

Annual Comprehensive Financial Report

For the Fiscal Years Ended September 30, 2021 & 2020



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

ANNUAL COMPREHENSIVE FINANCIAL REPORT

**Fiscal Years Ended
September 30, 2021 and 2020**

**Prepared by:
Finance Department**

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

**LOXAHATCHEE RIVER
ENVIRONMENTAL CONTROL DISTRICT
ANNUAL COMPREHENSIVE FINANCIAL REPORT
For the Fiscal Years Ended September 30, 2021 and 2020**

TABLE OF CONTENTS

	Page
INTRODUCTORY SECTION	
Letter of Transmittal	i - vi
Certificate of Achievement for Excellence in Financial Reporting	vii
Organization Chart	viii
List of Principal Officials	ix
FINANCIAL SECTION	
Independent Auditor's Report	1 – 3
Management's Discussion and Analysis	4 – 10
Basic Financial Statements	
Statements of Net Position	11 – 12
Statements of Revenues, Expenses, and Changes in Net Position	13
Statements of Cash Flows	14 – 15
Notes to Financial Statements	16 - 32
OTHER INFORMATION SECTION	
Information Required by Section 218.39(3)(c), Florida Statutes	33
Budget Variance Report	34
STATISTICAL SECTION	
Schedule of Net Position by Component	35
Schedule of Changes in Net Position	36
Schedule of Revenue by Source	37
Total Sewer Units by Category	38
Total Sewer Revenue by Category	39
Schedule of Sewer Rates	40
Wastewater Treated	41
Ratio of Outstanding Debt	42
Schedule of Pledged Revenue Coverage	43
Demographic and Economic Statistics	44
Principal Employers	45
Full-time Equivalent Employees by Function	46
Schedule of Wastewater Treatment Capacity	47
Capital and Infrastructure Statistics	48
OTHER REPORTS	
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 <i>Government Auditing Standards</i>	49 - 50
Independent Auditor's Management Letter Required by Chapter 10.550, Rules of the State of Florida, Office of the Auditor General	51 - 53
Independent Accountant's Report on Compliance with Section 218.415, Florida Statutes	54 - 55

INTRODUCTORY SECTION



LOXAHATCHEE RIVER DISTRICT

2500 JUPITER PARK DRIVE, JUPITER, FLORIDA 33458

TEL: (561) 747-5700

FAX: (561) 747-9929

D. Albrey Arrington, Ph.D. EXECUTIVE DIRECTOR

loxahatcheeriver.org

February 17, 2022

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

Florida Statutes require that government entities publish, within nine months of the close of each fiscal year, a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards accepted in the United States and government auditing standards by a firm of licensed certified public accountants. Pursuant to that requirement, we are pleased to submit this Annual Comprehensive Financial Report of the Loxahatchee River Environmental Control District (the District) for the fiscal years ended September 30, 2021 and 2020. District staff remains committed to reaching and maintaining the highest possible standards in financial reporting now and in the future.

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

Nowlen, Holt & Miner, P.A., independent auditors, have issued an unmodified opinion on the Loxahatchee River Environmental Control District's financial statements for the fiscal years ended September 30, 2021 and 2020. The independent auditor's report is presented as the first component of the financial section of this report.

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

District Profile

The Loxahatchee River Environmental Control District was created by Chapter 71-822, Special Acts of Florida, 1971, as amended, and codified in Chapter 2021-249, Laws of Florida, as a separate local agency of government to provide for the management of sewage, storm drainage, and water supply, and conduct environmental monitoring, education, and enhancements in an area of approximately 73 square miles in portions of northern Palm Beach and southern Martin Counties generally defined as the Loxahatchee River Basin. An elected five-member board governs the District.

James D. Snyder
CHAIRMAN

Stephen B. Rockoff
BOARD MEMBER

Dr. Matt H. Rostock
BOARD MEMBER

Gordon Boggie
BOARD MEMBER

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

The District's wastewater treatment facility provides the following services to approximately 31,500 residential customers and 1,600 commercial customers.

Wastewater collection, treatment and disposal

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

Irrigation Quality Water

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

Water Quality

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

Environmental Education

The District's River Center features live aquatic tanks, interactive exhibits, and a touch tank, all of which allow the public, especially children, to explore, experience, and connect with the diverse habitats and creatures found within the Loxahatchee River watershed. The River Center provides a fun educational opportunity for school children, adults, visitors, and long-time residents to learn about Florida's first National Wild and Scenic River and the efforts to preserve and protect it. The River Center offers a variety of

programs such as Seine & Snorkel, Fishing Clinics, Youth Camps, Monthly Lecture Series, Kayak Trips, and Boating Safety Classes.

Financial Data

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

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

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

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

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

Economic Outlook

Systematic, effective treatment and disposal of wastewater (sewage) is critical to the maintenance of public health and environmental health. Wastewater treatment is a public necessity; thus, revenues derived from wastewater treatment typically remain stable regardless of transient economic conditions. During the fiscal year 2021, the District had an increase in residential equivalent connections (ECs) of 410 (0.7%). The District expects a continued increase in equivalent connections until build out has been reached, which is anticipated to be in the fiscal year 2024. Once the District has reached build out, the District anticipates redevelopment and rate increases will sustain our future revenue needs.

The District performs an annual rate study where rates are compared to planned spending over the course of a five-year period. During the fiscal year 2021, the District implemented

a 1% rate increase for connection charges, a 3% rate increase for retail and wholesale IQ Water charges, and a 5% rate increase in Nano IQ Water charges. There was no rate increase for quarterly sewer service charges.

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

Major Initiatives

The Strategic Plan sets the priorities and the direction of the District. In 2018, the Governing Board and senior management utilized a comprehensive strategic planning process to identify and prioritize key strategic objectives and improvement initiatives. The four strategic initiatives are Stakeholder Focus, Operational Excellence, Employee Learning and Growth, and Financial Stewardship. Although the coronavirus pandemic continues to impact our ability to implement our goals, we were able to make significant progress during the year. An update of the accomplishments and advancements of strategic initiatives is summarized below.

Stakeholder Focus

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

The District demonstrated its commitment to improve customer satisfaction by tracking and analyzing customer complaints then dividing them among root cause. With this data we believe we will be able to reduce the number of system failures, such as repeat red light alarms.

The Governing Board approved to revise the District Rule Chapter 31-11, Special Assessments, to adjust our special assessment interest rate from 6.875% to the Wall Street Journal Prime Rate plus 2%, currently 5.25%. In addition to lowering the interest rate on all new and outstanding assessments, the District also started to allow for partial payments on special assessments rather than requiring payoff for any payment outside of the annual tax bill.

Operational Excellence

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

Major initiatives for this strategy during fiscal year 2021 included:

- The District continues to improve our internal policies and procedures library. Notable policies developed during the year include: Child Protection Policy, E-Verify Policy, Employee Wage Policy, Employee Insurance Policy, and Ethics Policy.

- The District continued to conduct Wastewater Surveillance to monitor trends of infection rates of SARS-CoV-2, the virus that causes COVID-19, within our sewer system area. These SARS-CoV-2 virus fragments are shed from individuals infected with the virus, including both symptomatic and asymptomatic infections. Because individuals shed huge amounts of SARS-CoV-2 early in their infection, even before symptoms, wastewater surveillance of SARS-CoV-2 virus fragments is a proven early indicator of COVID-19 infection rates in a community.
- The District continues to fund capital improvement projects to maintain and improve District facilities. The most notable FY 2021 capital project completed was the new 16-inch wastewater force main connected to the Alternate A1A (Damon) bridge. This project was completed and placed in service and provides an alternative to the 24-inch force main under the Loxahatchee River immediately west of the FEC Railroad bridge. The new force main is mounted on the Alt A1A bridge, crossing over the river instead of going under the river. This new force main segment was completed, connected to the regional wastewater transmission system, and placed into service prior to significant, ongoing work in the area to replace the aged railroad bridge.
- The District completed five neighborhood sewerage projects; converting an additional 47 homes from septic systems to our regional sanitary sewer system.
- Preliminary design was completed for the demolition and rehabilitation of the unit houses at the Jupiter Inlet Lighthouse. Once complete, the unit houses will be an additional location for the District to perform environmental education.

Employee Learning and Growth

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

The District performed a salary study that provided market data comparisons allowing us to position our compensation scale closer to the market, enhancing competitiveness. The success of this implementation has been evident both in feedback from employees and our improved ability to recruit and retain talent.

In effort to improve employee capabilities two major trainings were conducted during the year: (1) Portable Generator Setup training and (2) Collector App training. Portable generators and the Collector App are used extensively during emergency conditions. Providing employees with the proper training gives them the knowledge to perform their duties confidently while ensuring the safety of employees and surrounding neighborhood and environment.

Financial Stewardship

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

- The District had an unmodified or 'clean' audit report for the fiscal year 2021.
- The District's operating expenses came in \$1,694,378 (10%) below the anticipated budget.

- The District has continued to operate at full capacity without the need to issue any debt.

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

Awards and Acknowledgements

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Loxahatchee River Environmental Control District for its annual comprehensive financial report for the fiscal year ended September 30, 2020. This was the third year the District has achieved this prestigious award. Requirements to receive a Certificate of Achievement include the government publishing an easily readable and efficiently organized annual comprehensive financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

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

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

Respectfully submitted,



D. Albrey Arrington, Ph.D.
Executive Director



Kara Fraraccio, CPA
Director of Finance
and Administration



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**Loxahatchee River Environmental Control District
Florida**

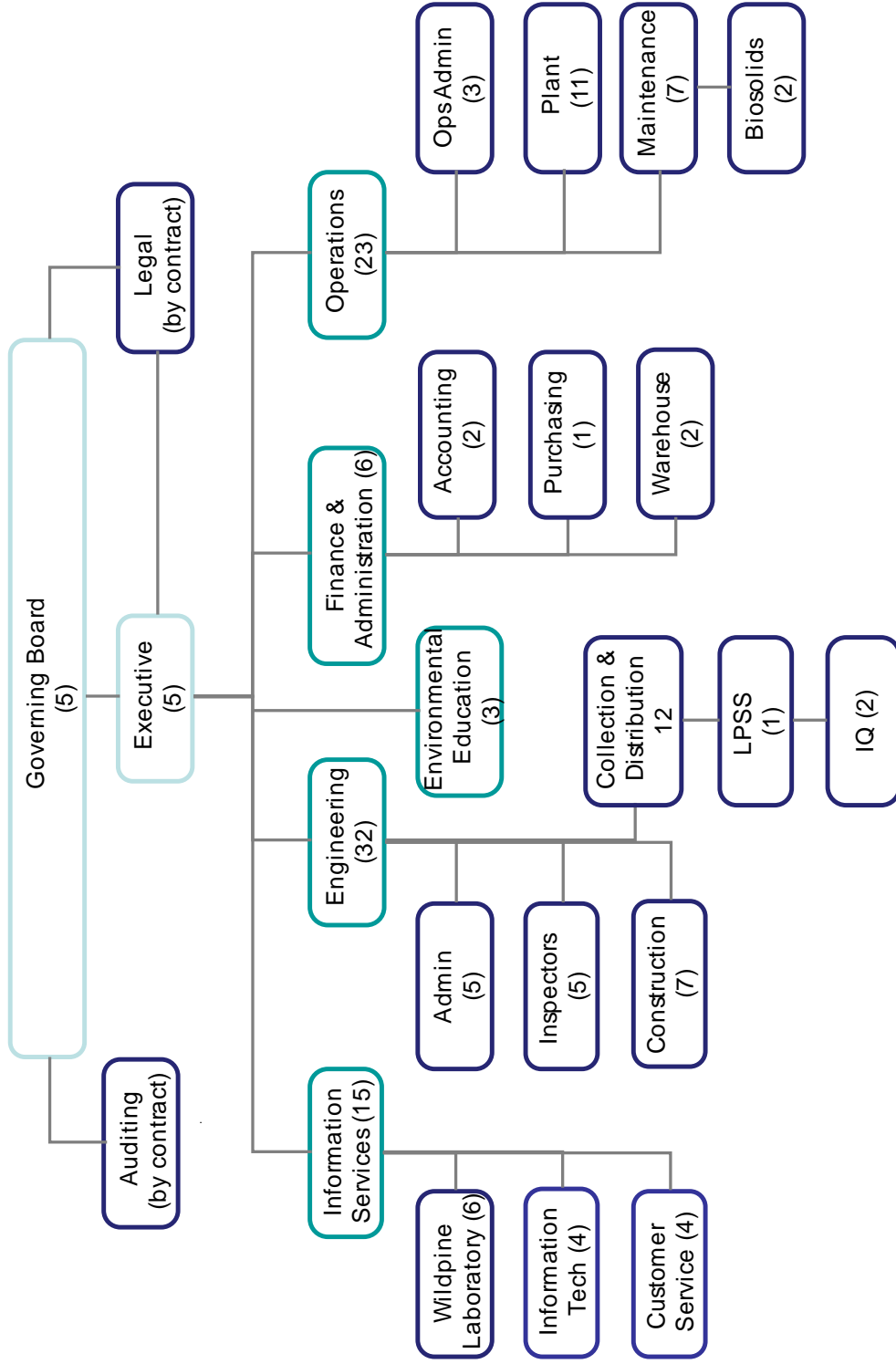
For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

September 30, 2020

Christopher P. Morrell

Executive Director/CEO

LRD Organizational Chart



LOXAHATCHEE RIVER ENVIRONMENTAL CONTROL DISTRICT
LIST OF PRINCIPAL OFFICIALS
September 30, 2021

Governing Board Members

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

District Staff

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

Consultants

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

FINANCIAL SECTION



NOWLEN, HOLT & MINER, P.A.

