

**TOWN OF LOXAHATCHEE GROVES,  
FLORIDA**



*Town of*  
**LOXAHATCHEE GROVES**

**COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**FOR THE FISCAL YEAR ENDED**

**SEPTEMBER 30, 2021**

**TOWN OF LOXAHATCHEE GROVES, FLORIDA**  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

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>	
<b>INDEPENDENT AUDITOR'S REPORT</b>	<b>1</b>
<b>MANAGEMENT'S DISCUSSION AND ANALYSIS (Required Supplementary Information)</b>	<b>4</b>
<b>BASIC FINANCIAL STATEMENTS:</b>	
<b>Government-Wide Financial Statements:</b>	
Statement of Net Position	16
Statement of Activities	17
<b>Fund Financial Statements:</b>	
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
<b>REQUIRED SUPPLEMENTARY INFORMATION</b>	
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. OTHER INFORMATION SECTION	
Information Required by Section 218.39(3)(c), Florida Statutes	86
V. 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	87
Management Letter in Accordance with the Rules of the Auditor General of the State of Florida	91
Independent Accountant’s Report on Compliance with Section 218.415 Florida Statutes	94

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# INTRODUCTORY SECTION

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# Town of Loxahatchee Groves

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[www.loxahatcheegrovesfl.gov](http://www.loxahatcheegrovesfl.gov)

March 8, 2023

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, 2021, 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 3,379 for the year 2021 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.

On June 26, 2018, the Loxahatchee Groves Water Control District became a dependent special district of the Town with \$1,269,175 of fund balance transferred to the Roads and Drainage special revenue fund as of that date. 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.

On March 11, 2021, the American Recovery Plan Act (ARPA) State & Local Fiscal Recovery Funds (SLFRF) was signed into law to promote a response to the pandemic and economic recovery. Pursuant to ARPA, the Town received non-entitlement funding of approximately \$1.8 million in total over FY 2020-21 and FY 2021-22.

For the fiscal year ending September 30, 2021, the Town Council adopted a rate of 3.0000 mills, the same rate as in prior years, resulting in total tax levy of \$1,042,008 which is an increase of \$69,609 or 7% from FY2020. The benefit of the continued increase is 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, 2021. 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,



Francine Ramaglia  
Town Manager

TOWN OF LOXAHATCHEE GROVES

List of Elected Town Officials

September 30, 2021

Council-Manager Form of Government

TOWN COUNCIL

Robert Shorr, Mayor (Seat 4)

Laura Danowski, Vice Mayor (Seat 2)

Phillis Maniglia, Council Member (Seat 1)

Marianne Miles, Council Member (Seat 3)

Margaret Herzog, Council Member (Seat 5)

ADMINISTRATION

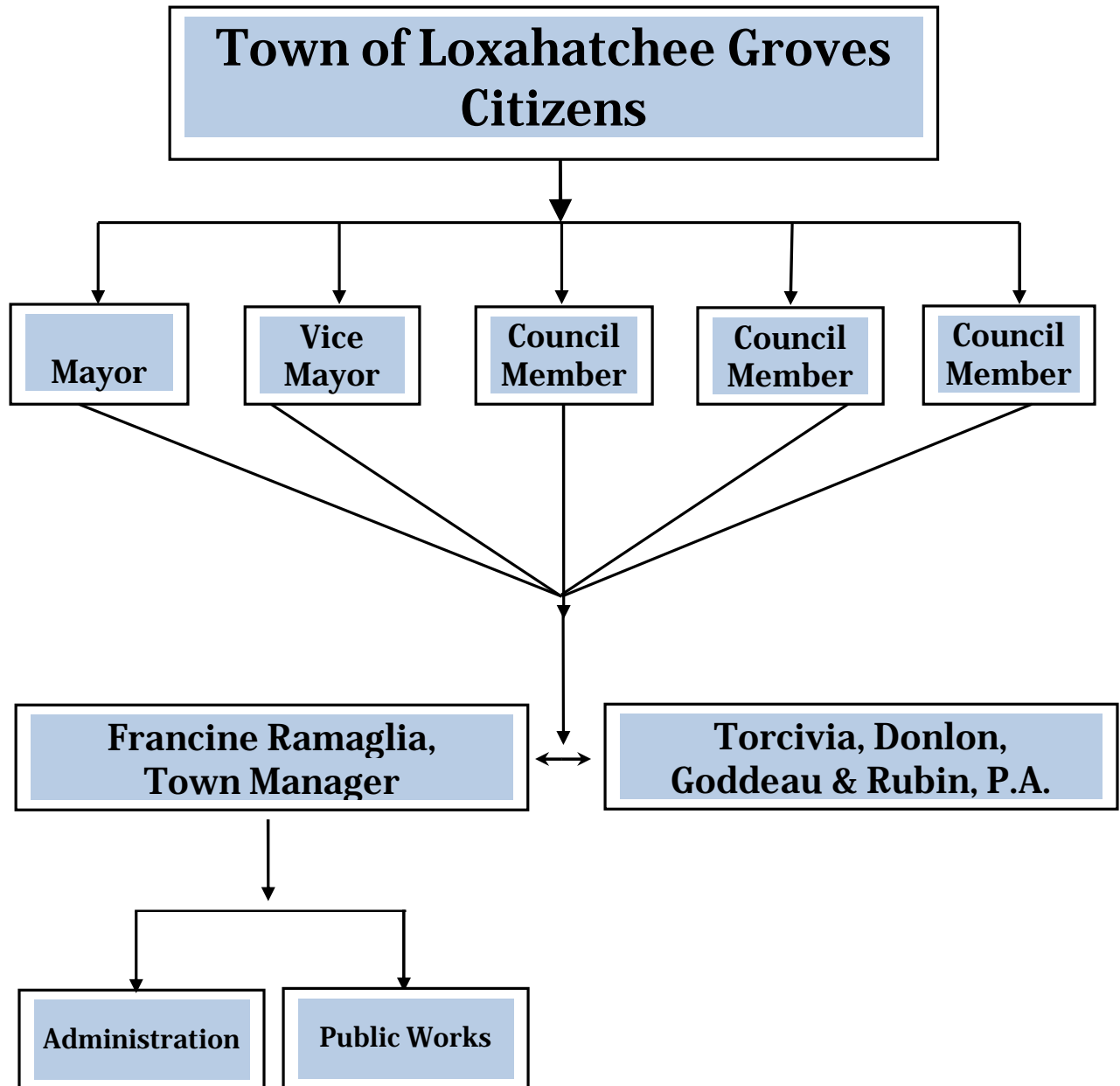
Town Manager, Francine L. Ramaglia, CPA

Elizabeth Lenihan of Torcivia, Donlon, Goddeau & Rubin, P.A., Town Attorney

Town Clerk, Lakisha Q. Burch

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

# Town of Loxahatchee Groves Organizational Chart



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## FINANCIAL SECTION

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# INDEPENDENT AUDITOR'S REPORT

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# NOWLEN, HOLT & MINER, P.A.

CERTIFIED PUBLIC ACCOUNTANTS

WEST PALM BEACH OFFICE  
NORTHBRIDGE CENTRE  
515 N. FLAGLER DRIVE, SUITE 1700  
POST OFFICE BOX 347  
WEST PALM BEACH, FLORIDA 33402-0347  
TELEPHONE (561) 659-3060  
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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. BOTTIS, CPA

## INDEPENDENT AUDITOR'S REPORT

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, 2021, 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, 2021, 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.

### ***Correction of Error***

As described in Note 11 to the financial statements, beginning net position of the Governmental Activities and the beginning fund balance of the Roads and Drainage fund were restated to correct the recording of accounts payable. Our opinion is not modified with respect to this matter.

### ***Other Matters***

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

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis 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, Statistical Section, and Other Information Section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The Introductory Section, Statistical Section, and Other Information Section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

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

In accordance with Government Auditing Standards, we have also issued our report dated March 8, 2023, 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.

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

West Palm Beach, Florida  
March 8, 2023

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

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**TOWN OF LOXAHATCHEE GROVES, FLORIDA**  
**Management's Discussion and Analysis**  
**September 30, 2021**

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, 2021. 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, 2021, the assets plus deferred outflows of the Town of Loxahatchee Groves exceeded its liabilities plus deferred inflows by \$9,727,446 of which \$6,675,748 was the net invested in capital assets and \$1,995,173 was restricted by law or agreements. The Town had \$1,056,525 (*unrestricted net position*) which may be used to meet the Town's ongoing obligations to citizens and creditors.
- Ø During the fiscal year 2021, net position decreased by \$65,430 from current year operations.
- Ø At September 30, 2021, the Town of Loxahatchee Groves' General Fund reported an ending fund balance of \$1,487,619, an increase of \$428,193 as compared with the prior year. Of the total fund balance, 83% is available for spending at the government's discretion (*unassigned fund balance*). The unassigned fund balance represents 49% of total General Fund operating expenditures and transfers.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

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

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

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

**Government-wide financial statements.** The *government-wide financial statements* are designed to provide readers with a broad overview of the Town's finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on all of the Town's assets 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.

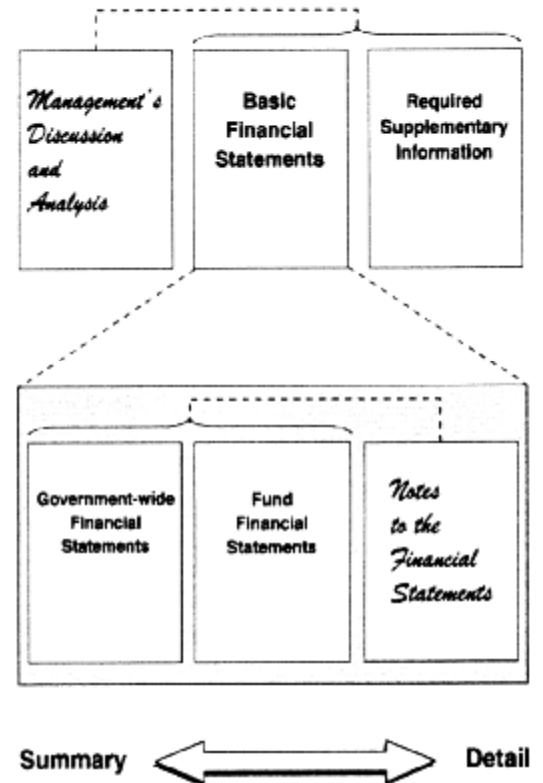
**Fund financial statements.** A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related 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 \$9,515,563. Business-type activity liabilities exceeded assets by \$211,883. The Town-wide total net position was \$9,727,446 at the close of the fiscal year ended September 30, 2021. 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 \$6,675,748 or 69% of total net position at September 30, 2021. 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 \$1,995,173 or 21% represents resources that are subject to external restrictions on how they may be used. The unrestricted net position of \$1,056,525 or 11% 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	
	2021	2020	2021	2020	2021	2020
<b>Assets:</b>						
Current and other assets	\$ 4,705,186	\$ 4,553,057	\$ 270,404	\$ 180,964	\$ 4,975,590	\$ 4,734,021
Capital assets	6,675,748	4,793,434	-	-	6,675,748	4,793,434
Total assets	11,380,934	9,346,491	270,404	180,964	11,651,338	9,527,455
Deferred outflows of resources	613,152	822,460	-	-	613,152	822,460
<b>Liabilities:</b>						
Long-term liabilities	383,945	1,130,611	-	-	383,945	1,130,611
Other liabilities	1,302,314	634,133	58,521	51,657	1,360,835	685,790
Total liabilities	1,686,259	1,764,744	58,521	51,657	1,744,780	1,816,401
Deferred inflows of resources	792,264	321,786	-	-	792,264	321,786
<b>Net position:</b>						
Net investment in capital assets	6,675,748	4,793,434	-	-	6,675,748	4,793,434
Restricted	1,995,173	2,675,011	-	-	1,995,173	2,675,011
Unrestricted	844,642	613,976	211,883	129,307	1,056,525	743,283
Total net position	\$ 9,515,563	\$ 8,082,421	\$ 211,883	\$ 129,307	\$ 9,727,446	\$ 8,211,728

**Governmental Activities.**

- Ø During the fiscal year 2021, net position improved markedly when compared to the prior year, increasing by \$1,433,142 from current year operations.

