On June 6, 2017, the Town Council approved Resolution No. 2017-31 authorizing the issuance of Roadway Improvement Revenue Bonds not exceeding \$6,000,000 and pledging the Town’s Gas Tax Revenues and Sales Surtax Revenues; however, no Bonds have been issued as of January 25, 2021.

**TOWN OF LOXAHATCHEE GROVES, FLORIDA**

**Notes to the Financial Statements**

**September 30, 2019**

**NOTE 9 - COMMITMENTS AND CONTINGENCIES** (Continued)

*Approved Bonds* (Continued)

On March 12, 2019, a referendum authorizing the issuance of Bonds not to exceed \$4,000,000 to finance the fifty percent owner contribution portion of the costs of roadway improvements to be repaid by special assessments from the affected property owners, known as the 50% bonds; however, no Bonds have been issued as of January 25, 2021.

**NOTE 10 – SUBSEQUENT EVENTS**

On January 30, 2020, the World Health Organization (WHO) announced a global health emergency because of a new strain of coronavirus originating in Wuhan, China (the COVID-19 outbreak) and the risks to the international community as the virus spreads globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally. As a result of worldwide reporting of COVID-19 infections, certain national, state, and local governmental authorities have issued stay-at-home orders, proclamations and/or directives aimed at minimizing the spread of COVID-19.

Additionally, more restrictive proclamations and/or directives may be issued in the future. As a result, certain internal operations, communications and administrative operations of the Town have been disrupted. In addition to implementing protective guidelines and protocols, the Town considered and implemented preventative and protection measures recommended by the Centers for Disease Control and Prevention (CDC) aimed at providing a safe environment for Town personnel during the course of the COVID-19 pandemic.

The ultimate impact of the COVID-19 pandemic on the Town's operations is unknown and will depend on future developments, which are highly uncertain and cannot be predicted with confidence, including the duration of the COVID-19 outbreak, new information which may emerge concerning the severity of the COVID-19 pandemic, and any additional preventative and protective actions that other governments or agencies may direct, which may result in an extended period of operational disruption. Any resulting financial impact cannot be reasonably estimated at this time but could be anticipated to have a material adverse impact on the Town's operations, financial position, and results of operations for fiscal year 2021.

**TOWN OF LOXAHATCHEE GROVES, FLORIDA**

**Notes to the Financial Statements**

**September 30, 2019**

**NOTE 11 – NEW ACCOUNTING STANDARDS**

A brief description of the new accounting pronouncement that might have a significant impact on the Town's financial statements is presented below. Management is currently evaluating the impact of adoption of this statement in the Town's financial statements.

In January 2017 the GASB issued Statement No. 84, *Fiduciary Activities*. This Statement will improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement is effective for the fiscal year ending September 30, 2021.

In May 2017 the GASB issued Statement No. 87, *Leases*. This Statement will increase the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting that is based on the foundational principle that leases are financings of the right to use an underlying asset. This Statement is effective for the fiscal year ending September 30, 2022.

In March 2018 the GASB issued Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*. This Statement will improve the including direct borrowings and direct placements. It will also clarify which liabilities governments should include when disclosing information related to debt. This Statement is effective for the fiscal year ending September 30, 2020.

---

---

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

---

---

**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, 2019**

	Budget Amounts		Actual Amounts	Variance
	Original	Final Revised		
<b>Revenues</b>				
Property taxes	\$ 907,718	\$ 907,718	\$ 913,924	\$ 6,206
Permits and franchise fees	378,780	378,780	360,423	(18,357)
Utility service taxes	415,794	415,794	474,036	58,242
Intergovernmental revenues	350,434	350,434	348,762	(1,672)
Charges for services	194,500	219,500	240,539	21,039
Fines and forfeitures	22,400	22,400	36,911	14,511
Miscellaneous revenue	8,426	8,426	95,088	86,662
Interest	1,200	1,200	56,366	55,166
<b>Total revenues</b>	<b>2,279,252</b>	<b>2,304,252</b>	<b>2,526,049</b>	<b>221,797</b>
<b>Expenditures</b>				
General government				
Town council	100,650	153,025	125,411	27,614
Town manager	540,059	674,559	729,245	(54,686)
Financial services	44,330	80,130	66,845	13,285
Legal services	120,000	168,000	167,597	403
Planning and zoning	205,924	247,824	208,773	39,051
Code enforcement	140,380	88,330	87,828	502
Other general government	166,730	209,280	207,030	2,250
<b>Total general government</b>	<b>1,318,073</b>	<b>1,621,148</b>	<b>1,592,729</b>	<b>28,419</b>
Public safety				
Police	624,000	622,412	622,412	
Physical environment				
Public works	20,000	100		100
<b>Total expenditures</b>	<b>1,962,073</b>	<b>2,243,660</b>	<b>2,215,141</b>	<b>28,519</b>
Excess (deficiency) of revenues over (under) expenditures	317,179	60,592	310,908	250,316
Other financing sources				
Transfers in		13,000		(13,000)
Transfer to fund balance	(317,179)	(73,592)		73,592
<b>Total other financing sources</b>	<b>(317,179)</b>	<b>(60,592)</b>		<b>60,592</b>
Net change in fund balance	\$	\$	310,908	\$ 310,908
Fund balance, beginning of year			485,225	
Fund balance, end of year			<b>\$ 796,133</b>	

**TOWN OF LOXAHATCHEE GROVES**  
**Required Supplementary Information (RSI)**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance-Budget and Actual**  
**Roads and Drainage Fund**  
**For Year Ended September 30, 2019**

	Budget Amounts		Actual Amounts	Variance
	Original	Final Revised		
<b>Revenues</b>				
Maintenance assessments	\$ 1,480,155	\$ 1,480,155	\$ 1,503,117	\$ 22,962
Debt assessments	320,284	320,284	310,976	(9,308)
Miscellaneous revenue			22,262	22,262
Interest			13,973	13,973
<b>Total revenues</b>	<b>1,800,439</b>	<b>1,800,439</b>	<b>1,850,328</b>	<b>49,889</b>
<b>Expenditures</b>				
Current				
Physical environment	1,494,925	1,711,625	1,367,336	344,289
Debt service	305,514	305,514	317,031	(11,517)
Capital outlay			50,350	(50,350)
<b>Total expenditures</b>	<b>1,800,439</b>	<b>2,017,139</b>	<b>1,734,717</b>	<b>282,422</b>
Excess (deficiency) of revenues over (under) expenditures		(216,700)	115,611	332,311
<b>Other financing sources</b>				
Transfers in		200,000		(200,000)
Transfers out		(13,000)		13,000
Transfer from fund balance		29,700		(29,700)
<b>Total other financing sources</b>	<b>216,700</b>			<b>(216,700)</b>
<b>Net change in fund balance</b>	<b>\$</b>	<b>\$</b>	<b>115,611</b>	<b>\$ 115,611</b>
Fund balance, beginning of year			712,700	
Fund balance, end of year			<b>\$ 828,311</b>	

**TOWN OF LOXAHATCHEE GROVES, FLORIDA**  
**Required Supplementary Information (RSI)**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance-Budget and Actual**  
**Transportation Fund**  
**For the Year Ended September 30, 2019**