CERTIFIED PUBLIC ACCOUNTANTS

WEST PALM BEACH OFFICE
NORTHBRIDGE CENTRE
515 N. FLAGLER DRIVE, SUITE 1700
POST OFFICE BOX 347
WEST PALM BEACH, FLORIDA 33402-0347
TELEPHONE (561) 659-3060
FAX (561) 835-0628
WWW.NHMCPA.COM

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

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

INDEPENDENT AUDITOR'S REPORT

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

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

Report on the Financial Statements

We have audited the accompanying financial statements of the Loxahatchee River Environmental Control District, as of and for the years ended September 30, 2021 and 2020, and the related notes to the financial statements, which collectively comprise the Loxahatchee River Environmental Control District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Loxahatchee River Environmental Control District, as of September 30, 2021 and 2020, and the respective changes in financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 10 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Loxahatchee River Environmental Control District's basic financial statements. The introductory section and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The other information section is presented for compliance with Section 218.39(3)(c), Florida Statutes and is not a required part of the basic financial statements.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 10, 2022, on our consideration of the Loxahatchee River Environmental Control District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Loxahatchee River Environmental Control District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Loxahatchee River Environmental Control District's internal control over financial reporting and compliance.

Nowlen, Holt & Mimer, P.A.

West Palm Beach, Florida
February 10, 2022

MANAGEMENT'S DISCUSSION AND ANALYSIS

The Loxahatchee River Environmental Control District's (the District) Management's Discussion and Analysis presents highlights of the District's financial activities for the fiscal years ended September 30, 2021 and 2020. Please read it in conjunction with the letter of transmittal in the introductory section and the District's audited financial statements which follow.

OVERVIEW OF THE FINANCIAL STATEMENTS

The District uses a single enterprise fund to provide wastewater services. The Annual Comprehensive Financial Report is presented in four sections: Introductory, Financial, Statistical, and Compliance. The Introductory section includes a Transmittal Letter, List of Principal Officials and Staff, and the District's Organization Chart. The Financial section includes the MD&A, audited basic financial statements and accompanying notes, as well as the report of the independent certified public accountant on the financial statements. The Statistical section includes unaudited financial and demographic information, and the Compliance section includes the supplemental auditors' reports.

The MD&A represents management's examination, analysis, and report on the District's financial condition and performance. The financial statements as well as other available operational and financial information and budget were used for this analysis. The MD&A should be used with the audited financial statements and the accompanying notes to those statements.

FINANCIAL HIGHLIGHTS

- Operating income was \$19,406,943, a decrease of 2.57% over the prior year.
- Capital contributions were \$1,661,848, a decrease of 76% over the prior year.
- Operating Expenses, including depreciation and amortization, were \$21,963,432, an increase of 3.08% over the prior year.
- Net position increased by \$82,927 or .05%.
- Net capital assets were \$122,527,302, a decrease of 2.54% over the prior year.

REQUIRED FINANCIAL STATEMENTS

As an Enterprise Fund, the District's financial statements and accounting methods closely resemble those used by private sector companies. These statements offer short and long-term financial information about its activities. The required financial statements include Statement of Net Position; Statement of Revenues, Expenses and Changes in Net Position; Statement of Cash Flows; and Notes to Basic Financial Statements.

The Statement of Net Position includes all of the District's assets and liabilities. This statement provides information about the nature and amounts of investments in resources (assets) and the obligations to District creditors (liabilities). It also provides the basis for computing rate of return, evaluating the capital structure of the District and assessing the liquidity and financial flexibility of the District. Over time, increases or decreases are indicators of whether the financial position is improving or not.

All of the current year's revenues and expenses are accounted for in the Statement of Revenues, Expenses, and Changes in Net Position. This statement measures the success of the District's operations over the past year and can be used to determine whether the District has successfully recovered all its costs through its user fees and other charges, as well as being fiscally accountable and creditworthy. While the Statement of Net Position discussed previously shows a snapshot of balances as of a certain date, the Statement of Revenues, Expenses, and Changes in Net Position focuses on changes in the fiscal operating period.

The final required financial statement is the Statement of Cash Flows. The primary purpose of this statement is to provide information about the District's cash receipts and cash payments during the reporting period. This statement reports cash receipts, cash payments, and net changes in cash resulting from operating, non-capital and capital financing, and investing activities and provides answers to such questions as where did cash come from, what was cash used for, and what was the change in the cash balance during the reporting period.

Finally, the accompanying Notes to the Financial Statements provide required disclosures and other information pertinent to understanding and explaining the financial statements. The notes contain information such as accounting policies, explanations, and descriptions of significant account balances, expended detail on summarized data in the financial statements, as well as required disclosures about the District.

FINANCIAL ANALYSIS OF THE DISTRICT

Net position may serve over time as a useful indicator of a government's financial position. The Statement of Net Position and the Statement of Revenues, Expenses and Changes in Net Position report information about the District's activities in a way that will help determine the District's financial position at September 30, 2021. The District's net position is one way to measure the financial health or financial position of the District. Over time, increases and decreases in the District's net position indicate whether the District's financial health is improving or deteriorating. However, other factors such as changes in economic conditions, population growth, and new or changed governmental legislation also impact the fiscal condition.

Net Position

We begin our analysis by providing a summary of the District's statements of net position for the fiscal years ended September 30, 2021, 2020, and 2019. The analysis below shows the District net position (Table 1) and changes in net position (Table 2) during the year in a condensed format.

Table 1
Condensed Statements of Net Position

	2021	2020	%	2019	%
Current and other assets	\$ 58,814,098	\$ 55,484,729	6.00	\$ 48,716,227	13.89
Capital assets, net	122,527,302	125,718,802	(2.54)	127,077,692	(1.07)
Total assets	<u>181,341,400</u>	<u>181,203,531</u>	0.08	<u>175,793,919</u>	3.08
Long-term debt	\$	\$		\$	
Other liabilities	3,696,300	3,641,358	1.51	4,837,978	(24.73)
Total liabilities	<u>3,696,300</u>	<u>3,641,358</u>	1.51	<u>4,837,978</u>	(24.73)
Net position:					
Net investment in capital assets	\$ 122,143,333	\$ 125,138,836	(2.39)	\$ 125,449,146	(0.25)
Restricted					
Unrestricted	55,501,767	52,423,337	5.87	45,506,795	(15.20)
Total net position	<u>177,645,100</u>	<u>177,562,173</u>	0.05	<u>170,955,941</u>	3.86

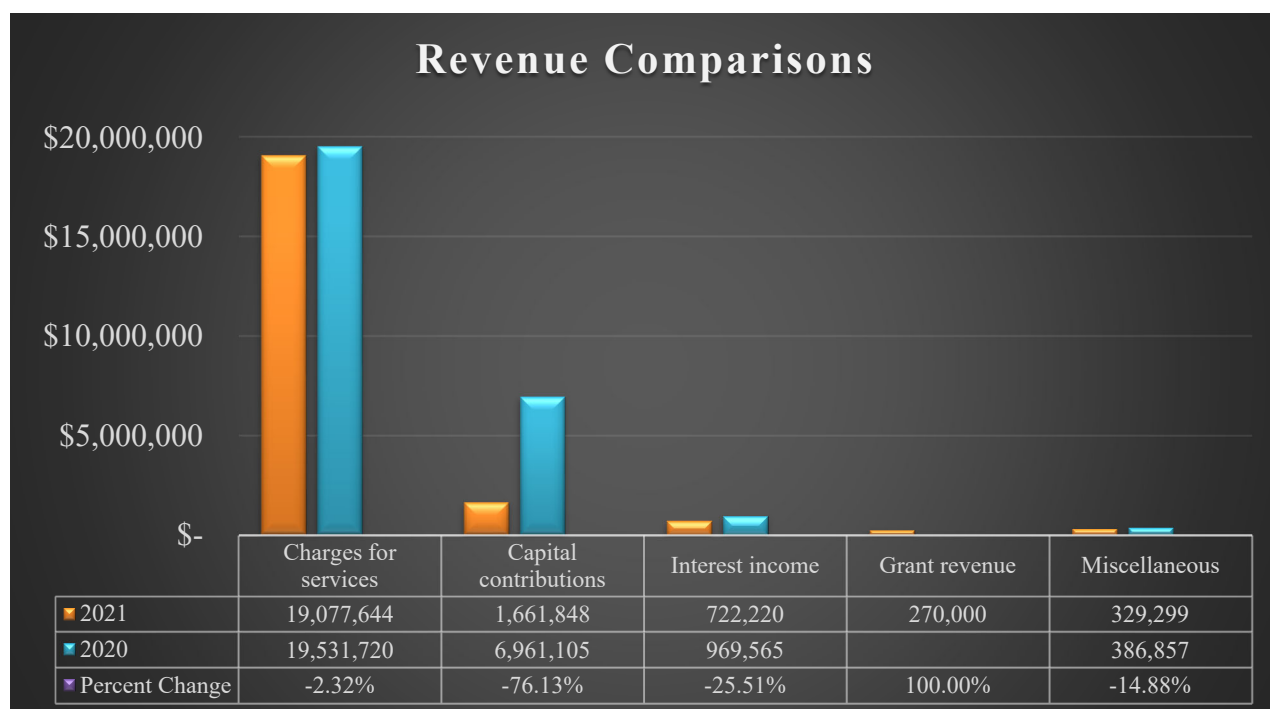
As illustrated in the table above, the District's assets exceeded liabilities by \$177,645,100, \$177,562,173, and \$170,955,941, at September 30, 2021, 2020, and 2019, respectively. A broad array of factors contributed to this positive increase in net position: conscientious collection practices, prudent investment strategies, and careful attention to cost control. The largest portion of the District's net position (69%) reflects its investment in capital assets (land, treatment and disposal systems, collection and transmission systems, equipment and construction in progress). The District uses capital assets to provide services to citizens; accordingly, these assets are not available for future spending. Current and other assets include \$10.9 million in noncurrent special assessments receivable.