**Business Activities.**

- Ø The funding for the Town's solid waste operation is derived from an assessment placed up residential properties within the Town's jurisdiction.
- Ø The Town assesses approximately 1,500 residential units \$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, 2021 and 2020. 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	
	2021	2020	2021	2020	2021	2020
<b>Revenues:</b>						
Program revenues:						
Charges for services	\$ 1,858,323	\$ 1,736,377	\$ 653,665	\$ 645,523	\$ 2,511,988	\$ 2,381,900
Grants and contributions	132,547	90,741	50,272	103,893	182,819	194,634
General revenues:						
Property taxes	1,042,008	972,399	-	-	1,042,008	972,399
Local option sales tax	272,580	233,775	-	-	272,580	233,775
Franchise fees	372,660	321,674	-	-	372,660	321,674
Utility taxes	442,871	442,683	-	-	442,871	442,683
Intergovernmental	834,038	754,758	-	-	834,038	754,758
Investment/other income	35,356	50,641	-	-	35,356	50,641
<b>Total revenues</b>	<u>4,990,383</u>	<u>4,603,048</u>	<u>703,937</u>	<u>749,416</u>	<u>5,694,320</u>	<u>5,352,464</u>
<b>Expenses:</b>						
General Government	1,129,525	1,111,638	-	-	1,129,525	1,111,638
Public safety	1,119,128	1,002,044	-	-	1,119,128	1,002,044
Physical environment	1,227,929	2,411,632	-	-	1,227,929	2,411,632
Sanitation	-	-	699,311	703,481	699,311	703,481
Interest	2,709	26,973	-	-	2,709	26,973
<b>Total expenses</b>	<u>3,479,291</u>	<u>4,552,287</u>	<u>699,311</u>	<u>703,481</u>	<u>4,178,602</u>	<u>5,255,768</u>
<b>Increase (decrease) in net position before transfers</b>	1,511,092	50,761	4,626	45,935	1,515,718	96,696
<b>Transfers:</b>	<u>(77,950)</u>	<u>-</u>	<u>77,950</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Increase (decrease) in net position</b>	1,433,142	50,761	82,576	45,935	1,515,718	96,696
<b>Net position, beginning (1)</b>	<u>8,082,421</u>	<u>8,031,660</u>	<u>129,307</u>	<u>83,372</u>	<u>8,211,728</u>	<u>8,115,032</u>
<b>Net position, ending</b>	<u>\$ 9,515,563</u>	<u>\$ 8,082,421</u>	<u>\$ 211,883</u>	<u>\$ 129,307</u>	<u>\$ 9,727,446</u>	<u>\$ 8,211,728</u>

(1) Beginning net position was restated for a prior period error and the 2020 balances were restated.

**Governmental Activities.**

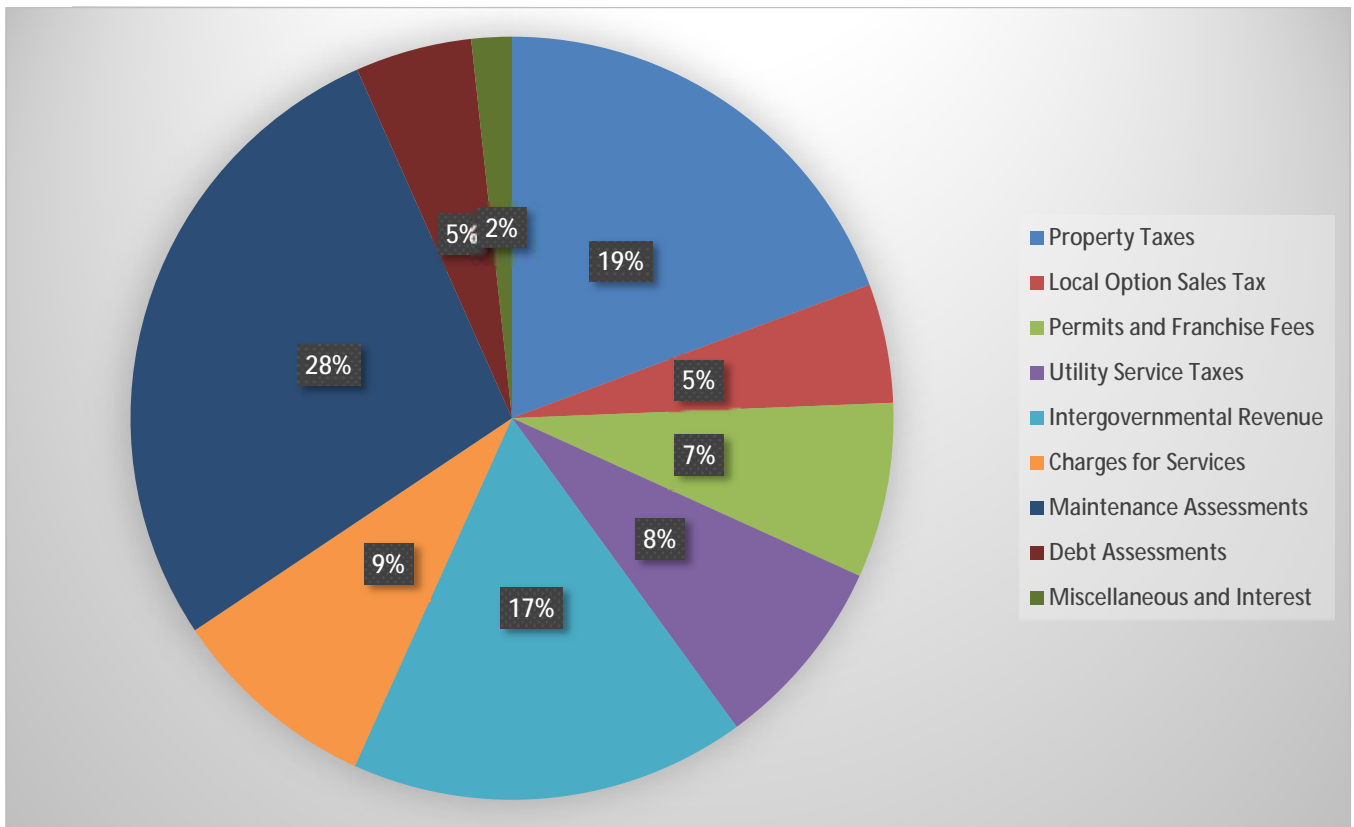
Ø For fiscal year 2021, total revenues improved noticeably from the prior year, increasing by \$341,856.

Ø Total expenses decreased by \$1,077,166 or 21%, primarily due to a decrease in Physical Environment expenses.

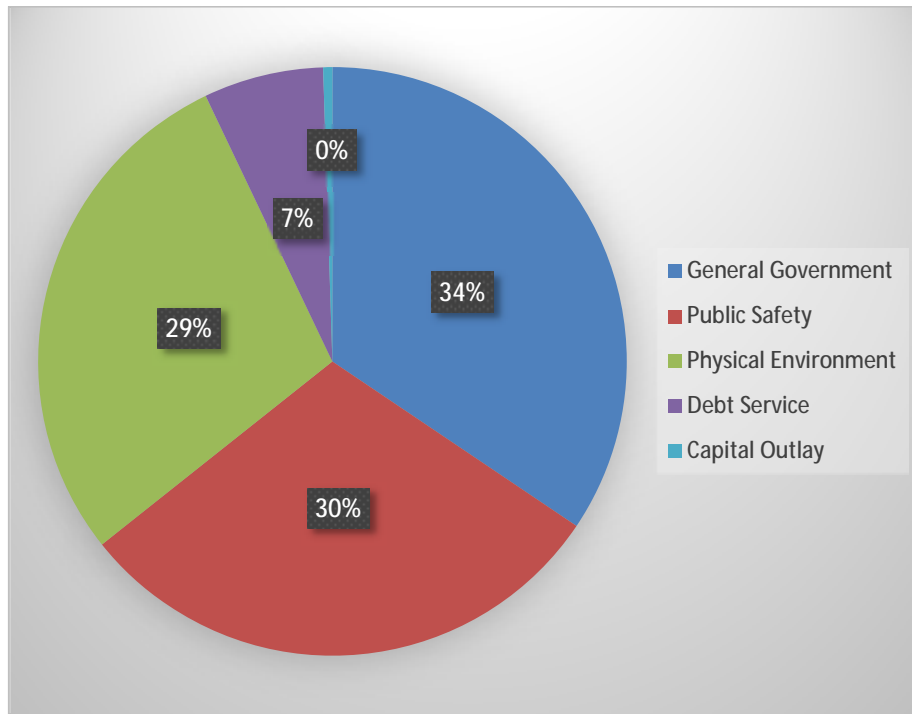
**Business Activities.**

- Ø Revenue earned by business-type activities is primarily generated by charges for services for the Town’s solid waste collection and recycling services totaled \$653,665. Operating revenues remained consistent with the prior year increasing by \$8,142. The rates charged to residents remained the same or at \$450 per residential unit for the past two fiscal years despite contracted increases in hauler rates.
- Ø Expenses of business-type activities arise from the Town’s solid waste collection and recycling services contract which totaled \$699,311 in fiscal year 2021. Total expense decreased by \$4,170.

**Figure A-2  
Town of Loxahatchee Groves  
Revenues by Source – Governmental Activities  
For the Fiscal Year Ended September 30, 2021**



**Figure A-3**  
**Town of Loxahatchee Groves**  
**Expenses – Governmental Activities**  
**For the Fiscal Year Ended September 30, 2021**



**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 ***unassigned 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 an unassigned fund balance of \$1,235,611, an increase of \$176,185 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, 2021 and 2020 is shown below:

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

	2021	2020	Change	% Change
<b>Assets</b>	\$ 2,772,731	\$ 1,428,054	\$ 1,344,677	94%
<b>Liabilites</b>	\$ 1,232,230	\$ 298,322	\$ 933,908	313%
<b>Deferred inflows</b>	52,882	70,306	(17,424)	-25%
<b>Fund balance</b>				
Nonspendable fund balance	1,623	62,342	(60,719)	-23%
Restricted fund balance	233,635	213,635	20,000	184%
Assigned fund balance	16,750	53,803	(37,053)	100%
Unassigned fund balance	1,235,611	729,646	505,965	69%
<b>Total fund balance</b>	1,487,619	1,059,426	428,193	40%
<b>Total liabilities, deferred inflows, and fund balance</b>	\$ 2,772,731	\$ 1,428,054	\$ 1,344,677	94%

During the fiscal year 2021, the General Fund assets increased by \$1,344,677 or 94%. The increase is mainly due to increases in cash as a result of the current year’s operations generating a positive budget variance and federal grant revenue. Liabilities increased by \$933,908 or 313% mainly due to deferred grant revenues received but not yet earned. Total fund balance increased by \$428,193 or 40% 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>2021</u>	<u>2020</u>	<u>Change</u>	<u>% Change</u>
<b>Revenues</b>	\$ 2,924,015	\$ 2,564,535	\$ 359,480	14%
<b>Expenditures</b>	2,417,872	2,210,559	207,313	9%
<b>Transfers out</b>	<u>77,950</u>	<u>90,683</u>	<u>(12,733)</u>	-14%
<b>Net change in fund balance</b>	428,193	263,293	164,900	63%
<b>Fund balance, beginning</b>	<u>1,059,426</u>	<u>796,133</u>	<u>263,293</u>	33%
<b>Fund balance, ending</b>	<u>\$ 1,487,619</u>	<u>\$ 1,059,426</u>	<u>\$ 428,193</u>	40%

The Town of Loxahatchee Groves General Fund revenues increased over the prior year by \$359,480 or 14%. Total expenditures increased over the prior year by \$207,313 or 9%.

### **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 department level budget transfers without Council approval; however, 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 2021 budget was \$2.5 million as opposed to the \$2.2 million originally adopted budget. The actual revenues were greater than the final amended budgeted revenues by \$395,217 while spending was \$41,378 less than the final amended budget and, accordingly, reserves increased.

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 have since been reported as the Roads and Drainage Special Revenue Fund. The actual revenues were greater than budgeted revenues by \$22,924, primarily due to miscellaneous. The Town amended the Roads and Drainage Fund expenditure budget. The final amended expenditure budget was unchanged from the originally adopted budget.

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 decreased by \$329,747 which was due to increased investment in 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 2021, the total funds received were \$272,668. During the year, \$1,134,195 was transferred out from this fund to the Capital Improvement Fund for infrastructure improvements.

## **Capital Improvement Fund**

The Capital Improvement Fund had an ending fund balance of \$375,352, which was a decrease of \$408,925 reflecting the increased spending during the year for capital projects.

## **Capital Assets**

As of September 30, 2021, the Town's capital assets amounted to \$6,675,748 (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**

During the year, the Town extinguished any remaining long-term debt, all of which was in the special revenue fund for the Water Control District.

