

**TOWN OF HAVERHILL  
HAVERHILL, FLORIDA  
FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED  
SEPTEMBER 30, 2022**

**TOWN OF HAVERHILL  
HAVERHILL, FLORIDA**

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## INDEPENDENT AUDITOR'S REPORT

To the Council  
Town of Haverhill  
Haverhill, Florida

### Report on the Audit of the Financial Statements

#### *Opinions*

We have audited the accompanying financial statements of the governmental activities and each major fund of the Town of Haverhill, Florida (the "Town") as of and for the fiscal year ended September 30, 2022, 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 and each major fund of the Town as of September 30, 2022, and the respective changes in financial position thereof for the fiscal 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 (GAAS) 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*

The Town's 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.

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.

#### *Auditor's 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 auditor's 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 GAAS 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 GAAS, 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.

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 other required supplementary information as shown 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 Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated June 26, 2023, 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, 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.

June 26, 2023

## MANAGEMENT'S DISCUSSION AND ANALYSIS

Our discussion and analysis of the Town of Haverhill, Florida (the "Town") provides a narrative overview of the Town's financial activities for the fiscal year ended September 30, 2022. Please read it in conjunction with the Town's Independent Auditor's Report, basic financial statements, accompanying notes and supplementary information to the basic financial statements.

### FINANCIAL HIGHLIGHTS

- The assets plus deferred outflows of resources of the Town exceeded its liabilities plus deferred inflows of resources at the close of the most recent fiscal year resulting in a net position balance of \$3,984,765.
- The change in the Town's total net position in comparison with the prior fiscal year was \$781,247, an increase. The key components of the Town's net position and change in net position are reflected in the table in the government-wide financial analysis section.
- At September 30, 2022, the Town's governmental funds reported combined ending fund balances of \$2,967,880, an increase of \$768,833 in comparison with the prior fiscal year. A portion of total fund balance is restricted for infrastructure projects, building activities and coronavirus relief, and the remainder is unassigned fund balance which is available for spending at the Town's discretion.

### OVERVIEW OF FINANCIAL STATEMENTS

This discussion and analysis are intended to serve as the introduction to the Town's basic financial statements. The Town's basic financial statements are comprised of 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 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 the Town's assets, deferred outflows of resources, liabilities and deferred inflows of resources with the residual amount being reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating.

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

The government-wide financial statements include all governmental activities that are principally supported by ad valorem taxes, non-ad valorem assessments, intergovernmental revenues, rental revenue and franchise fees. The Town does not have any business-type activities. The functions/programs are: general government, public safety, physical environment, transportation, and parks and recreation.

## OVERVIEW OF FINANCIAL STATEMENTS (Continued)

### 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. The Town has one fund category, governmental funds.

### 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 Town'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 Town's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balance provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Town maintains three governmental funds for external reporting. Information is presented in the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, infrastructure surtax fund and building fund, all of which are considered major funds.

The Town adopts an annual appropriated budget for its general fund and special revenue funds. A budgetary comparison schedule has been provided for all funds to demonstrate compliance with each fund's annual budget.

### 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.

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of an entity's financial position. In the case of the Town, assets plus deferred outflows of resources exceeded liabilities plus deferred inflows of resources at the close of the most recent fiscal year.

Key components of the Town's net position are reflected in the following table:

	NET POSITION SEPTEMBER 30,	
	2022	2021
Current and other assets	\$ 4,285,355	\$ 2,273,852
Capital assets, net of depreciation	1,593,551	1,657,288
Total assets	<u>5,878,906</u>	<u>3,931,140</u>
Deferred outflows of resources	123,957	89,979
Current liabilities	56,743	423,510
Long-term liabilities	684,012	156,781
Total liabilities	<u>740,755</u>	<u>580,291</u>
Deferred inflows of resources	1,277,343	237,310
Net position		
Net investment in capital assets	1,338,641	1,308,583
Restricted	1,403,736	801,385
Unrestricted	1,242,388	1,093,550
Total net position	<u>\$ 3,984,765</u>	<u>\$ 3,203,518</u>

## GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

A portion of the Town's net position reflects its investment in capital assets (e.g. land, land improvements, infrastructure and furniture and equipment) less any related debt used to acquire those assets that is still outstanding. These assets are used to provide services to residents; consequently, these assets are not available for future spending. Although the Town's 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 restricted portion of the Town's net position represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position may be used to meet the Town's other obligations.

The Town's net position increased during the most recent fiscal year. The majority of the increase is the result of the Town receiving \$511,961 in American Rescue Plan Act funds in the current fiscal year.

Key elements of the change in net position are reflected in the following table:

CHANGES IN NET POSITION		
FOR THE FISCAL YEAR ENDED SEPTEMBER 30,		
	2022	2021
Revenues:		
Program revenues		
Charges for services	\$ 396,907	\$ 359,135
Operating grants and contributions	511,961	511,960
Capital grants and contributions	260,211	225,433
General revenues		
Taxes and other revenue	1,004,155	873,535
Miscellaneous	15,088	6,192
Total revenues	<u>2,188,322</u>	<u>1,976,255</u>
Expenses:		
General government	595,919	479,964
Public safety	245,211	214,725
Physical environment	321,646	302,186
Transportation	222,651	218,946
Parks and recreation	13,113	11,501
Interest	8,535	11,095
Total expenses	<u>1,407,075</u>	<u>1,238,417</u>
Change in net position	781,247	737,838
Net position - beginning	<u>3,203,518</u>	<u>2,465,680</u>
Net position - ending	<u>\$ 3,984,765</u>	<u>\$ 3,203,518</u>

As noted above and in the statement of activities, the cost of all governmental activities during the fiscal year ended September 30, 2022 was \$1,407,075. The costs of the Town's activities were primarily funded by program revenues and general revenues. Program revenues are comprised primarily of non ad-valorem assessments levied to fund solid waste costs, rental revenues from cell towers, operating and capital grants and license and permits fees. General revenues are comprised primarily of property taxes, intergovernmental revenues, and franchise fees. The remainder of the current fiscal year revenue includes interest and miscellaneous revenues. The majority of the increase in total revenues is the result of the Town receiving \$511,961 in American Rescue Plan Act funds in the current fiscal year. Total expenses increased from the prior fiscal year primarily as a result of increased general government costs.

## GENERAL AND SPECIAL REVENUE FUNDS BUDGETARY HIGHLIGHTS

An operating budget was adopted and maintained by the governing board for the Town pursuant to the requirements of Florida Statutes. The budget is adopted using the same basis of accounting that is used in preparation of the fund financial statements. The legal level of budgetary control, the level at which expenditures may not exceed budget, is in the aggregate. Any budget amendments that increase the aggregate budgeted appropriations must be approved by the Town Council. Actual general fund, infrastructure surtax fund and building fund expenditures did not exceed appropriations for the fiscal year ended September 30, 2022.

## CAPITAL ASSETS AND DEBT ADMINISTRATION

### Capital Assets

At September 30, 2022, the Town had \$4,278,420 invested in capital assets. This investment in capital assets includes land, buildings and improvements, improvements other than buildings, machinery and equipment and infrastructure. In the government-wide financial statements, accumulated depreciation of \$2,684,869 has been taken resulting in a net book value of \$1,593,551. More detailed information about the Town's capital assets is presented in the notes of the financial statements.

### Capital Debt

At September 30, 2022, the Town had \$254,910 loans outstanding for its governmental activities. More detailed information about the Town's capital debt is presented in the notes of the financial statements.

## ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The Town's local economy is primarily based upon residential activity, while commercial retail and service activity combine for a small segment. The Town estimates a 100% occupancy rate among the business establishments.

## REQUEST FOR INFORMATION

This financial report is designed to provide a general overview of the Town of Haverhill's finances for all of those with an interest in the Town's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Town Administrator at the Town of Haverhill, 4585 Charlotte Street, Haverhill, FL 33417.



