

Town of Howey-in-the-Hills, Florida
Audit Report
For the Year Ended September 30, 2023

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TOWN OF HOWEY-IN-THE-HILLS, FLORIDA
ANNUAL FINANCIAL REPORT
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Year Ended September 30, 2023

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INDEPENDENT AUDITORS' REPORT

Honorable Mayor and Members of
The Town Council
Howey-in-the-Hills, Florida

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Howey-in-the-Hills, Florida. (the Town), as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Town, as of September 30, 2023, 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.

Basis for Opinions

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Town and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

Honorable Mayor and Members of
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Howey-in-the-Hills, Florida

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Town's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town's ability to continue as a going concern for a reasonable period of time.

Honorable Mayor and Members of
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Howey-in-the-Hills, Florida

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplementary information, as listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The other supplementary information section, as listed in the table of contents is presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, based on our audit, the other supplementary information is fairly stated in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory section but does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

Honorable Mayor and Members of
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Howey-in-the-Hills, Florida

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 27, 2024, on our consideration of the Town'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'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's internal control over financial reporting and compliance.

*Binney Accounting and
Assurance Services, PLLC*

Binney Accounting and Assurance Services, PLLC
Clermont, FL
June 27, 2024

TOWN OF HOWEY-IN-THE-HILLS, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
September 30, 2023

The Town of Howey-in-the-Hills, Florida's (the "Town") Management's Discussion and Analysis (the "MD&A") presents an overview of the Town's financial activities for the fiscal year ended September 30, 2023. Please read it in conjunction with the letter of transmittal in the introductory section, and the Town's financial statements following the MD&A.

Financial Highlights

- The assets and deferred outflows of resources of the Town exceeded its liabilities and deferred inflows of resources at the close of fiscal year 2023 by \$9,536,890 (net position). Of this amount, \$2,429,278 represents unrestricted net position.
- The Town's net position increased by \$826,638. Governmental activities contributed 76% of the increase.
- The Town's total governmental fund balances increased \$80,555 from the prior year.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Town's basic financial statements. The Town's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements

The *government-wide financial statements*, which consist of the following two 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 of resources, liabilities, and deferred inflows of resources with the difference 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. Additionally, nonfinancial factors, such as a change in the Town's property tax base or the condition of Town facilities and infrastructure, should be considered to assess the overall financial health of the Town.

The *statement of activities* presents information showing how the government's net position changed during the 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 but earned revenue and unused vacation leave).

Both of these 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 governmental activities of the Town include general government, public safety, physical environment, transportation, and culture/recreation. The business-type activities of the Town include water and sanitation services, and storm water services. The government-wide financial statements can be found immediately following the MD&A.

Fund financial statements

A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Town can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

TOWN OF HOWEY-IN-THE-HILLS, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued
September 30, 2023

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The Town maintains several individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the General Fund, Water Impact Fees Fund and Building Services Fund, which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation noted as Nonmajor Governmental Funds. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* in the other supplemental information section of this report.

The Town adopts an annual appropriated budget for its general fund and most special revenue funds. Budgetary comparison schedules have been provided for the major funds to demonstrate budgetary compliance.

Proprietary Funds

The Town maintains one type of proprietary fund. The *enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The Town uses enterprise funds to account for the fiscal activities relating to water/sanitation, and storm water operations.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Utility Fund (major fund) and the Stormwater Fund (nonmajor fund).

Fiduciary Fund

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the Town's own programs. The accounting used for fiduciary funds is similar to proprietary funds. The Town has one pension trust fund to account for the police officers' pension plan.

Notes to the 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.

Other information

In addition to the basic financial statements and accompanying notes, *required supplementary information* is included which presents budgetary comparison schedules for the Town's General Fund, Water Impact Fees Fund and Building Services Fund; and required pension schedules for the Town's pension plan. Required supplementary information can be found following the notes to the financial statements.

The combining statements referred to earlier in connection with nonmajor governmental funds are presented in the other supplemental information section of this report.

TOWN OF HOWEY-IN-THE-HILLS, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued
September 30, 2023

Government-wide Financial Analysis

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, assets and deferred outflows exceeded liabilities and deferred inflows by \$9,536,890 at the close of the fiscal year ended September 30, 2023.

The largest portion of the Town's net position (60%) reflects its net investment in capital assets (land, buildings, infrastructure and equipment less any related outstanding debt used to acquire those assets). The Town uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the Town's net investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities. The Town has restricted net position (\$2,429,278) for public works projects, public safety programs, recreation projects, building code enforcement, pension asset, and other purposes. The unrestricted net position (\$1,411,642) is available for future spending. At the end of fiscal year 2023, the Town is able to report positive balances in all three categories of net position for governmental and business-type activities.

Governmental activities capital assets increased by \$491,147 from the prior year for public safety vehicles and equipment and completion of a major road improvement at North Dixie. Long-term liabilities decreased by \$132,964 from the prior year due to schedules pay down of debt. Deferred outflows decreased by \$145,806 due to police pension related changes reflected in the current year's actuarial valuation.

There was a net increase of \$826,638 in the Town's net position over fiscal year 2022. There was a net increase of \$627,989 in net position reported in connection with the Town's governmental activities and \$198,649 in business-type activities. Key reasons for these changes are presented in the following pages for governmental and business-type activities.

	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
Assets						
Non-capital assets	\$ 3,220,188	\$ 2,824,263	\$ 1,145,302	\$ 961,623	\$ 4,365,490	\$ 3,785,886
Capital assets	3,810,246	3,319,099	3,268,400	3,379,309	7,078,646	6,698,408
Total assets	7,030,434	6,143,362	4,413,702	4,340,932	11,444,136	10,484,294
Deferred outflows of resources						
Pension related	215,772	361,578	-	-	215,772	361,578
Liabilities						
Current liabilities	290,668	165,462	95,166	123,226	385,834	288,688
Long-term liabilities	209,575	244,720	1,236,813	1,334,632	1,446,388	1,579,352
Total liabilities	500,243	410,182	1,331,979	1,457,858	1,832,222	1,868,040
Deferred inflows of resources						
Pension related	290,796	267,580	-	-	290,796	267,580
Net position						
Net investment in capital assets	3,644,572	3,119,797	2,051,398	2,044,677	5,695,970	5,164,474
Restricted	2,429,278	1,536,059	-	-	2,429,278	1,536,059
Unrestricted	381,317	1,171,322	1,030,325	838,397	1,411,642	2,009,719
Total net position	\$ 6,455,167	\$ 5,827,178	\$ 3,081,723	\$ 2,883,074	\$ 9,536,890	\$ 8,710,252

TOWN OF HOWEY-IN-THE-HILLS, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued
September 30, 2023

	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
Program revenues						
Charges for services	\$ 1,096,171	\$ 377,833	\$ 1,551,722	\$ 1,212,148	\$ 2,647,893	\$ 1,589,981
Operating grants & contributions	72,365	536,696	-	-	72,365	536,696
Capital grants & contributions	731,002	140,549	-	34,444	731,002	174,993
General revenues						
Property taxes	1,103,451	929,828	-	-	1,103,451	929,828
Franchise fees and utility taxes	405,200	360,623	71,115	59,808	476,315	420,431
Infrastructure surtax	208,627	204,772	-	-	208,627	204,772
Other taxes	59,683	57,538	-	-	59,683	57,538
Shared revenues	197,214	198,204	-	-	197,214	198,204
Other	18,921	8,406	7,905	371	26,826	8,777
Total revenues	3,892,634	2,814,449	1,630,742	1,306,771	5,523,376	4,121,220
Program expenses						
General government	740,343	567,634	-	-	740,343	567,634
Public safety	1,854,121	1,211,437	-	-	1,854,121	1,211,437
Physical environment	202,330	211,981	-	-	202,330	211,981
Transportation	160,774	143,712	-	-	160,774	143,712
Culture and recreation	301,845	241,317	-	-	301,845	241,317
Interest on long-term debt	5,232	7,023	-	-	5,232	7,023
Utility	-	-	1,428,178	1,255,368	1,428,178	1,255,368
Stormwater	-	-	3,915	3,915	3,915	3,915
Total expenses	3,264,645	2,383,104	1,432,093	1,259,283	4,696,738	3,642,387
Change in net position	627,989	431,345	198,649	47,488	826,638	478,833
Beginning net position	5,827,178	5,395,833	2,883,074	2,835,586	8,710,252	8,231,419
Ending net position	\$ 6,455,167	\$ 5,827,178	\$ 3,081,723	\$ 2,883,074	\$ 9,536,890	\$ 8,710,252

Governmental activities

Governmental activities accounted for an increase of \$627,989 from the prior year net position. The largest factor in this increase was a \$718,338 increase in charges for services revenues from the prior year, primarily for building inspection and permitting fees from increased construction projects. Capital grants and contributions increased by \$590,453 for additional impact fees associated with that increase in local construction. General government expenses increased by \$172,709 and public safety expenses increased by \$642,684 over the prior year for additional personnel costs and operational costs as the Town continued spending pandemic recovery funds for different initiatives. The remaining expenses were in line with the prior year.

Business-type activities

Business-type activities increased the Town's net position by \$198,649 accounting for 24% of the total growth in the Town's net position. Business-type expenses were \$172,810 greater than the prior year. Personnel costs and operating expenses increased as more citizens were added to the existing Utility system in the last couple years.

Financial Analysis of the Town's Funds

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, *unassigned fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of fiscal year 2023, the Town's governmental funds reported combined ending fund balances of \$2,526,287, an increase of \$80,555 in comparison with the prior year. This increase was largely the result of effective budgeting of operational expenditures for Town services. Components of fund balance are comprised of nonspendable, restricted, committed, assigned, and unassigned. The components of committed, assigned and unassigned are considered spendable unrestricted fund balance. The total spendable unrestricted fund balance of governmental funds in fiscal year 2023 was \$470,242 compared to \$879,673 for fiscal year 2022, a decrease of \$409,431 for all governmental funds. The main cause of this decrease in spendable unrestricted fund balance was from using remaining ARPA funds provided for revenue recovery loss in the current year.

Major Funds

General Fund

The General Fund is the chief operating fund of the Town. At the end of fiscal year 2023, the spendable unassigned fund balance of the General Fund totaled \$470,242 compared to \$879,673 in fiscal year 2022, a decrease of \$409,431. As a measure of the General Fund's liquidity, it may be useful to compare the spendable unassigned fund balance of \$470,242 to the total fund's expenditures of \$2,659,861. This represents 18% of total expenditures compared to 41% in the prior fiscal year. The Town was able to maintain liquidity available to meet upcoming expenditures in its chief operating fund.

The fund balance in the General Fund decreased by \$409,431 during the current fiscal year. The General Fund reported increased expenditures by \$519,372 from the prior year, most of which (\$236,866) was in public safety for additional equipment. These increases were offset by an increase of \$207,200 in taxes due to increasing property values and additional sales and gas tax revenues as spending levels increased post-pandemic. Intergovernmental revenues decreased by \$351,015 from the prior year for the ARPA grant that was received in the prior year and not repeated.