## **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.

During 2007 the Florida Legislature passed property tax reform legislation limiting the property tax levies of local governments. The maximum tax levy allowed by a majority vote of the governing body is based on a percentage reduction applied to the prior year property tax revenue. The percentage reduction is calculated based on the compound annual growth rate in the per capita property taxes levied. The law allows local governments to adopt a higher millage rate based on the following approval of the governing body: 1) a majority vote to adopt a rate equal to the prior year rolled-back millage rate, plus an adjustment for growth in per capita personal income; 2) a two-thirds vote to adopt a rate equal to the prior year adjusted millage rate plus 10%; or 3) any millage rate approved by unanimous vote or referendum. Future property tax growth is limited to the annual growth rate of per capita personal income, which is currently 3% to 4%, plus the value of new construction.

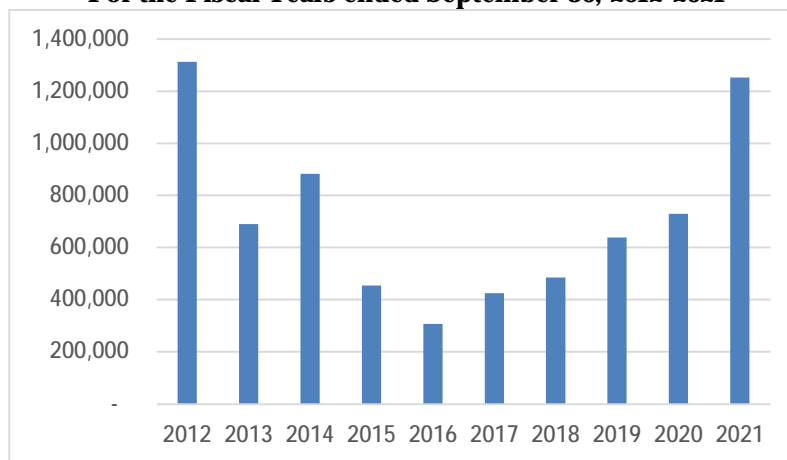
On January 29, 2008 the Florida electorate approved an amendment to the Florida Constitution relative to property taxation. This amendment (referred to as Amendment 1) was placed on the ballot by the Florida Legislature at a special session held in October 2007. With respect to homestead property, Amendment 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.

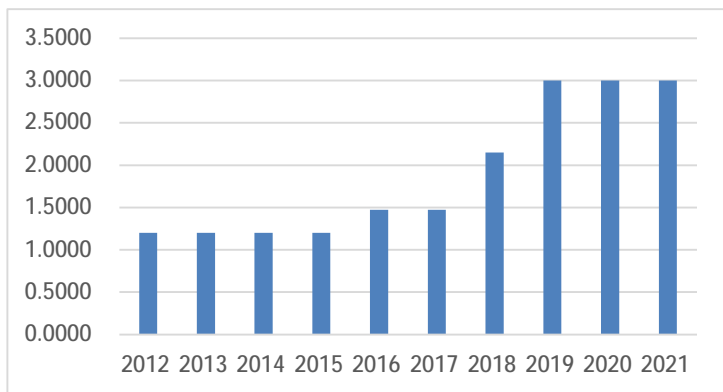
- Ø In setting its fiscal 2021-2022 and 2022-2023 budgets, the Town adopted a millage rate of 3.0000.
- Ø The Town of Loxahatchee Groves enjoyed increases in total assessed property value of over 14.7% for 2022.
- Ø Final revenues in the FY 2022 adopted General Fund budget were \$2.7 million (not including ARPA grant revenues of about \$1 million) about the same as the FY2021 actual revenues of \$2.9 million. Fiscal year 2022 budgeted expenditures increased in the same manner.

**General Fund Unassigned Surplus  
For the Fiscal Years ended September 30, 2012-2021**



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 2012. 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, 2012-2021**



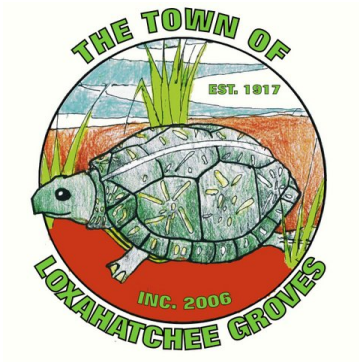
The operating millage rate for tax year 2021, which is collected in fiscal year 2022, is 3.0000 or \$3.00 per thousand dollars of taxable value. The operating millage rate remained the same as the prior fiscal year and resulted in a total property tax budget of \$1,119,902, an increase of \$77,894, or 7.0% from the property tax budget for the prior year due to increased property values. Historically, the rollback rate has always been lower than the existing rate. The Roads & Drainage Assessment and the Solid Waste Assessment rates have also remained unchanged for the past three fiscal years at \$200 per unit and \$450 per unit, respectively.

While property taxes are important, they represent only 21% of governmental funds revenue, excluding other financing sources and uses. Another 38% comes from local option taxes, utility service taxes, communication services taxes, franchise fees and state revenue sharing. Local business tax receipts, permits and fees, charges for services, fines and forfeitures, investment income and miscellaneous income total 39%, and grants total another 2%. To meet the demand of its residents as well as to comply with regulatory requirements, the Town leverages all of its resources and determines the need for operational changes and/or fee increases accordingly. The federal government, through its American Rescue Plan Act (ARPA) provided the Town nearly \$1.8 million in one-time funding that can be used for any traditional governmental purpose.

**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.

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# BASIC FINANCIAL STATEMENTS

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**TOWN OF LOXAHATCHEE GROVES, FLORIDA**  
**Statement of Net Position**  
**September 30, 2021**

	Primary Government		
	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Cash and cash equivalents	\$ 3,276,873	\$ 220,132	\$ 3,497,005
Investments	968,751		968,751
Receivables			
Planning and zoning	268,221		268,221
Franchise and utility taxes	88,146		88,146
Due from other governments	101,572	50,272	151,844
Prepays	1,623		1,623
Capital assets			
Non-depreciable	564,282		564,282
Depreciable (net of depreciation)	6,111,466		6,111,466
Total assets	<u>11,380,934</u>	<u>270,404</u>	<u>11,651,338</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Pension related items	<u>613,152</u>		<u>613,152</u>
<b>LIABILITIES</b>			
Accounts payable	180,601	58,521	239,122
Due to other governments	43,029		43,029
Deferred revenue	899,784		899,784
Deposits for planning and zoning	119,903		119,903
Accrued interest payable			
Noncurrent liabilities			
Due within one year	58,997		58,997
Due in more than one year	383,945		383,945
Total liabilities	<u>1,686,259</u>	<u>58,521</u>	<u>1,744,780</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Pension related items	739,382		739,382
Unearned revenues	52,882		52,882
Total deferred inflows of resources	<u>792,264</u>		<u>792,264</u>
<b>NET POSITION</b>			
Net position			
Net investment in capital assets	6,675,748		6,675,748
Restricted for:			
Tree mitigation	153,635		153,635
Transportation	850,176		850,176
Roads and drainage	991,362		991,362
Unrestricted	844,642	211,883	1,056,525
Total net position	<u>\$ 9,515,563</u>	<u>\$ 211,883</u>	<u>\$ 9,727,446</u>

See notes to the financial statements

**TOWN OF LOXAHATCHEE GROVES, FLORIDA**  
**Statement of Activities**  
**For the Year Ended September 30, 2021**

Function / Program Activities	Expenses	Program Revenues			Net (Expenses) Revenues and Changes in Net Position		
		Charges For Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-type Activities	Total
Governmental activities							
General government	\$ 1,129,525	\$ 337,781	\$ 40,141	\$	\$ (751,603)	\$	\$ (751,603)
Public safety	1,119,128				(1,119,128)		(1,119,128)
Physical environment	1,227,929	1,520,542		92,406	385,019		385,019
Interest expense	2,709				(2,709)		(2,709)
Total governmental activities	<u>3,479,291</u>	<u>1,858,323</u>	<u>40,141</u>	<u>92,406</u>	<u>(1,488,421)</u>		<u>(1,488,421)</u>
Business-type activities							
Sanitation	<u>699,311</u>	<u>653,665</u>	<u>50,272</u>			<u>4,626</u>	<u>4,626</u>
Total	<u>\$ 4,178,602</u>	<u>\$ 2,511,988</u>	<u>\$ 90,413</u>	<u>\$ 92,406</u>	<u>(1,488,421)</u>	<u>4,626</u>	<u>(1,483,795)</u>
		General revenues					
		Property taxes			1,042,008		1,042,008
		Local option sales tax			272,580		272,580
		Franchise fees			372,660		372,660
		Utility taxes			442,871		442,871
		Intergovernmental (unrestricted)			834,038		834,038
		Miscellaneous revenue			31,020		31,020
		Interest			4,336		4,336
		Transfers			<u>(77,950)</u>	<u>77,950</u>	
		Total general revenues and transfers			<u>2,921,563</u>	<u>77,950</u>	<u>2,999,513</u>
		Change in net position			1,433,142	82,576	1,515,718
		Net position, beginning of year, as restated			<u>8,082,421</u>	<u>129,307</u>	<u>8,211,728</u>
		Net position, end of year			<u>\$ 9,515,563</u>	<u>\$ 211,883</u>	<u>\$ 9,727,446</u>

See notes to the financial statements

**TOWN OF LOXAHATCHEE GROVES, FLORIDA**  
**Balance Sheet**  
**Governmental Funds**  
**September 30, 2021**

	Major Funds			
	General	Roads and Drainage	Transportation	Local Option Sales Tax
<b>ASSETS</b>				
Cash and cash equivalents	\$ 1,376,387	\$ 1,412,449	\$ 112,685	\$
Investments	140,423			828,328
Receivables				
Planning and zoning	268,221			
Franchise and utility taxes	88,146			
Due from other governments	41,356		31,969	28,247
Due from other funds	856,575			
Prepaid items	1,623			
Debt assessments receivable				
Total assets	\$ 2,772,731	\$ 1,412,449	\$ 144,654	\$ 856,575
<b>LIABILITIES DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>				
<b>Liabilities</b>				
Accounts payable	\$ 132,942	\$ 5,637	\$	\$
Accrued expenses	36,572	5,450		
Due to other funds				856,575
Due to other governments	43,029			
Deferred revenue	899,784			
Deposits for planning and zoning	119,903			
Total liabilities	1,232,230	11,087		856,575
<b>Deferred inflows of resources</b>				
Unearned revenue	52,882			
Total deferred inflows of resources	52,882			
<b>Fund balances</b>				
<b>Nonspendable:</b>				
Prepaid items	1,623			
<b>Restricted for:</b>				
Tree mitigation	153,635			
Transportation	80,000	410,000	144,654	
Roads and drainage		991,362		
Assigned for capital projects				
Assigned for subsequent year's budget	16,750			
Unassigned	1,235,611			
Total fund balances	1,487,619	1,401,362	144,654	
Total liabilities, deferred inflows of resources and fund balances	\$ 2,772,731	\$ 1,412,449	\$ 144,654	\$ 856,575

<u>Capital Improvement</u>	<u>Total</u>
\$ 375,352	\$ 3,276,873
	968,751
	268,221
	88,146
	101,572
	856,575
	1,623
<u>\$ 375,352</u>	<u>\$ 5,561,761</u>

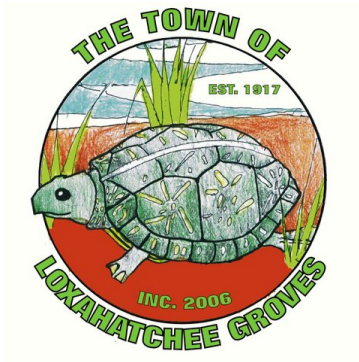
\$	\$ 138,579
	42,022
	856,575
	43,029
	899,784
	119,903
	<u>2,099,892</u>

	<u>52,882</u>
	<u>52,882</u>

	1,623
	153,635
215,522	850,176
	991,362
159,830	159,830
	16,750
	1,235,611
<u>375,352</u>	<u>3,408,987</u>
<u>\$ 375,352</u>	<u>\$ 5,561,761</u>

See notes to the financial statements

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**TOWN OF LOXAHATCHEE GROVES**  
**Reconciliation of the Balance Sheet – Governmental Funds**  
**to the Statement of Net Position**  
**September 30, 2021**

Fund balances total governmental funds		\$ 3,408,987
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	\$ 10,870,907	
Less accumulated depreciation	<u>(4,195,159)</u>	6,675,748
Revenues earned but not collected within 60 days are not current financial resources and therefore, are not reported in the governmental fund.		
Unavailable revenue		
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	(375,000)	
Compensated absences	<u>(67,942)</u>	(442,942)
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	613,152	
Pension related deferred inflows	<u>(739,382)</u>	<u>(126,230)</u>
Net position of governmental activities		<u><u>\$ 9,515,563</u></u>