**TOWN OF HAVERHILL, FLORIDA  
STATEMENT OF NET POSITION  
SEPTEMBER 30, 2022**

	Governmental Activities
<b>ASSETS</b>	
Cash and cash equivalents	\$ 1,177,605
Investments	467,641
Restricted assets:	
Cash and cash equivalents	1,280,828
Accounts receivable	13,351
Accounts receivable	60,331
Lease receivable	1,285,599
Capital assets:	
Non-depreciable	15,224
Depreciable, net	1,578,327
Total assets	5,878,906
 <b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Pension	123,957
 <b>LIABILITIES</b>	
Accounts payable and accrued expenses	50,058
Due to other governments	1,372
Unearned revenues	5,313
Non-current liabilities:	
Due within one year	96,456
Due in more than one year	158,454
Net pension liability	429,102
Total liabilities	740,755
 <b>DEFERRED INFLOWS OF RESOURCES</b>	
Cell tower lease	1,260,732
Pension	16,611
Total deferred inflows of resources	1,277,343
 <b>NET POSITION</b>	
Net investment in capital assets	1,338,641
Restricted for infrastructure projects	205,472
Restricted for building activities	212,056
Restricted for coronavirus relief funds	986,208
Unrestricted	1,242,388
Total net position	\$ 3,984,765

See notes to the financial statements

**TOWN OF HAVERHILL, FLORIDA  
STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022**

<u>Functions/Programs</u>	<u>Program Revenues</u>				Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Primary government:					
Governmental activities:					
General government	\$ 595,919	\$ -	\$ 511,961	\$ -	\$ (83,958)
Public safety	245,211	93,159	-	-	(152,052)
Physical environment	321,646	116,154	-	198,920	(6,572)
Transportation	222,651	-	-	61,291	(161,360)
Parks and recreation	13,113	-	-	-	(13,113)
Interest on long-term debt	8,535	187,594	-	-	179,059
Total governmental activities	<u>1,407,075</u>	<u>396,907</u>	<u>511,961</u>	<u>260,211</u>	<u>(237,996)</u>
General revenues:					
					502,224
					352,552
					105,928
					43,451
					15,088
					<u>1,019,243</u>
					781,247
					<u>3,203,518</u>
					<u>\$ 3,984,765</u>

See notes to the financial statements

**TOWN OF HAVERHILL, FLORIDA  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2022**

	Major Funds			Total Governmental Funds
	General Fund	Infrastructure Surtax Fund	Building Fund	
<b>ASSETS</b>				
Cash and cash equivalents	\$ 2,163,813	\$ 184,716	\$ 109,904	\$ 2,458,433
Investments	467,641	-	-	467,641
Accounts receivable	36,628	-	-	36,628
Due from other governments	23,703	13,351	-	37,054
Due from other funds	-	7,405	103,524	110,929
Lease receivable	1,285,599	-	-	1,285,599
Total assets	<u>\$ 3,977,384</u>	<u>\$ 205,472</u>	<u>\$ 213,428</u>	<u>\$ 4,396,284</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE</b>				
Liabilities:				
Accounts payable and accrued liabilities	\$ 50,058	\$ -	\$ -	\$ 50,058
Due to other governments	-	-	1,372	1,372
Unearned revenue	5,313	-	-	5,313
Due to other funds	110,929	-	-	110,929
Total liabilities	<u>166,300</u>	<u>-</u>	<u>1,372</u>	<u>167,672</u>
Deferred inflows of resources				
Cell tower lease	1,260,732	-	-	1,260,732
Total deferred inflows of resources	<u>1,260,732</u>	<u>-</u>	<u>-</u>	<u>1,260,732</u>
Fund balance:				
Restricted for:				
Infrastructure	-	205,472	-	205,472
Building activities	-	-	212,056	212,056
Coronavirus relief funds	986,208	-	-	986,208
Unassigned	1,564,144	-	-	1,564,144
Total fund balance	<u>2,550,352</u>	<u>205,472</u>	<u>212,056</u>	<u>2,967,880</u>
Total liabilities, deferred inflows of resources, and fund balance	<u>\$ 3,977,384</u>	<u>\$ 205,472</u>	<u>\$ 213,428</u>	<u>\$ 4,396,284</u>

See notes to the financial statements

**TOWN OF HAVERHILL, FLORIDA  
RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS  
TO THE STATEMENT OF NET POSITION  
SEPTEMBER 30, 2022**

Fund balance - governmental funds		\$ 2,967,880
<p>Amounts reported for governmental activities in the statement of net position are different because:</p>		
<p>Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds. The statement of net position includes those capital assets, net of any accumulated depreciation, in the net position of the government as a whole.</p>		
Cost of capital assets	4,278,420	
Accumulated depreciation	<u>(2,684,869)</u>	1,593,551
<p>Deferred outflows of resources related to pensions are recorded in the statement of net position.</p>		
		123,957
<p>Deferred inflows of resources related to pensions are recorded in the statement of net position.</p>		
		(16,611)
<p>Liabilities not due and payable from current available resources are not reported as liabilities in the governmental fund statements. All liabilities, both current and long-term are reported in the government-wide financial statements.</p>		
Loan payable	(254,910)	
Net pension liability	<u>(429,102)</u>	<u>(684,012)</u>
Net position of governmental activities		<u>\$ 3,984,765</u>

See notes to the financial statements

**TOWN OF HAVERHILL, FLORIDA  
STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022**

	Major Funds			Total Governmental Funds
	General Fund	Infrastructure Surtax Fund	Building Fund	
<b>REVENUES</b>				
Ad valorem taxes	\$ 502,224	\$ -	\$ -	\$ 502,224
Non ad valorem assessments	187,594	-	-	187,594
Intergovernmental revenue	399,080	198,920	-	598,000
Rental revenue	91,721	-	-	91,721
Franchise fees	105,928	-	-	105,928
Grant revenue	526,724	-	-	526,724
Licenses and permits	22,770	-	93,159	115,929
Fines and forfeitures	1,663	-	-	1,663
Miscellaneous	15,088	-	-	15,088
Interest income	43,451	-	-	43,451
Total revenues	<u>1,896,243</u>	<u>198,920</u>	<u>93,159</u>	<u>2,188,322</u>
<b>EXPENDITURES</b>				
Current:				
General government	569,699	-	-	569,699
Public safety	183,565	-	61,646	245,211
Physical environment	308,818	-	-	308,818
Transportation	122,864	-	-	122,864
Parks and recreation	7,195	-	-	7,195
Debt service:				
Principal	-	93,795	-	93,795
Interest	-	8,535	-	8,535
Capital outlay	63,372	-	-	63,372
Total expenditures	<u>1,255,513</u>	<u>102,330</u>	<u>61,646</u>	<u>1,419,489</u>
Excess (deficiency) of revenues over (under) expenditures	640,730	96,590	31,513	768,833
Fund balance - beginning	<u>1,909,622</u>	<u>108,882</u>	<u>180,543</u>	<u>2,199,047</u>
Fund balance - ending	<u>\$ 2,550,352</u>	<u>\$ 205,472</u>	<u>\$ 212,056</u>	<u>\$ 2,967,880</u>

See notes to the financial statements

**TOWN OF HAVERHILL, FLORIDA**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN**  
**FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022**

Net change in fund balance - total governmental funds	\$	768,833
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures; however, the cost of capital assets is eliminated in the statement of activities and capitalized in the statement of net position.		50,544
Repayment of long-term liabilities are reported as expenditures in the governmental fund financial statements, but such repayments reduce liabilities in the statement of net position and are eliminated in the statement of activities.		93,795
Changes to the net pension liability, deferred outflows and inflows of resources related to pensions are recorded as adjustments to expenses in the statement of activities.		(17,644)
Depreciation of capital assets is not recognized in the governmental fund financial statements, but is reported as an expense in the statement of activities.		(114,281)
Change in net position of governmental activities	\$	<u><u>781,247</u></u>

See notes to the financial statements

## TOWN OF HAVERHILL, FLORIDA NOTES TO THE FINANCIAL STATEMENTS

### NOTE 1 – NATURE OF ORGANIZATION AND REPORTING ENTITY

The Town of Haverhill, Florida (the "Town"), was incorporated May 11, 1950, and organized pursuant to the Laws of Florida, Chapter 59-1330, House Bill 1753. The Town is governed by a five member Council, elected at large for two year staggered terms. A Mayor and Vice Mayor are elected annually from among the sitting Council Members. The Town Administrator serves as the Chief Administrative Officer of the Town. The Town provides the following services to its residents: public safety, sanitation, streets, and general administrative services. The Town Council is responsible for legislative and fiscal control of the Town.

