

**TOWN OF HAVERHILL  
HAVERHILL, FLORIDA  
FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED  
SEPTEMBER 30, 2023**

**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, 2023, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Town as of September 30, 2023, 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 May 28, 2024, on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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.

May 28, 2024

## 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, 2023. 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 \$4,205,641.
- The change in the Town's total net position in comparison with the prior fiscal year was \$220,876, 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, 2023, the Town's governmental funds reported combined ending fund balances of \$3,083,035, an increase of \$115,155 in comparison with the prior fiscal year. A portion of total fund balance is restricted for infrastructure projects, building activities and coronavirus relief funds, 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,	
	2023	2022
Current and other assets	\$ 4,361,793	\$ 4,285,355
Capital assets, net of depreciation	1,688,726	1,593,551
Total assets	6,050,519	5,878,906
Deferred outflows of resources	170,725	123,957
Current liabilities	82,370	56,743
Long-term liabilities	723,009	684,012
Total liabilities	805,379	740,755
Deferred inflows of resources	1,210,224	1,277,343
Net position		
Net investment in capital assets	1,530,271	1,338,641
Restricted	1,240,223	1,403,736
Unrestricted	1,435,147	1,242,388
Total net position	\$ 4,205,641	\$ 3,984,765

## 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 represents the extent to which ongoing program revenues exceeded the cost of operations and depreciation expense.

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,	
	2023	2022
Revenues:		
Program revenues		
Charges for services	\$ 406,789	\$ 396,907
Operating grants and contributions	-	511,961
Capital grants and contributions	263,123	260,211
General revenues		
Taxes and other revenue	1,110,425	1,004,155
Miscellaneous	15,303	15,088
Total revenues	<u>1,795,640</u>	<u>2,188,322</u>
Expenses:		
General government	621,705	595,919
Public safety	302,691	245,211
Physical environment	392,286	321,646
Transportation	242,571	222,651
Parks and recreation	9,636	13,113
Interest	5,875	8,535
Total expenses	<u>1,574,764</u>	<u>1,407,075</u>
Change in net position	220,876	781,247
Net position - beginning	<u>3,984,765</u>	<u>3,203,518</u>
Net position - ending	<u>\$ 4,205,641</u>	<u>\$ 3,984,765</u>

As noted above and in the statement of activities, the cost of all governmental activities during the fiscal year ended September 30, 2023 was \$1,574,764. 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 decrease in total revenues is the result of the Town receiving \$511,961 in nonrecurring American Rescue Plan Act funds in the prior fiscal year. Total expenses increased from the prior fiscal year primarily as a result of increased general government costs, including compensation.

## 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. The general fund budget was amended to reallocate certain amounts between various functions. Actual general fund, infrastructure surtax fund and building fund expenditures did not exceed appropriations for the fiscal year ended September 30, 2023.

## CAPITAL ASSETS AND DEBT ADMINISTRATION

### Capital Assets

At September 30, 2023, the Town had \$4,487,364 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 \$2,798,638 has been taken resulting in a net book value of \$1,688,726. More detailed information about the Town's capital assets is presented in the notes of the financial statements.

### Capital Debt

At September 30, 2023, the Town had \$158,455 in 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, 2023**

	Governmental Activities
<b>ASSETS</b>	
Cash and cash equivalents	\$ 1,319,291
Investments	468,821
Restricted assets:	
Cash and cash equivalents	1,228,002
Accounts receivable	13,456
Accounts receivable	60,331
Lease receivable	1,270,427
Capital assets:	
Non-depreciable	62,693
Depreciable, net	1,626,033
Total assets	6,050,519
 <b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Pension	170,725
 <b>LIABILITIES</b>	
Accounts payable and accrued expenses	75,932
Due to other governments	295
Unearned revenues	6,143
Non-current liabilities:	
Due within one year	99,171
Due in more than one year	59,284
Net pension liability	564,554
Total liabilities	805,379
 <b>DEFERRED INFLOWS OF RESOURCES</b>	
Cell tower lease	1,196,388
Pension	13,836
Total deferred inflows of resources	1,210,224
 <b>NET POSITION</b>	
Net investment in capital assets	1,530,271
Restricted for infrastructure projects	318,486
Restricted for building activities	201,681
Restricted for coronavirus relief funds	720,056
Unrestricted	1,435,147
Total net position	\$ 4,205,641