Table 2
Condensed Statements of Revenues, Expenses, and Changes in Net Position

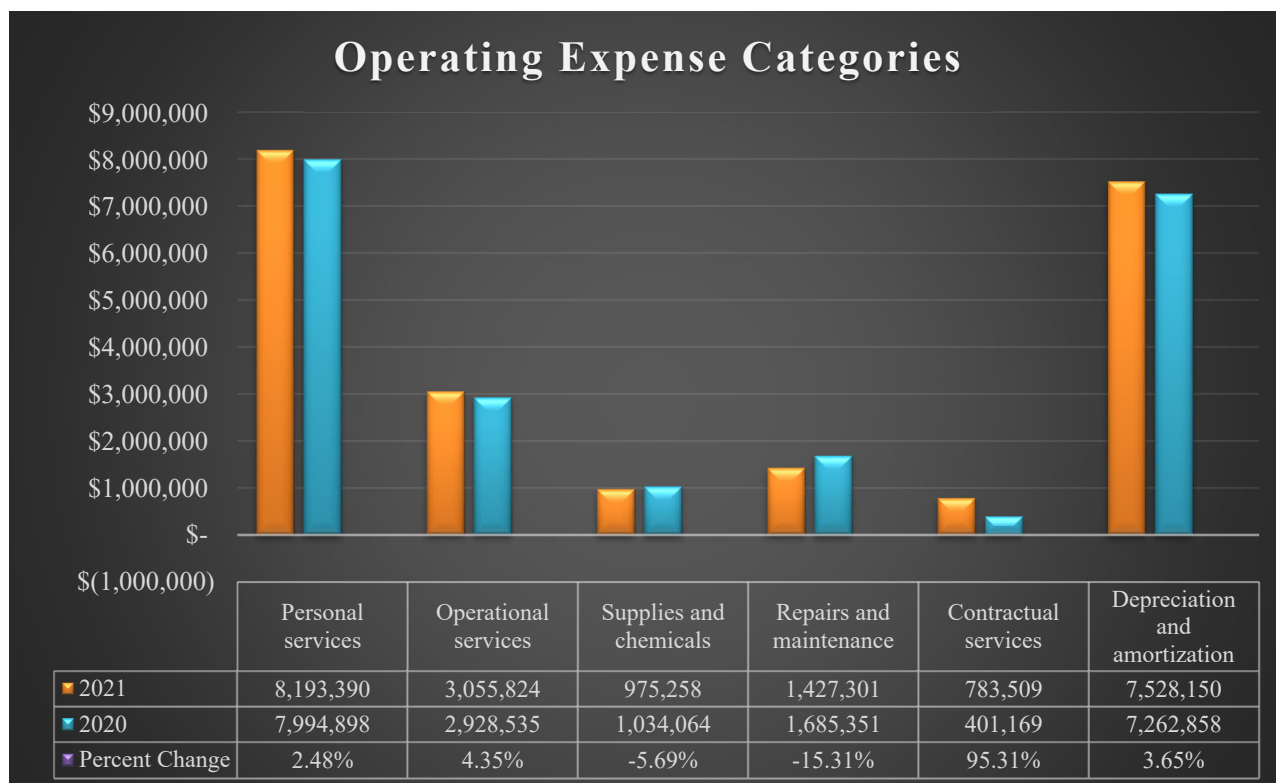
	2021	2020	%	2019	%
Operating revenues:					
Charges for services	\$ 19,077,644	\$ 19,531,720	(2.32)	\$ 19,387,399	0.74
Miscellaneous	329,299	386,857	(14.88)	314,265	23.10
Total operating revenues	19,406,943	19,918,577	(2.57)	19,701,664	1.10
Operating expenses:					
Personal services	8,193,390	7,994,898	2.48	7,652,362	4.48
Operational	3,055,824	2,928,535	4.35	3,037,405	(3.58)
Supplies and chemicals	975,258	1,034,064	(5.69)	1,199,984	(13.83)
Repairs and maintenance	1,427,301	1,685,351	(15.31)	1,723,423	(2.21)
Contractual services	783,509	401,169	95.31	421,393	(4.80)
Depreciation and amortization	7,528,150	7,262,858	3.65	6,532,952	11.17
Total operating expenses	21,963,432	21,306,875	3.08	20,567,519	3.59
Nonoperating revenues (expenses):					
Interest income	722,220	969,565	(25.51)	1,381,134	(29.80)
Grant revenue	270,000		100.00		0
Net income (loss) on disposal of capital assets	(14,652)	63,860	(122.94)	(456,428)	113.99
Total nonoperating revenues (expenses)	977,568	1,033,425	(5.41)	924,706	11.76
Income (loss) before capital contributions	(1,578,921)	(354,873)	344.93	58,851	(703.00)
Capital contributions	1,661,848	6,961,105	(76.13)	2,703,548	157.48
Change in net position	82,927	6,606,232	(98.74)	2,762,399	139.15
Net position, beginning of year	177,562,173	170,955,941	3.86	168,193,542	1.64
Net position, end of year	\$ 177,645,100	\$ 177,562,173	0.05	\$ 170,955,941	3.86

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

The chart below shows revenues by source for the fiscal years ended September 30, 2021 and 2020. From fiscal year 2020 to 2021 there was an approximate \$5.8 million dollar or 20.8% decrease in revenue, primarily from Capital Contributions. In 2020 there was a significant increase in Capital Contributions due to the completion of a neighborhood sewerage project, Whispering Trails. The decrease in Charges for Services is driven by declining regional sewer service revenues from business usage due to COVID-19. Declining interest rates caused interest revenues to decrease from \$969,535 in 2020 to \$722,220 in 2021. The District did receive grant revenue of \$270,000 to fund a Nano Bubble Ozone Technology (NBOT) water quality project.



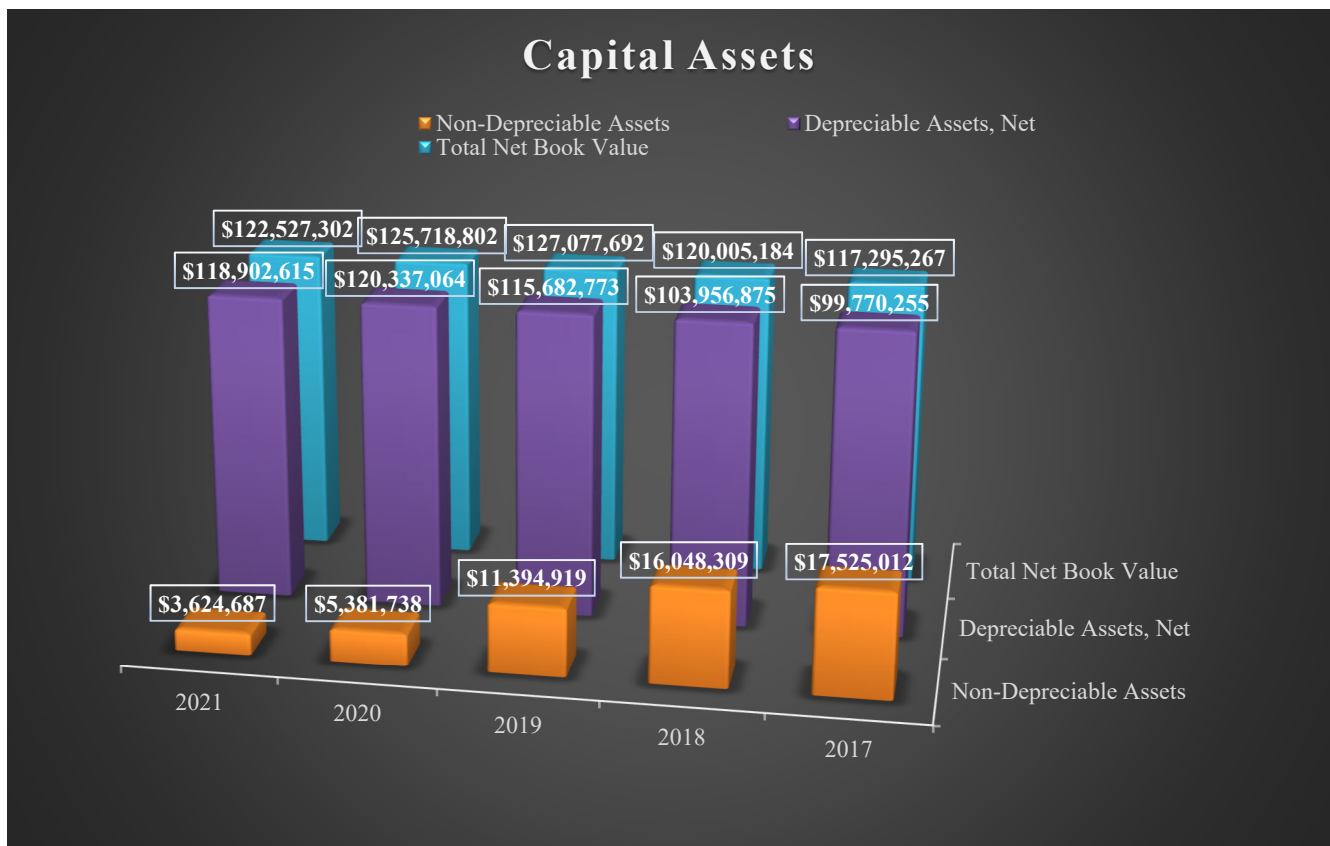
The chart below presents operating expenses for the comparative years ending September 30, 2021 and 2020. Annual operating expenses had a total collective annual increase of \$391,265 or 2.8% (not including depreciation and amortization expense). The greatest increase was in Contractual Services which is primarily related to the Nano Bubble Ozone Technology (NBOT) water quality project. Personal Services were up largely due to open positions being filled and additional overtime costs to accommodate a COVID-19 work schedule. Fewer emergency repairs and completion of the Plant Site painting project contributed to the reduction in Repairs and Maintenance. Depreciation and amortization expense, representing the non-cash cost recovery of capital expenses over their estimated useful life, is expected to rise as the District renews and replaces its aging infrastructure.



CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The District's investment in capital assets as of September 30, 2021, in the amount of \$122,527,302 (net of accumulated depreciation) has decreased 2.5% over the prior year. This investment in capital assets includes land, treatment and reuse/disposal system, collection and transmission system, equipment, and construction in progress. There were \$4.2 million in capital additions, but the decrease of \$7.4 million due to normal scheduled depreciation and asset disposals decreased capital assets by approximately \$3.2 million.



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

- Construction work in progress as of the close of the fiscal year ended September 30, 2021, was \$2,770,253. Of this amount, \$827,150 was for lift station improvements; \$450,389 was for Olympus Drive Force Main; \$432,028 was for the Alt A1A 16" Force Main; \$401,093 for septic to sewer conversions; and \$164,233 was for IQ Pump Station improvements.
- Construction of new treatment and disposal features and renewal of existing features completed and booked during fiscal year 2021 totaled \$625,555.
- Construction of new collection and transmission systems and renewal of existing features completed and recorded in fiscal year 2021 totaled \$4,508,410.
- Construction of IQ system improvements completed in fiscal year 2021 totaled \$60,260.

Also, presented in Note 4 to the financial statements are additional details of the District's Capital Assets.

Long-term Debt

The District has no long-term debt. Additional information on the District's long-term liabilities can be found in Note 6 to the financial statements.

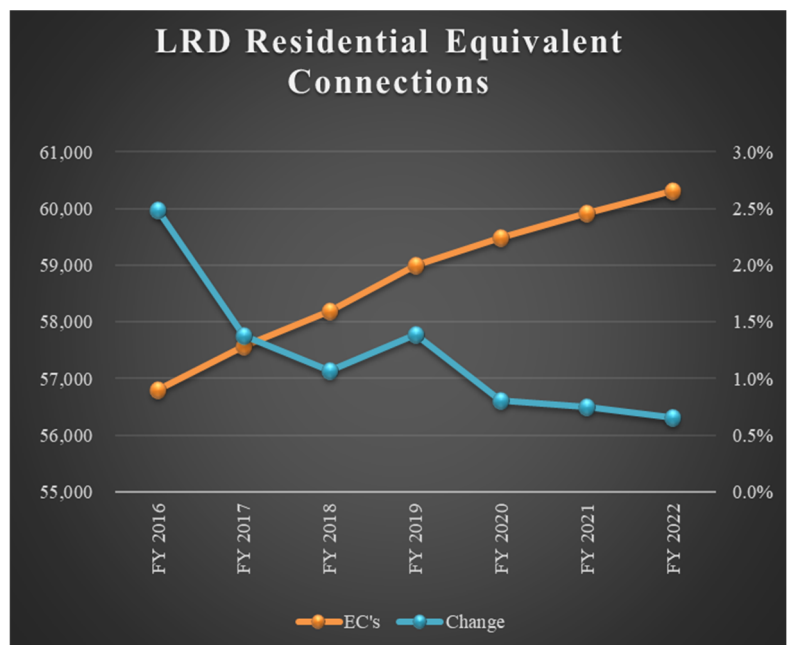
ECONOMIC FACTORS AND RATES

The District operates in a stable economic environment evidenced by a steadily growing customer base along with some of the most affordable rates in South Florida. Numerous economic factors, such as increasing operating costs, the need for new or renewed facilities, the pace of growth, cost of financing, etc., are evaluated when determining the District's budget and rates. Charges for services continue to be the District's largest single source of revenue, as wastewater treatment is a public necessity. Revenue typically remains stable as long as the number of equivalent connections does not decline. However, revenues are expected to decrease in the next fiscal year due to declining commercial sewer service revenues which are driven by COVID-19 and declining connection fees driven by the lack of developable property in our service area. Economic indicators are expected to improve over time as commercial activity recovers from COVID-19 impacts.

The following information summarizes the financial conditions anticipated over the next few years and the core assumptions that produced these conditions.

Rates and System Growth

In March, 2021, the District approved the revised District Rule 31-10 which included an annual rate increase of 0% in 2021, 2% in 2022 and 3% in 2023 through 2025 for Quarterly Services Charges, and an annual rate increase of 1% in 2021, 2% in 2022, and 3% in 2023 through 2025 for Plant Connection Charges, Regional Transmission System Line Charges, and Administrative Charges. These rate increases were implemented in an effort to provide funding for anticipated future expenses while balancing a desire to reduce the unrestricted cash balance. The figure on the right shows the change in residential equivalent connections over the last 7 years (based on October billing). Once the remaining developable land is consumed this growth rate is anticipated to fall to near zero.