The financial statements were prepared in accordance with Governmental Accounting Standards Board ("GASB") Statements. Under the provisions of those standards, the financial reporting entity consists of the primary government, organizations for which the Town Council is considered to be financially accountable and other organizations for which the nature and significance of their relationship with the Town are such that, if excluded, the financial statements of the Town would be considered incomplete or misleading. There are no entities considered to be component units of the Town; therefore, the financial statements include only the operations of the Town.

### NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### **Government-Wide and Fund Financial Statements**

The basic financial statements include both government-wide and fund financial statements.

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment; operating-type special assessments for maintenance and debt service are treated as charges for services and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Other items not included among program revenues are reported instead as *general revenues*.

#### **Measurement Focus, Basis of Accounting and Financial Statement Presentation**

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are to be recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due.

#### **Assessments**

Assessments are non-ad valorem assessments levied each November 1 on property of record as of the previous January. The fiscal year for which annual assessments are levied begins on October 1 with discounts available for payments through November 30 and become delinquent on April 1. The assessments are billed and collected by the County Tax Assessor/Collector on behalf of the Town. The amounts remitted to the Town are net of applicable discounts or fees.

## **NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

#### Property Taxes

Property taxes are ad valorem and levied each November 1 on property as of the previous January 1. The fiscal year for which annual assessments are levied begins on October 1 with a maximum discount available for payments through November 30 and become delinquent on April 1. The taxes are billed and collected by the County Tax Assessor/Collector on behalf of the Town. The amounts remitted to the Town are net of applicable discounts or fees.

Assessments, property taxes, franchise fees, licenses and permits, and interest associated with the current fiscal period are considered to be susceptible to accrual and so have been recognized in revenues of the current fiscal period. The portion of receivables due within the current fiscal period is considered to be susceptible to accrual as revenue for the current period. All other revenue items are considered to be measurable and available only when cash is received by the Town.

The Town reports the following major governmental funds:

#### General Fund

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

#### Infrastructure Surtax Fund

This fund is used to account for resources restricted by Florida Statutes for infrastructure expenditures.

#### Building Fund

This fund is used to account for resources related to building activities.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

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

### **Assets, Liabilities and Net Position or Equity**

#### Restricted Assets

These assets represent cash and receivables set aside pursuant to Florida Statutes or other contractual restrictions.

#### Deposits and Investments

The Town considers cash on hand, demand deposits, and all other short-term investments that are highly liquid as cash equivalents. Highly liquid short-term investments are those readily convertible to a known amount of cash, and at the day of purchase, have a maturity date no longer than three months. In addition, nonnegotiable certificates of deposits held by the Town are considered cash deposits.

The Town has elected to proceed under the Alternative Investment Guidelines as set forth in Section 218.415 (17) Florida Statutes. The Town may invest any surplus public funds in the following:

- a) The Local Government Surplus Trust Funds, or any intergovernmental investment pool authorized pursuant to the Florida Interlocal Cooperation Act;
- b) Securities and Exchange Commission registered money market funds with the highest credit quality rating from a nationally recognized rating agency;
- c) Interest bearing time deposits or savings accounts in qualified public depositories;
- d) Direct obligations of the U.S. Treasury.



## NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### Assets, Liabilities and Net Position or Equity (Continued)

#### Deposits and Investments (Continued)

The State Board of Administration's ("SBA") Local Government Surplus Funds Trust Fund ("Florida PRIME") is a "2a-7 like" pool. A "2a-7 like" pool is an external investment pool that is not registered with the Securities and Exchange Commission ("SEC") as an investment company, but nevertheless has a policy that it will, and does, operate in a manner consistent with the SEC's Rule 2a-7 of the Investment Company Act of 1940, which comprises the rules governing money market funds. Thus, the pool operates essentially as a money market fund. The Town has reported its investment in Florida PRIME at amortized cost for financial reporting purposes.

Securities listed in paragraph c and d shall be invested to provide sufficient liquidity to pay obligations as they come due. In addition, surplus funds may be deposited into certificates of deposit which are insured.

The Town records all interest revenue related to investment activities in the respective funds. Investments are measured at amortized cost or reported at fair value as required by generally accepted accounting principles.

#### Receivables

The Town's policy is to report accounts and property tax receivable net of an allowance for uncollectible balances. All of the Town's receivables are considered collectible at September 30, 2022; therefore, no allowance has been estimated.

#### Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

#### Capital Assets

Capital assets, which include property, plant and equipment, and infrastructure assets, are reported in the government activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$1,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Property, plant and equipment of the Town are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings and improvements	10-50
Improvements other than buildings	20-40
Machinery and equipment	5-10
Infrastructure	25-50

In the governmental fund financial statements, amounts incurred for the acquisition of capital assets are reported as fund expenditures. Depreciation expense is not reported in the governmental fund financial statements.

#### Unearned Revenue

Governmental funds report unearned revenue in connection with resources that have been received, but not yet earned.

## **NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

### **Assets, Liabilities and Net Position or Equity (Continued)**

#### Leases

Lessor: The Town is a lessor for noncancellable leases for communication towers. The Town recognizes lease receivables and a deferred inflows of resources in the government-wide and governmental fund financial statements.

At the commencement of a lease, the Town initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

Key estimates and judgments include how the Town determines (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts.

- The Town uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee.

The Town monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

#### Long-Term Obligations

In the government-wide financial statements long-term debt and other long-term obligations are reported as liabilities in the statement of net position.

In the fund financial statements, governmental fund types recognize premiums and discounts, as well as issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

#### Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

#### Fund Equity/Net Position

In the fund financial statements, governmental funds report non spendable and restricted fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Assignments of fund balance represent tentative management plans that are subject to change.

## **NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

### **Assets, Liabilities and Net Position or Equity (Continued)**

#### Fund Equity/Net Position (Continued)

The Town can establish limitations on the use of fund balance as follows:

Committed fund balance – Amounts that can be used only for the specific purposes determined by a formal action (resolution) of the Town Council. Commitments may be changed or lifted only by the Town Council taking the same formal action (resolution) that imposed the constraint originally. Resources accumulated pursuant to stabilization arrangements sometimes are reported in this category.

Assigned fund balance – Includes spendable fund balance amounts, established by the Towns' Council, that are intended to be used for specific purposes that are neither considered restricted nor committed. The Council may also assign fund balance as it does when appropriating fund balance to cover differences in estimated revenue and appropriations in the subsequent year's appropriated budget. Assignments are generally temporary and normally the same formal action need not be taken to remove the assignment.

The Town first uses 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.

Net position is the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources. Net position in the government-wide financial statements are categorized as net investment in capital assets, restricted or unrestricted. Net investment in capital assets represents net position related to infrastructure and property, plant and equipment. Restricted net position represents the assets restricted by the Town's Bond covenants or other contractual restrictions. Unrestricted net position consists of the net position not meeting the definition of either of the other two components.

### **Other Disclosures**

#### Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

#### New Accounting Standard Adopted

During fiscal year 2022, the Town adopted the following new accounting standard:

#### *GASB Statement No. 87 – Leases*

The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities.