See notes to the financial statements

**TOWN OF HAVERHILL, FLORIDA  
STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023**

<u>Functions/Programs</u>	Program Revenues			Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges for Services	Capital Grants and Contributions	Governmental Activities
Primary government:				
Governmental activities:				
General government	\$ 621,705	\$ -	\$ -	\$ (621,705)
Public safety	302,691	93,033	-	(209,658)
Physical environment	392,286	123,889	215,344	(53,053)
Transportation	242,571	-	47,779	(194,792)
Parks and recreation	9,636	-	-	(9,636)
Interest on long-term debt	5,875	189,867	-	183,992
Total governmental activities	1,574,764	406,789	263,123	(904,852)
General revenues:				
				549,291
				383,362
				118,829
				58,943
				15,303
				1,125,728
				220,876
				3,984,765
				\$ 4,205,641

See notes to the financial statements

**TOWN OF HAVERHILL, FLORIDA  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2023**

	Major Funds			Total Governmental Funds
	Infrastructure			
	General Fund	Surtax Fund	Building Fund	
<b>ASSETS</b>				
Cash and cash equivalents	\$ 2,039,347	\$ 338,270	\$ 169,676	\$ 2,547,293
Investments	468,821	-	-	468,821
Accounts receivable	36,628	-	-	36,628
Due from other governments	23,703	13,456	-	37,159
Prepaid items	1,465	-	-	1,465
Due from other funds	940	-	32,300	33,240
Lease receivable	1,270,427	-	-	1,270,427
Total assets	<u>\$ 3,841,331</u>	<u>\$ 351,726</u>	<u>\$ 201,976</u>	<u>\$ 4,395,033</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE</b>				
Liabilities:				
Accounts payable and accrued liabilities	\$ 75,932	\$ -	\$ -	\$ 75,932
Due to other governments	-	-	295	295
Unearned revenue	6,143	-	-	6,143
Due to other funds	-	33,240	-	33,240
Total liabilities	<u>82,075</u>	<u>33,240</u>	<u>295</u>	<u>115,610</u>
Deferred inflows of resources				
Cell tower lease	1,196,388	-	-	1,196,388
Total deferred inflows of resources	<u>1,196,388</u>	<u>-</u>	<u>-</u>	<u>1,196,388</u>
Fund balance:				
Non spendable:				
Prepaid items	1,465	-	-	1,465
Restricted for:				
Infrastructure	-	318,486	-	318,486
Building activities	-	-	201,681	201,681
Coronavirus relief funds	720,056	-	-	720,056
Unassigned	1,841,347	-	-	1,841,347
Total fund balance	<u>2,562,868</u>	<u>318,486</u>	<u>201,681</u>	<u>3,083,035</u>
Total liabilities, deferred inflows of resources, and fund balance	<u>\$ 3,841,331</u>	<u>\$ 351,726</u>	<u>\$ 201,976</u>	<u>\$ 4,395,033</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, 2023**

Fund balance - governmental funds \$ 3,083,035

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported 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.

Cost of capital assets	4,487,364	
Accumulated depreciation	<u>(2,798,638)</u>	1,688,726

Deferred outflows of resources related to pensions are recorded in the statement of net position.		170,725
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Deferred inflows of resources related to pensions are recorded in the statement of net position.		(13,836)
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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.

Loan payable	(158,455)	
Net pension liability	<u>(564,554)</u>	<u>(723,009)</u>

Net position of governmental activities		<u>\$ 4,205,641</u>
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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, 2023**

