

TOWN OF MANGONIA PARK, FLORIDA
FINANCIAL STATEMENTS WITH INDEPENDENT
AUDITOR'S REPORT THEREON
SEPTEMBER 30, 2020

TOWN OF MANGONIA PARK, FLORIDA
SEPTEMBER 30, 2020

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INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and
Members of the Town Council
Town of Mangonia Park, Florida

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We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the Town of Mangonia Park, Florida as of and for the year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise the Town of Mangonia Park, Florida's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Basis for Qualified Opinions

The Town's bank reconciliations for the general operating account have unreconciled differences and do not appropriately reconcile the bank account to the general ledger. We were unable to obtain appropriate audit evidence on the completeness of revenues and expenses/expenditures. The amount by which these items would affect the assets, liabilities, net position/fund balance, revenues, and expenses/expenditures of the governmental activities, the business-type activities, and each major fund could not be determined.

Qualified Opinions

In our opinion, except for the effects of the matters described in the "Basis for Qualified Opinions" paragraph, the financial statements referred to in the first paragraph present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of the Town of Mangonia Park, Florida, as of September 30, 2020, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 3 through 9, budgetary comparison information on pages 53 through 54, and pension schedules on pages 55 through 58 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 31, 2022, on our consideration of the Town of Mangonia Park, Florida's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town of Mangonia Park's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Mangonia Park, Florida's internal control over financial reporting and compliance.

West Palm Beach, Florida
March 31, 2022

Nowlen Holt & Mimer, P.A.

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the Town of Mangonia Park, Florida ("Town") we offer readers of the Town's financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended September 30, 2020. Since the Management's Discussion and Analysis (MD&A) is designed to focus on current year's activities and events, 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 and deferred outflows of the Town exceeded its liabilities and deferred inflows at the close of the fiscal year ended September 30, 2020, resulting in a net position balance of \$6,419,304. Of this amount, \$2,525,786 is unrestricted net position which may be used to meet the Town's ongoing obligations to citizens and creditors.
- The change in the Town's net position was an increase of \$529,991. The key components of the Town's net position and changes in net position are reflected in the table in the government-wide financial analysis section.
- As of September 30, 2020, the Town's General Fund reported ending fund balance of \$3,003,268 an increase of \$147,360 in comparison with the prior year. Of the total fund balance, \$2,233,255 is unassigned and available for spending at the Town's discretion.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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 difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating.

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

Both of the government-wide financial statements distinguish functions of the Town that are principally supported by property taxes (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the Town include general government, public safety, physical environment, and culture and recreation. The business-type activities of the Town include the water and sewer operation.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that has been segregated for specific activities or objectives. The Town, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Town can be divided into two categories: governmental funds and proprietary 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 adopts an annual appropriated budget for its general fund. A budgetary comparison schedule has been provided for the general fund to demonstrate compliance with this budget.

Proprietary Fund

The Town maintains one type of proprietary fund, an enterprise fund. An enterprise fund is used to report the same function presented as business-type activities in the government-wide financial statements. The Town uses an enterprise fund to account for the operations of the water and sewer system within the Town.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail.

Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Town, assets exceeded liabilities and deferred outflows 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,					
	Governmental activities		Business-type activities		Total	
	2020	2019	2020	2019	2020	2019
Current and other assets	\$ 3,150,517	\$ 2,983,891	\$ 1,263,907	\$ 935,831	\$ 4,414,424	\$ 3,919,722
Capital assets, net of depreciation	2,411,714	2,497,790	1,707,826	1,339,084	4,119,540	3,836,874
Total assets	<u>5,562,231</u>	<u>5,481,681</u>	<u>2,971,733</u>	<u>2,274,915</u>	<u>8,533,964</u>	<u>7,756,596</u>
Deferred outflows of resources	314,282	347,543	23,656	22,184	337,938	369,727
Current liabilities	102,558	80,585	653,975	517,912	756,533	598,497
Long-term liabilities	1,570,509	1,523,488	55,254	40,211	1,625,763	1,563,699
Total liabilities	<u>1,673,067</u>	<u>1,604,073</u>	<u>709,229</u>	<u>558,123</u>	<u>2,382,296</u>	<u>2,162,196</u>
Deferred inflows of resources	68,509	71,507	1,793	3,307	70,302	74,814
Net position						
Net investment in capital assets	1,615,486	1,650,256	1,632,349	1,339,084	3,247,835	2,989,340
Restricted	645,683	504,378			645,683	504,378
Unrestricted	<u>1,873,768</u>	<u>1,999,010</u>	<u>652,018</u>	<u>396,585</u>	<u>2,525,786</u>	<u>2,395,595</u>
Total net position	<u>\$ 4,134,937</u>	<u>\$ 4,153,644</u>	<u>\$ 2,284,367</u>	<u>\$ 1,735,669</u>	<u>\$ 6,419,304</u>	<u>\$ 5,889,313</u>

A portion of the Town's net position reflects its investment in capital assets (e.g. land, land improvements, and infrastructure); 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. They are funds restricted for police education and the building department. 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 this increase represents the degree to which revenues have increased and expenses remained constant.

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,						
	Governmental activities		Business-type activities		Total	
	2020	2019	2020	2019	2020	2019
Revenues:						
Program revenues:						
Charges for services	\$ 219,791	\$ 215,934	\$ 1,085,264	\$ 1,037,235	\$ 1,305,055	\$ 1,253,169
Operating grants and contributions	15,256	15,507		31,126	15,256	46,633
Capital grants and contributions			314,571		314,571	
General revenues:						
Property taxes	2,070,402	1,863,210			2,070,402	1,863,210
Local option sales tax	141,305	149,279			141,305	149,279
Utility and franchise fees	604,287	617,525			604,287	617,525
Intergovernmental revenue	345,009	372,906			345,009	372,906
Unrestricted investment earnings	21,325	43,353	4,128	7,364	25,453	50,717
Miscellaneous	42,815	114,327			42,815	114,327
Total revenues	3,460,190	3,392,041	1,403,963	1,075,725	4,864,153	4,467,766
Expenses:						
Governmental activities:						
General government	999,122	954,816			999,122	954,816
Public safety	1,841,820	1,817,842			1,841,820	1,817,842
Physical environment	358,571	340,331			358,571	340,331
Culture and recreation	120,122	109,756			120,122	109,756
Interest on long-term debt	7,262	7,705			7,262	7,705
Business - type activities:						
Water and sewer utilities			1,007,265	929,876	1,007,265	929,876
Total expenses	3,326,897	3,230,450	1,007,265	929,876	4,334,162	4,160,326
Excess (deficiency) before capital contributions and transfers	133,293	161,591	396,698	145,849	529,991	307,440
Transfers	(152,000)		152,000			
Increase (decrease) in net position	(18,707)	161,591	548,698	145,849	529,991	307,440
Net position, beginning	4,153,644	3,992,053	1,735,669	1,589,820	5,889,313	5,581,873
Net position, ending	\$ 4,134,937	\$ 4,153,644	\$ 2,284,367	\$ 1,735,669	\$ 6,419,304	\$ 5,889,313

Governmental activities

As noted above and in the statement of activities, the cost of all governmental activities during the fiscal year ended September 30, 2020, was \$3,326,897. The majority of the costs of the Town's activities were paid by general revenues. General revenues comprised primarily of property taxes, revenue sharing, and franchise fees. General revenues increased during the current fiscal year primarily due to an increase in property taxes.

Business-type activities

Business-type activities reflect the operations of the water and sewer facilities within the Town. The costs of operations are covered primarily by charges to customers.

FINANCIAL ANALYSIS OF THE GOVERNMENTAL FUND ON THE FUND BASIS

As the Town of Mangonia Park completed the year, the general fund reported a fund balance of \$3,003,268, an increase of \$147,360 from the previous fiscal year.

The general fund ended the 2020 fiscal year with \$8,240 in nonspendable fund balance, \$645,683 in restricted fund balance, \$116,090 assigned to the fiscal year 2020 budget, and \$2,233,255 in unassigned fund balance.

FINANCIAL ANALYSIS OF THE PROPRIETARY FUND

Total net position of the water and sewer fund at the end of the fiscal year 2020 was \$2,284,367. The net position of the water and sewer fund has increased \$548,698 from the prior year. This increase is related to increased revenues.

GENERAL FUND 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 at the department level. Actual general fund expenditures were \$426,727 less than the final budget amounts. Revenues were \$114,948 less than the final budget amounts. The revenue variance was primarily due to grants being less than budgeted. The decreased expenditures were due to roads and streets expenditures being less than budgeted.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At September 30, 2020, the Town has a total of \$4,119,540 net of accumulated depreciation) invested in capital assets for its government and business-type activities. Additional information on the Town's capital assets can be found in Note 6 in the Notes to the Financial Statements.

Debt Outstanding

At September 30, 2020, the Town had \$796,228 of long term debt outstanding. The Town entered into a loan agreement with the Florida Department of Environmental Protection under the State Revolving Loan to fund stormwater improvements. Additional information on the Town's long-term debt can be found in Note 7 in the Notes to the Financial Statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The Town's 2021 fiscal year budget includes items that continue to accomplish the goals of the Town. These goals include enhancing the level of services, increasing the responsiveness of the local government to the needs of the public and enhancing the Town's recreational facilities. General fund revenue projections are comparable to the previous years.

- For 2021 there was a one percent increase to the base and usage water and sewer rates.
- The millage rate stayed consistent at 9.80 mills.

