



## **TOWN OF MANALAPAN, FLORIDA**



**FINANCIAL STATEMENTS WITH INDEPENDENT  
AUDITOR'S REPORT THEREON  
FISCAL YEAR ENDED SEPTEMBER 30, 2022**

TOWN OF MANALAPAN, FLORIDA  
SEPTEMBER 30, 2022  
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## INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and Members of the Town Commission  
Town of Manalapan, Florida

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### Report on the Audit of the Financial Statements

#### *Opinions*

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Manalapan, Florida, as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise the Town of Manalapan, Florida's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Manalapan, Florida, as of September 30, 2022, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### *Basis for Opinions*

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Town of Manalapan, Florida and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### *Responsibilities of Management for the Financial Statements*

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town of Manalapan,

Florida's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town of Manalapan, Florida's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town of Manalapan, Florida's ability to continue as a going concern for a reasonable period of time.

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

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 12, the budgetary comparison information on pages 67 and 68, the pension schedules on pages 69 through 72, and the Schedule of Changes in Total OPEB Liability on page 73 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the

information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Supplementary Information***

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated May 23, 2024, on our consideration of the Town of Manalapan, Florida's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town of Manalapan, Florida'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 Town of Manalapan, Florida's internal control over financial reporting and compliance.

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

West Palm Beach, Florida  
May 23, 2024

**TOWN OF MANALAPAN, FLORIDA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2022**

The Management's Discussion and Analysis (MD&A) is designed to provide an objective and easy to read analysis of the Town's financial activities based on currently known facts, decisions, and conditions. It is intended to provide a broad overview and short-term and long-term analysis of the Town's activities based on information presented in the financial statements. Specifically, this information is designed to assist the reader in focusing on significant financial issues, provide an overview of the Town's financial activity, identify changes in the Town's financial position, identify material deviations from the approved budget, and identify individual fund issues.

The information contained within this MD&A is only a component of the entire financial statement report. Readers should take time to read and evaluate all sections of the report, including the footnotes and the other required supplementary information that is provided in addition to this MD&A.

**FINANCIAL HIGHLIGHTS**

***Government-wide Financial Statements***

- ❖ The assets plus deferred outflow of resources of the Town exceeded its liabilities plus deferred inflow of resources at the close of the most recent fiscal year by approximately \$19.4 million. Of this amount, approximately \$9.3 million (unrestricted net position) may be used to meet the Town's ongoing obligations to residents and creditors.
  - Governmental net position was approximately \$9.2 million, an increase of \$1,246,788 when compared with the prior year.
  - Water and Sewer net position (Business-Type Activities) was approximately \$10.2 million, a decrease of \$698,383 when compared with the prior year.
- ❖ The total revenues from all sources were approximately \$8.2 million, and the total cost of all Town programs was approximately \$7.6 million.
- ❖ The Town's total capital assets decreased by \$120,483 during the current fiscal year. The Town's governmental activities capital assets decreased by \$140,873 and the business-type activities capital assets increased by \$20,390.
- ❖ The Town's total debt decreased by \$379,202 during the current fiscal year. The Town's debt is all related to the business-type activities. The governmental activities have no debt.

***Fund Financial Statements***

- ❖ At the end of the current fiscal year, unassigned fund balance for the Town's governmental funds was \$4.7 million, an increase of \$466,337 from the previous fiscal year.
- ❖ The fund balance in the Town's General Fund increased by \$1,200,945 , or 19.9%.
- ❖ The unassigned fund balance in the Town's General Fund was \$4.7 million, or 86.9% of total General Fund expenditures.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

The Town's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also includes other required supplementary information in addition to the basic financial statements.

***Government-wide Financial Statements***

The government-wide financial statements are designed to provide readers with a broad overview of the Town's finances, in a manner similar to a private sector business. A frequently asked question regarding the Town's financial health is whether the year's activities contributed positively to the overall financial well-being. The statement of net position and the statement of activities report information about the Town as a whole and about its activities in a way that helps answer this question. Both statements represent an overview of the Town as a whole, separating its operations between governmental activities and business-type activities. The government-wide statements are prepared using the accrual basis of accounting.

The statement of net position presents information on all of the Town's assets plus deferred outflows of resources and liabilities plus deferred inflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating. Other factors should be considered, however, such as the condition of the Town's capital assets to assess the overall health of the Town.

The statement of activities presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods. The government-wide financial statements can be found on pages 13-15 of this report.

### ***Fund Financial Statements***

Traditional users of governmental financial statements will find the fund financial statements presentation more familiar. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town, like other state and local governments, uses fund accounting to ensure and demonstrate legal compliance with finance-related legal requirements. The Town's funds can be divided into three categories: governmental funds, proprietary funds and fiduciary funds. The three kinds of funds use different accounting approaches.

Basic services are reported in governmental funds, which focus on near-term inflows and outflows of spendable resources and the balances of spendable resources available at year-end. These funds are reported using an accounting method called modified accrual basis of accounting, which measures cash and all other financial assets that can readily be converted to cash. Governmental fund information helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance the Town's programs. We reconcile the differences between government-wide activities (reported in the statement of net position and the statement of activities) and the governmental funds on separate schedules following the respective governmental funds.

The fund financial statements provide detailed information about the most significant funds—not the Town as a whole. Accordingly, one major fund (the general fund) is reported in the governmental funds balance sheet and statement of revenues, expenditures and changes in fund balances. The remaining non-major governmental fund is reported as a total.

Proprietary funds are used to account for revenues and expenses from services provided on a user-charge basis to the public. Proprietary fund activities are reported on the same accounting basis and measurement focus as the statement of net position and the statement of activities. This is similar to that found in the private sector and provides a periodic measurement of net income. The Town's proprietary activities are accounted for in the enterprise fund for water and sewer operations.

### ***Notes to the Financial Statements***

The notes to the financial statements are provided to communicate additional information that is essential to obtaining a comprehensive understanding of the data contained in the government-wide and fund financial statements. The notes to the financial statements are located on pages 25-66 of this report.

### ***Other Information***

In addition to the basic financial statements and notes, this annual report also presents certain *required supplementary information* (RSI) which includes a budgetary comparison schedule for the General Fund together with notes pertaining to the budget schedule and to provide the Town's progress in funding of its obligation to provide pension benefits and other post-employment benefits (OPEB) to its employees. Required supplementary information can be found on pages 67-73 of this report.



## GOVERNMENT-WIDE OVERALL FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Town, assets plus deferred outflows exceeded liabilities plus deferred inflows by approximately \$19.4 million at the close of the most recent fiscal year, an increase of \$548,405 as compared with the prior year.

A portion of the Town's net position (\$3.1 million or 16%) reflects resources that are subject to external restrictions on how they may be used. The largest percentage of the Town's net position (\$6.9 million or 36%) reflects its investment in capital assets (e.g. land, buildings, improvements, machinery and equipment); less any related debt and deferred inflows/outflows related to those assets that is still outstanding. The Town uses these capital assets to provide services to citizens; therefore, these assets are not available for future spending. Although the Town's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. The remaining balance of unrestricted net position (approximately \$9.3 million) may be used to meet the government's ongoing obligations to citizens and creditors.

**Changes in Net Position.** The following table illustrates a summary of net position by Governmental Activities and Business-type Activities. At the end of the current fiscal year, the Town is able to report positive balances in net position for all Governmental and Business-type Activities.

### Summary of Net Position September 30, 2022 and 2021

	Governmental Activities		Business-type Activities		Total	
	2022	2021	2022	2021	2022	2021
<b>Assets:</b>						
Current and other assets	\$ 7,879,916	\$ 6,495,580	\$ 5,639,855	\$ 6,637,308	\$ 13,519,771	\$ 13,132,888
Capital assets, net	2,116,609	2,257,482	6,971,217	6,950,827	9,087,826	9,208,309
<b>Total assets</b>	<b>9,996,525</b>	<b>8,753,062</b>	<b>12,611,072</b>	<b>13,588,135</b>	<b>22,607,597</b>	<b>22,341,197</b>
<b>Deferred outflows of resources:</b>						
Pension related items	410,514	5,201	83,369	1,180	493,883	6,381
<b>Liabilities:</b>						
Current and other liabilities	438,671	262,316	310,718	166,077	749,389	428,393
Long-term liabilities	603,482	364,087	2,149,142	2,482,241	2,752,624	2,846,328
<b>Total liabilities</b>	<b>1,042,153</b>	<b>626,403</b>	<b>2,459,860</b>	<b>2,648,318</b>	<b>3,502,013</b>	<b>3,274,721</b>
<b>Deferred inflows of resources:</b>						
Pension related items	207,269	221,031	42,093	50,126	249,362	271,157
<b>Total deferred inflows of resources</b>	<b>207,269</b>	<b>221,031</b>	<b>42,093</b>	<b>50,126</b>	<b>249,362</b>	<b>271,157</b>
<b>Net position:</b>						
Net investment in capital assets	2,116,609	2,257,482	4,823,657	4,523,642	6,940,266	6,781,124
Restricted	2,588,628	1,828,460	484,619	523,214	3,073,247	2,351,674
Unrestricted	4,452,380	3,824,887	4,884,212	5,844,015	9,336,592	9,668,902
<b>Total net position</b>	<b>\$ 9,157,617</b>	<b>\$ 7,910,829</b>	<b>\$ 10,192,488</b>	<b>\$ 10,890,871</b>	<b>\$ 19,350,105</b>	<b>\$ 18,801,700</b>

The following table illustrates the change in net position for the years ended September 30, 2022 and 2021:

**Change in Net Position  
Years Ended September 30, 2022 and 2021**

	Governmental		Business-type		Total	
	Activities		Activities			
	2022	2021	2022	2021	2022	2021
<b>Revenues:</b>						
Program revenues:						
Charges for services	\$ 1,461,844	\$ 1,009,424	\$ 1,547,982	\$ 1,583,271	\$ 3,009,826	\$ 2,592,695
Operating grants and contributions	65,563	29,492	--	--	65,563	29,492
General revenues:						
Property taxes	4,561,437	4,255,612	--	--	4,561,437	4,255,612
Other taxes and franchise fees	434,404	375,914	--	--	434,404	375,914
Intergovernmental	66,425	57,786	--	--	66,425	57,786
Impact fees	--	--	5,416	2,583	5,416	2,583
Investment earnings	6,345	47,656	12,688	19,402	19,033	67,058
Gain on disposal of capital assets	--	--	--	5,000	-	5,000
Miscellaneous	20,380	36,742	--	--	20,380	36,742
<b>Total revenues</b>	<b>6,616,398</b>	<b>5,812,626</b>	<b>1,566,086</b>	<b>1,610,256</b>	<b>8,182,484</b>	<b>7,422,882</b>
<b>Expenses:</b>						
Program expenses:						
General government	845,805	739,313	--	--	845,805	739,313
Public safety	4,172,050	4,131,504	--	--	4,172,050	4,131,504
Physical environment	233,860	222,193	--	--	233,860	222,193
Transportation	46,992	47,913	--	--	46,992	47,913
Culture and recreation	70,903	41,761	--	--	70,903	41,761
Water and sewer utility	-	-	2,264,469	1,931,650	2,264,469	1,931,650
<b>Total expenses</b>	<b>5,369,610</b>	<b>5,182,684</b>	<b>2,264,469</b>	<b>1,931,650</b>	<b>7,634,079</b>	<b>7,114,334</b>
Surplus before special items	1,246,788	629,942	(698,383)	(321,394)	548,405	308,548
Special items:						
Closure of pension plan	--	184,370	--	--	--	184,370
<b>Change in net position</b>	<b>1,246,788</b>	<b>814,312</b>	<b>(698,383)</b>	<b>(321,394)</b>	<b>548,405</b>	<b>492,918</b>
Net position – October 1	7,910,829	7,096,517	10,890,871	11,212,265	18,801,700	18,308,782
<b>Net position – September 30</b>	<b>\$ 9,157,617</b>	<b>\$ 7,910,829</b>	<b>\$ 10,192,488</b>	<b>\$ 10,890,871</b>	<b>\$ 19,350,105</b>	<b>\$ 18,801,700</b>

## ***Governmental Activities***

Governmental activities increased the Town's net position by \$1,246,788. This is an increase of 53% when compared to the prior fiscal year.

Total revenues increased by \$803,772 or 14%. Key elements of this increase are as follows:

- ❖ Charges for services increased by \$452,420 or 45%. The increase is attributable to increase in the number of building permits issued.
- ❖ Other taxes and franchise fees increased by \$58,490 or 16%. The increase is attributable to the franchise fees received and gas taxes.
- ❖ Property taxes increased by \$305,825 or 7% due to an increase in property values.

Total expenses increased by \$186,926 or 4%. Key elements of this increase are as follows:

- ❖ General government expenses increased by \$106,492 or 14% due to staffing changes, and an increase in professional fees.
- ❖ Public safety expenses increased by \$40,546 or 1% due to the continued increase in the staffing levels.
- ❖ Culture and recreation expenses increased by \$29,142 or 70% due to building repairs and an increase in programs, events and activities during the fiscal year.

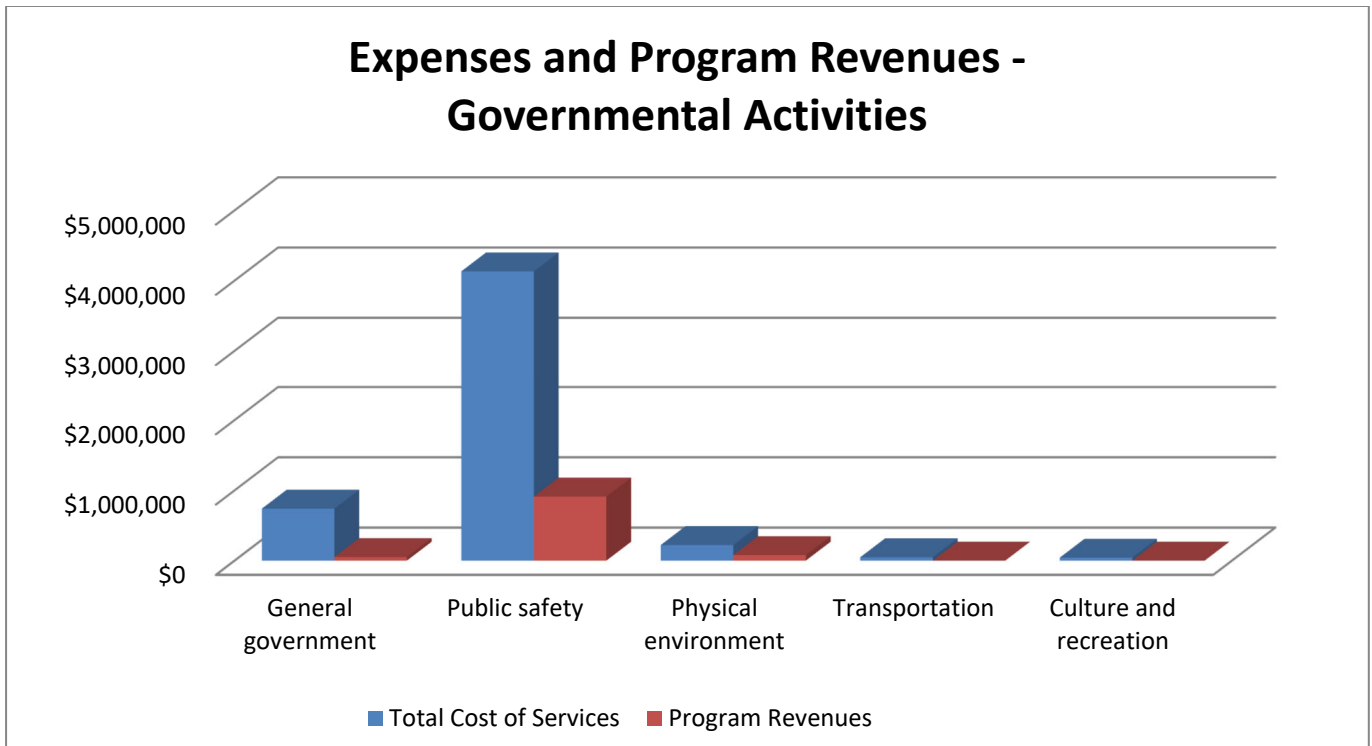
The Town's programs include general government, public safety, physical environment, transportation, and culture/recreation. General government includes the legislative, executive, financial, and other general operations of the Town. Public safety includes police, fire, advanced life support services, and emergency/disaster services. Physical environment includes sanitation and public works operations. Transportation includes public street maintenance. Culture/recreation includes library services. Below is a schedule presenting the net cost of each program (total cost, less revenues generated by the activities). The net cost shows the extent to which the Town's general revenues support each of the Town's programs.