	Budget Amounts		Actual Amounts	Variance
	Original	Final Revised		
Revenues				
Intergovernmental revenues	\$ 413,662	\$ 413,662	\$ 441,393	\$ 27,731
Total revenues	<u>413,662</u>	<u>413,662</u>	<u>441,393</u>	<u>27,731</u>
Expenditures				
Physical environment				
Roads and streets			56,927	(56,927)
Debt service				
Principal	283,662	283,662		283,662
Interest	130,000	130,000		130,000
Other debt service costs	<u>200,000</u>	<u>200,000</u>		<u>200,000</u>
Total expenditures	<u>613,662</u>	<u>613,662</u>	<u>56,927</u>	<u>556,735</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(200,000)</u>	<u>(200,000)</u>	<u>384,466</u>	<u>584,466</u>
Other financing sources				
Debt proceeds	4,000,000	4,000,000		(4,000,000)
Transfers out	(3,800,000)	(4,000,000)		4,000,000
Appropriated fund balance		200,000		(200,000)
Total other financing sources	<u>200,000</u>	<u>200,000</u>		<u>(200,000)</u>
Net change in fund balance	<u>\$</u>	<u>\$</u>	<u>384,466</u>	<u>\$ 384,466</u>
Fund balance, beginning of year			<u>126,093</u>	
Fund balance, end of year			<u>\$ 510,559</u>	

**TOWN OF LOXAHATCHEE GROVES, FLORIDA**  
**Required Supplementary Information (RSI)**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance-Budget and Actual**  
**Local Option Sales Tax Fund**  
**For Year Ended September 30, 2019**

	Budget Amounts		Actual Amounts	Variance
	Original	Final Revised		
Revenues				
Local option sales tax	\$ 255,718	\$ 255,718	\$ 244,142	\$ (11,576)
Total revenues	<u>255,718</u>	<u>255,718</u>	<u>244,142</u>	<u>(11,576)</u>
Expenditures				
Physical environment				
Roads and streets	255,718	255,718		255,718
Net change in fund balance	\$	\$	244,142	\$ 244,142
Fund balance, beginning of year			<u>380,366</u>	
Fund balance, end of year			<u>\$ 624,508</u>	

# **TOWN OF LOXAHATCHEE GROVES, FLORIDA**

## **Notes to the Required Supplementary Information (RSI)**

**September 30, 2019**

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

Budgetary comparison schedules are presented for the General, Local Option Sales Tax, and Transportation Funds, as required by generally accepted accounting principles. The budgetary process is described in Note 2 to the financial statements. 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 other funds. Expenditures may not legally exceed budgeted appropriations at that level. For the year ended September 30, 2019, the amounts below had expenditures that exceeded the legal level of control.

Town manager	\$ 54,686
--------------	-----------

**TOWN OF LOXAHATCHEE GROVES, FLORIDA**  
**Required Supplemental Information**  
**Schedule of Employer Contributions**  
**Florida Retirement System - Pension Plan**

**Last Ten Fiscal Years**

	2015	2016	2017	2018	2019
Contractually required FRS contribution	\$ 32,722	\$ 34,576	\$ 10,252	\$ 7,440	\$ 18,804
FRS contributions in relation to the contractually required contribution	<u>(32,722)</u>	<u>(34,576)</u>	<u>(10,252)</u>	<u>(7,440)</u>	<u>(18,804)</u>
FRS contribution deficiency (excess)	<u><u>\$</u></u>	<u><u>\$</u></u>	<u><u>\$</u></u>	<u><u>\$</u></u>	<u><u>\$</u></u>
Town's covered payroll	\$ 251,455	\$ 226,503	\$ 172,507	\$ 101,638	\$ 194,113
FRS contributions as a percentage of covered payroll	13.01%	15.27%	5.94%	7.32%	9.69%

This schedule is intended to present data for 10 years. For years prior to 2015, data is unavailable. Additional years will be presented as they become available. The Loxahatchee Water Control District became a dependent special district of the Town effective June 26, 2018, fiscal year 2018 and earlier are for the District as the Town did not have any employees.

**TOWN OF LOXAHATCHEE GROVES, FLORIDA**  
**Required Supplemental Information**  
**Schedule of Proportionate Share of Net Pension Liability**  
**Florida Retirement System - Pension Plan**

**Last Ten Fiscal Years**

	2015	2016	2017	2018	2019
Proportion of the FRS net pension liability	0.135400%	0.001291%	0.001154%	0.000988%	0.000639%
Proportionate share of the FRS net pension liability	\$ 174,891	\$ 326,010	\$ 341,211	\$ 297,710	\$ 220,163
Town's covered payroll	\$ 248,765	\$ 246,765	\$ 172,507	\$ 137,170	\$ 126,272
Town's proportionate share of the FRS net pension liability as a percentage of covered payroll	70.30%	132.11%	197.80%	217.04%	174.36%
FRS Plan fiduciary net position as a percentage of the total pension liability	92.00%	84.88%	83.89%	84.26%	82.61%

NOTE: The above amounts are as of the plan fiscal year, which ends on June 30.

Assumption Changes	7.65%	7.60%	7.10%	7.00%	6.90%
Discount Rate	7.65%	7.60%	7.10%	7.00%	6.90%

This schedule is intended to present data for 10 years. For years prior to 2015, data is unavailable. Additional years will be presented as they become available. The Loxahatchee Water Control District became a dependent special district of the Town effective June 26, 2018, fiscal year 2018 and earlier are for the District as the Town did not have any employees. The amounts presented for each fiscal year were determined as of the June 30 measurement date. The Plan's fiduciary net position as a percentage of the total pension liability is published in the Plan's Comprehensive Annual Financial Report.

**TOWN OF LOXAHATCHEE GROVES, FLORIDA**  
**Required Supplemental Information**  
**Schedule of Employer Contributions**  
**Florida Retirement System**  
**Retiree Health Insurance Subsidy Program**

**Last Ten Fiscal Years**

<b>Retiree Health Insurance Subsidy Program</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>
Contractually required HIS contribution	\$ 5,868	\$ 34,576	\$ 2,863	\$ 4,666	\$ 7,696
HIS contributions in relation to the contractually required contribution	<u>(5,868)</u>	<u>(34,576)</u>	<u>(2,863)</u>	<u>(4,666)</u>	<u>(7,696)</u>
HIS contribution deficiency (excess)	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>
Town's covered payroll	\$ 251,455	\$ 226,503	\$ 172,507	\$ 254,024	\$ 463,608
HIS contributions as a percentage of covered payroll	2.33%	15.27%	1.66%	1.84%	1.66%

This schedule is intended to present data for 10 years. For years prior to 2015, data is unavailable. Additional years will be presented as they become available. The Loxahatchee Water Control District became a dependent special district of the Town effective June 26, 2018, fiscal year 2018 and earlier are for the District as the Town did not have any employees.