TOWN-WIDE GOALS AND OBJECTIVES

- The Town is expected to operate in its regular civic-service focused fashion, bringing its residents a variety of services. The Town is constantly expanding existing relationships and continues to look for new opportunities to provide even more services to the public. Additionally, several avenues have been researched for the aesthetic enhancement of the Town's local park, specifically via grant funding from Palm Beach County and the Community Development Block Grant. Future projects will include sewer projects for a portion of the Bryn-Mawr Subdivision; various after-school, summer reading athletic and senior citizen programs. The maintaining of the Park's infrastructure and the renovation of the old fire station, now a community center, has proven to be beneficial, as it brings an extra source of revenue for the Town.
- The Administration is continuing to seek grant funding from the State of Florida, Department of Environmental Protection for storm water drainage improvements.
- The Administration will confirm the collection of all appropriate developer agreement fees related to current and upcoming development within the Town. These fees will supplement the cost of having sufficient and adequate water and sewer capacity at the Town's utility plant.
- The Administration has applied for local, state and federal grants for planned major capital improvements. The proposed capital improvements will improve the Utility Plant's infrastructure; as a result, the Town will experience a significant decrease in expenses for repairs. The Town has been awarded local grants for the installation of sewer on Pioneer Road in the Pioneer Hill Subdivision, Boardman, Jeffery and Sherwood Avenue in the Bryn-Mawr Subdivision.
- The Town Council has approved a capital plan for the use of the Palm Beach County Surtax funding.
- The Town Council will approve an updated overall Five Year Capital Improvement Plan/Program.
- The Town Council will review and solicit citizen input on their 2025 Community Master Plan.

- The Town Council will receive input regarding a potential Parks Master Plan.
- The Town Council is amending the Town's Comprehensive Plan.

CONTACTING THE TOWN'S FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of the Town of Mangonia Park'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 Ken Metcalf, Town Manager Town of Mangonia Park 1755 East Tiffany Drive, Mangonia Park, Florida 33407.

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TOWN OF MANGONIA PARK, FLORIDA
Statement of Net Position
September 30, 2020

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 1,926,510	\$ 747,511	\$ 2,674,021
Investments	961,710	19,348	981,058
Accounts receivable, net	128,125	443,180	571,305
Internal balances	17,723	(17,723)	
Prepays	8,240	667	8,907
Restricted assets			
Cash and cash equivalents		70,924	70,924
Investments	108,209		108,209
Capital assets			
Non-depreciable	112,382	427,258	539,640
Depreciable (net)	2,299,332	1,280,568	3,579,900
Total assets	5,562,231	2,971,733	8,533,964
DEFERRED OUTFLOWS OF RESOURCES			
Pension related items	314,282	23,656	337,938
LIABILITIES			
Current liabilities			
Accounts payable	89,625	489,139	578,764
Construction payable		75,477	75,477
Accrued liabilities	7,618		7,618
Deposits	3,315	18,435	21,750
Unearned revenue	2,000		2,000
Deposits payable from restricted assets		70,924	70,924
Non-current liabilities			
Due within one year	65,552		65,552
Due in more than one year	1,504,957	55,254	1,560,211
Total liabilities	1,673,067	709,229	2,382,296
DEFERRED INFLOWS OF RESOURCES			
Unearned revenue	44,691		44,691
Pension related items	23,818	1,793	25,611
	68,509	1,793	70,302
NET POSITION			
Net investment in capital assets	1,615,486	1,632,349	3,247,835
Restricted for			
Police education	14,977		14,977
Debt service	29,284		29,284
Transportation capital improvements	55,983		55,983
Infrastructure	522,497		522,497
Recreation capital improvements	3,300		3,300
Building capital improvements	19,642		19,642
Unrestricted	1,873,768	652,018	2,525,786
Total net position	\$ 4,134,937	\$ 2,284,367	\$ 6,419,304

See notes to the financial statements

TOWN OF MANGONIA PARK, FLORIDA
Statement of Activities
For the Year Ended September 30, 2020

Function/Program Activities	Expenses	Program Revenues	
		Charges For Services	Operating Grants and Contributions
Governmental activities:			
General government	\$ 999,122	\$ 169,000	\$ 15,256
Public safety	1,841,820	35,401	
Physical environment	358,571		
Culture and recreation	120,122	15,390	
Interest and service charges on long-term debt	7,262		
Total governmental activities	<u>3,326,897</u>	<u>219,791</u>	<u>15,256</u>
Business-type activities:			
Enterprise-water and sewer utility	1,007,265	1,085,264	
Total business-type activities	<u>1,007,265</u>	<u>1,085,264</u>	
Total government	<u>\$ 4,334,162</u>	<u>\$ 1,305,055</u>	<u>\$ 15,256</u>

General revenues:
Property taxes
Local option sales tax
Utility and franchise fees
Intergovernmental not restricted to specific programs
Investment earnings - unrestricted
Miscellaneous
Transfers
Total general revenues

Change in net position

Net position, beginning of year
Net position, end of year

Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
\$	\$ (814,866)	\$	\$ (814,866)
	(1,806,419)		(1,806,419)
	(358,571)		(358,571)
	(104,732)		(104,732)
	(7,262)		(7,262)
	<u>(3,091,850)</u>		<u>(3,091,850)</u>
<u>314,571</u>		<u>392,570</u>	<u>392,570</u>
<u>314,571</u>		<u>392,570</u>	<u>392,570</u>
<u>\$ 314,571</u>	<u>(3,091,850)</u>	<u>392,570</u>	<u>(2,699,280)</u>
	2,070,402		2,070,402
	141,305		141,305
	604,287		604,287
	345,009		345,009
	21,325	4,128	25,453
	42,815		42,815
	(152,000)	152,000	
	<u>3,073,143</u>	<u>156,128</u>	<u>3,229,271</u>
	(18,707)	548,698	529,991
	<u>4,153,644</u>	<u>1,735,669</u>	<u>5,889,313</u>
<u>\$ 4,134,937</u>	<u>\$ 2,284,367</u>	<u>\$ 6,419,304</u>	

See notes to the financial statements

TOWN OF MANGONIA PARK, FLORIDA
Balance Sheet
Governmental Fund
September 30, 2020

	General
ASSETS	
Cash and cash equivalents	\$ 1,926,510
Investments	961,710
Investments - restricted	108,209
Accounts receivable, net	128,125
Prepays	8,240
Due from to other funds	17,723
Total assets	\$ 3,150,517
 LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE	
Liabilities	
Accounts payable	\$ 89,625
Accrued liabilities	7,618
Deposits	3,315
Unearned revenue	2,000
Total liabilities	102,558
 Deferred inflows of resources	
Deferred revenue	44,691
Total deferred inflows of resources	44,691
 Fund balance	
Nonspendable	
Prepaid	8,240
Restricted	
Police education	14,977
Debt service	29,284
Transportation capital improvements	55,983
Infrastructure	522,497
Recreation capital improvements	3,300
Building capital improvements	19,642
Assigned to	
Subsequent year's budget	116,090
Unassigned	2,233,255
Total fund balance	3,003,268
Total liabilities, deferred inflows of resources, and fund balance	\$ 3,150,517

See notes to the financial statements

TOWN OF MANGONIA PARK, FLORIDA
Reconciliation of the Balance Sheet - Governmental Fund
to the Statement of Net Position
Governmental Activities
September 30, 2020

Fund balances - total governmental funds \$ 3,003,268

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

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

Governmental capital assets	\$ 5,017,325	
Less accumulated depreciation	<u>(2,605,611)</u>	
		2,411,714

Deferred outflows and inflows of resources related to pensions are applicable
to future periods and, therefore, are not reported in the governmental funds:

Pension related deferred outflows	314,282	
Pension related deferred inflows	<u>(23,818)</u>	
		290,464

Long-term liabilities, including loans payable and compensated absences
are not due and payable in the current period and therefore
are not reported in the governmental funds. Long-term
liabilities at year end consist of:

Loan payable	(796,228)	
Net pension liability	(734,089)	
Claims and settlements	(9,799)	
Compensated absences	<u>(30,393)</u>	
		<u>(1,570,509)</u>

Net position of governmental activities \$ 4,134,937

See notes to the financial statements

TOWN OF MANGONIA PARK, FLORIDA
Statement of Revenues, Expenditures, and Changes in Fund Balance -
Governmental Fund
For the Year Ended September 30, 2020

	General
Revenues	
Taxes	\$ 2,211,707
Permits and fees	133,099
Utility and franchise fees	604,287
Intergovernmental	345,009
Grant revenue	27,702
Fines and forfeitures	35,401
Interest income	21,325
Miscellaneous	109,362
Total revenues	3,487,892
Expenditures	
Current	
General government	857,354
Public safety	1,866,852
Physical environment	275,414
Culture and recreation	89,853
Capital outlay	40,491
Debt service	
Principal	51,306
Interest	7,262
Total expenditures	3,188,532
Excess (deficiency) of revenues over (under) expenditures	299,360
Other financing sources (uses):	
Transfers in (out)	(152,000)
Total other financing sources (uses)	(152,000)
Net change in fund balances	147,360
Fund balance, beginning of year	2,855,908
Fund balance, end of year	\$ 3,003,268

See notes to the financial statements

TOWN OF MANGONIA PARK, FLORIDA
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund
Balance of the Governmental Fund to the Statement of Activities
For the Year Ended September 30, 2020

Net change in fund balances - total governmental funds \$ 147,360

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

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

Expenditures for capital assets	\$ 40,491	
Less: current year depreciation	<u>(126,567)</u>	(86,076)

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

Grant revenues not available in current year		
Grant revenues not available in prior year	<u>(27,702)</u>	(27,702)

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds.