The Water Impact Fees Fund

The Water Impact Fees Fund total fund balance decreased by \$279,489 from the prior year. The water impact fee receipts and expenditures were in line with prior year; however, a \$381,502 transfer was made to separate the Town's impact fee activities into separate funds for water, parks and police.

The Building Services Fund

The Building Services Fund total fund balance increased by \$237,258 from the prior year. Permits and fees increased by \$596,956 from the prior year due to increased construction projects within the Town. Expenditures also increased by \$396,994 for additional operating costs to provide those review and permitting services.

Enterprise funds

The Town's enterprise funds provide the same type of information found in the government-wide financial statements, but in more detail. The Town has one major enterprise fund – the Utility Fund, and one nonmajor fund – the Stormwater Fund. For the current fiscal year, unrestricted net position in the Utility Fund increased by \$191,928 and the Stormwater Fund had no change over the prior year.

TOWN OF HOWEY-IN-THE-HILLS, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued
September 30, 2023

Utility Fund

The Utility Fund had an increase in net position of \$202,564. Utility and sanitation user fees were \$340,384 greater than the prior year due to additional users on the Town's system. Operating expenses were \$177,266 greater than the prior year due to increased personnel and operating costs related to servicing additional system users.

General Fund Budgetary Highlights

The General Fund original budgeted revenues decreased by \$154,064 and original budgeted expenditures decreased by \$193,077 during the current fiscal year. The largest factor in the decrease in budgeted revenues was \$242,606 for miscellaneous revenues not received during the year. The largest factor in the decrease in budgeted expenditures was \$104,316 for general government for projects carried to the next year.

Total revenues were greater than the final amended budget by \$8,080. Total expenditures exceeded the final amended budget by \$3,920 mostly from accrual of capital outlay expenditures.

Capital Assets and Long-term Debt

Capital Assets

The Town's investment in capital assets for its governmental and business-type activities as of September 30, 2023 amounts to \$7,078,646 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements other than buildings, infrastructure, intangibles, equipment, vehicles, and construction in progress. The total increase in the Town's investment in capital assets for the current fiscal year was \$340,271. Governmental activities increased capital assets by \$459,263 from technology and vehicle purchases as well as the implementation of a new software subscription accounting standard. Business-type activities decreased capital assets by \$118,992 due to the Downtown sewer improvements project completion and increased depreciation for that project. Additional information on the Town's capital assets can be found in Note 3 of this report.

Long-term Debt

At the end of fiscal year 2023, the Town had total debt outstanding of \$1,375,676. This is a decrease of \$186,330 from the prior year, primarily due to scheduled principal payments. Additionally, beginning balances of long term debt were increased by \$39,967 due to implementation of a new software accounting standard. Of the total outstanding, \$158,674 is related to governmental activities and \$1,217,002 is related to business-type activities. Additional information on the Town's debt can be found in Note 4 of this report.

Economic Factors and Next Year's Budgets and Rates

The ad valorem tax rate for the General Fund remained the same at 7.50 for the 2024 fiscal year budget.

Requests for Information

This financial report is designed to present users with a general overview of the Town's finances and to demonstrate the Town's accountability. If you have questions concerning any of the information provided in this report or need additional financial information, contact the Town's Clerk, 101 N Palm Avenue, Howey-in-the-Hills, Florida 34737.

BASIC FINANCIAL STATEMENTS

Town of Howey-in-the-Hills, Florida
Statement of Net Position
September 30, 2023

	Governmental Activities	Business-type Activities	Total
Assets			
Cash and equivalents	\$ 251,207	\$ 1,027,604	\$ 1,278,811
Investment in state pool	20,192	-	20,192
Due from other governments	75,462	-	75,462
Prepays	30,000	-	30,000
Accounts receivable	10,816	97,123	107,939
Pension asset	403,233	-	403,233
Restricted assets:			
Cash and equivalents	2,429,278	20,575	2,449,853
Capital assets:			
Non-depreciable	647,307	28,747	676,054
Depreciable, net	3,162,939	3,239,653	6,402,592
Total assets	7,030,434	4,413,702	11,444,136
Deferred outflows of resources			
Pension related	215,772	-	215,772
Total assets and deferred outflows of resources	7,246,206	4,413,702	11,659,908
Liabilities			
Accounts payable	228,273	12,772	241,045
Contracts payable	7,000	-	7,000
Accrued liabilities	55,395	13,817	69,212
Due to pension	-	-	-
Interest payable	-	14,395	14,395
Unearned revenues	-	-	-
Customer deposits	-	54,182	54,182
Noncurrent liabilities:			
Due within one year	69,266	124,695	193,961
Due in more than one year	140,309	1,112,118	1,252,427
Total liabilities	500,243	1,331,979	1,832,222
Deferred inflows of resources			
Pension related	290,796	-	290,796
Total liabilities and deferred inflows of resources	791,039	1,331,979	2,123,018
Net position			
Net investment in capital assets	3,644,572	2,051,398	5,695,970
Restricted:			
Public safety projects	217,302	-	217,302
Public works projects	869,972	-	869,972
Building	433,482	-	433,482
Pension asset	403,233	-	403,233
Other purposes	143,505	-	143,505
Recreation projects	359,969	-	359,969
Tree replenishment program	1,815	-	1,815
Unrestricted	381,317	1,030,325	1,411,642
Total net position	\$ 6,455,167	\$ 3,081,723	\$ 9,536,890

See accompanying notes.

Town of Howey-in-the-Hills, Florida
Statement of Activities
Year ended September 30, 2023

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business- type Activities	Total
Governmental activities							
General government	\$ 740,343	\$ 25,721	\$ -	\$ -	\$ (714,622)	\$ -	\$ (714,622)
Public safety	1,854,121	1,055,669	3,863	270,580	(524,009)	-	(524,009)
Physical environment	202,330	3,715	-	334,677	136,062	-	136,062
Transportation	160,774	-	-	-	(160,774)	-	(160,774)
Culture and recreation	301,845	11,066	68,502	125,745	(96,532)	-	(96,532)
Interest on long-term debt	5,232	-	-	-	(5,232)	-	(5,232)
Total governmental activities	3,264,645	1,096,171	72,365	731,002	(1,365,107)	-	(1,365,107)
Business-type activities							
Utility	1,428,178	1,551,722	-	-	-	123,544	123,544
Stormwater	3,915	-	-	-	-	(3,915)	(3,915)
Total business-type activities	1,432,093	1,551,722	-	-	-	119,629	119,629
Total	\$ 4,696,738	\$ 2,647,893	\$ 72,365	\$ 731,002	(1,365,107)	119,629	(1,245,478)
General revenues							
Property taxes					1,103,451	-	1,103,451
Franchise and utility taxes					405,200	71,115	476,315
Infrastructure surtax					208,627	-	208,627
Local option tax					43,333	-	43,333
Shared revenues - unrestricted					197,214	-	197,214
Other taxes					16,350	-	16,350
Miscellaneous					18,921	7,905	26,826
Total general revenues					1,993,096	79,020	2,072,116
Change in net position					627,989	198,649	826,638
Net position - beginning of year					5,827,178	2,883,074	8,710,252
Net position - end of year					\$ 6,455,167	\$ 3,081,723	\$ 9,536,890

See accompanying notes.

Town of Howey-in-the-Hills, Florida
Balance Sheet
Governmental Funds
September 30, 2023

	General Fund	Water Impact Fees Fund	Building Services Fund	Nonmajor Governmental Funds	Total Governmental Funds
Assets					
Cash and equivalents	\$ 571,933	\$ 901,472	\$ 469,989	\$ 737,091	\$ 2,680,485
Investment in state pool	20,192	-	-	-	20,192
Account receivable, net	10,816	-	-	-	10,816
Due from other funds	-	-	-	-	-
Other assets	-	-	-	-	-
Due from other governments	20,598	38,500	-	16,364	75,462
Prepays	30,000	-	-	-	30,000
Total assets	<u>\$ 653,539</u>	<u>\$ 939,972</u>	<u>\$ 469,989</u>	<u>\$ 753,455</u>	<u>\$ 2,816,955</u>
Liabilities					
Accounts payable	99,282	63,000	35,127	30,864	228,273
Contracts payable	-	7,000	-	-	7,000
Accrued liabilities	54,015	-	1,380	-	55,395
Due to other funds	-	-	-	-	-
Due to police pension	-	-	-	-	-
Unearned revenues	-	-	-	-	-
	<u>153,297</u>	<u>70,000</u>	<u>36,507</u>	<u>30,864</u>	<u>290,668</u>
Fund balances					
Nonspendable - prepaids	30,000	-	-	-	30,000
Restricted:					
Capital projects	-	-	-	143,505	143,505
Public safety	-	-	433,482	217,302	650,784
Physical environment	-	869,972	-	1,815	871,787
Culture and recreation	-	-	-	359,969	359,969
Unassigned	<u>470,242</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>470,242</u>
Total fund balances	<u>500,242</u>	<u>869,972</u>	<u>433,482</u>	<u>722,591</u>	<u>2,526,287</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 653,539</u>	<u>\$ 939,972</u>	<u>\$ 469,989</u>	<u>\$ 753,455</u>	<u>\$ 2,816,955</u>

See accompanying notes.

Town of Howey-in-the-Hills, Florida
Reconciliation of the Balance Sheet to the Statement of Net Position
September 30, 2023

Fund balances - total governmental funds \$ 2,526,287

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 funds.

Capital assets - net 3,810,246

The net pension liability/asset is not reported in governmental funds. 403,233

Deferred inflows and outflows of resources related to pensions are
not recognized in the governmental funds; however, they are recorded in
the statement of net position under full accrual accounting.

Deferred outflows of resources pensions 215,772

Deferred inflows of resources pensions (290,796)

Long-term liabilities are not due and payable in the current period and
accordingly are not reported as fund liabilities. Interest on long-term
debt is not accrued in governmental funds, but rather is recognized
as an expenditure when due. All liabilities--both current and
long-term--are reported in the statement of net position.

Long-term liabilities at year-end consist of:

SBITA payable (21,527)

Leases payable (80,856)

Lake County loan (56,291)

Compensated absences (50,901)

Net position of governmental activities \$ 6,455,167

See accompanying notes.

