



# Loxahatchee River Environmental Control District

– Jupiter, Florida –



**Comprehensive Annual Financial Report**  
*For the Fiscal Years Ended September 30, 2020 & 2019*

**LOXAHATCHEE RIVER  
ENVIRONMENTAL CONTROL DISTRICT  
JUPITER, FLORIDA**

**COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**Fiscal Years Ended  
September 30, 2020 and 2019**

**Prepared by:  
Finance Department**

**Kara Fraraccio, CPA  
Director of Finance and Administration**

**LOXAHATCHEE RIVER  
ENVIRONMENTAL CONTROL DISTRICT  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
For the Fiscal Years Ended September 30, 2020 and 2019**

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## **INTRODUCTORY SECTION**

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# LOXAHATCHEE RIVER DISTRICT

## *Celebrating 50 Years, 1971-2021*

**D. Albrey Arrington, Ph.D.**  
EXECUTIVE DIRECTOR

January 13, 2021

**Stephen B. Rockoff**  
CHAIRMAN

Chairman and Members of  
the District Governing Board  
Loxahatchee River Environmental Control District  
Jupiter, Florida

**Gordon M. Boggie**  
BOARD MEMBER

Florida Statutes require that government entities publish, within nine months of the close of each fiscal year, a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards accepted in the United States and government auditing standards by a firm of licensed certified public accountants. Pursuant to that requirement, we are pleased to submit this Comprehensive Annual Financial Report (CAFR) of the Loxahatchee River Environmental Control District (the District) for the fiscal years ended September 30, 2020 and 2019. District staff remains committed to reaching and maintaining the highest possible standards in financial reporting now and in the future.

**Dr. Matt H. Rostock**  
BOARD MEMBER

**Harvey M. Silverman**  
BOARD MEMBER

This report was prepared by the District's Finance Department. Responsibility for data accuracy and completeness and fairness of the presentation, including all disclosures, rests with the District's management. We believe the data, as presented, are accurate in all material respects, that they are presented in a manner designed to fairly set forth the financial position and results of operations of the District, and that all disclosures necessary to enable readers to gain maximum understanding of the District's financial activity have been included.

**James D. Snyder**  
BOARD MEMBER

Nowlen, Holt & Miner, P.A., independent auditors, have issued an unmodified opinion on the Loxahatchee River Environmental Control District's financial statements for the fiscal years ended September 30, 2020 and 2019. The independent auditor's report is presented as the first component of the financial section of this report.

Following the independent auditor's report, you will find the Management Discussion and Analysis (MD&A) where senior District staff provide a narrative introduction, overview, and analysis of the basic financial statements. The MD&A complements this letter and should be read in conjunction with it.

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Jupiter, Florida 33458**

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[loxahatcheeriver.org](http://loxahatcheeriver.org)

**Water Reclamation - Environmental Education - River Restoration**

## DISTRICT PROFILE

The Loxahatchee River Environmental Control District was created by Chapter 71-822, Special Acts of Florida, 1971, as amended, and codified pursuant to Chapter 2002-358, Laws of Florida, as a separate local agency of government to provide for the management of sewage, storm drainage, and water supply in an area of approximately 73 square miles in portions of northern Palm Beach and southern Martin Counties generally defined as the Loxahatchee River Basin. An elected five-member board governs the District.

The District is dedicated to protecting public health and preserving the Loxahatchee River watershed and its natural habitats through innovative wastewater solutions, research, and environmental stewardship.

The District's wastewater treatment facility provides the following services to approximately 31,100 residential customers and 1,600 commercial customers.

### *Wastewater collection, treatment and disposal*

The District's wastewater system is made up of more than 1,575,660 feet or 295 miles of gravity sewer pipes, over 1,735 single family residential sewage pumping units, 228 regional or neighborhood sewage pumping stations, and 554,046 feet of major force mains. This network carries wastewater from homes and businesses to our regional wastewater treatment facility, which is located at 2500 Jupiter Park Drive, Jupiter, FL. The original treatment plant became operational in 1978. In 2007, a major upgrade to our wastewater treatment facility increased its capacity from 9 to 11 million gallons per day. Excess treated wastewater, i.e., during wet periods, is disposed of using our deep injection well, which effectively removes the water from our local hydrologic cycle. Excess microbial biomass generated in our wastewater treatment facility, also known as biosolids, is dewatered onsite and hauled in tractor trailers to the Biosolids Processing Facility (adjacent to the SWA landfill) where methane gas from the landfill is used to process the microbial biomass into energy and nutrient dense pellets and recycled as fertilizer.

### *Irrigation Quality Water*

During normal and dry periods, 100% of the wastewater we treat is recycled to meet landscape irrigation needs. Our treated wastewater goes by many names: treated effluent, reclaimed water, reuse water, and, our favorite, Irrigation Quality (IQ) Water. In 1986 the District began recycling our treated wastewater to meet local landscape irrigation needs as a proactive effort to offset impacts to the National Wild and Scenic Loxahatchee River being caused by saltwater intrusion. Today, our Irrigation Quality Water meets the irrigation needs at 13 local golf courses and throughout Abacoa. The District disperses IQ Water to these customers through more than 183,800 feet or 35 miles of force mains (pipes) that measure up to 24-inches in diameter.

### *Water Quality*

The District's Wildpine Laboratory is a state-certified laboratory that provides scientific staff, equipment, and professional analysis of daily wastewater treatment facility operations, as well as an extensive environmental monitoring program. Scientists conduct routine monitoring of water quality throughout the watershed on a monthly basis. Scientists also assess seagrass and oyster health within the Loxahatchee River because these species provide critical habitat to countless species and are a reliable indicator of ecosystem health.

## *Environmental Education*

The District's River Center features live aquatic tanks, interactive exhibits, and a touch tank, all of which allow the public, especially children, to explore, experience, and connect with the diverse habitats and creatures found within the Loxahatchee River watershed. The River Center provides a fun educational opportunity for school children, adults, visitors, and long-time residents to learn about Florida's first National Wild and Scenic River and the efforts to preserve and protect it. The River Center offers a variety of programs such as Seine & Snorkel, Fishing Clinics, Youth Camps, Monthly Lecture Series, Kayak Trips, and Boating Safety Classes.

## **FINANCIAL DATA**

The District's financial accounting system is based on the full accrual basis of accounting. All District activities are accounted for within a single proprietary (enterprise) fund.

In developing and evaluating the District's accounting system, consideration is given to the adequacy of internal accounting controls which are designed to provide reasonable, but not absolute, assurance regarding: (1) the safeguarding of assets against loss from unauthorized use or disposition; and (2) the reliability of financial records for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance recognizes that the cost of an internal control system should not exceed the benefits likely to be derived, and that the evaluation of cost and benefits requires estimates and judgements by management. We are confident the District's internal accounting controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions.

The District maintains a system of budgetary controls. The objective of these controls is to ensure compliance with legal provisions embodied in the annual, appropriated budget approved by the Board. The budget process begins in March with the rate study. The operating budget incorporates the goals and objectives identified during the rate study and the strategic plan. The Board begins reviewing proposed budget figures in June and approves final budget appropriations in September; any subsequent revisions that increase the total appropriations must be approved by the Board.

The District follows its adopted investment policy when handling public funds. The investment policy is in compliance with Florida Statutes, Section 218.415 and the intent of this policy is to 1) ensure the preservation of principal, 2) maintain sufficient cash flow to enable the District to meet its obligations, and 3) maximize the return on assets for acceptably low exposure to risk.

The District currently has no outstanding debt. The intent of the Governing Board is that the cost of providing goods or services to the general public is financed primarily through user charges. Operational and maintenance costs, including minor equipment purchases, are funded from customer fees and charges. The acquisition and construction of capital assets are funded by assessment charges, grants, contributions from customers and developers, and customer revenues.

## **ECONOMIC OUTLOOK**

Systematic, effective treatment and disposal of wastewater (sewage) is critical to the maintenance of public health and environmental health. Wastewater treatment is a public necessity; thus, revenues derived from wastewater treatment typically remain stable regardless of transient economic conditions. During the fiscal year 2020, the District had an

increase in residential equivalent connections (ECs) of 445. The District expects a continued increase in equivalent connections until build out has been reached, which is anticipated to be in the fiscal year 2024. Once the District has reached build out, the District anticipates redevelopment and rate increases will sustain our future revenue needs.

The District performs an annual rate study where rates are compared to planned spending over the course of a five-year period. During the fiscal year 2020, the District implemented a 1% rate increase for wastewater treatment services. IQ Water rates are adjusted annually by the June Construction Cost Index.

The District remains financially sound through conservative budgeting and continuously monitoring costs compared to the budget. District staff makes a concerted effort to be frugal with expenditures, which helps keep annual rate increases minimal. Nonetheless, the District understands the critical importance of renewal and replacement of existing assets, and each year we systematically assess our assets and invest in rehabilitation and/or renewal of degraded assets (e.g., gravity sewer pipe lining projects, rehabilitation of sewage pumping stations, cleaning and rehabilitation of aeration basins).

## **MAJOR INITIATIVES**

The Strategic Plan sets the priorities and the direction of the District. In 2018, the Governing Board and senior management utilized a comprehensive strategic planning process to identify and prioritize key strategic objectives and improvement initiatives. The four strategies are Stakeholder Focus, Operational Excellence, Employee Learning and Growth, and Financial Stewardship. An update of the accomplishments and advancements of each strategic initiative is summarized below.

### **Stakeholder Focus**

The Stakeholder Focus initiative is to improve Customer and Stakeholder satisfaction.

During the fiscal year, the District moved our retirement plan to a new recordkeeper with strong technology support and a lower cost structure for our employees.

In response to the COVID-19 pandemic, the District established temporary accommodations for customers that may be experiencing hardships by forbearing all delinquency fees, charges, interest and all lien procedures and fees and revised the District's Delinquent Account Payment Policy to reduce the minimum monthly payments to \$1. The District also implemented the Families First Coronavirus Response Act to provide employees with additional sick leave and expanded family and medical leave for specified reasons related to COVID-19.

### **Operational Excellence**

The Operational Excellence initiative is to increase system reliability, optimize use of technology, improve analytical use of data, improve internal policies and procedures, improve workplace safety, and improve environmental stewardship.



Major initiatives for this strategy during fiscal year 2020 included:

- The District has made significant improvement to the systematic documentation and review of our Rules and Policies. An intranet library of our Enabling Act, Rules, Board-approved policies and standard operating procedures has been created and is available to all District staff. Notable policies developed during the year include: Families First Coronavirus Response Act, Contractor Safety Management Policy, Maintenance Policy, Moving Expense Policy, Retirement Plan Investment Policy, Environmental Education Policy, Near Miss Policy.
- The District is conducting Wastewater Surveillance to monitor trends of infection rates of SARS-CoV-2, the virus that causes COVID-19, within our sewer system area. These SARS-CoV-2 virus fragments are shed from individuals infected with the virus, including both symptomatic and asymptomatic infections. Because individuals shed huge amounts of SARS-CoV-2 early in their infection, even before symptoms, wastewater surveillance of SARS-CoV-2 virus fragments is a proven early indicator of COVID-19 infection rates in a community.
- The District continues to fund capital improvement projects to maintain and improve District facilities. The most notable FY 2020 capital projects are as follows:
  - Completion of Jupiter Farms Elementary Force Main. This project was completed to replace the existing package wastewater treatment facility located at Jupiter Farms Elementary and connect to the District's regional wastewater treatment facility.
  - Completion of the Master Lift Station Rehabilitation. The Master Lift Station is a critical piece of the District infrastructure. Pieces of the station were originally installed in the mid-1980's and although they were maintained and operational, they had exceeded their life expectancy. This project replaced old pumps, fittings, and valves; recoating of the interior of the lift station building; upgrading the electrical and instrumentation and control system; and added a new emergency generator. The completed project provides for more flexibility and reliability to the operation of this facility.
  - Completion of neighborhood sewerage of Whispering Trails. This project provided for sewerage in the Whispering Trails neighborhood. The project converted an additional 181 homes from septic systems to part of the sewer system.

### **Employee Learning and Growth**

The Employee Learning and Growth initiative is to maintain employee morale and satisfaction, improve employee capabilities, and enhance internal communication.

Initiatives carried out during the fiscal year included providing six sigma yellow belt continuous improvement training to all District staff. This training is intended to help staff improve the analytical use of data and develop in-house capacity to use quality tools for process improvement.

## Financial Stewardship

The Financial Stewardship initiative is to ensure prudent financial stewardship to achieve the expected level of return to stakeholders.

- The District had an unmodified or 'clean' audit report for the fiscal year 2020.
- The District's operating expenses came in \$1,650,004 (11%) below the anticipated budget.
- The District has continued to operate at full capacity without the need to issue any debt.

Finally, the Strategic Plan provides a strategic direction to the District and staff for the focus of our resources and efforts over the coming years. These accomplishments over the past year are primarily the result of the efforts of the District's dedicated professional staff, who routinely and consistently deliver superior service to our customers in an efficient and respectful manner.

## **AWARDS AND ACKNOWLEDGEMENTS**

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Loxahatchee River Environmental Control District for its comprehensive annual financial report for the fiscal year ended September 30, 2019. This was the second year the District has achieved this prestigious award. Requirements to receive a Certificate of Achievement include the government publishing an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

The preparation of this comprehensive annual financial report was made possible by the dedicated service of the entire staff of the District. Each participant has our sincere appreciation for the contributions made in support of this report.

We would like to thank the Governing Board and customers of the Loxahatchee River Environmental Control District for their interest and support in enabling the District to achieve its goal of providing quality service in a cost effective and responsible manner.