See notes to the financial statements

**TOWN OF LOXAHATCHEE GROVES, FLORIDA**  
**Statement of Revenues, Expenditures, and Changes**  
**in Fund Balances - Governmental Funds**  
**For the Year Ended September 30, 2021**

	Major Funds			
	General	Roads and Drainage	Transportation	Local Option Sales Tax
Revenues				
Property taxes	\$ 1,042,008	\$	\$	\$
Local option sales tax				272,580
Permits and franchise fees	401,256			
Utility service taxes	442,871			
Intergovernmental revenues	527,182		377,738	
Charges for services	479,185			
Maintenance assessments		1,496,476		
Debt assessments		266,441		
Miscellaneous revenue	31,020	57,158		
Interest	493	3,714	15	87
Total revenues	<u>2,924,015</u>	<u>1,823,789</u>	<u>377,753</u>	<u>272,667</u>
Expenditures				
Current				
General government	1,289,923			
Public safety	1,119,128			
Physical environment		1,071,158		
Debt service				
Principal		242,375		
Interest		3,945		
Capital outlay	8,821	10,345		
Total expenditures	<u>2,417,872</u>	<u>1,327,823</u>		
Excess (deficiency) of revenues over expenditures before other financing sources (uses)	<u>506,143</u>	<u>495,966</u>	<u>377,753</u>	<u>272,667</u>
Other financing sources				
Transfers in		210,000		
Transfers out	(77,950)		(707,500)	(1,134,195)
Total other financing sources	<u>(77,950)</u>	<u>210,000</u>	<u>(707,500)</u>	<u>(1,134,195)</u>
Net change in fund balances	428,193	705,966	(329,747)	(861,528)
Fund balances, beginning of year, as restated	1,059,426	695,396	474,401	861,528
Fund balances, end of year	<u>\$ 1,487,619</u>	<u>\$ 1,401,362</u>	<u>\$ 144,654</u>	<u>\$</u>
	#VALUE!	#VALUE!	#VALUE!	#VALUE!

<u>Capital Improvement</u>	<u>Total</u>
\$	\$ 1,042,008
	272,580
	401,256
	442,871
	904,920
	479,185
	1,496,476
	266,441
	88,178
27	4,336
<u>27</u>	<u>5,398,251</u>
	1,289,923
	1,119,128
	1,071,158
	242,375
	3,945
2,040,647	2,059,813
<u>2,040,647</u>	<u>5,786,342</u>
<u>(2,040,620)</u>	<u>(388,091)</u>
1,631,695	1,841,695
<u>1,631,695</u>	<u>(1,919,645)</u>
	<u>(77,950)</u>
(408,925)	(466,041)
<u>784,277</u>	<u>3,875,028</u>
<u>\$ 375,352</u>	<u>\$ 3,408,987</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, 2021**

Net change in fund balances - total governmental funds \$ (466,041)

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	\$ 2,049,263	
Donated land	35,248	
Less: current year depreciation	<u>(202,197)</u>	1,882,314

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 current year		
Grant revenues reported in prior year	(30,741)	
Assessments reported in prior year	<u>(242,375)</u>	(273,116)

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		242,375
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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	1,236	
Change in net pension liability and related deferred amounts	31,227	
Change in long-term compensated absences	<u>15,147</u>	<u>47,610</u>

Change in net position		<u><u>\$ 1,433,142</u></u>
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See notes to the financial statements

**TOWN OF LOXAHATCHEE GROVES, FLORIDA**

**Statement of Net Position**

**Proprietary Fund**

**September 30, 2021**

	<u>Sanitation Fund</u>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 220,132
Due from other governments	50,272
Total assets	<u>270,404</u>
<b>LIABILITIES AND NET POSITION</b>	
Liabilities	
Accounts payable	<u>58,521</u>
Total liabilities	<u>58,521</u>
Net Position	
Unrestricted	<u><u>\$ 211,883</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, 2021**

	<u>Sanitation Fund</u>
Operating revenues	
Charges for services	<u>\$ 653,665</u>
Operating expenses	
Solid waste contractor	691,960
Other expenses	7,351
Total operating expenses	<u>699,311</u>
Operating income	(45,646)
Nonoperating revenues	
Grant income	<u>50,272</u>
Income before transfers	4,626
Transfers in	<u>77,950</u>
Change in net position	82,576
Net position, beginning of year	<u>129,307</u>
Net position, end of year	<u><u>\$ 211,883</u></u>

See notes to the financial statements

**TOWN OF LOXAHATCHEE GROVES, FLORIDA**  
**Statement of Cash Flows**  
**Proprietary Fund**  
**For the Year Ended September 30, 2021**

	<u>Sanitation Fund</u>
Cash flows from operating activities:	
Receipts from customers and users	\$ 653,665
Payments to suppliers	(692,447)
Operating grants	93,288
Net cash from by operating activities	<u>54,506</u>
Cash flows from non-capital financing activities:	
Payments from other funds	<u>77,950</u>
Net increase in cash and cash equivalents	132,456
Cash and cash equivalents, beginning of year	<u>87,676</u>
Cash and cash equivalents, end of year	<u><u>\$ 220,132</u></u>
Cash flows from operating activities	
Operating loss	\$ (45,646)
Operating grants	50,272
Adjustments to reconcile operating income to net cash provided by operating activities:	
Increase in due from other governments	43,016
Increase in accounts payable	<u>6,864</u>
Net cash used by operating activities	<u><u>\$ 54,506</u></u>

See notes to the financial statements

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## NOTES TO BASIC FINANCIAL STATEMENTS

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**TOWN OF LOXAHATCHEE GROVES, FLORIDA**  
**Notes to the Financial Statements**  
**September 30, 2021**

**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 a blended component unit as the Roads and Drainage Fund, a special revenue fund type.

**TOWN OF LOXAHATCHEE GROVES, FLORIDA**  
**Notes to the Financial Statements**  
**September 30, 2021**

**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, 2021**

**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, 2021**

**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, 2021**

**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, 2021**

**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, 2021**

**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 classifications 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, 2021**

**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, Roads and Drainage Fund, Local Option Sales Tax 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, 2021**

**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 fund level for the General Fund, Roads and Drainage Fund, Local Option Sales Tax Fund, and Transportation Fund.

5. Appropriations along with encumbrances lapse on September 30.
6. During the fiscal year ended September 30, 2021, there was one supplemental appropriation.

At September 30, 2021, there were \$16,750 of encumbrances in the General Fund and \$16,750 in the Roads and Drainage Fund.

*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. On September 30, 2021, the MSTU millage rate was 3.4581 mills and the millage rate assessed by the Town was 3.0 for a total of 6.4581 mills (\$6.4581 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.

**TOWN OF LOXAHATCHEE GROVES, FLORIDA**  
**Notes to the Financial Statements**  
**September 30, 2021**

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

*Property Taxes* (Continued)

The taxes paid in March are without discount. All unpaid taxes become delinquent on April 1, following the year in which they are assessed. On or prior, to June 1 following the tax year, certificates are sold for all delinquent taxes on real property. After the sale, tax certificates bear interest of 18% per year or any lower rate bid by the buyer. Application for a tax deed on any unredeemed tax certificates may be made by the certificate holder after a period of two years. Delinquent taxes on personal property bear interest of 18% per year until the tax is satisfied either by seizure and sale of the property or by the five year statute of limitations.

**NOTE 3 - CASH AND INVESTMENTS**

*Deposits*

As of September 30, 2021, the carrying amounts of the Town's deposits were \$3,496,704 and the bank balances totaled \$4,388,340. 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 \$4,388,340 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, 2021**

**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, 2021, the Town had \$968,751 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 0.8 years and the fund was rated AAAs/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, 2021**

**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, 2021, was as follows:

<b>Primary Government Governmental Activities:</b>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Capital assets not being depreciated:				
Land	\$ 529,034	\$ 35,248	\$	\$ 564,282
Construction in progress	1,250,594	52,589	(1,303,183)	
Capital assets being depreciated:				
Buildings	563,256			563,256
Equipment	1,159,934	19,166		1,179,100
Infrastructure	5,283,578	3,280,691		8,564,269
<b>Total at historical cost:</b>	<u>8,786,396</u>	<u>3,387,694</u>	<u>(1,303,183)</u>	<u>10,870,907</u>
Less accumulated depreciation for:				
Buildings	(131,623)	(14,581)		(146,204)
Equipment	(809,456)	(74,221)		(883,677)
Infrastructure	(3,051,883)	(113,395)		(3,165,278)
<b>Total accumulated depreciation</b>	<u>(3,992,962)</u>	<u>(202,197)</u>		<u>(4,195,159)</u>
<b>Governmental activities capital assets, net</b>	<u>\$ 4,793,434</u>	<u>\$3,185,497</u>	<u>\$(1,303,183)</u>	<u>\$ 6,675,748</u>

Depreciation expense of \$16,156 was charged to the general government function and \$186,041 was charged to the physical environment functions of the Town.

**TOWN OF LOXAHATCHEE GROVES, FLORIDA**  
**Notes to the Financial Statements**  
**September 30, 2021**

**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.

The final payment was made in the current fiscal year.

*Changes in Long-Term Liabilities*

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

	<u>October 1,</u> <u>2020</u>	<u>Additions</u>	<u>Deletions</u>	<u>September 30,</u> <u>2021</u>	<u>Current</u>
Note payable	\$ 242,375	\$	\$ (242,375)	\$	\$
Compensated absences	83,089	45,427	(60,574)	67,942	58,997
Net pension liability	1,072,696		(697,696)	375,000	
	<u>\$ 1,398,160</u>	<u>\$ 45,427</u>	<u>\$ (1,000,645)</u>	<u>\$ 442,942</u>	<u>\$ 58,997</u>

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

**TOWN OF LOXAHATCHEE GROVES, FLORIDA**  
**Notes to the Financial Statements**  
**September 30, 2021**

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

At September 30, 2021, the amount of OPEB liabilities of the Town were not significant, therefore no liability or expense was recorded.

**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.

**TOWN OF LOXAHATCHEE GROVES, FLORIDA**  
**Notes to the Financial Statements**  
**September 30, 2021**

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

*Significant Accounting Policies* (Continued)

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.

***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, 2021**

**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, 2021**

**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, 2021 were as follows:

Class	10/1/20 through 6/30/21	07/01/21 through 09/30/21
Regular Class	10.00%	10.82%
Senior Management Service Class	27.29%	29.01%
Special Risk Class	24.45%	25.89%
DROP	16.98%	18.34%

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, 2021, the Town made contributions of \$39,460 to the Pension Plan and the Town’s employees made contributions of \$7,777, for total contributions of \$47,237.

Pension Liabilities and Pension Expense

At September 30, 2021, the Town reported a liability of \$146,815 for its proportionate share of the Pension Plan’s net pension liability. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2021. The Town’s proportionate share of the net pension liability was based on the Town’s 2020-2021 plan year contributions relative to the 2020-2021 plan year contributions of all participating members. At June 30, 2021, the Town’s proportionate share was 0.001943573 percent, which was an increase of 0.000026825 percent from its proportionate share measured as of June 30, 2020.

For the fiscal year ended September 30, 2021, the Town recognized pension expense of \$36,864 related to the Plan.

**TOWN OF LOXAHATCHEE GROVES, FLORIDA**  
**Notes to the Financial Statements**  
**September 30, 2021**

**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	\$ 25,164	\$ -
Change of assumptions	100,458	
Net difference between projected and actual earnings on Pension Plan investments		512,200
Change in proportion and differences between Town Pension Plan contributions and proportionate share of contributions	293,490	125,074
Pension Plan contributions subsequent to the measurement date	25,437	
Total	<u>\$ 444,549</u>	<u>\$ 637,274</u>

The deferred outflows of resources totaling \$25,437 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, 2021. 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
2022	\$ (30,929)
2023	(39,686)
2024	(61,364)
2025	(88,045)
2026	1,862
Thereafter	-
	<u>\$ (218,162)</u>

**TOWN OF LOXAHATCHEE GROVES, FLORIDA**  
**Notes to the Financial Statements**  
**September 30, 2021**

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

***Pension Plan*** (Continued)

***Actuarial Assumptions***

The total pension liability in the June 30, 2021 actuarial valuation was determined using the following actuarial assumptions:

Valuation date	July 1, 2021
Measurement date	June 30, 2021
Inflation	2.40%
Salary increases	3.25%, average, including inflation
Investment rate of return	6.80%, 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, 2021, 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 assumption of 6.80% consists of two building block components: 1) a real return of 4.30%, consistent with the capital market outlook model developed during 2021 by the outside investment consultant to the Florida State Board of Administration; and 2) a long-term average annual inflation assumption of 2.40% as adopted in October 2021 by the FRS Actuarial Assumption Conference.