### **NOTE 3 – BUDGETARY INFORMATION**

The Town is required to establish a budgetary system and an approved Annual Budget. Annual Budgets are adopted on a basis consistent with generally accepted accounting principles for the general and infrastructure surtax funds and all annual appropriations lapse at fiscal year-end.

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

- a) Each year the Town Administrator submits to the Town Council a proposed operating budget for the fiscal year commencing the following October 1.
- b) Public hearings are conducted to obtain taxpayer comments.
- c) Prior to October 1, the budget is legally adopted by the Town Council.
- d) All budget changes must be approved by the Town Council.
- e) The budgets are adopted on a basis consistent with generally accepted accounting principles.
- f) Unused appropriation for annually budgeted funds lapse at the end of the year.

### **NOTE 4 – PROPERTY TAXES**

Under Florida law, the assessment of all properties and the collection of all county, municipal and school board property taxes are consolidated in the offices of the County Property Appraiser and County Tax Collector, respectively. All property is reassessed according to its fair market value on January 1 of each year and each assessment roll is submitted to the State Department of Revenue for review to determine if the assessment rolls meet all of the appropriate requirements of State law.

The tax levy of the Town is established by the Council prior to October 1 of each year during the budget process and levied on November 1. The Palm Beach County Property Appraiser incorporates the Town's millage into the total tax levy, which includes the County, County School Board, and special Town tax requirements. The millage rate assessed by the Town for the fiscal year ended September 30, 2022, was 4.5000 (\$4.5000 for each \$1,000 of assessed valuation).

Taxes may be paid less a 4% discount in November or at declining discounts each month through the month of February. All unpaid taxes become delinquent on April 1 following the year in which they are assessed. Delinquent taxes on real property bear interest at 18% per year. On or prior to June 1 following the tax year, certificates are offered for sale for all delinquent taxes on real property. After sale, tax certificates bear interest at 18% per year or at any lower rate bid by the buyer. Application for a tax deed on any unredeemed tax certificates may be made by the certificate holder after a period of two years. Unsold certificates are held by Palm Beach County.

### **NOTE 5 – DEPOSITS AND INVESTMENTS**

#### **Deposits**

The Town's cash balances, including certificates of deposit as shown below, were entirely covered by federal depository insurance or by a collateral pool pledged to the State Treasurer. Florida Statutes Chapter 280, "Florida Security for Public Deposits Act", requires all qualified depositories to deposit with the Treasurer or another banking institution eligible collateral equal to various percentages of the average daily balance for each month of all public deposits in excess of any applicable deposit insurance held. The percentage of eligible collateral (generally, U.S. Governmental and agency securities, state or local government debt, or corporate bonds) to public deposits is dependent upon the depository's financial history and its compliance with Chapter 280. In the event of a failure of a qualified public depository, the remaining public depositories would be responsible for covering any resulting losses.

## NOTE 5 – DEPOSITS AND INVESTMENTS (Continued)

### Investments

The Town's investments were held as follows at September 30, 2022:

	<u>Amortized cost</u>	<u>Credit Risk</u>	<u>Maturities</u>
Certificates of deposit	\$ 445,921	N/A	11/30/2022
Florida PRIME	21,720	S&P AAAm	Weighted average of the fund portfolio: 21 days
	<u>\$ 467,641</u>		

*Credit risk* – For investments, credit risk is generally the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Investment ratings by investment type are included in the preceding summary of investments.

*Concentration risk* – The Town places no limit on the amount the Town may invest in any one issuer.

*Interest rate risk* – The Town does not have a formal policy that limits investment maturities as a means of managing exposure to fair value losses arising from increasing interest rates.

*Fair Value Measurement* – When applicable, the Town measures and records its investments using fair value measurement guidelines established in accordance with GASB Statements. The framework for measuring fair value provides a fair value hierarchy that prioritizes the inputs to valuation techniques.

These guidelines recognize a three-tiered fair value hierarchy, in order of highest priority, as follows:

- *Level 1:* Investments whose values are based on unadjusted quoted prices for identical investments in active markets that the Town has the ability to access;
- *Level 2:* Investments whose inputs - other than quoted market prices - are observable either directly or indirectly; and,
- *Level 3:* Investments whose inputs are unobservable.

The fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the entire fair value measurement. Valuation techniques used should maximize the use of observable inputs and minimize the use of unobservable inputs.

For external investment pools that qualify to be measured at amortized cost, the pool's participants should also measure their investments in that external investment pool at amortized cost for financial reporting purposes. In addition, non-negotiable, non-transferable certificates of deposits that do not consider market rates are also required to be reported at amortized cost. Accordingly, the Town's investments have been reported at amortized cost above.

*External Investment Pool* – With regard to redemption gates, Chapter 218.409(8)(a), Florida Statutes, states that "The principal, and any part thereof, of each account constituting the trust fund is subject to payment at any time from the moneys in the trust fund. However, the Executive Director may, in good faith, on the occurrence of an event that has a material impact on liquidity or operations of the trust fund, for 48 hours limit contributions to or withdrawals from the trust fund to ensure that the Board can invest moneys entrusted to it in exercising its fiduciary responsibility. Such action must be immediately disclosed to all participants, the Trustees, the Joint Legislative Auditing Committee, the Investment Advisory Council, and the Participant Local Government Advisory Council. The Trustees shall convene an emergency meeting as soon as practicable from the time the Executive Director has instituted such measures and review the necessity of those measures. If the Trustees are unable to convene an emergency meeting before the expiration of the 48-hour moratorium on contributions and withdrawals, the moratorium may be extended by the Executive Director until the Trustees are able to meet to review the necessity for the moratorium. If the Trustees agree with such measures, the Trustees shall vote to continue the measures for up to an additional 15 days. The Trustees must convene and vote to continue any such measures before the expiration of the time limit set, but in no case may the time limit set by the Trustees exceed 15 days."

**NOTE 5 – DEPOSITS AND INVESTMENTS (Continued)**

**Investments (Continued)**

*External Investment Pool (Continued)* - With regard to liquidity fees, Florida Statute 218.409(4) provides authority for the SBA to impose penalties for early withdrawal, subject to disclosure in the enrollment materials of the amount and purpose of such fees. At present, no such disclosure has been made.

As of September 30, 2022, there were no redemption fees or maximum transaction amounts, or any other requirements that serve to limit a participant’s daily access to 100% of their account value.

**NOTE 6 – RECEIVABLES**

Receivables at September 30, 2022 for the Town are as follows:

	<u>General</u>	<u>Infrastructure</u> <u>Surtax</u>
Receivables:		
State of Florida	\$ 23,703	\$ 13,351
Franchise fees	36,628	-
Lease receivable	1,285,599	-
Total	<u>\$ 1,345,930</u>	<u>\$ 13,351</u>

**NOTE 7 – INTERFUND RECEIVABLES AND PAYABLES**

Interfund receivables and payables at September 30, 2022 were as follows:

	<u>Receivable</u>	<u>Payable</u>
General Fund	\$ -	\$ 110,929
Infrastructure Surtax Fund	7,405	-
Building Fund	103,524	-
	<u>\$ 110,929</u>	<u>\$ 110,929</u>

The outstanding balances between funds result primarily from the time lag between the dates that transactions are recorded in the accounting system and payments between funds are made. The balances between the general fund and the infrastructure surtax fund relate to infrastructure surtax revenues collected in the general fund that have not yet been transferred to the infrastructure surtax fund. The balances between the general fund and the building fund relate to permit revenues collected in the general fund that have not yet been transferred to the building fund.