Significant neighborhood sewerage projects have been ongoing for over 20 years, so we are starting to experience a decline in assessment revenues. However, low pressure sewers were completed in Island Country Estates during fiscal year 2021, for a total assessment of \$384,228. Other ongoing neighborhood sewerage projects include 181st Street and Rolling Hills. Excluding private roads, neighborhood sewerage east of I-95 will be completed in 2022.

System Renewal and Replacement

Over the last few years, the District initiated several major construction projects that focuses on renewal and replacement of its facilities and infrastructure. The District's capital improvements will continue to be funded primarily through existing cash reserves, grants, and rate revenue. No additional debt is expected to be issued. Approved capital improvements include:

- Fiscal year 2022 neighborhood sewerage projects include 181st Street and Rolling Hills. The District will continue to pay 10% of associated neighborhood sewerage costs.
- Rehabilitation of Lift Station #82.
- Construction of Fall Protection at all existing District Lift Stations.
- Demo and renovation of unit houses at the Jupiter Inlet Lighthouse Outstanding Natural Area.

CONTACTING THE DISTRICT'S FINANCIAL MANAGER

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

LOXAHATCHEE RIVER ENVIRONMENTAL CONTROL DISTRICT

**Statements of Net Position
September 30, 2021 and 2020**

	<u>2021</u>	<u>2020</u>
Assets		
Current assets		
Cash and cash equivalents - unrestricted	\$ 29,742,612	\$ 31,617,916
Cash and cash equivalents - restricted	86,463	69,190
Investments	10,632,289	3,666,949
Receivables		
Accounts	541,128	1,128,498
Special assessments	1,125,686	858,945
Accrued interest	600,509	579,536
Due from other governments	352,258	66,438
Inventories	2,555,888	2,454,259
Prepaid expenses	360,629	352,916
Total current assets	<u>45,997,462</u>	<u>40,794,647</u>
Noncurrent assets		
Receivables		
Accounts	650,399	665,724
Accounts - allowance	(157,185)	(157,185)
Special assessments	10,943,585	12,631,749
Investment in joint venture	1,379,837	1,549,794
Capital assets		
Non-depreciable	3,624,687	5,381,738
Depreciable (net of depreciation)	<u>118,902,615</u>	<u>120,337,064</u>
Total noncurrent assets	<u>135,343,938</u>	<u>140,408,884</u>
Total assets	<u>\$ 181,341,400</u>	<u>\$ 181,203,531</u>

Continued on the following page.

LOXAHATCHEE RIVER ENVIRONMENTAL CONTROL DISTRICT
Statements of Net Position (Continued)
September 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Liabilities		
Current liabilities		
Accounts payable	\$ 471,957	\$ 710,761
Construction contracts payable	383,969	579,966
Accrued liabilities		
Wages and payroll taxes	230,552	182,283
Pension	33,054	30,379
Compensated absences	95,051	81,627
Unearned revenue	1,462,019	1,101,496
Total current liabilities (payable from current assets)	<u>2,676,602</u>	<u>2,686,512</u>
Payable from restricted assets		
Customer deposits	86,463	69,190
Total current liabilities (payable from restricted assets)	<u>86,463</u>	<u>69,190</u>
Total current liabilities	<u>2,763,065</u>	<u>2,755,702</u>
Noncurrent liabilities		
Compensated absences	933,235	885,656
Total noncurrent liabilities	<u>933,235</u>	<u>885,656</u>
Total liabilities	<u>3,696,300</u>	<u>3,641,358</u>
Net Position		
Net investment in capital assets	122,143,333	125,138,836
Unrestricted	55,501,767	52,423,337
Total net position	<u><u>\$ 177,645,100</u></u>	<u><u>\$ 177,562,173</u></u>

See notes to the financial statement.

LOXAHATCHEE RIVER ENVIRONMENTAL CONTROL DISTRICT
Statements of Revenues, Expenses and Changes in Net Position
For the Fiscal Years Ended September 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Operating revenues		
Charges for services	\$ 19,077,644	\$ 19,531,720
Miscellaneous	329,299	386,857
Total operating revenues	<u>19,406,943</u>	<u>19,918,577</u>
Operating expenses		
Personal services	8,193,390	7,994,898
Operational	3,055,824	2,928,535
Supplies and chemicals	975,258	1,034,064
Repairs and maintenance	1,427,301	1,685,351
Contractual services	783,509	401,169
Depreciation and amortization	7,528,150	7,262,858
Total operating expenses	<u>21,963,432</u>	<u>21,306,875</u>
Operating (loss)	<u>(2,556,489)</u>	<u>(1,388,298)</u>
Nonoperating revenues (expenses)		
Grants	270,000	
Interest income	722,220	969,565
Gain (loss) on disposal of capital assets	(14,652)	63,860
Total nonoperating revenues (expenses)	<u>977,568</u>	<u>1,033,425</u>
Income before capital contributions	(1,578,921)	(354,873)
Capital contributions	1,661,848	6,961,105
Change in net position	82,927	6,606,232
Total net position, beginning of year	<u>177,562,173</u>	<u>170,955,941</u>
Total net position, end of year	<u><u>\$ 177,645,100</u></u>	<u><u>\$ 177,562,173</u></u>

See notes to the financial statement.

LOXAHATCHEE RIVER ENVIRONMENTAL CONTROL DISTRICT
Statements of Cash Flows
For the Fiscal Years Ended September 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Cash flows from operating activities:		
Receipts from customers	\$ 19,697,612	\$ 19,314,920
Payments to employees	(8,081,443)	(7,988,844)
Payments for goods and services	(6,585,034)	(6,196,293)
Cash (payments) receipts	748,168	573,753
Net cash provided (used) by operating activities	<u>5,779,303</u>	<u>5,703,536</u>
Cash flows from capital and related financing activities:		
Contributed capital	804,293	2,234,471
Acquisition and construction of capital assets	(4,245,907)	(6,309,004)
Cash received from the sale of capital assets	34,763	63,860
Proceeds from collections of special assessments	2,033,610	1,101,707
Net cash provided (used) by capital and related financing activities	<u>(1,373,241)</u>	<u>(2,908,966)</u>
Cash flows from investing activities:		
Purchase of investments	(16,257,486)	(1,655,499)
Proceeds from sales of investments	9,292,146	6,159,114
Interest and dividends on investments	701,247	998,935
Net cash provided (used) by investing activities	<u>(6,264,093)</u>	<u>5,502,550</u>
Net increase (decrease) in cash and cash equivalents	(1,858,031)	8,297,120
Cash and cash equivalents at beginning of year	<u>31,687,106</u>	<u>23,389,986</u>
Cash and cash equivalents at end of year	<u><u>\$ 29,829,075</u></u>	<u><u>\$ 31,687,106</u></u>

Continued on the following page.

LOXAHATCHEE RIVER ENVIRONMENTAL CONTROL DISTRICT
Statements of Cash Flows (Continued)
For the Fiscal Years Ended September 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:		
Operating loss	\$ (2,556,489)	\$ (1,388,298)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Depreciation and amortization	7,528,150	7,262,858
(Increase) decrease in assets:		
Accounts receivable	602,695	(211,592)
Due from other governments	58,346	118,807
Inventory	(96,625)	54,249
Prepaid expenses	(7,713)	15,552
Increase (decrease) in liabilities:		
Accounts payable and accrued liabilities	(126,857)	(210,921)
Developer deposits	17,273	(5,208)
Unearned revenue	360,523	68,089
Net cash provided by operating activities	<u><u>\$ 5,779,303</u></u>	<u><u>\$ 5,703,536</u></u>
 Noncash investing, capital and financing activities		
Contributions of lift stations, lines and equipment	\$ 171,202	\$ 589,578
Book value of assets disposed	54,419	121,225

See notes to the financial statements.

LOXAHATCHEE RIVER ENVIRONMENTAL CONTROL DISTRICT
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021 AND 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Loxahatchee River Environmental Control District (the District) was created by Chapter 71-822, Special Acts of Florida, 1971, as amended, and codified pursuant to Chapter 2021-249, Laws of Florida, as a separate local agency of government to provide for the management of sewage, storm drainage, and water supply, and conduct environmental monitoring, education, and enhancements in an area of approximately 73 square miles in portions of northern Palm Beach and southern Martin Counties generally defined as the Loxahatchee River Basin. An elected five-member board governs the District. The following is a summary of the more significant accounting principles and policies used in the preparation of these financial statements.

Reporting Entity

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

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

Basis of Presentation and Accounting

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

LOXAHATCHEE RIVER ENVIRONMENTAL CONTROL DISTRICT
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021 AND 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Presentation and Accounting (Continued)

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

The District’s financial statements are presented on the full accrual basis. All activities of the District are accounted for within a single proprietary (enterprise) fund. Proprietary funds are used to account for operations that are: (a) financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the cost (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund’s principal ongoing operations. The principal operating revenues of the District’s wastewater treatment enterprise fund are charges for the operation of the plant facilities. Operating expenses for the enterprise fund include the cost of the operation of the plant facilities, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

LOXAHATCHEE RIVER ENVIRONMENTAL CONTROL DISTRICT
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021 AND 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Presentation and Accounting (Continued)

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

Budgetary Accounting

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

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

Reclassifications

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

Other Post Employment Benefits (OPEB)

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

LOXAHATCHEE RIVER ENVIRONMENTAL CONTROL DISTRICT
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021 AND 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Estimates

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

Cash and Cash Equivalents

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

Investments

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

Inventory and Prepaid Items

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

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

LOXAHATCHEE RIVER ENVIRONMENTAL CONTROL DISTRICT
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021 AND 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital Assets

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

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

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

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

Accumulated Compensated Absences

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

Restricted Assets

As of September 30, 2021 and 2020, the District has \$86,463 and \$69,190, respectively of cash and investments restricted for customer deposits. When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

Special Assessments

The District levies special assessments against benefited property owners for design, construction and other expenses necessary to complete wastewater and sewerage system improvements constructed in their assessment area. The property owners have an option to pay the assessment in full at the time of connection or have installment payments added to their real estate taxes over a period of 20 years with a rate of Wall Street Journal Prime Rate plus 2% at the time assessed.

LOXAHATCHEE RIVER ENVIRONMENTAL CONTROL DISTRICT
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021 AND 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Unearned Revenues

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

Capital Contributions

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

Allowance for Doubtful Accounts

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

Implementation of Governmental Accounting Standards Board Statements

The District implemented the following Governmental Accounting Standards Board (GASB) Statements during the fiscal year ended September 30, 2021:

- GASB issued Statement No. 84, *Fiduciary Activities*. This Statement will improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. The statement had no financial impact in the current year.
- 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 District implemented the provisions of this statement related to GASB Statements No. 14 and No. 84 in the current fiscal year.
- GASB Statement No. 98, *The Annual Comprehensive Financial Report*. This Statement establishes the term *annual comprehensive financial report* and its acronym *ACFR*. That new term and acronym replace instances of *comprehensive annual financial report* and its acronym in generally accepted accounting principles for state and local governments.

LOXAHATCHEE RIVER ENVIRONMENTAL CONTROL DISTRICT
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021 AND 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recent Accounting Pronouncements

- GASB Statement No. 87, *Leases*. This Statement will increase the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting that is based on the foundational principle that leases are financings of the right to use an underlying asset. This Statement is effective for the fiscal year ending September 30, 2022.
- GASB Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset. This Statement is effective for the fiscal year ending September 30, 2022.
- GASB Statement No. 91, *Conduit Debt Obligation*. This Statement will provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with commitments extended by issuers, arrangements associated with conduit debt obligations, and related note disclosures. This Statement is effective for the fiscal year ending September 30, 2023.
- GASB Statement No. 92, *Omnibus 2020*. This Statement will enhance comparability in accounting and financial reporting and improve the consistency of authoritative literature by addressing practice issues that have been identified during the implementation and application of certain GASB Statements. This Statement addresses a variety of topics. The requirements of this Statement related to the effective date of Statement No. 87 and Implementation Guide 2019-3, reinsurance recoveries, and terminology used to refer to derivative instruments are effective upon issuance. The remaining requirements are effective for the fiscal year ending September 30, 2022.
- GASB Statement No. 93, *Replacement of Interbank Offered Rates*. This Statement will enhance comparability in the application of accounting and financial reporting requirements and will improve the consistency of authoritative literature by addressing the accounting and financial reporting implications that result from the replacement of an Interbank Offered Rate (IBOR) for agreements in which variable payments made or received depend on an IBOR. The requirements of this Statement related to the removal of LIBOR as an appropriate benchmark interest rate are effective for the fiscal year ending September 30, 2022.