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%	2.1%	2.1%	1.1%
Fixed Income	20.0%	3.8%	3.7%	3.3%
Global Equity	54.2%	8.2%	6.7%	17.8%
Real Estate (Property)	10.3%	7.1%	6.2%	13.8%
Private Equity	10.8%	11.7%	8.5%	26.4%
Strategic Investments	3.7%	5.7%	5.4%	8.4%
Total	100.0%			
Assumed Inflation - Mean			2.40%	1.20%

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

**TOWN OF LOXAHATCHEE GROVES, FLORIDA**  
**Notes to the Financial Statements**  
**September 30, 2021**

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

*Pension Plan* (Continued)

Discount Rate

The discount rate used to measure the total pension liability was 6.80%. 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 (5.80%) or one percentage point higher (7.80%) than the current rate:

	<u>1% Decrease (5.80%)</u>	<u>Current Discount Rate (6.80%)</u>	<u>1% Increase (7.80%)</u>
Proportionate share of the net pension liability	<u>\$ 656,566</u>	<u>\$ 146,815</u>	<u>\$ (279,280)</u>

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, 2021, the Town did not have a payable for outstanding contributions to the Pension Plan for the fiscal year ended September 30, 2021.

**TOWN OF LOXAHATCHEE GROVES, FLORIDA**  
**Notes to the Financial Statements**  
**September 30, 2021**

**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, 2021, 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, 2021, 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 \$11,906 for the fiscal year ended September 30, 2021.

*Pension Liabilities and Pension Expense*

At September 30, 2021, the Town reported a liability of \$228,185 for its proportionate share of the HIS Plan's net pension liability. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2020.

**TOWN OF LOXAHATCHEE GROVES, FLORIDA**  
**Notes to the Financial Statements**  
**September 30, 2021**

**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 2020-2021 plan year contributions relative to the 2020-2021 plan year contributions of all participating members. At June 30, 2021, the Town’s proportionate share was 0.001860232 percent, which was a decrease of 0.000121355 percent from its proportionate share measured as of June 30, 2021.

For the fiscal year ended September 30, 2021, the Town recognized pension expense of \$22,889.

*Deferred Outflows and Inflows of Resources Related to Pensions*

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

Description	Outflows of Resources	Inflows of Resources
Difference between expected and actual experience	\$ 7,636	\$ 96
Change of assumptions	17,930	9,402
Net difference between projected and actual earnings on Pension Plan investments	238	
Change in proportion and differences between Town Pension Plan contributions and proportionate share of contributions	138,948	92,610
Pension Plan contributions subsequent to the measurement date	3,851	
Total	<u>\$ 168,603</u>	<u>\$ 102,108</u>

The deferred outflows of resources totaling \$3,851 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, 2021.

**TOWN OF LOXAHATCHEE GROVES, FLORIDA**  
**Notes to the Financial Statements**  
**September 30, 2021**

**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
2022	\$ 11,241
2023	7,888
2024	9,938
2025	14,601
2026	16,100
Thereafter	2,876
	\$ 62,644

**Actuarial Assumptions**

The total pension liability in the July 1, 2021, actuarial valuation was determined using the following actuarial assumptions:

Valuation date	July 1, 2020
Measurement date	June 30, 2021
Inflation	2.40 %
Salary increases	3.25%, average, including inflation
Municipal bond rate	2.16%
Long-term expected rate of return	N/A
Mortality	Generational PUB-2020 with Projection Scale MP-2018
Actuarial cost method	Individual Entry Age

For the July 1, 2021 valuation date the municipal bond rate changed from 2.21% to 2.16%.

The actuarial assumptions used in the July 1, 2021, valuation were based on the results of an actuarial experience study for the period July 1, 2013 through June 30, 2018.

**TOWN OF LOXAHATCHEE GROVES, FLORIDA**  
**Notes to the Financial Statements**  
**September 30, 2021**

**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 2.16%, which decreased from the discount rate of 2.21% as of June 30, 2020. 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 2.16%, 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 (1.16%) or one percentage point higher (3.16%) than the current rate:

	1% Decrease (1.16%)	Discount Rate (2.16%)	1% Increase (3.16%)
Proportionate share of the net pension liability	\$ 263,804	\$ 228,185	\$ 199,004

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, 2021, the Town did not have a payable for outstanding contributions to the HIS Plan for the fiscal year ended September 30, 2021.

**TOWN OF LOXAHATCHEE GROVES, FLORIDA**  
**Notes to the Financial Statements**  
**September 30, 2021**

**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, 2021.

Description	Pension Plan	HIS Plan	Total
Proportionate share of total pension liability	\$ 4,074,430	\$ 236,605	\$ 4,311,035
Proportionate share of plan fiduciary net position	3,927,615	8,420	3,936,035
Proportionate share of net pension liability	146,815	228,185	375,000
Proportionate share of deferred outflows of resources	444,549	168,603	613,152
Proportionate share of deferred inflows of resources	637,274	102,108	739,382
Pension expense	36,864	22,889	59,753

***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, 2021**

**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, 2021, are as follows:

Class	10/1/20 through 6/30/21	07/01/21 through 09/30/21
Regular Class	10.00%	10.82%
Senior Management Service Class	27.29%	29.01%

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, 2021, 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, 2021**

**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 \$56,938 for the fiscal year ended September 30, 2021.

**NOTE 8 - INTERFUND ACTIVITY**

*Due from/to other funds*

The due to General Fund of \$856,575 from the Local Option Sales Tax Fund are for cash flow purpose.

*Transfers*

Interfund transfers during the year ended September 30, 2021, are as follows:

The \$77,920 from the General Fund to the Sanitation fund was for cash flow purposes. The \$210,00 from the Transportation Fund to the Roads and Drainage Fund, the \$497,500 from the Transportation Fund to the Capital Improvement Fund, and the \$1,134,195 to the Capital Improvement Fund were all to fund projects.

**NOTE 9 - RISK MANAGEMENT**

The Town is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters. The Town has joined with other municipalities in the State participating in the Florida League of Cities Municipal Self Insurance Program, (the Program) a public entity risk pool currently operating as a common risk management and insurance program. The inter-local agreement with the Florida League of Cities Municipal Self Insurance Program provides that the Program will be self-sustaining through member premiums and will reinsure through commercial companies.

Florida Statutes limit the Town's maximum loss for most liability claims to \$200,000 per person and \$300,000 per occurrence under the Doctrine of Sovereign Immunity. However, under certain circumstances, a plaintiff can seek to recover damages in excess of statutory limits by introducing a claims bill to the Florida Legislature. The limits addressed in Florida Statutes do not apply to claims filed in Federal courts. There have been no significant reductions in insurance coverage in the prior year. No settlements exceeded insurance coverage for the past three years.

**TOWN OF LOXAHATCHEE GROVES, FLORIDA**  
**Notes to the Financial Statements**  
**September 30, 2021**

**NOTE 9 - RISK MANAGEMENT** (Continued)

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 10 - 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.

*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, 2020. 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. The fourth amendment was approved August 8, 2021 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, 2021, the MSTU millage rate was 3.4581 mills.

**TOWN OF LOXAHATCHEE GROVES, FLORIDA**  
**Notes to the Financial Statements**  
**September 30, 2021**

**NOTE 10 - COMMITMENTS AND CONTINGENCIES** (Continued)

*Solid Waste and Recycling Collection Franchise Agreement*

In September 2019, the contract for waste and recycling collection services was awarded to Coastal Waste & Recycling of Palm Beach County, LLC effective October 1, 2019 through December 31, 2026. There are two renewal options in this agreement each for an additional two-year period. The contract also grants the contractor the exclusive right to provide service directly to commercial operations. The contract provides for the ability to adjust rates; accordingly, commercial rates were increased to market values based on local rates for commercial solid waste services in neighboring municipalities effective October 1, 2021 resulting in a corresponding decrease in residential rates to \$425 per unit effective January 1, 2022.

*Lines 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. There have been no draws on the line of credit.

On June 7, 2022, the line was renewed for an additional thirty-six months at an interest rate of the Bank United Prime Rate.

*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 March 8, 2023.

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 March 8, 2023

**TOWN OF LOXAHATCHEE GROVES, FLORIDA**  
**Notes to the Financial Statements**  
**September 30, 2021**

**NOTE 10 - COMMITMENTS AND CONTINGENCIES** (Continued)

Building and Code Services

The Town entered into a contract with SAFEbuilt effective August 1, 2021 to provide “turnkey” building and code services, replacing the interlocal agreement with Palm Beach County for building permitting and inspections as of January 3, 2022. In order for the Town to establish its own permitting and inspection’s function, the Town adopted the Florida Building Code as well as local amendments allowed by Section 553.73(4)(a), Florida Statutes. The local amendments included in the ordinance are generally those adopted by Palm Beach County, along with inclusion by reference of certain Town codes significant to the building function such as Agricultural Uses, Floodplain Management, Tree Mitigation and Land Clearing. Concurrent with adoption of the building code, the Town also adjusted and amended its schedule of rates, fees and charges for planning, zoning, permitting, code enforcement and other services to encompass all services provided by the Town, including those previously provided by the County. The contract with SAFEbuilt provides for payment to be made to the contractor for permitting services based on 90% of revenues while code services are at an hourly rates of \$75 per hour for annualized estimated net total cost of approximately \$133,000 in the first year.

Subsequent Events

The Town entered major agreements or commitments exceeding \$200,000 each with various vendors or various projects, each paid from budgeted funds subsequent to fiscal year end. Summary of the agreements and the amount committed or actually spent through March 8, 2023, are as follows:

Vendor	Amount Spent or Committed	Nature of Commitment or Expenditure	Date Commitment Began
Ranger Construction	1,105,385	Roadway Resurfacing	11/1/2022
Bank United	500,000	Emergency Letter of Credit	6/7/2022
Hardrives	447,267	OGEM Repair and Overlay Program	10/5/2021
Wynn and Sons Environmental Construction Company, Inc	421,600	Speed tables and strping	11/1/2022
Johnson Davis Inc	391,700	Culvert Replacement	11/1/2022
Dobbs Equipment	238,690	Road Grader	6/7/2022
Safebulit Florida LLC	232,390	Building and Code Services	4/5/2022 and 12/6/22
Palm Beach Aggregatess	230,732	Road Rock	10/18/2021 and 12/6/22

**TOWN OF LOXAHATCHEE GROVES, FLORIDA**  
**Notes to the Financial Statements**  
**September 30, 2021**

**NOTE 11 – PRIOR PERIOD ADJUSTMENTS**

The beginning net position of the Governmental Activities and the beginning fund balance of the Roads and Drainage fund were restated to correct \$38,240 which was overstatement of accounts payable and expenses. This adjustment increased the change in net position and change in fund balance by \$38,240 for the prior year and had no impact on the current year change in net position.

	<u>Balance as previously reported</u>	<u>Restatement</u>	<u>Balance as restated</u>
Net position of Governmental Activities	<u>\$ 8,044,181</u>	<u>\$ 38,240</u>	<u>\$ 8,082,421</u>
Fund balance of Roads and Drainage fund	<u>\$ 657,156</u>	<u>\$ 38,240</u>	<u>\$ 695,396</u>

**NOTE 12 – 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 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 January 2020 the GASB issued Statement No. 92, Omnibus 2020. This Statement will enhance comparability in accounting and financial reporting and improve the consistency of authoritative literature by addressing practice issues that have been identified during the implementation and application of certain GASB Statements. This Statement addresses a variety of topics. The requirements of this Statement related to the effective date of Statement No. 87 and Implementation Guide 2019-3, reinsurance recoveries, and terminology used to refer to derivative instruments are effective upon issuance. The remaining requirements are effective for the fiscal year ending September 30, 2022.

**TOWN OF LOXAHATCHEE GROVES, FLORIDA**  
**Notes to the Financial Statements**  
**September 30, 2021**

**NOTE 12 – NEW ACCOUNTING STANDARDS** (Continued)

In May 2020, the GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements*. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement is effective for the fiscal year ending September 30, 2023.

In June 2022, the GASB issued Statement No. 100, *Accounting Changes and Error Corrections*. The requirements of this Statement will improve the clarity of the accounting and financial reporting requirements for accounting changes and error corrections, which will result in greater consistency in application in practice. In turn, more understandable, reliable, relevant, consistent, and comparable information will be provided to financial statement users for making decisions or assessing accountability. In addition, the display and note disclosure requirements will result in more consistent, decision useful, understandable, and comprehensive information for users about accounting changes and error corrections. The requirements of this Statement are effective for accounting changes and error corrections made in fiscal years ending September 30, 2024, and all reporting periods thereafter. Earlier application is encouraged.