**TOWN OF LOXAHATCHEE GROVES, FLORIDA**  
**Required Supplemental Information**  
**Schedule of Proportionate Share of Net Pension Liability**  
**Florida Retirement System**  
**Retiree Health Insurance Subsidy Program**

**Last Ten Fiscal Years**

	2015	2016	2017	2018	2019
Proportion of the HIS net pension liability	0.001407%	0.001433%	0.001379%	0.001063%	0.000925%
Proportionate share of the HIS net pension liability	\$ 143,455	\$ 167,037	\$ 147,409	\$ 112,557	\$ 103,460
Town's covered payroll	\$ 248,765	\$ 246,765	\$ 172,507	\$ 347,343	\$ 305,943
Town's proportionate share of the HIS net pension liability as a percentage of it covered payroll	57.67%	67.69%	85.45%	32.41%	33.82%
HIS Plan fiduciary net position as a percentage of the total pension liability	0.50%	0.97%	1.64%	2.15%	2.63%
Assumption Changes					
Discount Rate	4.29%	2.85%	3.58%	3.87%	3.50%

This schedule is intended to present data for 10 years. For years prior to 2015, data is unavailable. Additional years will be presented as they become available. The Loxahatchee Water Control District became a dependent special district of the Town effective June 26, 2018, fiscal year 2018 and earlier are for the District as the Town did not have any employees. The amounts presented for each fiscal year were determined as of the June 30 measurement date. The Plan's fiduciary net position as a percentage of the total pension liability is published in the Plan's Comprehensive Annual Financial Report.

---

---

## STATISTICAL SECTION

---

---

## STATISTICAL SECTION

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

<u>Contents</u>	<u>Page</u>
<b>Financial Trends</b>	
<i>These schedules contain trend information to help the reader understand how the Town's financial performance and well-being have changed over time. These schedules include:</i>	
Net Position by Component	68
Changes in Net Position	69
Fund Balances of Governmental Funds	71
Changes in Fund Balances of Governmental Funds	72
General Governmental Revenues by Source	73
<b>Revenue Capacity</b>	
<i>These schedules contain information to help the reader assess the Town's most significant local revenue source, the property tax.</i>	
Assessed Value and Estimated Actual Value of Taxable Property	75
Property Tax Rates Direct and Overlapping Governments	77
Principal Property Tax Payers	79
Property Tax Levies and Collections	80
<b>Debt Capacity</b>	
<i>These schedules present information to help the reader assess the affordability of the Town's current levels of outstanding debt and the Town's ability to issue additional debt in the future.</i>	
Direct and Overlapping Governmental Activities Debt	81
<b>Demographic and Economic Information</b>	
<i>These schedules offer demographic and economic indicators to help the reader understand the environment within which the Town's financial activities take place.</i>	
Demographic and Economic Statistics	82
Principal Employers-Palm Beach County	83
<b>Operating Information</b>	
<i>These schedules contain service and infrastructure data to help understand how the information in the Town's financial report relates to the services the Town provides and the activities it performs.</i>	
Full-Time Equivalent Town Government Employees by Function	84
Operating Indicators by Function	85

*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

(accrual basis of accounting)

	2010	2011	2012	2013	2014
<b>Governmental activities:</b>					
Net investment in capital assets	\$ 3,656	\$ 7,600	\$ 55,475	\$ 1,538,853	\$ 1,492,795
Restricted	449,365	620,295	642,359	896,886	1,076,147
Unrestricted	1,671,555	2,045,135	2,334,787	2,132,881	2,150,361
<b>Total governmental activities net position</b>	<b><u>\$ 2,124,576</u></b>	<b><u>\$ 2,673,030</u></b>	<b><u>\$ 3,032,621</u></b>	<b><u>\$ 4,568,620</u></b>	<b><u>\$ 4,719,303</u></b>
<b>Business-type activities</b>					
Unrestricted	<u>\$</u>	<u>\$ (4,102.00)</u>	<u>\$ 31,689</u>	<u>\$ 37,058</u>	<u>\$ 38,959</u>
<b>Primary government:</b>					
Net investment in capital assets	\$ 3,656	\$ 7,600	\$ 55,475	\$ 1,538,853	\$ 1,492,795
Restricted	449,365	620,295	642,359	896,886	1,076,147
Unrestricted	1,671,555	2,041,033	2,366,476	2,169,939	2,189,320
<b>Total primary government net position</b>	<b><u>\$ 2,124,576</u></b>	<b><u>\$ 2,668,928</u></b>	<b><u>\$ 3,064,310</u></b>	<b><u>\$ 4,605,678</u></b>	<b><u>\$ 4,758,262</u></b>
	2015	2016	2017	2018	2019
<b>Governmental activities:</b>					
Net investment in capital assets	\$ 1,856,215	\$ 3,165,292	\$ 3,962,198	\$ 4,652,258	\$ 4,989,272
Restricted	1,266,673	1,035,067	1,163,010	1,973,806	2,481,866
Unrestricted	1,633,875	2,101,301	1,302,320	331,416	560,522
<b>Total governmental activities net position</b>	<b><u>\$ 4,756,763</u></b>	<b><u>\$ 6,301,660</u></b>	<b><u>\$ 6,427,528</u></b>	<b><u>\$ 6,957,480</u></b>	<b><u>\$ 8,031,660</u></b>
<b>Business-type activities</b>					
Unrestricted	<u>\$ 29,594</u>	<u>\$ 28,097</u>	<u>\$ (20,435)</u>	<u>\$ (8,655)</u>	<u>\$ 83,372</u>
<b>Primary government:</b>					
Net investment in capital assets	\$ 1,856,215	\$ 3,165,292	\$ 3,962,198	\$ 4,652,258	\$ 4,989,272
Restricted	1,266,673	1,035,067	1,163,010	1,973,806	2,481,866
Unrestricted	1,663,469	2,129,398	1,281,885	322,761	643,894
<b>Total primary government net position</b>	<b><u>\$ 4,786,357</u></b>	<b><u>\$ 6,329,757</u></b>	<b><u>\$ 6,407,093</u></b>	<b><u>\$ 6,948,825</u></b>	<b><u>\$ 8,115,032</u></b>

The Loxahatchee Groves Water Control District became a dependent special district on June 26, 2018, transferring in \$1,269,175 of net position as of that date.