Repayment of debt principal	51,306	
Payment of claims and settlements	<u>25,032</u>	76,338

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

Change in net pension liability and related deferred amount	(124,771)	
Change in long-term compensated absences	<u>(3,856)</u>	<u>(128,627)</u>

Change in net position		<u><u>\$ (18,707)</u></u>
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See notes to the financial statements

TOWN OF MANGONIA PARK, FLORIDA
Statement of Net Position
Proprietary Fund
September 30, 2020

	Water and Sewer Utility
Assets	
Current assets	
Cash and cash equivalents	\$ 747,511
Investments	19,348
Accounts receivable, net	443,180
Prepaid expense	667
Restricted assets	
Cash and cash equivalents	70,924
Total current assets	1,281,630
Non-current assets	
Capital assets	
Non depreciable	427,258
Depreciable (net)	1,280,568
Total non-current assets	1,707,826
Total assets	2,989,456
Deferred outflows of resources	
Pension related items	23,656
Liabilities	
Current liabilities	
Accounts payable	489,139
Construction payable	75,477
Due to other funds	17,723
Deposits	18,435
Payable from restricted assets	
Deposits	70,924
Total current liabilities	671,698
Non-current liabilities	
Net pension liability	55,254
Total liabilities	726,952
Deferred inflows of resources	
Pension related items	1,793
Net Position	
Net investment in capital assets	1,632,349
Unrestricted	652,018
Total net position	\$ 2,284,367

See notes to the financial statements

TOWN OF MANGONIA PARK, FLORIDA
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Fund
For the Year Ended September 30, 2020

	<u>Water and Sewer Utility</u>
Operating revenue	
Charges for services	\$ 1,066,398
Other miscellaneous	18,866
Total operating revenues	1,085,264
Operating expenses	
Personal services	148,449
Professional services	129,997
Operations	492,761
Utilities and communications	36,072
Repairs and maintenance	59,743
Depreciation and amortization	140,243
Total operating expenses	1,007,265
Operating income	77,999
Nonoperating revenues (expenses)	
Investment earnings	4,128
Total nonoperating revenues (expenses)	4,128
Income before capital contributions and transfers	82,127
Capital contributions	314,571
Transfers in (out)	152,000
Change in net position	548,698
Net position - beginning	1,735,669
Net position - ending	\$ 2,284,367

See notes to the financial statements

TOWN OF MANGONIA PARK, FLORIDA
Statement of Cash Flows
Proprietary Fund
For the Year Ended September 30, 2020

	Water and Sewer Utility
Cash flows from operating activities:	
Receipts from customers	\$ 1,057,822
FEMA Grant	31,126
Payments to suppliers for goods or services	(661,906)
Payments to employees for services	(136,392)
Net cash provided (used) by operating activities	290,650
Cash flows from non-capital financing activities:	
Payments from (to) other funds	31,481
Net cash provided (used) by non-capital financing activities	183,481
Cash flows from capital and related financing activities:	
Acquisition of capital assets	(433,508)
Contributed capital	(2,349)
Net cash provided (used) by capital and related financing activities	(435,857)
Cash flows from investing activities:	
Purchase of investments	(227)
Interest and dividends on investments	4,128
Net cash provided (used) by investing activities	3,901
Net increase (decrease) in cash and cash equivalents	42,175
Cash and cash equivalents at beginning of year	776,260
Cash and cash equivalents at end of year	\$ 818,435
Reconciliation of operating income (loss) to net cash provided by operating activities:	
Operating income	\$ 77,999
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:	
Depreciation and amortization	140,243
Change in net pension liability and related deferred amounts	13,039
Change in assets and liabilities	
(Increase) decrease in accounts receivable	(31,287)
(Increase) decrease in due from other governments	31,126
(Increase) decrease in prepaid	(74)
Increase (decrease) in accounts payable	56,741
Increase (decrease) in compensated absences	(982)
Increase (decrease) in deposits	3,845
Total adjustments	212,651
Net cash provided by operating activities	\$ 290,650
Cash and cash equivalents:	
Unrestricted	\$ 747,511
Restricted	70,924
Total	\$ 818,435

See notes to the financial statements

TOWN OF MANGONIA PARK, FLORIDA
Notes to the Financial Statements
September 30, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Town of Mangonia Park, Florida (the “Town”) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The Town’s significant accounting policies are described below.

Reporting Entity

The Town of Mangonia Park, Florida, was initially chartered in 1947. In 1971 the Charter was abolished and reestablished by Chapter 71-762 Laws of Florida. The Town is governed by an elected Mayor, Vice Mayor, and Town Council, which appoint a Town Manager. The Town provides the following services to its residents: public safety, sanitation, road and street facilities, parks, planning and zoning, general administrative services, and water and sewer utilities. The Town Council is responsible for legislative and fiscal control of the Town.

As required by generally accepted accounting principles, these financial statements include the Town (the primary government) and its component units. Component units are legally separate entities for which the Town is financially accountable. The Town is financially accountable if:

- a) the Town appoints a voting majority of the organization’s governing board and (1) the Town is able to impose its will on the organization or (2) there is a potential for the organization to provide specific financial benefits to or impose specific financial burdens on the Town, or
- b) the organization is fiscally dependent on the Town and (1) there is a potential for the organization to provide specific financial benefits to the Town or (2) impose specific financial burdens on the Town.

Organizations for which the Town is not financially accountable are also included when doing so is necessary in order to prevent the Town’s financial statements from being misleading.

Based upon application of the above criteria, the Town of Mangonia Park has determined that there are no legally separate entities to consider as potential component units.

TOWN OF MANGONIA PARK, FLORIDA
Notes to the Financial Statements
September 30, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Government-Wide and Fund Financial Statements

The basic financial statements include both government-wide and fund financial statements. The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the primary government. For the most part, the effect of inter-fund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental and enterprise funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses recorded when a liability is incurred, regardless of the timing of related cash flows. The Town does not accrue property tax revenues since the collection of these taxes coincides with the fiscal year in which levied, and since the Town consistently has no material uncollected property taxes at year end. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

As a general rule, the effect of inter-fund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the Town's water and sewer function and various other functions of the Town. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

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

TOWN OF MANGONIA PARK, FLORIDA
Notes to the Financial Statements
September 30, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Governmental Funds

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough afterwards to pay liabilities of the current period. The Town considers revenues collected within 60 days of the year end to be available to pay liabilities of the current period. Expenditures are generally recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures relating to compensated absences and claims and judgments are recorded only when payment is due.

Franchise taxes, licenses, interest revenue, and intergovernmental revenues, associated with the current fiscal period are all considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the Town.

The Town reports the following major governmental fund:

The General Fund is the general operating fund of the Town, and it is used to account for all financial resources except those required to be accounted for in another fund.

Proprietary Funds

Proprietary Funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges, or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Operating expenses report on the costs to maintain the proprietary systems, the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

The Town reports the following major proprietary fund:

The Water and Sewer Fund was established to account for the operations of the water and sewer utility services to Town residents.

TOWN OF MANGONIA PARK, FLORIDA
Notes to the Financial Statements
September 30, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property Taxes

Under Florida law, the assessment of all properties and the collection of all county, municipal, and school board property taxes are consolidated in the offices of the County Property Appraiser and County Tax Collector. The laws of the State regulating tax assessment are also designed to assure a consistent property valuation method statewide.

The tax levy of the Town is established by the Town Council prior to October 1 of each year, and the Palm Beach County Property Appraiser incorporates the Town's millages into the total tax levy, which includes Palm Beach County and Palm Beach County School Board tax requirements.

All property is reassessed according to its fair market value on January 1 of each year, which is also the lien date. Each assessment roll is submitted to the Executive Director of the State Department of Revenue for review to determine if the rolls meet all the appropriate requirements of state statutes.

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

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

Cash and Cash Equivalents

Cash and cash equivalents include amounts on deposit in demand accounts and money market accounts. For the purposes of the statement of cash flows, the Town considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

Investments

Investments are reported at fair value as required by generally accepted accounting principles. The fair value of an investment is the amount that the Town could reasonably expect to receive for it in a current sale between a willing buyer and a willing seller, other than in a forced or liquidation sale. The Town categorizes investments reported at fair value in accordance with the fair value hierarchy established by GASB Statement No. 72, Fair Value Measurement and Application.

TOWN OF MANGONIA PARK, FLORIDA
Notes to the Financial Statements
September 30, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Restricted Assets

Restricted assets in the General Fund consist of amounts restricted for debt service payments and impact fees restricted for transportation capital expenditures. Restricted assets in the enterprise fund consist of customer utility deposits.

Accounts Receivable

Accounts receivable of the General Fund and the Water and Sewer Fund consists of billed and unbilled receivables. An allowance for doubtful accounts has not been provided for accounts receivables because the Town feels all receivables are collectible.

Inventory

Inventories are valued at cost determined on a first-in, first-out basis. For governmental funds the Town accounts for inventories using the consumption method, under which expenditures are recognized only when inventory items are used.

Prepaid Items

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

Capital Assets

Capital assets, which include plant, property, equipment, and infrastructure assets (e.g. roads, bridges, and sidewalks) are reported in the applicable governmental or business-type activities columns in the governmental-wide financial statements. Capital assets are defined by the government as assets with an estimated life in excess of one year and an initial cost of more than \$1,000. Such assets are recorded at cost or the fair market value of the assets at the time of purchase or contribution. The Town is a Phase 3 government under GASB 34 and has elected not to report major general infrastructure assets retroactively. Depreciation has been provided over the useful lives using the straight line method.

The estimated useful lives are as follows:

Buildings	30 years
Equipment	3-10 years
Roadway improvements	30 years
Building and park improvements	5-10 years
Water and wastewater infrastructure	40 years

TOWN OF MANGONIA PARK, FLORIDA
Notes to the Financial Statements
September 30, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital Assets (Continued)

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.

Deferred Outflow of Resources

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

Deferred Inflow of Resources

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position or fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. Business tax receipts that are received by the Town prior to the period for which the taxes are levied are reported as deferred inflows on both the government-wide statement of net position and on the governmental funds balance sheet. Pension items in connection with the Town's participation in the Florida Retirement System are reported in the government-wide, business-type activities and water and sewer fund statements of net position. These deferred pension charges are amortized in a systematic and rational method as pension expense in future periods.

Unearned Revenue

The Town reports unearned revenue on its statements of net position and governmental funds balance sheet. Unearned revenue arises when resources are obtained prior to revenue recognition. In subsequent periods, when revenue recognition criteria are met the unearned revenue is removed and revenue is recognized.

TOWN OF MANGONIA PARK, FLORIDA
Notes to the Financial Statements
September 30, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Unavailable Revenue

The Town reports unavailable revenue on its governmental funds balance sheet for resource inflows that do not qualify for recognition as revenue in a governmental fund because they are not yet considered available.