	Major Funds			Total Governmental Funds
	General Fund	Infrastructure Surtax Fund	Building Fund	
<b>REVENUES</b>				
Ad valorem taxes	\$ 549,291	\$ -	\$ -	\$ 549,291
Non ad valorem assessments	189,867	-	-	189,867
Intergovernmental revenue	431,141	215,344	-	646,485
Rental revenue	104,312	-	-	104,312
Franchise fees	118,829	-	-	118,829
Licenses and permits	16,644	-	93,033	109,677
Fines and forfeitures	2,933	-	-	2,933
Miscellaneous	15,303	-	-	15,303
Interest income	58,943	-	-	58,943
Total revenues	<u>1,487,263</u>	<u>215,344</u>	<u>93,033</u>	<u>1,795,640</u>
<b>EXPENDITURES</b>				
Current:				
General government	527,127	-	-	527,127
Public safety	199,283	-	103,408	302,691
Physical environment	325,757	-	-	325,757
Transportation	141,665	-	-	141,665
Parks and recreation	5,442	-	-	5,442
Debt service:				
Principal	-	96,455	-	96,455
Interest	-	5,875	-	5,875
Capital outlay	275,473	-	-	275,473
Total expenditures	<u>1,474,747</u>	<u>102,330</u>	<u>103,408</u>	<u>1,680,485</u>
Excess (deficiency) of revenues over (under) expenditures	12,516	113,014	(10,375)	115,155
Fund balance - beginning	<u>2,550,352</u>	<u>205,472</u>	<u>212,056</u>	<u>2,967,880</u>
Fund balance - ending	<u>\$ 2,562,868</u>	<u>\$ 318,486</u>	<u>\$ 201,681</u>	<u>\$ 3,083,035</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, 2023**

Net change in fund balance - total governmental funds	\$	115,155
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.		208,944
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.		96,455
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.		(85,909)
Depreciation of capital assets is not recognized in the governmental fund financial statements, but is reported as an expense in the statement of activities.		<u>(113,769)</u>
Change in net position of governmental activities	\$	<u><u>220,876</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 three 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, 2023; 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.

## **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, 2023, was 4.35000 (\$4.35000 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.

### Investments

The Town's investments were held as follows at September 30, 2023:

	Amortized cost	Credit Risk	Maturities
Certificates of deposit	\$ 446,033	N/A	3/30/2024
Florida PRIME	22,788	S&P AAAM	Weighted average of the fund portfolio: 35 days
	<u>\$ 468,821</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.

## NOTE 5 – DEPOSITS AND INVESTMENTS (Continued)

### Investments (Continued)

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.” 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, 2023, 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, 2023 for the Town are as follows:

	<u>General</u>	<u>Infrastructure Surtax</u>
Receivables:		
State of Florida	\$ 23,703	\$ 13,456
Franchise fees	36,628	-
Lease receivable	1,270,427	-
Total	<u>\$ 1,330,758</u>	<u>\$ 13,456</u>

## NOTE 7 – INTERFUND RECEIVABLES AND PAYABLES

Interfund receivables and payables at September 30, 2023 were as follows:

	Receivable	Payable
General Fund	\$ 940	\$ -
Infrastructure Surtax Fund	-	33,240
Building Fund	32,300	-
	<u>\$ 33,240</u>	<u>\$ 33,240</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.

## NOTE 8 – CAPITAL ASSETS

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

	Beginning Balance	Additions	Reductions	Ending Balance
<u>Governmental activities</u>				
Capital assets, not being depreciated				
Land	\$ 15,224	\$ -	\$ -	\$ 15,224
Infrastructure under construction	-	148,582	(101,113)	47,469
Total capital assets, not being depreciated	<u>15,224</u>	<u>148,582</u>	<u>(101,113)</u>	<u>62,693</u>
Capital assets, being depreciated				
Buildings and improvements	233,750	-	-	233,750
Improvements other than buildings	765,079	-	-	765,079
Machinery and equipment	315,776	60,362	-	376,138
Infrastructure	2,948,591	101,113	-	3,049,704
Total capital assets, being depreciated	<u>4,263,196</u>	<u>161,475</u>	<u>-</u>	<u>4,424,671</u>
Less accumulated depreciation for:				
Buildings and improvements	148,887	6,765	-	155,652
Improvements other than buildings	475,787	16,451	-	492,238
Machinery and equipment	318,452	77,397	-	395,849
Infrastructure	1,741,743	13,156	-	1,754,899
Total accumulated depreciation	<u>2,684,869</u>	<u>113,769</u>	<u>-</u>	<u>2,798,638</u>
Total capital assets, being depreciated, net	<u>1,578,327</u>	<u>47,706</u>	<u>-</u>	<u>1,626,033</u>
Governmental activities capital assets, net	<u>\$ 1,593,551</u>	<u>\$ 196,288</u>	<u>\$ (101,113)</u>	<u>\$ 1,688,726</u>

Depreciation expense was charged to function/programs as follows:

General government	\$ 8,669
Transportation	100,906
Parks and recreation	4,194
Total	<u>\$ 113,769</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, 2023 were as follows:

	Beginning Balance	Additions	Deletions	Ending Balance	Due within one year
Loan payable	\$ 254,910	\$ -	\$ (96,455)	\$ 158,455	\$ 99,171
Total	\$ 254,910	\$ -	\$ (96,455)	\$ 158,455	\$ 99,171

At September 30, 2023, the scheduled debt service requirements on the long-term debt were as follows:

	Principal	Interest	Total
2024	99,171	3,159	102,330
2025	59,284	550	59,834
Total	\$ 158,455	\$ 3,709	\$ 162,164

## NOTE 10 – INTERGOVERNMENTAL REVENUE

Intergovernmental revenues for the fiscal year ended September 30, 2023 are comprised of the following:

Communications services tax	\$	35,539
First local option fuel tax		32,865
Second local option fuel tax		14,914
State revenue sharing		120,818
Half cent sales tax		227,005
Infrastructure surtax		215,344
Total	\$	<u>646,485</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, 2023, 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 \$104,312 in lease revenue and \$41,496 in interest revenue related to these leases during the fiscal year ended September 30, 2023. As of September 30, 2023, the Town's receivable related to these leases was \$1,270,427. 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, 2023, the balance of the deferred inflow of resources was \$1,196,388.

## 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.

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

### **General Information about FRS (Continued)**

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)).

The Town's pension expense totaled \$153,383 for the fiscal year ended September 30, 2023.

*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. As of June 5, 2023, when Senate Bill 7024 was signed into law, all eligible members in a regularly established position can elect to participate in DROP for a period not to exceed a maximum of 96 calendar months, at anytime after a member reached his or her normal retirement date. 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.



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

**FRS Pension Plan (Continued)**

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>	<b>2.00</b>

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 current fiscal year were as follows:

Class	Percent of Gross Salary October 1, 2022 to June 30, 2023		Percent of Gross Salary July 1, 2023 to September 30, 2023	
	Employee	Employer (1)	Employee	Employer (1)
FRS, Regular	3.00%	11.91%	3.00%	13.57%
FRS, Senior Management Service Class	3.00%	31.57%	3.00%	34.52%
DROP, Applicable to all members in the above classes	0.00%	18.34%	0.00%	21.13%

(1) Employer rates include a postemployment HIS contribution rate of 1.66% for October 1, 2022 to June 30, 2023 and 2.0% fro July 1, 2023 to September 30, 2023, and administrative costs of .06% for the Investment plan through September 30, 2023.

The Town’s contributions to the Plan totaled \$61,830 for the fiscal year ended September 30, 2023.

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions** – At September 30, 2023, the Town reported a liability of \$442,482 for its proportionate share of the Plan’s net pension liability. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2023. The Town’s proportionate share of the net pension liability was based on the Town’s contributions for the year ended June 30, 2023 relative to the contributions made during the year ended June 30, 2023 of all participating members. At June 30, 2023, the Town’s proportionate share was .0011%, an increase of .0002 from its proportionate share measured as of June 30, 2022.

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

**FRS Pension Plan (Continued)**

For the fiscal year ended September 30, 2023 the Town recognized pension expense of \$107,563 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	\$ 41,545	\$ -
Change of assumptions	28,845	-
Net difference between projected and actual earnings on FRS pension plan investments	18,479	-
Changes in proportion and differences between Town FRS contributions and proportionate share of FRS contributions	56,680	-
Town FRS contributions subsequent to the measurement date	15,846	-
Total	<u>\$ 161,395</u>	<u>\$ -</u>

The deferred outflows of resources related to pensions, totaling \$15,846, 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, 2024. 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
2024	\$ 27,069
2025	9,713
2026	86,132
2027	17,894
2028	4,741
Total	<u>\$ 145,549</u>

**Actuarial Assumptions** – The actuarial assumptions used in the July 1, 2023 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, 2023 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:

## NOTE 12 – FLORIDA RETIREMENT SYSTEM (Continued)

### FRS Pension Plan (Continued)

<u>Asset Class</u>	<u>Target Allocation (1)</u>	<u>Arithmetic Return</u>	<u>Geometric Return</u>	<u>Standard Deviation</u>
Cash	1.0%	2.6%	2.9%	1.1%
Fixed income	19.8%	4.4%	4.4%	3.4%
Global equity	54.0%	8.7%	7.1%	18.1%
Real estate (property)	10.3%	7.6%	6.6%	14.8%
Private equity	11.1%	11.9%	8.8%	26.3%
Strategic investments	3.8%	6.3%	6.1%	7.7%
<b>Total</b>	<b>100.0%</b>			
Assumed inflation - mean			2.4%	1.4%

(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.