Respectfully submitted,



D. Albrey Arrington, Ph.D.  
Executive Director



Kara Fraraccio, CPA  
Director of Finance and  
Administration



Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

**Loxahatchee River Environmental Control District  
Florida**

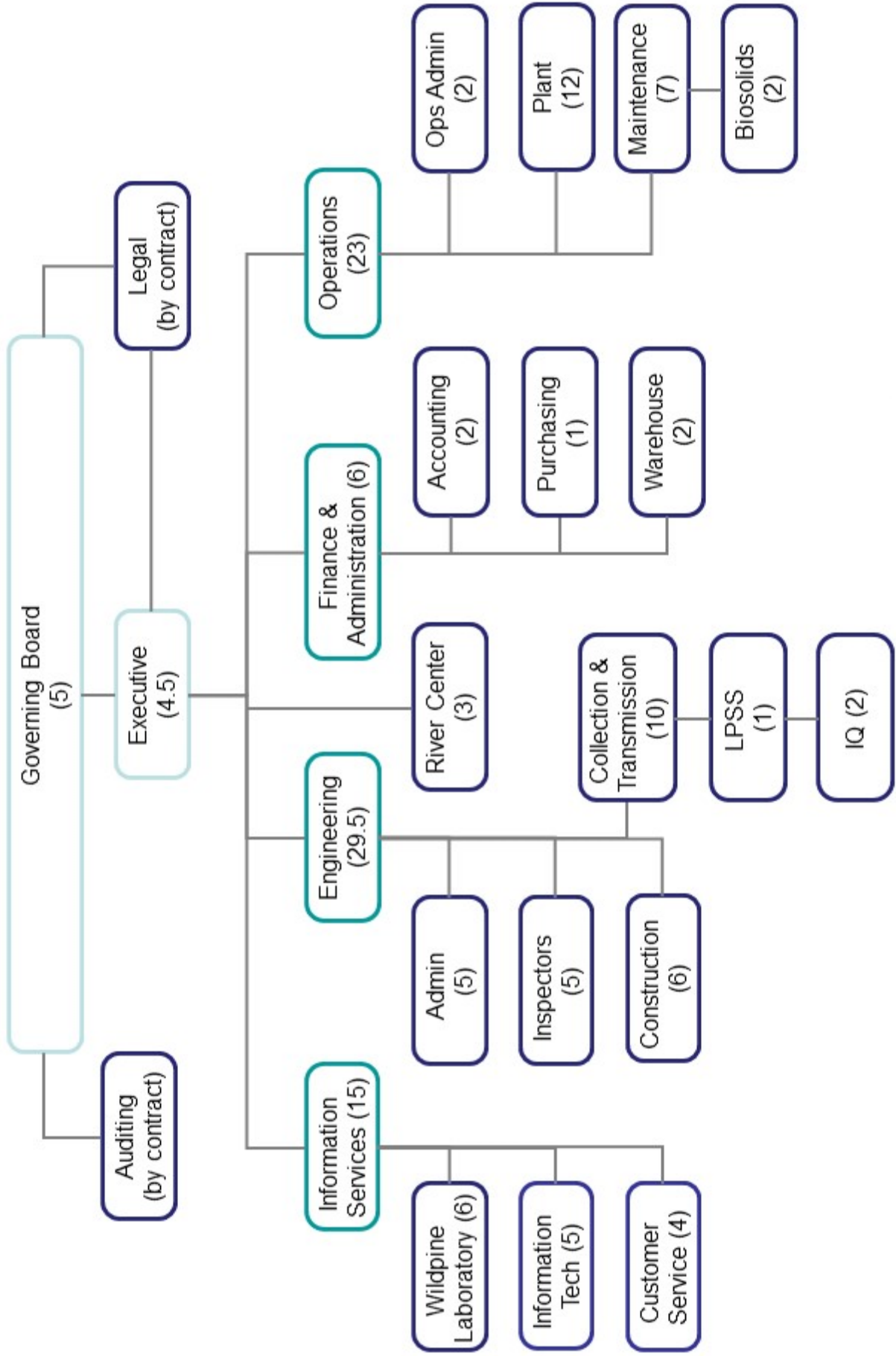
For its Comprehensive Annual  
Financial Report  
For the Fiscal Year Ended

September 30, 2019

*Christopher P. Morill*

Executive Director/CEO

# LRD Organizational Chart



**LOXAHATCHEE RIVER ENVIRONMENTAL CONTROL DISTRICT**  
**LIST OF PRINCIPAL OFFICIALS**  
**September 30, 2020**

**Governing Board Members**

Stephen B. Rockoff	Chairman
Gordon Boggie	Vice-Chairman
Harvey Silverman	Treasurer
James D. Snyder	Secretary
Dr. Matt H. Rostock	Assistant Secretary/Treasurer

**District Staff**

D. Albrey Arrington, Ph.D.	Executive Director
Kris Dean, PE	Deputy Executive Director/ Director of Engineering
Kara D. Fraraccio, CPA	Director of Finance and Administration
Kenneth Howard	Director of Information Services
Jason A. Pugsley, PE	Plant Manager

**Consultants**

Curtis Shenkman, P.A.	Legal Counsel
Nowlen, Holt & Miner, P.A.	Independent Auditors

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## **FINANCIAL SECTION**

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# NOWLEN, HOLT & MINER, P.A.

CERTIFIED PUBLIC ACCOUNTANTS

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EVERETT B. NOWLEN (1930-1984), CPA  
EDWARD T. HOLT, CPA  
WILLIAM B. MINER, RETIRED  
ROBERT W. HENDRIX, JR., CPA  
JANET R. BARICEVICH, RETIRED, CPA  
TERRY L. MORTON, JR., CPA  
N. RONALD BENNETT, CVA, ABV, CFF, CPA  
ALEXIA G. VARGA, CFE, CPA  
EDWARD T. HOLT, JR., PFS, CPA  
BRIAN J. BRESCIA, CFP®, CPA

MARK J. BYMASTER, CFE, CPA  
RYAN M. SHORE, CFP®, CPA  
WEI PAN, CPA  
WILLIAM C. KISKER, CPA  
RICHARD E. BOTTS, CPA

## INDEPENDENT AUDITOR'S REPORT

To the Governing Board  
Loxahatchee River Environmental Control District  
Jupiter, Florida

BELLE GLADE OFFICE  
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BELLE GLADE, FLORIDA 33430-0338  
TELEPHONE (561) 996-5612  
FAX (561) 996-6248

### Report on the Financial Statements

We have audited the accompanying financial statements of the Loxahatchee River Environmental Control District, as of and for the years ended September 30, 2020 and 2019, and the related notes to the financial statements, which collectively comprise the Loxahatchee River Environmental Control District'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 an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### ***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Loxahatchee River Environmental Control District, as of September 30, 2020 and 2019, and the respective changes in financial position and cash flows thereof for the years 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 4 through 10 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### *Other Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Loxahatchee River Environmental Control District's basic financial statements. The introductory section and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.



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

In accordance with *Government Auditing Standards*, we have also issued our report dated January 13, 2021, on our consideration of the Loxahatchee River Environmental Control District'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 Loxahatchee River Environmental Control District'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 Loxahatchee River Environmental Control District's internal control over financial reporting and compliance.

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

West Palm Beach, Florida  
January 13, 2021

## MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the Loxahatchee River Environmental Control District (the District), we offer the readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended September 30, 2020. We encourage readers to consider the information presented in this discussion and analysis in conjunction with the basic financial statements, which begin on page 11.

### FINANCIAL HIGHLIGHTS

- ❖ The District's net position increased by \$6,606,232 or 3.86%.
- ❖ Total revenues (operating and non-operating) for the year ended September 30, 2020, were \$20,952,002. This represents a decrease of \$130,796, or 0.62%, when compared with the prior year. While charges for services increased by approximately 1.10%, interest revenue decreased \$411,569 or 29.80% causing the overall total revenues to decrease.
- ❖ Contributed assets totaled \$589,578 and consisted of two sanitary sewer systems constructed and turned over to the District by individual developers.
- ❖ Total operating expenses, including depreciation and amortization, were \$21,306,875. Excluding depreciation and amortization, this represents an increase of \$9,450, or 0.07% when compared with the prior year.
- ❖ Operating expenses (excluding depreciation and amortization) were \$14,044,017, or 11.75% less than the budget adopted by the Governing Board. Equipment repairs, chemicals and personal services were less than projected and unused contingency contributed to the favorable variance.
- ❖ The components of net position as of September 30, 2020, were as follows:
  - Net investment in capital assets \$125,138,836
  - Unrestricted \$52,423,337

### OVERVIEW OF THE BASIC FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The basic financial statements are comprised of two components: 1) proprietary fund financial statements and 2) notes to the financial statements.

#### ***Required Financial Statements***

The financial statements of the District report information about the District using accounting methods similar to those used by private sector companies. These statements offer short and long-term financial information about its activities. The Statement of Net Position includes all of the District's assets and liabilities. This statement provides information about the nature and amounts of investments in resources (assets) and the obligations to District creditors (liabilities). It also provides the basis for computing rate of return, evaluating the capital structure of the District and assessing the liquidity and financial flexibility of the District. All of the current year's revenues and expenses are accounted for in the Statement of Revenues, Expenses, and Changes in Net Position. This statement measures the success of the District's operations over the past year and can be used to determine whether the District has successfully recovered all its costs through its user fees and other charges, as well as being fiscally accountable and creditworthy. The final required financial statement is the Statement of Cash Flows. The primary purpose of this statement is to provide information about the District's cash receipts and cash payments during the reporting period. This statement reports cash receipts, cash payments, and net changes in cash resulting from operating, non-capital and capital financing, and investing activities and provides answers to such questions as where did cash come from, what was cash used for, and what was the change in the cash balance during the reporting period.

## Notes to the Financial Statements

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

### FINANCIAL ANALYSIS OF THE DISTRICT

Net position may serve over time as a useful indicator of a government's financial position. The Statement of Net Position and the Statement of Revenues, Expenses and Changes in Net Position report information about the District's activities in a way that will help determine the District's financial position at September 30, 2020. The District's net position, the difference between assets and liabilities, is one way to measure the financial health or financial position of the District. Over time, increases and decreases in the District's net position indicate whether the District's financial health is improving or deteriorating. However, other factors such as changes in economic conditions, population growth, and new or changed governmental legislation also impact the fiscal condition.

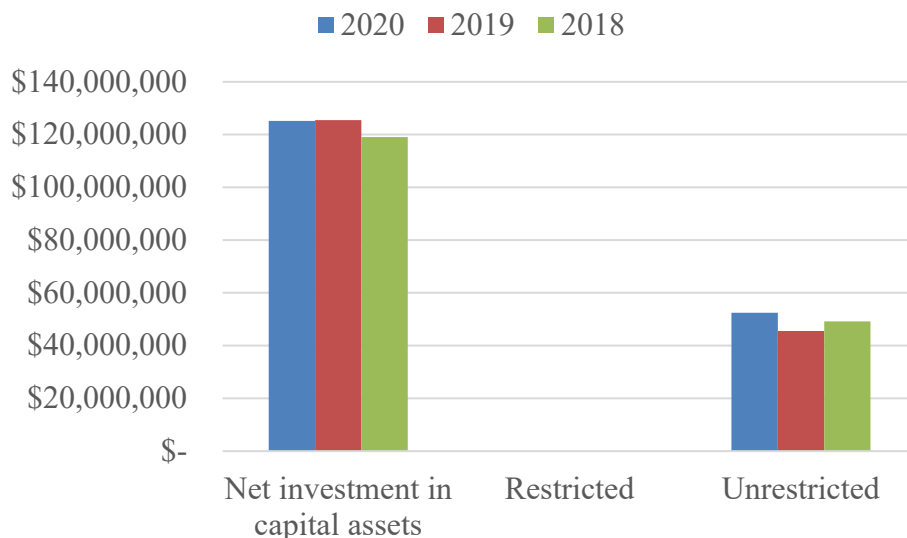
#### Net Position

We begin our analysis by providing a summary of the District's statements of net position for the fiscal years ended September 30, 2020, 2019, and 2018.

Condensed Statement of Net Position					
	2020	2019	% Change	2018	% Change
Current and other assets	\$ 55,484,729	\$ 48,716,227	14%	\$ 52,095,557	(6)%
Capital assets, net	125,718,802	127,077,692	(1)%	120,005,184	6%
<b>Total assets</b>	<b>\$ 181,203,531</b>	<b>\$ 175,793,919</b>	<b>3%</b>	<b>\$ 172,100,741</b>	<b>2%</b>
Long-term debt	\$ -	\$ -	-	\$ -	-
Other liabilities	3,641,358	4,837,978	(25)%	3,907,199	24%
<b>Total liabilities</b>	<b>\$ 3,641,358</b>	<b>\$ 4,837,978</b>	<b>(25)%</b>	<b>\$ 3,907,199</b>	<b>24%</b>
Net position:					
Net investment in capital assets	\$ 125,138,836	\$ 125,449,146	(0.25)%	\$ 119,058,082	5%
Restricted	-	-	-	-	-
Unrestricted	52,423,337	45,506,795	15%	49,135,460	(7)%
<b>Total net position</b>	<b>\$ 177,562,173</b>	<b>\$ 170,955,941</b>	<b>4%</b>	<b>\$ 168,193,542</b>	<b>2%</b>

As illustrated in the table above, the District's assets exceeded liabilities by \$177,562,173, \$170,955,941, and \$168,193,542, at September 30, 2020, 2019, and 2018, respectively. At September 30, 2020, the largest portion of the District's net position (70%) reflects its investment in capital assets (land, treatment and disposal systems, collection and transmission systems, equipment and construction in progress). The District uses capital assets to provide services to citizens; accordingly, these assets are not available for future spending. In addition, current and other assets include \$12.6 million in noncurrent special assessments receivable.

The following graph presents the components of the District's net position as of September 30, 2020, 2019, and 2018.



At the end of the current fiscal year, the District is able to report positive balances in all applicable categories of net position. The same held true for the prior two fiscal years.

The District's net position in total increased \$6,606,232 during the fiscal year ended September 30, 2020. The increase is mainly due to capital contributions (i.e., Special Assessment for completed neighborhood sewerage projects).