Other Post Employment Benefits (OPEB)

The Town was required to implement Governmental Accounting Standards Board Statement 75 (GASB 75), *Accounting and Financial Reporting for Post-employment Benefits Other Than Pensions* for the fiscal year ending September 30, 2020. The Town has determined that it does not provide any benefits that qualify as other post-employment benefits under GASB 75.

Compensated Absences

Compensated absences are absences for which employees will be paid, such as vacation and sick leave. A liability for compensated absences that is attributable to services already rendered and that is not contingent on a specific event that is outside the control of the government and its employees is accrued as employees earn the rights to the benefits. Compensated absences that relate to future services or that are contingent on a specific event that is outside the control of the government and its employees are accounted for in the period in which such services are rendered or such events take place.

All vacation and sick leave is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

Long-Term Obligations

In the government-wide financial statements and the proprietary fund financial statements long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund statement of net position.

Interest Cost

Interest costs in governmental funds are charged to expenditures as incurred. Construction period interest incurred in governmental funds is not capitalized. Construction period interest incurred in proprietary funds is capitalized and included in the cost of the assets in accordance with generally accepted accounting principles.

TOWN OF MANGONIA PARK, FLORIDA
Notes to the Financial Statements
September 30, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Interfund Transactions

Transactions between funds consist of loans, services provided, reimbursements, or transfers. The current portion of interfund loans are reported in the fund financial statements as “due from other funds” and “due to other funds” while the non-current portion of interfund loans are reported as “advances to other funds” and “advances from other funds”. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances”. Services deemed to be reasonably equivalent in value, are treated as revenue and expenditures/expenses. Reimbursements occur when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost. All other interfund transactions are presented as transfers.

Fund Balance

In the fund financial statements, governmental funds report fund balance classifications that comprise a hierarchy based on the extent to which the Town is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Fund balance is reported under the following categories:

1. Nonspendable fund balance represents amounts that are not in spendable form or are legally or contractually required to be maintained intact. The Town’s nonspendable fund balance is for inventories and prepaid items.
2. Restricted fund balance – Includes amounts that are restricted to specific purposes when constraints placed on the use of resources are either (a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.
3. Committed fund balance – Includes amounts that can be used only for specific purposes pursuant to constraints imposed by an ordinance, the Town’s highest level of decision making authority. Those committed amounts cannot be used for any other purpose unless the Town removes or changes the specified use by taking the same type of action employed to previously commit those amounts.
4. Assigned fund balance – Includes amounts intended to be used by the Town for specific purposes, but are neither restricted nor committed. In accordance with the Town’s fund balance policy, intent shall be expressed by the Town Council.
5. Unassigned fund balance – Includes the residual classification for the general fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund. The general fund should be the only fund that reports a positive unassigned fund balance amount.

TOWN OF MANGONIA PARK, FLORIDA
Notes to the Financial Statements
September 30, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Balance (Continued)

When an expenditure is incurred for purposes for which both restricted and unrestricted (committed, assigned, or unassigned) amounts are available, it is the Town's policy to reduce restricted amounts first. When an expenditure is incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used, it is the Town's policy to reduce committed amounts first, followed by assigned amounts, then unassigned amounts.

Net Position

Equity in the government-wide statement of net position and the proprietary fund is classified as net position and displayed in the following three components:

1. Net investment in capital assets – Consists of capital assets including restricted capital assets, net of accumulated depreciation, and reduced by the outstanding balances of any bonds, notes or other borrowings that are attributable to the acquisition, construction or improvement of those assets.
2. Restricted net position – Consists of net position with constraints placed on the use either by: a) external groups, such as creditors, grantors, contributors, or laws or regulations of other governments, or b) law through constitutional provisions of enabling legislation.
3. Unrestricted net position – Consists of all other net position that do not meet the definition of "restricted" or "net investment in capital assets."

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.

TOWN OF MANGONIA PARK, FLORIDA
Notes to the Financial Statements
September 30, 2020

NOTE 2 – 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 fund. 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 Manager 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 public comments.
- c. Prior to October 1, the budget is legally adopted by the Town Council.
- d. Any changes at the department level of the budget must be approved by the Town Council.
- e. The budgets are adopted on a basis consistent with generally accepted accounting principles. Unused appropriation for annually budgeted funds lapse at the end of the year.

For the fiscal year ended September 30, 2020, the Fire Service and Building/Code Enforcement/Engineering Departments were over budget by \$8,948 and \$810 respectively.

NOTE 3 – DEPOSITS AND INVESTMENTS

Deposits

As of September 30, 2020, the carrying amount of the Town's deposits was \$2,744,945 and the bank balances totaled \$2,997,312. Town deposits include checking accounts and money market accounts.

In addition to insurance provided by the Federal Depository Insurance Corporation, deposits are held in banking institutions approved by the State Treasurer of the State of Florida to hold public funds. Under Florida Statutes Chapter 280, *Florida Security for Public Deposits Act*, the State Treasurer requires all Florida qualified public depositories to deposit with the Treasurer or another banking institution eligible collateral. In the event of failure of a qualified public depository, the remaining public depositories would be responsible for covering any resulting losses. The Town's deposits are considered insured for custodial credit risk purposes.

TOWN OF MANGONIA PARK, FLORIDA
Notes to the Financial Statements
September 30, 2020

NOTE 3 – DEPOSITS AND INVESTMENTS (Continued)

Investments

In 2016, the Town implemented GASB Statement No. 72, Fair Value Measurement and Application issued in February 2015. The Town categorizes its investments according to the fair value hierarchy established by this Statement. The hierarchy is based on valuation inputs used to measure the fair value of the asset as follows: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs to include quoted prices for similar assets in active and non-active markets; Level 3 inputs are significant unobservable inputs.

The State Board of Administration (SBA) administers the Florida PRIME investment pool, which is governed by Chapter 19-7 of the Florida Administrative Code and Chapters 218 and 215 of the Florida Statutes. These rules provide guidance and establish the policies and general operating procedures for the administration of the Florida PRIME.

The investment in Florida PRIME is reported at amortized cost in accordance with GASB Statement No. 79, Accounting and Financial Reporting for Certain Investments and for External Investment Pools (GASB 79) and is exempt from reporting under the fair value hierarchy of GASB 72. The investment in the Florida PRIME is not insured by FDIC or any other governmental agency. GASB 79 requires that if a participant has an investment in a qualifying external investment pool that measures for financial reporting purposes all of its investments at amortized cost, it should disclose the presence of any limitations or restrictions on withdrawals (such as redemption notice periods, maximum transaction amounts, and the qualifying external investment pool's authority to impose liquidity fees or redemption gates) in notes to the financial statements.

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.

TOWN OF MANGONIA PARK, FLORIDA
Notes to the Financial Statements
September 30, 2020

NOTE 3 – DEPOSITS AND INVESTMENTS (Continued)

Investments (Continued)

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.”

As of September 30, 2020, the Town had \$1,089,267 invested in Florida PRIME and the average maturity was 48 days.

Credit Risk

Credit risk is the risk that an issuer or other counter party to an investment will not fulfill their obligations. The Town’s investment policies limit its investments to high quality investments to control credit risk. At September 30, 2020, Florida PRIME was rated “AAA(m) by Standard.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Town does not have a formal investment policy that limits investment maturities as a means of managing exposure to fair value losses arising from increasing interest rates.

Authorized Investments

The Town has not adopted a written investment policy. Florida Statutes authorize units of local government electing not to adopt a written investment policy to invest in the following instruments:

- a. The Local Government Surplus Funds Trust Fund or any intergovernmental investment pool authorized pursuant to the Florida Interlocal Cooperation Act of 1969.
- 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.

Securities listed in paragraph c and d shall be invested to provide sufficient liquidity to pay obligations as they come due.

TOWN OF MANGONIA PARK, FLORIDA
Notes to the Financial Statements
September 30, 2020

NOTE 4 – ACCOUNTS RECEIVABLE

Receivables at September 30, 2020, for the Town’s major funds are as follows:

	<u>General Fund</u>	<u>Water and Sewer Fund</u>
Accounts – billed	\$	\$ 122,609
Special assessment		6,000
Due from other governments	41,280	
Utility and franchise fees	86,845	314,571
Subtotal	<u>128,125</u>	<u>443,180</u>
Less: allowance for uncollectibles		
Net receivable	<u>\$ 128,125</u>	<u>\$ 443,180</u>

NOTE 5 – INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

Due to/from other funds

The composition of interfund receivables and payables at September 30, 2020, was as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Water and Sewer	General	\$ 17,723

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.

TOWN OF MANGONIA PARK, FLORIDA
Notes to the Financial Statements
September 30, 2020

NOTE 6 – CAPITAL ASSETS

Capital asset activity governmental-type activities for the fiscal year ended September 30, 2020, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Governmental activities				
Capital assets not being depreciated				
Land	\$ 109,257	\$	\$	\$ 109,257
Construction in process	3,125			3,125
Total capital assets, not being depreciated	<u>112,382</u>			<u>112,382</u>
Capital assets, being depreciated				
Municipal complex	1,628,171	1,069		1,629,240
Roadway improvements	2,265,823			2,265,823
Park and community center	602,804	9,161		611,965
Equipment	<u>367,654</u>	<u>30,261</u>		<u>397,915</u>
Total capital assets, being depreciated	4,864,452	40,491		4,904,943
Less accumulated depreciation for:				
Municipal complex	(1,425,143)	(13,140)		(1,438,283)
Roadway improvements	(348,187)	(76,145)		(424,332)
Park and community center	(358,758)	(30,269)		(389,027)
Equipment	<u>(346,956)</u>	<u>(7,013)</u>		<u>(353,969)</u>
Total accumulated depreciation	<u>(2,479,044)</u>	<u>(126,567)</u>		<u>(2,605,611)</u>
Total capital assets, being depreciated, net	<u>2,385,408</u>	<u>(86,076)</u>		<u>2,299,332</u>
Governmental activities, capital assets, net	<u>\$ 2,497,790</u>	<u>\$ (86,076)</u>	<u>\$</u>	<u>\$ 2,411,714</u>

Depreciation was allocated as follows:

General government	\$ 13,141
Physical environment	83,157
Culture and recreation	<u>30,269</u>
	<u>\$ 126,567</u>