	<b>Total Cost of Services</b>	<b>Program Revenues</b>	<b>Net (Expense) Revenue of Services</b>
General government	\$ 845,805	\$ 12,490	\$ (833,315)
Public safety	4,172,050	1,426,497	(2,745,553)
Physical environment	233,860	78,000	(155,860)
Transportation	46,992	-	(46,992)
Culture and recreation	70,903	10,420	(60,483)
<b>Totals</b>	<b>\$ 5,369,610</b>	<b>\$ 1,527,407</b>	<b>\$ (3,842,203)</b>

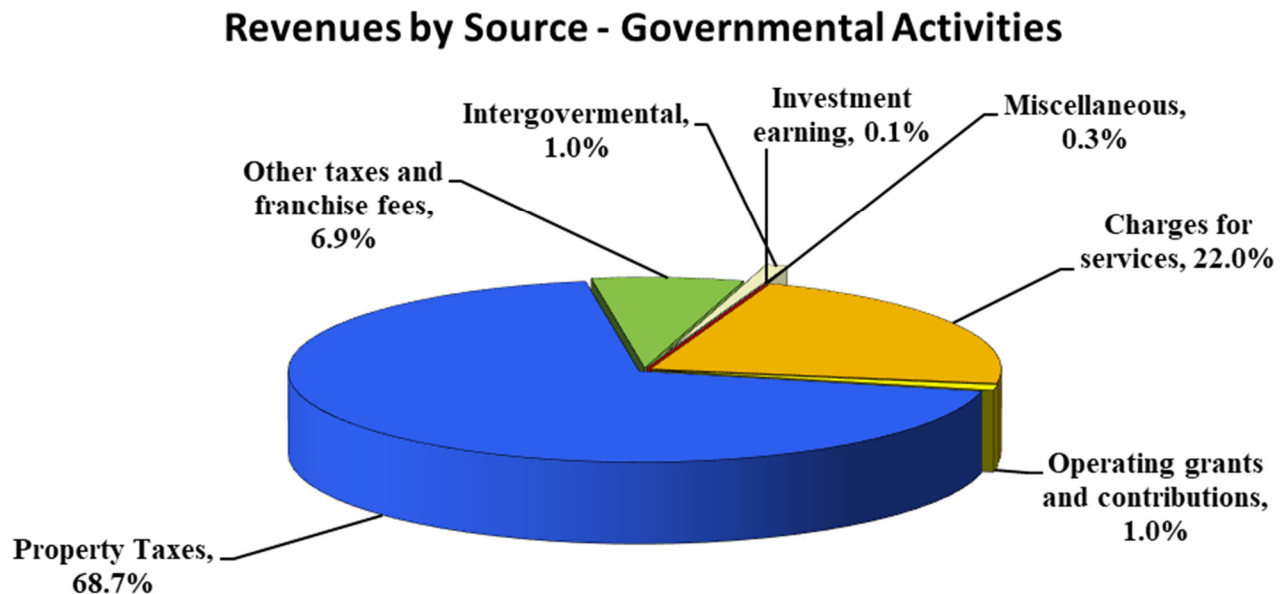
The total cost of all governmental activities this year was approximately \$5.4 million. The schedule above shows that \$1,527,407 of the cost of services was paid by those who directly benefited from the programs and approximately \$3.8 million was financed through general revenues.

The following chart illustrates expenses and program revenues by function for all governmental activities. The graph illustrates the relatively minor amount of support for governmental operations that is derived from program revenues.

**Town of Manalapan**  
**Expenses and Program Revenues - Governmental Activities**  
**Year Ended September 30, 2022**



**Town of Manalapan**  
**Revenues by Source - Governmental Activities**  
**Year Ended September 30, 2022**

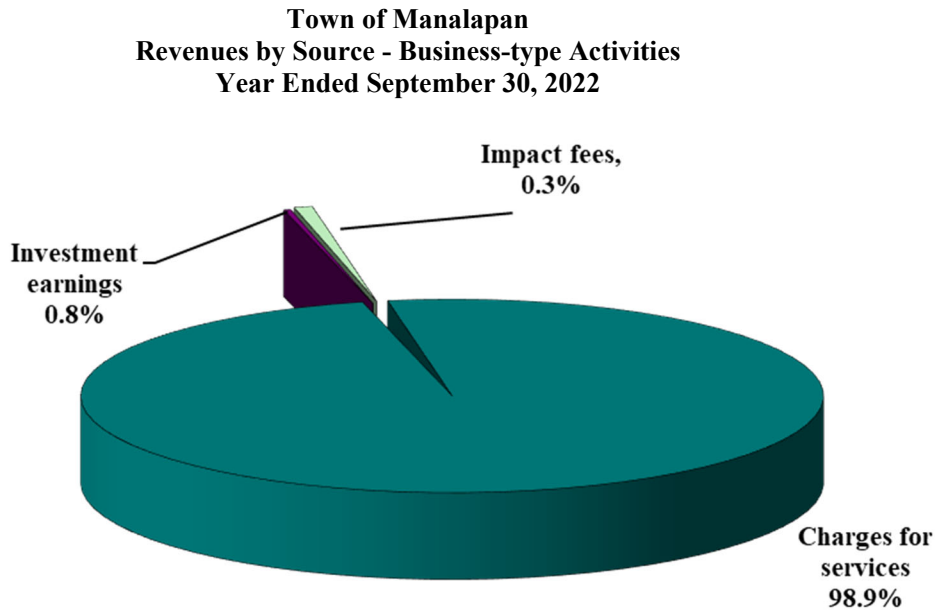


### ***Business-Type Activities***

Business-type activities decreased the Town's net position by \$698,383. This is a 6% decrease compared to the prior fiscal year.

Revenues decreased by \$320,620 or approximately 20%. The key element of this decrease is as follows:

- ❖ Charges for services decreased \$35,289 or 2% compared to the prior year. The decrease is primarily due to the reduction in consumption due to watering restrictions. A rate study will be conducted to address this.
- ❖ The Town has a loss on disposal of capital assets of \$276,450 in 2022 as compared to a gain of \$5,000 in 2021.



### **GOVERNMENTAL FUNDS FINANCIAL ANALYSIS**

The Town uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

#### ***Governmental Funds***

The *governmental funds* report on the same functions as the governmental activities in the government-wide statements but the focus of the governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources available at fiscal year end. This information is useful in evaluating the Town's financing requirements. The *unassigned fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$7.4 million, an increase of \$1,207,981 in comparison with the prior year.

Approximately 63% of this total amount (approximately \$4.7 million) represents *unassigned fund balance*, which is available for spending at the Town's discretion. The remainder of fund balance (approximately \$2.8 million) (37%) is non-spendable, restricted or assigned. Of this amount, \$666 is not available for new spending because it is "*not in spendable form*" and \$2,784,867 is restricted for specific purposes.

The primary operating fund for the Town is the General Fund. At the end of the current fiscal year, total fund balance was approximately \$7.2 million. As a measure of the General Fund's liquidity, it is useful to compare unassigned fund balance to total General Fund expenditures. Unassigned fund balance represents approximately 87% of total general fund expenditures.

### ***Proprietary Funds***

The Town has one proprietary fund type, an Enterprise Fund. The Town's proprietary fund financial statements provide the same type of information found in the business-type activities of the government-wide financial statements, but in more detail. The Town's enterprise fund accounts for its water and sewer utility operations.

The Enterprise Fund reported unrestricted net position of approximately \$4.9 million at fiscal year-end. Total net position was approximately \$10.2 million at fiscal year end, a decrease of \$698,383 when compared to the prior fiscal year. Operating revenue was approximately \$1.5 million, a decrease of \$35,289 or 2%. Operating expenses were approximately \$1.9 million and increased by \$70,488 or 4%, as compared to the prior fiscal year. .

### **GENERAL FUND BUDGETARY HIGHLIGHTS**

There was one amendment to the original budget adopted by the Town Commission. Actual results exceeded the final adopted budget by \$1,200,945 and can be attributed mainly to the following:

- ❖ Ad valorem taxes were less than the budget by \$79,024. This is due to residents receiving early payment discounts.
- ❖ Fees and permits exceeded the budget by \$785,624. This is due to the increase in the number of building permits issued.
- ❖ In all departments actual expenditures were less than the final adopted budget.

### **CAPITAL ASSETS AND DEBT ADMINISTRATION**

#### ***Capital Assets***

The Town of Manalapan's investment in capital assets for its governmental and business-type activities as of September 30, 2022, amounts to approximately \$9.1 million (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, and machinery and equipment, intangible assets and construction in progress. The total decrease in the Town's investment in capital assets for the current fiscal year was \$120,483 or 1.3%. There was a \$140,873 decrease for governmental activities and \$20,390 increase for business-type activities.

Depreciation on capital assets is recognized in the government-wide financial statements. Annual depreciation and amortization for buildings, improvements, machinery and equipment and intangible assets totaled \$670,080 for the year ended September 30, 2022.

#### **Capital Assets** (net of depreciation)

	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
Land	\$ 166,440	\$ 166,440	\$ 370,309	\$ 370,309	\$ 536,749	\$ 536,749
Construction in progress	--	--	694,687	462,661	694,687	462,661
Buildings	408,672	457,819	--	--	408,672	457,819
Improvements other than buildings	1,241,999	1,318,653	5,672,651	5,991,386	6,914,650	7,310,039
Machinery and equipment	299,498	314,570	233,570	126,471	533,068	441,041
<b>Total</b>	<b>\$ 2,116,609</b>	<b>\$ 2,257,482</b>	<b>\$ 6,971,217</b>	<b>\$ 6,950,827</b>	<b>\$ 9,087,826</b>	<b>\$ 9,208,309</b>

Information on the Town's capital assets can be found in Note 6, beginning on page 46 of this report.

### ***Long-Term liabilities***

The Town of Manalapan's outstanding debt for its business-type activities as of September 30, 2022, amounts to approximately \$2 million. This is a decrease of \$379,202 when compared with 2021. The decrease is attributable to the scheduled principal repayments for the Town's Revenue Note, Series 2008 (\$202,127) and the State Revolving Fund Loan (\$177,075).

	<b>Long-Term Liabilities</b>					
	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
Revenue note, Series 2008	\$ --	\$ --	\$ 1,567,568	\$ 1,769,695	\$ 1,567,568	\$ 1,769,695
State Revolving Fund Loan	--	--	455,117	632,192	455,117	632,192
<b>Total</b>	<b>\$ --</b>	<b>\$ --</b>	<b>\$ 2,022,685</b>	<b>\$ 2,401,887</b>	<b>\$ 2,022,685</b>	<b>\$ 2,401,887</b>

Additional information on the Town's debt can be found in Note 11, beginning on page 50 of this report.

### **NEXT YEAR'S BUDGET AND ECONOMIC FACTORS**

Ad valorem taxes are the single most significant governmental revenue source for the Town of Manalapan representing 73% of total governmental revenues. These revenues are generated by a millage rate set annually by the Town Commission with a legal limit of 10 mills or \$10.00 per \$1,000 of taxable property value. The current fiscal year millage rate for fiscal year 2022-2023 is \$3.000 per \$1,000 of taxable value, which is the same millage rate for fiscal year 2021-2022.

The Town's taxable property values increased due to new construction and property re-evaluations. Each budget year the Town examines the impact of this construction activity along with other economic and social factors that place a demand on our capacity to provide services. All these factors are considered in the preparation of the Town's budget. The Town has been able to adopt a budget that provides the funding necessary to maintain the existing service levels.

The 2022-2023 budget anticipates two new fleet vehicles, a replacement vehicle for the Town Manager, an ATV replacement, antenna & repeater Motorola bundle 3<sup>rd</sup> year of 3-year cost, boat lift, replacement LPR cameras, contract security services, and continued replacement of computers.

### **CONTACTING THE TOWN'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the Town's finances and to show the Town's accountability for the money it receives. If you have questions about this report or need additional information, please contact:

**Town of Manalapan  
Finance Department  
600 South Ocean Boulevard  
Manalapan, FL 33462  
561-383-2546  
[lstumpf@Manalapan.org](mailto:lstumpf@Manalapan.org)**

**TOWN OF MANALAPAN, FLORIDA**  
**Statement of Net Position**  
**September 30, 2022**

	Primary Government		
	Governmental Activities	Business-type Activities	Total
<b>Assets</b>			
Cash and cash equivalents	\$ 7,618,327	\$ 3,851,440	\$ 11,469,767
Investments	1,238,014		1,238,014
Accounts receivable (net)	134,247	128,860	263,107
Prepaid items	666		666
Internal balances	(1,111,338)	1,111,338	
Restricted assets			
Cash and cash equivalents		548,217	548,217
Capital assets			
Non-depreciable	166,440	1,064,996	1,231,436
Depreciable, net of depreciation	1,950,169	5,906,221	7,856,390
Total assets	<u>9,996,525</u>	<u>12,611,072</u>	<u>22,607,597</u>
<b>Deferred outflows of resources</b>			
Pension related items	<u>410,514</u>	<u>83,369</u>	<u>493,883</u>
<b>Liabilities</b>			
Accounts payable	149,147	79,315	228,462
Contracts payable		124,875	124,875
Accrued liabilities	56,126	17,133	73,259
Accrued interest payable		7,411	7,411
Unearned revenue	233,398	19,995	253,393
Deposits		61,989	61,989
Non-current liabilities			
Due within one year	95,625	413,200	508,825
Due in more than one year	<u>507,857</u>	<u>1,735,942</u>	<u>2,243,799</u>
Total liabilities	<u>1,042,153</u>	<u>2,459,860</u>	<u>3,502,013</u>
<b>Deferred inflows of resources</b>			
Pension related items	<u>207,269</u>	<u>42,093</u>	<u>249,362</u>
Total deferred inflows of resources	<u>207,269</u>	<u>42,093</u>	<u>249,362</u>
<b>Net Position</b>			
Net investment in capital assets	2,116,609	4,823,657	6,940,266
Restricted for			
Coastal construction control line	10,181		10,181
Public safety	45,270		45,270
Building code enforcement	2,348,983		2,348,983
Infrastructure	183,683		183,683
Health reimbursement account	511	4,392	4,903
Renewal and replacement		288,362	288,362
Debt service		191,865	191,865
Unrestricted	<u>4,452,380</u>	<u>4,884,212</u>	<u>9,336,592</u>
Total net position	<u>\$ 9,157,617</u>	<u>\$ 10,192,488</u>	<u>\$ 19,350,105</u>

See notes to the financial statements



**TOWN OF MANALAPAN, FLORIDA**  
**Statement of Activities**  
**For the Year Ended September 30, 2022**

Function/ Program Activities	Expenses	Program Revenues	
		Charges For Services	Operating Grants and Contributions
Governmental Activities			
General government	\$ 845,805	\$ 12,490	\$
Public safety	4,172,050	1,366,929	59,568
Physical environment	233,860	78,000	
Transportation	46,992		
Culture and recreation	70,903	4,425	5,995
Total governmental activities	<u>5,369,610</u>	<u>1,461,844</u>	<u>65,563</u>
Business-type Activities			
Enterprise-water and sewer utility	2,264,469	1,547,982	
Total business-type activities	<u>2,264,469</u>	<u>1,547,982</u>	
Total government	<u>\$ 7,634,079</u>	<u>\$ 3,009,826</u>	<u>\$ 65,563</u>

General revenues:

Property taxes  
Infrastructure surtax  
Other taxes  
Franchise taxes  
Intergovernmental shared revenues  
Impact fees  
Investment earnings  
Net decrease in fair value of investments  
Miscellaneous  
Total general revenues

Change in net position

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

Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position		
	Primary Government		
	Governmental Activities	Business-Type Activities	Total
\$	\$ (833,315)	\$	\$ (833,315)
	(2,745,553)		(2,745,553)
	(155,860)		(155,860)
	(46,992)		(46,992)
	(60,483)		(60,483)
	(3,842,203)		(3,842,203)
		(716,487)	(716,487)
		(716,487)	(716,487)
\$	(3,842,203)	(716,487)	(4,558,690)
	4,561,437		4,561,437
	40,841		40,841
	281,767		281,767
	111,796		111,796
	66,425		66,425
		5,416	5,416
	17,911	12,688	30,599
	(11,566)		(11,566)
	20,380		20,380
	5,088,991	18,104	5,107,095
	1,246,788	(698,383)	548,405
	7,910,829	10,890,871	18,801,700
\$	\$ 9,157,617	\$ 10,192,488	\$ 19,350,105