LOXAHATCHEE RIVER ENVIRONMENTAL CONTROL DISTRICT
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021 AND 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recently Issued Accounting Pronouncements (Continued)

- GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. This Statement will improve financial reporting by establishing the definitions of public-private and public-public partnership arrangements (PPPs) and availability payment arrangements (APAs) and providing uniform guidance on accounting and financial reporting for transactions that meet those definitions. This Statement is effective for the fiscal year ending September 30, 2023.
- GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement is effective for the fiscal year ending September 30, 2023.
- GASB Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans—an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32*. The requirements of this Statement will result in more consistent financial reporting of defined contribution pension plans, defined contribution OPEB plans, and other employee benefit plans, while mitigating the costs associated with reporting those plans. The sections of the statement related to Section 457 deferred compensation plans is effective for the fiscal year ending September 30, 2022.

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

NOTE 2 – DEPOSITS AND INVESTMENTS

Deposits

At September 30, 2021 and 2020, the carrying amount of cash on hand and on deposit with banks, including interest-bearing deposits, was \$29,829,075 and \$31,687,106, respectively. Investments at September 30, 2021 and 2020, are comprised of non-negotiable certificates of deposits with financial institutions with original maturities greater than three months in the amount of \$10,632,289 and \$3,666,949. The weighted average days to maturity for the non-negotiable certificates of deposits at September 30, 2021 and 2020 were 214 days and 81 days, respectively. All deposits and investments are insured by federal deposit insurance or collateralized pursuant to Florida Statutes Chapter 280, *Florida Security for Public Deposits Act*.

LOXAHATCHEE RIVER ENVIRONMENTAL CONTROL DISTRICT
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021 AND 2020

NOTE 2 – DEPOSITS AND INVESTMENTS (Continued)

Deposits (Continued)

In addition to insurance provided by the Federal Depository Insurance Corporation, deposits are held in banking institutions approved by the State Treasurer of the State of Florida to hold public funds. Under Florida Statutes Chapter 280, the State Treasurer requires all Florida qualified depositories to deposit with the Treasurer or banking institution eligible collateral. In the event of a failure of a qualified public depository, the remaining public depositories would be responsible for covering any resulting losses.

Investments

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

- A. The Local Government Surplus Funds Trust Fund or any intergovernmental investment pool authorized pursuant to the Florida Interlocal Cooperation Act as provided in Florida Statutes s. 163.01.
- B. Securities and Exchange Commission registered money market funds with the highest credit quality rating from a nationally recognized rating agency.
- C. Interest-bearing time deposits, savings accounts, or money market accounts in qualified public depositories as defined in Florida Statutes s. 280.02.
- D. Direct obligations of the United States Treasury.
- E. Federal agencies and instrumentalities.
- F. Securities of, or other interests in, any open-end or closed-end management-type investment company or investment trust registered under the Investment Company Act of 1940, 15 U.S.C. ss. 80a-1 et seq., as amended from time to time, provided that the portfolio of such investment company or investment trust is limited to obligations of the United States Government or any agency or instrumentality thereof and to repurchase agreements fully collateralized by such United States Government obligations, and provided that such investment company or investment trust takes delivery of such collateral either directly or through an authorized custodian.
- G. Repurchase agreements collateralized by obligations of the United States Government.
- H. Authorized Deposits up to the amount guaranteed by the U.S. Government under Federal Deposit Insurance Corporation (FDIC) limits where:
 - 1. Funds are initially deposited in a qualified public depository, as defined in Florida Statutes, 280.02 selected by the District;
 - 2. The selected depository arranges for depositing the funds in financial deposit instruments insured by the FDIC in one or more federally insured banks or savings and loan associations, wherever located, for the account of the unit of local government;

LOXAHATCHEE RIVER ENVIRONMENTAL CONTROL DISTRICT
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021 AND 2020

NOTE 2 – DEPOSITS AND INVESTMENTS (Continued)

Investments (Continued)

3. The full amount of the principal and accrued interest of each financial deposit instrument is insured by the FDIC; and
 4. The selected depository acts as custodian for the unit of local government with respect to each financial deposit instrument issued for its account.
- I. Other investments authorized by law or by resolution of the Governing Board.

Interest Rate Risk

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

Credit Risk

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

Custodial Credit Risk

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

NOTE 3 – INVESTMENT IN JOINT VENTURE

Biosolids Processing and Recycling Facility

On June 7, 2005, the District entered into an interlocal agreement (Agreement) with the Solid Waste Authority (SWA) to fund a portion of the cost to design, build, and operate a Biosolids Processing and Recycling Facility (BPF). There have been three amendments to the original agreement. The first amendment dated June 15, 2006 adjusted the original capital costs of the BPF, and the second amendment dated June 21, 2012 set forth the total net capital costs for the BPF. On July 18, 2013, the District sold 1.54% of its share of the original capacity to another government agency, thereby reducing the District's share of the total capacity to 8.96%. Proceeds from the sale were \$448,282, which reduced the District's original capital cost to

**LOXAHATCHEE RIVER ENVIRONMENTAL CONTROL DISTRICT
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021 AND 2020**

NOTE 3 – INVESTMENT IN JOINT VENTURE (Continued)

Biosolids Processing and Recycling Facility (Continued)

\$3,311,772. Additional capital costs were incurred in the fiscal year ended September 30, 2014 in the amount of \$68,944; in the fiscal year ended September 30, 2018 in the amount of \$84,224; and in the fiscal year ended September 30, 2021 in the amount of \$5,232, increasing its portion of the capital cost to \$3,470,172.

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

The Agreement is for a period of 20 years beginning with the August 1, 2009 operations commencement. Upon the conclusion of the term of the agreement, the BPF will remain the property of SWA with each participating entity owning its share of the BPF, in perpetuity, for the life of the plant. Under accounting principles generally accepted in the United States of America, the District is required to account for this arrangement as a joint venture. Therefore, an asset is reported on the District's financial statements under the caption "Investment in joint venture." Since the BPF agreement does not state that the participants are to share in the profits and losses of the joint venture, the investment in joint venture account will not be adjusted to reflect the joint venture's results of operations. Rather the investment in joint venture will be amortized using the straight-line method over the 20-year life of the agreement. The District's total operating costs were \$667,917, and \$577,383 for the years ended September 30, 2021 and 2020. The District's pro rata share of the construction costs is shown as an asset – investment in joint venture – on the statements of net position.

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

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

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

LOXAHATCHEE RIVER ENVIRONMENTAL CONTROL DISTRICT
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021 AND 2020

NOTE 4 – CAPITAL ASSETS

A summary of the District's property, plant, and equipment at September 30, 2021 and 2020 is as follows:

	September 30, 2021		
	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>
			<u>Ending Balance</u>
Capital assets not being depreciated			
Land and land rights	\$ 854,434	\$	\$ 854,434
Construction in progress	<u>4,527,304</u>	<u>2,818,999</u>	<u>(4,576,050)</u>
Total capital assets not being depreciated	<u>5,381,738</u>	<u>2,818,999</u>	<u>(4,576,050)</u>
Capital assets being depreciated			
Treatment and disposal system			
Plant	69,955,333	625,555	(141,883)
Lakes	1,211,079		1,211,079
Lines	115,655,808	3,937,701	(39,339)
Lift stations	30,681,089	630,970	(68,087)
Equipment	<u>9,981,099</u>	<u>778,707</u>	<u>(177,846)</u>
Total capital assets being depreciated	227,484,408	5,972,933	(427,155)
Less accumulated depreciation			
Treatment and disposal system			
Plant	(36,564,731)	(2,771,762)	115,458
Lakes	(515,140)	(12,121)	(527,261)
Lines	(44,014,856)	(3,050,148)	23,035
Lift stations	(18,772,933)	(1,088,103)	56,395
Equipment	<u>(7,279,684)</u>	<u>(430,827)</u>	<u>177,846</u>
Total accumulated depreciation	<u>(107,147,344)</u>	<u>(7,352,961)</u>	<u>372,734</u>
Total capital assets being depreciated, net	<u>120,337,064</u>	<u>(1,380,028)</u>	<u>(54,421)</u>
Capital assets, net	<u>\$ 125,718,802</u>	<u>\$ 1,438,971</u>	<u>\$ (4,630,471)</u>

LOXAHATCHEE RIVER ENVIRONMENTAL CONTROL DISTRICT
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021 AND 2020

NOTE 4 – CAPITAL ASSETS (Continued)

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

Depreciation expense was \$7,352,961 and \$7,087,669 for the years ended September 30, 2021 and 2020, respectively.

LOXAHATCHEE RIVER ENVIRONMENTAL CONTROL DISTRICT
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021 AND 2020

NOTE 5 – CONTRACTS PAYABLE

Construction contracts of the District at September 30, 2021 and 2020 are as follows:

	September 30, 2021			
	Total Project Authorization	Total Expended	Contracts Payable	Balance to Complete
Sewering Line Lining	\$ 1,363,388	\$ 1,062,833	\$	\$ 300,555
Other Construction Contracts	3,537,890	1,544,184	383,969	1,609,737
Total:	<u>\$ 4,901,278</u>	<u>\$ 2,607,017</u>	<u>\$ 383,969</u>	<u>\$ 1,910,292</u>

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

NOTE 6 – LONG-TERM LIABILITIES

Changes in long-term liabilities for the years ended September 30, 2021 were as follows:

	September 30, 2021				
	Balance October 1, 2020	Additions	Reductions	Balance September 30, 2021	Due Within One year
Compensated absences	\$ 967,283	\$ 125,287	\$ 64,284	\$ 1,028,286	\$ 95,051
	<u>\$ 967,283</u>	<u>\$ 125,287</u>	<u>\$ 64,284</u>	<u>\$ 1,028,286</u>	<u>\$ 95,051</u>

LOXAHATCHEE RIVER ENVIRONMENTAL CONTROL DISTRICT
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021 AND 2020

NOTE 6 – LONG-TERM LIABILITIES (Continued)

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

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

NOTE 7 – RESTRICTED ASSETS, LIABILITIES AND RESERVES

Restricted assets and liabilities at September 30, 2021 and 2020 consist of customer deposits. Assets restricted for these purposes represent cash and investments totaling \$86,463 and \$69,190 for the years ended September 30, 2021 and 2020, respectively.

The following is a summary of restricted assets, related liabilities, and restricted net position at September 30, 2021 and 2020:

September 30, 2021	Restricted Assets	Liabilities Payable from Restricted Assets	Restricted Net Position
Customer Deposits	<u>\$ 86,463</u>	<u>\$ 86,463</u>	<u>\$</u>

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

LOXAHATCHEE RIVER ENVIRONMENTAL CONTROL DISTRICT
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021 AND 2020

NOTE 8 – DEFINED CONTRIBUTION PLAN

The District contributes to the Loxahatchee River Environmental Control District Money Purchase Plan and Trust, a defined contribution pension plan, for its full-time employees. The Plan is administered by an Administrative Committee that reports to the Governing Board. Benefit terms, including contribution requirements, for the Plan are established and may be amended by the Governing Board. The District is required to contribute 12% of annual salary to individual employee accounts for each participating employee. Employees contribute 4% of their eligible compensation. For the years ended September 30, 2021 and 2020, employee contributions totaled \$198,813 and \$202,289 and the District's recognized pension expense was \$818,300 and \$827,128, respectively.

Employees are required to participate in the District's mandatory plan after attainment of 18 years of age and completion of one year of continuous service. Employees are fully vested after two years of plan participation. Nonvested contributions are forfeited upon termination of employment and such forfeitures are used to reduce employer contributions. There were forfeitures in the amount of \$4,212 for the year ended September 30, 2021 and there were no forfeitures for the year ended September 30, 2020.

The District had a liability to the Plan at September 30, 2021 and 2020 in the amount of \$33,054 and \$30,379, respectively.

NOTE 9 – COMMITMENTS

Service Agreement

The District entered into an agreement with Synagro South, LLC for the hauling and disposal of wastewater sludge to the SWA Pelletization Facility for a 24-month period starting October 1, 2018. The contract provided for the hauling and disposal of wastewater sludge from the District's facility to the SWA Pelletization Facility at an agreed upon distance of 16 miles at a rate of \$9.01 per mile. The contract also provided for the hauling and disposal of wastewater sludge from the District's facility to an undesignated site within a 60-mile radius at a rate of \$5.61 per mile. In September 2020, the District Governing Board executed the first of three one-year options with Synagro South, LLC. The new rates are \$9.07 per mile and \$5.65 per mile. In September 2021, the District Governing Board approved the second one-year option with Synagro South, LLC. The new rates will be \$9.55 per mile and \$5.96 per mile. For the years ended September 30, 2021 and 2020, the District paid \$137,774 and \$137,817, respectively.

Purchase Commitments

The District had outstanding purchase orders totaling approximately \$342,604 and \$638,027 for the fiscal years ended September 30, 2021 and 2020, respectively.

LOXAHATCHEE RIVER ENVIRONMENTAL CONTROL DISTRICT
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021 AND 2020

NOTE 10 – RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the District carries commercial insurance. Specifically, the District purchases commercial insurance for property, medical benefits, workers' compensation, general liability, automobile liability, errors and omissions, and directors and officers liability. The District is also covered by Florida Statutes under the Doctrine of Sovereign Immunity, which effectively limits the amount of liability of government agencies to individual claims of \$200,000/\$300,000 for all claims relating to the same accident. There were no changes in insurance coverage from the prior year, except the District removed approximately \$17,000,000 of lift stations from property insurance in March 2021. There were no settlements that exceeded insurance coverage in the last three years.

OTHER INFORMATION SECTION

LOXAHATCHEE RIVER ENVIRONMENTAL CONTROL DISTRICT
Other Information - Information Required by Section 218.39(3)(c), Florida Statutes
For the Fiscal Year Ended September 30, 2021
Unaudited

As required by Section 218.39(3)(c), Florida Statutes, the District reported:

Required Information		Reported
The total number of district employees compensated in the last pay period of the District's fiscal year 2021:		92
The total number of independent contractors to whom nonemployee compensation was paid in the last month of the District's fiscal year 2021:		Not Applicable
All compensation earned by or awarded to employees, whether paid or accrued, regardless of contingency for fiscal year 2021:		\$ 5,464,928
All compensation earned by or awarded to nonemployee independent contractors, whether paid or accrued, regardless of contingency for fiscal year 2021:		Not Applicable
Each construction project with a total cost of at least \$65,000 approved by the District that was scheduled to begin on or after October 1 of the fiscal year 2021, together with the total expenditures for such project:		
Project	Budget	Expenditures
20 Acre Site Planning and Design	\$ 286,148	\$ 114,338
Jupiter Inlet Lighthouse Unit Houses Renovation	146,422	57,604
Lift Station Cellular Telemetry	197,625	36,690
Master Lift Station Traveling Bridge Crane	125,000	11,500
Master Lift Station Bypass	206,344	90,467
Odor Control Study	99,454	99,454
Greenhouse Gas Emissions Study	72,255	26,935
Injection Well Emergency Generator Connection	450,000	13,290
Injection Well VFD Replacement	70,900	70,900
A budget variance based on the budget adopted under Section 189.016(4), Florida Statutes, before the beginning of the fiscal year 2021 being reported if the District amends a final adopted budget under Section 189.016(6), Florida Statutes:		See Page 34
The rate or rates of non-ad valorem special assessments imposed by the District for fiscal year 2021:		\$483 to \$1,717
The total amount of special assessments collected by or on behalf of the district for fiscal year 2021:		\$ 2,800,862
The total amount of outstanding bonds issued by the district and the terms of such		Not Applicable

LOXAHATCHEE RIVER ENVIRONMENTAL CONTROL DISTRICT
Other Information - Budget Variance Report
For the Fiscal Year Ended September 30, 2021
Unaudited

	Original (Final)		Variance With
	Budget	Actual	Final Budget
			Positive
			(Negative)
Revenues			
Operating revenues			
Regional sewer service	\$ 17,670,500	\$ 16,683,096	\$ (987,404)
IQ water charges	2,250,000	2,267,555	17,555
Standby sewer service	90,000	98,167	8,167
Administration and engineering fees	73,000	66,472	(6,528)
Other revenue	410,000	356,833	(53,167)
Total operating revenues	<u>20,493,500</u>	<u>19,472,123</u>	<u>(1,021,377)</u>
Capital revenues			
Line charges	203,000	303,397	100,397
Assessments	931,500	454,670	(476,830)
Plant charges	932,000	658,413	(273,587)
Capital contributions	800,000	245,368	(554,632)
Total capital revenues	<u>2,866,500</u>	<u>1,661,848</u>	<u>(1,204,652)</u>
Other revenues			
Interest income	648,000	722,220	74,220
Grant revenue		270,000	270,000
Gain (loss) on disposal of capital assets		(14,652)	(14,652)
Total other revenues	<u>648,000</u>	<u>977,568</u>	<u>329,568</u>
Total revenues	<u>\$ 24,008,000</u>	<u>\$ 22,111,539</u>	<u>\$ (1,896,461)</u>
Expenses			
Operating expenses			
Salaries and wages	\$ 5,960,700	\$ 5,642,927	\$ 317,773
Payroll taxes	428,900	406,187	22,713
Retirement contributions	889,100	818,302	70,798
Employee health insurance	1,478,400	1,272,495	205,905
Workers' compensation insurance	86,800	53,479	33,321
General insurance	386,895	358,802	28,093
Supplies and expenses	1,128,000	866,572	261,428
Utilities	1,399,225	1,289,811	109,414
Chemicals	379,000	331,356	47,644
Repairs and maintenance	1,948,070	1,427,301	520,769
Outside services	1,884,750	2,033,230	(148,480)
Contingency	225,000		225,000
Depreciation and amortization		7,528,150	(7,528,150)
Total operating expenses	<u>16,194,840</u>	<u>22,028,612</u>	<u>(5,833,772)</u>
Capital	<u>10,994,500</u>	<u>4,089,338</u>	<u>6,905,162</u>
Total expenses	<u>\$ 27,189,340</u>	<u>\$ 26,117,950</u>	<u>\$ 1,071,390</u>

STATISTICAL SECTION

STATISTICAL SECTION

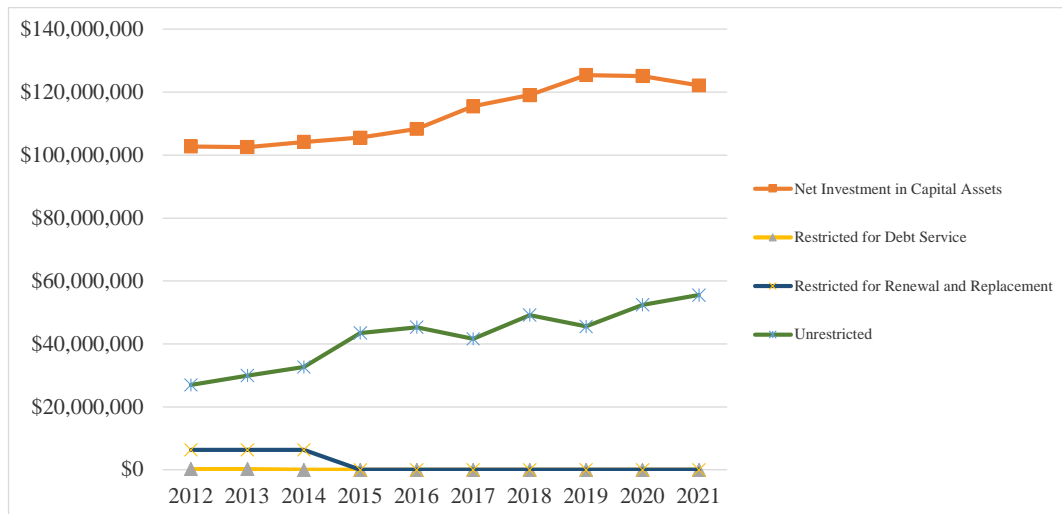
This part of the District's Annual Comprehensive Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the government's overall financial health.

Contents	Page
Financial Trends	
<i>These schedules contain trend information to help the reader understand how the District's financial performance and well-being have changed over time.</i>	
Schedule of Net Position by Component	35
Schedule of Changes in Net Position	36
Revenue Capacity	
<i>These schedules contain service and infrastructure data to help the reader understand how information in the government's financial report relates to the services the government provides and the activities it performs.</i>	
Schedule of Revenue by Source	37
Total Sewer Units by Category	38
Total Sewer Revenue by Category	39
Schedule of Sewer Rates	40
Wastewater Treated	41
Debt Capacity	
<i>These schedules present information to help the reader assess the affordability of the District's current levels of outstanding debt, as well as the District ability to issue debt in the future.</i>	
Ratio of Outstanding Debt	42
Schedule of Pledged Revenue Coverage	43
Demographic and Economic Information	
<i>These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place.</i>	
Demographic and Economic Statistics	44
Principal Employers	45
Operating Information	
<i>These schedules contain service and infrastructure data to help the reader understand how information in the government's financial report relates to the services the government provides and the activities it performs.</i>	
Full-time Equivalent Employees by Function	46
Schedule of Wastewater Treatment Capacity	47
Capital and Infrastructure Statistics	48

Sources: Unless otherwise noted, the information in these schedules were obtained from the District's records.

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

Fiscal Year Ended September 30,	Net Investment in Capital Assets	Restricted for Debt Service	Restricted for Renewal and Replacement	Unrestricted	Total Net Position	Change from Prior Year
2012	\$ 102,752,953	\$ 276,823	\$ 6,300,000	\$ 26,921,891	\$ 136,251,667	1.79%
2013	102,544,712	278,024	6,300,000	29,974,212	139,096,948	2.09%
2014	104,210,176		6,300,000	32,666,737	143,176,913	2.93%
2015	105,523,262			43,503,660	149,026,922	4.09%
2016	108,348,576			45,289,111	153,637,687	3.09%
2017	115,529,222			41,618,783	157,148,005	2.28%
2018	119,058,082			49,135,460	168,193,542	7.03%
2019	125,449,146			45,506,795	170,955,941	1.64%
2020	125,138,836			52,423,337	177,562,173	3.86%
2021	122,143,333			55,501,767	177,645,100	0.05%



Source: Loxahatchee River Environmental Control District

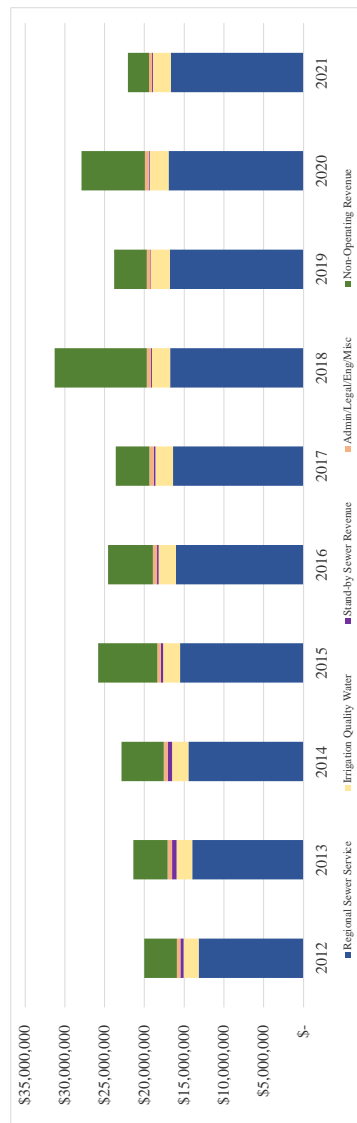
LOXAHATCHEE RIVER ENVIRONMENTAL CONTROL DISTRICT
SCHEDULE OF CHANGES IN NET POSITION
For the Last Ten Fiscal Years

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
OPERATING REVENUES:										
Charges for services	\$ 15,544,204	\$ 16,558,320	\$ 17,068,443	\$ 17,955,155	\$ 18,439,733	\$ 18,929,914	\$ 19,269,413	\$ 19,387,399	\$ 19,531,720	\$ 19,077,644
Miscellaneous	372,358	534,846	500,866	420,734	472,844	436,024	416,191	314,265	386,857	329,299
Total operating revenues	15,916,562	17,093,166	17,569,309	18,375,889	18,912,577	19,365,938	19,685,604	19,701,664	19,918,577	19,406,943
OPERATING EXPENSES:										
Personal services	5,957,973	6,079,828	6,322,100	6,933,959	7,183,021	7,382,421	7,486,707	7,652,362	7,994,898	8,193,390
Operational	2,615,226	2,615,615	2,688,221	2,700,888	2,751,449	2,895,600	3,182,510	3,037,405	2,928,535	3,055,824
Supplies and chemicals	1,055,884	1,287,386	1,404,409	1,350,463	1,538,706	1,454,776	1,285,931	1,199,984	1,034,064	975,258
Repairs and maintenance	1,423,087	1,959,972	2,030,502	2,051,192	1,731,117	1,719,023	1,479,091	1,723,423	1,685,351	1,427,301
Contractual services	202,747	275,639	353,989	228,673	209,288	294,311	392,387	421,393	401,169	783,509
Depreciation and amortization	5,953,184	5,867,335	5,885,015	6,067,532	6,221,487	6,348,091	6,365,385	6,532,952	7,262,858	7,528,150
Total operating expenses	17,208,101	18,085,775	18,684,236	19,332,707	19,635,068	20,094,222	20,192,011	20,567,519	21,306,875	21,963,432
OPERATING INCOME (DEFICIT)	(1,291,539)	(992,609)	(1,114,927)	(956,818)	(722,491)	(728,284)	(506,407)	(865,855)	(1,388,298)	(2,556,489)
NONOPERATING REVENUES (EXPENSES)										
Grants	19,041	11,336	10,000	62,060	33,329	13,550	190,980			270,000
Interest income	770,137	757,045	784,574	871,896	936,584	988,965	1,079,754	1,381,134	969,565	722,220
Interest expense	(165,250)	(137,397)	(5,834)							
Net gain (loss) on fair value of investments	29,737	13,594	(7,386)	(419,797)						
Loss on extinguishment of debt	(241,086)	(339,020)	(83,934)	(198,364)	(318,769)	33,630	(33,294)	(456,428)	63,860	(14,652)
Gain (loss) on disposal of capital assets	412,579	305,558	697,420	315,795	651,144	1,036,145	1,237,440	924,706	1,033,425	977,568
Total nonoperating revenue (expenses)										
INCOME (DEFICIT) BEFORE CAPITAL CONTRIBUTIONS	(878,960)	(687,051)	(417,507)	(641,023)	(71,347)	307,861	731,033	58,851	(354,873)	(1,578,921)
CAPITAL CONTRIBUTIONS	3,273,050	3,532,332	4,497,472	6,491,032	4,682,112	3,202,457	10,314,504	2,703,548	6,961,105	1,661,848
INCREASE (DECREASE) IN NET POSITION	2,394,090	2,845,281	4,079,965	5,850,009	4,610,765	3,510,318	11,045,537	2,762,399	6,606,232	82,927
NET POSITION, BEGINNING OF PERIOD	133,857,577	136,251,667	139,096,948	143,176,913	149,026,922	153,637,687	157,148,005	168,193,542	170,955,941	177,562,173
NET POSITION, END OF PERIOD	\$ 136,251,667	\$ 139,096,948	\$ 143,176,913	\$ 149,026,922	\$ 153,637,687	\$ 157,148,005	\$ 168,193,542	\$ 170,955,941	\$ 177,562,173	\$ 177,645,100