In June 2022, the GASB issued Statement No. 101, *Compensated Absences*. The unified recognition and measurement model in this Statement will result in a liability for compensated absences that more appropriately reflects when a government incurs an obligation. In addition, the model can be applied consistently to any type of compensated absence and will eliminate potential comparability issues between governments that offer different types of leave. The model also will result in a more robust estimate of the amount of compensated absences that a government will pay or settle, which will enhance the relevance and reliability of information about the liability for compensated absences. The requirements of this Statement are effective for fiscal years ending September 30, 2025, and all reporting periods thereafter. Earlier application is encouraged.

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

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**TOWN OF LOXAHATCHEE GROVES, FLORIDA**  
**Required Supplementary Information (RSI)**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance-Budget and Actual**  
**General Fund**  
**For the Year Ended September 30, 2021**

	Budget Amounts		Actual Amounts	Variance
	Original	Final Revised		
<b>Revenues</b>				
Property taxes	\$ 1,031,798	\$ 1,031,798	\$ 1,042,008	\$ 10,210
Permits and franchise fees	327,000	377,000	401,256	24,256
Utility service taxes	387,000	407,000	442,871	35,871
Intergovernmental revenues	324,500	324,500	527,182	202,682
Charges for services	86,500	356,500	479,185	122,685
Fines and forfeitures	17,000	17,000		(17,000)
Miscellaneous revenue	10,000	10,000	31,020	21,020
Interest	5,000	5,000	493	(4,507)
Total revenues	<u>2,188,798</u>	<u>2,528,798</u>	<u>2,924,015</u>	<u>395,217</u>
<b>Expenditures</b>				
<b>General government</b>				
Town council	129,950	175,950	158,860	17,090
Town manager	690,500	771,500	730,750	40,750
Financial services	180,100	180,100	73,043	107,057
Legal services		35,000	175,829	(140,829)
Communications and Technology	100,000	68,000	38,826	29,174
Other general government	96,500	86,500	121,436	(34,936)
Total general government	<u>1,197,050</u>	<u>1,317,050</u>	<u>1,298,744</u>	<u>18,306</u>
<b>Public safety</b>				
Police	624,000	622,200	622,200	
Planning and zoning	208,000	510,000	397,176	112,824
Code enforcement	10,000	10,000	99,752	(89,752)
Total public safety	<u>842,000</u>	<u>1,142,200</u>	<u>1,119,128</u>	<u>23,072</u>
Total expenditures	<u>2,039,050</u>	<u>2,459,250</u>	<u>2,417,872</u>	<u>41,378</u>
Excess (deficiency) of revenues over (under) expenditures	<u>149,748</u>	<u>69,548</u>	<u>506,143</u>	<u>436,595</u>
<b>Other financing sources</b>				
Transfers out	(149,748)	(69,548)	(77,950)	(8,402)
Total other financing sources	<u>(149,748)</u>	<u>(69,548)</u>	<u>(77,950)</u>	<u>(8,402)</u>
Net change in fund balance	<u>\$</u>	<u>\$</u>	428,193	<u>\$ 428,193</u>
Fund balance, beginning of year			<u>1,059,426</u>	
Fund balance, end of year			<u>\$ 1,487,619</u>	

**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, 2021**

	Budget Amounts		Actual Amounts	Variance
	Original	Final Revised		
<b>Revenues</b>				
Maintenance assessments	\$ 1,483,165	\$ 1,483,165	\$ 1,496,476	\$ 13,311
Debt assessments	310,000	310,000	266,441	(43,559)
Miscellaneous revenue	2,000	2,000	57,158	55,158
Interest	5,700	5,700	3,714	(1,986)
Total revenues	<u>1,800,865</u>	<u>1,800,865</u>	<u>1,823,789</u>	<u>22,924</u>
<b>Expenditures</b>				
Current				
Physical environment	1,539,865	1,539,865	1,071,158	468,707
Debt service	306,000	306,000	246,320	59,680
Capital outlay	155,000	155,000	10,345	144,655
Total expenditures	<u>2,000,865</u>	<u>2,000,865</u>	<u>1,327,823</u>	<u>673,042</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(200,000)</u>	<u>(200,000)</u>	<u>495,966</u>	<u>695,966</u>
<b>Other financing sources</b>				
Transfers in	200,000	200,000	210,000	10,000
Total other financing sources	<u>200,000</u>	<u>200,000</u>	<u>210,000</u>	<u>10,000</u>
Net change in fund balance	<u>\$</u>	<u>\$</u>	705,966	<u>\$ 705,966</u>
Fund balance, beginning of year, as restated			<u>695,396</u>	
Fund balance, end of year			<u>\$ 1,401,362</u>	

**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, 2021**

	Budget Amounts		Actual Amounts	Variance
	Original	Final Revised		
Revenues				
Intergovernmental revenues	\$ 307,500	\$ 307,500	\$ 377,738	\$ 70,238
Interest and other			15	15
Total revenues	<u>307,500</u>	<u>307,500</u>	<u>377,753</u>	<u>70,253</u>
Expenditures				
Physical environment				
Roads and streets				
Total expenditures				
Excess (deficiency) of revenues over (under) expenditures	<u>307,500</u>	<u>307,500</u>	<u>377,753</u>	<u>70,253</u>
Other financing sources				
Transfers out	(307,500)	(707,500)	(707,500)	
Appropriated fund balance		400,000		(400,000)
Total other financing sources	<u>(307,500)</u>	<u>(307,500)</u>	<u>(707,500)</u>	<u>(400,000)</u>
Net change in fund balance	<u>\$</u>	<u>\$</u>	(329,747)	<u>\$ (329,747)</u>
Fund balance, beginning of year			<u>474,401</u>	
Fund balance, end of year			<u>\$ 144,654</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, 2021**

	Budget Amounts		Actual Amounts	Variance
	Original	Final Revised		
Revenues				
Local option sales tax	\$ 195,000	\$ 195,000	\$ 272,580	\$ 77,580
Interest and other			87	87
Total revenues	<u>195,000</u>	<u>195,000</u>	<u>272,667</u>	<u>77,667</u>
Expenditures				
Physical environment				
Roads and streets				
Excess (deficiency) of revenues over (under) expenditures	<u>195,000</u>	<u>195,000</u>	<u>272,667</u>	<u>77,667</u>
Other financing sources				
Transfers out	(493,000)	(937,000)	(1,134,195)	(197,195)
Transfer to fund balance	<u>298,000</u>	<u>742,000</u>	<u>(1,134,195)</u>	<u>(742,000)</u>
Total other financing sources	(195,000)	(195,000)	(1,134,195)	(939,195)
Net change in fund balance	<u>\$</u>	<u>\$</u>	<u>\$ (861,528)</u>	<u>\$ (861,528)</u>
Fund balance, beginning of year			<u>861,528</u>	
Fund balance, end of year			<u>\$</u>	

# **TOWN OF LOXAHATCHEE GROVES, FLORIDA**

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

**September 30, 2021**

### **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 fund level for all funds. Expenditures may not legally exceed budgeted appropriations at that level. For the year ended September 30, 2021, there were no expenditures in excess of the budget.

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

**Last Ten Fiscal Years**

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
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>
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%
	<u>2020</u>	<u>2021</u>			
Contractually required FRS contribution	\$ 31,920	\$ 39,460			
FRS contributions in relation to the contractually required contribution	<u>(31,920)</u>	<u>(39,460)</u>			
FRS contribution deficiency (excess)	<u>\$</u>	<u>\$</u>			
Town's covered payroll	\$ 208,324	\$ 259,237			
FRS contributions as a percentage of covered payroll	15.32%	15.22%			

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 become 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 Proportinate Share of Net Pension Liability**  
**Florida Retirement System - Pension Plan**

**Last Ten Fiscal Years**

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
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%
Assumption Changes					
Discount Rate	7.65%	7.60%	7.10%	7.00%	6.90%
	<u>2020</u>	<u>2021</u>			
Proportion of the FRS net pension liability	0.001917%	0.001944%			
Proportionate share of the FRS net pension liability	\$ 830,747	\$ 146,815			
Town's covered payroll	\$ 164,358	\$ 186,642			
Town's proportionate share of the FRS net pension liability as a percentage of covered payroll	505.45%	78.66%			
FRS Plan fiduciary net position as a percentage of the total pension liability	78.85%	96.40%			
Assumption Changes					
Discount Rate	6.80%	6.80%			

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

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 become 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>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Contractually required HIS contribution	\$ 4,174	\$ 3,760	\$ 2,863	\$ 4,666	\$ 7,696
HIS contributions in relation to the contractually required contribution	<u>(4,174)</u>	<u>(3,760)</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	\$ 281,084	\$ 463,608
HIS contributions as a percentage of covered payroll	1.66%	1.66%	1.66%	1.66%	1.66%
	<u>2020</u>	<u>2021</u>			
Contractually required HIS contribution	\$ 11,377	\$ 11,906			
HIS contributions in relation to the contractually required contribution	<u>(11,377)</u>	<u>(11,906)</u>			
HIS contribution deficiency (excess)	<u>\$</u>	<u>\$</u>			
Town's covered payroll	\$ 685,328	\$ 717,238			
HIS contributions as a percentage of covered payroll	1.66%	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 become 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**

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
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	3.80%	2.85%	3.58%	3.87%	3.50%
	<u>2020</u>	<u>2021</u>			
Proportion of the HIS net pension liability	0.001982%	0.001860%			
Proportionate share of the HIS net pension liability	\$ 241,949	\$ 228,185			
Town's covered payroll	\$ 530,083	\$ 503,314			
Town's proportionate share of the HIS net pension liability as a percentage of it covered payroll	45.64%	45.34%			
HIS Plan fiduciary net position as a percentage of the total pension liability	3.00%	3.56%			
Assumption Changes					
Discount Rate	2.21%	2.16%			

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

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 become 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.

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# STATISTICAL SECTION

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## STATISTICAL SECTION

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

### Contents

### Page

#### **Financial Trends**

*These schedules contain trend information to help the reader understand how the Town's financial performance and well-being have changed over time. These schedules include:*

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

#### **Revenue Capacity**

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

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

#### **Debt Capacity**

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

Direct and Overlapping Governmental Activities Debt	81
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#### **Demographic and Economic Information**

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

Demographic and Economic Statistics	82
Principal Employers-Palm Beach County	83

#### **Operating Information**

*These schedules contain service and infrastructure data to help understand how the information in the Town's financial report relates to the services the Town provides and the activities it performs.*

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)

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Governmental activities:					
Net investment in capital assets	\$ 55,475	\$ 1,538,853	\$ 1,492,795	\$ 1,856,215	\$ 3,165,292
Restricted	642,359	896,886	1,076,147	1,266,673	1,035,067
Unrestricted	<u>2,334,787</u>	<u>2,132,881</u>	<u>2,150,361</u>	<u>1,633,875</u>	<u>2,101,301</u>
Total governmental activities net position	<u>\$ 3,032,621</u>	<u>\$ 4,568,620</u>	<u>\$ 4,719,303</u>	<u>\$ 4,756,763</u>	<u>\$ 6,301,660</u>
Business-type activities					
Unrestricted	<u>\$ 31,689</u>	<u>\$ 37,058</u>	<u>\$ 38,959</u>	<u>\$ 29,594</u>	<u>\$ 28,097</u>
Primary government:					
Net investment in capital assets	\$ 55,475	\$ 1,538,853	\$ 1,492,795	\$ 1,856,215	\$ 3,165,292
Restricted	642,359	896,886	1,076,147	1,266,673	1,035,067
Unrestricted	<u>2,366,476</u>	<u>2,169,939</u>	<u>2,189,320</u>	<u>1,663,469</u>	<u>2,129,398</u>
Total primary government net position	<u>\$ 3,064,310</u>	<u>\$ 4,605,678</u>	<u>\$ 4,758,262</u>	<u>\$ 4,786,357</u>	<u>\$ 6,329,757</u>
	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Governmental activities:					
Net investment in capital assets	\$ 3,962,198	\$ 4,652,258	\$ 4,989,272	\$ 4,793,434	6,672,748
Restricted	1,163,010	1,973,806	2,481,866	2,675,011	1,995,173
Unrestricted	<u>1,302,320</u>	<u>331,416</u>	<u>560,522</u>	<u>575,736</u>	<u>844,642</u>
Total governmental activities net position	<u>\$ 6,427,528</u>	<u>\$ 6,957,480</u>	<u>\$ 8,031,660</u>	<u>\$ 8,044,181</u>	<u>\$ 9,512,563</u>
Business-type activities					
Unrestricted	<u>\$ (20,435)</u>	<u>\$ (8,655)</u>	<u>\$ 83,372</u>	<u>\$ 129,307</u>	<u>\$ 211,883</u>
Primary government:					
Net investment in capital assets	\$ 3,962,198	\$ 4,652,258	\$ 4,989,272	\$ 4,793,434	6,672,748
Restricted	1,163,010	1,973,806	2,481,866	2,675,011	1,995,173
Unrestricted	<u>1,281,885</u>	<u>322,761</u>	<u>643,894</u>	<u>705,043</u>	<u>1,056,525</u>
Total primary government net position	<u>\$ 6,407,093</u>	<u>\$ 6,948,825</u>	<u>\$ 8,115,032</u>	<u>\$ 8,173,488</u>	<u>\$ 9,724,446</u>

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.