See notes to the financial statements

**TOWN OF MANALAPAN, FLORIDA**  
**Balance Sheet**  
**Governmental Funds**  
**September 30, 2022**

	General	Non-Major Governmental Fund	Total Governmental Funds
Assets			
Cash and cash equivalents	\$ 7,413,680	\$ 204,647	\$ 7,618,327
Investments	1,238,014		1,238,014
Accounts receivable (net)	134,247		134,247
Prepaid items	666		666
Total assets	<u>\$ 8,786,607</u>	<u>\$ 204,647</u>	<u>\$ 8,991,254</u>
Liabilities, deferred inflows of resources, and fund balances			
Liabilities			
Accounts payable	\$ 148,678	\$ 469	\$ 149,147
Accrued liabilities	48,187	7,939	56,126
Due to other funds	1,111,338		1,111,338
Unearned revenue	233,398		233,398
Total liabilities	<u>1,541,601</u>	<u>8,408</u>	<u>1,550,009</u>
Fund balances			
Non-spendable:			
Prepays	666		666
Restricted for:			
Coastal construction control line	10,181		10,181
Health reimbursement account	511		511
Public safety	45,270		45,270
Building code enforcement	2,348,983		2,348,983
Infrastructure	183,683		183,683
Assigned to:			
Library		196,239	196,239
Unassigned	4,655,712		4,655,712
Total fund balances	<u>7,245,006</u>	<u>196,239</u>	<u>7,441,245</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 8,786,607</u>	<u>\$ 204,647</u>	<u>\$ 8,991,254</u>

See notes to the financial statements

**TOWN OF MANALAPAN, FLORIDA**  
**Reconciliation of the Balance Sheet – Governmental Funds**  
**to the Statement of Net Position**  
**September 30, 2022**

Fund balances - total governmental funds		\$ 7,441,245
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds:		
Governmental capital assets	\$ 4,352,707	
Less accumulated depreciation	<u>(2,236,098)</u>	2,116,609
Long-term liabilities, including notes and bonds payable, are not due and payable in the current period and therefore are not reported in the governmental funds. Long term liabilities at year-end consist of:		
Compensated absences		(95,625)
Net pension liability		(457,497)
Other postemployment benefits liability		(50,360)
Deferred outflows of resources and deferred inflows of resources to defined benefit pension plans and defined benefit OPEB plans are applicable to future periods and are not reported in the governmental funds:		
Pension related deferred outflows		410,514
Pension related deferred inflows		<u>(207,269)</u>
Net position of governmental activities		<u><u>\$ 9,157,617</u></u>

See notes to the financial statements

**TOWN OF MANALAPAN, FLORIDA**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Governmental Funds**  
**For the Year Ended September 30, 2022**

	General	Non-Major Governmental Fund	Total Governmental Funds
Revenues			
Taxes	\$ 4,894,577	\$	\$ 4,894,577
Fees and permits	1,459,924		1,459,924
Intergovernmental	90,051		90,051
Fines and forfeitures	5,171		5,171
Interest	17,911		17,911
Net decrease in fair value of investments	(11,566)		(11,566)
Intragovernmental	82,000		82,000
Contributions	37,900	5,995	43,895
Miscellaneous	34,660	4,425	39,085
Total revenues	<u>6,610,628</u>	<u>10,420</u>	<u>6,621,048</u>
Expenditures			
Current			
General government	796,487		796,487
Public safety	4,193,619		4,193,619
Physical environment	202,664		202,664
Transportation	5,940		5,940
Culture and recreation		48,803	48,803
Capital outlay	156,973	8,581	165,554
Total expenditures	<u>5,355,683</u>	<u>57,384</u>	<u>5,413,067</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,254,945</u>	<u>(46,964)</u>	<u>1,207,981</u>
Other financing sources (uses)			
Transfers in		54,000	54,000
Transfer out	(54,000)		(54,000)
Total other financing sources (uses)	<u>(54,000)</u>	<u>54,000</u>	<u></u>
Net change in fund balances	1,200,945	7,036	1,207,981
Fund balances, beginning of year	6,044,061	189,203	6,233,264
Fund balances, end of year	<u>\$ 7,245,006</u>	<u>\$ 196,239</u>	<u>\$ 7,441,245</u>

See notes to the financial statements

**TOWN OF MANALAPAN, FLORIDA**  
**Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund**  
**Balances of the Governmental Funds to the Statement of Activities**  
**For the Year Ended September 30, 2022**

Net change in fund balances - total governmental funds	\$ 1,207,981
--	--------------

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

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

Expenditures for capital assets	\$ 92,776	
Less: current year depreciation	(222,579)	(129,803)
Net book value of fixed asset disposals		(11,070)

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

Change in long-term compensated absences	8,554	
Change in net pension liability and related deferred amounts	131,120	
Change in other postemployment benefits liability	40,006	
Change in net position		\$ 1,246,788

See notes to the financial statements

**TOWN OF MANALAPAN, FLORIDA**  
**Statement of Net Position**  
**Proprietary Fund**  
**September 30, 2022**

Assets	Enterprise
Current assets	
Cash and cash equivalents	\$ 3,851,440
Accounts receivable (net)	128,860
Due from other funds	1,111,338
Restricted assets	
Cash and cash equivalents	548,217
Total current assets	<u>5,639,855</u>
Non-current assets	
Capital assets	
Land, buildings, improvements, and construction in progress (net)	6,971,217
Total non-current assets	<u>6,971,217</u>
Total assets	<u>12,611,072</u>
Deferred outflows of resources	
Pension related items	<u>83,369</u>
Liabilities	
Current liabilities	
Accounts payable and other liabilities	79,315
Contracts payable	124,875
Accrued liabilities	17,133
Unearned revenue	19,995
Accrued interest payable	5,802
Current portion of compensated absences	19,677
Current portion loans payable	211,572
Payable from restricted assets	
Deposits	61,989
Accrued interest payable	1,609
Loan payable	181,951
Total current liabilities	<u>723,918</u>
Non-current liabilities	
Net pension liability	92,911
Total OPEB liability	13,869
Loans payable	1,629,162
Total non-current liabilities	<u>1,735,942</u>
Total liabilities	<u>2,459,860</u>
Deferred inflows of resources	
Pension related items	<u>42,093</u>
Net Position	
Net investment in capital assets	4,823,657
Restricted for	
Health reimbursement account	4,392
Renewal and replacement	288,362
Debt service	191,865
Unrestricted	4,884,212
Total net position	<u>\$ 10,192,488</u>

See notes to the financial statements

**TOWN OF MANALAPAN, FLORIDA**  
**Statement of Revenues, Expenses, and Changes in Fund Net Position**  
**Proprietary Fund**  
**For the Year Ended September 30, 2022**

	<u>Enterprise</u>
Operating revenue	
Charges for services	\$ 1,535,975
Connection fees	12,007
Total operating revenues	<u>1,547,982</u>
Operating expenses	
Personal services	613,141
Professional services	90,356
Supplies	173,300
Purchased utilities	102,513
Depreciation	447,501
Administrative	144,278
Intragovernmental expense	82,000
Utilities and communication	150,643
Repairs and maintenance	89,813
Total operating expenses	<u>1,893,545</u>
Operating income	<u>(345,563)</u>
Nonoperating revenues (expenses)	
Interest revenue	12,688
Impact fees	5,416
Gain/(loss) on disposition of capital assets	(276,450)
Interest expense	(94,474)
Total nonoperating revenues (expenses)	<u>(352,820)</u>
Change in net position	(698,383)
Net position, beginning of year	<u>10,890,871</u>
Net position, end of year	<u><u>\$ 10,192,488</u></u>

See notes to the financial statements



**TOWN OF MANALAPAN, FLORIDA**  
**Statement of Cash Flows**  
**Proprietary Fund**  
**For the Year Ended September 30, 2022**

	<u>Enterprise</u>
Cash flows from operating activities:	
Receipts from customers	\$ 1,646,694
Payments to suppliers for goods or services	(718,608)
Payments to employees for services	(655,041)
Payments for interfund services used	(82,000)
Net cash provided by operating activities	<u>191,045</u>
Cash flows from noncapital financing activities:	
Receipt/(Repayment) of interfund loan	(1,711,338)
Net cash used by noncapital financing activities	<u>(1,711,338)</u>
Cash flows from capital and related financing activities:	
Impact fees	5,416
Principal paid on long term debt	(379,202)
Interest paid on long-term debt	(95,851)
Payments to acquire and construct capital assets	(644,765)
Net cash used by capital and related financing activities	<u>(1,114,402)</u>
Cash flows from investing activities:	
Interest and dividends on investments	12,688
Net cash provided by investing activities	<u>12,688</u>
Net increase in cash and cash equivalents	(2,622,007)
Cash and cash equivalents, beginning of year	7,021,664
Cash and cash equivalents, end of year	<u><u>\$ 4,399,657</u></u>
Reconciliation of operating income	
to net cash provided by operating activities:	
Operating Income	\$ (345,563)
Adjustments to reconcile operating income	
to net cash provided by operating activities:	
Depreciation	447,501
Changes in net pension liability and related deferred amounts	(35,760)
Changes in total OPEB liability and related deferred amounts	(11,632)
Change in assets and liabilities	
(Increase) decrease in accounts receivable	86,784
Increase (decrease) in accounts payable	32,295
Increase (decrease) in accrued liabilities	2,219
Increase (decrease) in unearned revenue	11,501
Increase (decrease) in compensated absences	3,273
Increase (decrease) in deposits	427
Total adjustments	<u>536,608</u>
Net cash provided by operating activities	<u><u>\$ 191,045</u></u>
Cash and cash equivalents:	
Unrestricted	\$ 3,851,440
Restricted	548,217
Total	<u><u>\$ 4,399,657</u></u>

See notes to the financial statements

**TOWN OF MANALAPAN, FLORIDA**  
**Statement of Fiduciary Net Position**  
**Fiduciary Fund**  
**September 30, 2022**

	<u>Pension Trust Fund</u>
Assets	
Cash and cash equivalents	\$ 221,243
Investments	
Total Stock Market Index Fund	1,955,573
Total Bond Market Index Fund	753,328
Developed Markets Stock Index Fund	224,332
Emerging Markets Stock Index Fund	108,017
Total assets	<u>3,262,493</u>
Liabilities	
Accounts payable and other liabilities	5,189
Due to town	1,908
Total liabilities	<u>7,097</u>
Net Position Restricted for Pensions	<u><u>\$ 3,255,396</u></u>

See notes to the financial statements

**TOWN OF MANALAPAN, FLORIDA**  
**Statement of Changes in Fiduciary Net Position**  
**Fiduciary Fund**  
**For the Year Ended September 30, 2022**

	<u>Pension Trust Fund</u>
Additions	
Contributions	
Employer	\$ 519,516
Plan members	112,796
Total contributions	<u>632,312</u>
Investment income (loss)	(594,293)
Less investment expenses	
Net investment income (loss)	<u>(594,293)</u>
Total additions	<u>38,019</u>
Deductions	
Benefits paid and refunds of member contributions	<u>69,198</u>
Net increase in net position	(31,179)
Net position restricted for pensions	
Net position, beginning of year	<u>3,286,575</u>
Net position, end of year	<u><u>\$ 3,255,396</u></u>

See notes to the financial statements

**TOWN OF MANALAPAN, FLORIDA**  
**Notes to the Financial Statements**  
**September 30, 2022**

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

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

**Reporting Entity**

The Town of Manalapan, Florida was incorporated in 1931 pursuant to Chapter 15684, Laws of Florida. The Town is governed by a Mayor, Vice Mayor, and Town Commission (the Commission) who, in turn, appoint a Town Manager. The Town provides the following services to its residents: public safety, sanitation, library, road and street facilities, parks, planning and zoning, water and wastewater services, and general administrative services. The Commission is responsible for legislative and fiscal control of the Town.

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

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

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

Based upon application of the above criteria, management of the Town has determined that the Town is financially accountable for the General Employees’ and Police Officers’ Pension Fund and that it should be included in the Town’s reporting entity. Management has determined that no other component units exist which would require inclusion in this report. Further, the Town is not aware of any entity that would consider the Town to be a component unit.

**TOWN OF MANALAPAN, FLORIDA**  
**Notes to the Financial Statements**  
**September 30, 2022**

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

*Government-wide and Fund Financial Statements*

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

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

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

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

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

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

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

**TOWN OF MANALAPAN, FLORIDA**  
**Notes to the Financial Statements**  
**September 30, 2022**

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

*Governmental Funds*

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

Fines and permit revenues are not susceptible to accrual because, generally, they are not measurable until received in cash. Franchise taxes, licenses, interest revenue, intergovernmental revenues, and charges for services associated with the current fiscal period are all considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the Town.

The Town reports the following major governmental fund:

General Fund

The General Fund is used to account for all financial resources applicable to the general operations of the Town government except those required to be accounted for in another fund.

*Proprietary Funds*

Proprietary funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Operating expenses report on the costs to maintain the proprietary systems, the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

**TOWN OF MANALAPAN, FLORIDA**  
**Notes to the Financial Statements**  
**September 30, 2022**

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

*Proprietary Funds* (Continued)

The Town reports the following proprietary fund:

Enterprise Fund

The Enterprise Fund is used to account for operations that provide services on a user charge basis to the public and for activities where the periodic measurement of net income is deemed appropriate for capital maintenance, public policy, management control, accountability, or other purposes. Proprietary fund activities and basis of accounting are similar to those often found in the private sector. The Town's proprietary activities consist of a water treatment and distribution system and a wastewater collection system.

*Fiduciary Funds*

Fiduciary funds are used to account for assets held under the terms of a formal trust agreement for the benefit of third parties (pension participants and Town employees) and cannot be used to finance activities or obligations of the government, these funds are not included in the government-wide financial statements. Fiduciary fund financial statements are reported on the accrual basis of accounting.

The Town reports the following fiduciary fund:

Pension Trust Fund

The Pension Trust Fund is used to account for assets held in a trustee capacity for Town employees participating in the General Employees' and Police Officers' Retirement Fund.

*Cash and Cash Equivalents*

All short-term investments that are highly liquid are considered to be cash equivalents. Cash equivalents are readily convertible to a known amount of cash and, at the day of purchase, have a maturity date no longer than three months.

**TOWN OF MANALAPAN, FLORIDA**  
**Notes to the Financial Statements**  
**September 30, 2022**

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

*Investments*

Investments are stated at fair value. 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 Town categorizes investments reported at fair value in accordance with the fair value hierarchy established by GASB Statement No. 72, *Fair Value Measurement and Application*.

*Accounts Receivable*

Accounts receivable consist primarily of amounts due from local businesses for taxes and amounts due from individuals for water and sewer services. Accounts receivable include billed and unbilled amounts.

*Allowance for Doubtful Accounts*

An allowance for doubtful accounts has not been provided for accounts receivables because the Town feels that all receivables are collectible.

*Prepaid Items*

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. In the governmental funds, prepaid items are recorded using the consumption method and are offset by the non-spendable fund balance component which indicates that they do not constitute “available spendable resources,” even though they are a component of current assets.



**TOWN OF MANALAPAN, FLORIDA**  
**Notes to the Financial Statements**  
**September 30, 2022**

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

**Capital Assets**

Capital assets, which include plant, property, equipment, and infrastructure assets (e.g. roads, bridges, and sidewalks) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Effective October 1, 2017, the Town increased the capitalization thresholds for capital assets to the following amounts:

Buildings and improvements	\$75,000
Improvements other than buildings	\$75,000
Infrastructure	\$150,000
Machinery and equipment	\$15,000

The change was made retroactively, and all capital assets below the capitalization thresholds were removed from capital assets on October 1, 2017. Purchased capital assets are recorded at cost. Donated capital assets, donated works of art and similar items, and capital assets received in a service concession arrangement are reported at acquisition value. The Town is a Phase 3 government under GASB 34, and the Town has elected not to report major general infrastructure assets retroactively. Depreciation has been provided over the useful lives using the straight-line method.

The estimated useful lives are as follows:

Buildings and improvements	30 years
Improvements other than buildings	20 years
Machinery and equipment	5-10 years
Water transmission and distribution lines	40 years
Wells	20 years
Wastewater collection system	20 years

**Unavailable Revenue**

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

**Unearned Revenue**

Unearned revenue arises when resources are obtained prior to revenue recognition. In subsequent periods, when revenue recognition criteria are met the unearned revenue is removed and revenue is recognized.