TOWN OF MANGONIA PARK, FLORIDA
Notes to the Financial Statements
September 30, 2020

NOTE 6 – CAPITAL ASSETS (Continued)

Capital asset activity business-type activities for the fiscal year ended September 30, 2020, was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Business-type activities				
Capital assets not being depreciated				
Land	\$ 32,938	\$	\$	\$ 32,938
Construction in process	27,233	367,087		394,320
Total capital assets, not being depreciated	<u>60,171</u>	<u>367,087</u>		<u>427,258</u>
Capital assets, being depreciated				
Buildings	27,249			27,249
Improvements other than buildings	703,935			703,935
Utility plant and improvements	2,169,327			2,169,327
Utility equipment	983,493	141,898		1,125,391
Total capital assets, being depreciated	<u>3,884,004</u>	<u>141,898</u>		<u>4,025,902</u>
Less accumulated depreciation for:				
Buildings	(27,249)			(27,249)
Improvements other than building	(113,066)	(45,356)		(158,422)
Utility plant and improvements	(1,863,731)	(25,941)		(1,889,672)
Utility equipment	(601,045)	(68,946)		(669,991)
Total accumulated depreciation	<u>(2,605,091)</u>	<u>(140,243)</u>		<u>(2,745,334)</u>
Total capital assets, being depreciated, net	<u>1,278,913</u>	<u>1,655</u>		<u>1,280,568</u>
Business-type activities, capital assets, net	<u>\$ 1,339,084</u>	<u>\$ 368,742</u>	<u>\$</u>	<u>\$ 1,707,826</u>

NOTE 7 – LONG-TERM LIABILITIES

Loan Agreement SW 501410

The Town was approved for a construction loan of \$1,144,000, with an interest rate of .87%, by the Florida Department of Environmental Protection under the State Revolving Fund Loan Program. The amount outstanding as of September 30, 2020, was \$796,228. According to the loan agreement as amended, 40 semi-annual payments of principal and interest commence on September 15, 2015. The amended amount payable is \$29,284 semi-annually. The loan will be paid from the General Fund and gross revenues less operating and maintenance expenses of the Utility Fund are Pledged Revenues for the loan.

The loan agreement requires that Pledged Revenues be 1.15 times the loan payments due. For the year ended September 30, 2020, Pledged Revenues were \$218,242 and were \$150,889 more than the required coverage of \$67,353.

TOWN OF MANGONIA PARK, FLORIDA
Notes to the Financial Statements
September 30, 2020

NOTE 7 – LONG-TERM LIABILITIES (Continued)

Claims and Settlements - As of September 30, 2012, there was a governmental liability of \$58,051 due to the City of West Palm Beach for the Consumer Price Index adjustment over the prior five years on the comprehensive fire services contract. The settlement is due in five equal annual installments of \$11,610 beginning October 1, 2012. As of September 30, 2020, balance outstanding was \$9,799.

Changes in long-term liability activity for the fiscal year ended September 30, 2020, were as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities					
Loan Payable	\$ 847,534	\$	\$ (51,306)	\$ 796,228	\$ 51,753
Claims and Settlements	34,831		(25,032)	9,799	9,799
Net Pension Liability (1)	614,586	119,503		734,089	
Compensated absences	26,537	3,856		30,393	4,000
Total	<u>\$ 1,523,488</u>	<u>\$ 123,359</u>	<u>\$ (76,338)</u>	<u>\$ 1,570,509</u>	<u>\$ 65,552</u>
Business-type Activities					
Net Pension Liability (1)	\$ 39,229	\$ 16,025	\$	\$ 55,254	\$
Compensated absences	982		(982)		
Total	<u>\$ 40,211</u>	<u>\$ 16,025</u>	<u>\$ (982)</u>	<u>\$ 55,254</u>	<u>\$</u>

(1) See Note 8.

Debt service requirements to amortize the loan payable are as follows:

Year Ended September 30	Principal	Interest	Total
2021	\$ 51,753	\$ 6,815	\$ 58,568
2022	52,205	6,363	58,568
2023	52,660	5,908	58,568
2024	53,119	5,449	58,568
2025	53,582	4,986	58,568
2026-2030	274,998	17,842	292,840
2031-2035	257,911	5,642	263,553
	<u>\$ 796,228</u>	<u>\$ 53,005</u>	<u>\$ 849,233</u>

TOWN OF MANGONIA PARK, FLORIDA
Notes to the Financial Statements
September 30, 2020

NOTE 8 – FLORIDA RETIREMENT SYSTEM

Effective October 1, 2015, the Town terminated the defined contribution plan and all active employees became enrolled in the Florida Retirement System.

General Information

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

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

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

TOWN OF MANGONIA PARK, FLORIDA
Notes to the Financial Statements
September 30, 2020

NOTE 8 – FLORIDA RETIREMENT SYSTEM (Continued)

Significant Accounting Policies

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

Pension Plan

Plan Description

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

- Regular Class
- Special Risk Class
- Senior Management Service Class

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

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

TOWN OF MANGONIA PARK, FLORIDA
Notes to the Financial Statements
September 30, 2020

NOTE 8 – FLORIDA RETIREMENT SYSTEM (Continued)

Pension Plan (Continued)

Benefits Provided

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

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

Regular Class members initially enrolled before July 1, 2011	
Retirement up to age 62 or up to 30 years of service	1.60%
Retirement at age 63 or with 31 years of service	1.63%
Retirement at age 64 or with 32 years of service	1.65%
Retirement at age 65 or with 33 or more years of service	1.68%
Regular Class members initially enrolled on or after July 1, 2011	
Retirement up to age 65 or up to 33 years of service	1.60%
Retirement at age 66 or with 34 years of service	1.63%
Retirement at age 67 or with 35 years of service	1.65%
Retirement at age 68 or with 36 or more years of service	1.68%
Special Risk Class	
Service from December 1, 1970 through September 30, 1974	2.00%
Service on or after October 1, 1974	3.00%
Senior Management Service Class	2.00%
Senior Management Service Class	2.00%

TOWN OF MANGONIA PARK, FLORIDA
Notes to the Financial Statements
September 30, 2020

NOTE 8 – FLORIDA RETIREMENT SYSTEM (Continued)

Pension Plan (Continued)

Benefits Provided (Continued)

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

Contributions

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

The employer contribution rates by job class for the fiscal year ended September 30, 2020 were as follows:

Class	10/01/19 through 06/30/20	07/01/20 through 09/30/20
Regular Class	8.47%	10.00%
Senior Management Service Class	25.41%	27.29%
Special Risk Class	25.48%	24.45%
DROP	14.60%	16.98%

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

For the fiscal year ended September 30, 2020, the Town made contributions of \$42,835 to the Pension Plan and the Town's employees made contributions of \$10,791, for total contributions of \$53,626.

TOWN OF MANGONIA PARK, FLORIDA
Notes to the Financial Statements
September 30, 2020

NOTE 8 – FLORIDA RETIREMENT SYSTEM (Continued)

Pension Plan (Continued)

Pension Liabilities and Pension Expense

At September 30, 2020, the Town reported a liability of \$606,603 for its proportionate share of the Pension Plan’s net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2020. The Town’s proportionate share of the net pension liability was based on the Town’s 2019-20 plan year contributions relative to the 2019-20 plan year contributions of all participating members. At June 30, 2020, the Town's proportionate share was 0.00139959 percent, which was a decrease of 0.00000157880 percent from its proportionate share measured as of June 30, 2019.

For the fiscal year ended September 30, 2020, the Town recognized pension expense of \$159,341 related to the Plan.

Deferred Outflows and Inflows of Resources Related to Pensions

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

Description	Outflows of Resources	Inflows of Resources
Difference between expected and actual experience	\$ 23,216	\$
Change of assumptions	109,814	
Net difference between projected and actual earnings on Pension Plan investments	36,118	
Change in proportion and differences between Town Pension Plan contributions and proportionate share of contributions	67,071	9,173
Pension Plan contributions subsequent to the measurement date	13,438	
Total	<u>\$ 249,657</u>	<u>\$ 9,173</u>

The deferred outflows of resources related to the Pension Plan, totaling \$13,438 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 subsequent fiscal year.

TOWN OF MANGONIA PARK, FLORIDA
Notes to the Financial Statements
September 30, 2020

NOTE 8 – FLORIDA RETIREMENT SYSTEM (Continued)

Pension Plan (Continued)

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

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the Pension Plan will be recognized in pension expense as follows:

Fiscal Year Ending September 30	Amount
2021	\$ 66,805
2022	77,144
2023	51,959
2024	25,738
2025	5,400
Thereafter	<u>\$ 227,046</u>

Actuarial Assumptions

The total pension liability in the June 30, 2020 actuarial valuation was determined using the following actuarial assumptions:

Valuation date	July 1, 2020
Measurement date	June 30, 2020
Inflation	2.40 %
Salary increases	3.25%, average, including inflation
Investment rate of return	6.80%, net of pension plan investment expense, including inflation
Mortality	PUB2010 base table varies by member category and sex, projected generationally with Scale MP-2018
Actuarial cost method	Individual Entry Age

For the July 1, 2020 valuation date, the inflation rate changed from 2.6% to 2.4% and the investment rate of return changed from 6.90% to 6.80%.

The actuarial assumptions used in the July 1, 2020, valuation were based on the results of an actuarial experience study for the period July 1, 2013 through June 30, 2018.

TOWN OF MANGONIA PARK, FLORIDA
Notes to the Financial Statements
September 30, 2020

NOTE 8 – FLORIDA RETIREMENT SYSTEM (Continued)

Pension Plan (Continued)

Actuarial Assumptions (Continued)

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

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

<u>Asset Class</u>	(1) Target Allocation	Annual Arithmetic Return	Compound Annual (Geometric) Return	Standard Deviation
Cash	1.0%	2.2%	2.2%	1.2%
Fixed Income	19.0%	3.0%	2.9%	3.5%
Global Equity	54.2%	8.0%	6.7%	17.1%
Real Estate (Property)	10.3%	6.4%	5.8%	11.7%
Private Equity	11.1%	10.8%	8.1%	25.7%
Strategic Investments	4.4%	5.5%	5.3%	6.9%
Total	<u>100.0%</u>			
Assumed Inflation - Mean			2.40%	1.70%

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

Discount Rate

The discount rate used to measure the total pension liability was 6.80%. The Pension Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculation the total pension liability is equal to the long-term expected rate of return.