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

	2012	2013	2014	2015	2016
<b>EXPENSES</b>					
Governmental activities:					
General government	\$ 580,508	\$ 744,933	\$ 675,546	\$ 916,445	\$ 914,583
Public safety (1)	274,911	275,243	280,515	285,459	290,048
Physical environment	342,238	366,296	454,398	402,114	1,061,666
Interest expense					
Total governmental activities	<u>1,197,657</u>	<u>1,386,472</u>	<u>1,410,459</u>	<u>1,604,018</u>	<u>2,266,297</u>
Business-type activities:					
Sanitation	429,196	479,497	419,256	440,786	435,614
<b>Total primary government expenses</b>	<u>1,626,853</u>	<u>1,865,969</u>	<u>1,829,715</u>	<u>2,044,804</u>	<u>2,701,911</u>
<b>PROGRAM REVENUES</b>					
Governmental activities:					
Charges for services:					
General government	107,895	56,392	56,635	132,333	204,519
Public safety	-	-	-	-	-
Physical environment	-	-	-	-	-
Operating grants and contributions	-	-	-	-	-
Capital grants and contributions	49,813	1,600,044	40,000	-	1,997,697
Total governmental activities program revenues	<u>157,708</u>	<u>1,656,436</u>	<u>96,635</u>	<u>132,333</u>	<u>2,202,216</u>
Business-type activities:					
Charges for services-Sanitation	464,987	347,557	421,157	431,421	339,620
Operating grants and contributions	-	-	-	-	-
Total business-type program revenues	<u>464,987</u>	<u>347,557</u>	<u>421,157</u>	<u>431,421</u>	<u>339,620</u>
<b>Total primary government program revenues</b>	<u>622,695</u>	<u>2,003,993</u>	<u>517,792</u>	<u>563,754</u>	<u>2,541,836</u>
<b>Net (expense) revenue</b>					
Governmental activities	(1,039,949)	269,964	(1,313,824)	(1,471,685)	(64,081)
Business-type activities	35,791	(131,940)	1,901	(9,365)	(95,994)
<b>Total primary government net (expenses) revenue</b>	<u>(1,004,158)</u>	<u>138,024</u>	<u>(1,311,923)</u>	<u>(1,481,050)</u>	<u>(160,075)</u>
<b>General revenues and Other Changes in Net Position:</b>					
Governmental activities:					
Property taxes	214,645	210,005	208,173	229,355	315,454
Local option sales tax	-	-	-	-	-
Utility taxes	341,596	342,478	355,879	349,103	353,221
Franchise fees based on gross receipts	193,270	192,552	220,245	221,246	312,064
Unrestricted intergovernmental revenue	648,838	655,888	677,061	709,241	722,300
Interest and other	1,191	2,421	3,149	200	436
Transfers	-	(137,309)	-	-	(94,497)
Total governmental activities	<u>1,399,540</u>	<u>1,266,035</u>	<u>1,464,507</u>	<u>1,509,145</u>	<u>1,608,978</u>
Business-type activities:					
Interest and other	-	-	-	-	-
Transfers	-	137,309	-	-	94,497
Total business-type activities	<u>-</u>	<u>137,309</u>	<u>-</u>	<u>-</u>	<u>94,497</u>
<b>Total primary government</b>	<u>1,399,540</u>	<u>1,403,344</u>	<u>1,464,507</u>	<u>1,509,145</u>	<u>1,703,475</u>
<b>Change in Net Position</b>					
Governmental activities	359,591	1,535,999	150,683	37,460	1,544,897
Business-type activities	35,791	5,369	1,901	(9,365)	(1,497)
<b>Total primary government</b>	<u>\$ 395,382</u>	<u>\$ 1,541,368</u>	<u>\$ 152,584</u>	<u>\$ 28,095</u>	<u>\$ 1,543,400</u>

(1) In 2020 Code Enforcement and Planning and Zoning were moved from General Government to Public Safety.

2017	2018	2019	2020	2021
\$ 963,530	\$ 1,042,085	\$ 1,452,992	\$ 1,111,638	\$ 1,129,525
294,621	610,000	622,412	1,002,044	1,119,128
805,928	1,030,000	1,417,732	2,449,872	1,227,929
	9,272	33,024	26,973	2,709
<u>2,064,079</u>	<u>2,691,357</u>	<u>3,526,160</u>	<u>4,590,527</u>	<u>3,479,291</u>
553,265	814,671	550,288	703,481	699,311
<u>2,617,344</u>	<u>3,506,028</u>	<u>4,076,448</u>	<u>5,294,008</u>	<u>4,178,602</u>
110,820	104,397	160,658	181,640	337,781
-	-	-	-	-
-	-	1,543,093	1,554,737	1,520,542
-	45,178	-	70,741	40,141
260,404	-	92,897	20,000	92,406
<u>371,224</u>	<u>149,575</u>	<u>1,796,648</u>	<u>1,827,118</u>	<u>1,990,870</u>
357,835	364,869	642,315	645,523	653,665
54,351	51,582	-	103,893	50,272
<u>412,186</u>	<u>416,451</u>	<u>642,315</u>	<u>749,416</u>	<u>703,937</u>
783,410	566,026	2,438,963	2,576,534	2,694,807
(1,692,855)	(2,541,782)	(1,729,512)	(2,763,409)	(1,488,421)
(141,079)	(398,220)	92,027	45,935	4,626
<u>(1,833,934)</u>	<u>(2,940,002)</u>	<u>(1,637,485)</u>	<u>(2,717,474)</u>	<u>(1,483,795)</u>
361,816	612,844	913,924	972,399	1,042,008
160,446	219,920	244,142	233,775	272,580
372,182	388,641	474,036	442,683	442,871
262,181	214,497	321,215	321,674	372,660
741,009	748,944	755,583	754,758	834,038
13,636	27,713	94,792	50,641	35,356
(92,547)	(410,000)	-	-	(77,950)
<u>1,818,723</u>	<u>1,802,559</u>	<u>2,803,692</u>	<u>2,775,930</u>	<u>2,921,563</u>
-	-	-	-	-
92,547	410,000	-	-	77,950
<u>92,547</u>	<u>410,000</u>	<u>-</u>	<u>-</u>	<u>77,950</u>
1,911,270	2,212,559	2,803,692	2,775,930	2,999,513
125,868	(739,223)	1,074,180	12,521	1,433,142
(48,532)	11,780	92,027	45,935	82,576
<u>\$ 77,336</u>	<u>\$ (727,443)</u>	<u>\$ 1,166,207</u>	<u>\$ 58,456</u>	<u>\$ 1,515,718</u>

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

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
<b>General Fund</b>					
Nonspendable-prepays	\$ 22,899	\$ 42,604	\$ 47,425	\$ 26,562	\$ 28,293
Restricted for tree mitigation					
Restricted for transportation					
Assigned for capital projects					
Assigned for subsequent year's budget					
Unassigned	<u>1,311,888</u>	<u>690,277</u>	<u>882,923</u>	<u>454,232</u>	<u>307,413</u>
Total general fund	<u>\$ 1,334,787</u>	<u>\$ 732,881</u>	<u>\$ 930,348</u>	<u>\$ 480,794</u>	<u>\$ 335,706</u>
<b>All other governmental funds</b>					
Nonspendable-prepays					\$ -
Restricted for infrastructure	\$ -	\$ -	\$ -	\$ -	-
Restricted for transportation	642,359	896,886	1,076,147	1,266,673	1,035,067
Restricted for roads and drainage					
Restricted for debt service					
Assigned for capital projects	<u>1,000,000</u>	<u>1,400,000</u>	<u>1,220,013</u>	<u>1,153,081</u>	<u>1,119,740</u>
Total all other governmental funds	<u>\$ 1,642,359</u>	<u>\$ 2,296,886</u>	<u>\$ 2,296,160</u>	<u>\$ 2,419,754</u>	<u>\$ 2,154,807</u>
<b>General Fund</b>					
Nonspendable-prepays	\$ 3,750	\$ -	\$ 82,256	\$ 62,342	\$ 1,623
Restricted for tree mitigation			75,635	153,635	153,635
Restricted for transportation				60,000	80,000
Assigned for capital projects					
Assigned for subsequent year's budget				53,803	16,750
Unassigned	<u>425,225</u>	<u>485,224</u>	<u>638,242</u>	<u>729,646</u>	<u>1,235,611</u>
Total general fund	<u>\$ 428,975</u>	<u>\$ 485,224</u>	<u>\$ 796,133</u>	<u>\$ 1,059,426</u>	<u>\$ 1,487,619</u>
<b>All other governmental funds</b>					
Nonspendable-prepays	\$ -	\$ -	\$ 50,000	\$ 100,298	\$ -
Restricted for infrastructure	160,446	380,366	624,508	861,528	-
Restricted for transportation	1,002,564	886,474	1,007,764	1,244,226	770,176
Restricted for roads and drainage		608,773	670,368	242,271	991,362
Restricted for road resurfacing					-
Restricted for debt service		103,927	107,943	114,587	-
Assigned for capital projects	<u>862,642</u>	<u>162,667</u>	<u>162,668</u>	<u>214,452</u>	<u>159,830</u>
Total all other governmental funds	<u>\$ 2,025,652</u>	<u>\$ 2,142,207</u>	<u>\$ 2,623,251</u>	<u>\$ 2,777,362</u>	<u>\$ 1,921,368</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)

	2012	2013	2014	2015	2016
<b>REVENUES</b>					
Property taxes	\$ 214,645	\$ 210,005	\$ 208,173	\$ 229,355	\$ 315,454
Local option sales tax	-	-	-	-	-
Utility taxes	341,596	342,478	355,879	349,103	353,221
Franchise fees	193,270	192,552	220,245	221,246	312,064
Intergovernmental revenue	648,838	655,888	677,061	709,241	722,300
Charge for services	61,650	45,117	15,322	105,179	158,546
Licenses and permits	10,518	9,564	31,666	20,140	34,622
Fines and forfeitures	35,727	1,711	9,647	7,014	11,351
Contributions from private sources	49,813	-	40,000	-	926,942
Interest and other	1,191	2,421	3,149	200	436
Total revenues	<u>1,557,248</u>	<u>1,459,736</u>	<u>1,561,142</u>	<u>1,641,478</u>	<u>2,834,936</u>
<b>EXPENDITURES</b>					
Current:					
General government	578,987	744,225	675,104	909,330	900,292
Public safety	274,911	275,243	280,515	285,459	290,048
Physical environment	340,971	250,338	213,725	150,995	768,167
Capital outlay	50,663	0	195,057.00	621,654	1,191,967
Total expenditures	<u>1,245,532</u>	<u>1,269,806</u>	<u>1,364,401</u>	<u>1,967,438</u>	<u>3,150,474</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	-	541,844	55,070	40,000	378,638
Transfers out	-	(679,153)	(55,070)	(40,000)	(473,135)
	<u>-</u>	<u>(137,309)</u>	<u>-</u>	<u>-</u>	<u>(94,497)</u>
<b>Net change in fund balances</b>	<u>\$ 311,716</u>	<u>\$ 52,621</u>	<u>\$ 196,741</u>	<u>\$ (325,960)</u>	<u>\$ (410,035)</u>
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>
	2017	2018	2019	2020	2021
<b>REVENUES</b>					
Property taxes	\$ 361,816	\$ 612,844	\$ 913,924	\$ 972,399	1,042,008
Local option sales tax	160,446	219,920	244,142	233,775	272,580
Utility taxes	372,182	388,641	474,036	442,683	442,871
Franchise fees	262,181	214,497	321,214	321,674	337,993
Intergovernmental revenue	741,009	748,944	790,155	805,363	904,920
Charge for services	64,727	43,258	240,539	322,544	479,185
Licenses and permits	23,524	51,897	39,209	28,596	63,263
Special assessments	-	-	1,814,093	1,825,737	1,762,917
Fines and forfeitures	22,569	9,242	36,911	500	-
Contributions	260,404	-	-	47,908	88,178
Interest and other	4,686	27,713	187,689	22,733	4,336
Total revenues	<u>2,273,544</u>	<u>2,316,956</u>	<u>5,061,912</u>	<u>5,023,912</u>	<u>5,398,251</u>
<b>EXPENDITURES</b>					
Current:					
General government	948,468	1,027,261	1,576,510	1,208,515	1,289,923
Public safety	294,621	610,000	622,412	1,002,044	1,119,128
Physical environment	454,017	672,401	1,440,482	1,472,757	1,071,158
Capital outlay	519,777	322,842	313,525	280,303	2,059,813
Debt service:					
Principal	-	263,000	271,000	611,000	242,375
Interest	-	21,227	34,406	30,089	3,945
Other debt service costs	-	2,438	11,625	1,800	0
Total expenditures	<u>2,216,883</u>	<u>2,919,169</u>	<u>4,269,960</u>	<u>4,606,508</u>	<u>5,786,342</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	0	1,086,898	-	490,683	1,644,500
Transfers out	(92,547)	(1,496,898)	-	(490,683)	(1,722,450)
	<u>(92,547)</u>	<u>(410,000)</u>	<u>-</u>	<u>-</u>	<u>(77,950)</u>
<b>Net change in fund balances</b>	<u>\$ (35,886)</u>	<u>\$ (1,012,213)</u>	<u>\$ 791,952</u>	<u>\$ 417,404</u>	<u>\$ (466,041)</u>
Debt service as a percentage of noncapital expenditures	<u>0.0%</u>	<u>12.4%</u>	<u>8.7%</u>	<u>17.5%</u>	<u>7.1%</u>