**TOWN OF MANALAPAN, FLORIDA**  
**Notes to the Financial Statements**  
**September 30, 2022**

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

*Deferred Outflows of Resources*

In addition to assets, the government wide Statement of Net Position, the Governmental Funds Balance Sheet, and the Proprietary Fund Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This financial statement element represents a consumption of net position that is applicable to future periods and will not be recognized as expenditures/expenses until future periods. The Town has only pension related items that qualify for reporting in this category.

*Deferred Inflows of Resources*

In addition to liabilities, the government wide Statement of Net Position, the Governmental Funds Balance Sheet, and the Proprietary Fund Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This financial statement element represents an acquisition of net position that is applicable to future periods and will not be recognized as revenue until future periods. The Town currently has only business tax receipts that are received by the Town prior to the period for which the taxes are levied that qualify for reporting as deferred inflows of resources.

*Compensated Absences*

The Town's employees are granted compensated absence pay for vacation and sick leave in varying amounts based on length of service. Unused vacation is payable upon separation from service. Vacation is accrued as a liability when benefits are earned by the employee, that is, the employees have rendered services that give rise to the vacation liability and it is probable that the Town will compensate the employees in some manner, e.g., in cash or paid time-off, now or upon termination or retirement.

Vacation and sabbatical leave are accrued when incurred in the government-wide financial statements and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured. Unused sick leave is not payable upon separation of service. Therefore, under the vesting method, no liability is recorded.

*Loan Issuance Costs*

Costs incurred in connection with the issuance of long-term debt, except any portion related to prepaid insurance costs, are recognized as an expenditure/expense in the period incurred.

**TOWN OF MANALAPAN, FLORIDA**  
**Notes to the Financial Statements**  
**September 30, 2022**

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

*Use of 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, and useful lives and impairment of tangible and intangible assets, among others. Estimates and assumptions are reviewed periodically and the effects of revisions are reflected in the financial statements in the period they are determined to be necessary. Actual results could differ from the estimates.

*Fund Balances*

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

1. Nonspendable fund balances – Includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash, for example, inventories and prepaid amounts. It also includes the long-term amount of loans and notes receivable, as well as property acquired for resale. However, if the use of the proceeds from the collection of those receivables or from the sale of those properties is restricted, committed, or assigned, then they should be included in the appropriate fund balance classification (restricted, committed, or assigned), rather than the nonspendable fund balance. The corpus (or principal) of a permanent fund is an example of an amount that is legally or contractually required to be maintained intact.
2. Restricted fund balance – Includes amounts that are restricted to specific purposes when constraints placed on the use of resources are either (a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.
3. Committed fund balance – Includes amounts that can be used only for specific purposes pursuant to constraints imposed by an ordinance, the Town’s highest level of decision-making authority. Those committed amounts cannot be used for any other purpose unless the Town removes or changes the specified use by taking the same type of action (an ordinance) it employed to previously commit those amounts.

**TOWN OF MANALAPAN, FLORIDA**  
**Notes to the Financial Statements**  
**September 30, 2022**

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

*Fund Balances* (Continued)

4. Assigned fund balance – Includes amounts intended to be used by the Town for specific purposes, but are neither restricted nor committed. Intent should be expressed by the Town Commission or the Town Manager to which the Town Commission has delegated authority to assign amounts to be used for specific purposes. The authority for making an assignment is not required to be the Town’s highest level of decision-making authority. Constraints imposed on the use of assigned amounts are more easily removed or modified than those imposed on amounts classified as committed.
5. Unassigned fund balance – Includes the residual classification for the general fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund. The general fund should be the only fund that reports a positive unassigned fund balance amount. In other governmental funds, it may be necessary to report a negative unassigned fund balance if expenditures incurred for specific purposes exceeded the amounts restricted, committed, or assigned to those purposes.

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

*Net Positions*

Net position is the residual of all other elements presented in a statement of financial position. It is the difference between (a) assets plus deferred outflows of resources and (b) liabilities plus deferred inflows of resources. Net position is displayed in the following three components:

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

**TOWN OF MANALAPAN, FLORIDA**  
**Notes to the Financial Statements**  
**September 30, 2022**

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

*Interest Cost*

Interest costs in governmental funds are charged to expenditures as incurred. Construction period interest incurred in governmental funds is not capitalized. Construction period interest incurred in proprietary funds is not capitalized in accordance with Governmental Accounting Standards Board Statement No. 89.

*Interfund Transactions*

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

*Implementation of Accounting Pronouncements*

The Town implemented the following Governmental Accounting Standards Board Statements during the current fiscal year.

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. Implementation of this Statement did not impact the Town’s financial statements.

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. Implementation of this Statement did not impact the Town’s financial statements.

**TOWN OF MANALAPAN, FLORIDA**  
**Notes to the Financial Statements**  
**September 30, 2022**

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

*Implementation of Accounting Pronouncements* (Continued)

GASB Statement No. 93, *Replacement of Interbank Offered Rates*. This Statement addresses the accounting and financial reporting effects that result from the replacement of interbank offered rates with other reference rates in order to preserve the reliability, relevance, consistency, and comparability of reported information. Implementation of this Statement did not impact the Town's financial statements.

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. The Town implemented the provisions of this statement related to GASB Statements No. 14 and No. 84 in the current fiscal year. The Town implemented the provisions of this statement related to Section 457 Deferred Compensation Plans in the current fiscal year. Implementation of this Statement did not impact the Town's financial statements.

*Recently Issued Accounting Pronouncements*

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

In May 2019, the GASB issued 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.

In March 2020, the GASB issued 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.

**TOWN OF MANALAPAN, FLORIDA**  
**Notes to the Financial Statements**  
**September 30, 2022**

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

Recently Issued Accounting Pronouncements (Continued)

In May 2020, the GASB issued 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.

In April 2022, the GASB issued Statement No. 99, *Omnibus 2022*. The requirements of this Statement will enhance comparability in the application of accounting and financial reporting requirements and will improve the consistency of authoritative literature. Consistent authoritative literature enables governments and other stakeholders to more easily locate and apply the correct accounting and financial reporting provisions, which improves the consistency with which such provisions are applied. The comparability of financial statements also will improve as a result of this Statement. Better consistency and comparability improve the usefulness of information for users of state and local government financial statements. The requirements of this Statement are effective as follows:

- The requirements related to extension of the use of LIBOR, accounting for SNAP distributions, disclosures of nonmonetary transactions, pledges of future revenues by pledging governments, clarification of certain provisions in Statement 34, as amended, and terminology updates related to Statement 53 and Statement 63 are effective for upon issuance (fiscal year ending September 30, 2022).
- The requirements related to leases, public-private and public-public partnerships, and subscription-based information technology arrangements are effective for fiscal years ending September 30, 2023, and all reporting periods thereafter.
- The requirements related to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement 53 are effective for fiscal years ending September 30, 2024, and all reporting periods thereafter.

In June 2022, the GASB issued Statement No. 100, *Accounting Changes and Error Corrections*. The requirements of this Statement will improve the clarity of the accounting and financial reporting requirements for accounting changes and error corrections, which will result in greater consistency in application in practice. In turn, more understandable, reliable, relevant, consistent, and comparable information will be provided to financial statement users for making decisions or assessing accountability. In addition, the display and note disclosure requirements will result in more consistent, decision useful, understandable, and comprehensive information for users about accounting changes and error corrections. The requirements of this Statement are effective for accounting changes and error corrections made in fiscal years ending September 30, 2024, and all reporting periods thereafter. Earlier application is encouraged.

**TOWN OF MANALAPAN, FLORIDA**  
**Notes to the Financial Statements**  
**September 30, 2022**

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

**Recently Issued Accounting Pronouncements** (Continued)

In June 2022, the GASB issued Statement No. 101, *Compensated Absences*. The unified recognition and measurement model in this Statement will result in a liability for compensated absences that more appropriately reflects when a government incurs an obligation. In addition, the model can be applied consistently to any type of compensated absence and will eliminate potential comparability issues between governments that offer different types of leave. The model also will result in a more robust estimate of the amount of compensated absences that a government will pay or settle, which will enhance the relevance and reliability of information about the liability for compensated absences. The requirements of this Statement are effective for fiscal years ending September 30, 2025, and all reporting periods thereafter. Earlier application is encouraged.

In December 2023, the GASB issued Statement No. 102, *Certain Risk Disclosures*. The requirements of this Statement will improve financial reporting by providing users of financial statements with essential information regarding certain concentrations or constraints and related events that have occurred or have begun to occur that make a government vulnerable to a substantial impact. As a result, users will have better information with which to understand and anticipate certain risks to a government's financial condition. The requirements of this Statement are effective for fiscal years ending September 30, 2025, and all reporting periods thereafter. Earlier application is encouraged.

**NOTE 2 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

**Budgetary Data**

Florida Statutes require that all municipal governments establish budgetary systems and approve balanced annual operating budgets. The Commission annually adopts an operating budget and appropriates funds for the general and special revenue funds. Budgets are prepared in accordance with generally accepted accounting principles.

The procedures for establishing budgetary data are as follows:

- In July of each year, the Town Manager submits to the Commission a proposed operating budget for the fiscal year commencing the following October 1st. The operating budget includes proposed expenditures and the means of financing them.
- Public hearings are conducted to obtain taxpayer comments.
- Upon completion of the public hearings and prior to October 1st, a final operating budget is legally enacted through the passage of a resolution. Estimated beginning fund balances are considered in the budgetary process.



**TOWN OF MANALAPAN, FLORIDA**  
**Notes to the Financial Statements**  
**September 30, 2022**

**NOTE 2 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY** (Continued)

*Budgetary Data* (Continued)

- Changes or amendments that affect the total budgeted expenditures of the Town or a department must be approved by the Commission. Accordingly, the legal level of control is at the department level. In order to make the most effective use of the budgetary process, it is the policy of the Town to make as few budget adjustments as possible.

*Property Taxes*

Under Florida law, the assessment of all properties and the collection of all county, municipal and school board property taxes are consolidated in the offices of the County Property Appraiser and County Tax Collector, respectively. All property is reassessed according to its fair market value on January 1 of each year and each assessment roll is submitted to the State Department of Revenue for review to determine if the assessment rolls meet all of the appropriate requirements of State law. The assessed value of property within the corporate limits of the Town at January 1, 2021, upon which the 2021-2022 levy was based, was approximately \$1.46 billion. State Statutes permit municipalities to levy property taxes at a rate of up to 10 mills.

The tax levy of the Town is established by the Commission prior to October 1 of each year during the budget process and levied on November 1st. The Palm Beach County Property Appraiser incorporates the Town's millage into the total tax levy, which includes the County, County School Board and special district tax requirements. The millage rate assessed by the Town for the year ended September 30, 2022, was 3.1695 (\$3.1695 for each \$1,000 of assessed valuation).

Taxes may be paid less a 4% discount in November or at declining discounts each month through the month of February. All unpaid taxes become delinquent on April 1 following the year in which they are assessed. Delinquent taxes on real property bear interest at 18% per year. On or prior to June 1 following the tax year, certificates are offered for sale for all delinquent taxes on real property. After sale, tax certificates bear interest at 18% per year or at any lower rate bid by the buyer. Application for a tax deed on any unredeemed tax certificates may be made by the certificate holder after a period of two years. Unsold certificates are held by the County. Delinquent taxes on personal property bear interest at 18% per year until the tax is satisfied either by seizure and sale of the property or by the five-year statute of limitations. At September 30, 2022, unpaid delinquent taxes were not material.

**TOWN OF MANALAPAN, FLORIDA**  
**Notes to the Financial Statements**  
**September 30, 2022**

**NOTE 3 – DEPOSITS AND INVESTMENTS**

*Deposits*

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

As of September 30, 2022, the carrying amount of the Town's deposits was \$12,008,556 and the bank balance was \$12,039,904, excluding the pension trust fund. The Town also had \$400 in petty cash. As of September 30, 2022, the Town's deposits included \$262,500 in certificates of deposit with terms to maturity of greater than three months when purchased. These certificates of deposit are reported as investments. As of September 30, 2022, the General Employees' and Police Officers' Retirement Fund, the pension trust fund, held deposits with a carrying amount of \$221,243 and a bank balance of \$217,117.

*Investments – Town*

The Town is authorized to invest in the following types of securities:

1. State Board of Administration Local Government Surplus Trust Fund
2. Securities and Exchange Commission registered money market funds with the highest credit quality rating from a nationally recognized rating agency
3. Savings accounts in state-certified qualified public depositories
4. Certificates of deposit in state-certified qualified public depositories
5. Direct obligations of the United States Treasury
6. Short-term obligations of United States government agencies
7. Commercial paper rated A-1 or P-1 by a national rating service
8. Bankers Acceptances of the 20 largest (assets) banks in the United States rated not less than an "A" by a national rating service
9. Any other investments that shall be authorized or approved by the State Statutes.

**TOWN OF MANALAPAN, FLORIDA**  
**Notes to the Financial Statements**  
**September 30, 2022**

**NOTE 3 – DEPOSITS AND INVESTMENTS** (Continued)

*Investments – Town* (Continued)

The State Board of Administration (SBA) administers the Florida PRIME investment pool, which is governed by Chapter 19-7 of the Florida Administrative Code and Chapters 218 and 215 of the Florida Statutes. These rules provide guidance and establish the policies and general operating procedures for the administration of the Florida PRIME. The Florida PRIME is not a registrant with the Securities and Exchange Commission. The investment in Florida PRIME is reported at amortized cost in accordance with GASB Statement No. 79, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools* (GASB 79). The investment in the Florida PRIME is not insured by FDIC or any other governmental agency.

GASB 79 requires that if a participant has an investment in a qualifying external investment pool that measures for financial reporting purposes all of its investments at amortized cost it should disclose the presence of any limitations or restrictions on withdrawals (such as redemption notice periods, maximum transaction amounts, and the qualifying external investment pool's authority to impose liquidity fees or redemption gates) in notes to the financial statements.

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

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

**TOWN OF MANALAPAN, FLORIDA**  
**Notes to the Financial Statements**  
**September 30, 2022**

**NOTE 3 – DEPOSITS AND INVESTMENTS** (Continued)

*Investments – Town* (Continued)

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

GASB Statement No. 72, *Fair Value Measurement and Application*, requires governments to disclose the fair value hierarchy for each type of asset or liability measured at fair value in the notes to the financial statements. The standard also requires governments to disclose a description of the valuation techniques used in the fair value measurement and any significant changes in valuation techniques. GASB 72 establishes a three-tier fair value hierarchy. The hierarchy is based on valuation inputs used to measure the fair value as follows:

- Level 1: Inputs are directly observable, quoted prices in active markets for identical assets or liabilities.
- Level 2: Inputs are other than quoted prices included within Level 1 that are for the asset or liability, either directly or indirectly. These inputs are derived from or corroborated by observable market data through correlation or by other means.
- Level 3: Inputs are unobservable inputs used only when relevant Level 1 and Level 2 inputs are unavailable.

The level in which an asset is assigned is not indicative of its quality but an indication of the source of valuation inputs.

As of September 30, 2022, the Town had the following investments.

<u>Investments by Level</u>	<u>Balance</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Treasury Bills	\$ 488,638	\$	\$ 488,638	\$
Treasury Notes	486,876		486,876	
	975,514	<u>\$</u>	<u>\$ 975,514</u>	<u>\$</u>
Investments Measured at Cost				
Certificates of Deposit	262,500			
Investments Measured at Amortized Cost				
Florida Prime	271,528			
Total Investments	<u>\$ 1,509,542</u>			

The investment in the State Board of Administration Investment Florida Prime is reported as cash and cash equivalents.

**TOWN OF MANALAPAN, FLORIDA**  
**Notes to the Financial Statements**  
**September 30, 2022**

**NOTE 3 – DEPOSITS AND INVESTMENTS** (Continued)

*Investments – Town* (Continued)

Debt securities classified in level 2 of the fair value hierarchy are valued using a matrix pricing technique. Matrix pricing values securities based on the securities relationship to benchmark quoted prices.