**NOTE 8 – CAPITAL ASSETS**

Capital asset activity for the fiscal year ended September 30, 2022 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance
<u>Governmental activities</u>				
Capital assets, not being depreciated				
Land	\$ 15,224	\$ -	\$ -	\$ 15,224
Total capital assets, not being depreciated	15,224	-	-	15,224
Capital assets, being depreciated				
Buildings and improvements	228,126	5,624	-	233,750
Improvements other than buildings	765,079	-	-	765,079
Machinery and equipment	270,856	44,920	-	315,776
Infrastructure	2,948,591	-	-	2,948,591
Total capital assets, being depreciated	4,212,652	50,544	-	4,263,196
Less accumulated depreciation for:				
Buildings and improvements	141,987	6,900	-	148,887
Improvements other than buildings	458,984	16,803	-	475,787
Machinery and equipment	240,919	77,533	-	318,452
Infrastructure	1,728,698	13,045	-	1,741,743
Total accumulated depreciation	2,570,588	114,281	-	2,684,869
Total capital assets, being depreciated, net	1,642,064	(63,737)	-	1,578,327
Governmental activities capital assets, net	\$ 1,657,288	\$ (63,737)	\$ -	\$ 1,593,551

Depreciation expense was charged to function/programs as follows:

General government	\$ 8,576
Transportation	99,787
Parks and recreation	5,918
Total	<u>\$ 114,281</u>

**NOTE 9 – LONG-TERM LIABILITIES**

**Loan Payable**

During fiscal year 2021, the Town entered into a loan agreement with a financial institution for \$650,000 with a fixed interest rate of 2.75% per annum in order to fund its Park and Cyprus Lanes drainage project. Principal and interest is due monthly starting on May 27, 2019 through April 27, 2025 when the remaining unpaid principal balance and accrued interest shall be due and payable in full. The infrastructure surtax revenue is pledged for repayment of the loan.

**Long-term Debt Activity**

Changes in long-term liability activity for the fiscal year ended September 30, 2022 were as follows:

	Beginning Balance	Additions	Deletions	Ending Balance	Due within one year
Loan payable	\$ 348,705	\$ -	\$ (93,795)	\$ 254,910	\$ 96,456
Total	\$ 348,705	\$ -	\$ (93,795)	\$ 254,910	\$ 96,456

## NOTE 9 – LONG-TERM LIABILITIES Continued)

At September 30, 2022, the scheduled debt service requirements on the long-term debt were as follows:

	Principal	Interest	Total
2023	\$ 96,456	\$ 5,874	\$ 102,330
2024	99,171	3,159	102,330
2025	59,283	550	59,833
Total	<u>\$ 254,910</u>	<u>\$ 9,583</u>	<u>\$ 264,493</u>

## NOTE 10 – INTERGOVERNMENTAL REVENUE

Intergovernmental revenues for the fiscal year ended September 30, 2022 are comprised of the following:

Communications services tax	\$	29,591
First local option fuel tax		31,956
Second local option fuel tax		14,572
State revenue sharing		109,403
Half cent sales tax		213,558
Infrastructure surtax		198,920
Total	\$	<u>598,000</u>

## NOTE 11 – LEASES

### Lease receivables

The Town owns a parcel of land, which it has leased to various cell phone providers in connection with the provision for wireless communications services. During the fiscal year ended September 30, 2022, there were three lease agreements in effect. One lease has terms including option periods set to expire in January 2045. Another lease has terms including option periods set to expire in January 2040. The other lease only has an annual commitment. The Town recognized \$91,721 in lease revenue and \$42,376 in interest revenue related to these leases during the fiscal year ended September 30, 2022. As of September 30, 2022, the Town's receivable related to these leases was \$1,285,599. Also, the Town has a deferred inflow of resources associated with these leases that will be recognized as revenue over the lease term. As of September 30, 2022, the balance of the deferred inflow of resources was \$1,260,732.

## NOTE 12 – FLORIDA RETIREMENT SYSTEM

### General Information about FRS

Effective October 1, 2004, the Town is contributing to the Florida Retirement System (FRS). The FRS was created in Chapter 121, Florida Statutes, to provide a defined benefit pension plan for participating public employees. The FRS was amended in 1998 to add the Deferred Retirement Option Program under the defined benefit plan and amended in 2000 to provide a defined contribution plan alternative to the defined benefit plan for FRS members effective July 1, 2002. This integrated defined contribution pension plan is the FRS Investment Plan. Chapter 112, Florida Statutes, established the Retiree Health Insurance Subsidy (HIS) Program, a cost-sharing multiple-employer defined benefit pension plan, to assist retired members of any state-administered retirement system in paying the costs of health insurance.

All regular employees of the Town are eligible to enroll as members of the FRS. Provisions relating to the FRS are established by Chapters 121 and 122, Florida Statutes; Chapter 112, Part IV, Florida Statutes; Chapter 238, Florida Statutes; and FRS Rules, Chapter 60S, Florida Administrative Code; wherein eligibility, contributions, and benefits are defined and described in detail. Such provisions may be amended at any time by further action from the Florida Legislature. The FRS is a single retirement system administered by the Florida Department of Management Services, Division of Retirement, and consists of the two cost-sharing, multiple-employer defined benefit plans and other nonintegrated programs. A comprehensive annual financial report of the FRS, which includes its financial statements, required supplementary information, actuarial report, and other relevant information, is available from the Florida Department of Management Services' website ([www.dms.myflorida.com](http://www.dms.myflorida.com)).



## NOTE 12 – FLORIDA RETIREMENT SYSTEM (Continued)

### General Information about FRS (Continued)

The Town's pension expense totaled \$91,557 for the fiscal year ended September 30, 2022.

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

- Regular Class – Member of the FRS who do not qualify for membership in another class.
- Senior Management Service Class – Members in senior management level positions.

### FRS Pension Plan

Employees enrolled in the Plan prior to July 1, 2011, vest at six years of creditable service and employees enrolled in the Plan on or after July 1, 2011, vest at eight years of creditable service. All vested members, enrolled prior to July 1, 2011, are eligible for normal retirement benefits at age 62 or at any age after 30 years of service. All members enrolled in the Plan on or after July 1, 2011, once vested, are eligible for normal retirement benefits at age 65 or any time after 33 years of service. Members of the Plan may include up to four years of credit for military service toward creditable service. The Plan also includes an early retirement provision; however, there is a benefit reduction for each year a member retires before his or her normal retirement date. The Plan provides retirement, disability, death benefits, and annual cost-of-living adjustments to eligible participants.

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

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

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

<b>Class, Initial Enrollment, and Retirement Age/Years of Service</b>	<b>% Value</b>
<b>Regular Class members initially enrolled before July 1, 2011</b>	
Retirement up to age 62 or up to 30 years of service	1.60
Retirement at age 63 or with 31 years of service	1.63
Retirement at age 64 or with 32 years of service	1.65
Retirement at age 65 or with 33 years of service	1.68
<b>Regular Class members initially enrolled on or after July 1, 2011</b>	
Retirement up to age 65 or up to 33 years of service	1.60
Retirement at age 66 or with 34 years of service	1.63
Retirement at age 67 or with 35 years of service	1.65
Retirement at age 68 or with 36 years of service	1.68
<b>Senior Management Service Class</b>	2.00

**NOTE 12 – FLORIDA RETIREMENT SYSTEM (Continued)**

**FRS Pension Plan (Continued)**

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

Contributions – The Florida Legislature establishes contribution rates for participating employers and employees. Contribution rates during the 2021 fiscal year were as follows:

Class	Percent of Gross Salary October 1, 2021 to June 30, 2022		Percent of Gross Salary July 1, 2022 to September 30, 2022	
	Employee	Employer (1)	Employee	Employer (1)
FRS, Regular	3.00%	10.82%	3.00%	11.91%
FRS, Senior Management Service Class	3.00%	29.01%	3.00%	31.57%
DROP, Applicable to all members in the above classes	0.00%	18.34%	0.00%	18.60%

(1) Employer rates include a postemployment HIS contribution rate of 1.66%. Also, employer rates include .06% for administrative costs of the Investment plan except for the DROP.