**TOWN OF LOXAHATCHEE GROVES, FLORIDA**

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

	2010	2011	2012	2013	2014
<b>EXPENSES</b>					
Governmental activities:					
General government	\$ 451,305	\$ 477,173	\$ 580,508	\$ 744,933	\$ 675,546
Public safety	272,064	274,785	274,911	275,243	280,515
Physical environment	716,178	182,996	342,238	366,296	454,398
Interest expense					
Total governmental activities	<u>1,439,547</u>	<u>934,954</u>	<u>1,197,657</u>	<u>1,386,472</u>	<u>1,410,459</u>
Business-type activities:					
Sanitation	-	469,761	429,196	479,497	419,256
<b>Total primary government expenses</b>	<b><u>1,439,547</u></b>	<b><u>1,404,715</u></b>	<b><u>1,626,853</u></b>	<b><u>1,865,969</u></b>	<b><u>1,829,715</u></b>
<b>PROGRAM REVENUES</b>					
Governmental activities:					
Charges for services:					
General government	12,743	11,948	107,895	56,392	56,635
Public safety	-	-	-	-	-
Physical environment	445,368	-	-	-	-
Operating grants and contributions	-	-	-	-	-
Capital grants and contributions	-	453	49,813	1,600,044	40,000
Total governmental activities program revenues	<u>458,111</u>	<u>12,401</u>	<u>157,708</u>	<u>1,656,436</u>	<u>96,635</u>
Business-type activities:					
Charges for services-Sanitation	-	464,023	464,987	347,557	421,157
Operating grants and contributions	-	-	-	-	-
Total business-type program revenues	<u>464,023</u>	<u>464,987</u>	<u>347,557</u>	<u>421,157</u>	
<b>Total primary government program revenues</b>	<b><u>458,111</u></b>	<b><u>476,424</u></b>	<b><u>622,695</u></b>	<b><u>2,003,993</u></b>	<b><u>517,792</u></b>
<b>Net (expense) revenue</b>					
Governmental activities	(981,436)	(922,553)	(1,039,949)	269,964	(1,313,824)
Business-type activities	-	(5,738)	35,791	(131,940)	1,901
<b>Total primary government net (expenses) revenue</b>	<b><u>(981,436)</u></b>	<b><u>(928,291)</u></b>	<b><u>(1,004,158)</u></b>	<b><u>138,024</u></b>	<b><u>(1,311,923)</u></b>
<b>General revenues and Other Changes in Net Position:</b>					
Governmental activities:					
Property taxes	321,912	263,170	214,645	210,005	208,173
Local option sales tax	-	-	-	-	-
Utility taxes	481,710	345,155	341,596	342,478	355,879
Franchise fees based on gross receipts	208,158	207,153	193,270	192,552	220,245
Unrestricted intergovernmental revenue	633,171	635,465	648,838	655,888	677,061
Interest and other	6,775	20,064	1,191	2,421	3,149
Transfers	-	-	-	(137,309)	-
Total governmental activities	<u>1,651,726</u>	<u>1,471,007</u>	<u>1,399,540</u>	<u>1,266,035</u>	<u>1,464,507</u>
Business-type activities:					
Interest and other	-	1,636	-	-	-
Transfers	-	-	-	137,309	-
Total business-type activities	<u>-</u>	<u>1,636</u>	<u>-</u>	<u>137,309</u>	<u>-</u>
<b>Total primary government</b>	<b><u>1,651,726</u></b>	<b><u>1,472,643</u></b>	<b><u>1,399,540</u></b>	<b><u>1,403,344</u></b>	<b><u>1,464,507</u></b>
<b>Change in Net Position</b>					
Governmental activities	670,290	548,454	359,591	1,535,999	150,683
Business-type activities	-	(4,102)	35,791	5,369	1,901
<b>Total primary government</b>	<b><u>\$ 670,290</u></b>	<b><u>\$ 544,352</u></b>	<b><u>\$ 395,382</u></b>	<b><u>\$ 1,541,368</u></b>	<b><u>\$ 152,584</u></b>

2015	2016	2017	2018	2019
\$ 916,445	\$ 914,583	\$ 963,530	\$ 1,042,085	\$ 1,452,992
285,459	290,048	294,621	610,000	622,412
402,114	1,061,666	805,928	1,030,000	1,417,732
<u>1,604,018</u>	<u>2,266,297</u>	<u>2,064,079</u>	<u>2,691,357</u>	<u>3,526,160</u>
440,786	435,614	553,265	814,671	550,288
<u>2,044,804</u>	<u>2,701,911</u>	<u>2,617,344</u>	<u>3,506,028</u>	<u>4,076,448</u>
132,333	204,519	110,820	104,397	160,658
-	-	-	-	-
-	-	-	-	1,543,093
-	-	-	45,178	-
<u>1,997,697</u>	<u>260,404</u>	<u>-</u>	<u>-</u>	<u>92,897</u>
<u>132,333</u>	<u>2,202,216</u>	<u>371,224</u>	<u>149,575</u>	<u>1,796,648</u>
431,421	339,620	357,835	364,869	642,315
-	-	54,351	51,582	-
<u>431,421</u>	<u>339,620</u>	<u>412,186</u>	<u>416,451</u>	<u>642,315</u>
563,754	2,541,836	783,410	566,026	2,438,963
(1,471,685)	(64,081)	(1,692,855)	(2,541,782)	(1,729,512)
(9,365)	(95,994)	(141,079)	(398,220)	92,027
<u>(1,481,050)</u>	<u>(160,075)</u>	<u>(1,833,934)</u>	<u>(2,940,002)</u>	<u>(1,637,485)</u>
229,355	315,454	361,816	612,844	913,924
-	-	160,446	219,920	244,142
349,103	353,221	372,182	388,641	474,036
221,246	312,064	262,181	214,497	321,215
709,241	722,300	741,009	748,944	755,583
200	436	13,636	27,713	94,792
-	(94,497)	(92,547)	(410,000)	-
<u>1,509,145</u>	<u>1,608,978</u>	<u>1,818,723</u>	<u>1,802,559</u>	<u>2,803,692</u>
-	94,497	92,547	410,000	-
-	94,497	92,547	410,000	-
<u>1,509,145</u>	<u>1,703,475</u>	<u>1,911,270</u>	<u>2,212,559</u>	<u>2,803,692</u>
37,460	1,544,897	125,868	(739,223)	1,074,180
(9,365)	(1,497)	(48,532)	11,780	92,027
<u>\$ 28,095</u>	<u>\$ 1,543,400</u>	<u>\$ 77,336</u>	<u>\$ (727,443)</u>	<u>\$ 1,166,207</u>

**TOWN OF LOXAHATCHEE GROVES, FLORIDA**

Fund Balances of Governmental Funds

Last Ten Fiscal Years

(modified accrual basis of accounting)

	2010	2011	2012	2013	2014
General Fund					
Nonspendable-prepays	\$ 28,437	\$ 28,437	\$ 22,899	\$ 42,604	\$ 47,425
Restricted for tree mitigation					
Assigned for capital projects		1,000,000			
Unassigned	1,643,118	1,016,698	1,311,888	690,277	882,923
Total general fund	<u><u>\$ 1,671,555</u></u>	<u><u>\$ 2,045,135</u></u>	<u><u>\$ 1,334,787</u></u>	<u><u>\$ 732,881</u></u>	<u><u>\$ 930,348</u></u>
All other governmental funds					
Restricted for infrastructure	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted for transportation	449,365	620,295	642,359	896,886	1,076,147
Assigned for capital projects			1,000,000	1,400,000	1,220,013
Total all other governmental funds	<u><u>\$ -</u></u>	<u><u>\$ 620,295</u></u>	<u><u>\$ 1,642,359</u></u>	<u><u>\$ 2,296,886</u></u>	<u><u>\$ 2,296,160</u></u>
	2015	2016	2017	2018	2019
General Fund					
Nonspendable-prepays	\$ 26,562	\$ 28,293	\$ 3,750	\$ -	\$ 82,256
Restricted for tree mitigation					75,635
Assigned for capital projects					
Unassigned	454,232	307,413	425,225	485,224	638,242
Total general fund	<u><u>\$ 480,794</u></u>	<u><u>\$ 335,706</u></u>	<u><u>\$ 428,975</u></u>	<u><u>\$ 485,224</u></u>	<u><u>\$ 796,133</u></u>
All other governmental funds					
Nonspendable-prepays	\$ -	\$ -	\$ -	\$ -	\$ 50,000
Restricted for infrastructure	- -	- -	160,446	380,366	624,508
Restricted for transportation	1,266,673	1,035,067	1,002,564	886,474	1,007,764
Restricted for roads and drainage				608,773	670,368
Restricted for debt service				103,927	107,943
Assigned for capital projects	1,153,081	1,119,740	862,642	162,667	162,668
Total all other governmental funds	<u><u>\$ 2,419,754</u></u>	<u><u>\$ 2,154,807</u></u>	<u><u>\$ 2,025,652</u></u>	<u><u>\$ 2,142,207</u></u>	<u><u>\$ 2,623,251</u></u>