TOWN OF MANGONIA PARK, FLORIDA
Notes to the Financial Statements
September 30, 2020

NOTE 8 – FLORIDA RETIREMENT SYSTEM (Continued)

Pension Plan (Continued)

Sensitivity of the Town’s Proportionate Share of the Net Position Liability to Changes in the Discount Rate

The following represents the Town’s proportionate share of the net pension liability calculated using the discount rate of 6.80%, as well as what the Town’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (5.80%) or one percentage point higher (7.80%) than the current rate:

	1% Decrease (5.80%)	Current Discount Rate (6.80%)	1% Increase (7.80%)
Proportionate share of the net pension liability	\$ 968,643	\$ 606,603	\$ 304,226

Pension Plan Fiduciary Net Position

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

Payables to the Pension Plan

At September 30, 2020, the Town had \$5,602 payable for outstanding contributions to the Pension Plan for the fiscal year ended September 30, 2020.

TOWN OF MANGONIA PARK, FLORIDA
Notes to the Financial Statements
September 30, 2020

NOTE 8 – FLORIDA RETIREMENT SYSTEM (Continued)

Retiree Health Insurance Subsidy (HIS) Program

Plan Description

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

Benefits Provided

For the fiscal year ended September 30, 2020, eligible retirees and beneficiaries received a monthly HIS payment of \$5 for each year of creditable service completed at the time of retirement, with a minimum HIS payment of \$30 and a maximum HIS payment of \$150 per month. To be eligible to receive these benefits, a retiree under a State-administered retirement system must provide proof of health insurance coverage, which may include Medicare.

Contributions

The HIS Plan is funded by required contributions from FRS participating employers as set by the Florida Legislature. Employer contributions are a percentage of gross compensation for all active FRS members. For the fiscal year ended September 30, 2020, the HIS contribution was 1.66%. The Town contributed 100% of its statutorily required contributions for the current and preceding three years. HIS Plan contributions are deposited in a separate trust fund from which payments are authorized. HIS Plan benefits are not guaranteed and are subject to annual legislative appropriation. In the event legislative appropriation or available funds fail to provide full subsidy benefits to all participants, benefits may be reduced or cancelled.

The Town's contributions to the HIS Plan totaled \$8,437 for the fiscal year ended September 30, 2020.

Pension Liabilities and Pension Expense

At September 30, 2020, the Town reported a liability of \$182,740 for its proportionate share of the HIS Plan's net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2020.

TOWN OF MANGONIA PARK, FLORIDA
Notes to the Financial Statements
September 30, 2020

NOTE 8 – FLORIDA RETIREMENT SYSTEM (Continued)

Retiree Health Insurance Subsidy (HIS) Program (Continued)

Pension Liabilities and Pension Expense (Continued)

The Town’s proportionate share of the net pension liability was based on the Town’s 2019-20 plan year contributions relative to the 2019-20 plan year contributions of all participating members. At June 30, 2020, the Town's proportionate share was 0.001496658 percent, which was a decrease of 0.000032456 percent from its proportionate share measured as of June 30, 2020.

For the fiscal year ended September 30, 2020, the Town recognized pension expense of \$35,031.

Deferred Outflows and Inflows of Resources Related to Pensions

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

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Change of assumptions	\$ 7,475	\$ 141
Difference between expected and actual experience	19,650	10,626
Net difference between projected and actual earnings on HIS Plan investments	146	
Change in proportion and differences between Town HIS Plan contributions and proportionate share of contributions	59,000	5,671
HIS Plan contributions subsequent to the measurement date	2,010	
Total	<u>\$ 88,281</u>	<u>\$ 16,438</u>

The deferred outflows of resources related to the HIS Plan, totaling \$2,010 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 subsequent fiscal year.

TOWN OF MANGONIA PARK, FLORIDA
Notes to the Financial Statements
September 30, 2020

NOTE 8 – FLORIDA RETIREMENT SYSTEM (Continued)

Retiree Health Insurance Subsidy (HIS) Program (Continued)

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

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the HIS Plan will be recognized in pension expense as follows:

<u>Fiscal Year Ending September 30:</u>	<u>Amount</u>
2021	\$ 24,560
2022	23,380
2023	13,813
2024	4,142
2025	2,071
Thereafter	1,867
	<u>\$ 69,833</u>

Actuarial Assumptions

The total pension liability in the July 1, 2020, actuarial valuation was determined using the following actuarial assumptions:

Valuation date	July 1, 2020
Measurement date	June 30, 2020
Inflation	2.40 %
Salary increases	3.25%, average, including inflation
Municipal bond rate	2.21%
Long-term expected rate of return	N/A
Mortality	Generational PUB-2010 with Projection Scale MP-2018
Actuarial cost method	Individual Entry Age

For the July 1, 2020 valuation date, the inflation rate changed from 2.6% to 2.4% and the municipal bond rate changed from 3.50% to 2.21%.

The actuarial assumptions used in the July 1, 2020, valuation were based on the results of an actuarial experience study for the period July 1, 2013 through June 30, 2018.

TOWN OF MANGONIA PARK, FLORIDA
Notes to the Financial Statements
September 30, 2020

NOTE 8 – FLORIDA RETIREMENT SYSTEM (Continued)

Retiree Health Insurance Subsidy (HIS) Program (Continued)

Discount Rate

The discount rate used to measure the total pension liability was 2.21%. In general, the discount rate for calculating the total pension liability is equal to the single rate equivalent to discounting at the long-term expected rate of return for benefit payments prior to the projected depletion date. Because the HIS benefit is essentially funded on a pay-as-you-go basis, the depletion date is considered to be immediate, and the single equivalent discount rate is equal to the municipal bond rate selected by the HIS Plan sponsor. The Bond Buyer General Obligation 20-Bond Municipal Bond Index was adopted as the applicable municipal bond index.

Sensitivity of the Town’s Proportionate Share of the Net Position Liability to Changes in the Discount Rate

The following represents the Town’s proportionate share of the net pension liability calculated using the discount rate of 2.21%, as well as what the Town’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (1.21%) or one percentage point higher (3.21%) than the current rate:

	1% Decrease (1.21%)	Discount Rate (2.21%)	1% Increase 3.21%)
Proportionate share of the net pension liability	\$ 211,239	\$ 182,740	\$ 159,413

Pension Plan Fiduciary Net Position

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

Payables to the Pension Plan

At September 30, 2020, the Town had \$664 payable for outstanding contributions to the HIS Plan for the fiscal year ended September 30, 2020.

TOWN OF MANGONIA PARK, FLORIDA
Notes to the Financial Statements
September 30, 2020

NOTE 8 – FLORIDA RETIREMENT SYSTEM (Continued)

Summary Data

The following table provides a summary of significant information related to the Florida Retirement System defined benefit plans for the year ended September 30, 2020.

Description	Pension Plan	HIS Plan	Total
Proportionate share of total pension liability	\$ 2,867,896	\$ 188,402	\$ 3,056,298
Proportionate share of plan fiduciary net position	2,261,293	5,662	2,266,955
Proportionate share of net pension liability	606,603	182,740	789,343
Proportionate share of deferred outflows of resources	249,657	88,281	337,938
Proportionate share of deferred inflows of resources	9,173	16,438	25,611
Pension expense	159,341	35,031	194,372

Investment Plan

Plan Description

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

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

TOWN OF MANGONIA PARK, FLORIDA
Notes to the Financial Statements
September 30, 2020

NOTE 8 – FLORIDA RETIREMENT SYSTEM (Continued)

Investment Plan (Continued)

Funding Policy

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

Participating employers are required to make contributions based upon statewide contributions rates. The contribution rates by job class for the Town’s employees for the fiscal year ended September 30, 2020, are as follows:

Class	10/01/19 through 06/30/20	07/01/20 through 09/30/20
Regular Class	8.47%	10.00%
Senior Management Service Class	25.41%	27.29%
Special Risk Class	25.48%	24.45%
DROP	14.60%	16.98%

For all membership classes, employees are immediately vested in their own contributions and are vested after one year of service for employer contributions and investment earnings. If an accumulated benefit obligation for service credit originally earned under the Pension Plan is transferred to the Investment Plan, the member must have the years of service required for Pension Plan vesting (including the service credit represented by the transferred funds) to be vested for these funds and the earnings on the funds. Nonvested employer contributions are placed in a suspense account for up to five years. If the employee returns to FRS-covered employment within the five-year period, the employee will regain control over their account. If the employee does not return within the five-year period, the employee will forfeit the accumulated account balance. For the fiscal year ended September 30, 2020, the information for the amount of forfeitures was unavailable from the SBA; however, management believes that these amounts, if any, would be immaterial to the Town.

TOWN OF MANGONIA PARK, FLORIDA
Notes to the Financial Statements
September 30, 2020

NOTE 8 – FLORIDA RETIREMENT SYSTEM (Continued)

Investment Plan (Continued)

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

The Town's Investment Plan pension expense totaled \$10,330 for the fiscal year ended September 30, 2020, and as of the fiscal year end, the Town reported a payable in the amount of \$927 for outstanding contributions to the Investment Plan.

NOTE 9 – COMMITMENTS AND CONTINGENCIES

Contingency

The Town is involved in various litigations and claims arising in the course of operations. It is the opinion of legal counsel that the likelihood of unfavorable outcome and the amounts of potential losses cannot be reasonably determined at this time. Accordingly, no provision for any liability that may result has been made in the accompanying financial statements.