**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	\$ 755,850	\$ 442,482	\$ 180,313

**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, 2023, 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, 2023, the contribution rate was 1.66% from October 1, 2022 to June 30, 2023 and 2% from July 1, 2023 to September 30, 2023, 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 \$5,832 for the fiscal year ended September 30, 2023.

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

**HIS Pension Plan (Continued)**

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At September 30, 2023, the Town reported a net pension liability of \$122,071 for its proportionate share of the HIS Plan’s net pension liability. The net pension liability was measured as of June 30, 2023, 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, 2023 contributions relative to the year ended June 30, 2023 contributions of all participating members. At June 30, 2023, the Town’s proportionate share was .0008%, which was not a significant change from its proportionate share measured as of June 30, 2022.

For the fiscal year ended September 30, 2023, the Town recognized pension expense of \$45,820 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	\$ 1,787	\$ (287)
Change of assumptions	3,209	(10,578)
Net difference between projected and actual earnings on FRS pension plan investments	63	-
Changes in proportion and differences between Town HIS contributions and proportionate share of HIS contributions	2,674	(2,971)
Town HIS contributions subsequent to measurement date	1,597	-
Total	\$ 9,330	\$ (13,836)

The deferred outflows of resources related to pensions, totaling \$1,597, 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, 2024. 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
2024	\$ (1,166)
2025	(1,001)
2026	(1,465)
2027	(1,734)
2028	(731)
Thereafter	(6)
Total	\$ (6,103)

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	3.65%

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.

## NOTE 12 – FLORIDA RETIREMENT SYSTEM (Continued)

### HIS Pension Plan (Continued)

Discount Rate – The discount rate used to measure the total pension liability was 3.65%. 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 3.54% to 3.3.65%.

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 3.65%, 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 (2.65%) or 1- percentage-point higher (4.65%) than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
	2.65%	3.65%	4.65%
Net Pension Liability	\$ 139,264	\$ 122,071	\$ 107,820

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.

## 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, 2023**

	Amounts	Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Original & Final		
<b>REVENUES</b>				
Ad valorem taxes	\$ 541,093	\$ 541,093	\$ 549,291	\$ 8,198
Non ad valorem assessments	196,425	196,425	189,867	(6,558)
Franchise fees	100,000	100,000	118,829	18,829
Licenses and permits	9,500	9,500	16,644	7,144
Intergovernmental revenue	367,814	367,814	431,141	63,327
Fines and forfeitures	2,500	2,500	2,933	433
Investments income	4,500	4,500	58,943	54,443
Rental revenue	90,000	90,000	104,312	14,312
Miscellaneous	6,100	6,100	15,303	9,203
Total revenues	<u>1,317,932</u>	<u>1,317,932</u>	<u>1,487,263</u>	<u>169,331</u>
<b>EXPENDITURES</b>				
Current:				
General government	689,250	695,250	527,127	168,123
Public safety	195,000	200,000	199,283	717
Physical environment	413,532	406,232	325,757	80,475
Transportation	161,400	166,000	141,665	24,335
Parks and recreation	9,750	14,450	5,442	9,008
Capital outlay	872,922	859,922	275,473	584,449
Total expenditures	<u>2,341,854</u>	<u>2,341,854</u>	<u>1,474,747</u>	<u>867,107</u>
Excess (deficiency) of revenues over (under) expenditures	(1,023,922)	(1,023,922)	12,516	1,036,438
<b>OTHER FINANCING SOURCES (USES)</b>				
Use of fund balance	1,023,922	1,023,922	-	(1,023,922)
Total other financing sources (uses)	<u>1,023,922</u>	<u>1,023,922</u>	<u>-</u>	<u>(1,023,922)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	12,516	<u>\$ 12,516</u>
Fund balance - beginning			<u>2,550,352</u>	
Fund balance - ending			<u>\$ 2,562,868</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, 2023**

	Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original & Final		
<b>REVENUES</b>			
Intergovernmental revenue	\$ 165,000	\$ 215,344	\$ 50,344
Total revenues	165,000	215,344	50,344
<b>EXPENDITURES</b>			
Current:			
Debt service:			
Principal	96,455	96,455	-
Interest	5,875	5,875	-
Capital outlay	62,670	-	62,670
Total expenditures	165,000	102,330	62,670
Excess (deficiency) of revenues over (under) expenditures	\$ -	113,014	\$ 113,014
Fund balance - beginning		205,472	
Fund balance - ending		\$ 318,486	

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, 2023**

	Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original & Final		
<b>REVENUES</b>			
Licenses and permits	\$ 104,755	\$ 93,033	\$ (11,722)
Total revenues	104,755	93,033	(11,722)
<b>EXPENDITURES</b>			
Current:			
Public safety	104,755	103,408	1,347
Total expenditures	104,755	103,408	1,347
Excess (deficiency) of revenues over (under) expenditures	\$ -	(10,375)	\$ (10,375)
Fund balance - beginning		212,056	
Fund balance - ending		\$ 201,681	

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. The general fund budget was amended to reallocate certain amounts between various functions. Actual general fund, infrastructure surtax fund and building fund expenditures did not exceed appropriations for the fiscal year ended September 30, 2023.

**TOWN OF HAVERHILL, FLORIDA  
FLORIDA RETIREMENT SYSTEM PENSION LIABILITY  
SEPTEMBER 30, 2023**

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

	2023	2022	2021	2020	2019	2018	2017	2016	2015
Town's proportion of the FRS net pension liability	0.0011%	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	\$ 442,482	\$ 349,215	\$ 65,513	\$ 368,124	\$ 286,338	\$ 248,885	\$ 237,246	\$ 188,004	\$ 98,007
Town's covered payroll	\$ 282,914	\$ 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	156.40%	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	82.38%	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)

	2023	2022	2021	2020	2019	2018	2017	2016	2015
Town's proportion of the HIS net pension liability	0.0008%	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	\$ 122,071	\$ 79,887	\$ 91,268	\$ 90,536	\$ 89,971	\$ 85,044	\$ 84,037	\$ 90,055	\$ 78,675
Town's covered payroll	\$ 282,914	\$ 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	43.15%	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	4.12%	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, 2023**

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

	2023	2022	2021	2020	2019	2018	2017	2016
Contractually required FRS contribution	\$ 61,830	\$ 14,801	\$ 9,947	\$ 8,432	\$ 6,369	\$ 5,829	\$ 5,196	\$ 3,753
FRS contributions in relation to the contractually required contribution	(61,830)	(14,801)	(9,947)	(8,432)	(6,369)	(5,829)	(5,196)	(3,753)
FRS contribution deficiency (excess)	-	-	-	-	-	-	-	-
Town's covered payroll	334,948	158,281	116,008	119,206	95,663	91,769	87,060	66,014
FRS contributions as a percentage of covered payroll	18.46%	9.35%	8.57%	7.07%	6.66%	6.35%	5.97%	5.69%

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

	2023	2022	2021	2020	2019	2018	2017	2016
Contractually required HIS contribution	\$ 5,832	\$ 2,628	\$ 1,926	\$ 1,979	\$ 1,586	\$ 1,522	\$ 1,445	\$ 1,096
HIS contributions in relation to the contractually required contribution	(5,832)	(2,628)	(1,926)	(1,979)	(1,586)	(1,522)	(1,445)	(1,096)
HIS contribution deficiency (excess)	-	-	-	-	-	-	-	-
Town's covered payroll	334,948	158,281	116,008	119,206	95,663	91,769	87,060	66,014
HIS contributions as a percentage of covered payroll	1.74%	1.66%	1.66%	1.66%	1.66%	1.66%	1.66%	1.66%

(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, 2023, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements, and have issued our opinion thereon dated May 28, 2024.

**Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Town's internal control over financial reporting (internal control) 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.

May 28, 2024



**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, 2023. 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, 2023.

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.

May 28, 2024



**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, 2023, and have issued our report thereon dated May 28, 2024.

**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 May 28, 2024, 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.

May 28, 2024

## 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, 2022.

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, 2023.

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, 2023.

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.