As of September 30, 2022, the weighted average maturity and the credit ratings for the Town's investments were as follows:

<u>Investments</u>	<u>Balance</u>	<u>Weighted Average Maturity</u>	<u>Credit Rating</u>
Treasury Bills	\$ 488,638	229 days	AAA/Fitch
Treasury Notes	486,876	2.35 years	AAA/Fitch
Certificates of Deposit	262,500	280 days	Not rated
Florida Prime	271,528	21 days	AAAm/S&P
	<u>\$ 1,509,542</u>		

Interest Rate Risk: Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Town mitigates interest rate risk by structuring the Town's portfolio so that securities mature to meet the Town's cash needs and anticipated cash flow requirements, thereby avoiding the need to sell securities on the open market prior to their maturation, and investing primarily in shorter-term securities, unless it is anticipated that long-term securities can be held to maturity without jeopardizing the liquidity requirements.

Credit Risk: Credit risk is the risk that an issuer or other counter party to an investment will not fulfill its obligations. The Town's investment policies limit its investments to high quality investments to control credit risk.

Custodial Credit Risk: Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, the Town will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. The Town's investments are held by a reputable financial institution to limit exposure to custodial risk.

Concentration of Credit Risk: Concentration of credit risk is the risk of loss attributed to the magnitude of an investment in a single user. The Town does not place any limit on the amount that might be invested in any one issuer but requires at least 10% of the portfolio to be held in money market deposits or the state investment pool.

**TOWN OF MANALAPAN, FLORIDA**  
**Notes to the Financial Statements**  
**September 30, 2022**

**NOTE 3 – DEPOSITS AND INVESTMENTS** (Continued)

*Investments – General Employees’ and Police Officers’ Retirement Fund*

The General Employees’ and Police Officers’ Retirement Fund (the “Plan”) is authorized to invest in the following types of securities:

1. Bonds, securities, and certificates of indebtedness of the United States government.
2. Obligations guaranteed as to principal and interest by the United States government.
3. Obligations guaranteed as to principal and interest by government-sponsored agencies of the United States government.
4. The Florida Local Government Surplus Funds Trust Fund (SBA).
5. Commercial Paper rated A-1 or P-1 by a nationally recognized rating service. If the Commercial Paper is backed by a Letter of Credit (LOC), the long-term debt of the LOC provider must be rated A or better by at least two nationally recognized rating services.
6. Bankers Acceptances of United States banks or a federally chartered domestic office of a foreign bank, which are eligible for purchase by the Federal Reserve System, rated A-1 or P-1 by a nationally recognized rating service.
7. Corporate bonds or notes, registered or unregistered under Rule 144A, issued by firms organized and operating within the United States or by depository institutions licensed by the United States rated A by a nationally recognized rating service at the time of purchase. Rule 144A bonds or notes must include rights of registration. Any bond or note that falls below investment quality must be eliminated expeditiously unless the Board is notified for the reason or rationale to be held.
8. General Obligation and/or Revenue Bonds of state or local government taxable or taxexempt debt rated A, for long term debt, by a nationally recognized rating service or rated MIG-2 or SP-2, for short term debt, by a nationally recognized rating service.
9. Intergovernmental investment pools authorized pursuant to the Florida Interlocal Cooperation Act provided in Section 163.01, Florida Statutes.
10. Common and preferred stocks from domestic and foreign corporations

**TOWN OF MANALAPAN, FLORIDA**  
**Notes to the Financial Statements**  
**September 30, 2022**

**NOTE 3 – DEPOSITS AND INVESTMENTS** (Continued)

*Investments – General Employees’ and Police Officers’ Retirement Fund* (Continued)

As of September 30, 2022, the Plan held the following investments:

Vanguard Total Stock Market Index Fund Admiral Shares	\$ 1,955,573
Vanguard Total Bond Market Index Fund Admiral Shares	753,328
Vanguard Developed Markets Index Fund Admiral Shares	224,332
Vanguard Emerging Markets Stock Index Fund Admiral Shares	108,017
	<u>\$ 3,041,250</u>

Fair Value Hierarchy: As of September 30, 2022, all the Plan’s investments were classified as Level 1 in the fair value hierarchy.

Credit Risk: Credit risk is the risk that a security or portfolio will lose some or all of its value due to a real or perceived change in the ability of the issuer to repay its debt. The risk is generally measured by the assignment of a rating by a nationally recognized statistical rating organization. The Plan’s investment policies limit its investments to high quality investments to control credit risk. The bond index fund is not rated, but approximately 68% of its portfolio consists of U.S. Government and agency obligations and 32% corporate bonds and mortgage-backed securities rated Aaa, Aa, A, and Baa.

Interest Rate Risk: Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Generally, the longer the time to maturity, the greater the exposure to interest rate risk. The Plan does not have a formal investment policy that limits its investment maturities as a means of managing exposure to fair value losses arising from increasing interest rates. As of September 30, 2022, the bond market index fund had an average effective maturity of 8.4 years.

Concentration of Credit Risk: Concentration of credit risk is the risk of loss attributed to the magnitude of an investment in a single user. The Plan does not place any limit on the amount that might be invested in any one issuer. As of September 30, 2022, the Plan’s investments consisted of index funds which limits concentration of credit risk.

Custodial Credit Risk: Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, the Plan will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. The Plan requires all securities to be held by a third-party custodian in the name of the Plan. Securities transactions between a broker-dealer and the custodian involving the purchase or sale of securities by transfer of money or securities must be made on a “delivery versus payment” basis, if applicable, to ensure that the custodian will have the security or money, as appropriate, in hand at the

**TOWN OF MANALAPAN, FLORIDA**  
**Notes to the Financial Statements**  
**September 30, 2022**

**NOTE 3 – DEPOSITS AND INVESTMENTS** (Continued)

*Investments – General Employees’ and Police Officers’ Retirement Fund* (Continued)

Custodial Credit Risk (Continued)

conclusion of the transaction. As of September 30, 2022, the Plans investments consisted of index funds which are not subject to custodial credit risk because they are not evidenced by securities that exist in physical or book entry form.

Investing in Foreign Markets: Investing in foreign markets may involve special risks and considerations not typically associated with investing in companies in the United States of America. These risks include revaluation of currencies, high rates of inflation, repatriation restrictions on income and capital, and future adverse political, social, and economic developments. Moreover, securities of foreign governments may be less liquid, subject to delayed settlements, taxation on realized or unrealized gains, and their prices are more volatile than those of comparable securities in U.S. companies. The developed markets index fund and the emerging markets index fund invest exclusively in stocks in foreign markets.

**NOTE 4 – RESTRICTED ASSETS**

Certain resources are set aside as restricted assets on the balance sheet because their use is limited. Impact fees are restricted for capital improvement costs related to the water and wastewater facility. Renewal and replacement funds are set aside to meet unexpected contingencies or to fund asset renewal or replacements.

The amounts restricted in the Enterprise Fund as of September 30, 2022, are summarized as follows:

Customer deposits	\$ 61,989
Health reimbursement account	4,392
Impact fees	894
Loan sinking fund	193,474
Renewal and replacement	
Water system	184,603
Wastewater system	102,865
	<u>\$ 548,217</u>



**TOWN OF MANALAPAN, FLORIDA**  
**Notes to the Financial Statements**  
**September 30, 2022**

**NOTE 5 – ACCOUNTS RECEIVABLE**

Accounts receivable as of September 30, 2022, are as follows:

	General Fund	Enterprise Fund
Accounts receivable – billed	\$ 55,729	\$ 35,283
Accounts receivable – unbilled		93,577
Taxes receivable	41,196	
Due from other governments	35,414	
Due from Pension Trust Fund	1,908	
Total receivables	134,247	128,860
Less allowance for uncollectible accounts		
Net receivables	<u>\$ 134,247</u>	<u>\$ 128,860</u>

**NOTE 6 – CAPITAL ASSETS**

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

<u>Governmental activities</u>	Beginning Balance	Additions	Deletions	Ending Balance
Capital assets not being depreciated				
Land	\$ 166,440	\$	\$	\$ 166,440
Construction in progress	166,440			166,440
Capital assets being depreciated				
Buildings	1,426,198			1,426,198
Improvements other than buildings	2,026,588			2,026,588
Machinery and equipment	693,043	92,776	(52,338)	733,481
Total being depreciated	4,145,829	92,776	(52,338)	4,186,267
Total at historical cost	4,312,269	92,776	(52,338)	4,352,707
Less accumulated depreciation				
Buildings	968,379	49,147		1,017,526
Improvements other than buildings	707,934	76,655		784,589
Machinery and equipment	378,473	96,777	(41,267)	433,983
Total accumulated depreciation	2,054,786	222,579	(41,267)	2,236,098
Total governmental activities, net	<u>\$ 2,257,483</u>	<u>\$ (129,803)</u>	<u>\$ (11,071)</u>	<u>\$ 2,116,609</u>

**TOWN OF MANALAPAN, FLORIDA**  
**Notes to the Financial Statements**  
**September 30, 2022**

**NOTE 6 – CAPITAL ASSETS** (Continued)

<u>Business-type activities</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Capital assets not being depreciated				
Land	\$ 370,309	\$	\$	\$ 370,309
Construction in progress	462,661	714,667	(482,641)	694,687
Total not being depreciated	<u>832,970</u>	<u>714,667</u>	<u>(482,641)</u>	<u>1,064,996</u>
Capital assets being depreciated or amortized				
Improvements other than buildings	12,808,420	97,401		12,905,821
Machinery and equipment	358,477	138,464	(43,559)	453,382
Intangible assets	235,958			235,958
Total being depreciated or amortized	<u>13,402,855</u>	<u>235,865</u>	<u>(43,559)</u>	<u>13,595,161</u>
Total at historical cost	<u>14,235,825</u>	<u>950,532</u>	<u>(526,200)</u>	<u>14,660,157</u>
Less accumulated depreciation and amortization				
Improvements other than buildings	6,817,034	416,136		7,233,170
Equipment	232,006	31,365	(43,559)	219,812
Intangible assets	235,958			235,958
Total accumulated depreciation and amortization	<u>7,284,998</u>	<u>447,501</u>	<u>(43,559)</u>	<u>7,688,940</u>
Total business-type activities, net	<u>\$ 6,950,827</u>	<u>\$ 503,031</u>	<u>\$ (482,641)</u>	<u>\$ 6,971,217</u>

Depreciation and amortization expenses were charged to functions and programs of the primary government as follows:

Governmental activities:	
General government	\$ 38,000
Public safety	98,347
Physical environment	31,661
Transportation	41,052
Culture and recreation	13,519
Total depreciation expense for governmental activities	<u>\$ 222,579</u>
Business-type activities:	
Municipal water and sewer – depreciation	<u>\$ 447,501</u>
Total depreciation enterprise activities	<u>\$ 447,501</u>

**TOWN OF MANALAPAN, FLORIDA**  
**Notes to the Financial Statements**  
**September 30, 2022**

**NOTE 7 – INTANGIBLE ASSETS**

Intangible assets resulted from contracts dated April 14, 1977, September 13, 1982, December 18, 1985, and December 13, 1993, with the City of Lake Worth (“Lake Worth”). Pursuant to the terms of these agreements, Lake Worth supplies the Town with wastewater facilities for a period of 40 years. In return, the Town is obligated to pay Lake Worth its pro rata share (based on water and sewer reserved capacity) of the debt service and renewal and replacement requirements for debt obtained for the purpose of new construction and improvements to existing water and sewer facilities.

The Town has recorded intangible sewer usage rights based on its pro rata share of debt service incurred by Lake Worth for construction and improvements. The rights allow the Town to use the Lake Worth’s sewer facilities for the term of the contract and are being amortized over the contract period. Intangible rights have been recorded as follows:

1. The Series E loan was issued in 1976, at a face value of \$7,585,000, and matured in varying amounts through June 30, 2006. The Town’s pro rata share of the loan is 1.05%. The present value (discounted at the same rate as the Series F loan) of the Town’s obligation to Lake Worth, at issuance, was \$79,643. Intangible sewer usage rights were recorded at the same amount. The intangible rights are being amortized over the 40-year contract period. The intangible rights for the Series E loan were fully amortized during the fiscal year ending September 30, 2017.
2. The Series R loan was issued in 1985, at a face value of \$8,520,000, and matured in varying amounts through July 1, 2006. The Town’s pro rata share of the loan is 1.51%. The present value (discounted at the same rate as the Series R loan) of the Town’s obligation to Lake Worth, at issuance, was \$128,652. Intangible sewer rights were recorded at the same amount. On November 1, 1989, Lake Worth issued \$10,330,000 Refunding Revenue Bond, Series 1989, part of which was used to refund the Series R loan and to improve the existing facility. As a result of this refunding issue, the Town amended its original contract with Lake Worth whereby the outstanding obligation and intangible rights increased \$27,663. The intangible rights are being amortized over 27 years (remaining term of contract). The intangible rights for the 1989 Refunding Bonds were fully amortized during the fiscal year ending September 30, 2017.

On January 1, 1994, Lake Worth issued \$15,680,000 Sewer System Refunding Revenue Bonds, Series 1994, which were used to refund outstanding obligations described in first two items above. The refunding did not change the value of the Town’s intangible rights, since there was no change in the amount of water and sewer capacity reservation.

This agreement requires the Town to pay 120% of its pro rata share of debt service payments, a substantial reduction of previous requirements under the old debt.

**TOWN OF MANALAPAN, FLORIDA**  
**Notes to the Financial Statements**  
**September 30, 2022**

**NOTE 7 – INTANGIBLE ASSETS** (Continued)

The detail of the intangible sewer rights is as follows:

	1976 Series E Loan	1989 Refunding Bonds	Total
Intangible rights	\$ 79,643	\$ 156,315	\$ 235,958
Less accumulated amortization	(79,643)	(156,315)	(235,958)
Net intangible Rights	<u>\$</u>	<u>\$</u>	<u>\$</u>

On March 28, 2013, the Town entered into a new Interlocal Wastewater Service and Wastewater Cost Sharing Agreement with the City of Lake Worth, the City of Atlantis, the Town of Lantana, the Town of Palm Beach, the Village of Palm Springs, the Town of South Palm Beach, and the Palm Beach State College. The new agreement rescinded in their entirety all former contracts relating to this subject matter and replaced entirely such agreements.

The term of the new agreement will expire on September 30, 2023. The individual municipalities and the college, or any combination of them, may extend the agreement for up to three additional ten-year periods. In the event a municipality or the college chooses not to renew the agreement at the end of the initial term or at the end of any extension periods, it shall provide Lake Worth with written notice of its intent not to renew on or before February 1<sup>st</sup> of the fiscal year in which the agreement is set to expire. A municipality or the college may terminate the agreement at any time with written notice to Lake Worth on or before February 1<sup>st</sup> of the fiscal year in which it seeks to terminate the agreement. Such termination shall be effective on September 30<sup>th</sup> of the fiscal year in which the written notice of termination was provided to Lake Worth.

The new agreement did not change the value of the Town's intangible rights since there was no change in the amount of water and sewer capacity reservation.

**NOTE 8 – INTERFUND RECEIVABLES AND PAYABLES**

Interfund receivables and payables as of September 30, 2022, are summarized as follows:

	Interfund Receivables	Interfund Payables
General Fund	\$	\$1,111,338
Enterprise Fund	1,111,338	
	<u>\$1,111,338</u>	<u>\$1,111,338</u>

**TOWN OF MANALAPAN, FLORIDA**  
**Notes to the Financial Statements**  
**September 30, 2022**

**NOTE 9 – INTERFUND TRANSFERS**

Interfund transfers for the year ended September 30, 2022, were as follows:

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$	\$ 54,000
Library Special Revenue Fund	54,000	
	<u>\$ 54,000</u>	<u>\$ 54,000</u>

The transfer to the Library Special Revenue Fund was made to pay operating costs.

**NOTE 10 – INTRAGOVERNMENTAL ADMINISTRATIVE FEE**

During the year ended September 30, 2022, the Enterprise Fund paid \$82,000 to the General Fund for administrative services. This amount is reported as intragovernmental revenue in the General Fund and intragovernmental expense in the Enterprise Fund.

**NOTE 11 – LONG-TERM LIABILITIES**

*Changes in Long-Term Liabilities*

During the year ended September 30, 2022, the following changes occurred in liabilities reported in the entity-wide financial statements.

<u>Governmental Activities</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Compensated absences	\$ 104,179	\$	\$ 8,554	\$ 95,625	\$ 95,625
Net pension liability	169,542	287,955		457,497	
OPEB	90,366		40,006	50,360	
Total Governmental Activities	<u>\$ 364,087</u>	<u>\$ 287,955</u>	<u>\$ 48,560</u>	<u>\$ 603,482</u>	<u>\$ 95,625</u>

<u>Business-type Activities</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
<b>Direct borrowings:</b>					
Revenue Note, Series 2008	\$ 1,769,695	\$	\$ 202,127	\$ 1,567,568	\$ 211,572
State Revolving Loan	632,192		177,075	455,117	181,951
<b>Total direct borrowings</b>	2,401,887		379,202	2,022,685	393,523
Compensated absences	16,404	3,273		19,677	19,677
Net pension liability	38,449	54,462		92,911	
OPEB	25,501		11,632	13,869	
Total Business-type Activities	<u>\$ 2,482,241</u>	<u>\$ 57,735</u>	<u>\$ 390,834</u>	<u>\$ 2,149,142</u>	<u>\$ 413,200</u>

**TOWN OF MANALAPAN, FLORIDA**  
**Notes to the Financial Statements**  
**September 30, 2022**

**NOTE 11 – LONG-TERM LIABILITIES** (Continued)

*Changes in Long-Term Liabilities* (Continued)

The General Fund has been used to liquidate the Governmental Activities liabilities for compensated absences, pensions, and other postemployment benefits. The Enterprise Fund has been used to liquidate the Business-type Activities liabilities for compensated absences, pensions, and other postemployment benefits.

*Revolving Fund Loan*

The Town has entered into a Drinking Water State Revolving Fund Loan Agreement with the State of Florida Department of Environmental Protection to finance the construction of a reverse osmosis water treatment facility. The loan is payable from and secured by the pledged revenues. Pledged revenues are operating revenues plus investment income less operating expenses, exclusive of depreciation and any other items not requiring the expenditure of cash. Principal and interest paid for the current fiscal year was \$193,474 and pledged revenues were \$120,042. The required pledged revenues were \$222,495 for the current fiscal year. As of September 30, 2022, principal and interest to maturity in 2024 to be paid from pledged future revenues totaled \$474,226. As of September 30, 2022, the outstanding principal, including capitalized interest, was \$455,117. The loan bears interest at 2.81% per annum. Semi-annual payments of \$96,737 are due on February 15 and August 15.

The loan agreement contains a provision that upon the occurrence of any event of default the Department may enforce its rights by any of the following remedies (1) By mandamus or other proceeding at law or in equity, cause to establish rates and collect fees and charges for use of the Water and Sewer Systems, and to require the Project Sponsor to fulfill this Agreement; (2) By action or suit in equity, require the Project Sponsor to account for all moneys received from the Department or from the ownership of the Water and Sewer Systems and to account for the receipt, use, application, or disposition of the Pledged Revenues; (3) By action or suit in equity, enjoin any acts or things which may be unlawful or in violation of the rights of the Department; (4) By applying to a court of competent jurisdiction, cause to appoint a receiver to manage the Water and Sewer Systems, establish and collect fees and charges, and apply the revenues to the reduction of the obligations under this Agreement; (5) By certifying to the Auditor General and the Chief Financial Officer delinquency on loan repayments, the Department may intercept the delinquent amount plus six percent, expressed as an annual interest rate, penalty of the amount due to the Department from any unobligated funds due to the Project Sponsor under any revenue or tax sharing fund established by the State, except as otherwise provided by the State Constitution. Penalty interest shall accrue on any amount due and payable beginning on the 30th day following the date upon which payment is due; (6) By notifying financial market credit rating agencies and potential creditors; (7) By suing for payment of amounts due, or becoming due, with interest on overdue payments together with all costs of collection, including attorneys' fees; and (8) By accelerating the repayment schedule or increasing the interest rate on the unpaid

**TOWN OF MANALAPAN, FLORIDA**  
**Notes to the Financial Statements**  
**September 30, 2022**

**NOTE 11 – LONG-TERM LIABILITIES** (Continued)

*Revolving Fund Loan* (Continued)

principal of the Loan to as much as 1.667 times the Loan interest rate for a default under Subsection 6.01(1).

The annual debt service requirements to amortize the Revolving Fund Loan are as follows:

<u>Year Ending September 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 181,951	\$ 11,523	\$ 193,474
2024	<u>273,166</u>	<u>7,586</u>	<u>280,752</u>
Total	<u>\$ 455,117</u>	<u>\$ 19,109</u>	<u>\$ 474,226</u>

*Water and Sewer Revenue Note, 2008*

On September 29, 2008, the Town issued the Water and Sewer Revenue Note, Series 2008 in the amount of \$3,718,889 for the purpose of financing improvements to the Town's water system. The Note is a limited obligation of the Town secured solely by and payable from the net revenues of the Town's water and sewer system. Principal and interest are payable in semi-annual installments of \$140,789 beginning March 1, 2009, with the final payment due September 29, 2028. The Note bears interest at the rate of 4.62% annually. The Note is subject to optional prepayment in whole, but not in part, on any payment date prior to its maturity date at a price equal to the principal amount being prepaid together with the interest accrued to the date of prepayment; provided that if such prepayment occurs on or before September 1, 2018, the prepayment price shall also include a prepayment premium of one percent (1.00%) of the principal amount being prepaid. After September 1, 2018, the Note shall be subject to prepayment in whole, but not in part, on any payment date without prepayment premium.

The Note is payable from and secured by the pledged revenues. Pledged revenues are defined as the net revenues of the water and sewer system. Net revenues are defined as the gross revenues of the water and sewer system less operating expenses. Principal and interest paid for the current fiscal totaled \$281,578 and pledged revenues were negative \$345,563. As of September 30, 2022, principal and interest to maturity in 2028 to be paid from pledged future revenues totaled \$1,830,216.

The loan agreement contains a provision that upon the occurrence of any event of default the Note shall become due and payable.

**TOWN OF MANALAPAN, FLORIDA**  
**Notes to the Financial Statements**  
**September 30, 2022**

**NOTE 11 – LONG-TERM LIABILITIES** (Continued)

*Water and Sewer Revenue Note, 2008* (Continued)

The annual debt service requirements to amortize the Water and Sewer Revenue Note, Series 2008 are as follows:

<u>Year Ending</u> <u>September 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 211,572	\$ 70,006	\$ 281,578
2024	221,460	60,118	281,578
2025	231,810	49,768	281,578
2026	242,643	38,935	281,578
2027	253,982	27,596	281,578
2028	<u>406,101</u>	<u>16,225</u>	<u>422,326</u>
Total	<u>\$ 1,567,568</u>	<u>\$ 262,648</u>	<u>\$ 1,830,216</u>

*Interest Expense*

The total interest costs incurred and paid by the enterprise fund during the fiscal year ended September 30, 2022, were \$94,474 and \$95,851, respectively.

**NOTE 12 – GENERAL EMPLOYEES’ AND POLICE OFFICERS’ RETIREMENT FUND**

The following brief description of the Town of Manalapan General Employees’ and Police Officers’ Retirement Fund (the “Plan”) is provided for general information purposes only. Participants should refer to the plan documents for more complete information. The Plan does not issue a stand-alone financial report.

*Basis of Accounting*

The Plan’s financial statements are prepared using the accrual basis of accounting. Contributions from the Plan’s members are recognized as revenue in the period in which the contributions are due. Contributions from the Town, as calculated by the Plan’s actuary, are recognized as revenue when due and when the Town has made a formal commitment to provide the contributions. Expenses are recognized in the accounting period incurred, if measurable. Benefits and refunds are recognized when due and payable in accordance with the terms of the Plan.



**TOWN OF MANALAPAN, FLORIDA**  
**Notes to the Financial Statements**  
**September 30, 2022**

**NOTE 12 – GENERAL EMPLOYEES’ AND POLICE OFFICERS’ RETIREMENT FUND** (Continued)

*Plan Description*

Plan administration: The Town of Manalapan General Employees’ and Police Officers’ Retirement Fund (the “Plan”) is a single employer defined benefit pension plan that provides pensions for all actively employed full-time general employees and police officers. The Plan was established by Town Ordinance No. 363 under the Code of Ordinances for the Town of Manalapan, Florida, Chapter 31, Section 17 effective January 1, 2019. The Plan is also governed by certain provisions of Part VII, Chapter 112, Florida Statutes and the Internal Revenue Code.

Management of the Plan is vested in Board of Trustees, which consists of five members – two trustees shall be legal residents of the Town (unless otherwise prohibited by law) who shall be appointed by the Town Commission, one trustee shall be a full-time police officer member of the Plan who shall be elected by a majority of the police officers who are members of the Plan, one trustee shall be a full-time general employee member of the Plan who shall be elected by a majority of the general employees who are members of the Plan, and the fifth trustee shall be chosen by a majority of the previous four trustees and such person’s name shall be submitted to the Town Commission. Upon receipt of the fifth person’s name, the Town Commission shall, as a ministerial duty, appoint such person to the Board of Trustees as its fifth trustee.

Plan membership: As of October 1, 2021, pension plan membership consisted of the following:

Active members	24
Inactive, nonretired members	1
Retirees & beneficiaries	<u>25</u>

Benefits Provided – Normal Retirement: A member’s normal retirement date shall be the first day of the month coincident with or the next following the earlier of attainment of age fifty-five (55) and the completion of ten (10) years of credited service or the attainment of age fifty-two (52) and the completion of twenty-five (25) years of credited service. A member retiring hereunder on or after his normal retirement date shall receive a monthly benefit equal to three percent (3%) of average of the 5 years of highest compensation multiplied by credited service.

Benefits Provided – Deferred Vested Retirement: A member who terminates employment after attaining at least ten (10) years of service is entitled to a benefit beginning at the early or normal retirement date whichever is applicable. A member retiring hereunder on or after his deferred vested retirement date shall receive a monthly benefit equal to three percent (3%) of average final compensation multiplied by credited service. This benefit may be reduced for early retirement depending upon the benefit commencement date.

**TOWN OF MANALAPAN, FLORIDA**  
**Notes to the Financial Statements**  
**September 30, 2022**

**NOTE 12 – GENERAL EMPLOYEES’ AND POLICE OFFICERS’ RETIREMENT FUND** (Continued)

Benefits Provided – Early Retirement: A member may retire on his early retirement date which shall be the first day of any month coincident with or next following the later of the attainment of age fifty (50) and the completion of at least ten (10) years of credited service. A member retiring hereunder on or after his deferred vested retirement date shall receive a monthly benefit equal to three percent (3%) of average final compensation multiplied by credited service. This benefit may be reduced for early retirement depending upon the benefit commencement date.

Benefits Provided – Preretirement Death: If the service of a member is terminated by reason of his death prior to his tenth year of service in the Plan, there shall be payable to the member’s designated beneficiary the member’s accumulated contributions. In the case of an active member’s death on or after attaining 10 years of credited service, the member’s beneficiary is, after application, entitled to a monthly benefit equal to three percent (3%) of the member’s average final compensation multiplied by the member’s credited service. This benefit may be reduced for early retirement depending upon the benefit commencement date.

Benefits Provided – Disability Benefits On-Duty: Each member who shall become totally and permanently disabled to the extent that he is unable, by reason of a medically determinable physical or mental impairment, to render useful and efficient service as a general employee or police officer, which disability was directly caused by the performance of his duty as a general employee or police officer, shall, upon establishing the same to the satisfaction of the Board, be entitled to a monthly pension equal to the accrued pension benefit as of the date of disability. However, in no event shall the benefit be less than forty-two percent (42%) of his or her average monthly compensation as of the general employee or police officer’s disability retirement date.

Benefits Provided – Disability Benefits Off-Duty: Each member with ten (10) years or more credited service who shall become totally and permanently disabled to the extent that he is unable, by reason of a medically determinable physical or mental impairment, to render useful and efficient service as a general employee or police officer, which disability is not directly caused by the performance of his duties as a general employee or police officer, shall, upon establishing the same to the satisfaction of the Board, be entitled to the accrued pension benefit as of the date of disability. However, in no event shall the benefit be less than twenty-five percent (25%) of his or her average monthly compensation as of the general employee or police officer disability retirement date.

Benefits vest after ten years of credited service. Average final compensation means one-twelfth of the average compensation for the highest five (5) years, which do not need to be consecutive. Credited service means the total number of years and fractional parts of years of employment with the Town as a general employee or a police officer.

**TOWN OF MANALAPAN, FLORIDA**  
**Notes to the Financial Statements**  
**September 30, 2022**

**NOTE 12 – GENERAL EMPLOYEES’ AND POLICE OFFICERS’ RETIREMENT FUND** (Continued)

Contributions: Each Member of the Plan shall be required to make regular contributions to the Plan in the amount of seven percent (7%) of salary. The contributions made by each member to the Plan shall be designated as employer contributions pursuant to 414(h) of the Code. Such designation is contingent upon the contributions being excluded from the members’ gross income for federal income tax purposes. For all other purposes of the Plan, such contributions shall be considered to be member contributions. The Town shall make contributions to the Plan in the amount equal to the total normal costs plus the additional amount required to fund any actuarial deficiency shown by an actuarial valuation as provided in part VII of Chapter 112, Florida Statutes. For the fiscal year ended September 30, 2022, the Town made the actuarially determined contribution of \$325,822 and an excess contribution of \$193,694.

Investments

Investments of the Plan are reported at fair value. Net appreciation in fair value of investments includes realized and unrealized gains and losses.

Rate of Return: For the year ended September 30, 2022, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was negative 15.82 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested. Inputs to the money-weighted rate of return calculation are determined on a monthly basis.

Long-Term Expected Rate of Return: The long-term expected rate of return was calculated by weighting the expected future real rates of return of each asset class by the target asset allocation of 60% domestic equities, 7% developed markets equities, 3% emerging markets equities, and 30% fixed income. The estimated long-term rate of return was 6.50%, which includes an estimated long-term rate of inflation of 2.50%.

Discount Rate

A single discount rate of 6.50% was used to measure the total pension liability. This single discount rate was based on the expected rate of return on pension plan investments of 6.50%. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between the total actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments (6.50%) was applied to all periods of projected benefit payments to determine the total pension liability.

**TOWN OF MANALAPAN, FLORIDA**  
**Notes to the Financial Statements**  
**September 30, 2022**

**NOTE 12 – GENERAL EMPLOYEES’ AND POLICE OFFICERS’ RETIREMENT FUND** (Continued)

*Net Pension Liability*

The components of the net pension liability of the Town as of September 30, 2022, were as follows:

Description	Total Pension Liability	Fiduciary Net Position	Net Pension Liability
Balance September 30, 2021	\$ 3,494,566	\$ (3,286,575)	\$ 207,991
Changes for the year:			
Service cost	369,187		369,187
Interest on the Total Pension Liability	248,895		248,895
Difference between expected and actual experience	(237,646)		(237,646)
Contributions - Employer		(519,516)	(519,516)
Contributions - Employee		(112,796)	(112,796)
Net investment income		594,293	594,293
Benefit payments	(27,588)	27,588	
Refunds of member contributions	(41,610)	41,610	
Net change	<u>311,238</u>	<u>31,179</u>	<u>342,417</u>
Balance September 30, 2022	<u>\$ 3,805,804</u>	<u>\$ (3,255,396)</u>	<u>\$ 550,408</u>

*Sensitivity of the Net Pension Liability to the Single Discount Rate*

Regarding the sensitivity of the net pension liability to changes in the single discount rate, the following presents the Plan’s net pension liability, calculated using a single discount rate of 6.50%, as well as what the plan’s net pension liability would be if it were calculated using a single discount rate that is 1-percentage-point lower or 1-percentage-point higher.

<u>Discount Rate Sensitivity</u>	<u>1% Decrease 5.50%</u>	<u>Discount Rate 6.50%</u>	<u>1% Increase 7.50%</u>
Net Pension Liability	\$ 1,037,624	\$ 550,408	\$ 147,900

**TOWN OF MANALAPAN, FLORIDA**  
**Notes to the Financial Statements**  
**September 30, 2022**

**NOTE 12 – GENERAL EMPLOYEES’ AND POLICE OFFICERS’ RETIREMENT FUND** (Continued)

*Sensitivity of the Net Pension Liability to the Single Discount Rate*

As of September 30, 2022, the Town reported a net pension liability of \$550,408 for the General Employees’ and Police Officers’ Retirement Fund. The liability was measured as of September 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of October 1, 2021, rolled forward to September 30, 2022.