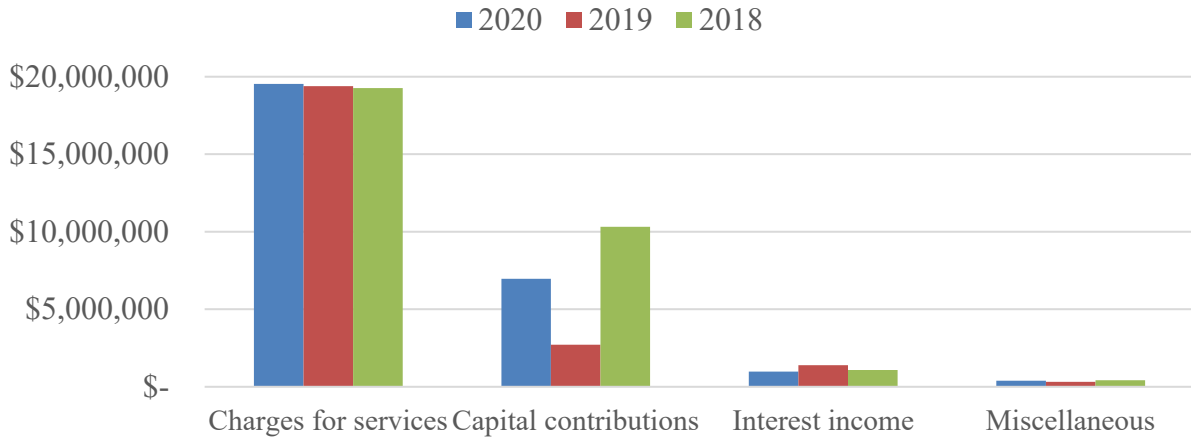
The following analysis highlights the changes in net position for the fiscal years ended September 30, 2020, 2019, and 2018.

#### Condensed Statements of Revenues, Expenses and Changes in Net Position

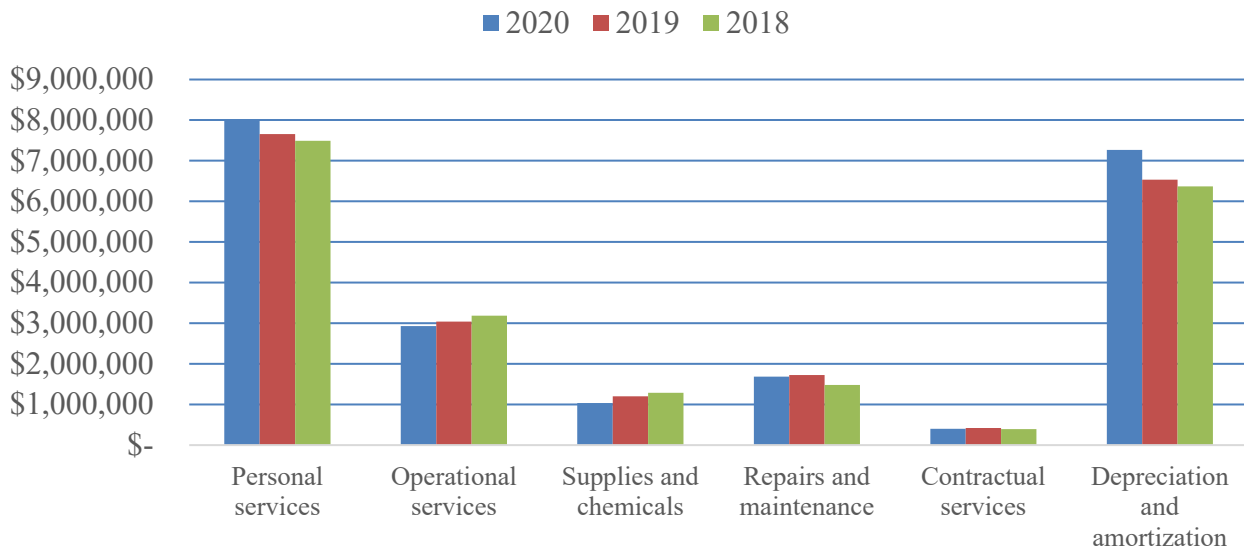
	2020	2019	% Change	2018	% Change
Operating revenues	\$ 19,918,577	\$ 19,701,664	1.1%	\$ 19,685,604	0.08%
Non-operating revenues	1,033,425	1,381,134	(25)%	1,270,734	9%
<b>Total revenues</b>	<b>20,952,002</b>	<b>21,082,798</b>	<b>(0.60)%</b>	<b>20,956,338</b>	<b>0.60%</b>
Depreciation and amortization expense	7,262,858	6,532,952	11%	6,365,385	3%
Operating expense	14,044,017	14,034,567	0.07%	13,826,626	2%
Non-operating expense		456,428	(100)%	33,294	1271%
<b>Total expenses</b>	<b>21,306,875</b>	<b>21,023,947</b>	<b>1%</b>	<b>20,225,305</b>	<b>4%</b>
<b>Income (Loss) before capital contributions</b>	<b>(354,873)</b>	<b>58,851</b>	<b>(703)%</b>	<b>731,033</b>	<b>(92)%</b>
Capital contributions	6,961,105	2,703,548	157%	10,314,504	(74)%
<b>Change in net position</b>	<b>6,606,232</b>	<b>2,762,399</b>	<b>139%</b>	<b>11,045,537</b>	<b>(75)%</b>
Net position, beginning of year	170,955,941	168,193,542	2%	157,148,005	7%
<b>Net position, end of year</b>	<b>\$ 177,562,173</b>	<b>\$ 170,955,941</b>	<b>4%</b>	<b>\$ 168,193,542</b>	<b>2%</b>

While the statements of net position show the change in financial position of the District, the statements of revenues, expenses and changes in net position provide answers as to the nature and source of these changes.

The chart below shows revenues by source for the fiscal years ended September 30, 2020, 2019, and 2018, respectively. In 2018, there was a significant increase in capital contributions (i.e., development activity) compared to 2019 and 2020. This was driven by significant completed neighborhood sewerage projects, including gravity sewers at Jupiter Inlet Colony. In 2020, the capital contributions increased again from 2019 due to the completed neighborhood sewerage at Whispering Trails. Interest revenue decreased \$411,569, from \$1,381,134 in 2019 to \$969,565 in 2020.



The following chart presents operating expenses for the fiscal years ended September 30, 2020, 2019, and 2018, respectively. Personal Services increased by 4.48%; Operational expenses decreased by 3.58%. Supplies and Chemicals decreased by 13.83%; Repairs and Maintenance decreased by 2.21%; and Contractual Services decreased by 4.80%. Personal Services were up largely due to open positions being filled during the fiscal year.



## BUDGETARY HIGHLIGHTS

The District adopts an Operating Budget that is approved by the Governing Board prior to the start of each fiscal year. The budget remains in effect for the entire fiscal year and the Governing Board must approve any revisions that increase total appropriations. Because proprietary fund budgets are not part of the basic financial statements or required supplementary information, the fiscal year 2020 budget is not reported on, nor shown in, the financial statement section of this report. However, the table below presents a comparison between budget and actual as of September 30, 2020.

	<b>Budget</b>	<b>Actual</b>	<b>Favorable (Unfavorable) Variance</b>
Charges for services	\$ 19,493,230	\$ 19,531,720	\$ 38,490
Operating expenses less depreciation	\$ 15,694,021	\$ 14,044,017	\$1,650,004
Non-operating revenues – interest income	\$ 1,127,200	\$ 969,565	\$ (157,635)

The favorable variance in operating expenses is primarily due to less equipment repairs, reduced need for supplies and expenses, and unused contingency.

## CAPITAL ASSETS AND DEBT ADMINISTRATION

### *Capital Assets*

The District's investment in capital assets as of September 30, 2020, in the amount of \$125,718,802 (net of accumulated depreciation) has decreased 1% over the prior year. This investment in capital assets includes land, treatment and reuse/disposal system, collection and transmission system, equipment, and construction in progress. There were \$8.0 million in capital additions, but the decrease of \$9.4 million due to normal scheduled depreciation and asset disposals decreased capital assets by approximately \$1.4 million.

Major capital asset events during the current year included the following:

- ❖ Construction work in progress as of the close of the fiscal year ended September 30, 2020, was \$4,527,304. Of this amount, \$2,488,298 was for the Alt A1A Bridge Force Main; \$1,062,943 for Service Lining; and \$152,734 was for Clemons and Saturn Street sewer replacement.
- ❖ Construction of new treatment and disposal features and renewal of existing features completed and booked during fiscal year 2020 totaled \$521,606.
- ❖ Construction of new collection and transmission systems and renewal of existing features completed and recorded in fiscal year 2020 totaled \$12,418,034.
- ❖ Construction of IQ system improvements completed in fiscal year 2020 totaled \$73,455.

Additional information on the District's capital assets, including projects under construction, can be found in Note 4 on pages 28 and 29 of this report.

### Long-term Debt

The District has no long-term debt. Additional information on the District’s long-term liabilities can be found in Note 6 on page 31 of this report.

## ECONOMIC FACTORS AND NEXT YEAR’S BUDGET AND RATES

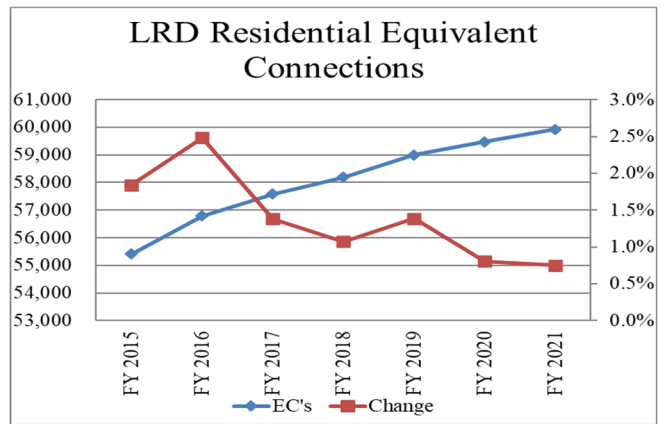
Numerous economic factors, such as increasing operating costs, the need for new or renewed facilities, the pace of growth, cost of financing, etc., are evaluated when determining the District’s budget and rates. Charges for services continue to be the District’s largest single source of revenue, as wastewater treatment is a public necessity. Revenue typically remains stable as long as the number of equivalent connections does not decline. A continued increase in equivalent connections is projected through build-out.

The following information summarizes the financial conditions anticipated over the next few years and the core assumptions that produced these conditions. Excluding private roads, neighborhood sewerage east of I-95 should practically be completed in 2021.

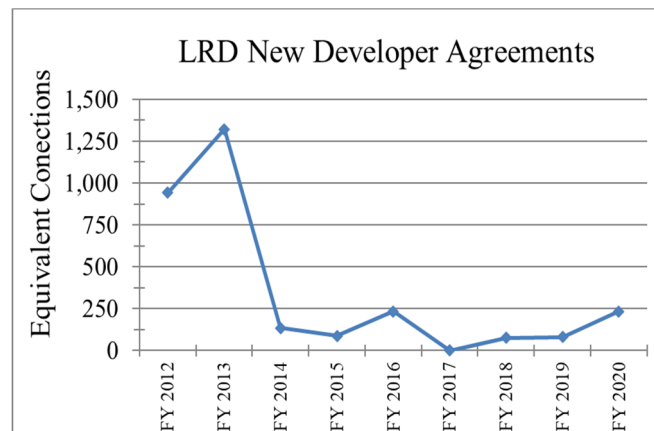
### Revenues

In March, 2020, the District approved the revised District Rule 31-10 which included an annual rate increase of 1% in 2020, 2% in 2021 and 2022 and 3% in 2023 and 2024 for Quarterly Services Charges, and an annual rate increase of 2% in 2020 and 2021 and 3% from 2022 through 2024 for Plant Connection Charges, Regional Transmission System Line Charges, and Administrative Charges. These rate increases were implemented in an effort to provide funding for anticipated future expenses while balancing a desire to reduce the unrestricted cash balance.

Revenue from quarterly service charges to residential and commercial customers is projected to increase at a rate of 1% to 4% for the next several years based on adopted District Rule 31-10 scheduled rate increases and growth within the customer base. The figure on the right shows the change in residential equivalent connections over the last 7 years (based on October billing). Once the remaining developable land is consumed this growth rate is anticipated to fall to near zero. However, significant re-development projects (e.g., Love Street, Suni Sands, etc.) or a systematic effort to sewer the remainder of the District could extend this pattern for several additional years.



Revenue from Plant and Line Charges is anticipated to increase at a rate of 2% to 4% for the next five years based on adopted District Rule 31-10 scheduled rate increases and the rate at which new developer agreements are executed (see chart to right). While the rate of increase in new connections is positive (see chart at right), many of these new connections are derived from developer agreements that were executed in 2012 and 2013. In fact, new developer agreements in 2020 only accounted for 233.25 equivalent connections. Once the remaining developable land is developed or preserved developer agreements are expected to abruptly decline.



Significant neighborhood sewerage projects have been ongoing for over 20 years, so we are starting to experience a decline in assessment revenues. However, gravity sewers were completed in Whispering Trails during fiscal year 2020, for a total assessment of \$4,427,694. Other ongoing neighborhood sewerage projects include 181<sup>st</sup> Street, Country Club Drive, Thelma Avenue and Hobart Street.

### ***Expenses***

The District adopted a budget of \$27,189,340, which represents a decrease of \$2,133,788 or 7%, from fiscal year 2020. The budget decrease is related to capital improvements.

The District's capital improvements will be funded primarily through existing cash reserves, grants, and rate revenue. No additional debt is expected to be issued. Approved capital improvements include:

- ❖ Completion of the Alternate A1A River Crossing and Force Main. The project began in February, 2017 and is expected to be completed in 2021.
- ❖ Fiscal year 2021 neighborhood sewerage projects include 181<sup>st</sup> Street, Country Club Drive, Thelma Avenue and Hobart Street. The District will continue to pay 10% of associated neighborhood sewerage costs.
- ❖ Rehabilitation of Lift Station #82.
- ❖ Construction of Fall Protection at all existing District Lift Stations.

### **CONTACTING THE DISTRICT'S FINANCIAL MANAGER**

This financial report is designed to provide our citizens, customers, investors, and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the District at 2500 Jupiter Park Drive, Jupiter, Florida 33458.