Interlocal Agreements

City of West Palm Beach

On October 1, 2012, the Town renewed their Interlocal Service Agreement with the City of West Palm Beach (the City) for comprehensive fire services within the municipal boundaries of the Town. Under the agreement, the City will provide full fire protection and incidental emergency medical services for a term of five years, expiring September 30, 2017. Town is currently paying under the terms of this agreement. The fee is payable in monthly installments and is subject to annual adjustments based on the Consumer Price Index not to exceed five percent in any year. The Town paid \$306,536 for these services for the fiscal year ended September 30, 2020. Effective October 1, 2020, the Town entered into an interim agreement with the City for the fiscal years ending September 30, 2021 and 2022. The agreement will expire at the earlier of September 30, 2022, or the approval of a long-term agreement. The annual fee under the new agreement is \$317,444 with a 3% increase for fiscal year 2022.

TOWN OF MANGONIA PARK, FLORIDA
Notes to the Financial Statements
September 30, 2020

NOTE 9 – COMMITMENTS AND CONTINGENCIES (Continued)

Palm Beach County Sheriff's Office

The Town renewed their agreement with the Palm Beach County Sheriff's Office (PBSO) to provide law enforcement services. The fee is payable in monthly installments and is subject to annual renewals. The Town paid \$1,448,825 to the PBSO for law enforcement services during the fiscal year ended September 30, 2020. The contract has been extended through September 30, 2022 for \$1,448,825.

City of Riviera Beach

The Town has an agreement with the City of Riviera Beach for sewer service and to provide water if there is a problem with the Town wells. In October 2017 the sewer charge increased to a billed rate of \$5.82 per 1,000 gallons. When the Town inquired about the increase in the rate the City informed them that a rate study was in process to set the rate. The rate study was accepted by the City of Riviera Beach in February of 2018 with a rate of \$5.11 per 1,000 gallons. The Town's interpretation of the meeting was the new rate would start immediately whereas the City is contending it would start when the contract is renewed. On May 14, 2021, the Town and the City settled with the Town paying \$50,000 as full payment for all disputed amounts. Effective on the date of the settlement, the rate shall be \$6.09 per \$1,000 gallons for 24 months while they negotiate a new agreement. The Town recorded the settlement amount as an expense of \$25,000 for the fiscal year 2019, \$15,000 for fiscal year 2020 and \$10,000 for fiscal year 2021.

Palm Beach County

The Town entered into a lease agreement with Palm Beach County for certain property which shall be used for the operation of the Palm Beach County Sheriff's substation. The lease is for a term not to exceed 20 years but provides for earlier termination. Rent for the use and occupancy of the premises shall be an annual gross rental of \$1.00.

NOTE 10 – 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 for which the Town carries commercial insurance. The Town has not significantly reduced insurance coverage from the prior year, and there were no settled claims which exceeded insurance coverage during the past three fiscal years.

Florida Statutes limit the Town's maximum loss for most liability claims to \$200,000 per person and \$300,000 per occurrence under the Doctrine of Sovereign Immunity. However, under certain circumstances, a plaintiff can seek to recover damages in excess of statutory limits by introducing a claims bill to the Florida Legislature. The limits addressed in Florida Statutes do not apply to claims filed in Federal courts.

TOWN OF MANGONIA PARK, FLORIDA
Notes to the Financial Statements
September 30, 2020

NOTE 11 – RECENT ACCOUNTING PRONOUNCEMENTS

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

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

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

TOWN OF MANGONIA PARK, FLORIDA
Required Supplementary Information
Schedule of Revenues, Expenditures and Changes in Fund Balance-Budget and Actual
General Fund
For the Year Ended September 30, 2020

	General Fund			Variance With Final Budget Positive (Negative)
	Original Adopted Budget	Final Revised Budget	Actual	
Revenues:				
Taxes	\$ 2,219,709	\$ 2,219,709	\$ 2,211,707	\$ (8,002)
Licenses and permits	124,500	124,500	133,099	8,599
Franchise fees	586,815	586,815	604,287	17,472
Intergovernmental	376,766	376,766	345,009	(31,757)
Fines and forfeitures	16,250	16,250	35,401	19,151
Grants	164,000	164,000	27,702	(136,298)
Interest income	23,000	23,000	21,325	(1,675)
Miscellaneous	91,800	91,800	109,362	17,562
Total revenues	<u>3,602,840</u>	<u>3,602,840</u>	<u>3,487,892</u>	<u>(114,948)</u>
Expenditures:				
Current:				
General government				
Legislative	81,285	81,285	74,810	6,475
Administration	818,072	818,072	811,984	6,088
Total general government	<u>899,357</u>	<u>899,357</u>	<u>886,794</u>	<u>12,563</u>
Public safety				
Law enforcement	1,453,050	1,453,050	1,451,724	1,326
Fire service	322,620	322,620	331,568	(8,948)
Building/code enforcement/engineering	82,750	82,750	83,560	(810)
Total public safety	<u>1,858,420</u>	<u>1,858,420</u>	<u>1,866,852</u>	<u>(8,432)</u>
Physical environment				
Public works	278,579	278,579	233,564	45,015
Solid waste	6,000	6,000	5,283	717
Road/streets	298,578	298,578	97,025	201,553
Total physical environment	<u>583,157</u>	<u>583,157</u>	<u>335,872</u>	<u>247,285</u>
Culture and recreation				
Parks	274,325	274,325	99,014	175,311
Total expenditures	<u>3,615,259</u>	<u>3,615,259</u>	<u>3,188,532</u>	<u>426,727</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(12,419)</u>	<u>(12,419)</u>	<u>299,360</u>	<u>311,779</u>
Other financing sources:				
Operating transfer out			(152,000)	(152,000)
Appropriation of prior year's fund balances	12,419	12,419		(12,419)
Total other financing sources	<u>12,419</u>	<u>12,419</u>	<u>(152,000)</u>	<u>(164,419)</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures	<u>\$</u>	<u>\$</u>	147,360	<u>\$ 147,360</u>
Fund balance, beginning of year			2,855,908	
Fund balance, end of year			<u>\$ 3,003,268</u>	

TOWN OF MANGONIA PARK, FLORIDA
Notes to the Budgetary
Required Supplementary Information (RSI)
General Fund
September 30, 2020

Note 1 - Budgets and Budgetary Accounting

As required by GASB Statement No. 34, a budgetary comparison schedule is presented for the General Fund. The procedures for establishing budgetary data reflected in the budgetary comparison schedule are described in Note 2 to the financial statements. Budgets are adopted on a basis consistent with generally accepted accounting principles. Formal budgetary integration is employed within the accounting system as a management control device. Appropriations are legally controlled at the department level and expenditures may not legally exceed budgeted appropriations at that level.

Note 2 - Excess of expenditures over appropriations

For the year ended September 30, 2020, the following department had expenditures in excess of appropriations:

Fire service	\$	8,948
Building/code enforcement/engineering		810

TOWN OF MANGONIA PARK, FLORIDA
Required Supplemental Information
Schedule of Employer Contributions
Florida Retirement System - Pension Plan

Last Ten Fiscal Years

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Contractually required FRS contribution	\$ 23,822	\$ 37,140	\$ 38,399	\$ 39,500	\$ 42,835
FRS contributions in relation to the contractually required contribution	<u>(23,822)</u>	<u>(37,140)</u>	<u>(38,399)</u>	<u>(39,500)</u>	<u>(42,835)</u>
FRS contribution deficiency (excess)	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>
Town's covered payroll	\$ 263,451	\$ 401,660	\$ 393,132	\$ 370,564	\$ 364,199
FRS contributions as a percentage of covered payroll	9.04%	9.25%	9.77%	10.66%	11.76%

This schedule is intended to present data for 10 years. The Town enrolled in the Plan in 2016. Additional years will be presented as they become available.

TOWN OF MANGONIA PARK, FLORIDA
Required Supplemental Information
Schedule of Proportinate Share of Net Pension Liability
Florida Retirement System - Pension Plan

Last Ten Fiscal Years

	2016	2017	2018	2019	2020
Proportion of the FRS net pension liability	0.0006885%	0.0014443%	0.0014647%	0.0014017%	0.0013996%
Proportionate share of the FRS net pension liability	\$ 173,853	\$ 427,220	\$ 441,179	\$ 482,722	\$ 606,603
Town's covered payroll	\$ 161,404	\$ 390,340	\$ 404,825	\$ 378,147	\$ 370,691
Town's proportionate share of the FRS net pension liability as a percentage of covered payroll	107.71%	109.45%	108.98%	127.65%	163.64%
FRS Plan fiduciary net position as a percentage of the total pension liability	84.88%	83.89%	83.89%	82.61%	78.85%

Changes in Assumptions

The discount rate changed as follows

2015	7.65%
2016	7.60%
2017	7.10%
2018	7.00%
2019	6.90%
2020	6.80%

This schedule is intended to present data for 10 years. The Town enrolled in the Plan in 2016. Additional years will be presented as they become available. The amounts presented for each fiscal year were determined as of the June 30 measurement date. The Plan's fiduciary net position as a percentage of the total pension liability is published in the Plan's Comprehensive Annual Financial Report.

TOWN OF MANGONIA PARK, FLORIDA
Required Supplemental Information
Schedule of Employer Contributions
Florida Retirement System
Retiree Health Insurance Subsidy Program

Last Ten Fiscal Years

Retiree Health Insurance Subsidy Program	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Contractually required HIS contribution	\$ 5,631	\$ 8,305	\$ 8,185	\$ 9,666	\$ 8,437
HIS contributions in relation to the contractually required contribution	<u>(5,631)</u>	<u>(8,305)</u>	<u>(8,185)</u>	<u>(9,666)</u>	<u>(8,437)</u>
HIS contribution deficiency (excess)	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>
Town's covered payroll	\$ 339,196	\$ 500,290	\$ 493,055	\$ 582,289	\$ 508,246
HIS contributions as a percentage of covered payroll	1.66%	1.66%	1.66%	1.66%	1.66%

Changes in Assumptions

The discount rate changed as follows

2015	3.80%
2016	2.85%
2017	3.58%
2018	3.87%
2019	3.50%
2020	2.21%

This schedule is intended to present data for 10 years. The Town enrolled in the Plan in 2016. Additional years will be presented as they become available.