*Deferred Outflows of Resources, Deferred Inflows of Resources, and Pension Expense*

For the fiscal year ended September 30, 2022, the Town recognized pension expense of \$352,636. In addition, the Town reported deferred outflows of resources related to the Plan from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 5,335	\$ 220,400
Assumption changes		28,962
Net difference between expected and actual earnings on pension plan investments	<u>488,548</u>	<u>                    </u>
Total	<u>\$ 493,883</u>	<u>\$ 249,362</u>

The amounts reported as deferred outflows of resources related to the Plan will be recognized in pension expense as follows:

Fiscal Year Ending September 30,	Amortization
2023	\$ 79,280
2024	70,837
2025	57,007
2026	126,520
2027	(38,726)
Thereafter	<u>(50,397)</u>
Total	<u>\$ 244,521</u>

**TOWN OF MANALAPAN, FLORIDA**  
**Notes to the Financial Statements**  
**September 30, 2022**

**NOTE 12 – GENERAL EMPLOYEES’ AND POLICE OFFICERS’ RETIREMENT FUND** (Continued)

*Significant Actuarial Assumptions*

The total pension liability was determined based on an actuarial valuation as of October 1, 2021, and “rolled forward” to the measurement date of September 30, 2022. The total pension liability was determined based on the following assumptions:

Measurement date	September 30, 2022
Valuation date	October 1, 2021
Actuarial cost method	Entry age normal
Inflation	2.50%
Salary increases	4.00%, including inflation
Investment rate of return	6.50%
Retirement age	Experience-based table of rates
Mortality	The mortality table for General Employees is the PUB-2010 Headcount Weighted Below Median Employee Male Table (pre-retirement), the PUB-2010 Headcount Weighted Below Median Employee Female Table (pre-retirement), the PUB-2010 Headcount Weighted Below Median Healthy Retiree Male Table (post-retirement) and the PUB-2010 Headcount Weighted Below Median Retiree Female Table (post-retirement). These tables use ages set back one year for males and future improvements in mortality projected to all future years after 2010 using scale MP-2018. These are the same rates used for Regular Class members of the Florida Retirement System (FRS) in their actuarial valuation as of July 1, 2020.
	The mortality table for healthy Police Officers is the PUB-2010 Headcount Weighted Safety Below Median Employee Male Table (pre-retirement), the PUB-2010 Headcount Weighted Safety Employee Female Table (pre-retirement), the PUB-2010 Headcount Weighted Safety Below Median Healthy Retiree Male Table (post-retirement) and the PUB-2010 Safety Healthy Retiree Female Table (post-retirement). These tables use ages set forward one year and mortality improvements to all future years after 2010 using scale MP-2018. These are the same rates used for Special Risk Class members in the July 1, 2020 Actuarial Valuation of the Florida Retirement System (FRS).
Changes in Assumptions:	There were no revisions in actuarial assumptions or methods since the previous valuation.

**TOWN OF MANALAPAN, FLORIDA**  
**Notes to the Financial Statements**  
**September 30, 2022**

**NOTE 13 – DEFINED CONTRIBUTION PLAN**

Effective September 29, 2017, the Town established a Profit-Sharing Plan and Trust administered by the ICMA Retirement Corporation to provide benefits at retirement to the employees of the Town.

The Town's defined contribution plan established two accounts, or plans; a 401(a) defined contribution plan and 457(b) deferred compensation plan, See Note 14. The Town's contributions vest immediately. Employee contributions to the 457(b) plan are completely owned by the employees.

Plan members may make voluntary contributions to the 457(b) plan of amounts up to 100% of compensation, up to the maximum annual contribution allowed by law. The Town will match 100% of each member's contributions to the 457(b) plan up to \$5,000 per fiscal year. The matching contributions will be made to the 401(a) plan.

For the year ended September 30, 2022, the Town recognized pension expense in the amount of \$47,266. As of the fiscal year end, the Town reported no payables for outstanding contributions to the 401(a) defined contribution plan. There were no forfeitures during the fiscal year.

**NOTE 14 – DEFERRED COMPENSATION PLAN**

The Town offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan is available to all full time Town employees and permits them to defer a portion of their salary until future years. Plan members may make voluntary contributions to the 457(b) plan of amounts up to 100% of compensation, up to the maximum annual contribution allowed by law. The Town will match 100% of each member's contributions to the 457(b) plan up to \$5,000 per fiscal year. The matching contributions will be made to the 401(a) plan. See Note 13. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency.

Assets of the plan are invested in either mutual funds or insurance contracts. In 1998, the Plan was amended to conform to changes in the Internal Revenue Code brought about by the Small Business Job Protection Act of 1996 (the "Act"). The Act requires that eligible deferred compensation plans established and maintained by governmental employers be amended to provide that all assets of the plan be held in trust, or under one or more appropriate annuity contracts or custodial accounts, for the exclusive benefit of plan participants and their beneficiaries. As a result of this change, plan assets are no longer subject to the claims of the Town's general creditors.

Because the Town has little administrative involvement and does not perform the investing function for funds in the Plan, the Town's activities do not meet the criteria for inclusion in the fiduciary funds of a government.

**TOWN OF MANALAPAN, FLORIDA**  
**Notes to the Financial Statements**  
**September 30, 2022**

**NOTE 15 – INTERLOCAL AGREEMENTS**

*Palm Beach County*

On February 24, 2004, the Town entered into an Interlocal Agreement with Palm Beach County for the provision of fire protection and emergency medical services within the Town, by the County. Services by the County commenced on October 1, 2004. The original Agreement was for a 10-year period ending September 30, 2014. On August 20, 2014 the Agreement was amended to extend the term until September 30, 2024.

Under the terms of the Agreement, the County shall provide within the Town the personnel and equipment necessary to provide fire suppression, emergency medical services, special operations, hazardous materials response and mitigation, emergency communications, confined space rescue, dive rescue, fire code inspections and testimony related thereto, response to all subpoenas related to fire rescue activities, arson investigation, new construction inspection, community education programs, and all other emergency and non-emergency services including Advanced Life Services/Basic Life Services (ALS/BLS) and ALS transport Services generally provided by Palm Beach County Fire-Rescue Department. BLS transport services shall be provided by a provider as awarded by the County through the COPCN process.

These services, at the County's discretion, may be provided by facilities and with personnel and apparatus located within and without the municipal boundaries of the Town, so long as the provision of services is consistent with the Agreement.

The Town's contract price for services rendered under the Agreement for each year of the agreement shall be the lesser of the following two methodologies:

1. Calculated by multiplying the Town of South Palm Beach's then current taxable property value, as certified by the Property Appraiser's Office on July 1 of each year, times the millage rate for the Fire Rescue MSTU as adopted by the Board of County Commissioners for the upcoming fiscal year; or
2. One half of the full-cost methodology as described in the Agreement.
3. The Town paid \$1,580,280 for services under the Agreement for the year ended September 30, 2022.



**TOWN OF MANALAPAN, FLORIDA**  
**Notes to the Financial Statements**  
**September 30, 2022**

**NOTE 15 – INTERLOCAL AGREEMENTS** (Continued)

*City of Lake Worth*

The Town has entered into an Interlocal Agreement with the City of Lake Worth, Florida, providing for the disposal of sewage generated by the Town's collection system by utilizing the East Central Regional Wastewater Reclamation Facility (ECRWRF) treatment facilities.

Under the terms of this agreement, the Town has agreed to pay each month to the City of Lake Worth a pro rata share of the City's operating costs of the ECRWRF's treatment facilities. The agreement also requires the Town to pay an amount equal to its pro rata share, based upon reserved capacity, of the non-federally funded capital expenditures required of the City for pumping, transmission and treatment disposal facilities constructed for the benefit of the Town system and its customers. The Town has also agreed to pay its pro rata share of certain debt service requirements. For the fiscal year ended September 30, 2022, the Town paid \$102,513 pursuant to the agreement. See Note 7 for additional information regarding the agreement.

**NOTE 16 – COMMITMENTS AND CONTINGENCIES**

*Building Official Services*

Effective July 1, 2005, the Town entered into an agreement with Hy-Byrd, Inc. to provide Building Official Service to the Town on an as needed basis. The term of the agreement was extended on five occasions by mutual agreement of the parties. The agreement expires September 30, 2023, unless amended. For the year ended September 30, 2022, the Town incurred charges of \$18,080 pursuant to the agreement.

*Construction Commitments*

As of September 30, 2022, the Town had entered into the following commitments for construction of various improvements.

<u>Project</u>	<u>Project Authorized Amount</u>	<u>Amount Completed 09/30/22</u>	<u>Balance to Complete</u>
Intracoastal Crossing	\$ 743,258	\$ 590,013	\$ 153,245
	<u>\$ 743,258</u>	<u>\$ 590,013</u>	<u>\$ 153,245</u>

**TOWN OF MANALAPAN, FLORIDA**  
**Notes to the Financial Statements**  
**September 30, 2022**

**NOTE 17 – OTHER POSTEMPLOYMENT BENEFITS**

*Plan Description*

The Town provides a single employer defined benefit health care plan to all of its employees. The plan allows its employees and their beneficiaries to continue to obtain health benefits upon retirement. The benefits of the plan are in accordance with Florida Statutes, which are the legal authority for the plan. The plan has no assets and does not issue a stand-alone financial report.

*Contributions*

The Town does not directly make a contribution to the plan on behalf of retirees. Retirees and their beneficiaries pay the same group rates as are charged to the Town for active employees by its healthcare provider. However, the Town's actuaries in their actuarial valuation, calculate an offset to the cost of these benefits as an Employer Contribution, based upon an implicit rate subsidy. This offset equals the total age-adjusted costs paid by the Town or its active employees for coverage of the retirees and their dependents for the year net of the retiree's own payments for the year.

*Plan Membership*

The following table provides a summary of the participants in the plan as of September 30, 2022, the latest valuation date:

Active plan members	23
Inactive plan members or beneficiaries currently receiving benefits	
Inactive plan members or beneficiaries entitled to but not yet receiving benefits	<u>23</u>

*Discount Rate*

The Town does not have a dedicated trust to pay retiree healthcare benefits. For plans that do not have assets held in a dedicated trust, the discount rate should equal the tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date. As of the measurement date of September 30, 2022, the rate was 4.77% based on the S&P Municipal Bond 20 Year High Grade Rate Index as published by S&P Dow Jones Indices. The S&P Municipal 20 Year High Grade Rate Index consists of bonds in the S&P Municipal Bond Index with a maturity of 20 years. Eligible bonds must be rated at least AA by Standard and Poor's Ratings Services, Aa2 by Moody's or AA by Fitch. If there are multiple ratings, the lowest rating is used. The discount rate as of the beginning of the measurement year was 2.43%.

**TOWN OF MANALAPAN, FLORIDA**  
**Notes to the Financial Statements**  
**September 30, 2022**

**NOTE 17 – OTHER POSTEMPLOYMENT BENEFITS** (Continued)

*OPEB Liability, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB*

As of September 30, 2022, the Town reported a total OPEB liability of \$64,229. For the fiscal year ended September 30, 2022, the Town recognized OPEB expense/(revenue) of \$(47,930). As of September 30, 2022, the Town did not report any deferred outflows of resources or deferred inflows of resources related to OPEB.

*Actuarial Methods and Assumptions*

The total OPEB liability was calculated using the Alternative Measurement Method in accordance with the GASB No. 75 methodology.

Significant methods and assumptions were as follows:

Valuation date	September 30, 2022
Measurement date	September 30, 2022
Actuarial cost method	Entry Age Cost Method
Inflation	2.50%
Discount rate	4.77%
Retirement rates	100% at age 61
Mortality tables	PubG-2010 Mortality Tables projected to the valuation date using Projection Scale MP-2019
Healthcare cost trend rates	Initial rate 7.25% in fiscal year 2023, then 7.00% in fiscal year 2024, trending to 4.00% in fiscal year 2075
Marital status	100% married with male spouses 3 years older than female spouses
Healthcare participation	20% participation with 30% electing spouse coverage

*Changes in Assumptions*

Changes of assumptions reflect a change in the discount rate from 2.43% for the fiscal year ending September 30, 2021 to 4.77% for the fiscal year ending September 30, 2022. Also reflected as assumption changes are updated health care costs and premiums.

**TOWN OF MANALAPAN, FLORIDA**  
**Notes to the Financial Statements**  
**September 30, 2022**

**NOTE 17 – OTHER POSTEMPLOYMENT BENEFITS** (Continued)

*Total OPEB Liability*

The components of the total OPEB liability as of September 30, 2022, were as follows:

<u>Description</u>	<u>Total OPEB Liability</u>
Balance September 30, 2021	\$ 115,867
Changes for the year:	
Service cost	14,746
Interest	3,161
Difference between expected and actual experience	(44,186)
Changes of assumptions	(24,301)
Benefit payments	(1,058)
Net change	<u>(51,638)</u>
Balance September 30, 2022	<u><u>\$ 64,229</u></u>

*Sensitivity of the Total OPEB Liability to Changes in the Discount Rate*

The following table presents the total OPEB liability of the Town calculated using the single discount rate of 4.77% as well as what the Town's total OPEB liability would be if it were calculated using a discount rate one percentage point lower or one percentage point higher than the current rate.

<u>Discount Rate Sensitivity</u>	<u>1% Decrease 3.77%</u>	<u>Discount Rate 4.77%</u>	<u>1% Increase 5.77%</u>
Total OPEB Liability	\$ 74,323	\$ 64,229	\$ 55,902

**TOWN OF MANALAPAN, FLORIDA**  
**Notes to the Financial Statements**  
**September 30, 2022**

**NOTE 17 – OTHER POSTEMPLOYMENT BENEFITS** (Continued)

*Sensitivity of the Total OPEB Liability to Changes in the Healthcare Trend Rates*

The following table presents the total OPEB liability of the Town calculated using the assumed trend rates (7.25% decreasing to 4.00%) as well as what the Town's total OPEB liability would be if it were calculated using a trend rate that is one percentage point lower or one percentage point higher than the assumed trend rates.

<u>Healthcare Trend Rate Sensitivity</u>	Healthcare Cost		
	1% Decrease <u>3.00% - 6.25%</u>	Trend Rate <u>4.00% - 7.25%</u>	1% Increase <u>5.00% - 8.25%</u>
Total OPEB Liability	\$ 54,584	\$ 64,229	\$ 76,124

**NOTE 18 – RISK MANAGEMENT**

The Town is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the Town carries commercial insurance. Specifically, the Town purchases commercial insurance for property, medical benefits, worker's compensation, general liability, automobile liability, errors and omissions, and director's and officer's liability. The Town has not significantly reduced insurance coverage from the prior year, and there were no settlements that exceeded insurance coverage during the past three fiscal years.

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

**NOTE 19 – SUBSEQUENT EVENTS**

Management has evaluated subsequent events through the date that the financial statements were available to be issued, May 23, 2024 and determined there were no events that occurred that required disclosure. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

**TOWN OF MANALAPAN, FLORIDA**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance-Budget and Actual**  
**General Fund**  
**For the Year Ended September 30, 2022**

	General Fund			Variance With
	Original	Final Revised		Final Budget
	Adopted Budget	Budget	Actual	Positive
				(Negative)
Revenues				
Ad valorem taxes	\$ 4,640,461	\$ 4,640,461	\$ 4,561,437	\$ (79,024)
Other taxes	309,720	309,720	333,140	23,420
Fees and permits	674,300	674,300	1,459,924	785,624
Intergovernmental	51,695	51,695	90,051	38,356
Fines and forfeitures	1,700	1,700	5,171	3,471
Interest	50,175	50,175	17,911	(32,264)
Net decrease in fair value of investments			(11,566)	(11,566)
Intragovernmental	82,000	82,000	82,000	
Contributions			37,900	37,900
Miscellaneous	27,000	27,000	34,660	7,660
Total revenues	<u>5,837,051</u>	<u>5,837,051</u>	<u>6,610,628</u>	<u>773,577</u>
Expenditures				
Current				
General government	808,052	804,052	799,717	4,335
Public safety	4,440,666	4,444,666	4,193,619	251,047
Physical environment	232,618	232,618	202,664	29,954
Transportation	9,100	9,100	5,940	3,160
Capital outlay	292,615	292,615	153,743	138,872
Total expenditures	<u>5,783,051</u>	<u>5,783,051</u>	<u>5,355,683</u>	<u>427,368</u>
Excess (deficiency) of revenues over (under) expenditures	<u>54,000</u>	<u>54,000</u>	<u>1,254,945</u>	<u>1,200,945</u>
Other financing sources (uses)				
Operating transfer in (out)	<u>(54,000)</u>	<u>(54,000)</u>	<u>(54,000)</u>	
Total other financing sources (uses)	<u>(54,000)</u>	<u>(54,000)</u>	<u>(54,000)</u>	
Net change in fund balances	<u>\$</u>	<u>\$</u>	<u>1,200,945</u>	<u>\$ 1,200,945</u>
Fund balance, beginning of year			<u>6,044,061</u>	
Fund balance, end of year			<u>\$ 7,245,006</u>	

**TOWN OF MANALAPAN, FLORIDA**  
**Notes to the Budgetary**  
**Required Supplementary Information (RSI)**  
**General Fund**  
**September 30, 2022**

**Note 1 - Basis of Accounting**

As required by GASB Statement No. 34, a budgetary comparison schedule is presented for the General Fund. The procedures for establishing budgetary data reflected in the budgetary comparison schedule are described in Note 2 to the financial statements. Budgets are adopted on a basis consistent with generally accepted accounting principles. Formal budgetary integration is employed within the accounting system as a management control device. Appropriations are legally controlled at the departmental level.