**LOXAHATCHEE RIVER ENVIRONMENTAL CONTROL DISTRICT**  
**Statements of Net Position**  
**September 30, 2020 and 2019**

	2020	2019
Assets		
Current assets		
Cash and cash equivalents - unrestricted	\$ 31,617,916	\$ 23,315,588
Cash and cash equivalents - restricted	69,190	74,398
Investments	3,666,949	8,170,564
Receivables		
Accounts	1,128,498	995,535
Special assessments	858,945	808,467
Accrued interest	579,536	608,906
Due from other governments	66,438	1,105,382
Inventories	2,454,259	2,387,283
Prepaid expenses	352,916	368,468
Total current assets	40,794,647	37,834,591
Noncurrent assets		
Receivables		
Accounts	665,724	561,988
Accounts - allowance	(157,185)	(132,078)
Special assessments	12,631,749	8,726,742
Investment in joint venture	1,549,794	1,724,984
Capital assets		
Non-depreciable	5,381,738	11,394,919
Depreciable (net of depreciation)	120,337,064	115,682,773
Total noncurrent assets	140,408,884	137,959,328
Total assets	\$ 181,203,531	\$ 175,793,919

Continued on the following page.

**LOXAHATCHEE RIVER ENVIRONMENTAL CONTROL DISTRICT**  
**Statements of Net Position (Continued)**  
**September 30, 2020 and 2019**

	2020	2019
Liabilities		
Current liabilities		
Accounts payable	\$ 710,761	\$ 927,736
Construction contracts payable	579,966	1,628,546
Accrued liabilities		
Wages and payroll taxes	182,283	192,925
Pension	30,379	17,709
Compensated absences	81,627	68,231
Unearned revenue	1,101,496	1,033,407
Total current liabilities (payable from current assets)	2,686,512	3,868,554
Payable from restricted assets		
Customer deposits	69,190	74,398
Total current liabilities (payable from restricted assets)	69,190	74,398
Total current liabilities	2,755,702	3,942,952
Noncurrent liabilities		
Compensated absences	885,656	895,026
Total noncurrent liabilities	885,656	895,026
Total liabilities	3,641,358	4,837,978
Net Position		
Net investment in capital assets	125,138,836	125,449,146
Unrestricted	52,423,337	45,506,795
Total net position	\$ 177,562,173	\$ 170,955,941

See notes to the financial statement.

**LOXAHATCHEE RIVER ENVIRONMENTAL CONTROL DISTRICT**  
**Statements of Revenues, Expenses and Changes in Net Position**  
**For the Fiscal Years Ended September 30, 2020 and 2019**

	2020	2019
Operating revenues		
Charges for services	\$ 19,531,720	\$ 19,387,399
Miscellaneous	386,857	314,265
Total operating revenues	19,918,577	19,701,664
Operating expenses		
Personal services	7,994,898	7,652,362
Operational	2,928,535	3,037,405
Supplies and chemicals	1,034,064	1,199,984
Repairs and maintenance	1,685,351	1,723,423
Contractual services	401,169	421,393
Depreciation and amortization	7,262,858	6,532,952
Total operating expenses	21,306,875	20,567,519
Operating (loss)	(1,388,298)	(865,855)
Nonoperating revenues (expenses)		
Interest income	969,565	1,381,134
Gain (loss) on disposal of capital assets	63,860	(456,428)
Total nonoperating revenues (expenses)	1,033,425	924,706
Income before capital contributions	(354,873)	58,851
Capital contributions	6,961,105	2,703,548
Change in net position	6,606,232	2,762,399
Total net position, beginning of year	170,955,941	168,193,542
Total net position, end of year	\$ 177,562,173	\$ 170,955,941

See notes to the financial statement.

**LOXAHATCHEE RIVER ENVIRONMENTAL CONTROL DISTRICT**  
**Statements of Cash Flows**  
**For the Fiscal Years Ended September 30, 2020 and 2019**

	<u>2020</u>	<u>2019</u>
Cash flows from operating activities:		
Receipts from customers	\$ 19,314,920	\$ 19,090,707
Payments to employees	(7,988,844)	(7,599,792)
Payments for goods and services	(6,196,293)	(6,492,157)
Cash (payments) receipts	<u>573,753</u>	<u>633,967</u>
Net cash provided (used) by operating activities	<u>5,703,536</u>	<u>5,632,725</u>
Cash flows from capital and related financing activities:		
Contributed capital	2,234,471	1,044,932
Acquisition and construction of capital assets	(6,309,004)	(13,187,960)
Cash received from the sale of capital assets	63,860	10,762
Proceeds from collections of special assessments	<u>1,101,707</u>	<u>1,189,200</u>
Net cash provided (used) by capital and related financing activities	<u>(2,908,966)</u>	<u>(10,943,066)</u>
Cash flows from investing activities:		
Purchase of investments	(1,655,499)	(9,170,564)
Proceeds from sales of investments	6,159,114	15,868,543
Interest and dividends on investments	<u>998,935</u>	<u>1,378,928</u>
Net cash provided (used) by investing activities	<u>5,502,550</u>	<u>8,076,907</u>
Net increase (decrease) in cash and cash equivalents	8,297,120	2,766,566
Cash and cash equivalents at beginning of year	<u>23,389,986</u>	<u>20,623,420</u>
Cash and cash equivalents at end of year	<u>\$ 31,687,106</u>	<u>\$ 23,389,986</u>

Continued on the following page.

**LOXAHATCHEE RIVER ENVIRONMENTAL CONTROL DISTRICT**  
**Statements of Cash Flows (Continued)**  
**For the Fiscal Years Ended September 30, 2020 and 2019**

	2020	2019
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:		
Operating loss	\$ (1,388,298)	\$ (865,855)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Depreciation and amortization	7,262,858	6,532,952
(Increase) decrease in assets:		
Accounts receivable	(211,592)	(305,469)
Due from other governments	118,807	414,469
Inventory	54,249	(387,834)
Prepaid expenses	15,552	(4,873)
Increase (decrease) in liabilities:		
Accounts payable and accrued liabilities	(210,921)	335,325
Developer deposits	(5,208)	8,777
Unearned revenue	68,089	(94,767)
Net cash provided by operating activities	\$ 5,703,536	\$ 5,632,725
 Noncash investing, capital and financing activities		
Contributions of lift stations, lines and equipment	\$ 589,578	\$ 28,057
Book value of assets disposed	121,225	472,695
Book value of construction work-in-process reclassified to inventory and other nominal accounts		5,505

See notes to the financial statements.

**LOXAHATCHEE RIVER ENVIRONMENTAL CONTROL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2020 AND 2019**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Loxahatchee River Environmental Control District (the District) was created by Chapter 71-822, Special Acts of Florida, 1971, as amended, and codified pursuant to Chapter 2002-358, Laws of Florida, as a separate local agency of government to provide for the management of sewage, storm drainage, and water supply in portions of Palm Beach and Martin Counties generally defined as the Loxahatchee River Basin. The District is governed by an elected five-member board. The following is a summary of the more significant accounting principles and policies used in the preparation of these financial statements.

*Reporting Entity*

As required by generally accepted accounting principles, these financial statements present the government and its component units. Component units are legally separate entities for which the primary government is considered to be financially accountable and for which the nature and significance of their relationship with the primary government are such that exclusion would cause the District's financial statements to be misleading or incomplete. The primary government is considered financially accountable if it appoints a voting majority of an organization's governing body and imposes its will on that organization. The primary government may also be financially accountable if an organization is fiscally dependent on the primary government, regardless of the authority of the organization's governing board. Blended component units, although legally separate entities, are, in substance, part of the primary government's operations and are included as part of the primary government.

Based on the application of the criteria set forth by the Governmental Accounting Standards Board (GASB), the District has determined that there are no legally separate entities to consider as potential component units.

*Basis of Presentation and Accounting*

On October 1, 2002, the District adopted the provisions of Statement No. 34 ("Statement 34") of the Governmental Accounting Standards Board "*Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments.*" Statement 34 established standards for external financial reporting for all state and local governmental entities which includes a statement of net position, a statement of revenues, expenses, and changes in net position and a statement of cash flows. It requires the classification of net position into three components – net investment in capital assets, restricted and unrestricted. These classifications are defined as follows:

**LOXAHATCHEE RIVER ENVIRONMENTAL CONTROL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2020 AND 2019**

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

*Basis of Presentation and Accounting* (Continued)

- Net investment in capital assets – This component of net position consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction or improvement of those assets. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds are not included in the calculation of net investment in capital assets. Rather, that portion of the debt is included in the same net position component as the unspent proceeds.
- Restricted net position – This component of net position consists of constraints placed on net position use through external constraints imposed by creditors (such as through debt covenants), grantors, contributors or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.
- Unrestricted net position – This component of net position consists of net position that does not meet the definition of “restricted” or “net investment in capital assets.”

The District’s financial statements are presented on the full accrual basis. All activities of the District are accounted for within a single proprietary (enterprise) fund. Proprietary funds are used to account for operations that are: (a) financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the cost (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or 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. The principal operating revenues of the District’s wastewater treatment enterprise fund are charges for the operation of the plant facilities. Operating expenses for the enterprise fund include the cost of the operation of the plant facilities, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

**LOXAHATCHEE RIVER ENVIRONMENTAL CONTROL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2020 AND 2019**

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

*Basis of Presentation and Accounting* (Continued)

The accounting and financial reporting treatment applied to the District is determined by its measurement focus. The transactions of the District are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operations are included on the Statement of Net Position.

*Budgetary Accounting*

The District's procedures for establishing budgetary data are as follows:

- The District's Executive Director submits a proposed operating budget to the governing board for the fiscal year commencing the following October 1.
- Public meetings and a public hearing are conducted to obtain comments.
- Formal budget integration is employed as a management control device during the year. The accounting principles applied for the purpose of developing data on a budgetary basis differ from those used to present financial statements in conformity with generally accepted accounting principles in that the District does not provide for depreciation expense in its budget.
- The Governing Board approves the budget appropriations. Any revisions that increase the total appropriations must be approved by the Governing Board.
- Unused appropriations for budgeted funds lapse at the end of the fiscal year.

*Reclassifications*

Certain accounts in the prior year information have been reclassified for comparative purposes to conform with the presentation in the current-year financial statements.

*Other Post Employment Benefits (OPEB)*

The District implemented Governmental Accounting Standards Board Statement 75 (GASB 75), *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* for the fiscal year ending September 30, 2018. The District has determined that they do not provide any benefits that qualify as other postemployment benefits under GASB 75.



**LOXAHATCHEE RIVER ENVIRONMENTAL CONTROL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2020 AND 2019**

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

*Estimates*

The financial statements and related disclosures are prepared in conformity with accounting principles generally accepted in the United States. Management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and revenue and expenses during the period reported. These estimates include assessing the collectability of accounts receivable, the use and recoverability of inventory, and useful lives and impairment of tangible assets. Accordingly, actual results could differ from those estimates.

*Cash and Cash Equivalents*

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

*Investments*

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value is a market-based measurement, not an entity-specific measurement. For some assets and liabilities, observable market transactions or market information might be available; for others, it might not be available. However, the objective of fair value measurement in both cases is the same, that is, to determine the price at which an orderly transaction to sell the asset or to transfer the liability would take place between market participants at the measurement date under current market conditions. Fair value is an exit price at the measurement date from the perspective of a market participant that controls the asset or is obligated for the liability. The District categorizes investments reported at fair value in accordance with the fair value hierarchy established by GASB Statement No. 72, *Fair Value Measurement and Application*. Investments are stated at fair value except for non-negotiable certificates of deposit which are stated at cost, which should also be considered the fair value of the investment. The investments held by the District consist of non-negotiable certificates of deposit with original maturities ranging from one year to two years.

*Inventory and Prepaid Items*

Inventories are valued at cost (as determined by the first-in/first-out method).

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepayments on the statement of net position.

**LOXAHATCHEE RIVER ENVIRONMENTAL CONTROL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2020 AND 2019**

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

*Capital Assets*

Property, plant and equipment in service and construction in progress are recorded at cost, if purchased or constructed. Assets acquired through contributions from developers or other customers are capitalized at acquisition value. All assets greater than \$5,000 are capitalized. Expenditures for maintenance and repairs are expensed as incurred, while expenditures for renewals and improvements are capitalized. Construction costs of new collection and transmission facilities that are reimbursed by users or financed by developers and property owners are capitalized and recorded as revenues.

Net interest cost is capitalized on capital projects during the construction period.

Depreciation has been provided over the useful lives using the straight-line method. The estimated useful lives are as follows:

Lakes and retention ponds	50-100 years
Buildings	10-40 years
Improvements other than buildings	20-60 years
Equipment	3-10 years

*Accumulated Compensated Absences*

It is the District's policy to permit employees to accumulate a limited amount of earned but unused vacation and sick leave, which will be paid upon separation from the District's service. The District uses the vesting method in accruing vacation and sick leave as the benefits are earned by the employee if it is probable that the employee will be compensated for the benefits through payments conditioned on termination or retirement.

*Restricted Assets*

As of September 30, 2020 and 2019, the District has \$69,190 and \$74,398, respectively of cash and investments restricted for customer deposits. When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

*Special Assessments*

The District levies special assessments against benefited property owners for design, construction and other expenses necessary to complete wastewater and sewerage system improvements constructed in their assessment area. The property owners have an option to pay the assessment in full at the time of connection or have installment payments added to their real estate taxes over a period of 20 years with rates ranging from 5.75% to 6.875%.

**LOXAHATCHEE RIVER ENVIRONMENTAL CONTROL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2020 AND 2019**

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

Unearned Revenues

Unearned revenues primarily represent capital connection and inspection fees and service payments that are paid in advance by customers. These fees will be recognized as income in subsequent years as the services are performed.

Capital Contributions

Capital contributions are recognized in the statement of revenues, expenses, and changes in net position when earned and include capital grants or contributions from developers, customers, or other governmental agencies.

Allowance for Doubtful Accounts

The District's enabling legislation gives the District the authority to place liens on properties in the event that fees or charges are not paid when due. An allowance for uncollectible accounts is maintained at a level the District believes is sufficient to cover potential losses. A portion of the accounts receivable is classified as a noncurrent asset. These represent accounts that currently have liens or are anticipated to have liens placed on them in the future.

Implementation of Governmental Accounting Standards Board Statements

The District implemented the following Governmental Accounting Standards Board (GASB) Statements during the fiscal year ended September 30, 2020:

- GASB Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*. This Statement is effective immediately and postpones the effective dates of various standards and implementation guides, including Statements No. 84, 87, 90, 91, 92, and 93 discussed below. The effective dates presented below for these Statements are the extended effective dates in accordance with Statement No. 95.