TOWN OF MANGONIA PARK, FLORIDA
Required Supplemental Information
Schedule of Proportinate Share of Net Pension Liability
Florida Retirement System
Retiree Health Insurance Subsidy Program

Last Ten Fiscal Years

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Proportion of the HIS net pension liability	0.0006809%	0.0015145%	0.0015650%	0.0015291%	0.0014967%
Proportionate share of the HIS net pension liability	\$ 79,360	\$ 161,936	\$ 165,638	\$ 171,093	\$ 182,740
Town's covered payroll	\$ 210,211	\$ 487,951	\$ 505,929	\$ 511,401	\$ 519,446
Town's proportionate share of the HIS net pension liability as a percentage of it covered payroll	37.75%	33.19%	32.74%	33.46%	35.18%
HIS Plan fiduciary net position as a percentage of the total pension liability	0.97%	1.64%	1.64%	2.63%	3.01%

This schedule is intended to present data for 10 years. The Town enrolled in the Plan in 2016. Additional years will be presented as they become available. The amounts presented for each fiscal year were determined as of the June 30 measurement date. The Plan's fiduciary net position as a percentage of the total pension liability is published in the Plan's Comprehensive Annual Financial Report.



NOWLEN, HOLT & MINER, P.A.

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

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FAX (561) 996-6248

The Honorable Mayor and
Members of the Town Council
Town of Mangonia Park, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, and each major fund of the Town of Mangonia Park, Florida, as of and for the year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise the Town of Mangonia Park, Florida's basic financial statements and have issued our report thereon dated March 31, 2022. Our opinions on the financial statements of the governmental activities, the business-type activities, and each major fund of the Town of Mangonia Park, Florida were qualified because the Town's bank reconciliations for the general operating account have unreconciled differences and do not appropriately reconcile the bank account to the general ledger.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town of Mangonia Park, Florida's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town of Mangonia Park, Florida's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town of Mangonia Park, Florida's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We consider the deficiency in internal control described below to be a material weakness.

Finding: 2017-1 Policies and Procedures Manual

Condition: We noted that the Town does not have a Policies and Procedures Manual and the Purchasing Ordinance has not been updated recently. In addition, the Towns Accountant/Bookkeeper left prior to September 30, 2020, resulting in procedures not being performed.

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

Effect: In the current fiscal year we noted the following:

- The Town’s bank reconciliations for the general operating account have unreconciled differences and do not appropriately reconcile the bank account to the general ledger.
- Revenues were not timely reconciled or recorded for ACH transactions.
- Interfund receivables and payables were not being reconciled.
- Supporting documentation such as purchase orders or purchase requests could not be located for some disbursements.
- Year end reconciliations and adjusting/closing entries were not timely made.
- Subsequent to September 30, 2020 Federal Payroll Tax Returns 941 were not being filed and customer accounts receivable and revenues were not being recorded in the Utility Fund.

Recommendation: We recommend that management work on a Policies and Procedures Manual and make sure employees are appropriately trained and supervised in the procedures.

Management Response: Compliance with all Federal, State, County and local laws and ordinances along with following sound municipal accounting practices is a priority for Town Management. Management will be seeking “management counterpart” input and searching for best “industry standards” to meet this obvious need. Moving forward, it should be noted that the Town has placed an emphasis on better delegation and separation of duties. Management hired a bookkeeper in November 2021 who is still going through training in effective practices for local government finance and is also learning the software. Previous virtual bookkeeper did not work out due to technical difficulties and time constraints. The town has put together a draft of policies and procedures which should be adopted within 90-120 days after it has had a thorough legal review. Management will provide all necessary training for the new bookkeeper.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of Mangonia Park, Florida's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and is described below.

Finding 2018-01 Annual Financial Report

Condition: We noted that the audit report and the Annual Financial Report filed with the Florida Department of Financial Services for the fiscal year ended September 30, 2020 was not filed timely.

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

Management Response: Management will work to provide timely preparation and review for the audited financial statements.

Town of Mangonia Park, Florida's Response to Findings

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

Purpose of this Report

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

West Palm Beach, Florida
March 31, 2022

Nowlen, Holt & Mimer, P.A.



NOWLEN, HOLT & MINER, P.A.

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

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The Honorable Mayor and
Members of the Town Council
Town of Mangonia Park, Florida

Report on the Financial Statements

We have audited the financial statements of the Town of Mangonia Park, Florida, as of and for the year ended September 30, 2020, and have issued our report thereon dated March 31, 2022. Our opinions on the financial statements of the governmental activities, the business-type activities, and each major fund of the Town of Mangonia Park, Florida were qualified because the Town's bank reconciliations for the general operating account have unreconciled differences and do not appropriately reconcile the bank account to the general ledger.

Auditor's Responsibility

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

Other Reporting Requirements

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*; and Independent Accountant's Report on an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports, which are dated March 31, 2022, should be considered in conjunction with this management letter.

Prior Audit Findings

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

Corrective actions have been taken to address findings and recommendations made in the preceding financial audit report except as noted below.

Findings 2017-01, 2018-01, and 2019-01 are prior year comments that continue to apply. Findings 2017-01 and 2018-01 were included in the audit report for the prior two years

Official Title and Legal Authority

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

Financial Condition and Management

Sections 10.554(1)(i)5.a. and 10.556(7), Rules of the Auditor General, require us to apply appropriate procedures and communicate the results of our determination as to whether or not the Town of Mangonia Park, Florida has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and to identify the specific condition(s) met. In connection with our audit, we determined that the Town of Mangonia Park, Florida did not meet any of the conditions described in Section 218.503(1), Florida Statutes, during the fiscal year ended September 30, 2020.

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

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

Special District Component Units

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

Based on the application of criteria in publications cited in Section 10.553, Rules of the Auditor General, there are no special district component units of the Town of Mangonia Park, Florida.

Additional Matters

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

Finding 2019-1: Expenditures in Excess of Appropriations

Condition: As reported in Note 2 to the Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual on page 53 for the year ended September 30, 2020 there was a department with expenditures in excess of budgeted amounts contrary to Section 166.241(2), Florida Statutes.

Criteria: Florida Statutes prohibit expenditures in excess of appropriations.

Effect: Noncompliance with budgetary requirements.

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

Management Response: The Town submits to the Town Council a monthly review of the bills and vouchers for approval through the Agenda process; additionally, the Town did indeed implement procedures for budget review. The Town will enforce the process of seeking budget amendments when necessary to reflect budgetary compliance.

Single Audits

The Town expended less than \$750,000 of federal awards and less than \$750,000 of state financial assistance for the fiscal year ended September 30, 2020, and was not required to have a federal or state single audit.

Town of Mangonia Park, Florida's Response to Findings

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

Purpose of this Letter

Our Management Letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, Federal and other granting agencies, the Honorable Mayor and Members of the Town Council, and applicable management, and is not intended to be and should not be used by anyone other than these specified parties.

Nowlen, Holt & Mimer, P.A.

West Palm Beach, Florida
March 31, 2022



NOWLEN, HOLT & MINER, P.A.

CERTIFIED PUBLIC ACCOUNTANTS

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WEI PAN, CPA
WILLIAM C. KISKER, CPA
RICHARD E. BOTTS, CPA

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

BELLE GLADE OFFICE
333 S.E. 2nd STREET
POST OFFICE BOX 338
BELLE GLADE, FLORIDA 33430-0338
TELEPHONE (561) 996-5612
FAX (561) 996-6248

The Honorable Mayor and Members of the Town Council
Town of Mangonia Park, Florida

We have examined the Town of Mangonia Park, Florida’s compliance with Section 218.415, Florida Statutes during the year ended September 30, 2020. Management of the Town of Mangonia Park, Florida is responsible for the Town of Mangonia Park, Florida’s compliance with the specified requirements. Our responsibility is to express an opinion on the Town of Mangonia Park, Florida’s compliance with the specified requirements based on our examination.

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

Our examination does not provide a legal determination on the Town of Mangonia Park, Florida’s compliance with the specified requirements.

In our opinion, the Town of Mangonia Park, Florida complied, in all material respects, with Section 218.415, Florida Statutes for the year ended September 30, 2020.

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

Nowlen, Holt & Miner, P.A.

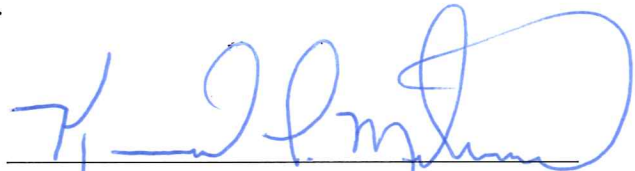
West Palm Beach, Florida
March 31, 2022

IMPACT FEE AFFIDAVIT

BEFORE ME, the undersigned authority, personally appeared Kenneth L. Metcalf who being duly sworn, deposes and says on oath that:

- 1. I am the Chief Financial Officer of Town of Mangonia Park, Florida which is a local governmental entity of the State of Florida;
- 2. The governing body of the Town of Mangonia Park, Florida adopted Ordinance No. 09-04 implementing an impact fee; and
- 3. The Town of Mangonia Park, Florida has complied and, as of the date of this Affidavit, remains in compliance with Section 163.31801, Florida Statutes.

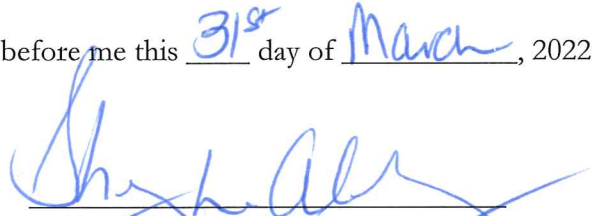
FURTHER AFFIANT SAYETH NAUGHT.



 Chief Financial Officer of the Town

STATE OF FLORIDA
COUNTY OF (Name of County)

SWORN TO AND SUBSCRIBED before me this 31st day of March, 2022



 NOTARY PUBLIC
 Print Name Sherry L Albury

Personally known or produced identification _____

Type of identification produced: _____

My Commission Expires:

