

GOING FURTHER

TOWN OF JUPITER ISLAND, FLORIDA  
FINANCIAL STATEMENTS AND  
SUPPLEMENTARY FINANCIAL INFORMATION  
FOR THE YEAR ENDED  
SEPTEMBER 30, 2025

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## Table Of Contents

### **FINANCIAL SECTION**

Independent Auditor's Report	1-3
Management's Discussion and Analysis (Unaudited)	4-11

### **BASIC FINANCIAL STATEMENTS**

#### Government-Wide Financial Statements

Statement of Net Position	12
Statement of Activities	13

#### Fund Financial Statements

Balance Sheet – Governmental Funds	14
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	15
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	16
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	17
Statement of Net Position – Enterprise Fund (South Martin Regional Utility)	18-19
Statement of Revenues, Expenses and Changes in Fund Net Position – Enterprise Fund (South Martin Regional Utility)	20
Statement of Cash Flows – Enterprise Fund (South Martin Regional Utility)	21-22
Statement of Fiduciary Net Position – Fiduciary Fund	23
Statement of Changes in Fiduciary Net Position–Fiduciary Fund	24
Notes to Financial Statements	25-66

## Table Of Contents (Continued)

### **REQUIRED SUPPLEMENTARY INFORMATION**

Budgetary Comparison Schedule – General Fund	67
Budgetary Comparison Schedule – Beach Protection Fund	68
Schedule of Changes in the Net Pension Liability and Related Ratios – Defined Benefit Pension Plan	69
Schedule of Employer Contributions and Investment Returns – Defined Benefit Pension Plan	70
Schedule of Changes in Total Pension Liability – Defined Benefit Pension Plan	71
Schedule of Changes in the Total OPEB Liability and Related Ratios	72
Notes to Required Supplementary Information	73-74

### **OTHER SUPPLEMENTARY INFORMATION**

Combining Balance Sheet – Nonmajor Governmental Funds	75
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Governmental Funds	76
Schedule of Water and Wastewater Revenue Refunding Bond Coverage – Enterprise Fund (South Martin Regional Utility)	77

## Table Of Contents (Continued)

### COMPLIANCE SECTION

Schedule of Expenditures of Federal Awards and State Financial Assistance	78
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>	79-80
Independent Auditor's Report on Compliance for Each Major Federal Program and State Project and Report on Internal Control over Compliance Required by the Uniform Guidance and Chapter 10.550, Rules of the Auditor General of the State of Florida	81-83
Schedule of Findings and Questioned Costs	84-85
Independent Auditor's Management Letter	86-88
Independent Accountant's Report on Compliance	89

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## **FINANCIAL SECTION**

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## Independent Auditor's Report

**To the Honorable Mayor and  
Members of the Town Commission  
Town of Jupiter Island, Florida**

### **Report on the Audit of the Financial Statements**

#### ***Opinions***

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Jupiter Island, Florida (the "Town"), as of and for the year ended September 30, 2025, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund, and the aggregate remaining fund information of the Town as of September 30, 2025, and the respective changes in financial position, and, where applicable, cash flows, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinions***

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

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

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

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

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

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

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

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

***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information for the General Fund and Beach Protection Fund, schedule of changes in the net pension liability and related ratios – defined benefit pension plan, schedule of employer contributions and investment returns – defined benefit pension plan, schedule of changes in total pension liability, defined benefit pension plan, schedule of changes in the total OPEB liability and related ratios, and notes to required supplementary information on pages 4 through 11 and 67 through 74 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

**Supplementary Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The accompanying combining financial statements – nonmajor governmental funds, schedule of water and wastewater revenue refunding bond coverage – enterprise fund, and schedule of expenditures of federal awards and state financial assistance, as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, and Chapter 10.550, Rules of the Auditor General for Local Governmental Entity Audits, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining financial statements-nonmajor governmental funds, the schedule of water and wastewater revenue refunding bond coverage – enterprise fund, and schedule of expenditures of federal awards and state financial assistance are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated February 10, 2026, on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control over financial reporting and compliance.