Town of Howey-in-the-Hills, Florida
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
Year ended September 30, 2023

	General Fund	Water Impact Fees Fund	Building Services Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues					
Taxes	\$ 1,336,054	\$ -	\$ -	\$ 263,674	\$ 1,599,728
Permits, fees and special assessments	196,987	296,178	781,382	259,689	1,534,236
Intergovernmental	401,419	38,500	-	-	439,919
Charges for services	266,175	-	-	-	266,175
Judgments, fines and forfeits	22,443	-	-	2,781	25,224
Miscellaneous	27,352	-	-	-	27,352
Total revenues	2,250,430	334,678	781,382	526,144	3,892,634
Expenditures					
Current:					
General government	711,949	-	-	-	711,949
Public safety	1,242,777	-	543,464	64,391	1,850,632
Physical environment	212,915	232,665	-	-	445,580
Transportation	117,746	-	-	285,286	403,032
Culture and recreation	297,390	-	-	25,752	323,142
Debt service:					
Principal retirement	71,901	-	611	-	72,512
Interest	5,183	-	49	-	5,232
Total expenditures	2,659,861	232,665	544,124	375,429	3,812,079
Excess of revenues over (under) expenditures	(409,431)	102,013	237,258	150,715	80,555
Other financing sources (uses)					
Transfers in	-	-	-	381,502	381,502
Transfers out	-	(381,502)	-	-	(381,502)
Net change in fund balances	(409,431)	(279,489)	237,258	532,217	80,555
Fund balances - beginning of year	909,673	1,149,461	196,224	190,374	2,445,732
Fund balances - end of year	\$ 500,242	\$ 869,972	\$ 433,482	\$ 722,591	\$ 2,526,287

See accompanying notes.

Town of Howey-in-the-Hills, Florida
Reconciliation of the Statement of Revenues, Expenditures and Changes in
Fund Balances to the Statement of Activities
Year ended September 30, 2023

Net change in fund balances	\$	80,555
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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 those assets is depreciated over their estimated useful lives.

Acquisitions of capital assets		842,785
Current year depreciation expense		(343,766)

The issuance of bonds and similar long-term debt provides current financial resources to governmental funds and thus contributes to the change in fund balance. In the statement of net position, however, issuing debt increases long-term liabilities and does not affect the statement of activities. Similarly, repayment of principal is an expenditure in the governmental funds, but reduces the liability in the statement of net position. The amounts of the items that make up these differences in the treatment of long-term debt and related items are:

Financed purchase repayments		24,721
SBITA payable repayments		10,357
Lease payable repayments		26,782
Lake County loan repayments		10,652

Under the modified accrual basis of accounting, governmental revenues are recognized when both the measureable and available criteria have been met. Those revenues earned in the current year were not recognized since availability criteria was not met. Under full accrual accounting, all revenues would be recognized.

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In the statement of activities, only the loss on the sale/disposal of capital assets is reported. The change in net position differs from the change in fund balance by the cost of the assets sold/disposed or adjusted in value.

(39,756)

The accounting for pension costs differs between governmental funds and governmental activities

Change in net pension liability or asset		190,164
Change in deferred outflows related to pensions		(145,806)
Change in deferred inflows related to pensions		(23,216)

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

Compensated absences		(5,483)
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Change in net position of governmental activities	\$	627,989
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See accompanying notes.

Town of Howey-in-the-Hills, Florida
Statement of Net Position
Proprietary Funds
September 30, 2023

	Business-type Activities Enterprise Funds		
	Utility Fund	Nonmajor Stormwater Fund	Total Enterprise Funds
Current assets			
Cash and equivalents	\$ 1,015,708	\$ 11,896	\$ 1,027,604
Accounts receivable, net	97,123	-	97,123
Due from other governments	-	-	-
Total current assets	1,112,831	11,896	1,124,727
Noncurrent assets			
Restricted cash and equivalents	20,575	-	20,575
Capital assets, net	3,203,413	64,987	3,268,400
Total noncurrent assets	3,223,988	64,987	3,288,975
Total assets	4,336,819	76,883	4,413,702
Current liabilities			
Accounts payable	12,772	-	12,772
Contracts payable	-	-	-
Accrued liabilities	13,817	-	13,817
Interest payable	14,395	-	14,395
Customer deposits	54,182	-	54,182
Current portion of long-term liabilities	124,695	-	124,695
Total current liabilities	219,861	-	219,861
Noncurrent liabilities	1,112,118	-	1,112,118
Total liabilities	1,331,979	-	1,331,979
Net position			
Net investment in capital assets	1,986,411	64,987	2,051,398
Unrestricted	1,018,429	11,896	1,030,325
Total net position	\$ 3,004,840	\$ 76,883	\$ 3,081,723

See accompanying notes.

Town of Howey-in-the-Hills, Florida
Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Funds
Year ended September 30, 2023

	Business-type Activities Enterprise Funds		
	Utility Fund	Nonmajor Stormwater Fund	Total Enterprise Funds
Operating revenues			
User fees - water	\$ 1,254,845	\$ -	\$ 1,254,845
User fees - sanitation	287,515	-	287,515
Miscellaneous revenues	9,362	-	9,362
Total operating revenues	1,551,722	-	1,551,722
Operating expenses			
Personal services	363,307	-	363,307
Operating expenses	865,120	-	865,120
Depreciation and amortization	167,640	3,915	171,555
Total operating expenses	1,396,067	3,915	1,399,982
Operating income (loss)	155,655	(3,915)	151,740
Nonoperating revenues (expenses)			
Utility service taxes	71,115	-	71,115
Interest income	7,905	-	7,905
Interest (expense)	(32,111)	-	(32,111)
Total nonoperating revenues (expenses)	46,909	-	46,909
Change in net position	202,564	(3,915)	198,649
Net position - beginning of year	2,802,276	80,798	2,883,074
Net position - end of year	\$ 3,004,840	\$ 76,883	\$ 3,081,723

See accompanying notes.

Town of Howey-in-the-Hills, Florida
Statement of Cash Flows
Proprietary Funds
Year ended September 30, 2023

	Utility Fund	Nonmajor Stormwater Fund	Total Enterprise Funds
Operating activities			
Receipts from customers	\$ 1,543,497	\$ -	\$ 1,543,497
Payments to suppliers	(908,336)	-	(908,336)
Payments to employees	(352,822)	-	(352,822)
Net cash provided by operating activities	282,339	-	282,339
Noncapital financing activities			
Receipts/(Payments) from/to other funds	-	-	-
Utility service taxes	71,115	-	71,115
Net cash provided by noncapital financing activities	71,115	-	71,115
Capital and related financing activities			
Principal paid on debt	(113,819)	-	(113,819)
Interest paid on debt	(33,431)	-	(33,431)
Capital contributions	-	-	-
Acquisition of capital assets	(52,563)	-	(52,563)
Net cash used by capital and related financing activities	(199,813)	-	(199,813)
Investment Activities			
Interest on investments	7,905	-	7,905
Net cash provided by investment activities	7,905	-	7,905
Change in cash and equivalents	161,546	-	161,546
Cash and equivalents - beginning of year	874,737	11,896	886,633
Cash and equivalents - end of year	\$ 1,036,283	\$ 11,896	\$ 1,048,179
Operating income (loss)	\$ 155,655	\$ (3,915)	151,740
Depreciation	167,640	3,915	171,555
Change in:			
Receivables	(22,133)	-	(22,133)
Accounts payable	(43,216)	-	(43,216)
Contracts payable	-	-	-
Accrued liabilities	2,568	-	2,568
Customer deposits	13,908	-	13,908
Compensated absences	7,917	-	7,917
Net cash provided by operating activities	\$ 282,339	\$ -	\$ 282,339

There were no noncash activities.

Town of Howey-in-the-Hills, Florida
Statement of Fiduciary Net Position
September 30, 2023

	Pension Trust Fund
Assets	
Short Term Cash and Investments	\$ 32,424
Investments	2,283,574
Receivables	21,820
Total assets	<u>2,337,818</u>
Liabilities	<u>-</u>
Net position	
Restricted for pension benefits	<u><u>\$ 2,337,818</u></u>

See accompanying notes.

Town of Howey-in-the-Hills, Florida
Statement of Changes in Fiduciary Net Position
Year ended September 30, 2023

	Pension Trust Fund
Additions	
Contributions:	
Employer	\$ 101,050
Member	26,315
State	21,819
Total contributions	<u>149,184</u>
Investment income:	
Investment income	178,672
Less, investment management fee	-
Net investment income	<u>178,672</u>
Total additions	<u>327,856</u>
Deductions	
Member benefits	62,610
Administrative costs	<u>16,202</u>
Change in net position	249,044
Net position restricted for pension benefits	
Beginning of year	<u>2,088,774</u>
Net position restricted for pension benefits	
End of year	<u><u>\$ 2,337,818</u></u>

See accompanying notes.

TOWN OF HOWEY-IN-THE-HILLS, FLORIDA

NOTES TO FINANCIAL STATEMENTS

Year Ended September 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Town of Howey-in-the-Hills, Florida (the "Town"), have been prepared in conformity with generally accepted accounting principles ("GAAP"), as applied to governmental units, which were promulgated by the Governmental Accounting Standards Board ("GASB"). A summary of the Town's significant accounting policies applied in the preparation of these financial statements follows.

A. REPORTING ENTITY

The Town of Howey-in-the-Hills is a political subdivision of the state of Florida established under the Laws of Florida, Chapter 10675 (1925). The Town was originally incorporated on May 8, 1925. The Town provides a wide range of services that include police protection, recreation services, public works services, and general administration. The Town also operates enterprise activities, including: water, sewer, sanitation and stormwater.

The Town is a municipal corporation governed by an elected mayor and four-member council. As required by GAAP, these financial statements present the Town as a primary government. Component units are entities for which a primary government is considered financially accountable or entities that would be misleading to exclude. Blended component units, although legally separate entities, are in substance part of the government's operations and so data from these units would be combined with data of the primary government. The Town has no blended component units. Discretely presented component units, on the other hand, would be reported in separate columns to emphasize that they are legally separate from the Town. There are no discretely presented component units included in the Town's financial reporting entity. The Town has included the Police Officers Retirement Plan as a fiduciary component unit. It is included in the financial statements as a pension trust fund.

B. BASIC FINANCIAL STATEMENTS

The basic financial statements include both government-wide (based on the Town as a whole) and fund financial statements. The government-wide statements (statement of net position and statement of activities) are presented using a full accrual, economic resource basis, which incorporates long-term assets and receivables, deferred outflows of resources, long-term liabilities, and deferred inflows of resources. The Town's fiduciary funds are not included in the government-wide statements since by definition these assets are being held for the benefit of a third party and cannot be used to address activities or obligations of the Town.

The government-wide statement of activities reports the gross and net cost for the various functional categories (general government, public safety, physical environment, transportation, and culture and recreation) of the Town that are otherwise supported by general government revenues (property, sales and use tax, and certain intergovernmental revenues, etc.). For the most part, the effect of interfund activity has been removed from this statement. Direct expenses are those that are clearly identifiable with a specific function. Program revenues are defined as charges for services, and operating and capital grants and contributions that specifically relate to a specific program function. Charges for services include revenue arising from charges to customers or applicants who purchase, use or directly benefit from the goods, services, or privileges provided. Operating and capital grants and contributions consist of revenues received from governments, organizations, or individuals that are specifically attributable to an activity program for either operating expenses or capital expenses associated with the specific program.