The Town’s contributions to the Plan totaled \$14,801 for the fiscal year ended September 30, 2022.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At September 30, 2022, the Town reported a liability of \$349,215 for its proportionate share of the Plan’s net pension liability. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2022. The Town’s proportionate share of the net pension liability was based on the Town’s contributions for the year ended June 30, 2022 relative to the contributions made during the year ended June 30, 2021 of all participating members. At June 30, 2022, the Town’s proportionate share was .0009%, which did not represent a significant change from its proportionate share measured as of June 30, 2021.

For the fiscal year ended September 30, 2022 the Town recognized pension expense of \$56,455 related to the Pension Plan. In addition, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 16,586	\$ -
Change of assumptions	43,007	-
Net difference between projected and actual earnings on FRS pension plan investments	23,059	-
Changes in proportion and differences between Town FRS contributions and proportionate share of FRS contributions	23,773	-
Town FRS contributions subsequent to the measurement date	7,625	-
Total	<u>\$ 114,050</u>	<u>\$ -</u>

## NOTE 12 – FLORIDA RETIREMENT SYSTEM (Continued)

### FRS Pension Plan (Continued)

The deferred outflows of resources related to pensions, totaling \$7,625, resulting from Town contributions to the Plan subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ended September 30, 2022. Other 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,	Amount
2023	\$ 26,694
2024	13,286
2025	(1,450)
2026	62,975
2027	4,920
Total	<u>\$ 106,425</u>

**Actuarial Assumptions** – The actuarial assumptions used in the July 1, 2022 valuation were based on the results of an actuarial experience study for the period July 1, 2013, through June 30, 2018. The total pension liability in the July 1, 2022 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.40%
Salary increases	3.25%, average, including inflation
Discount rate	6.70%

Mortality rates were based on the PUB-2010 base table, with variations by member category and sex, projected generationally with Scale MP-2018.

The long-term expected rate of return on pension plan investments was not based on historical returns, but instead is based on a forward-looking capital market economic model. The allocation policy's description of each asset class was used to map the target allocation to the asset classes shown below. Each asset class assumption is based on a consistent set of underlying assumptions, and includes an adjustment for the inflation assumption. The target allocation and best estimates of arithmetic and geometric real rates of return for each major asset class are summarized in the following table:

<b>Asset Class</b>	<b>Target Allocation (1)</b>	<b>Arithmetic Return</b>	<b>Geometric Return</b>	<b>Standard Deviation</b>
Cash	1.0%	2.6%	2.6%	1.1%
Fixed income	19.8%	4.4%	4.4%	3.2%
Global equity	54.0%	8.8%	7.3%	17.8%
Real estate (property)	10.3%	7.4%	6.3%	15.7%
Private equity	11.1%	12.0%	8.9%	26.3%
Strategic investments	3.8%	6.2%	5.9%	7.8%
<b>Total</b>	<b><u>100.0%</u></b>			
Assumed inflation - mean			2.4%	1.3%

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

**Discount Rate** – The discount rate used to measure the total pension liability was 6.70%. The Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected rate of return.

**NOTE 12 – FLORIDA RETIREMENT SYSTEM (Continued)**

**FRS Pension Plan (Continued)**

Sensitivity of the Town’s Proportionate Share of the Net Position Liability to Changes in the Discount Rate – The following presents the Town’s proportionate share of the net pension liability calculated using the discount rate of 6.70%, as well as what the Town’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.70%) or 1-percentage-point higher (7.70%) than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
	5.70%	6.70%	7.70%
Net Pension Liability	\$ 603,943	\$ 349,215	\$ 136,232

Pension Plan Fiduciary Net Position – Detailed information about the Plan’s fiduciary net position is available in the FRS Pension Plan and Other State Administered Systems Comprehensive Annual Financial Report.

**HIS Pension Plan**

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

Benefits Provided – For the fiscal year ended September 30, 2022, eligible retirees and beneficiaries received a monthly HIS payment of \$5 for each year of creditable service completed at the time of retirement, with a minimum HIS payment of \$30 and a maximum HIS payment of \$150 per month, pursuant to Section 112.363, Florida Statutes. To be eligible to receive a HIS Plan benefit, a retiree under a State-administered retirement system must provide proof of health insurance coverage, which may include Medicare.

Contributions – The HIS Plan is funded by required contributions from FRS participating employers as set by the Florida Legislature. Employer contributions are a percentage of gross compensation for all active FRS members. For the fiscal year ended September 30, 2022, the contribution rate was 1.66% of payroll from October 1, 2021 through September 30, 2022 pursuant to section 112.363, Florida Statutes. The Town contributed 100 percent of its statutorily required contributions for the current and preceding three years. HIS Plan contributions are deposited in a separate trust fund from which payments are authorized. HIS Plan benefits are not guaranteed and are subject to annual legislative appropriation. In the event the legislative appropriation or available funds fail to provide full subsidy benefits to all participants, benefits may be reduced or canceled.

The Town’s contributions to the HIS Plan totaled \$2,628 for the fiscal year ended September 30, 2022.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At September 30, 2022, the Town reported a net pension liability of \$79,887 for its proportionate share of the HIS Plan’s net pension liability. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2022. The Town’s proportionate share of the net pension liability was based on the year ended June 30, 2022 contributions relative to the year ended June 30, 2021 contributions of all participating members. At June 30, 2022, the Town’s proportionate share was .0008%, which represents a .0001% increase from its proportionate share measured as of June 30, 2021.

**NOTE 12 – FLORIDA RETIREMENT SYSTEM (Continued)**

**HIS Pension Plan (Continued)**

For the fiscal year ended September 30, 2022, the Town recognized pension expense of \$4,000 related to the HIS Plan. In addition, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 2,425	\$ (352)
Change of assumptions	4,579	(12,359)
Net difference between projected and actual earnings on FRS pension plan investments	116	-
Changes in proportion and differences between Town HIS contributions and proportionate share of HIS contributions	1,967	(3,900)
Town HIS contributions subsequent to measurement date	820	-
Total	<u>\$ 9,907</u>	<u>\$ (16,611)</u>

The deferred outflows of resources related to pensions, totaling \$820, resulting from Town contributions to the HIS Plan subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ended September 30, 2022. Other 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,	Amount
2023	\$ (1,602)
2024	(1,133)
2025	(975)
2026	(1,432)
2027	(1,682)
Thereafter	(700)
Total	<u>\$ (7,524)</u>

**Actuarial Assumptions** – The total pension liability in the July 1, 2022, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.40%
Salary increases	3.25%, average, including inflation
Discount rate	3.54%

Mortality rates were based on the Generational PUB-2010 with projection Scale MP-2018. Actuarial valuations for the HIS program are conducted biennially. The July 1, 2021, HIS valuation is the most recent actuarial valuation and was used to develop the liabilities for the June 30, 2022, financial reporting exhibits.

**Discount Rate** – The discount rate used to measure the total pension liability was 3.54%. In general, the discount rate for calculating the total pension liability is equal to the single rate equivalent to discounting at the long-term expected rate of return for benefit payments prior to the projected depletion date. Because the HIS benefit is essentially funded on a pay-as-you-go basis, the depletion date is considered to be immediate, and the single equivalent discount rate is equal to the municipal bond rate selected by the HIS Plan sponsor. The Bond Buyer General Obligation 20-Bond Municipal Bond Index was adopted as the applicable municipal bond index. Since the prior measurement date, the discount rate was increased from 2.16% to 3.54%.

**NOTE 12 – FLORIDA RETIREMENT SYSTEM (Continued)**

**HIS Pension Plan (Continued)**

*Sensitivity of the Town’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate* – The following presents the Town’s proportionate share of the net pension liability calculated using the discount rate of 3.54%, as well as what the Town’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.54%) or 1- percentage-point higher (4.54%) than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
	2.54%	3.54%	4.54%
Net Pension Liability	\$ 91,398	\$ 79,887	\$ 70,363

*Pension Plan Fiduciary Net Position* – Detailed information about the HIS Plan’s fiduciary net position is available in the FRS Pension Plan and Other State Administered Systems Comprehensive Annual Financial Report.