Recent Accounting Pronouncements

- GASB Statement No. 84, *Fiduciary Activities*. This Statement will improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement is effective for the fiscal year ending September 30, 2021.

**LOXAHATCHEE RIVER ENVIRONMENTAL CONTROL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2020 AND 2019**

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

Recently Issued Accounting Pronouncements (Continued)

- 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. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset. This Statement is effective for the fiscal year ending September 30, 2022.
  
- GASB Statement No. 90, *Major Equity Interests – an amendment of GASB Statements No. 14 and No. 61*. This Statement will improve consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. This Statement is effective for the fiscal year ending September 30, 2021.
  
- GASB Statement No. 91, *Conduit Debt Obligation*. This Statement will provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with commitments extended by issuers, arrangements associated with conduit debt obligations, and related note disclosures. This Statement is effective for the fiscal year ending September 30, 2023.
  
- GASB Statement No. 92, *Omnibus 2020*. This Statement will enhance comparability in accounting and financial reporting and improve the consistency of authoritative literature by addressing practice issues that have been identified during the implementation and application of certain GASB Statements. This Statement addresses a variety of topics. The requirements of this Statement related to the effective date of Statement No. 87 and Implementation Guide 2019-3, reinsurance recoveries, and terminology used to refer to derivative instruments are effective upon issuance. The remaining requirements are effective for the fiscal year ending September 30, 2022.

**LOXAHATCHEE RIVER ENVIRONMENTAL CONTROL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2020 AND 2019**

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

Recently Issued Accounting Pronouncements (Continued)

- GASB Statement No. 93, *Replacement of Interbank Offered Rates*. This Statement will enhance comparability in the application of accounting and financial reporting requirements and will improve the consistency of authoritative literature by addressing the accounting and financial reporting implications that result from the replacement of an Interbank Offered Rate (IBOR) for agreements in which variable payments made or received depend on an IBOR. The requirements of this Statement related to the removal of LIBOR as an appropriate benchmark interest rate are effective for the fiscal year ending September 30, 2022. The remaining requirements are effective for the fiscal year ending September 30, 2021.
  
- GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. This Statement will improve financial reporting by establishing the definitions of public-private and public-public partnership arrangements (PPPs) and availability payment arrangements (APAs) and providing uniform guidance on accounting and financial reporting for transactions that meet those definitions. This Statement is effective for the fiscal year ending September 30, 2023.
  
- 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.
  
- GASB Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans—an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32*. The requirements of this Statement will result in more consistent financial reporting of defined contribution pension plans, defined contribution OPEB plans, and other employee benefit plans, while mitigating the costs associated with reporting those plans. This Statement is effective for the fiscal year ending September 30, 2022.

Management is currently evaluating the impact of adoption of these statements in the District's financial statements.

**LOXAHATCHEE RIVER ENVIRONMENTAL CONTROL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2020 AND 2019**

**NOTE 2 – DEPOSITS AND INVESTMENTS**

*Deposits*

At September 30, 2020 and 2019, the carrying amount of cash on hand and on deposit with banks, including interest-bearing deposits, was \$31,687,106 and \$23,389,986, respectively. Investments at September 30, 2020 and 2019, are comprised of non-negotiable certificates of deposits with financial institutions with original maturities greater than three months in the amount of \$3,666,949 and \$8,170,564. The weighted average days to maturity for the non-negotiable certificates of deposits at September 30, 2020 and 2019 were 81 days and 276 days, respectively. All deposits and investments are insured by federal deposit insurance or collateralized pursuant to Florida Statutes Chapter 280, *Florida Security for Public Deposits Act*.

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, the State Treasurer requires all Florida qualified depositories to deposit with the Treasurer or banking institution eligible collateral. In the event of a failure of a qualified public depository, the remaining public depositories would be responsible for covering any resulting losses.

*Investments*

The investment of surplus public funds is governed by an investment policy approved by the Board. The policy limits investments to the following securities:

- A. The Local Government Surplus Funds Trust Fund or any intergovernmental investment pool authorized pursuant to the Florida Interlocal Cooperation Act as provided in Florida Statutes s. 163.01.
- 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, savings accounts, or money market accounts in qualified public depositories as defined in Florida Statutes s. 280.02.
- D. Direct obligations of the United States Treasury.
- E. Federal agencies and instrumentalities.

**LOXAHATCHEE RIVER ENVIRONMENTAL CONTROL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2020 AND 2019**

**NOTE 2 – DEPOSITS AND INVESTMENTS** (Continued)

*Investments* (Continued)

- F. Securities of, or other interests in, any open-end or closed-end management-type investment company or investment trust registered under the Investment Company Act of 1940, 15 U.S.C. ss. 80a-1 et seq., as amended from time to time, provided that the portfolio of such investment company or investment trust is limited to obligations of the United States Government or any agency or instrumentality thereof and to repurchase agreements fully collateralized by such United States Government obligations, and provided that such investment company or investment trust takes delivery of such collateral either directly or through an authorized custodian.
- G. Repurchase agreements collateralized by obligations of the United States Government.
- H. Authorized Deposits up to the amount guaranteed by the U.S. Government under Federal Deposit Insurance Corporation (FDIC) limits where
  - 1. Funds are initially deposited in a qualified public depository, as defined in Florida Statutes, 280.02 selected by the District;
  - 2. The selected depository arranges for depositing the funds in financial deposit instruments insured by the FDIC in one or more federally insured banks or savings and loan associations, wherever located, for the account of the unit of local government;
  - 3. The full amount of the principal and accrued interest of each financial deposit instrument is insured by the FDIC; and
  - 4. The selected depository acts as custodian for the unit of local government with respect to each financial deposit instrument issued for its account.
- I. Other investments authorized by law or by resolution of the Governing Board.

**LOXAHATCHEE RIVER ENVIRONMENTAL CONTROL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2020 AND 2019**

**NOTE 2 – DEPOSITS AND INVESTMENTS** (Continued)

*Interest Rate Risk*

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Cash equivalents have a weighted average maturity of less than one year, resulting in minimal interest rate risk. The District's investment policy does not specifically limit the maturity of investments.

*Credit Risk*

Credit risk is the risk that an issuer will not fulfill its obligations. The District's investment policy addresses credit risk by limiting allowable investments in U.S. Agencies and Instrumentalities, Local Government Surplus Funds Trust Fund, Local Government Investment Pools, Authorized Deposits, or Repurchase Agreements. The security rating by a Nationally Recognized Statistical Rating Organization (NRSRO) is also an indication of credit risk.

*Custodial Credit Risk*

Custodial credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The District's investment policy limits its investments to high quality investments to control custodial credit risk.

**NOTE 3 – INVESTMENT IN JOINT VENTURE**

*Biosolids Processing and Recycling Facility*

On June 7, 2005, the District entered into an interlocal agreement (Agreement) with the Solid Waste Authority (SWA) to fund a portion of the cost to design, build, and operate a Biosolids Processing and Recycling Facility (BPF). There have been three amendments to the original agreement. The first amendment dated June 15, 2006 adjusted the original capital costs of the BPF, and the second amendment dated June 21, 2012 set forth the total net capital costs for the BPF. On July 18, 2013, the District sold 1.54% of its share of the original capacity to another government agency, thereby reducing the District's share of the total capacity to 8.96%. Proceeds from the sale were \$448,282, which reduced the District's original capital cost to \$3,311,772. Additional capital costs were incurred in the fiscal year ended September 30, 2014 in the amount of \$68,944 and in the fiscal year ended September 30, 2018 in the amount of \$84,224, increasing its portion of the capital cost to \$3,464,940. There were no capital costs incurred during the fiscal year ended September 30, 2020.



**LOXAHATCHEE RIVER ENVIRONMENTAL CONTROL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2020 AND 2019**

**NOTE 3 – INVESTMENT IN JOINT VENTURE** (Continued)

*Biosolids Processing and Recycling Facility* (Continued)

The BPF processes certain wastewater treatment residuals (biosolids) which is necessary to comply with increasingly stringent environmental regulations that have significantly decreased the number of land application sites available. Prior to August 2009, bulk land application was the primary method of disposing of the biosolids.

The Agreement is for a period of 20 years beginning with the August 1, 2009 operations commencement. Upon the conclusion of the term of the agreement, the BPF will remain the property of SWA with each participating entity owning its share of the BPF, in perpetuity, for the life of the plant. Under accounting principles generally accepted in the United States of America, the District is required to account for this arrangement as a joint venture. Therefore, an asset is reported on the District's financial statements under the caption "Investment in joint venture." Since the BPF agreement does not state that the participants are to share in the profits and losses of the joint venture, the investment in joint venture account will not be adjusted to reflect the joint venture's results of operations. Rather the investment in joint venture will be amortized using the straight-line method over the 20-year life of the agreement. The District's total operating costs were \$577,383, and \$547,602 for the years ended September 30, 2020 and 2019. The District's pro rata share of the construction costs is shown as an asset – investment in joint venture – on the statements of net position.

The SWA is responsible for the design, construction, operation, and maintenance of the BPF. On April 12, 2005, the SWA approved a contract with a private company, NEFCO, to design/build/operate the BPF. The District, along with the other participating entities, are in turn responsible for delivering wastewater biosolids to the BPF and for paying their pro rata share of the capital and net operating costs. This provision helps to ensure that the BPF venture does not accumulate assets that may result in a financial benefit to the District or cause the District to experience fiscal stress from the BPF.

No separate financial statements are prepared for the BPF, which is reported as part of the SWA operations. Financial statements for the SWA may be obtained at the following address:

Solid Waste Authority  
7501 North Jog Road  
West Palm Beach, Florida 33412

**LOXAHATCHEE RIVER ENVIRONMENTAL CONTROL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2020 AND 2019**

**NOTE 4 – CAPITAL ASSETS**

A summary of the District’s property, plant, and equipment at September 30, 2020 and 2019 is as follows:

	<b>September 30, 2020</b>			Ending Balance
	Beginning Balance	Increases	Decreases	
Capital assets not being depreciated				
Land and land rights	\$ 854,434	\$	\$	\$ 854,434
Construction in progress	10,540,485	6,009,563	(12,022,744)	4,527,304
Total capital assets not being depreciated	<u>11,394,919</u>	<u>6,009,563</u>	<u>(12,022,744)</u>	<u>5,381,738</u>
Capital assets being depreciated				
Treatment and disposal system				
Plant	69,580,531	521,606	(146,804)	69,955,333
Lakes	1,211,079			1,211,079
Lines	110,357,154	7,464,591	(2,165,937)	115,655,808
Lift stations	25,829,926	5,026,900	(175,737)	30,681,089
Equipment	9,185,416	1,016,023	(220,340)	9,981,099
Total capital assets being depreciated	<u>216,164,106</u>	<u>14,029,120</u>	<u>(2,708,818)</u>	<u>227,484,408</u>
Less accumulated depreciation				
Treatment and disposal system				
Plant	(33,903,720)	(2,748,831)	87,820	(36,564,731)
Lakes	(503,019)	(12,121)		(515,140)
Lines	(41,194,389)	(2,820,467)		(44,014,856)
Lift stations	(17,832,139)	(1,054,291)	113,497	(18,772,933)
Equipment	(7,048,066)	(451,959)	220,341	(7,279,684)
Total accumulated depreciation	<u>(100,481,333)</u>	<u>(7,087,669)</u>	<u>421,658</u>	<u>(107,147,344)</u>
Total capital assets being depreciated, net	<u>115,682,773</u>	<u>6,941,451</u>	<u>(2,287,160)</u>	<u>120,337,064</u>
Capital assets, net	<u>\$ 127,077,692</u>	<u>\$ 12,951,014</u>	<u>\$ (14,309,904)</u>	<u>\$ 125,718,802</u>

**LOXAHATCHEE RIVER ENVIRONMENTAL CONTROL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2020 AND 2019**

**NOTE 4 – CAPITAL ASSETS** (Continued)

	<b>September 30, 2019</b>			Ending Balance
	Beginning Balance	Increases	Decreases	
Capital assets not being depreciated				
Land and land rights	\$ 854,434	\$	\$	\$ 854,434
Construction in progress	15,193,875	12,386,547	(17,039,937)	10,540,485
Total capital assets not being depreciated	<u>16,048,309</u>	<u>12,386,547</u>	<u>(17,039,937)</u>	<u>11,394,919</u>
Capital assets being depreciated				
Treatment and disposal system				
Plant	60,263,737	11,554,622	(2,237,828)	69,580,531
Lakes	1,211,079			1,211,079
Lines	105,318,802	5,242,102	(203,750)	110,357,154
Lift stations	25,438,200	777,720	(385,994)	25,829,926
Equipment	8,317,548	981,913	(114,045)	9,185,416
Total capital assets being depreciated	<u>200,549,366</u>	<u>18,556,357</u>	<u>(2,941,617)</u>	<u>216,164,106</u>
Less accumulated depreciation				
Treatment and disposal system				
Plant	(33,434,130)	(2,265,627)	1,796,037	(33,903,720)
Lakes	(490,898)	(12,121)		(503,019)
Lines	(38,809,016)	(2,573,794)	188,421	(41,194,389)
Lift stations	(17,221,308)	(981,249)	370,418	(17,832,139)
Equipment	(6,637,139)	(524,972)	114,045	(7,048,066)
Total accumulated depreciation	<u>(96,592,491)</u>	<u>(6,357,763)</u>	<u>2,468,921</u>	<u>(100,481,333)</u>
Total capital assets being depreciated, net	<u>103,956,875</u>	<u>12,198,594</u>	<u>(472,696)</u>	<u>115,682,773</u>
Capital assets, net	<u>\$ 120,005,184</u>	<u>\$ 24,585,141</u>	<u>\$ (17,512,633)</u>	<u>\$ 127,077,692</u>

Depreciation expense was \$7,087,669 and \$6,357,763 for the years ended September 30, 2020 and 2019, respectively.