The Loxahatchee Groves Water Control District became a dependent special district on June 26, 2018, transferring in \$1,185,017 of restricted fund balance as of that date.

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

	2010	2011	2012	2013	2014
<b>REVENUES</b>					
Property taxes	\$ 321,912	\$ 263,170	\$ 214,645	\$ 210,005	\$ 208,173
Local option sales tax	-	-	-	-	-
Utility taxes	481,710	345,155	341,596	342,478	355,879
Franchise fees	208,158	207,153	193,270	192,552	220,245
Intergovernmental revenue	633,171	635,465	648,838	655,888	677,061
Charge for services	447,379	2,352	61,650	45,117	15,322
Licenses and permits	10,732	9,596	10,518	9,564	31,666
Fines and forfeitures	-	-	35,727	1,711	9,647
Contributions from private sources	-	-	49,813	-	40,000
Interest and other	6,775	20,064	1,191	2,421	3,149
Total revenues	<u>2,109,837</u>	<u>1,482,955</u>	<u>1,557,248</u>	<u>1,459,736</u>	<u>1,561,142</u>
<b>EXPENDITURES</b>					
Current:					
General government	449,861	480,664	578,987	744,225	675,104
Public safety	272,064	274,785	274,911	275,243	280,515
Physical environment	716,178	182,996	340,971	250,338	213,725
Capital outlay	-	-	50,663	0	195,057.00
Total expenditures	<u>1,438,103</u>	<u>938,445</u>	<u>1,245,532</u>	<u>1,269,806</u>	<u>1,364,401</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	-	-	-	541,844	55,070
Transfers out	-	-	-	(679,153)	(55,070)
	-	-	-	(137,309)	-
<b>Net change in fund balances</b>	<b><u>\$ 671,734</u></b>	<b><u>\$ 544,510</u></b>	<b><u>\$ 311,716</u></b>	<b><u>\$ 52,621</u></b>	<b><u>\$ 196,741</u></b>
Debt service as a percentage of noncapital expenditures	<u>0.0%</u>	<u>0.0%</u>	<u>0.0%</u>	<u>0.0%</u>	<u>0.0%</u>
	2015	2016	2017	2018	2019
<b>REVENUES</b>					
Property taxes	\$ 229,355	\$ 315,454	\$ 361,816	\$ 612,844	\$ 913,924
Local option sales tax	-	-	160,446	219,920	244,142
Utility taxes	349,103	353,221	372,182	388,641	474,036
Franchise fees	221,246	312,064	262,181	214,497	321,214
Intergovernmental revenue	709,241	722,300	741,009	748,944	790,155
Charge for services	105,179	158,546	64,727	43,258	240,539
Licenses and permits	20,140	34,622	23,524	51,897	39,209
Special assessments					1,814,093
Fines and forfeitures	7,014	11,351	22,569	9,242	36,911
Contributions	-	926,942	260,404	-	-
Interest and other	200	436	4,686	27,713	187,689
Total revenues	<u>1,641,478</u>	<u>2,834,936</u>	<u>2,273,544</u>	<u>2,316,956</u>	<u>5,061,912</u>
<b>EXPENDITURES</b>					
Current:					
General government	909,330	900,292	948,468	1,027,261	1,576,510
Public safety	285,459	290,048	294,621	610,000	622,412
Physical environment	150,995	768,167	454,017	672,401	1,440,482
Capital outlay	621,654	1,191,967	519,777	322,842	313,525
Debt service:					
Principal				263,000	271,000
Interest				21,227	34,406
Other debt service costs				2,438	11,625
Total expenditures	<u>1,967,438</u>	<u>3,150,474</u>	<u>2,216,883</u>	<u>2,919,169</u>	<u>4,269,960</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	40,000	378,638	0	1,086,898	
Transfers out	(40,000)	(473,135)	(92,547)	(1,496,898)	
	-	(94,497)	(92,547)	(410,000)	-
<b>Net change in fund balances</b>	<b><u>\$ (325,960)</u></b>	<b><u>\$ (410,035)</u></b>	<b><u>\$ (35,886)</u></b>	<b><u>\$ (1,012,213)</u></b>	<b><u>\$ 791,952</u></b>
Debt service as a percentage of noncapital expenditures	<u>0.0%</u>	<u>0.0%</u>	<u>0.0%</u>	<u>12.4%</u>	<u>8.7%</u>

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

<u>Fiscal Year</u>	<u>Ad-Valorem Taxes General Purpose</u>	<u>Local Option Sales Tax (2)</u>	<u>Utility Tax</u>	<u>Intergovernmental</u>	<u>Franchise Tax</u>
2010	321,912	-	481,710	633,171	208,158
2011	263,170	-	345,155	635,465	207,153
2012	214,645	-	341,596	648,838	193,270
2013	210,005	-	342,478	655,888	192,552
2014	208,173	-	355,879	677,061	220,245
2015	229,355	-	349,103	709,241	221,246
2016	315,454	-	353,221	722,300	312,064
2017	361,816	160,446	372,182	741,009	262,181
2018	612,844	219,920	388,641	748,944	214,497
2019	913,924	244,142	474,036	790,155	321,214

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

(2) The tax was started in 2017 and it will last ten years with the proceeds restricted for Infrastructure expenditures

<u>Charges for Service (1)</u>	<u>License and Permits</u>	<u>Special Assessments</u>	<u>Fines and Forfeitures</u>	<u>Contributions</u>	<u>Interest/ Other</u>	<u>Total</u>
444,379	10,732		-	-	6,775	2,106,837
2,352	9,596		-	-	20,064	1,482,955
61,650	10,518		35,727	49,813	1,191	1,557,248
45,117	9,564		1,711	-	2,421	1,459,736
31,666	15,322		9,647	40,000	3,149	1,561,142
105,179	20,140		7,014	-	200	1,641,478
158,546	34,622		11,351	926,942	436	2,834,936
64,727	23,524		22,569	260,404	4,686	2,273,544
43,258	51,897		9,242	-	27,713	2,316,956
240,539	39,209	1,814,093	36,911	-	187,689	5,061,912

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

Fiscal Year	Real Property				Personal Property	Net Assessed Value
	Residential Property	Commercial Property	Agricultural Property	Gov't/Institutional Property		
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
2014	115,303,596	15,012,230	57,596,934	1,343,527	8,583,515	197,839,802
2015	118,838,958	15,012,230	55,282,018	1,339,377	13,930,600	204,403,183
2016	161,229,749	21,299,409	63,489,636	1,308,383	15,502,799	262,829,976
2017	161,247,624	38,232,930	78,706,972	1,528,433	13,364,823	293,080,782
2018	160,049,414	37,400,435	78,664,760	2,360,928	13,380,833	291,856,370
2019	182,223,067	40,739,695	92,887,986	1,676,098	15,010,899	332,537,745

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.

Total Direct Tax Rate	Estimated Actual Value	Net Assessed Value as a Percentage of Estimated Actual Value
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%
1.2000	374,606,234	52.81%
1.2000	361,603,906	56.53%
1.4718	320,014,496	82.13%
1.4718	356,117,093	82.30%
2.1500	373,032,241	78.24%
3.0000	425,594,621	78.13%

**TOWN OF LOXAHATCHEE GROVES, FLORIDA**  
**Property Tax Rates**  
**Direct and Overlapping Governments**  
**Last Ten Fiscal Years**

**OVERLAPPING RATES**

---

<b>Fiscal Year</b>	<b>Town</b> <b>Operating Millage</b>	<b>Palm Beach County School District</b>	<b>Palm Beach County General Government</b>	<b>Palm Beach County Debt Service</b>	<b>Palm Beach County Fire Rescue</b>
2010	1.4000	7.9830	4.3440	0.2174	2.9500
2011	1.2000	8.1540	4.7500	0.2460	3.4581
2012	1.2000	8.1800	4.7815	0.2110	3.4581
2013	1.2000	7.7780	4.7815	0.2037	3.4581
2014	1.2000	7.5860	4.7815	0.1914	3.4581
2015	1.2000	7.5940	4.7815	0.1462	3.4581
2016	1.4718	7.5120	4.7815	0.1327	3.4581
2017	1.4718	7.0700	4.7815	0.1208	3.4581
2018	2.1500	6.5720	4.7815	0.1165	3.4581
2019	3.0000	7.1640	4.7815	0.0594	3.4581

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**

---

Palm Beach County Health Care District	Palm Beach County Library System	South Florida Water Management District	Children's Services Council	Florida Inland Navigation District	Total Direct and Overlapping Rates
0.9975	0.5518	0.5346	0.6009	0.0345	19.6137
1.1451	0.6069	0.5346	0.6898	0.0345	20.8190
1.1451	0.6081	0.5346	0.7513	0.0345	20.9042
1.1250	0.6065	0.3739	0.7475	0.0345	20.3087
1.0800	0.6024	0.3523	0.7025	0.0345	19.9887
1.0800	0.5985	0.3842	0.6745	0.0345	19.9515
1.0426	0.5933	0.3551	0.6677	0.0320	20.0468
0.7808	0.5891	0.3100	0.6590	0.0320	19.2731
0.7261	0.5901	0.2936	0.6403	0.0320	19.3602
0.7261	0.5870	0.2795	0.6497	0.0320	20.7373

**TOWN OF LOXAHATCHEE GROVES, FLORIDA**

Principal Property Taxpayers  
Last year and nine years ago

2019				2010			
<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>
ATLANTIC LAND INVESTMENTS LLC	16,385,000	1	4.92%	GROVES MEDICAL PLAZA LLC	13,199,999	1	5.79%
PALMS WEST MEDICAL OFFICE COM	9,620,000	2	2.89%	R BROKE NOW LLC	2,800,805	4	1.23%
GROVES MEDICAL PLAZA LLC	4,553,000	3	1.37%	YEES CORP	2,859,843	3	1.25%
WILLIAMS & SONS REALTY OF 29TH	3,322,500	4	1.00%	EVERGLADES FARM EQUIP CO	1,997,435	5	0.88%
R BROKE NOW LLC	3,258,000	5	0.98%	ZDARSKY CONSTANTIN	3,258,760	2	1.43%
WPB DEVELOPMENT LLC	2,473,000	6	0.74%	SOUTHERN MANAGEMENT CORP	1,793,950	6	0.79%
YEES CORP	2,470,500	7	0.74%	SUNSPORT GARDENS	1,390,479	7	0.61%
LANTANA HOLDINGS LLC	2,113,800	8	0.63%	ROYALS OK LUNCH INC	1,138,974	8	0.50%
EVERGLADES FARM EQUIP CO	2,043,900	9	0.61%	ACKERMAN LORI	1,132,494	9	0.50%
7 ELEVEN	1,709,300	10	0.51%	JACA BUSINESS CORP	1,100,396	10	0.48%
	<u><b>\$ 47,949,000</b></u>		<u><b>14.40%</b></u>		<u><b>\$ 30,673,135</b></u>		<u><b>13.46%</b></u>

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

Fiscal Year	Collected Within the Fiscal Year				Collections in Subsequent Years	Total Collections to Date			
	Total Taxes Levied for		of Levy			Percent of Levy	Percent of		
	Total	Fiscal Year	Amount	Levy			Amount	Levy	
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%			
2014	215,752	208,173	96.49%	n/a	208,173	96.49%			
2015	235,147	229,355	97.54%	n/a	229,355	97.54%			
2016	311,616	315,454	101.23%	n/a	315,454	101.23%			
2017	374,285	361,093	96.48%	n/a	361,093	96.48%			
2018	627,445	612,844	97.67%	n/a	612,844	97.67%			
2019	1,012,998	913,924	90.22%	n/a	913,924	90.22%			

**TOWN OF LOXAHATCHEE GROVES, FLORIDA**

Demographic and Economic Statistics

Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Population (1)</u>	<u>Personal Income (2)</u>	<u>Per Capita</u>	
			<u>Personal Income (3)</u>	<u>Unemployment Rate (4)</u>
2010	3,200	n/a	n/a	12.4%
2011	3,091	n/a	n/a	10.2%
2012	3,173	n/a	n/a	9.2%
2013	3,262	n/a	n/a	7.1%
2014	3,183	n/a	n/a	6.0%
2015	3,180	n/a	n/a	5.3%
2016	3,271	n/a	n/a	4.8%
2017	3,342	n/a	n/a	4.20%
2018	3,384	n/a	n/a	3.50%
2019	3,593	n/a	n/a	3.20%

(1) Population estimate as published by the University of Florida, Bureau of Economic and Business Research.

(2) Personal income is the Palm Beach County per capita personal income applied to the Loxahatchee Groves population.

(3) 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.