Bradenton, Florida  
February 10, 2026

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## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

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# Management's Discussion and Analysis

## INTRODUCTION

The Town of Jupiter Island, Florida's (the "Town") management discussion and analysis (MD&A) is designed to offer readers of the Town's financial statements an objective and easy-to-read analysis of the Town's financial activities based on currently available information. This narrative overview is only a component of the entire financial statement report. Readers should review and evaluate all sections of the report, including the footnotes and the other required supplementary information that is provided in addition to this MD&A for the fiscal year ended September 30, 2025.

## FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of the Town exceeded its liabilities and deferred inflows at the close of the most recent fiscal year by \$156,672,204. Of this amount, \$53,995,133 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.
  - Governmental net position was \$82,415,244.
  - Business-type net position was \$74,256,960.
- The total revenue from all sources was \$73,922,978 and the total cost of all Town programs was \$36,814,022.
- As of the close of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$25,697,081 which was a decrease of \$10,186,571 from the prior year balance of \$35,883,652. Approximately 71.4% of this fund balance is restricted or assigned for specific purposes; the remaining 28.6% is available for spending at the Town's discretion from the General Fund.
- At the end of the current fiscal year, the unassigned fund balance for the General Fund was \$7,188,068 or 52% of the total General Fund expenditures for the year ended September 30, 2025.
- The Town's outstanding long-term debt (excluding compensated absences, other post-employment benefits, and net pension liability) decreased from \$40,843,745 to \$39,184,330 during the current fiscal year, representing a net decrease of \$1,659,415 (4.1%).

## OVERVIEW OF THE FINANCIAL STATEMENTS

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

**Government-Wide Financial Statements:** The government-wide financial statements, which consist of the following two statements, are designed to provide readers with a broad overview of the Town's finances, in a manner similar to a private-sector business. The statement of net position and the statement of activities report information about the Town as a whole, and about its activities, in a way that helps determine if the year's activities contributed positively to its overall financial well-being. Both statements represent an overview of the Town as a whole, separating its operations between governmental activities and business-type activity.

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

The *statement of activities* presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flow. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected revenues and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the Town that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activity). The governmental activities of the Town include general government, public safety, roads, sanitation, and building and land development. The business-type activity of the Town includes the water and wastewater utility.

The government-wide financial statements include only the Town itself (known as the primary government). The Jupiter Island Beach Protection District, although a legally separate entity, functions for all practical purposes as a department of the Town and, therefore, has been included as an integral part of the primary government. The government-wide financial statements can be found on pages 12 and 13 of this report.

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

**Governmental Funds:** Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the Town's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenue, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Town maintains four individual governmental funds. Information is presented separately in the governmental fund balance sheet and statement of revenue, expenditures, and changes in fund balances for the General Fund, Beach Protection Fund (Jupiter Island Beach Protection District) and in total for the nonmajor governmental funds which include the Electric Underground Fund and the Special Law Enforcement Fund. The basic governmental fund financial statements can be found on pages 14 through 17 of this report.

**Enterprise Funds:** The Town maintains one enterprise fund, which is used to report the same functions presented as the business-type activity in the government-wide financial statements. The Town's enterprise fund accounts for the South Martin Regional Utility (SMRU) water, wastewater, and irrigation quality water utility operations. The basic enterprise fund financial statements can be found on pages 18 through 22 of this report. The schedule of water and wastewater revenue refunding bond coverage for the enterprise fund can be found on page 77 of this report.

**Fiduciary Funds:** Fiduciary funds, including the Town's defined benefit pension trust fund. Fiduciary funds are not reported in the government-wide financial statements because the resources of those funds are not available to support the Town's own programs. The accounting basis used for fiduciary funds is accrual, much like that used for enterprise funds. The basic fiduciary fund financial statements can be found on pages 23 and 24 of this report.

**Notes to the Financial Statements:** The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 25 through 66 of this report.

**Supplementary Information:** In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information. A budgetary comparison schedule has been provided as required supplementary information for the General Fund and the Beach Protection Fund on pages 75 and 76 to demonstrate compliance with the adopted budget for these major governmental funds. Information concerning the Town's progress in funding its obligation to provide pension benefits and other post-employment benefits to its employees can be found on pages 69 through 74 of this report.

The combining and individual fund financial statements and schedules are presented as other supplementary information on pages 75 through 77 of this report immediately following the required supplementary information.