TOWN OF HOWEY-IN-THE-HILLS, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
Year Ended September 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds. Major individual governmental and enterprise funds are reported as separate columns in the fund financial statements. All non-major funds are summarized into a single column. The Town has reported the General Fund, Water Impact Fees Fund, and Building Services Fund as major funds. In addition, the Town's Utility Fund is a major fund. The governmental fund financial statements include reconciliations with brief explanations to better identify the relationship between the government-wide statements and the statements for the governmental funds.

C. MEASUREMENT FOCUS AND BASIS OF PRESENTATION

The Town uses funds to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain governmental functions or activities. The minimum number of funds is maintained consistent with legal and managerial requirements. A fund is a separate accounting entity with a self-balancing set of accounts.

Funds are classified into three fund types: governmental, proprietary, and fiduciary. Each fund type is described below:

1. Governmental Funds:

The focus of governmental fund measurement is upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources), rather than upon net income. The following is a description of the governmental funds that the Town has presented:

- a) **General Fund** - This 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.
- b) **Special Revenue Funds** - These funds are used to account for and report the proceeds of specific revenue sources (other than debt service or major capital projects) that are legally restricted or committed to expenditures for specified purposes. The Town has nine special revenue funds consisting of the Water Impact Fees Fund to account for water impact fees, the Parks Impact Fees Fund to account for parks impact fees, the Police Impact Fees Fund to account for police impact fees, the Building Fund to account for Florida building code revenues and expenditures, the Infrastructure Surtax Fund to account for tax revenues restricted for capital, the Law Enforcement Trust Fund and Special Law Enforcement Trust Fund to account for forfeiture proceeds restricted in use by Florida Statutes, the Police Automation Fund, and the Tree Fund for proceeds restricted for Town tree planting projects.

2. Proprietary Funds:

These funds are accounted for using the flow of economic resources measurement focus and the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred.

Enterprise funds – These funds are used to account for those operations (1) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the cost (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (2) where the governing body has decided that a periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purpose. The Utility Fund is used to account for water and refuse system, and the Stormwater Fund is used to account for the Town's stormwater activities.

TOWN OF HOWEY-IN-THE-HILLS, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
Year Ended September 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. MEASUREMENT FOCUS AND BASIS OF PRESENTATION (Continued)

2. Proprietary Funds: (Continued)

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services in conjunction with a proprietary fund's principal ongoing operations. Operating expenses for proprietary funds include the cost of personnel, contractual services, supplies, maintenance, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

3. Fiduciary Fund:

The fiduciary fund accounts for assets held by the Town in a trustee capacity. A trust fund accounts for assets held by the government under the terms of a formal trust agreement.

Pension Trust Fund - These funds are accounted for in essentially the same manner as the proprietary funds, using the same measurement focus and basis of accounting. The pension trust fund accounts for the assets of the Town's police officers' pension plan.

D. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in fund balance.

All proprietary funds and pension trust funds are accounted for using the flow of economic resources measurement focus. With this measurement focus, all assets, deferred outflows of resources, liabilities, and deferred inflows of resources associated with the operation of these funds are included on the statement of net position. Proprietary fund-type operating statements present increases (e.g., revenues) and decreases (e.g., expenses) in net position.

1. Modified Accrual:

All governmental funds are accounted for using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available).

"Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The Town considers revenues as available if they are collected within 60 days after year-end. Expenditures are recorded when the related fund liability is incurred.

Those revenues susceptible to accrual are utility and franchise taxes, intergovernmental revenues and grants, state revenue sharing, and interest on pooled investments.

TOWN OF HOWEY-IN-THE-HILLS, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
Year Ended September 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING (Continued)

2. Accrual:

All proprietary and fiduciary funds are accounted for using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred.

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.

E. ASSETS, LIABILITIES, DEFERRED ELEMENTS, AND FUND EQUITY

Cash and Investments

The Town's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

Investments are carried at a mixture of fair value measurement and amortized cost because certain investments meet GASB Statement No. 31, as amended by GASB Statement No. 79 *Certain External Investment Pools and Pool Participants*, which establishes criteria for external investment pools to qualify for making the election to measure all of their investments at amortized cost for financial reporting purposes. The Town's investments in the Florida PRIME are similar to money market funds in which units are owned in the fund rather than the underlying investments, and they are reported at amortized cost.

There are no limitations or restrictions on withdrawals from the Florida PRIME. In the occurrence of an event that has a material impact on the liquidity or operations of the PRIME, the fund's executive director may limit contributions to or withdrawals from the PRIME for a period of 48 hours. The Office of the Auditor General of the State of Florida performs the operational audit of the activities and investments of the Florida PRIME.

Receivables and Payables

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "interfund receivables/payables" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds."

All accounts receivable are shown net of an allowance for uncollectible accounts receivable. Accounts receivable in excess of 120 days comprise the trade accounts receivable allowance for uncollectible. Receivables of the Utility Fund are reduced by an allowance of \$20,053.

Property taxes, which were levied during fiscal year 2023 and are uncollected as of September 30, 2023, are immaterial and, therefore, not recorded as a receivable.

Interfund transfer of \$259,977 was made to the Parks Impact Fee Fund and \$121,525 was made to the Police Impact Fees Fund from the Water Impact Fees Fund for their proportionate share of the impact fees collected in prior years.

TOWN OF HOWEY-IN-THE-HILLS, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
Year Ended September 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. ASSETS, LIABILITIES, DEFERRED ELEMENTS AND FUND EQUITY (Continued)

Inventories and Prepaids

Inventories are valued at cost using the first-in first-out ("FIFO") method and consist of expendable items held for consumption or resale. The cost of these items is recorded as expenditure or expense at the time the inventory item is consumed or sold.

Payments made to vendors for services, as well as to the actuary for pension contributions, that will benefit periods beyond September 30, 2023, are recorded as prepaid items. These payments are recorded as expenditures or expenses when consumed rather than when purchased.

Capital Assets

Capital assets, which include land, buildings, improvements, equipment (including assets acquired by capital lease), and infrastructure assets (i.e., roads, sidewalks, and similar items) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. The Town defines capital assets as assets with an initial individual cost, of more than \$1,000 and an estimated useful life beyond one year. Right to use lease and SBITA intangible assets are recorded as capital assets when the lease asset is \$5,000 or greater. These assets are recorded at historical cost or estimated historical cost, if purchased, and acquisition value, if contributed or donated. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred and are not capitalized. In accordance with GASB Statement No. 34, as amended, the Town has elected to report general infrastructure prospectively, effective October 1, 2003. Depreciation on all capital assets is provided on a straight-line basis over the following estimated useful lives: buildings 10-50 years; improvements other than buildings, including infrastructure assets, 15-50 years; and furniture, equipment, vehicles and intangibles 3-15 years.

For its business-type activities, it is the Town's policy not to capitalize construction period interest costs on projects funded specifically through debt financing in accordance with GASB Statement No. 89.

Compensated Absences

It is the Town's policy to permit limited vesting of employee earned and unused vacation and compensatory leave benefits. Vested vacation and sick leave that accrues that is expected to be liquidated with expendable available financial resources is reported as an expense and a liability of the appropriate proprietary fund. The portion of the liability expected to be liquidated within the next year has been classified as a current liability. Amounts not expected to be liquidated within the next year are reported as a component of long-term liabilities. Compensated absences are reported in governmental funds only upon the retirement or resignation of a vested employee. The payment of compensated absences is charged to the respective fund and department in which the individual being paid is employed.

Leases and Subscription Software (SBITA) Liability

The Town enters into noncancelable contracts for the right to use equipment and subscription software in its operations. When the Town is the lessee or subscriber, the contracts result in recognition of a right to use intangible asset that is offset by a lease or SBITA liability. Lease and SBITA intangible assets are reported with capital assets. Lease and SBITA liabilities are reported with long-term liabilities on the government-wide financial statements.

TOWN OF HOWEY-IN-THE-HILLS, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
Year Ended September 30, 2023

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

E. ASSETS, LIABILITIES, DEFERRED ELEMENTS AND FUND EQUITY (*Continued*)

At commencement of a lease or SBITA when the Town is lessee or subscriber, the Town initially measures the liability at present value of total payments over the agreement term. The intangible asset is measured as the value of the lease or SBITA liability, adjusted for any prepayments, plus certain initial direct costs. Estimates and judgments are sometimes made when determining the discount rate and overall term of these transactions. The Town monitors its agreements for significant changes in circumstances that warrant a remeasurement of the liability and associated intangible asset.

Net Pension Liability / Asset

In the government-wide statements, net pension liability or asset represents the present value of projected benefit payments to be provided through the single employer defined benefit pension plan to current active and inactive employees that is attributed to those employees' past periods of service (total pension liability), less the amount of the pension plan's fiduciary net position. For purposes of measuring the net pension liability or asset, deferred outflows of resources and deferred inflows of resources related to pension plans, pension expense, information about the fiduciary net position, and additions to/deductions from fiduciary net position have been determined on the same basis as they are reported by the plan.

For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Pension investments are reported at fair value. The Town allocated its net pension liability or asset, deferred outflows for pensions, deferred inflows for pensions, and pension expense to governmental activities and public safety function.

Deferred Outflows of Resources / Deferred Inflows of Resources

In addition to assets and liabilities, the Town reports the financial statement elements of deferred outflows of resources and deferred inflows of resources. Deferred outflows of resources represent a consumption of net position that applies to future periods and will not be recognized as an outflow of resources (expenditure or expense) until that applicable time. Deferred inflows of resources represent an acquisition of net position that applies to future periods and will not be recognized as an inflow of resources (revenue) until that applicable time.

The Town reports one item that qualifies as deferred outflows of resources on its government-wide statement of net position, deferred outflows for pensions. The deferred outflows for pensions are an aggregate of items related to pensions as calculated in accordance with GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*. The deferred outflows for pensions will be recognized as pension expense or a reduction of the net pension liability in future reporting years.

The Town reports one item that qualifies as deferred inflows of resources on its government-wide statement of net position, deferred inflows for pensions. The deferred inflows for pensions are an aggregate of items related to pensions as calculated under the same principles as deferred outflows for pensions, and will be recognized as a reduction to pension expense in future reporting years.

The Town sometimes reports deferred inflows of resources on applicable governmental fund statements that represent revenues which are measurable but not available in accordance with the modified accrual basis of accounting. These deferred inflows will be recognized as revenue in the fiscal year they are earned and become available. The majority of these deferred inflows of resources represent intergovernmental receipts and reimbursements.

TOWN OF HOWEY-IN-THE-HILLS, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
Year Ended September 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. ASSETS, LIABILITIES, DEFERRED ELEMENTS AND FUND EQUITY (Continued)

Net Position

The government-wide and business-type activities financial statements utilize a net position presentation. Net position is presented in three components - net investment in capital assets, restricted, and unrestricted.