(4) 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**  
 Direct and Overlapping Governmental Activities Debt  
 Fiscal year ended September 30, 2019

<b>Government Unit</b>	<b>Net Debt Outstanding</b>	<b>Estimated Percentage Applicable(1)</b>	<b>Amount Applicable to Town of Loxahatchee Groves</b>
<b>Debt repaid with property taxes:</b>			
Palm Beach County School Board	\$ 61,115,000	0.17%	\$ 103,896
Palm Beach County	<u>\$ 1,440,722,000</u>	0.17%	<u>\$ 2,449,227</u>
Subtotal, overlapping debt	<u>\$ 1,501,837,000</u>		<u>\$ 2,553,123</u>
<b>Other debt:</b>			
Town of Loxahatchee Groves direct debt	\$ 853,375	100.00%	\$ 853,375
Total direct and overlapping debt	<u>\$ 1,502,690,375</u>		<u>\$ 3,406,498</u>

Sources: Data provided by the Palm Beach County Finance Department and Palm Beach County 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**

Principal Employers - Palm Beach County

Last year and nine years ago

September 30, 2019

Employer	2019			2010		
	EMPLOYEES	RANK	Percentage of Total County Employment	EMPLOYEES	RANK	Percentage of Total County Employment
Palm Beach County School District	22,049	1	2.98%	21,718	1	3.53%
State Government	9,924	2	1.34%	7,433	3	1.21%
Federal Government	6,915	3	0.93%	6,423	4	1.04%
Tenet Healthcare Corp.	6,505	4	0.88%	5,127	5	0.83%
Palm Beach County Government	5,438	5	0.73%	11,381	2	1.85%
NextEra Energy (Florida Power & Light)	4,807	6	0.65%	3,658	7	0.59%
Hospital Corporation of America (HCA)	2,806	7	0.38%	4,150	6	0.67%
Boca Raton Regional Hospital	2,800	8	0.38%			
Florida Atlantic University	2,898	9	0.39%	2,776	8	0.45%
Veterans Health Administration	2,700	10	0.36%	2,205	10	0.36%
Bethesda Memorial Hospital				2,300	9	0.37%
	<u><u>66,842</u></u>		<u><u>9.02%</u></u>	<u><u>67,171</u></u>		<u><u>10.90%</u></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.

**TOWN OF LOXAHATCHEE GROVES, FLORIDA**  
 Full-Time Equivalent Town Government Employees by Function  
 Last Ten Fiscal Years

Function	2010	2011	2012	2013	2014
Legislative	(1)	(1)	(1)	(1)	(1)
Clerk	(1)	(1)	(1)	(1)	(1)
General government	(1)	(1)	(1)	(1)	(1)
Community Development	(1)	(1)	(1)	(1)	(1)
Public Works	(1)	(1)	(1)	(1)	(1)
Parks	(1)	(1)	(1)	(1)	(1)
Public Safety: Police	(2)	(2)	(2)	(2)	(2)
Function	2015	2016	2017	2018	2019
Legislative	(1)	(1)	(1)	(1)	-
Clerk	(1)	(1)	(1)	(1)	1
General government	(1)	(1)	(1)	(1)	4
Community Development	(1)	(1)	(1)	(1)	2
Public Works	(1)	(1)	(1)	4, (1)	5
Parks	(1)	(1)	(1)	(1)	-
Public Safety: Police	(2)	(2)	(2)	(2)	(2)

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

(2) - 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	2010	2011	2012	2013	2014
<b>Public Safety</b>					
Police:					
Number of emergency calls for service	(1)	(1)	(1)	(1)	(1)
Number of non-emergency calls for service	(1)	(1)	(1)	(1)	(1)
Number of arrests	(1)	(1)	(1)	(1)	(1)
Number of uniformed officers	(1)	(1)	(1)	(1)	(1)
(1)	(1)	(1)	(1)	(1)	(1)
Building and Zoning:	(1)	(1)	(1)	(1)	(1)
Number of building permits issued	(1)	(1)	(1)	(1)	(1)
Number of certificates of use issued	(1)	(1)	(1)	(1)	(1)
Number of occupational licenses issued	(1)	(1)	(1)	(1)	(1)
<b>Culture and Recreation</b>					
Number of parks	(2)	(2)	(2)	(2)	(2)
Function/Program	2015	2016	2017	2018	2019
<b>Public Safety</b>					
Police:					
Number of emergency calls for service	(1)	(1)	(1)	(1)	(1)
Number of non-emergency calls for service	(1)	(1)	(1)	(1)	(1)
Number of arrests	(1)	(1)	(1)	(1)	(1)
Number of uniformed officers	(1)	(1)	(1)	(1)	(1)
(1)	(1)	(1)	(1)	(1)	(1)
Building and Zoning:	(1)	(1)	(1)	(1)	(1)
Number of building permits issued	(1)	(1)	(1)	(1)	(1)
Number of certificates of use issued	(1)	(1)	(1)	(1)	(1)
Number of occupational licenses issued	(1)	(1)	(1)	(1)	(1)
<b>Culture and Recreation</b>					
Number of parks	(2)	(2)	(2)	(2)	(2)

(1) - The Town contracts with the County for these services.

(2)- The Town does not own any parks at this time.

Source: Town Clerk

---

---

## COMPLIANCE SECTION

---

---

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.NHCPA.COM

EVERETT B. NOWLEN (1930-1984), CPA  
EDWARD T. HOLT, CPA  
WILLIAM B. MINER, RETIRED  
ROBERT W. HENDRIX, JR., CPA  
JANET R. BARICEVICH, RETIRED, 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. BRESCHIA, CFP®, CPA

MARK J. BYMASTER, CFE, CPA  
RYAN M. SHORE, CFP®, CPA  
WEI PAN, CPA  
WILLIAM C. KISKER, CPA  
RICHARD E. DOTTI, CPA

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*

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, 2019, 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 January 25, 2021.

### **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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify a deficiency in internal control, described below that we consider to be a material weakness.

### **Finding 2016-1 Updated Policies and Procedures Manual**

#### **Condition**

On September 23, 2016, the Palm Beach County Office of Inspector General issued their report *2016-A-004 Town of Loxahatchee Groves Audit of Contracts, Vendors and Fixed Assets*. This report contained ten findings and twenty-two recommendations. Based on our audit procedures performed and reviewing the report's findings and recommendations the Town needs to revise its Policies and Procedures Manual. We also noted that existing policies were not always being followed or appropriately documented.

#### **Criteria**

Written procedures, instructions, and assignments of duties will prevent or reduce misunderstandings, errors, inefficiencies, duplicated or omitted procedures, and other situations that can result in inaccurate or untimely accounting records. A well-devised accounting manual can also help to ensure that all similar transactions are treated consistently, that accounting principles used are proper, and that records are produced in the form desired by management.

#### **Effect**

In the current fiscal year we noted the following:

- Bank reconciliations were not always being timely prepared and reviewed.
- We noted that some purchases were made in excess of the approved purchase order.
- Payments and supporting back up documentation were not timely remitted to the Florida Retirement System.
- Not all capital expenditures were charged to capital outlay accounts. Construction work in progress schedules were not maintained by project.
- Year end reconciliations and adjusting/closing entries were not timely made.

#### **Recommendation**

We recommend the Town revise the Policies and Procedures Manual taking into consideration changes in the Town's operations since the last revision and present the newly revised manual to the Town Council for approval. We also recommend training and monitoring to ensure the policies and procedures are being followed.