**LOXAHATCHEE RIVER ENVIRONMENTAL CONTROL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2020 AND 2019**

**NOTE 5 – CONTRACTS PAYABLE**

Construction contracts of the District at September 30, 2020 and 2019 are as follows:

	<b>September 30, 2020</b>			
	Total Project Authorization	Total Expended	Contracts Payable	Balance to Complete
Lift Station Rehabilitations	\$ 2,248,664	\$ 2,230,847	\$ 17,442	\$ 375
Alt A1A Bridge Forcemain Expansion	1,665,679	1,398,723	66,758	200,198
Sewering Line Lining	2,074,409	1,305,565	346,219	422,625
Neighborhood Sewering LPSS	43,797	11,583	32,214	
Inlet Waters	460,437	414,393	46,044	
SE Hobart Street	20,175	10,260		9,915
Other Construction Contracts	1,098,170	613,245	71,289	413,636
<b>Total:</b>	<b>\$ 7,611,331</b>	<b>\$ 5,984,616</b>	<b>\$ 579,966</b>	<b>\$ 1,046,749</b>

	<b>September 30, 2019</b>			
	Total Project Authorization	Total Expended	Contracts Payable	Balance to Complete
Deep Bed Filters	\$ 10,528,212	\$ 10,361,134	\$ 167,078	\$
Lift Station Rehabilitations	2,636,522	2,412,591	154,613	69,318
Alt A1A Bridge Forcemain Expansion	1,604,015	1,087,887	108,613	407,515
Imperial Woods	90,896	85,417	1,532	3,947
Whispering Trails	5,015,864	3,876,232	463,065	676,567
Sewering Line Lining	1,744,046	1,280,203	391,994	71,849
Jupiter Farms Elementary	1,308,421	1,070,568	74,218	163,635
New Palm Beach Heights LPSS	104,167		104,167	
Island Country Estates	109,451	70,286	675	38,490
Coast Guard/BLM	14,710	8,912	4,798	1,000
Jupiter Ocean Racquet Club	259,500	228,926	30,574	
Other Construction Contracts	970,768	726,445	127,219	117,104
<b>Total:</b>	<b>\$ 24,386,572</b>	<b>\$ 21,208,601</b>	<b>\$ 1,628,546</b>	<b>\$ 1,549,425</b>

**LOXAHATCHEE RIVER ENVIRONMENTAL CONTROL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2020 AND 2019**

**NOTE 6 – LONG-TERM LIABILITIES**

Changes in long-term liabilities for the years ended September 30, 2020 were as follows:

	<b>September 30, 2020</b>				
	Balance October 1, 2019	Additions	Reductions	Balance September 30, 2020	Due Within One year
Compensated absences	\$ 963,257	\$ 81,695	\$ 77,669	\$ 967,283	\$ 81,627
	<u>\$ 963,257</u>	<u>\$ 81,695</u>	<u>\$ 77,669</u>	<u>\$ 967,283</u>	<u>\$ 81,627</u>

Changes in long-term liabilities for the years ended September 30, 2019 were as follows:

	<b>September 30, 2019</b>				
	Balance October 1, 2018	Additions	Reductions	Balance September 30, 2019	Due Within One year
Compensated absences	\$ 940,619	\$ 120,805	\$ 98,167	\$ 963,257	\$ 68,231
	<u>\$ 940,619</u>	<u>\$ 120,805</u>	<u>\$ 98,167</u>	<u>\$ 963,257</u>	<u>\$ 68,231</u>

**NOTE 7 – RESTRICTED ASSETS, LIABILITIES AND RESERVES**

Restricted assets and liabilities at September 30, 2020 and 2019 consist of customer deposits. Assets restricted for these purposes represent cash and investments totaling \$69,190 and \$74,398 for the years ended September 30, 2020 and 2019, respectively.

The following is a summary of restricted assets, related liabilities, and restricted net position at September 30, 2020 and 2019:

September 30, 2020	Restricted Assets	Liabilities Payable from Restricted Assets	Restricted Net Position
Customer Deposits	\$ 69,190	\$ 69,190	\$

September 30, 2019	Restricted Assets	Liabilities Payable from Restricted Assets	Restricted Net Position
Customer Deposits	\$ 74,398	\$ 74,398	\$

**LOXAHATCHEE RIVER ENVIRONMENTAL CONTROL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2020 AND 2019**

**NOTE 8 – DEFINED CONTRIBUTION PLAN**

The District contributes to the Loxahatchee River Environmental Control District Money Purchase Plan and Trust, a defined contribution pension plan, for its full-time employees. The Plan is administered by an Administrative Committee that reports to the Governing Board. Benefit terms, including contribution requirements, for the Plan are established and may be amended by the Governing Board. The District is required to contribute 12% of annual salary to individual employee accounts for each participating employee. Employees contribute 4% of their eligible compensation. For the years ended September 30, 2020 and 2019, employee contributions totaled \$202,289 and \$188,912 and the District's recognized pension expense was \$827,128 and \$774,185, respectively.

Employees are required to participate in the District's mandatory plan after attainment of 18 years of age and completion of one year of continuous service. Employees are fully vested after two years of plan participation. Nonvested contributions are forfeited upon termination of employment and such forfeitures are used to reduce employer contributions. There were no forfeitures for the year ended September 30, 2020 and there were forfeitures in the amount of \$18,858 for the year ended September 30, 2019.

The District had a liability to the Plan at September 30, 2020 and 2019 in the amount of \$30,379 and \$17,709, respectively.

**NOTE 9 – COMMITMENTS**

*Service Agreement*

The District entered into an agreement with Synagro South, LLC for the hauling and disposal of wastewater sludge to the SWA Pelletization Facility for a 24-month period starting October 1, 2018. The contract provided for the hauling and disposal of wastewater sludge from the District's facility to the SWA Pelletization Facility at an agreed upon distance of 16 miles at a rate of \$9.01 per mile. The contract also provided for the hauling and disposal of wastewater sludge from the District's facility to an undesignated site within a 60-mile radius at a rate of \$5.61 per mile. For the years ended September 30, 2020 and 2019, the District paid \$137,817 and \$142,718, respectively.

*Purchase Commitments*

The District had outstanding purchase orders totaling approximately \$638,027 and \$1,376,622 for the fiscal years ended September 30, 2020 and 2019, respectively.

**LOXAHATCHEE RIVER ENVIRONMENTAL CONTROL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2020 AND 2019**

**NOTE 10 – RISK MANAGEMENT**

The District 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 District carries commercial insurance. Specifically, the District purchases commercial insurance for property, medical benefits, worker's compensation, general liability, automobile liability, errors and omissions, and directors and officers liability. The District is also covered by Florida Statutes under the Doctrine of Sovereign Immunity, which effectively limits the amount of liability of government agencies to individual claims of \$200,000/\$300,000 for all claims relating to the same accident. There were no changes in insurance coverage from the prior year and there were no settlements that exceeded insurance coverage in the last three years.

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## **STATISTICAL SECTION**

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## STATISTICAL SECTION

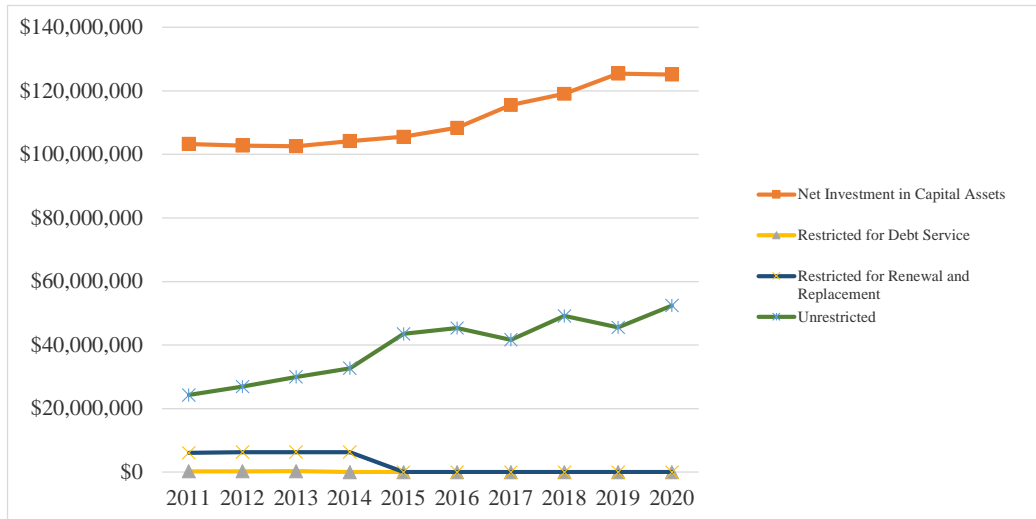
This part of the District's Comprehensive Annual Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the government's overall financial health.

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<i>These schedules contain trend information to help the reader understand how the District's financial performance and well-being have changed over time.</i>	
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<b>Revenue Capacity</b>	
<i>These schedules contain service and infrastructure data to help the reader understand how information in the government's financial report relates to the services the government provides and the activities it performs.</i>	
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<i>These schedules present information to help the reader assess the affordability of the District's current levels of outstanding debt, as well as the District ability to issue debt in the future.</i>	
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Sources: Unless otherwise noted, the information in these schedules were obtained from the District's records.

**LOXAHATCHEE RIVER ENVIRONMENTAL CONTROL DISTRICT**  
**SCHEDULE OF NET POSITION BY COMPONENT**  
**For the Last Ten Fiscal Years**

Fiscal Year Ended September 30,	Net Investment in Capital Assets	Restricted for Debt Service	Restricted for Renewal and Replacement	Unrestricted	Total Net Position	Change from Prior Year
2011	\$ 103,274,062	\$ 275,676	\$ 6,050,000	\$ 24,257,839	\$ 133,857,577	-0.24%
2012	102,752,953	276,823	6,300,000	26,921,891	136,251,667	1.79%
2013	102,544,712	278,024	6,300,000	29,974,212	139,096,948	2.09%
2014	104,210,176		6,300,000	32,666,737	143,176,913	2.93%
2015	105,523,262			43,503,660	149,026,922	4.09%
2016	108,348,576			45,289,111	153,637,687	3.09%
2017	115,529,222			41,618,783	157,148,005	2.28%
2018	119,058,082			49,135,460	168,193,542	7.03%
2019	125,449,146			45,506,795	170,955,941	1.64%
2020	125,138,836			52,423,337	177,562,173	3.86%



Source: Loxahatchee River Environmental Control District

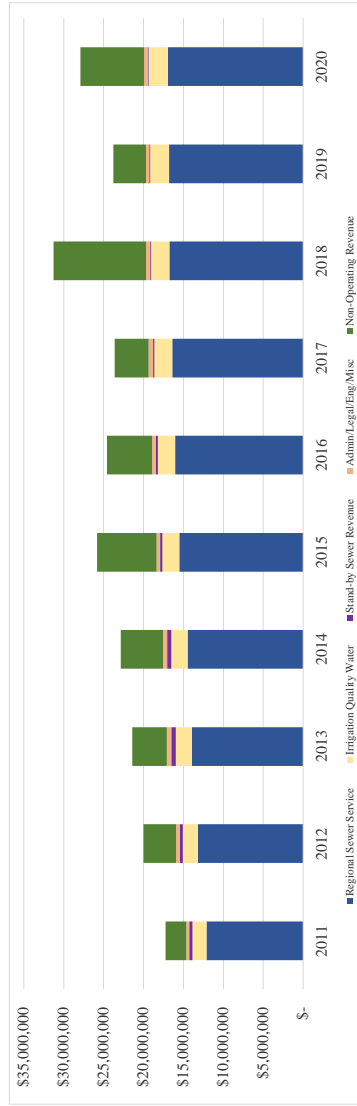
**LOXAHATCHEE RIVER ENVIRONMENTAL CONTROL DISTRICT**  
**SCHEDULE OF CHANGES IN NET POSITION**  
For the Last Ten Fiscal Years