- **Net Investment in Capital Assets** - This component of net position consists of capital assets, net of accumulated depreciation and capital related debt.
- **Restricted**- This component consists of net position that has constraints placed either externally by third parties (grantors and contributors) or by law, through constitutional provisions of enabling legislation. The Town reports \$1,443,532 of net position restricted by enabling legislation relating to impact fees.
- **Unrestricted** - This component consists of net position that does not meet the definition of "net investment in capital assets" and "restricted." Allocations or earmarks of net position made by the Town's management are included in this component because these types of constraints are internal and management can remove or modify them.

Fund Balance

In accordance with GAAP, the Town classified governmental fund balances as follows:

- **Nonspendable Fund Balance** - Nonspendable fund balances are amounts that cannot be spent because they are either (a) not in a spendable form or (b) legally or contractually required to be maintained intact.
- **Restricted Fund Balance** - Restricted fund balances are restricted when constraints placed on the use of resources are either: (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.
- **Committed Fund Balance** - Committed fund balances are amounts that can only be used for specific purposes as a result of constraints imposed by formal action of the Town's highest level of decision-making authority, which is an ordinance. Committed amounts cannot be used for any other purpose unless the Town removes those constraints by taking the same type of action. The Council can establish, modify or rescind a fund balance commitment through the formal approval of an ordinance.
- **Assigned Fund Balance** - Assigned fund balances are amounts that are constrained by the Town's intent to be used for specific purposes, but are neither restricted nor committed. Intent is expressed by (a) the Council or (b) a body or official to which the Council has delegated the authority to assign amounts to be used for specific purposes. Additionally, this category is used to reflect the appropriation of a portion of existing fund balance to eliminate a projected deficit in the subsequent year's budget.
- **Unassigned Fund Balance** - Unassigned fund balance is the residual classification for the General Fund and also includes deficit fund balances of other governmental funds.

The Town intends that restricted amounts be spent first when both restricted and unrestricted fund balance is available unless there are legal documents/contracts that would prohibit doing this, such as grant agreements with dollar-for-dollar spending. Additionally, the Town would first use committed fund balance, followed by assigned fund balance, and then unassigned fund balance when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

TOWN OF HOWEY-IN-THE-HILLS, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
Year Ended September 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. PROPERTY TAXES

The assessment of all properties and the collection of all county, municipal, and school board property taxes are consolidated in the offices of the Lake County Property Appraiser and Lake County Tax Collector. The laws of the state regulating tax assessment are also designed to assure a consistent property valuation method statewide. State Statutes permit municipalities to levy property taxes at a rate of up to ten mills. The millage rate in effect for the fiscal year ended September 30, 2023 was 7.50 mills. Each assessment roll is submitted to the Executive Director of the State Department of Revenue for review to determine if the roll meets all of 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. All unpaid taxes become delinquent on April 1 following the year in which they were assessed, and a lien on the property is recorded on Jan 1. Discounts are allowed for early payment at the rate of 4% in the month of November, 3% in the month of December, 2% in the month of January, and 1% in the month of February. The Town does not accrue its portion of the county-held certificates due to the immateriality of the amount.

NOTE 2 - CASH, POOLED CASH, AND INVESTMENTS

The Town utilizes a consolidated cash pool to account for cash and investments of all Town funds. The consolidated cash pool concept allows each participating fund to benefit from the economies of scale and improved yield, which are inherent to a larger investment pool. The account balances of each fund are reported as cash and equivalents.

Cash and Pooled Cash

The Town has one cash pool that maintains most of the deposits of all the governmental and enterprise funds of the Town. The trust funds maintain their own cash accounts. Formal accounting records detail the individual equities of the participating funds. The cash pool utilizes a single checking account for all Town receipts and disbursements.

Deposits

At September 30, 2023, the bank balance of the Town's cash deposit accounts was \$3,969,855 and the carrying amount of the demand deposits and cash on hand was \$3,730,611. The cash deposits are held by a bank that qualifies as a public depository under the Florida Security and Public Deposits Act, as required by Chapter 280, Florida Statutes, and are considered fully insured.

Investments

Florida Statutes (218.415) authorize municipalities to invest excess funds in time deposits or savings accounts of financial institutions approved by the State Treasurer, obligations of the U.S. Government, U.S. Government Instrumentalities, State of Florida Local Government Surplus Funds Trust Fund, and mutual funds investing in U.S. Government securities.

The Town's investment in the Florida PRIME of \$20,192 exposes it to credit risk. The Town does not have a formal investment policy relating to that risk, which is described as the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Florida PRIME is rated by Standard & Poor's and has a rating at September 30, 2023 of AAAm. The weighted average days to maturity of Florida PRIME at September 30, 2023 is 35 days.

TOWN OF HOWEY-IN-THE-HILLS, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
Year Ended September 30, 2023

NOTE 2 - CASH, POOLED CASH, AND INVESTMENTS (Continued)

The Town is a participating employer in the Florida Municipal Pension Trust Fund (FMPTF), which is sponsored by the Florida League of Cities, Inc. The Town's pension plan assets are invested by the FMPTF through the Florida Municipal Investment Trust (FMIvT), which is an external investment pool. The fair value of the position in the pool is equal to the value of the Town's beneficial interest in the pool's portfolio. The pool is not registered with the Securities and Exchange Commission.

The Town categorizes the fair value measurement of its investments based on the hierarchy established by GASB Statement No. 72 *Fair Value Measurement and Application*. The hierarchy has three levels based on the valuation inputs used to measure an asset's fair value: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs. The Town uses quoted prices provided by FMIvT for its pension trust fund.

The Town's beneficial interest in the FMIvT portfolio for the Pension Trust is summarized below:

	<u>Fair Value Hierarchy</u>			
	Fair Value	Level 1	Level 2	Level 3
FMIvT Broad Market High Quality Bond Portfolio	\$ 338,136	\$ -	\$ 338,136	
FMIvT Core Plus	314,976			\$ 314,976
FMIvT Large Cap Diversified Value Portfolio	565,103		565,103	
FMIvT Diversified Small to Mid Cap Equity Portfolio	321,924		321,924	
FMIvT International Equity Portfolio	446,987		446,987	
FMIvT Core Real Estate Portfolio	296,448			296,448
Total	<u>\$ 2,283,574</u>	<u>\$ -</u>	<u>\$ 1,672,150</u>	<u>\$ 611,424</u>

Credit Risk –The Bond Portfolio is rated by Fitch and has a rating at September 30, 2023 of AAf/S4.

Interest Rate Risk – Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. The Town's investment policies do not provide specific restrictions as to maturity length of investments. The weighted average maturity of the Bond Portfolio is 6.90 years and the Core Plus is 8.03 years.

TOWN OF HOWEY-IN-THE-HILLS, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
Year Ended September 30, 2023

NOTE 3 - CAPITAL ASSETS

Capital assets activity for the fiscal year ended September 30, 2023 was as follows:

	Balance October 1, 2022 *	Increases	Decreases	Balance September 30, 2023
Governmental Activities				
Capital assets, not being depreciated:				
Land and improvements	\$ 377,790	\$ -	\$ -	\$ 377,790
Construction in Process	107,092	476,960	314,535	269,517
Total capital assets, not being depreciated	484,882	476,960	314,535	647,307
Capital assets, being depreciated:				
Buildings and improvements	1,317,054	-	-	1,317,054
Improvements	1,994,491	411,875	99,392	2,306,974
Equipment and machinery	1,352,492	268,485	-	1,620,977
Right to use subscription software	31,884	-	-	31,884
Right to use equipment	133,760	-	-	133,760
Total capital assets, being depreciated	4,829,681	680,360	99,392	5,410,649
Less accumulated depreciation for:				
Buildings and improvements	374,757	43,693	-	418,450
Improvements	776,872	79,922	59,636	797,158
Equipment and machinery	784,518	182,558	-	967,076
Right to use subscription software	-	10,160	-	10,160
Right to use equipment	27,433	27,433	-	54,866
Total accumulated depreciation	1,963,580	343,766	59,636	2,247,710
Total capital assets being depreciated, net	2,866,101	336,594	39,756	3,162,939
Governmental activities capital assets, net	\$ 3,350,983	\$ 813,554	\$ 354,291	\$ 3,810,246

* Balances have been adjusted for implementation of GASB 96.

The beginning balance was increased by \$31,884 of right to use software subscription due to implementation of new accounting standards at the beginning of the fiscal year.

TOWN OF HOWEY-IN-THE-HILLS, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
Year Ended September 30, 2023

NOTE 3 - CAPITAL ASSETS (Continued)

	Balance October 1, 2022 *	Increases	Decreases	Balance September 30, 2023
Business-type Activities				
Capital assets, not being depreciated:				
Construction in Process	\$ 28,747	\$ -	\$ -	\$ 28,747
Capital assets, being depreciated:				
Buildings and improvements	7,693	4,305	-	11,998
Machinery and equipment	349,000	48,258	-	397,258
Right to use subscription software	8,083	-	-	8,083
Improvements - water system	5,418,389	-	-	5,418,389
Total capital assets, being depreciated	5,783,165	52,563	-	5,835,728
Less accumulated depreciation for:				
Buildings and improvements	7,693	287	-	7,980
Machinery and equipment	279,025	12,209	-	291,234
Right to use subscription software	-	2,695	-	2,695
Improvements - water system	2,137,802	156,364	-	2,294,166
Total accumulated depreciation	2,424,520	171,555	-	2,596,075
Total capital assets being depreciated, net	3,358,645	(118,992)	-	3,239,653
Business-type activities capital assets, net	\$ 3,387,392	\$ (118,992)	\$ -	\$ 3,268,400

* Balances have been adjusted for implementation of GASB 96.

The beginning balance was increased by \$8,083 of right to use software subscription due to implementation of new accounting standards at the beginning of the fiscal year.

Depreciation and amortization was charged to governmental and business-type activities, as follows:

Governmental activities:

General government	\$ 28,135
Public safety	176,694
Physical environment	31,030
Transportation	43,028
Culture and recreation	64,879
Total depreciation expense - governmental activities	<u>\$ 343,766</u>

Business-type activities:

Utility	\$ 167,640
Stormwater	3,915
Total depreciation expense - business-type activities	<u>\$ 171,555</u>

TOWN OF HOWEY-IN-THE-HILLS, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
Year Ended September 30, 2023

NOTE 4 - LONG TERM LIABILITIES

The Town's long-term liabilities consist of financed purchases, leases payable, notes from direct borrowing, a loan payable, and accrued compensated absences. The change in long term liabilities is as follows:

	Balance October 1, 2022 *			Balance September 30, 2023		Due Within One Year
<u>Governmental Activities:</u>		Additions	Deductions			
Financed purchases	\$ 24,721	\$ -	\$ 24,721	\$ -	\$ -	
Lake County radio loan	66,943	-	10,652	56,291	10,849	
Leases payable	107,638	-	26,782	80,856	27,460	
SBITA payable	31,884	-	10,357	21,527	10,597	
Compensated absences	45,418	41,312	35,829	50,901	20,360	
Total	<u>\$ 276,604</u>	<u>\$ 41,312</u>	<u>\$ 108,341</u>	<u>\$ 209,575</u>	<u>\$ 69,266</u>	
 <u>Business-Type Activities:</u>						
SBITA payable	\$ 8,083	\$ -	\$ 2,620	\$ 5,463	\$ 2,686	
State revolving loan fund **	1,322,737	-	111,198	1,211,539	114,085	
Compensated absences	11,894	28,719	20,802	19,811	7,924	
Total	<u>\$ 1,342,714</u>	<u>\$ 28,719</u>	<u>\$ 134,620</u>	<u>\$ 1,236,813</u>	<u>\$ 124,695</u>	

* Balances have been adjusted for implementation of GASB 96.