## **GOVERNMENT-WIDE FINANCIAL ANALYSIS**

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Town, governmental activity assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$82,415,244. Business-type activity assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$74,256,960. The Town-wide total net position was \$156,672,204 at the close of the fiscal year ended September 30, 2025. The statement of net position is on page 12 of this report. At the end of the current fiscal year, the Town reported positive balances in net position for the government as a whole, as well as for its separate business-type activity. The governmental activities reported a balance in unrestricted net position at September 30, 2025 of \$21,485,640, compared to \$6,092,122 as of September 30, 2024.

The largest portion of the Town's net position is reflected in the net investment in capital assets (e.g., land, buildings, machinery and equipment; less any related debt used to acquire those assets that is still outstanding). Capital assets total \$112,872,985 or 55% of all assets, which total \$205,791,179. The Town uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

A portion of the Town's net position (\$28,894,787 or 18%) represents resources that are subject to restrictions on how they may be used.

The following table reflects the condensed statement of net position as of the current year-end as compared to the prior year-end:

	Net Position					
	Governmental		Business-Type		Totals	
	Activities		Activities			
	2025	2024	2025	2024	2025	2024
<b>Assets</b>						
Current and other assets	\$ 41,832,038	\$ 37,185,029	\$ 51,086,156	\$ 45,826,507	\$ 92,918,194	\$ 83,011,536
Capital assets	47,169,414	22,424,910	65,703,571	65,786,768	112,872,985	88,211,678
Total assets	89,001,452	59,609,939	116,789,727	111,613,275	205,791,179	171,223,214
Total deferred outflows of resources	100,660	156,865	169,873	322,004	270,533	478,869
<b>Liabilities</b>						
Long-term liabilities	4,272,543	5,898,242	36,149,941	37,135,342	40,422,484	43,033,584
Other liabilities	1,325,136	1,408,208	2,148,423	2,333,018	3,473,559	3,741,226
Total liabilities	5,597,679	7,306,450	38,298,364	39,468,360	43,896,043	46,774,810
Total deferred inflows of resources	1,089,189	1,137,873	4,404,276	4,226,172	5,493,465	5,364,045
<b>Net position</b>						
Net investment on capital assets	44,324,051	18,839,088	29,458,233	28,754,300	73,782,284	47,593,388
Restricted	16,605,553	26,391,271	12,289,234	8,490,511	28,894,787	34,881,782
Unrestricted	21,485,640	6,092,122	32,509,493	30,995,936	53,995,133	37,088,058
Total net position	\$ 82,415,244	\$ 51,322,481	\$ 74,256,960	\$ 68,240,747	\$ 156,672,204	\$ 119,563,228

The following table reflects the condensed statement of changes in net position for the current year as compared to the prior year:

	Changes in Net Position					
	Governmental		Business-Type		Totals	
	Activities		Activities			
	2025	2024	2025	2024	2025	2024
<b>Revenues</b>						
<b>Program revenues</b>						
Charges for services	\$ 2,076,737	\$ 2,526,376	\$ 16,959,204	\$ 14,316,074	\$ 19,035,941	\$ 16,842,450
Operating contributions and grants	25,521,845	320,261	-	-	25,521,845	320,261
Capital contributions and grants	11,120,750	1,376,174	633,570	259,020	11,754,320	1,635,194
<b>General revenues</b>						
Taxes	14,533,869	13,295,588	-	-	14,533,869	13,295,588
Intergovernmental	177,037	174,416	-	-	177,037	174,416
Investment earnings	1,183,351	1,807,324	1,716,615	1,648,022	2,899,966	3,455,346
Total revenues	\$ 54,613,589	\$ 19,500,139	\$ 19,309,389	\$ 16,223,116	\$ 73,922,978	\$ 35,723,255
<b>Expenses</b>						
General government	\$ 3,500,014	\$ 4,059,744	\$ -	\$ -	\$ 3,500,014	\$ 4,059,744
Public safety	6,781,239	5,632,086	-	-	6,781,239	5,632,086
Building	2,091,341	1,932,441	-	-	2,091,341	1,932,441
Public works	2,350,176	1,863,693	-	-	2,350,176	1,863,693
Environmental	8,674,274	3,078,261	-	-	8,674,274	3,078,261
Interest on long-term debt	123,802	132,433	1,074,159	1,097,090	1,197,961	1,229,523
Water and wastewater	-	-	12,219,017	11,101,709	12,219,017	11,101,709
Total expenses	23,520,846	16,698,658	13,293,176	12,198,799	36,814,022	28,897,457
Change in net position	31,092,743	2,801,481	6,016,213	4,024,317	37,108,956	6,825,798
Beginning net position, restated	51,322,501	48,521,000	68,240,747	64,216,430	119,563,248	112,737,430
Ending net position	\$ 82,415,244	\$ 51,322,481	\$ 74,256,960	\$ 68,240,747	\$ 156,672,204	\$ 119,563,228