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
<b>OPERATING REVENUES:</b>										
Charges for services	\$ 14,337,671	\$ 15,544,204	\$ 16,558,320	\$ 17,068,443	\$ 17,955,155	\$ 18,439,733	\$ 18,929,914	\$ 19,269,413	\$ 19,387,399	\$ 19,531,720
Miscellaneous	305,644	372,358	534,846	500,866	420,734	472,844	436,024	416,191	314,265	386,857
<b>Total operating revenues</b>	<b>14,643,315</b>	<b>15,916,562</b>	<b>17,093,166</b>	<b>17,569,309</b>	<b>18,375,889</b>	<b>18,912,577</b>	<b>19,365,938</b>	<b>19,685,604</b>	<b>19,701,664</b>	<b>19,918,577</b>
<b>OPERATING EXPENSES:</b>										
Personal services	5,812,896	5,957,973	6,079,828	6,322,100	6,933,959	7,183,021	7,382,421	7,486,707	7,652,362	7,994,898
Operational	2,543,941	2,615,226	2,615,615	2,688,221	2,700,888	2,751,449	2,895,600	3,182,510	3,037,405	2,928,535
Supplies and chemicals	1,118,311	1,055,884	1,287,386	1,404,409	1,350,463	1,538,706	1,454,776	1,285,931	1,199,984	1,034,064
Repairs and maintenance	1,556,464	1,423,087	1,959,972	2,030,502	2,051,192	1,731,117	1,719,023	1,479,091	1,723,423	1,685,351
Contractual services	296,485	202,747	275,639	353,989	228,673	209,288	294,311	392,387	421,393	401,169
Depreciation and amortization	5,876,477	5,953,184	5,867,335	5,885,015	6,067,532	6,221,487	6,348,091	6,365,385	6,532,952	7,262,858
<b>Total operating expenses</b>	<b>17,204,574</b>	<b>17,208,101</b>	<b>18,085,775</b>	<b>18,684,236</b>	<b>19,332,707</b>	<b>19,635,068</b>	<b>20,094,222</b>	<b>20,192,011</b>	<b>20,567,519</b>	<b>21,306,875</b>
<b>OPERATING INCOME (DEFICIT)</b>	<b>(2,561,259)</b>	<b>(1,291,539)</b>	<b>(992,609)</b>	<b>(1,114,927)</b>	<b>(956,818)</b>	<b>(722,491)</b>	<b>(728,284)</b>	<b>(506,407)</b>	<b>(865,855)</b>	<b>(1,388,298)</b>
<b>NONOPERATING REVENUES (EXPENSES)</b>										
Grants	68,909	19,041	11,336	10,000	62,060	33,329	13,550	190,980		
Interest income	832,981	770,137	757,045	784,574	871,896	936,584	988,965	1,079,754	1,381,134	969,565
Interest expense	(239,883)	(165,250)	(137,397)	(5,834)						
Net gain (loss) on fair value of investments	18,580	29,737	13,594	(7,386)	(419,797)					
Loss on extinguishment of debt	(98,604)	(241,086)	(339,020)	(83,934)	(198,364)	(318,769)	33,630	(33,294)	(456,428)	63,860
Gain (loss) on disposal of capital assets	581,983	412,579	305,558	697,420	315,795	651,144	1,036,145	1,237,440	924,706	1,033,425
<b>Total nonoperating revenue (expenses)</b>	<b>(1,979,276)</b>	<b>(878,960)</b>	<b>(687,051)</b>	<b>(417,507)</b>	<b>(641,023)</b>	<b>(71,347)</b>	<b>307,861</b>	<b>731,033</b>	<b>58,851</b>	<b>(354,873)</b>
<b>INCOME (DEFICIT) BEFORE CAPITAL CONTRIBUTIONS</b>	<b>1,657,423</b>	<b>3,273,050</b>	<b>3,532,332</b>	<b>4,497,472</b>	<b>6,491,032</b>	<b>4,682,112</b>	<b>3,202,457</b>	<b>10,314,504</b>	<b>2,703,548</b>	<b>6,961,105</b>
<b>CAPITAL CONTRIBUTIONS</b>	<b>(321,853)</b>	<b>2,394,090</b>	<b>2,845,281</b>	<b>4,079,965</b>	<b>5,850,009</b>	<b>4,610,765</b>	<b>3,510,318</b>	<b>11,045,537</b>	<b>2,762,399</b>	<b>6,606,232</b>
<b>INCREASE (DECREASE) IN NET POSITION</b>	<b>134,179,430</b>	<b>133,857,577</b>	<b>136,251,667</b>	<b>139,096,948</b>	<b>143,176,913</b>	<b>149,026,922</b>	<b>153,637,687</b>	<b>157,148,005</b>	<b>168,193,542</b>	<b>170,955,941</b>
<b>NET POSITION, BEGINNING OF PERIOD</b>	<b>\$ 133,857,577</b>	<b>\$ 136,251,667</b>	<b>\$ 139,096,948</b>	<b>\$ 143,176,913</b>	<b>\$ 149,026,922</b>	<b>\$ 153,637,687</b>	<b>\$ 157,148,005</b>	<b>\$ 168,193,542</b>	<b>\$ 170,955,941</b>	<b>\$ 177,562,173</b>

Source: Loxahatchee River Environmental Control District

**LOXAHATCHEE RIVER ENVIRONMENTAL CONTROL DISTRICT**  
**SCHEDULE OF REVENUE BY SOURCE**  
 For the Last Ten Fiscal Years

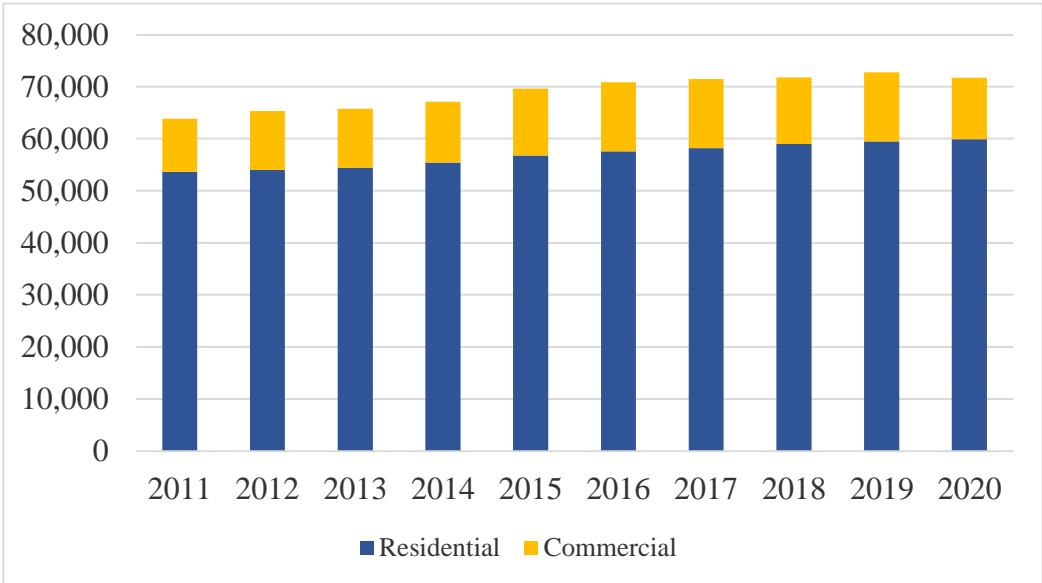
Fiscal Year Ended September 30,	Operating Revenues					Non-Operating Revenues							Total Revenues
	Regional Sewer Service	Irrigation Quality Water	Stand-by Sewer Revenue	Admin/Legal Engineering Fees and Miscellaneous	Total Operating Revenues	Assessment Revenue	Connection Charges	Line Charges	Investment Income	Grants/Contributed Capital	Other	Non-Operating Revenues	
2011	\$ 12,105,726	\$ 1,774,294	\$ 406,626	\$ 356,669	\$ 14,643,315	\$ 451,342	\$ 685,315	\$ 275,161	\$ 832,980	\$ 314,515	\$ 18,580	\$ 2,577,893	\$ 17,221,208
2012	13,196,560	1,870,462	421,274	428,266	15,916,562	139,373	1,408,116	632,541	770,137	1,112,061	29,737	4,091,965	20,008,527
2013	13,971,883	2,001,583	526,409	593,291	17,093,166	277,518	1,345,534	863,959	757,045	1,056,657	13,594	4,314,307	21,407,473
2014	14,478,093	2,059,339	496,829	535,048	17,569,309	327,432	2,569,441	670,857	784,574	939,742		5,292,046	22,861,355
2015	15,502,465	2,131,578	305,107	436,739	18,375,889	2,571,005	2,455,424	279,076	871,896	1,247,587		7,424,988	25,800,877
2016	16,051,221	2,154,339	221,965	485,052	18,912,577	2,035,390	1,073,180	369,122	936,584	1,237,749		5,652,025	24,564,602
2017	16,408,048	2,221,586	175,916	560,388	19,365,938	388,857	854,526	286,500	988,965	1,686,124	33,630	4,238,602	23,604,540
2018	16,751,205	2,307,946	120,034	506,419	19,685,604	6,508,665	1,409,475	547,129	1,079,754	1,849,235	190,980	11,585,238	31,270,842
2019	16,806,144	2,361,783	99,294	434,443	19,701,664	733,072	573,255	241,047	1,381,134	1,156,174		4,084,682	23,786,346
2020	16,971,526	2,379,798	93,741	473,512	19,918,577	5,118,705	675,485	412,140	969,565	754,775	63,860	7,994,530	27,913,107



Source: Loxahatchee River Environmental Control District

**LOXAHATCHEE RIVER ENVIRONMENTAL CONTROL DISTRICT  
TOTAL SEWER UNITS BY CATEGORY  
For the Last Ten Fiscal Years**

<b>Fiscal Year</b>	<b>Residential</b>		<b>Commercial</b>		<b>Total</b>
	<b>Equivalent Connections</b>	<b>% of Annual Total</b>	<b>Equivalent Connections</b>	<b>% of Annual Total</b>	
2011	53,616	84%	10,219	16%	63,835
2012	54,026	83%	11,277	17%	65,302
2013	54,414	83%	11,335	17%	65,749
2014	55,417	83%	11,675	17%	67,092
2015	56,794	82%	12,836	18%	69,630
2016	57,579	81%	13,276	19%	70,855
2017	58,196	81%	13,269	19%	71,465
2018	59,002	82%	12,784	18%	71,786
2019	59,478	82%	13,276	18%	72,754
2020	59,923	84%	11,784	16%	71,707

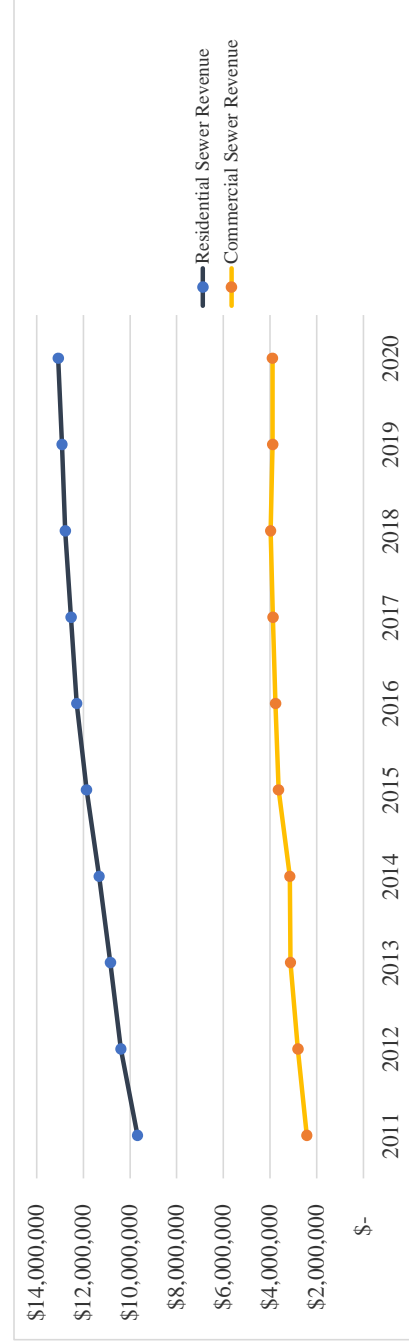


Source: Loxahatchee River Environmental Control District

**LOXAHATCHEE RIVER ENVIRONMENTAL CONTROL DISTRICT**  
**TOTAL SEWER REVENUE BY CATEGORY**  
 For the Last Ten Fiscal Years

Fiscal Year	Residential					Commercial				
	Regional Sewer Revenue	% of Annual Total	Number of Equivalent Connections	Rate per Equivalent Connection	Regional Sewer Revenue	% of Annual Total	Number of Equivalent Connections	Rate per Equivalent Connection	Total	
2011	\$ 9,686,644	80%	53,260	\$ 181.87	\$ 2,419,082	20%	9,710	\$ 249.13	\$ 12,105,726	
2012	10,392,270	79%	53,774	193.26	2,804,290	21%	10,592	264.74	13,196,560	
2013	10,843,903	78%	54,208	200.04	3,127,980	22%	11,431	273.64	13,971,883	
2014	11,325,317	78%	54,864	206.43	3,152,776	22%	11,156	282.61	14,478,093	
2015	11,864,990	77%	55,931	212.14	3,637,475	23%	12,450	292.17	15,502,465	
2016	12,284,659	77%	57,199	214.77	3,766,562	23%	12,850	293.12	16,051,221	
2017	12,527,978	76%	57,853	216.55	3,880,070	24%	13,180	294.39	16,408,048	
2018	12,776,079	76%	58,533	218.27	3,975,126	24%	13,319	298.46	16,751,205	
2019	12,919,575	77%	59,201	218.23	3,886,569	23%	13,015	298.62	16,806,144	
2020	13,079,358	77%	59,625	219.36	3,892,168	23%	12,956	300.41	16,971,526	

Note: The Schedule of Principal Payors is not presented. The District bills residential customers by Equivalent Connection, therefore all residential customers pay approximately the same amount.



Source: Loxahatchee River Environmental Control District

**LOXAHATCHEE RIVER ENVIRONMENTAL CONTROL DISTRICT  
SCHEDULE OF SEWER RATES  
As of September 30, 2020**

**Quarterly Service Charge**

<b>Residential</b>		<b>Non-Residential</b>
Equivalent Connection	Rate	
1.00	\$ 55.15	\$6.29 / 1,000 gallons or minimum of \$75.47/quarter
1.25	68.94	
1.50	82.73	
1.75	96.51	
2.00	110.30	
2.25	124.09	
2.50	137.88	
2.75	151.66	

**Quarterly Stand-by Sewer Revenue Charge**

Residential	\$	37.50	\per Equivalent Connection
Non-Residential		51.32	\per Equivalent Connection

**Connection Charges**

Equivalent Connection	Rate
1.00	\$ 2,894.80
1.25	3,618.50
1.50	4,342.20
1.75	5,065.90
0.25	723.70

Rates effective April 1, 2020

Source: Loxahatchee River Environmental Control District

**LOXAHATCHEE RIVER ENVIRONMENTAL CONTROL DISTRICT  
WASTEWATER TREATED  
For the Last Ten Fiscal Years**

<b>Fiscal Year Ended September 30,</b>	<b>Annual Influent Treated (MGD)</b>	<b>Regional Sewer Service Revenue</b>	<b>Total Direct Sewer Rates (1)</b>
2011	2,387	\$ 12,105,726	\$ 5,072
2012	2,475	13,196,560	5,332
2013	2,498	13,971,883	5,593
2014	2,479	14,478,093	5,840
2015	2,474	15,502,465	6,266
2016	2,453	16,051,221	6,544
2017	2,386	16,408,048	6,877
2018	2,493	16,751,205	6,719
2019	2,476	16,806,144	6,788
2020	2,611	16,971,526	6,500

(1) per million gallons influent treated.

MGD = Millions of gallons per day.

Source: Loxahatchee River Environmental Control District



**LOXAHATCHEE RIVER ENVIRONMENTAL CONTROL DISTRICT**  
**RATIO OF OUTSTANDING DEBT**  
**For the Last Ten Fiscal Years**

Fiscal Year Ended September 30,	1997B		1997C		2003		2009		2010		Total Debt Outstanding	Debt Per Equivalent Connection
	Revenue	Bonds	Revenue	Bonds	Revenue	Bonds	Revenue	Bonds	Revenue	Bonds		
2011	\$ 916,712	\$	\$ 985,403	\$	\$	\$	\$ 3,240,290	\$	\$ 2,431,567	\$	\$ 7,573,972	\$ 115.98
2012	768,057		822,117			3,052,931		1,324,897		5,968,002		90.77
2013	611,772		652,035			2,855,025		191,518		4,310,350		64.25
2014						2,648,163				2,648,163		38.03
2015												
2016												
2017												
2018												
2019												
2020												

Note: Bonds were paid off during fiscal year 2015.