** These notes are considered notes from direct borrowing.

The beginning balance was increased by \$31,884 for governmental activities and \$8,083 for business-type activities of SBITA payable due to implementation of new accounting standards. Governmental activities compensated absences will be liquidated in future periods primarily by the General Fund.

Lake County Equipment Loan

In 2019, the Town entered into an interlocal agreement with Lake County to finance the acquisition of new police radios in the amount of \$105,983. The loan is payable over ten years with annual payments originally set at \$12,274 at an interest rate of 2.8%. This loan interest rate was renegotiated in 2021 to 1.85% with annual payments of \$11,890. Future debt service payments on the loan are as follows:

Year ending September 30,	Lake County Loan	
	Principal	Interest
2024	\$ 10,849	\$ 1,041
2025	11,050	841
2026	11,254	636
2027	11,462	428
2028	11,676	216
	<u>\$ 56,291</u>	<u>\$ 3,162</u>

TOWN OF HOWEY-IN-THE-HILLS, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
Year Ended September 30, 2023

NOTE 4 - LONG TERM LIABILITIES (Continued)

Revenue Refunding Note

The Town issued the Revenue Refunding Note, Series 2013 for \$285,000 to refund the Town's USDA Water Revenue Bond, Series 1989, originally used to finance certain extensions and improvements of the Town's water system. This note was paid in full during fiscal year 2022.

State Revolving Loan

The Town entered into an agreement with the Florida Department of Environmental Protection for a loan of \$2,301,053 for planning and construction costs involved in major utility system expansion and improvements. This is funded through the Clean Water State Revolving Fund (SRF) Loan Program protected under the Federal Clean Water Act. The interest rates are 2.71% and 2.12% per year for different segments of the project, and repayment of the loan began after construction was completed.

Under the agreement with the State Revolving Fund, upon occurrence of an event of default, the Department may provide notice to the Florida Auditor General and Chief Financial Officer regarding delinquency of debt service payments, and intercept delinquent amounts from unobligated revenue or tax-sharing funds to the Town. The Department may impose a penalty of 18% annually on the amount due. Additionally, the Department may accelerate the repayment schedule or increase the financing rate up to 1.667 times the current rate.

The Town has pledged future water customer revenues, net of specified operating expenses, to repay the loan. The loan is payable solely from water customer net revenues and is payable through 2033. Rate coverage for the SRF loan requires that the pledged revenues equal or exceed 1.15 times the sum of the semiannual loan payments due in the fiscal year. The total principal and interest to be paid on the SRF loan is \$1,373,979. Principal and interest of \$144,629 was paid during the current year. Pledged net revenues for the water system were approximately \$305,595 for the FY23 year and were sufficient for rate coverage.

Future debt service payments on the SRF Loan are as follows:

Year ending September 30,	State Revolving Fund Note	
	Principal	Interest
2024	\$ 114,085	\$ 30,545
2025	117,046	27,583
2026	120,085	24,545
2027	123,203	21,426
2028	126,403	18,226
2029 - 2033	610,717	40,115
Totals	<u>\$ 1,211,539</u>	<u>\$ 162,440</u>

Financed Purchases

The Town entered into several equipment financed purchase agreements to acquire police vehicles and public works equipment. The equipment's cost on a cumulative basis under these agreements is \$101,963. The interest rate for these agreements range from 4.64% - 4.85%. The equipment purchase agreements contain remedies for events of default that may include declaring all unpaid amounts immediately due, and/or requiring return of all equipment under the agreements. The Town paid off its financed purchases in FY23.

TOWN OF HOWEY-IN-THE-HILLS, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
Year Ended September 30, 2023

NOTE 4 - LONG TERM LIABILITIES (Continued)

Leases Payable

In September 2019, The Town entered into a lease agreement for an office copier. Monthly rental payments are \$169 with an interest rate of 2.5% through December 2024. In September 2021, the Town entered into a lease agreement for police equipment. Annual rental payments are \$26,832 with an interest rate of 2.5% through September 2026.

The Town's leases payable at September 30, 2023 is \$80,856. Future debt service payments on the leases payable is as follows:

Year ending September 30,	Leases Payable	
	Principal	Interest
2024	\$ 27,460	\$ 1,400
2025	26,620	718
2026	26,776	56
	<u>\$ 80,856</u>	<u>\$ 2,174</u>

SBITAs Payable

In 2023, The Town implemented GASB Statement No. 96, *Subscription-based Information Technology Arrangements* (SBITAs) that resulted in recognition of three existing contracts for subscription services as of the beginning of the fiscal year. Annual payments on the SBITAs are \$13,930 through 2025 with interest rates ranging from 2.5 – 3.38%.

The Town's future debt service payments on the SBITAs payable at September 30, 2023 for governmental activities and business-type activities are as follows:

<u>Governmental Activities</u>		SBITA Payable	
Year ending September 30,		Principal	Interest
2024		\$ 10,597	\$ 504
2025		10,930	171
		<u>\$ 21,527</u>	<u>\$ 675</u>

<u>Business-type Activities</u>		SBITA Payable	
Year ending September 30,		Principal	Interest
2024		\$ 2,686	\$ 143
2025		2,777	51
		<u>\$ 5,463</u>	<u>\$ 194</u>

NOTE 5 - PENSION PLAN

Summary of Significant Accounting Policies

Basis of Accounting. The Plan's financial statements are prepared using the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions to each plan are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

Method Used to Value Investments. Investments are reported at fair value. Short-term investments are reported at cost, which approximates fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Investments that do not have an established market are reported at estimated fair value.

TOWN OF HOWEY-IN-THE-HILLS, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
Year Ended September 30, 2023

NOTE 5 - PENSION PLANS (Continued)

Plan Description

Plan Administration. The Town sponsors a public employee retirement system (the "System") administered by the Town Pension Board of Trustees. The System administers the Police Officers' Retirement Plan (the "Plan"), an employee contributory single-employer defined benefit pension plan. Members of the plan include all sworn police officers. The Plan is maintained as a Pension Trust Fund and reported as a fiduciary fund of the Town. The Council has the authority to establish and amend plan benefits. The Town does not issue a stand-alone financial report for the Plan; however, more information on the plan can be found in this section.

Plan Membership as of October 1, 2022

Active employees	9
Inactive employees receiving benefits	4
Inactive employees entitled to but not yet receiving benefits	-
Total	13

Benefits Provided

Officers attaining the age of 55 who have completed 10 or more years of creditable service or attaining the age of 52 who have completed 25 years of creditable service are entitled to monthly benefits of 3 percent of their average final compensation times years of credited service. The plan permits early retirement at the completion of 10 years of contributing service and attaining the age of 50. Active officers who retire disabled with disability that occurs in the line of duty and have 10 years of credited and contributing service shall receive the greater of 42 percent of average financial compensation or the accrued benefit actuarially reduced. Disability benefits are paid for 10 years certain and life or until recovery from disability. If a non-vested active officer dies before retirement eligibility, his or her beneficiary receives a refund of the officer's contributions to the Plan. If the officer dies prior to retirement but has at least 10 years of contributing service, his or her beneficiary is entitled to either early or normal retirement benefits.

Contributions

The contribution requirements of plan members and the Town are established and approved by the Town Council in accordance with applicable State statute. In addition, State contributions are also made to the Plan on behalf of the Town.

For the year ended September 30, 2023, the active employee contribution rate was 5.0% of pensionable earnings. The Town's contribution rate, actuarially determined, was 19.06% of pensionable earnings, and the State's contribution rate was 0.0%.

Net Pension Liability (Asset) and Actuarial Assumptions

Actuarial Assumptions. The total pension liability (asset) was determined by an actuarial valuation as of October 1, 2022 updated to September 30, 2023 using the following actuarial assumptions applied to all measurement periods.

Inflation	2.62%
Salary increases	4.0%
Cost-of-living increases	None assumed
Investment rate of return	7.0% net of pension plan inv expense, including inflation

TOWN OF HOWEY-IN-THE-HILLS, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
Year Ended September 30, 2023

NOTE 5 - PENSION PLANS (Continued)

Mortality rates were based on sex-distinct rates set forth in the PUB-2010 Headcount-Weighted Healthy Retiree Mortality Table with full generational improvements in mortality using Scale MP-2018 (with ages set forward one year for non-disabled employees). There is no automatic cost of living adjustment.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Investment category	Target Allocation	Expected Long-term Real Return
Core bonds	15%	1.60%
Core plus	15%	2.10%
U.S. large cap equity	25%	4.60%
U.S. small cap equity	14%	5.50%
Non-U.S. equity	21%	6.70%
Core real estate	10%	5.00%
Total or weighted arithmetic average	100%	4.38%

Discount Rate Sensitivity Analysis

The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and the Town and State contributions will be made at rates equal to the difference between actuarially determined contribution rates and the employee rate. Based on those assumptions, 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 long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The following table presents the sensitivity of the net pension liability (asset) to changes in the discount rate.

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Net pension liability (asset)	\$ (176,331)	\$ (403,233)	\$ (594,046)

For the year ended September 30, 2023, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was -22.79%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

TOWN OF HOWEY-IN-THE-HILLS, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
Year Ended September 30, 2023

NOTE 5 - PENSION PLANS (Continued)

Net Pension Liability (Asset), Deferred Outflows/Deferred Inflows of Resources, and Pension Expense

The following table presents the change in net pension liability (asset) of the Town's Plan as of the measurement date of September 30, 2023.

	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
Balances as of October 1, 2022	\$ 1,875,705	\$ (2,088,774)	\$ (213,069)
Changes for the year:			
Service cost	92,729	-	92,729
Expected interest growth	135,502	(148,636)	(13,134)
Unexpected investment income	-	(30,036)	(30,036)
Demographic experience	(106,741)	-	(106,741)
Assumption changes	-	-	-
Employer contributions	-	(122,869)	(122,869)
Employee contributions	-	(26,315)	(26,315)
Benefit payments and refunds	(62,610)	62,610	-
Administrative expenses	-	16,202	16,202
Balances as of September 30, 2023	\$ 1,934,585	\$ (2,337,818)	\$ (403,233)

For the year ended September 30, 2023, the Town recognized pension expense of \$101,727 related to the Plan.

At September 30, 2023, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between projected and actual earnings on pension plan investments	\$ 171,291	\$ -
Differences between expected and actual experience	40,265	268,843
Changes to assumptions	4,216	21,953
Total	\$ 215,772	\$ 290,796

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ending September 30,	Net
2024	\$ (27,436)
2025	(27,491)
2026	37,616
2027	(19,946)
2028	(4,704)
Thereafter	(33,063)
Total	\$ (75,024)

TOWN OF HOWEY-IN-THE-HILLS, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
Year Ended September 30, 2023

NOTE 6 - OTHER POSTEMPLOYMENT PLANS

For employees who do not qualify for the Police Pension Plan, the Town offers a deferred compensation plan created in accordance with Section 457, Internal Revenue Code. During the year ended September 30, 2023, employer contributions of \$44,362 were made to the 457 plan.

GASB Statement No. 32 eliminates the requirement that the Town report the assets of Internal Revenue Code, Section 457, plans on the statement of net position.

NOTE 7 - RISK MANAGEMENT

The Town is exposed to various risks of loss related to general liability, workers' compensation, public liability, law enforcement liability, health benefits, property damage, and errors and omissions. To manage its risks, the Town purchases insurance coverage. The Town's settled claims have not exceeded coverage in any of the past three fiscal years.

NOTE 8 - CONTINGENCIES

Litigation

The Town is sometimes a party to lawsuits and claims arising out of the normal conduct of its activities. While the results of lawsuits or other proceedings against the Town cannot be predicted with certainty, management does not expect that these matters will have a material adverse effect on the financial condition of the Town.

Grants

The Town receives financial assistance from federal, state, and local agencies in the form of operating and capital grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements, and are subject to audit by the grantor agencies. Disallowed claims, if any, resulting from such audits, may become liabilities of the Town. However, in the opinion of management, disallowed claims, if any, will not have a material effect on the Town's financial statements.

NOTE 9 - EXCESS OF EXPENDITURES OVER APPROPRIATIONS

The General Fund had an excess of expenditures over final budgeted appropriations of \$3,920 primarily for yearend accrual of capital acquisitions. There was sufficient fund balance in the fund to cover the excess.

NOTE 10 - FUTURE ACCOUNTING PRONOUNCEMENTS

The Governmental Accounting Standards Board has issued statements that will become effective in fiscal year 2024. One statement addresses accounting changes and may have some impact on the Town's future financial reporting.

REQUIRED SUPPLEMENTARY INFORMATION

Budgetary Comparison Schedules (GAAP BASIS):

- General Fund
- Major Special Revenue Funds:
 - Water Impact Fees Fund
 - Building Fund

City Retirement Plan Schedules and Notes:

- Schedule of Changes in Net Pension Liability and Related Ratios
- Schedule of Actuarially Determined Contributions
- Money-weighted Rate of Return

Town of Howey-in-the-Hills, Florida
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - General Fund
Year ended September 30, 2023

	Budgeted Amounts		Actual	Variance
	Original	Final	Amounts	With Final Budget
Revenues				
Taxes	\$ 1,295,999	\$ 1,331,440	\$ 1,336,054	\$ 4,614
Permits, fees and special assessments	282,550	201,572	196,987	(4,585)
Intergovernmental	259,965	398,249	401,419	3,170
Charges for services	269,341	261,293	266,175	4,882
Judgments, fines and forfeits	18,600	22,443	22,443	-
Miscellaneous	269,959	27,353	27,352	(1)
Total revenues	2,396,414	2,242,350	2,250,430	8,080
Expenditures				
Current:				
General government	828,326	724,010	711,949	12,061
Public safety	1,269,780	1,288,575	1,242,777	45,798
Physical environment	252,321	225,092	212,915	12,177
Transportation	144,737	116,398	117,746	(1,348)
Culture and recreation	353,854	301,866	297,390	4,476
Debt service:				
Principal retirement	-	-	71,901	(71,901)
Interest	-	-	5,183	(5,183)
Total expenditures	2,849,018	2,655,941	2,659,861	(3,920)
Excess of revenues over (under) expenditures	(452,604)	(413,591)	(409,431)	12,000
Fund balances - beginning of year	452,604	413,591	909,673	496,082
Fund balances - end of year	\$ -	\$ -	\$ 500,242	\$ 508,082

Town of Howey-in-the-Hills, Florida
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - Water Impact Fees Fund
Year ended September 30, 2023

	Budgeted Amounts		Actual	Variance
	Original	Final	Amounts	With Final Budget
Revenues				
Permits, fees and special assessments	\$ 135,000	\$ 293,026	\$ 296,178	\$ 3,152
Intergovernmental	-	-	38,500	38,500
Total revenues	135,000	293,026	334,678	41,652
Expenditures				
Current:				
Physical environment	429,000	604,891	232,665	(372,226)
Total expenditures	429,000	604,891	232,665	372,226
Excess of revenues over (under) expenditures	(294,000)	(311,865)	102,013	(330,574)
Other financing sources (uses)				
Transfers out	-	-	(381,502)	(381,502)
Net change in fund balance	(294,000)	(311,865)	(279,489)	(712,076)
Fund balances - beginning of year	294,000	311,865	1,149,461	837,596
Fund balances - end of year	\$ -	\$ -	\$ 869,972	\$ 125,520

Town of Howey-in-the-Hills, Florida
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - Building Services Fund
Year ended September 30, 2023

	Budgeted Amounts		Actual	Variance
	Original	Final	Amounts	With Final Budget
Revenues				
Permits, fees and special assessments	\$ 637,815	\$ 763,938	\$ 781,382	\$ 17,444
Expenditures				
Current:				
Public safety	637,815	763,938	543,464	(220,474)
Debt service:				
Principal retirement	-	-	611	611
Interest	-	-	49	49
Total expenditures	637,815	763,938	544,124	219,814
Excess of revenues over (under) expenditures	-	-	237,258	(202,370)
Fund balances - beginning of year	-	-	196,224	196,224
Fund balances - end of year	\$ -	\$ -	\$ 433,482	\$ (6,146)

Town of Howey-in-the-Hills, Florida
Notes to the Budgetary Schedules
Year ended September 30, 2023

The Town's procedures in establishing the budgetary data reflected in the financial statements are generally as follows:

- In July, the Lake County Property Appraiser notifies the Town as to its tentative property tax assessed valuation, from which the Town can estimate the property tax resources available and the limitations thereon.
- During August, budget workshops are held to determine proposed expenditures and the means of financing them. The Council then adopts the proposed property tax millage rate and sets the date, time and place of the first public hearing.
- A public hearing on the tentative budget is held. Within fifteen (15) days of the first public hearing, the Town advertises its intention to finalize its budget and millage rate, and a date, time, and place for a public hearing. The second public hearing is convened several days after the final advertisement, at which time the final budget and millage are adopted.
- Appropriations lapse at year-end.
- The fund is the legal level of control.

Town of Howey-in-the-Hills, Florida
Schedule of Changes in Net Pension Liability and Related Ratios
Police Officers' Plan
Last 10 Fiscal Years

	2023	2022	2021	2020	2019	2018	2017	2016	2015
Total pension liability									
Service cost	\$ 92,729	\$ 89,607	\$ 67,402	\$ 79,129	\$ 79,129	\$ 61,873	\$ 61,873	\$ 43,667	\$ 9,782
Interest	135,502	121,356	123,805	115,070	123,888	114,769	107,490	70,706	86,408
Differences between expected and actual experience	(106,741)	50,643	(129,762)	-	(273,146)	(24,948)	(32,313)	200,034	81,475
Benefit payments, including refunds of employee contributions	(62,610)	(62,610)	(67,987)	(52,990)	(52,946)	(54,670)	(79,800)	(77,149)	(138,134)
Assumption changes	-	-	(48,725)	-	-	-	48,246	264,972	-
Net change in total pension liability	58,880	198,996	(55,267)	141,209	(123,075)	97,024	105,496	502,230	39,531
Total pension liability - beginning of year	1,875,705	1,676,709	1,731,976	1,590,767	1,713,842	1,616,818	1,511,322	1,009,092	969,561
Total pension liability - end of year	<u>\$ 1,934,585</u>	<u>\$ 1,875,705</u>	<u>\$ 1,676,709</u>	<u>\$ 1,731,976</u>	<u>\$ 1,590,767</u>	<u>\$ 1,713,842</u>	<u>\$ 1,616,818</u>	<u>\$ 1,511,322</u>	<u>\$ 1,009,092</u>
Plan fiduciary net position									
Contributions - employer	\$ 122,869	\$ 118,507	\$ 130,249	\$ 81,736	\$ 106,904	\$ 97,179	\$ 81,225	\$ 82,122	\$ 65,002
Contributions - employee	26,315	20,722	17,772	15,147	16,698	14,544	13,006	12,605	10,401
Net investment income	178,672	(315,550)	373,406	119,226	90,347	110,663	173,224	95,228	4,532
Benefit payments, including refunds of employee contributions	(62,610)	(62,610)	(67,987)	(64,734)	(52,946)	(54,670)	(79,800)	(77,149)	(138,134)
Administrative expense	(16,202)	(18,184)	(25,304)	(8,829)	(16,400)	(7,081)	(13,899)	(5,549)	(12,076)
Net change in plan fiduciary net position	249,044	(257,115)	428,136	142,546	144,603	160,635	173,756	107,257	(70,275)
Plan fiduciary net position - beginning of year	2,088,774	2,345,889	1,917,753	1,775,207	1,630,604	1,469,969	1,296,213	1,188,956	1,259,231
Plan fiduciary net position - end of year	<u>\$ 2,337,818</u>	<u>\$ 2,088,774</u>	<u>\$ 2,345,889</u>	<u>\$ 1,917,753</u>	<u>\$ 1,775,207</u>	<u>\$ 1,630,604</u>	<u>\$ 1,469,969</u>	<u>\$ 1,296,213</u>	<u>\$ 1,188,956</u>
Net pension liability (asset) - end of year	<u>\$ (403,233)</u>	<u>\$ (213,069)</u>	<u>\$ (669,180)</u>	<u>\$ (185,777)</u>	<u>\$ (184,440)</u>	<u>\$ 83,238</u>	<u>\$ 146,849</u>	<u>\$ 215,109</u>	<u>\$ (179,864)</u>
Plan fiduciary net position as a percentage of the total pension liability	120.84%	111.36%	139.91%	110.73%	111.59%	95.14%	90.92%	85.77%	117.82%
Covered payroll	\$ 423,668	\$ 382,668	\$ 284,227	\$ 330,473	\$ 330,473	\$ 265,367	\$ 265,367	\$ 220,740	\$ 220,740
Net pension liability (asset) as a percentage of covered payroll	-95.18%	-55.68%	-235.44%	-56.22%	-55.81%	31.37%	55.34%	97.45%	-81.48%

Notes to Schedule:

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information for those years for which it is available will be presented.