**FRS – Defined Contribution Pension Plan**

The Town contributes to the FRS Investment Plan (Investment Plan), a defined contribution pension plan, for its eligible employees electing to participate in the Investment Plan. The Investment Plan is administered by the SBA, and is reported in the SBA’s annual financial statements and in the State of Florida Comprehensive Annual Financial Report. Service retirement benefits are based upon the value of the member’s account upon retirement.

As provided in Section 121.4501, Florida Statutes, eligible FRS members may elect to participate in the Investment Plan in lieu of the FRS defined-benefit plan. Town employees participating in DROP are not eligible to participate in the Investment Plan. Employer and employee contributions, including amounts contributed to individual member’s accounts, are defined by law, but the ultimate benefit depends in part on the performance of investment funds. Benefit terms, including contribution requirements, for the Investment Plan are established and may be amended by the Florida Legislature. The Investment Plan is funded with the same employer and employee contribution rates that are based on salary and membership class (Regular Class, Elected Local Officers, etc.), as the FRS defined benefit plan. Contributions are directed to individual member accounts, and the individual members allocate contributions and account balances among various approved investment choices.

Allocations to the investment member’s accounts during the 2022 fiscal year were as follows:

Class	Percent of Gross Compensation
FRS, Regular	6.30%
FRS, Senior Management	7.67%

For all membership classes, employees are immediately vested in their own contributions and are vested after one year of service for employer contributions and investment earnings. If an accumulated benefit obligation for service credit originally earned under the FRS Pension Plan is transferred to the Investment Plan, the member must have the years of service required for FRS Pension Plan vesting (including the service credit represented by the transferred funds) to be vested for these funds and the earnings on the funds. Nonvested employer contributions are placed in a suspense account for up to five years. If the employee returns to FRS covered employment within the five year period, the employee will regain control over their account. If the employee does not return within the five year period, the employee will forfeit the accumulated account balance. Costs of administering the Investment Plan, including the FRS Financial Guidance Program, are funded through an employer contribution of 0.04 percent of payroll and by forfeited benefits of Investment Plan members.

## **NOTE 12 – FLORIDA RETIREMENT SYSTEM (Continued)**

### **FRS – Defined Contribution Pension Plan (Continued)**

After termination and applying to receive benefits, the member may rollover vested funds to another qualified plan, structure a periodic payment under the Investment Plan, receive a lump-sum distribution, leave the funds invested for future distribution, or any combination of these options. Disability coverage is provided; the member may either transfer the account balance to the FRS Pension Plan when approved for disability retirement to receive guaranteed lifetime monthly benefits under the FRS Pension Plan, or remain in the Investment Plan and rely upon that account balance for retirement income.

The Town's Investment Plan pension expense totaled \$31,102 for the fiscal year ended September 30, 2022.

### **NOTE 13 – RISK MANAGEMENT**

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. The Town has obtained commercial insurance from independent third parties to mitigate the costs of these risks; coverage may not extend to all situations. The Town is also covered by Florida Statutes under the Doctrine of Sovereign Immunity which effectively limits the amount of liability of municipalities to individual claims of \$100,000/\$200,000 for all claims relating to the same accident. There have been no claims from these risks that exceeded commercial insurance coverage over the past three years.

**TOWN OF HAVERHILL, FLORIDA**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN**  
**FUND BALANCE - BUDGET AND ACTUAL – GENERAL FUND**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	<u>Original &amp; Final</u>		<u>Amounts</u>	<u>(Negative)</u>
<b>REVENUES</b>				
Ad valorem taxes	\$ 496,799	\$	502,224	\$ 5,425
Non ad valorem assessments	196,134		187,594	(8,540)
Franchise fees	97,000		105,928	8,928
Grant revenue	-		526,724	526,724
Licenses and permits	12,000		22,770	10,770
Intergovernmental revenue	338,864		399,080	60,216
Fines and forfeitures	3,500		1,663	(1,837)
Investments income	7,500		43,451	35,951
Rental revenue	90,000		91,721	1,721
Miscellaneous	5,750		15,088	9,338
Total revenues	<u>1,247,547</u>		<u>1,896,243</u>	<u>648,696</u>
<b>EXPENDITURES</b>				
Current:				
General government	595,300		569,699	25,601
Public safety	185,000		183,565	1,435
Physical environment	316,835		308,818	8,017
Transportation	190,100		122,864	67,236
Parks and recreation	10,000		7,195	2,805
Capital outlay	-		63,372	(63,372)
Total expenditures	<u>1,297,235</u>		<u>1,255,513</u>	<u>41,722</u>
Excess (deficiency) of revenues over (under) expenditures	(49,688)		640,730	690,418
<b>OTHER FINANCING SOURCES (USES)</b>				
Use of fund balance	49,688		-	(49,688)
Total other financing sources (uses)	<u>49,688</u>		<u>-</u>	<u>(49,688)</u>
Net change in fund balance	<u>\$ -</u>		<u>640,730</u>	<u>\$ 640,730</u>
Fund balance - beginning			<u>1,909,622</u>	
Fund balance - ending			<u>\$ 2,550,352</u>	

See notes to required supplementary information



**TOWN OF HAVERHILL, FLORIDA**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN**  
**FUND BALANCE - BUDGET AND ACTUAL – INFRASTRUCTURE SURTAX FUND**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022**

	Budgeted Amounts Original & Final	Actual Amounts	Variance with Final Budget - Positive (Negative)
<b>REVENUES</b>			
Intergovernmental revenue	\$ 165,000	\$ 198,920	\$ 33,920
Total revenues	165,000	198,920	33,920
<b>EXPENDITURES</b>			
Current:			
Debt service:			
Principal	93,795	93,795	-
Interest	8,535	8,535	-
Capital outlay	62,670	-	62,670
Total expenditures	165,000	102,330	62,670
Excess (deficiency) of revenues over (under) expenditures	\$ -	96,590	\$ 96,590
Fund balance - beginning		108,882	
Fund balance - ending		\$ 205,472	

See notes to required supplementary information

**TOWN OF HAVERHILL, FLORIDA**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN**  
**FUND BALANCE - BUDGET AND ACTUAL – BUILDING FUND**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022**

	Budgeted Amounts Original & Final	Actual Amounts	Variance with Final Budget - Positive (Negative)
<b>REVENUES</b>			
Licenses and permits	\$ 87,450	\$ 93,159	\$ 5,709
Total revenues	87,450	93,159	5,709
<b>EXPENDITURES</b>			
Current:			
Public safety	87,450	61,646	25,804
Total expenditures	87,450	61,646	25,804
Excess (deficiency) of revenues over (under) expenditures	\$ -	31,513	\$ 31,513
Fund balance - beginning		180,543	
Fund balance - ending		\$ 212,056	

See notes to required supplementary information

**TOWN OF HAVERHILL, FLORIDA**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**

The Town is required to establish a budgetary system and an approved Annual Budget for the general fund and special revenue funds. The Town's budgeting process is based on estimates of cash receipts and cash expenditures which are approved by the Council. The budget approximates a basis consistent with accounting principles generally accepted in the United States of America (generally accepted accounting principles).

The legal level of budgetary control, the level at which expenditures may not exceed budget, is in the aggregate. Any budget amendments that increase the aggregate budgeted appropriations must be approved by the Town Council. Actual general fund, infrastructure surtax fund and building fund expenditures did not exceed appropriations for the fiscal year ended September 30, 2022.