**Note 2 - Excess of Expenditures Over Appropriations**

For the year September 30, 2022, General Fund expenditures did not exceed appropriations.

**TOWN OF MANALAPAN, FLORIDA**  
**Required Supplementary Information (RSI)**  
**Schedule of Changes in the Town's Net Pension Liability and Related Ratios**  
**General Employees' and Police Officers' Retirement Fund**  
**For the Year Ended September 30, 2022**

	2019	2020	2021	2022
Total pension liability				
Service cost	\$ 209,337	\$ 330,436	\$ 377,238	\$ 369,187
Interest on the total pension liability	114,649	181,717	214,978	248,895
Difference between expected and actual experience		8,473	(19,254)	(237,646)
Changes of assumptions		(45,999)		
Benefit payments				(27,588)
Refunds of member contributions		(2,430)	(17,014)	(41,610)
Changes in benefit terms	2,142,435			
Net change in total pension liability	2,466,421	472,197	555,948	311,238
Total pension liability - beginning		2,466,421	2,938,618	3,494,566
Total pension liability - ending (a)	<u>\$ 2,466,421</u>	<u>\$ 2,938,618</u>	<u>\$ 3,494,566</u>	<u>\$ 3,805,804</u>
Plan fiduciary net position				
Contributions - employer	\$ 213,836	\$ 285,114	\$ 286,705	\$ 519,516
Contributions - employee	65,774	109,929	112,873	112,796
Contributions - employee buybacks	1,631,459			
Net investment income	757	82,232	514,910	(594,293)
Benefit payments				(27,588)
Refunds of member contributions			(17,014)	(41,610)
Net change in plan fiduciary net position	1,911,826	477,275	897,474	(31,179)
Plan fiduciary net position - beginning		1,911,826	2,389,101	3,286,575
Plan fiduciary net position - ending (b)	<u>\$ 1,911,826</u>	<u>\$ 2,389,101</u>	<u>\$ 3,286,575</u>	<u>\$ 3,255,396</u>
Net pension liability (a-b)	<u>\$ 554,595</u>	<u>\$ 549,517</u>	<u>\$ 207,991</u>	<u>\$ 550,408</u>
Plan fiduciary net position as a percentage of the total pension liability	77.51%	81.30%	94.05%	85.54%
Covered payroll	\$ 939,629	\$ 1,595,114	\$ 1,612,471	\$ 1,611,371
Net pension liability as a percentage of covered payroll	59.02%	34.45%	12.90%	34.16%

Changes in Assumptions

In 2020, the mortality tables were changed from the RP-2000 Combined Healthy Participant Mortality Table to the PUB-2010 Headcount Weighted Below Median Employee Table.

This schedule is intended to show information for 10 years. However, until a full 10-year trend is compiled, information will be presented for those years for which information is available. The Town of Manalapan General Employees' and Police Officers' Retirement Fund was established effective January 1, 2019.



**TOWN OF MANALAPAN, FLORIDA**  
**Required Supplementary Information (RSI)**  
**Schedule of Employer Contributions**  
**General Employees' and Police Officers' Retirement Fund**  
**For the Year Ended September 30, 2022**

<u>Fiscal Year Ended September 30,</u>	<u>Actuarially Determined Contribution</u>	<u>Actual Contribution</u>	<u>Contribution Deficiency (Excess)</u>	<u>Covered Payroll</u>	<u>Actual Contribution as a % of Covered Payroll</u>
2019	\$ 213,836	\$ 213,836	\$	\$ 939,629	22.76%
2020	\$ 285,114	\$ 285,114	\$	\$ 1,595,114	17.87%
2021	\$ 286,705	\$ 286,705	\$	\$ 1,612,471	17.78%
2022	\$ 325,822	\$ 519,516	\$ (193,694)	\$ 1,611,371	32.24%

This schedule is intended to show information for 10 years. However, until a full 10-year trend is compiled, information will be presented for those years for which information is available. The Town of Manalapan General Employees' and Police Officers' Retirement Fund was established effective January 1, 2019.

Notes to the schedule of employer contributions

**TOWN OF MANALAPAN, FLORIDA**  
**Required Supplementary Information (RSI)**  
**Notes to the Schedule of Employer Contributions**  
**General Employees' and Police Officers' Retirement Fund**  
**For the Year Ended September 30, 2022**

The contributions for the fiscal year ended September 30, 2022 were determined by the actuarial valuation as of October 1, 2020.

Valuation Date:	October 1, 2020
Actuarial Cost Method	Entry age normal
Inflation	2.50%
Salary Increases	4.00%, included inflation
Investment Rate of Return	6.50%
Retirement Age	Experience-based table of rates
Mortality	The mortality table for General Employees is the PUB-2010 Headcount Weighted Below Median Employee Male Table (pre-retirement), the PUB-2010 Headcount Weighted Below Median Employee Female Table (pre-retirement), the PUB-2010 Headcount Weighted Below Median Healthy Retiree Male Table (post-retirement) and the PUB-2010 Headcount Weighted Below Median Retiree Female Table (post-retirement). These tables use ages set back one year for males and future improvements in mortality projected to all future years after 2010 using scale MP-2018. These are the same rates used for Regular Class members of the Florida Retirement System (FRS) in their actuarial valuation as of July 1, 2020.
	The mortality table for healthy Police Officers is the PUB-2010 Headcount Weighted Safety Below Median Employee Male Table (pre-retirement), the PUB-2010 Headcount Weighted Safety Employee Female Table (pre-retirement), the PUB-2010 Headcount Weighted Safety Below Median Healthy Retiree Male Table (post-retirement) and the PUB-2010 Safety Healthy Retiree Female Table (post-retirement). These tables use ages set forward one year and mortality improvements to all future years after 2010 using scale MP-2018. These are the same rates used for Special Risk Class members in the July 1, 2020 Actuarial Valuation of the Florida Retirement System (FRS).

**Other Information:**

The Town of Manalapan General Employees' and Police Officers' Retirement Fund was established effective January 1, 2019.

**TOWN OF MANALAPAN, FLORIDA**  
**Required Supplementary Information (RSI)**  
**Schedule of Investment Returns**  
**General Employees' and Police Officers' Retirement Fund**  
**For the Year Ended September 30, 2022**

<u>Fiscal Year Ended September 30</u>	<u>Money Weighted Rate of Investment Return</u>
2019	0.07%
2020	3.75%
2021	19.09%
2022	-15.82%

This schedule is intended to show information for 10 years. However, until a full 10-year trend is compiled, information will be presented for those years for which information is available. The Town of Manalapan General Employees' and Police Officers' Retirement Fund was established effective January 1, 2019.

**TOWN OF MANALAPAN, FLORIDA**  
**Required Supplementary Information (RSI)**  
**Schedule of Changes in Total OPEB Liability**  
**For the Year Ended September 30, 2022**

Actuarial Valuation Date	09/30/2018	09/30/2018	09/30/2020	09/30/2020	09/30/2022
Measurement Date of the Total OPEB Liability	09/30/2018	09/30/2019	09/30/2020	09/30/2021	09/30/2022
Employer's Reporting Date	09/30/2018	09/30/2019	09/30/2020	09/30/2021	09/30/2022
	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Total OPEB liability - beginning	\$ 44,933	\$ 49,754	\$ 61,501	\$ 104,241	\$ 115,867
Changes for the year:					
Service cost	8,884	8,537	9,401	14,936	14,746
Interest	1,908	2,373	2,479	2,540	3,161
Difference between expected and actual experience			16,496		(44,186)
Changes of assumptions	(3,122)	3,928	17,718	(4,861)	(24,301)
Benefit payments	(2,849)	(3,091)	(3,354)	(989)	(1,058)
Net change in total OPEB liability	<u>4,821</u>	<u>11,747</u>	<u>42,740</u>	<u>11,626</u>	<u>(51,638)</u>
Total OPEB liability - ending	<u>\$ 49,754</u>	<u>\$ 61,501</u>	<u>\$ 104,241</u>	<u>\$ 115,867</u>	<u>\$ 64,229</u>
Covered-employee payroll	1,895,936	2,018,479	1,417,180	1,452,610	1,673,285
Total OPEB liability as a percentage of covered-employee payroll	2.62%	3.05%	7.36%	7.98%	3.84%

Change in Assumptions

The discount rate changed as follows:

September 30, 2017 measurement date	3.64%
September 30, 2018 measurement date	4.18%
September 30, 2019 measurement date	3.58%
September 30, 2020 measurement date	2.14%
September 30, 2021 measurement date	2.43%
September 30, 2022 measurement date	4.77%

This schedule is intended to show information for 10 years. However, until a full 10-year trend is compiled, information will be presented for those years for which information is available. There are no assets accumulated in a trust that meets the criteria of GASB codification P22.101 or P52.101 to pay related benefits for the OPEB plan.

In 2022, assumptions for health care costs and premiums were updated.

**TOWN OF MANALAPAN, FLORIDA**  
**Schedule of Departmental Expenditures Budget to Actual**  
**General Fund**  
**For the Year Ended September 30, 2022**

	Final Budget	Actual	Variance With Final Budget Positive (Negative)
Expenditures			
General government			
Legislative			
Operating	\$ 21,100	\$ 4,345	\$ 16,755
Total legislative	21,100	4,345	16,755
Finance & Administration			
Personnel	393,316	448,304	(54,988)
Operating	251,476	224,267	27,209
Capital outlay	3,660	3,230	430
Total finance & administration	648,452	675,801	(27,349)
Information Technology			
Operating	134,500	119,571	14,929
Total information technology	134,500	119,571	14,929
Total general government	804,052	799,717	4,335
Public safety			
Police			
Personnel	2,207,244	2,041,731	165,513
Operating	350,016	339,551	10,465
Capital outlay	1,500		1,500
Total police	2,558,760	2,381,282	177,478
Fire rescue			
Operating	1,580,280	1,580,280	
Total fire rescue	1,580,280	1,580,280	
Protective inspections			
Personnel	107,796	70,457	37,339
Operating	186,430	157,985	28,445
Capital outlay	7,400		7,400
Total protective inspections	301,626	228,442	73,184
Emergency/disaster			
Operating	4,000	3,615	385
Total emergency/disaster	4,000	3,615	385
Total public safety	4,444,666	4,193,619	251,047

(continued)

**TOWN OF MANALAPAN, FLORIDA**  
**Schedule of Departmental Expenditures Budget to Actual**  
**General Fund**  
**For the Year Ended September 30, 2022**  
**(Continued)**

	Final Budget	Actual	Variance With Final Budget Positive (Negative)
Physical environment			
Sanitation			
Personnel	\$ 122,414	\$ 111,628	\$ 10,786
Operating	15,800	13,139	2,661
Total sanitation	<u>138,214</u>	<u>124,767</u>	<u>13,447</u>
Maintenance			
Personnel	37,069	38,310	(1,241)
Operating	57,335	39,587	17,748
Total maintenance	<u>94,404</u>	<u>77,897</u>	<u>16,507</u>
Total physical environment	<u>232,618</u>	<u>202,664</u>	<u>29,954</u>
Transportation			
Operating	9,100	6,496	2,604
Capital outlay	<u>          </u>	<u>(556)</u>	<u>556</u>
Total transportation	<u>9,100</u>	<u>5,940</u>	<u>3,160</u>
Capital outlay	<u>292,615</u>	<u>153,743</u>	<u>138,872</u>
Total expenditures	<u><u>\$ 5,783,051</u></u>	<u><u>\$ 5,355,683</u></u>	<u><u>\$ 427,368</u></u>



## 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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The Honorable Mayor and Members of the Town Commission  
Town of Manalapan, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Manalapan, Florida, as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise the Town of Manalapan's basic financial statements and have issued our report thereon dated May 23, 2024.

#### **Report on Internal Control Over Financial Reporting**

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

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

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

#### **Finding 2022-1**

*Condition:* We noted there was a lack of oversight of the financial reporting process.

*Criteria:* Timely and accurate accounting records are required for internal and external financial reporting.

*Effect:* Transactions were not properly recorded in the general ledger. Consequently, numerous audit adjustments were required to correct the financial records.

*Recommendation:* We recommend that the Town increase oversight of the financial reporting process to facilitate the preparation of timely and accurate financial reports.

*Management Response:* The Town has hired additional staff and is currently updating the policies and procedures to increase oversight of the financial reporting process.

#### **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Town of Manalapan, Florida's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and are described below.

#### **Finding 2016-1**

*Condition:* We noted that the audit report and the Annual Financial Report filed with the Florida Department of Financial Services for the fiscal year ended September 30, 2022 were not filed timely.

*Criteria:* Florida Statutes require audit reports for local governmental entities and the Annual Financial Report to be filed within nine months of the fiscal year end. The Town's reports were due June 30, 2023.

*Effect:* Failure to file audit reports timely subjects the Town to the risk of losing state shared revenues.

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

*Management Response:* The Town will start the review process within 90 days of the fiscal year end in order to file the annual financial reports in a timely manner.

#### **Town of Manalapan, Florida's Response to Findings**

*Government Auditing Standards* requires the auditor to perform limited procedures on the Town of Manalapan, Florida's response to the finding identified in our audit and presented above. The Town of Manalapan, Florida's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.



## 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  
May 23, 2024



## NOWLEN, HOLT & MINER, P.A.

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

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To the Honorable Mayor and Members of the Town Commission  
Town of Manalapan, Florida

#### Report on the Financial Statements

We have audited the financial statements of the Town of Manalapan, Florida, as of and for the fiscal year ended September 30, 2022, and have issued our report thereon dated May 23, 2024.

#### Auditor's Responsibility

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

#### Other Reporting Requirements

We have issued our Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards* and Independent 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 May 23, 2024, 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.

The following finding was included in the audit report for the prior six years and it continues to apply.

#### Finding 2016-1 Timely Reporting

Corrective actions have been taken to address the following finding and recommendations made in the preceding financial report, and it no longer applies.

#### Finding 2021-1 Expenditures in Excess of Appropriations

### **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. There are no component units included in the Town of Manalapan, Florida's financial statements.

### **Financial Condition and Management**

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

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 Town of Manalapan, Florida. It is management's responsibility to monitor the Town of Manalapan, Florida's financial condition, and our financial condition assessment was based in part on representations made by management and review of financial information provided by same. Our assessment was done as of the fiscal year end. The results of our procedures did not disclose any matters that are required to be reported.

Section 10.554(1)(i)2., Rules of the Auditor General, requires that we communicate any recommendations to improve financial management. In connection with our audit we have the recommendation described below.

*Recommendation:* We noted the Enterprise Fund experienced a significant operating loss for the current fiscal year, Consequently, the Town did not meet the pledged revenue requirements in their debt covenants. We recommend that the Town conduct a rate study to ensure the rates and charges for services furnished by the Water and Sewer System are sufficient to meet the pledged revenue requirements.

*Management Response:* Management is currently in the process of conducting a rate study for the Water and Sewer System to ensure the revenues are sufficient to meet the requirements.

### **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 Town of Manalapan, Florida expended less than \$750,000 of federal awards and less than \$750,000 of state financial assistance for the fiscal year ended September 30, 2022 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 Town Commission, and applicable management, and is not intended to be and should not be used by anyone other than these specified parties.

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

West Palm Beach, Florida  
May 23, 2024



## NOWLEN, HOLT & MINER, P.A.

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

To the Honorable Mayor and Members of the Town Commission  
Town of Manalapan, Florida

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We have examined the Town of Manalapan, Florida's compliance with Section 218.415, Florida Statutes during the year ended September 30, 2022. Management of the Town of Manalapan, Florida is responsible for the Town of Manalapan, Florida's compliance with the specified requirements. Our responsibility is to express an opinion on the Town of Manalapan, Florida's compliance with the specified requirements based on our examination.

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

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

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

In our opinion, the Town of Manalapan, Florida complied, in all material respects, with Section 218.415, Florida Statutes for the year ended September 30, 2022.

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

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

West Palm Beach, Florida  
May 23, 2024