Town of Howey-in-the-Hills, Florida
Schedule of Employer Contributions
Police Officers' Plan
Last 10 Fiscal Years

	2023	2022	2021	2020	2019	2018	2017	2016	2015
Actuarially determined contribution	\$ 100,313	\$ 75,433	\$ 81,044	\$ 53,355	\$ 58,177	\$ 100,555	\$ 89,926	\$ 77,216	\$ 57,831
Contributions in relation to the actuarially determined contribution	122,869	118,507	130,249	81,736	106,904	97,179	81,225	82,122	65,002
Contribution deficiency (excess)	<u>\$ (22,556)</u>	<u>\$ (43,074)</u>	<u>\$ (49,205)</u>	<u>\$ (28,381)</u>	<u>\$ (48,727)</u>	<u>\$ 3,376</u>	<u>\$ 8,701</u>	<u>\$ (4,906)</u>	<u>\$ (7,171)</u>
Covered payroll	\$ 423,668	\$ 382,668	\$ 284,227	\$ 330,473	\$ 330,473	\$ 265,367	\$ 265,367	\$ 220,740	\$ 220,740
Contributions as a percentage of covered payroll	29.00%	30.97%	45.83%	24.73%	32.35%	36.62%	30.61%	37.20%	29.45%

Notes to Schedule:

Valuation date: Actuarially determined contribution rates are calculated as of October 1 of each fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Aggregate
Amortization method	Level dollar, open
Remaining amortization period	30 years
Asset valuation method	Market value
Discount rate	7%
Salary increases	4%
Retirement age	Retirement is assumed to occur at the rate of 5% at ages 50 through 54 and 10% at age after 54 if eligible for early retirement. 100% retirement is assumed at age 58 with at least 13 years of service or at age 55 with at least 28 years of service.

Mortality Sex-distinct rates set forth in the PUB-2010 Headcount-Weighted Healthy Retiree Mortality Table, using scale MP-2018

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information for those years for which it is available will be presented.

Town of Howey-in-the-Hills, Florida
Schedule of Investment Returns
Police Officers' Plan
Last 10 Fiscal Years

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Annual money-weighted rate of return, net of investment expense	-22.79%	30.09%	52.00%	6.06%	4.82%	7.64%	7.04%	8.18%	0.37%

Notes to Schedule:

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information for those years for which it is available will be presented.

OTHER SUPPLEMENTAL INFORMATION

Non-Major Governmental Funds:
Combining Financial Statements for All Non-major
Governmental Funds

Town of Howey-in-the-Hills, Florida
Combining Balance Sheet
Nonmajor Governmental Funds
September 30, 2023

	Infrastructure Surtax Fund	Parks Impact Fees Fund	Police Impact Fees Fund	Law Enforcement Trust Fund	Police Automation Fund	Special Law Enforcement Trust Fund	Tree Fund	Total Nonmajor Govern- mental Funds
Assets								
Cash and equivalents	\$ 154,540	\$ 359,969	\$ 217,056	\$ 1,215	\$ 62	\$ 2,434	\$ 1,815	\$ 737,091
Due from other governments	16,364	-	-	-	-	-	-	16,364
Total assets	<u>\$ 170,904</u>	<u>\$ 359,969</u>	<u>\$ 217,056</u>	<u>\$ 1,215</u>	<u>\$ 62</u>	<u>\$ 2,434</u>	<u>\$ 1,815</u>	<u>\$ 753,455</u>
Liabilities								
Accounts payable	\$ 27,399	\$ -	\$ 3,465	\$ -	\$ -	\$ -	\$ -	\$ 30,864
Accrued liabilities	-	-	-	-	-	-	-	-
Total liabilities	<u>27,399</u>	<u>-</u>	<u>3,465</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>30,864</u>
Fund balances								
Restricted:								
Capital Projects	143,505	-	-	-	-	-	-	143,505
Public safety	-	-	213,591	1,215	62	2,434	-	217,302
Culture and recreation	-	359,969	-	-	-	-	-	359,969
Physical environment	-	-	-	-	-	-	1,815	1,815
Total fund balances	<u>143,505</u>	<u>359,969</u>	<u>213,591</u>	<u>1,215</u>	<u>62</u>	<u>2,434</u>	<u>1,815</u>	<u>722,591</u>
Total liabilities and fund balances	<u>\$ 170,904</u>	<u>\$ 359,969</u>	<u>\$ 217,056</u>	<u>\$ 1,215</u>	<u>\$ 62</u>	<u>\$ 2,434</u>	<u>\$ 1,815</u>	<u>\$ 753,455</u>

Town of Howey-in-the-Hills, Florida
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
Year ended September 30, 2023

	Infrastructure Surtax Fund	Parks Impact Fees Fund	Police Impact Fees Fund	Law Enforcement Trust Fund	Police Automation Fund	Special Law Enforcement Trust Fund	Tree Fund	Total Nonmajor Govern- mental Funds
Revenues								
Taxes	\$ 263,674	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 263,674
Permits, fees and special assessments	-	125,744	133,945	-	-	-	-	259,689
Judgments, fines and forfeits	-	-	-	2,531	-	-	250	2,781
Miscellaneous	-	-	-	-	-	-	-	-
Total revenues	263,674	125,744	133,945	2,531	-	-	250	526,144
Expenditures								
Current:								
Public safety	11,743	-	41,879	10,769	-	-	-	64,391
Transportation	285,286	-	-	-	-	-	-	285,286
Culture and recreation	-	25,752	-	-	-	-	-	25,752
	297,029	25,752	41,879	10,769	-	-	-	375,429
Excess of revenues over (under) expenditures	(33,355)	99,992	92,066	(8,238)	-	-	250	150,715
Other financing sources (uses)								
Transfers In	-	259,977	121,525	-	-	-	-	381,502
	-	259,977	121,525	-	-	-	-	381,502
Net change in fund balances	(33,355)	359,969	213,591	(8,238)	-	-	250	532,217
Fund balances - beginning of year	176,860	-	-	9,453	62	2,434	1,565	190,374
Fund balances - end of year	\$ 143,505	\$ 359,969	\$ 213,591	\$ 1,215	\$ 62	\$ 2,434	\$ 1,815	\$ 722,591

COMPLIANCE SECTION

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

Honorable Mayor and Members of the
Town Council
Howey-in-the-Hills, 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, each major fund, and the aggregate remaining fund information of the Town of Howey-in-the-Hills, Florida (the "Town"), as of and for the fiscal year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise Town's basic financial statements, and have issued our report thereon dated June 27, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town's internal control over financial reporting (internal control) 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 Town's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town'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 Town'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 over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Honorable Mayor and Members of the
Town Council
Howey-in-the-Hills, Florida

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town'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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town'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 Town's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Binney Accounting and
Assurance Services, PLLC*

Binney Accounting and Assurance Services, PLLC
Clermont, Florida
June 27, 2024

**INDEPENDENT AUDITOR'S MANAGEMENT LETTER REQUIRED
BY CHAPTER 10.550, RULES OF THE STATE OF FLORIDA
OFFICE OF THE AUDITOR GENERAL**

Honorable Mayor and Members of the
Town Council
Howey-in-the-Hills, Florida

Report on Financial Statements

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Howey-in-the-Hills, Florida (the "Town") as of and for the fiscal year ended September 30, 2023 and have issued our report thereon dated June 27, 2024.

Auditor's Responsibility

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, and Chapter 10.550, *Rules of the Florida 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 Financial Statements Performed in Accordance with *Government Auditing Standards*; Independent Accountant's Examination 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 Florida Auditor General*. Disclosures in those reports, which are dated June 27, 2024, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.554(1)(i)1, *Rules of the Florida Auditor General*, require that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial report. There were no findings or recommendations made in the preceding audit report.

Official Title and Legal Authority

Section 10.554(1)(i)4, *Rules of the Florida 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. The legal authority of the Town is disclosed in the notes to the financial statements.

Financial Condition and Management

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

Honorable Mayor and Members of the
Town Council
Howey-in-the-Hills, Florida

Financial Condition and Management - continued

Pursuant to sections 10.554(1)(i)5.b. and 10.556(8), *Rules of the Florida Auditor General*, we applied financial condition assessment procedures for the Town. It is management's responsibility to monitor the Town's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same.

Section 10.554(1)(i)2., *Rules of the Florida Auditor General*, require that we communicate any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.

Special District Component Units

Special District Component Units Section 10.554(1)(i)5.c., *Rules of the Florida 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 in accordance with Section 218.39(3)(b), Florida Statutes.

Additional Matters

Section 10.554(1)(i)3, *Rules of the Florida 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 have any such findings.

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, Federal and other granting agencies, the Mayor and Town Council and applicable management and is not intended to be and should not be used by anyone other than these specified parties.

*Binney Accounting and
Assurance Services, PLLC*

Binney Accounting and Assurance Services, PLLC
Clermont, Florida
June 27, 2024

**INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE
WITH SECTION 218.415, FLORIDA STATUTES**

Honorable Mayor and Members of the
Town Council
Howey-in-the-Hills, Florida

We have examined the Town of Howey-in-the-Hills, Florida's (the "Town") compliance with the requirements of Section 218.415, Florida Statutes, *Local Government Investment Policies*, during the fiscal year ended September 30, 2023, as required by Section 10.556(10)(a), *Rules of the Auditor General*. Management is responsible for the Town's compliance with those requirements. Our responsibility is to express an opinion on the Town's compliance based on our examination.

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

Our examination does not provide a legal determination on the Town's compliance with specified requirements.

In our opinion, the Town complied, in all material respects, with the aforementioned requirements for the fiscal year ended September 30, 2023.

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

*Binney Accounting and
Assurance Services, PLLC*

Binney Accounting and Assurance Services, PLLC
Clermont, Florida
June 27, 2024

IMPACT FEE AFFIDAVIT

BEFORE ME, the undersigned authority, personally appeared Sean O'Keefe, who being duly sworn, deposes and says on oath that:

1. I am the Chief Financial Officer of the Town of Howey-in-the-Hills which is a local governmental entity of the State of Florida;
2. The governing body of the Town of Howey-in-the-Hills adopted Ordinance No. 2004-335, Sec. 2, implementing an impact fee; and
3. The Town of Howey-in-the-Hills has complied and, as of the date of this Affidavit, remains in compliance with Section 163.31801, Florida Statutes.

FURTHER AFFIANT SAYETH NAUGHT.


(Sean O'Keefe)

STATE OF FLORIDA
COUNTY OF LAKE

SWORN TO AND SUBSCRIBED before me by means of ☒ physical presence or ☐ online notarization, this 27th day of June, 2024 by Sean O'Keefe.


NOTARY PUBLIC
KIMBERLY BOHRER

Personally known X or produced identification ____

Type of identification produced: _____

My Commission Expires:

02/05/2028



KIMBERLY M BOHRER
Notary Public
State of Florida
Comm# HH489099
Expires 2/5/2028