**TOWN OF HAVERHILL, FLORIDA  
FLORIDA RETIREMENT SYSTEM PENSION LIABILITY  
SEPTEMBER 30, 2022**

Schedule of Town's Proportionate Share of Net Pension Liability  
Florida Retirement System Pension Plan  
Last 10 Years (1) (2)

	2022	2021	2020	2019	2018	2017	2016	2015
Town's proportion of the FRS net pension liability	0.0009%	0.0009%	0.0008%	0.0008%	0.0008%	0.0008%	0.0007%	0.0008%
Town's proportionate share of the FRS net pension liability	\$ 349,215	\$ 65,513	\$ 368,124	\$ 286,338	\$ 248,885	\$ 237,246	\$ 188,004	\$ 98,007
Town's covered payroll	\$ 163,707	\$ 111,463	\$ 115,860	\$ 94,689	\$ 90,374	\$ 85,770	\$ 55,943	\$ 42,658
Town's proportionate share of the FRS net pension liability as a percentage of its covered payroll	213.32%	58.78%	317.73%	302.40%	275.39%	276.61%	336.06%	229.75%
FRS plan fiduciary net position as a percentage of the total pension liability	82.89%	96.40%	78.85%	82.61%	84.26%	83.89%	84.88%	92.00%

Schedule of Town's Proportionate Share of Net Pension Liability  
Health Insurance Subsidy Pension Plan  
Last 10 Years (1) (2)

	2022	2021	2020	2019	2018	2017	2016	2015
Town's proportion of the HIS net pension liability	0.0008%	0.0007%	0.0007%	0.0008%	0.0008%	0.0008%	0.0008%	0.0008%
Town's proportionate share of the HIS net pension liability	\$ 79,887	\$ 91,268	\$ 90,536	\$ 89,971	\$ 85,044	\$ 84,037	\$ 90,055	\$ 78,675
Town's covered payroll	\$ 163,707	\$ 111,463	\$ 115,860	\$ 94,689	\$ 90,374	\$ 85,770	\$ 55,943	\$ 42,658
Town's proportionate share of the HIS net pension liability as a percentage of its covered payroll	48.80%	81.88%	78.14%	95.02%	94.10%	97.98%	160.98%	184.43%
HIS plan fiduciary net position as a percentage of the total pension liability	4.81%	3.56%	3.00%	2.63%	2.15%	1.64%	0.97%	0.50%

(1) The amounts presented for each year were determined as of the measurement date, June 30.

(2) Information is only available for the years presented.

**TOWN OF HAVERHILL, FLORIDA**  
**FLORIDA RETIREMENT SYSTEM CONTRIBUTION SCHEDULES**  
**SEPTEMBER 30, 2022**

Schedule of the Town's Pension Contributions  
Florida Retirement System Pension Plan  
Last 10 Fiscal Years (1) (2)

	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required FRS contribution	\$ 14,801	\$ 9,947	\$ 8,432	\$ 6,369	\$ 5,829	\$ 5,196	\$ 3,753	\$ 19,201
FRS contributions in relation to the contractually required contribution	(14,801)	(9,947)	(8,432)	(6,369)	(5,829)	(5,196)	(3,753)	(19,201)
FRS contribution deficiency (excess)	-	-	-	-	-	-	-	-
Town's covered payroll	158,281	116,008	119,206	95,663	91,769	87,060	66,014	44,797
FRS contributions as a percentage of covered payroll	9.35%	8.57%	7.07%	6.66%	6.35%	5.97%	5.69%	42.86%

Schedule of the Town's Pension Contributions  
Health Insurance Subsidy Pension Plan  
Last 10 Fiscal Years (1) (2)

	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required HIS contribution	\$ 2,628	\$ 1,926	\$ 1,979	\$ 1,586	\$ 1,522	\$ 1,445	\$ 1,096	\$ 3,345
HIS contributions in relation to the contractually required contribution	(2,628)	(1,926)	(1,979)	(1,586)	(1,522)	(1,445)	(1,096)	(3,345)
HIS contribution deficiency (excess)	-	-	-	-	-	-	-	-
Town's covered payroll	158,281	116,008	119,206	95,663	91,769	87,060	66,014	44,797
HIS contributions as a percentage of covered payroll	1.66%	1.66%	1.66%	1.66%	1.66%	1.66%	1.66%	7.47%

(1) The amounts presented for each fiscal year were determined as of September 30.

(2) Information is only available for the years presented.



**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**

To the Council  
Town of Haverhill, 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 and each major fund of the Town of Haverhill, Florida (the "Town") as of and for the fiscal year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements, and have issued our opinion thereon dated June 26, 2023.

**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) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town'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 entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

**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 agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

**Purpose of this Report**

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

June 26, 2023



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH THE  
REQUIREMENTS OF SECTION 218.415, FLORIDA STATUTES, REQUIRED BY  
RULE 10.556(10) OF THE AUDITOR GENERAL OF THE STATE OF FLORIDA**

To the Council  
Town of Haverhill, Florida

We have examined the Town of Haverhill, Florida's ("Town") compliance with the requirements of Section 218.415, Florida Statutes, in accordance with Rule 10.556(10) of the Auditor General of the State of Florida during the fiscal year ended September 30, 2022. 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, in all material respects, with the specified requirements referenced in Section 218.415, Florida Statutes. An examination involves performing procedures to obtain evidence about whether the Town complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion. Our examination does not provide a legal determination on the Town's compliance with specified requirements.

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

In our opinion, the Town complied, in all material respects, with the aforementioned requirements for the fiscal year ended September 30, 2022.

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

June 26, 2023





**MANAGEMENT LETTER PURSUANT TO THE RULES OF  
THE AUDITOR GENERAL FOR THE STATE OF FLORIDA**

To the Town Council  
Town of Haverhill, Florida

**Report on the Financial Statements**

We have audited the accompanying basic financial statements of the Town of Haverhill, Florida (the "Town") as of and for the fiscal year ended September 30, 2022, and have issued our report thereon dated June 26, 2023.

**Auditor's Responsibility**

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

**Other Reporting Requirements**

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*; and Independent Auditor's Report on an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports, which are dated June 26, 2023, should be considered in conjunction with this management letter.

**Purpose of this Letter**

The purpose of this letter is to comment on those matters required by Chapter 10.550 of the Rules of the Auditor General for the State of Florida. Accordingly, in connection with our audit of the financial statements of the Town, as described in the first paragraph, we report the following:

- I. Current year findings and recommendations.**
- II. Status of prior year findings and recommendations.**
- III. Compliance with the Provisions of the Auditor General of the State of Florida.**

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, as applicable, management, and the Council Members of the Town of Haverhill, Florida and is not intended to be and should not be used by anyone other than these specified parties.

We wish to thank the Town of Haverhill, Florida and the personnel associated with it, for the opportunity to be of service to them in this endeavor as well as future engagements, and the courtesies extended to us.

June 26, 2023

## REPORT TO MANAGEMENT

### I. CURRENT YEAR FINDINGS AND RECOMMENDATIONS

None

### II. PRIOR YEAR FINDINGS AND RECOMMENDATIONS

None

### III. COMPLIANCE WITH THE PROVISIONS OF THE AUDITOR GENERAL OF THE STATE OF FLORIDA

Unless otherwise required to be reported in the auditor's report on compliance and internal controls, the management letter shall include, but not be limited to the following:

1. A statement as to whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report.

There were no significant findings and recommendations made in the preceding annual financial audit report for the fiscal year ended September 30, 2021.

2. Any recommendations to improve the local governmental entity's financial management.

There were no such matters discovered by, or that came to the attention of, the auditor, to be reported for the fiscal year ended September 30, 2022.

3. 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.

There were no such matters discovered by, or that came to the attention of, the auditor, to be reported, for the fiscal year ended September 30, 2022.

4. The name or official title and legal authority of the Town are disclosed in the notes to the financial statements.

5. The Town has not met one or more of the financial emergency conditions described in Section 218.503(1), Florida Statutes.

6. We applied financial condition assessment procedures and no deteriorating financial conditions were noted. It is management's responsibility to monitor 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.