## **Management's Response**

Management is in process of updating all policies and procedures, financial and otherwise, particularly because we are in process of automating and integrating all systems to reduce risk, to enhance controls and to provide more timely and detailed reporting. For instance, we have integrated payroll processing, established online portals for applications and vendor billing, and implemented remote deposits. Working with our IT provider, we will continue to use technology to increase efficiency and effectiveness and to compensate for segregation of duties. With respect to the specific items noted, we have re-assigned staff duties, increased cross-training and engaged an outside accountant to review/perform reconciliations and adjusting/closing entries. We are also in process of developing standard checklists and other SOPs for all operations of the Town. In Public Works, we are creating a variety of logging and tracking systems including individual project files and schedules for capital assets and other maintenance activities.

## **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 an instance of noncompliance or other matters that is required to be reported under Government Auditing Standards and is described below.

### **Finding: 2016-3 Annual Financial Report**

#### **Condition**

We noted that the audit report and the Annual Financial Report filed with the Florida Department of Financial Services for the fiscal year ended September 30, 2019 was not filed timely.

#### **Recommendation**

We recommend that the Town review the financial reporting process and make any changes required to facilitate the timely preparation of financial reports.

#### **Management Response**

Management will work to provide timely preparation and review for the audited financial reports. Town staff has communicated with JLAC throughout the delinquent period. We are in process of the FY 2020 audit and anticipate no delays in filing.

## **Town of Loxahatchee Groves, Florida's Response to Findings**

The Town of Loxahatchee Groves, Florida's response to the findings identified in our audit are described above. Town of Loxahatchee Groves, Florida's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

## **Purpose of this Report**

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

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

West Palm Beach, Florida

January 25, 2021



# 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.NHMCAPA.COM

EVERETT B. NOWLEN (1930-1984), CPA  
EDWARD T. HOLT, CPA  
WILLIAM B. MINER, RETIRED  
ROBERT W. HENDRIX, JR., CPA  
JANET R. BARICEVICH, RETIRED, 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

MARK J. BYMASTER, CFE, CPA  
RYAN M. SHORE, CFP®, CPA  
WEI PAN, CPA  
WILLIAM C. KISKER, CPA  
RICHARD E. BOTTS, CPA

## 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

### Report on the Financial Statements

We have audited the financial statements of the Town of Loxahatchee Groves, Florida, as of and for the fiscal year ended September 30, 2019, and have issued our report thereon dated January 25, 2021.

### Auditor's Responsibility

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

### Other Reporting Requirements

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards* and Independent Accountant's Report on an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports, which are dated January 25, 2021, should be considered in conjunction with this management letter.

### Prior Audit Findings

Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. Findings 2016-1 and 2016-3 were applicable in the prior two years.

## **Official Title and Legal Authority**

Section 10.554(1)(i)4., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this Management Letter, unless disclosed in the notes to the financial statements. This information is disclosed in Note 1 to the financial statements.

## **Financial Condition and Management**

Sections 10.554(1)(i)5.a. and 10.556(7), Rules of the Auditor General, require us to apply appropriate procedures and communicate the results of our determination as to whether or not the Town of Loxahatchee Groves, Florida has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and to identify the specific condition(s) met. In connection with our audit, we determined that the Town of Loxahatchee Groves, Florida did not meet any of the conditions described in Section 218.503(1), Florida Statutes, during the fiscal year ended September 30, 2019.

Pursuant to Sections 10.554(1)(i)5.b. and 10.556(8), Rules of the Auditor General, we applied financial condition assessment procedures for the Town of Loxahatchee Groves, Florida. It is management's responsibility to monitor the Town of Loxahatchee Groves, Florida's financial condition, and our financial condition assessment was based in part on representations made by management and review of financial information provided by same. Our assessment was done as of the fiscal year end. The results of our procedures did not disclose any matters that are required to be reported.

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

### **Finding 2019-1: Expenditures in Excess of Appropriations**

#### **Condition**

As indicated in Note 2 in Notes to the Financial Statements, the General Fund had one department with expenditures in excess of appropriations.

#### **Criteria**

Florida Statutes prohibit expenditures in excess of appropriations.

#### **Effect**

Noncompliance with budgetary requirements.

#### **Recommendation**

We recommend that management review monthly budget to actual comparisons and propose budget amendments as necessary.

### **Management Response**

Town staff agrees with the auditor and utilizes the budget as a management tool reviewing actual expenditures against planned expenditures throughout the year. To that end, current management strives to limit budget amendments to year-end adjustments to the extent possible and as necessary.

The expenditures in excess of appropriation reported in Note 2 were in the Town Manager department and occurred as result of the settlement with the former management company. The settlement, which was disclosed as a contingency in the prior year financial statements, occurred subsequent to the sixty-day period in which year-end budget amendments were permitted for FY 2019.

### **Special District Component Units**

Section 10.554(1)(i)5.c., Rules of the Auditor General, requires, if appropriate, that we communicate the failure of a special district that is a component unit of a county, municipality, or special district, to provide the financial information necessary for proper reporting of the component unit within the audited financial statements of the county, municipality, or special district in accordance with Section 218.39(3)(b), Florida Statutes.

In connection with our audit, we determined that all special district component units provided the necessary information for proper reporting in accordance with Section 218.39(3)(b), Florida Statutes.

### **Additional Matters**

Section 10.554(1)(i)3., Rules of the Auditor General, requires us to communicate noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but which warrants the attention of those charged with governance. In connection with our audit, we did not note any such findings.

### **Single Audits**

The Town expended less than \$750,000 of federal awards and less than \$750,000 of state financial assistance for the fiscal year ended September 30, 2019 and was not required to have a federal single audit or a state single audit.

### **Town of Loxahatchee Groves, Florida's Response to Findings**

The Town of Loxahatchee Groves, Florida's response to the finding identified in our audit are described above. Town of Loxahatchee Groves, Florida's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

### **Purpose of this Letter**

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, 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 & Miner, P.A.*

January 25, 2021  
West Palm Beach, Florida



# 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.NHMCAPA.COM

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

## INDEPENDENT ACCOUNTANT'S REPORT ON COMPLIANCE WITH SECTION 218.415, FLORIDA STATUTES

MARK J. BYMASTER, CFE, CPA  
RYAN M. SHORE, CFP®, CPA  
WEI PAN, CPA  
WILLIAM C. KISKER, CPA  
RICHARD E. DOTT, 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 examined the Town of Loxahatchee Groves, Florida's compliance with Section 218.415, Florida Statutes during the year ended September 30, 2019. Management of the Town of Loxahatchee Groves, Florida is responsible for the Town of Loxahatchee Groves, Florida's compliance with the specified requirements. Our responsibility is to express an opinion on the Town of Loxahatchee Groves, Florida's compliance with the specified requirements based on our examination.

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

Our examination does not provide a legal determination on the Town of Loxahatchee Groves, Florida's compliance with the specified requirements.

In our opinion, the Town of Loxahatchee Groves, Florida complied, in all material respects, with Section 218.415, Florida Statutes for the year ended September 30, 2019.

This report is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and Florida House of Representatives, the Florida Auditor General, applicable management, and the Town Commission, and is not intended to be and should not be used by anyone other than these specified parties.

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

West Palm Beach, Florida  
January 25, 2021