Source: Loxahatchee River Environmental Control District

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

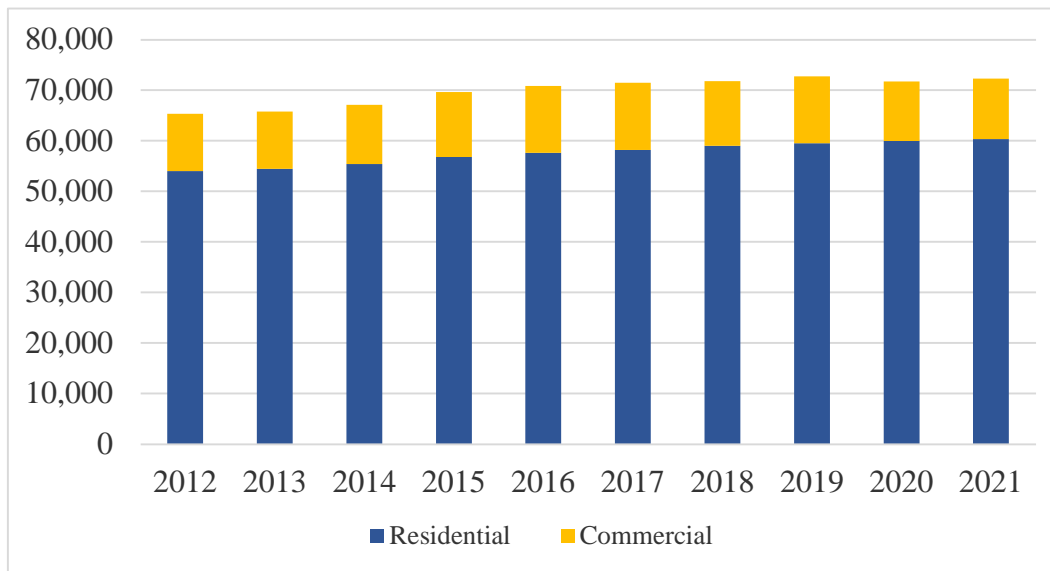
Fiscal Year Ended September 30,	Operating Revenues				Non-Operating Revenues						Total Non-Operating Revenues	Total Revenues
	Regional Sewer Service	Irrigation Quality Water	Stand-by Sewer Revenue	Admin/Legal Engineering Fees and Miscellaneous	Assessment Revenue	Connection Charges	Line Charges	Investment Income	Grants/ Contributed Capital	Other		
2012	\$ 13,196,560	\$ 1,870,462	\$ 421,274	428,266	\$ 139,373	\$ 1,408,116	\$ 632,541	\$ 770,137	\$ 1,112,061	\$ 29,737	\$ 4,091,965	\$ 20,008,527
2013	13,971,883	2,001,583	526,409	593,291	277,518	1,345,534	863,959	757,045	1,056,657	13,594	4,314,307	21,407,473
2014	14,478,093	2,059,339	496,829	535,048	327,432	2,569,441	670,857	784,574	939,742		5,292,046	22,861,355
2015	15,502,465	2,131,578	305,107	436,739	2,571,005	2,455,424	279,076	871,896	1,247,587		7,424,988	25,800,877
2016	16,051,221	2,154,339	221,965	485,052	18,912,577	2,035,390	1,073,180	936,584	1,237,749		5,652,025	24,564,602
2017	16,408,048	2,221,586	175,916	560,388	388,857	854,526	286,500	988,965	1,686,124	33,630.00	4,238,602	23,604,540
2018	16,751,205	2,307,946	120,034	506,419	6,508,665	1,409,475	547,129	1,079,754	1,849,235	190,980	11,585,238	31,270,842
2019	16,806,144	2,361,783	99,294	434,443	733,072	573,255	241,047	1,381,134	1,156,174		4,084,682	23,786,346
2020	16,971,526	2,379,798	93,741	473,512	5,118,705	675,485	412,140	969,565	754,775	63,860	7,994,530	27,913,107
2021	16,683,096	2,267,555	98,167	358,125	454,670	658,413	303,397	722,220	515,368		2,654,068	22,061,011



Source: Loxahatchee River Environmental Control District

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

Fiscal Year	Residential		Commercial		Total
	Equivalent Connections	% of Annual Total	Equivalent Connections	% of Annual Total	
2012	54,026	83%	11,277	17%	65,302
2013	54,414	83%	11,335	17%	65,749
2014	55,417	83%	11,675	17%	67,092
2015	56,794	82%	12,836	18%	69,630
2016	57,579	81%	13,276	19%	70,855
2017	58,196	81%	13,269	19%	71,465
2018	59,002	82%	12,784	18%	71,786
2019	59,478	82%	13,276	18%	72,754
2020	59,923	84%	11,784	16%	71,707
2021	60,333	83%	11,958	17%	72,291

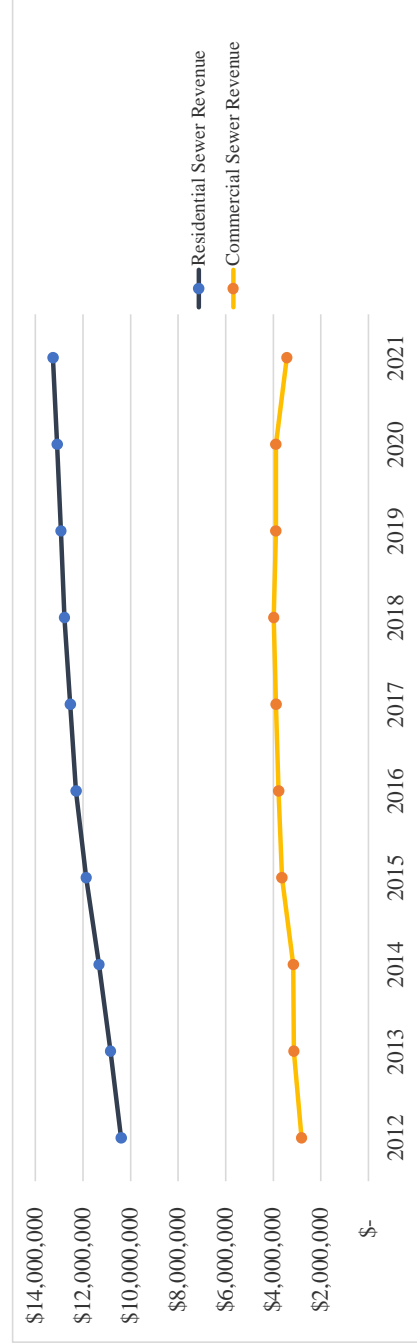


Source: Loxahatchee River Environmental Control District

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

Fiscal Year	Residential					Commercial				
	Regional Sewer Service Revenue	% of Annual Total	Number of Equivalent Connections	Rate per Equivalent Connection	Regional Sewer Service Revenue	% of Annual Total	Number of Equivalent Connections	Rate per Equivalent Connection	Total	
2012	\$ 10,392,270	79%	53,774	\$ 193.26	\$ 2,804,290	21%	10,592	\$ 264.74	\$	\$ 13,196,560
2013	10,843,903	78%	54,208	200.04	3,127,980	22%	11,431	273.64		13,971,883
2014	11,325,317	78%	54,864	206.43	3,152,776	22%	11,156	282.61		14,478,093
2015	11,864,990	77%	55,931	212.14	3,637,475	23%	12,450	292.17		15,502,465
2016	12,284,659	77%	57,199	214.77	3,766,562	23%	12,850	293.12		16,051,221
2017	12,527,978	76%	57,853	216.55	3,880,070	24%	13,180	294.39		16,408,048
2018	12,776,079	76%	58,533	218.27	3,975,126	24%	13,319	298.46		16,751,205
2019	12,919,575	77%	59,201	218.23	3,886,569	23%	13,015	298.62		16,806,144
2020	13,079,358	77%	59,625	219.36	3,892,168	23%	12,956	300.41		16,971,526
2021	13,256,092	79%	60,128	220.46	3,427,004	21%	11,348	301.99		16,683,096

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



Source: Loxahatchee River Environmental Control District

LOXAHATCHEE RIVER ENVIRONMENTAL CONTROL DISTRICT
SCHEDULE OF SEWER RATES
As of September 30, 2021

Quarterly Service Charge

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

Quarterly Stand-by Sewer Revenue Charge

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

Connection Charges

Equivalent Connection	Rate
1.00	\$ 2,923.24
1.25	3,654.05
1.50	4,384.86
1.75	5,115.67
0.25	730.81

Rates effective April 1, 2021

Source: Loxahatchee River Environmental Control District

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

Fiscal Year Ended September 30,	Annual Influent Treated (MGD)	Regional Sewer Service Revenue	Total Direct Sewer Rates (1)
2012	2,475	\$ 13,196,560	\$ 5.33
2013	2,498	13,971,883	5.59
2014	2,479	14,478,093	5.84
2015	2,474	15,502,465	6.27
2016	2,453	16,051,221	6.54
2017	2,386	16,408,048	6.88
2018	2,493	16,751,205	6.72
2019	2,476	16,806,144	6.79
2020	2,611	16,971,526	6.50
2021	2,617	16,683,096	6.37

(1) per thousand gallons influent treated.

MGD = Millions of gallons per day.

Source: Loxahatchee River Environmental Control District

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

Fiscal Year Ended September 30,	1997B Revenue Bonds	1997C Revenue Bonds	2003 Revenue Bonds	2009 Revenue Bonds	2010 Revenue Bonds	Total Debt Outstanding	Debt Per Equivalent Connection
2012	\$ 768,057	\$ 822,117	\$	\$ 3,052,931	\$ 1,324,897	\$ 5,968,002	\$ 90.77
2013	611,772	652,035		2,855,025	191,518	4,310,350	64.25
2014				2,648,163		2,648,163	38.03
2015							
2016							
2017							
2018							
2019							
2020							
2021							

Note: Bonds were paid off during fiscal year 2015.

Source: Loxahatchee River Environmental Control District

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

Fiscal Year Ended September 30,	Total Debt Service Requirement	Gross Revenues	Operating Expenses Before Depreciation	Net Revenue Available (1)	Debt Service Coverage (2)	Capital Charges	Net Revenue Available	Debt Service Coverage (3)
2012	\$ 1,876,244	\$ 16,494,391	\$ 11,254,917	\$ 5,239,474	2.79	\$ 3,273,050	\$ 8,512,524	4.54
2013	1,876,057	17,536,121	12,218,440	5,317,681	2.83	3,532,332	8,850,013	4.72
2014	915,791	18,272,563	12,799,221	5,473,342	5.98	4,497,472	9,970,814	10.89
2015	331,540	18,691,684	13,265,175	5,426,509	16.37	6,491,032	11,917,541	35.95
2016								
2017								
2018								
2019								
2020								
2021								

(1) Net revenue available before capital charges

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

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

Note: Bonds were paid off during fiscal year 2015.