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

Fiscal Year	Ad-Valorem Taxes General Purpose	Local Option Sales Tax (1)	Utility Tax	Intergovernmental	Franchise Tax
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
2020	972,399	233,775	442,683	805,363	321,674
2021	1,042,008	272,580	442,871	904,920	337,993

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

<u>Charges for Service</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>
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
322,544	28,596	1,825,737	500	47,908	22,733	5,023,912
479,185	63,263	1,762,917	-	13,686	78,828	5,398,251

**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		
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
2020	188,930,066	53,869,260	97,564,863	1,787,150	16,638,356	358,789,695
2021	(1)	(1)	(1)	(1)	(1)	362,034,457

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

(1) Information Unavailable at time of publication

Total Direct Tax Rate	Estimated Actual Value	Net Assessed Value as a Percentage of Estimated Actual Value
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%
3.0000	455,495,454	78.77%
3.0000	458,271,465	79.00%

**TOWN OF LOXAHATCHEE GROVES, FLORIDA**

Property Tax Rates  
Direct and Overlapping Governments  
Last Ten Fiscal Years

OVERLAPPING RATES

<u>Fiscal Year</u>	<u>Town Operating Millage</u>	<u>Palm Beach County School District</u>	<u>Palm Beach County General Government</u>	<u>Palm Beach County Debt Service</u>	<u>Palm Beach County Fire Rescue</u>
2012	1.2000	8.1800	4.7815	0.2110	3.4581
2013	1.2000	7.5860	4.7815	0.2037	3.4581
2014	1.2000	7.5940	4.7815	0.1914	3.4581
2015	1.2000	7.5120	4.7815	0.1462	3.4581
2016	1.4718	7.0700	4.7815	0.1327	3.4581
2017	1.4718	6.7690	4.7815	0.1208	3.4581
2018	2.1500	6.5720	4.7815	0.1165	3.4581
2019	3.0000	7.1640	4.7815	0.0765	3.4581
2020	3.0000	7.0100	4.7815	0.0309	3.4581
2021	3.0000	6.8750	4.7815	0.0334	3.4581

Note: All millage rates are based are per \$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
1.1451	0.6081	0.5346	0.7513	0.0345	20.9042
1.1250	0.6065	0.3739	0.7475	0.0345	20.1167
1.0800	0.6024	0.3523	0.7025	0.0345	19.9967
1.0800	0.5985	0.3842	0.6745	0.0345	19.8695
1.0426	0.5933	0.3551	0.6677	0.0320	19.6048
0.7808	0.5891	0.3100	0.6590	0.0320	18.9721
0.7261	0.5901	0.2936	0.6403	0.0320	19.3602
0.7261	0.5870	0.2795	0.6497	0.0320	20.7544
0.7261	0.5833	0.2675	0.6497	0.0320	20.5391
0.7261	0.5824	0.2572	0.6233	0.0320	20.3690



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

<u>Fiscal Year</u>	<u>Total Taxes Levied for Fiscal Year</u>	<u>Collected Within the Fiscal Year of Levy</u>		<u>Collections in Subsequent Years</u>	<u>Total Collections to Date</u>	
		<u>Amount</u>	<u>Percent of Levy</u>		<u>Amount</u>	<u>Percent of Levy</u>
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	939,870	913,924	97.24%	n/a	913,924	97.24%
2020	1,000,138	972,399	97.23%	n/a	972,399	97.23%
2021	1,079,361	1,042,008	96.54%	n/a	1,042,008	96.54%

iser and Town of Loxahatchee Groves Finance Department

**TOWN OF LOXAHATCHEE GROVES, FLORIDA**  
Demographic and Economic Statistics  
Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Population (1)</u>	<u>Median Houshold Income (2)</u>	<u>Per Capita Personal Income (2)</u>	<u>Unemployment Rate (3)</u>
2012	3,173	85,476	29,342	3.1%
2013	3,262	82,772	28,856	4.9%
2014	3,183	91,254	33,986	6.8%
2015	3,180	90,428	32,209	7.2%
2016	3,271	93,063	31,639	10.0%
2017	3,342	97,669	31,369	11.1%
2018	3,384	99,332	33,041	not available
2019	3,593	105,473	34,251	not available
2020	3,661	114,497	41,645	8.63%
2021	3,426	124,771	43,184	7.23%

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

(2) American Community Surveys, U.S. Census Bureau

(3) American Community Survey, DP03

**TOWN OF LOXAHATCHEE GROVES, FLORIDA**  
 Direct and Overlapping Governmental Activities Debt  
 Fiscal year ended September 30, 2021

<u>Government Unit</u>	<u>Net Debt Outstanding</u>	<u>Estimated Percentage Applicable(1)</u>	<u>Amount Applicable to Town of Loxahatchee Groves</u>
Debt repaid with property taxes:			
Palm Beach County School Board	\$ 5,379,000	0.17%	\$ 9,144
Palm Beach County	<u>\$ 35,700,000</u>	0.17%	<u>\$ 60,690</u>
Subtotal, overlapping debt	<u>\$ 41,079,000</u>		<u>\$ 69,834</u>
Other debt:			
Town of Loxahatchee Groves direct debt	\$ -	100.00%	\$ -
Total direct and overlapping debt	<u>\$ 41,079,000</u>		<u>\$ 69,834</u>

Sources: FY2021 Comprehensive Annual Financial Reports

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, 2021

Employer	2021			2012		
	EMPLOYEES	RANK	Percentage of Total County Employment	EMPLOYEES	RANK	Percentage of Total County Employment
Palm Beach County School District	22,600	1	3.30%	21,495	1	3.49%
Tenet Healthcare Corp.	6,505	2	0.95%	6,100	3	0.99%
Palm Beach County Government	5,686	3	0.83%	11,381	2	1.85%
NextEra Energy (Florida Power & Light)	5,119	4	0.75%	3,635	4	0.59%
Florida Atlantic University	3,113	5	0.45%	2,706	7	0.44%
Boca Raton Regional Hospital	3,052	6	0.45%	2,250	9	0.37%
Veterans Health Administration	3,000	7	0.44%	-		
Hospital Corporation of America (HCA)	2,806	8	0.41%	2,714	6	0.44%
The Breakers	2,300	9	0.34%			
Bethesda Memorial Hospital	2,282	10	0.33%	2,391	8	0.39%
G4s(Wachenhut Corp)				3,000	5	0.49%
Office Depot				2,250	10	0.37%
	<u>56,463</u>		<u>8.25%</u>	<u>57,922</u>		<u>9.42%</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

<u>Function</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
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)

<u>Function</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Legislative	(1)	(1)	-	-	-
Clerk	(1)	(1)	1	1	1
General government	(1)	(1)	4	4	4
Community Development	(1)	(1)	2	2	2
Public Works	(1)	4, (1)	5	7	7
Parks	(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	2012	2013	2014	2015	2016
<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)
Building and Zoning:					
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	2017	2018	2019	2020	2021
<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)
Building and Zoning:					
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

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## OTHER INFORMATION SECTION

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**TOWN OF LOXAHATCHEE GROVES, FLORIDA**  
**Information Required by Section 218.39(3)(c), Florida Statutes**  
**For the Fiscal Year Ended For the Fiscal Year Ended September 30, 2021**  
**Unaudited**

**As required by Section 218.39(3)(c), Florida Statutes, the Loxahatchee Groves Water Control District of Palm Beach Counth, Florida reported**

Required Information	Reported
The total number of district employees compensated in the last pay period of the District's fiscal year 2021:	4
The total number of independent contractors to whom nonemployee compensation was paid in the last month of the District's fiscal year 2021:	33
All compensation earned by or awarded to employees, whether paid or accrued, regardless of contingency for fiscal year 2021:	\$ 472,367
All compensation earned by or awarded to nonemployee independent contractors, whether paid or accrued, regardless of contingency for fiscal year 2021:	403139
Each construction project with a total cost of at least \$65,000 approved by the District that was scheduled to begin on or after October 1 of the fiscal year 2021, together with the total expenditures for such project:	
Project	Budget Expenditures
	210,000 210,000
A budget variance based on the budget adopted under Section 189.016(4), Florida Statutes, before the beginning of the fiscal year 2021 being reported if the District amends a final adopted budget under Section 189.016(6), Florida Statutes:	See Page 60
The millage rate of ad valorem taxes imposed by the District for fiscal year 2021:	Not Applicable
The rate of non-ad valorem special assessments imposed by the District for fiscal year 2021:	200 to 827.16
The total amount of special assessments collected by or on behalf of the District for fiscal year 2021:	\$ 1,496,476
The total amount of outstanding bonds issued by the district and the terms of such bonds:	0

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## COMPLIANCE SECTION

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# NOWLEN, HOLT & MINER, P.A.

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## 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*

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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, 2021, and the related notes to the financial statements, which collectively comprise the Town of Loxahatchee Groves, Florida's basic financial statements and have issued our report thereon dated March 8, 2023.

### **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) as a basis for designing 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. In the current fiscal year, the updated Policies and Procedures Manual was completed, approved by the Town Council and implemented. These revised procedures were not consistently applied during the fiscal year and there are additional areas where segregation of duties could be improved.

#### **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.
- Year end reconciliations and adjusting/closing entries were not timely made.

#### **Recommendation**

We recommend the Town follow the revised Policies and Procedures Manual and periodically update and monitor them to ensure the policies and procedures are still appropriate and are being followed.

### **Management's Response**

Management continues the 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, 2021 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 2022 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.

West Palm Beach, Florida  
March 8, 2023

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



# NOWLEN, HOLT & MINER, P.A.

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## MANAGEMENT LETTER IN ACCORDANCE WITH THE RULES OF THE AUDITOR GENERAL OF THE STATE OF FLORIDA

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TELEPHONE (561) 996-5612  
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The Honorable Mayor and Members of the Town Council  
Town of Loxahatchee Groves, 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, 2021, and have issued our report thereon dated March 8, 2023.

### 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 March 8, 2023, 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 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, 2021.

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 communicate any recommendations to improve financial management. In connection with our audit, we have any such recommendations.

### **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 did not note any special district component units that failed to provide 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.

As required by Section 218.39(3)(c), Florida Statutes, and Section 10.554(1)(i)6, Rules of the Auditor General, the Town reported the required information in the Other Information Section on page 86.

## **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, 2021 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.

March 8, 2023  
West Palm Beach, Florida

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



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

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

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We have examined the Town of Loxahatchee Groves, Florida’s compliance with Section 218.415, Florida Statutes during the year ended September 30, 2021. 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 AICPA. 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.

We are required to be independent and to meet our other ethical responsibilities in accordance with relevant ethical requirements relating to the examination engagement.

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, 2021.

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 Council, 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  
March 8, 2023