Source: Loxahatchee River Environmental Control District

**LOXAHATCHEE RIVER ENVIRONMENTAL CONTROL DISTRICT**  
**SCHEDULE OF PLEDGED REVENUE COVERAGE**  
For the Last Ten Fiscal Years

Fiscal Year Ended September 30,	Total Debt Service Requirement	Gross Revenues	Operating Expenses Before Depreciation	Net		Debt Service Coverage (2)	Capital Charges	Net Revenue Available	Debt Service Coverage (3)
				Revenue Available (1)	Revenue Available				
2011	\$ 1,876,244	\$ 15,465,181	\$ 11,328,097	\$ 4,137,084	\$ 4,137,084	2.2	\$ 1,657,423	\$ 5,794,507	3.09
2012	1,876,244	16,494,391	11,254,917	5,239,474	5,239,474	2.79	3,273,050	8,512,524	4.54
2013	1,876,057	17,536,121	12,218,440	5,317,681	5,317,681	2.83	3,532,332	8,850,013	4.72
2014	915,791	18,272,563	12,799,221	5,473,342	5,473,342	5.98	4,497,472	9,970,814	10.89
2015	331,540	18,691,684	13,265,175	5,426,509	5,426,509	16.37	6,491,032	11,917,541	35.95
2016									
2017									
2018									
2019									
2020									

(1) Net revenue available before capital charges

(2) In accordance with the Bond Resolutions, required debt service coverage is 1.10 times

(3) In accordance with the Bond Resolutions, required debt service coverage is 1.25 times

Note: Bonds were paid off during fiscal year 2015.

Source: Loxahatchee River Environmental Control District

**LOXAHATCHEE RIVER ENVIRONMENTAL CONTROL DISTRICT**  
**DEMOGRAPHIC AND ECONOMIC STATISTICS**  
**For the Last Ten Fiscal Years**

Fiscal Year	Population (1)			Town of			Personal Income (2)			Per Capita Personal Income (2)			Unemployment Rate (3)		
	Town of Jupiter	Village of Tequesta	Town of Juno Beach	Jupiter Inlet Colony	Palm Beach County	Martin County	Palm Beach County	Martin County	Palm Beach County	Martin County	Palm Beach County	Martin County	Palm Beach County	Martin County	
2011	55,542	5,629	3,181	400	77,585,354	8,562,148	58,027	57,901	10.2%	10.2%	10.0%				
2012	56,337	5,646	3,233	398	84,703,787	9,842,408	62,454	66,044	8.5%	8.5%	8.3%				
2013	56,577	5,652	3,191	401	83,679,890	9,371,873	60,704	61,975	7.1%	7.1%	7.2%				
2014	57,263	5,629	3,194	396	92,842,100	10,666,979	66,218	69,607	5.9%	5.9%	6.1%				
2015	59,108	5,665	3,240	396	100,579,513	11,397,001	70,415	73,189	5.3%	5.3%	5.3%				
2016	60,615	5,699	3,351	411	104,108,093	12,078,164	71,613	76,211	5.0%	5.0%	5.0%				
2017	61,388	5,731	3,400	407	109,973,732	12,650,502	74,754	79,104	4.1%	4.1%	4.0%				
2018	62,100	5,857	3,427	409	118,519,249	13,496,101	79,760	83,873	3.1%	3.1%	3.0%				
2019	62,497	5,850	3,442	406	124,632,614	13,748,480	83,268	85,394	3.2%	3.2%	2.9%				
2020	63,188	5,874	3,463	414	N/A	N/A	N/A	N/A	6.6%	6.6%	4.6%				

Data Sources:

- (1) University of Florida, Bureau of Economic and Business Research.
- (2) U.S. Department of Commerce, Bureau of Economic Analysis, Regional Economic Information System.
- (3) U.S. Department of Labor Statistics - based on not seasonally adjusted September rates.

N/A - Data not available

**LOXAHATCHEE RIVER ENVIRONMENTAL CONTROL DISTRICT  
PRINCIPAL EMPLOYERS  
Current Year and Nine Years Ago**

<b>Employer</b>	<b>2020</b>			<b>2011</b>		
	<b>Employees</b>	<b>Rank</b>	<b>Percentage of Total County Employment</b>	<b>Employees</b>	<b>Rank</b>	<b>Percentage of Total County Employment</b>
<b>Palm Beach County</b>						
Palm Beach County School District	22,049	1	3.38%	21,495	1	3.47%
Tenet Coastal Division of Palm Beach County	6,505	2	1.00%	6,100	5	0.99%
Palm Beach County - BOCC	5,438	3	0.83%	11,381	2	1.84%
NextEra Energy/Florida Power & Light	4,807	4	0.74%	3,632	6	0.59%
Florida Atlantic University	2,898	5	0.44%	2,706	9	0.44%
Hospital Corporation of America - HCA	2,806	6	0.43%	2,714	8	0.44%
Boca Raton Regional Hospital	2,800	7	0.43%			
Veterans Health Administration	2,700	8	0.41%			
The Breakers	2,300	9	0.35%			
Bethesda Health, Inc.	2,282	10	0.35%	2,391	10	0.39%
State Government				9,200	3	1.49%
Federal Government				6,200	4	1.00%
G4S Headquarters				3,000	7	0.48%
Totals	<u>54,585</u>			<u>68,819</u>		
<b>Martin County</b>						
Martin Memorial Health Systems	N/A	N/A	N/A	2,825	1	4.45%
Martin County School District	N/A	N/A	N/A	2,566	2	4.04%
Martin County Government	N/A	N/A	N/A	1,566	3	2.47%
Publix Supermarkets	N/A	N/A	N/A	1,276	4	2.01%
State of Florida	N/A	N/A	N/A	637	5	1.00%
IVOX Solutions	N/A	N/A	N/A	532	6	0.84%
Turbocombustor Technology, Inc.	N/A	N/A	N/A	420	7	0.66%
Winn-Dixie Stores	N/A	N/A	N/A	329	8	0.52%
Liberator Medical Holding, Ins.	N/A	N/A	N/A	319	9	0.50%
Florida Power and Light	N/A	N/A	N/A	303	10	0.48%
Totals	<u>-</u>			<u>10,773</u>		

Source: Palm Beach County data from Business Development Board of Palm Beach County. Data is for Palm Beach County. Martin County 2011 data is from Martin County.

N/A: Data is not available.

**LOXAHATCHEE RIVER ENVIRONMENTAL CONTROL DISTRICT**  
**FULL-TIME EQUIVALENT EMPLOYEES BY FUNCTION**  
**For the Last Ten Fiscal Years**

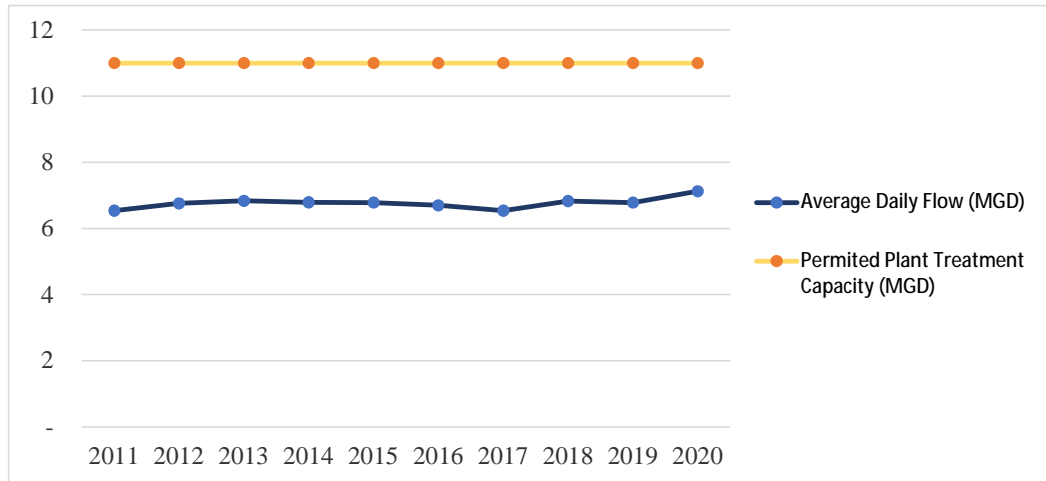
Function	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Executive	3	3	3	3	3	4	4	4	4	5
Finance	8	8	8	8	8	7	7	7	6	6
Public Education	2	2	2	3	3	3	3	3	3	3
WildPine Lab	7	7	7	7	7	7	7	7	7	7
Customer Service					4	4	4	4	4	4
Information Technology					4	4	4	4	4	5
Engineering and Inspection	8	8	9	9	8	8	9	9	10	10
Construction	5	5	6	6	7	7	6	6	6	6
Operations Administration	8	8	9	9	3	4	4	3	3	2
Collection and Transmission	12	12	12	13	13	11	11	11	11	11
Treatment and Disposal	17	17	16	16	16	17	18	19	19	19
Reuse	2	2	2	2	2	2	2	2	2	2
Bio-Solid	2	2	2	2	2	2	2	2	2	2
<b>Total</b>	<b>74</b>	<b>74</b>	<b>76</b>	<b>78</b>	<b>80</b>	<b>80</b>	<b>81</b>	<b>81</b>	<b>81</b>	<b>82</b>

Source: Loxahatchee River Environmental Control District

**LOXAHATCHEE RIVER ENVIRONMENTAL CONTROL DISTRICT  
SCHEDULE OF WASTEWATER TREATMENT CAPACITY  
For the Last Ten Fiscal Years**

<b>Fiscal Year Ended September 30,</b>	<b>Permitted Plant Treatment Capacity (MGD)</b>	<b>Average Daily Flow (MGD)</b>	<b>Max Daily Flow (MGD)</b>	<b>Annual Influent Treated (MGD)</b>	<b>Percent Capacity</b>
2011	11	6.54	7.80	2,388.66	59%
2012	11	6.76	11.15	2,474.64	62%
2013	11	6.84	10.21	2,497.59	62%
2014	11	6.79	8.55	2,479.42	62%
2015	11	6.78	8.76	2,473.96	62%
2016	11	6.70	9.89	2,453.35	61%
2017	11	6.54	8.30	2,386.16	59%
2018	11	6.83	9.35	2,492.55	62%
2019	11	6.78	8.70	2,475.53	62%
2020	11	7.13	11.74	2,610.69	65%

MGD = Millions of gallons per day.



Source: Loxahatchee River Environmental Control District

**LOXAHATCHEE RIVER ENVIRONMENTAL CONTROL DISTRICT  
CAPITAL AND INFRASTRUCTURE STATISTICS  
For the Last Ten Fiscal Years**

<b>Fiscal Year Ended September 30,</b>	<b>Low Pressure Main (miles)</b>	<b>Low Pressure Services</b>	<b>Force Main (miles)</b>	<b>Gravity Sewer (miles)</b>	<b>Gravity Sewer Services</b>	<b>Irrigation Quality (miles)</b>	<b>Number of Lift Stations</b>	<b>Number of Manholes</b>
2011								
2012								
2013								
2014								
2015								
2016								
2017								
2018	27.03	N/A	103.95	294.12	N/A	26.70	224	7,944
2019	27.03	1,627	103.95	294.12	15,666	34.66	224	7,944
2020	29.56	1,760	104.77	296.84	15,689	34.81	226	8,032

Infrastructure information is provided by the District's Geographical Information System.

\* Information is not available for year prior to 2018.

N/A - Data not available.

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## **COMPLIANCE SECTION**

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# NOWLEN, HOLT & MINER, P.A.

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

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To the Governing Board  
Loxahatchee River Environmental Control District  
Jupiter, 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 Loxahatchee River Environmental Control District, as of and for the year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise the Loxahatchee River Environmental Control District's basic financial statements, and have issued our report thereon dated January 13, 2021.

### Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Loxahatchee River Environmental Control District'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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Loxahatchee River Environmental Control District's internal control. Accordingly, we do not express an opinion on the effectiveness of the Loxahatchee River Environmental Control District's internal control.

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

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

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Loxahatchee River Environmental Control District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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.

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

West Palm Beach, Florida  
January 13, 2021



# NOWLEN, HOLT & MINER, P.A.

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

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To the Governing Board  
Loxahatchee River Environmental Control District  
Jupiter, Florida

### Report on the Financial Statements

We have audited the financial statements of the Loxahatchee River Environmental Control District (the "District"), as of and for the fiscal year ended September 30, 2020, and have issued our report thereon dated January 13, 2021.

### 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 January 13, 2021, 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 financial audit report. There were no findings or recommendations in the prior year that required corrective actions.

## **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 District 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 District did not meet any of the conditions described in Section 218.503(1), Florida Statutes, as of and for the 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 for the District. It is management's responsibility to monitor the District'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. In connection with our audit, we did not note any special district component units that failed to provide the necessary information for proper reporting in accordance with Section 218.39(3)(b), Florida Statutes.

## **Additional Matters**

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

## Single Audits

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

## 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 Governing Board, and applicable management, and is not intended to be and should not be used by anyone other than these specified parties.

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

West Palm Beach, Florida  
January 13, 2021



# NOWLEN, HOLT & MINER, P.A.

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

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To the Governing Board  
Loxahatchee River Environmental Control District  
Jupiter, Florida

We have examined the Loxahatchee River Environmental Control District's compliance with Section 218.415, Florida Statutes during the year ended September 30, 2020. Management of the Loxahatchee River Environmental Control District is responsible for the Loxahatchee River Environmental Control District's compliance with the specified requirements. Our responsibility is to express an opinion on the Loxahatchee River Environmental Control District'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 Loxahatchee River Environmental Control District complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether the Loxahatchee River Environmental Control District 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 Loxahatchee River Environmental Control District's compliance with the specified requirements.

In our opinion, the Loxahatchee River Environmental Control District 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 Governing Board, and is not intended to be and should not be used by anyone other than these specified parties.

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

West Palm Beach, Florida  
January 13, 2021