Source: Loxahatchee River Environmental Control District

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

Fiscal Year	Population (1)			Personal Income (2)			Per Capita		Unemployment Rate (3)	
	Town of Jupiter	Village of Tequesta	Town of Juno Beach	Town of Jupiter Inlet Colony	Palm Beach County	Martin County	Palm Beach County	Martin County	Palm Beach County	Martin County
2012	56,337	5,646	3,233	398	\$84,703,787	\$ 9,842,408	\$ 62,454	\$ 66,044	8.5%	8.3%
2013	56,577	5,652	3,191	401	83,679,890	9,371,873	60,704	61,975	7.1%	7.2%
2014	57,263	5,629	3,194	396	92,842,100	10,666,979	66,218	69,607	5.9%	6.1%
2015	59,108	5,665	3,240	396	100,579,513	11,397,001	70,415	73,189	5.3%	5.3%
2016	60,615	5,699	3,351	411	104,108,093	12,078,164	71,613	76,211	5.0%	5.0%
2017	61,388	5,731	3,400	407	109,973,732	12,650,502	74,754	79,104	4.1%	4.0%
2018	62,100	5,857	3,427	409	118,519,249	13,496,101	79,760	83,873	3.1%	3.0%
2019	62,497	5,850	3,442	406	124,632,614	13,748,480	83,268	85,394	3.2%	2.9%
2020	63,188	5,874	3,463	414	131,881,463	14,455,817	87,478	89,185	6.6%	4.6%
2021	61,121	6,152	3,862	403	N/A	N/A	N/A	N/A	4.1%	3.4%

Data Sources:

(1) University of Florida, Bureau of Economic and Business Research.

(2) U.S. Department of Commerce, Bureau of Economic Analysis, Regional Economic Information System.

(3) U.S. Department of Labor Statistics - based on not seasonally adjusted September rates.

N/A - Data not available

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

Employer	2021			2012		
	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
Palm Beach County						
Palm Beach County School District	22,600	1	3.46%	21,495	1	3.47%
Tenet Coastal Division of Palm Beach County	6,505	2	1.00%	6,100	3	0.99%
Palm Beach County - BOCC	5,686	3	0.87%	11,381	2	0.98%
NextEra Energy/Florida Power & Light	5,119	4	0.78%	3,635	4	0.59%
Florida Atlantic University	3,133	5	0.48%	2,706	7	0.44%
Boca Raton Regional Hospital	3,052	6	0.47%	2,250	10	0.36%
Veterans Health Administration	3,000	7	0.46%			
Hospital Corporation of America - HCA	2,806	8	0.43%	2,714	6	0.44%
The Breakers	2,300	9	0.35%			
Bethesda Health, Inc.	2,282	10	0.35%	2,391	8	0.39%
G4S Headquarters				3,000	5	0.48%
Office Depot				2,250	9	0.36%
Totals	<u>56,483</u>			<u>57,922</u>		
Martin County						
Martin Memorial Health Systems	3,680	1	4.95%	2,783	1	4.41%
Martin County School District	2,764	2	3.72%	2,590	2	4.11%
Martin County Government	1,607	3	2.09%	1,565	3	2.48%
Publix	1,557	4	1.40%			
Martin Memorial Physicians Corp	519	5	0.76%			
Visiting Nurse Services of Treasure Coast	421	6	0.70%			
Visiting Nurse Association of Florida	413	7	0.57%			
Home Depot	400	8	0.56%			
Walmart	384	9	0.54%			
Fernlea Nursery	359	10	0.52%			
State of Florida				580	4	0.95%
Triumph Group - Vought Aircraft Division				408	5	0.65%
Turbocombustor Technology, Inc.				396	6	0.63%
Liberator Medical Holding, Ins.				340	7	0.54%
Seacoast Banking Corporation of Florida				294	8	0.47%
Louis Dreyfus Commodities				250	9	0.40%
Armellini Industries				223	10	0.35%
Totals	<u>12,104</u>			<u>9,429</u>		

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

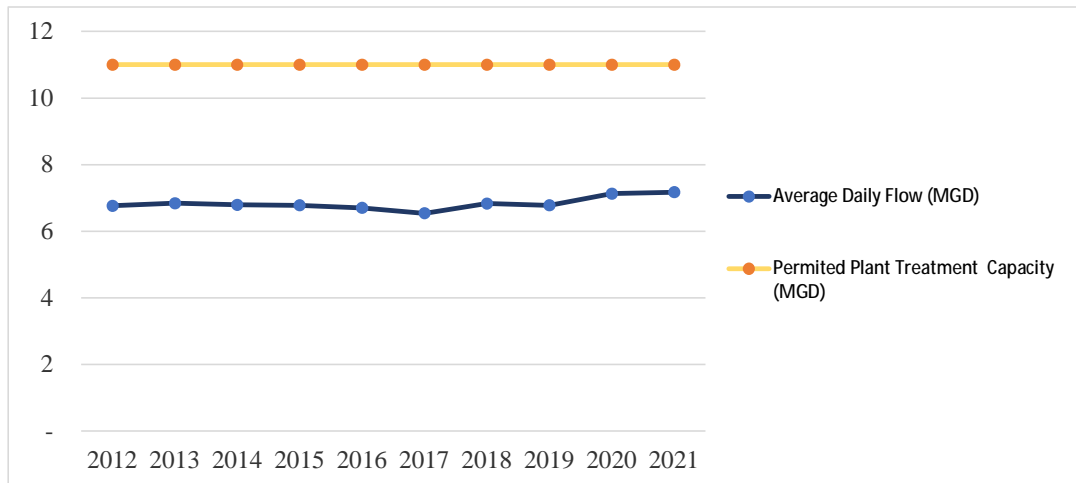
LOXAHATCHEE RIVER ENVIRONMENTAL CONTROL DISTRICT
FULL-TIME EQUIVALENT EMPLOYEES BY FUNCTION
For the Last Ten Fiscal Years

Function	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Executive	3	3	3	3	4	4	4	4	5	5
Finance	8	8	8	8	7	7	7	6	6	6
Public Education	2	2	3	3	3	3	3	3	3	3
WildPine Lab	7	7	7	7	7	7	7	7	7	7
Customer Service				4	4	4	4	4	4	4
Information Technology				4	4	4	4	4	5	4
Engineering and Inspection	8	9	9	8	8	9	9	10	10	10
Construction	5	6	6	7	7	6	6	6	6	7
Operations Administration	8	9	9	3	4	4	3	3	2	3
Collection and Transmission	12	12	13	13	11	11	11	11	11	13
Treatment and Disposal	17	16	16	16	17	18	19	19	19	18
Reuse	2	2	2	2	2	2	2	2	2	2
Bio-Solid	2	2	2	2	2	2	2	2	2	2
Total	74	76	78	80	80	81	81	81	82	84

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

Fiscal Year Ended September 30,	Permitted Plant Treatment Capacity (MGD)	Average Daily Flow (MGD)	Max Daily Flow (MGD)	Annual Influent Treated (MGD)	Percent Capacity
2012	11	6.76	11.15	2,474.64	62%
2013	11	6.84	10.21	2,497.59	62%
2014	11	6.79	8.55	2,479.42	62%
2015	11	6.78	8.76	2,473.96	62%
2016	11	6.70	9.89	2,453.35	61%
2017	11	6.54	8.30	2,386.16	59%
2018	11	6.83	9.35	2,492.55	62%
2019	11	6.78	8.70	2,475.53	62%
2020	11	7.13	11.74	2,610.69	65%
2021	11	7.17	9.98	2,617.27	65%

MGD = Millions of gallons per day.



Note: Improvements in water use efficiency and decreasing infiltration and intrusion (due to rehabilitation of gravity sewer systems) have contributed to stable average daily flows in the face of increasing number of equivalent connections served.

Source: Loxahatchee River Environmental Control District

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

Fiscal Year Ended September 30,	Low Pressure Main (miles)	Low Pressure Services	Force Main (miles)	Gravity Sewer (miles)	Gravity Sewer Services	Irrigation Quality (miles)	Number of Lift Stations	Number of Manholes
2012								
2013								
2014								
2015								
2016								
2017								
2018	27.03	N/A	103.95	294.12	N/A	26.70	224	7,944
2019	27.03	1,627	103.95	294.12	15,666	34.66	224	7,944
2020	29.56	1,760	104.77	296.84	15,689	34.81	226	8,032
2021	29.91	1,780	105.24	299.98	15,248	34.85	227	8,068

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

* Information is not available for year prior to 2018.

N/A - Data not available.

COMPLIANCE SECTION



NOWLEN, HOLT & MINER, P.A.

CERTIFIED PUBLIC ACCOUNTANTS

WEST PALM BEACH OFFICE
NORTHBRIDGE CENTRE
515 N. FLAGLER DRIVE, SUITE 1700
POST OFFICE BOX 347
WEST PALM BEACH, FLORIDA 33402-0347
TELEPHONE (561) 659-3060
FAX (561) 835-0628
WWW.NHMCPA.COM

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

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

INDEPENDENT AUDITOR'S REPORT 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*

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Loxahatchee River Environmental Control District, as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise the Loxahatchee River Environmental Control District's basic financial statements, and have issued our report thereon dated February 10, 2022.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Nowlen, Holt & Mimer, P.A.

West Palm Beach, Florida
February 10, 2022



NOWLEN, HOLT & MINER, P.A.

CERTIFIED PUBLIC ACCOUNTANTS

WEST PALM BEACH OFFICE
NORTHBRIDGE CENTRE
515 N. FLAGLER DRIVE, SUITE 1700
POST OFFICE BOX 347
WEST PALM BEACH, FLORIDA 33402-0347
TELEPHONE (561) 659-3060
FAX (561) 835-0628
WWW.NHMCPCA.COM

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

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

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

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

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

Report on the Financial Statements

We have audited the financial statements of the Loxahatchee River Environmental Control District (the "District"), as of and for the fiscal year ended September 30, 2021, and have issued our report thereon dated February 10, 2022.

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 February 10, 2022, should be considered in conjunction with this Management Letter.

Prior Audit Findings

Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding financial audit report. There were no findings or recommendations in the prior year that required corrective actions.

Official Title and Legal Authority

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

Financial Condition and Management

Sections 10.554(1)(i)5.a. and 10.556(7), Rules of the Auditor General, require us to apply appropriate procedures and communicate the results of our determination as to whether or not the District met one or more of the conditions described in Section 218.503(1), Florida Statutes, and to identify the specific condition(s) met. In connection with our audit, we determined that the District did not meet any of the conditions described in Section 218.503(1), Florida Statutes, as of and for the year ended September 30, 2021.

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

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

Special District Component Units

Section 10.554(1)(i)5.c, Rules of the Auditor General, requires, if appropriate, that we communicate the failure of a special district that is a component unit of a county, municipality, or special district, to provide the financial information necessary for proper reporting of the component unit, within the audited financial statements of the county, municipality, or special district in accordance with Section 218.39(3)(b), Florida Statutes. In connection with our audit, we did not note any special district component units that failed to provide the necessary information for proper reporting in accordance with Section 218.39(3)(b), Florida Statutes.

Additional Matters

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

As required by Section 218.39(3)(c), Florida Statutes, and Section 10.554(1)(i)6, Rules of the Auditor General, the District reported the required information in the Other Information Section on pages 33 and 34.

Single Audits

The District expended less than \$750,000 of federal awards and less than \$750,000 of state financial assistance for the year ended September 30, 2021 and was not required to have a federal single audit or a state single audit.

Purpose of this Letter

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

Nowlen, Holt & Mims, P.A.

West Palm Beach, Florida
February 10, 2022



NOWLEN, HOLT & MINER, P.A.

CERTIFIED PUBLIC ACCOUNTANTS

WEST PALM BEACH OFFICE
NORTHBRIDGE CENTRE
515 N. FLAGLER DRIVE, SUITE 1700
POST OFFICE BOX 347
WEST PALM BEACH, FLORIDA 33402-0347
TELEPHONE (561) 659-3060
FAX (561) 835-0628
WWW.NHMCPA.COM

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

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

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

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

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

We have examined the Loxahatchee River Environmental Control District's compliance with Section 218.415, Florida Statutes during the year ended September 30, 2021. Management of the Loxahatchee River Environmental Control District is responsible for the Loxahatchee River Environmental Control District's compliance with the specified requirements. Our responsibility is to express an opinion on the Loxahatchee River Environmental Control District's compliance with the specified requirements based on our examination.

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

Our examination does not provide a legal determination on the Loxahatchee River Environmental Control District's compliance with the specified requirements.

In our opinion, the Loxahatchee River Environmental Control District complied, in all material respects, with Section 218.415, Florida Statutes for the year ended September 30, 2021.

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

Nowlen, Holt & Miner, P.A.

West Palm Beach, Florida
February 10, 2022