**Governmental Activities:** Governmental activities increased the Town's net position by \$31,092,743. The largest sources of governmental revenue received for 2025 was \$25,521,845 from Operating contributions and grants, representing 47% of total governmental revenue.

Expenses in the governmental activities increased by approximately \$6,822,188 from the prior year.

**Business-Type Activity:** The Town's business-type activity increased net position by \$6,016,213 for 2025. Charges for services for the business-type activity increased from the previous fiscal year by approximately \$2,643,130 or 18%. This was primarily a result of a decrease in accrued guaranteed revenue fees collected in previous year. Developer capital contributions in 2025 increased approximately \$374,550.

## **FINANCIAL ANALYSIS OF THE TOWN'S FUNDS**

As noted earlier, the Town uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

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

As of the end of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$25,697,081, a decrease of \$10,186,571 from the prior year balance of \$35,883,652. Of this amount, \$18,400,553 is restricted or assigned for specific purposes as follows:

- \$12,658,450 restricted for beach protection district.
- \$3,732,426 restricted for building code enforcement.
- \$1,000,000 assigned for emergencies.
- \$364,587 assigned for conservation projects.
- \$170,746 assigned for beautification and maintenance projects.
- \$136,540 restricted for debt repayment.
- \$115,000 assigned for compensated absences.
- \$80,000 assigned for uninsured losses.
- \$78,137 restricted for LGIS conservation surtax.
- \$63,059 assigned for scholarships.
- \$1,608 assigned employees.

The General Fund is the chief operating fund of the Town. At the end of the current fiscal year, in accordance with GASB Statement No. 54, the unassigned fund balance of the General Fund was \$7,188,068, while the total General Fund balance was \$12,900,844. As a measure of the General Fund's liquidity, it may be useful to compare both the unassigned fund balance and total fund balance to total fund expenditures of \$13,924,454. Unassigned fund balance represents 52% of total General Fund expenditures, while total fund balance represents 93% of that same amount.

The fund balance of the Town's General Fund decreased by approximately \$264,105 during the current fiscal year compared to a decrease of \$126,424 in the prior fiscal year.

**Enterprise Fund:** Enterprise funds present the same functions as presented for business-type activity in the government-wide financial statements. The Town uses an enterprise fund to account for its water and wastewater operations, doing business as South Martin Regional Utility (SMRU). The enterprise fund provides the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net position of the water and wastewater utility at the end of the year amounted to \$32,509,493, representing an increase of \$1,419,540 from the prior year balance of \$31,089,953.

## Budgetary Highlights

### General Fund

Overall, actual revenues were more than the anticipated amounts by \$606,239 and expenditures were \$1,161,293 less than the appropriated budget. However, the Town had a deficiency in revenues under expenses for 2025 of \$394,622. The largest budget variance for revenue was building permits revenue, which exceeded the budgeted amount by \$383,221 and investment income of \$170,922. Expenditures were under budget, with the largest variances of \$659,811 in the Building department.

### Beach Protection Fund

Actual revenues were less than the anticipated amounts by \$5,584,903, and expenditures were \$697,971 less than the appropriated budget.

## CAPITAL ASSETS AND DEBT ADMINISTRATION

### Capital Assets

The Town's investment in capital assets for its governmental and business-type activity at September 30, 2025 amounted to \$112,872,985 (net of accumulated depreciation). Depreciation on capital assets is recognized in the government-wide financial statements. This investment in capital assets includes land, buildings and improvements, water distribution system, wastewater collection system, wells, machinery and equipment, beach renourishment, roads and construction in progress.

The Town's investment in capital assets is summarized as follows:

	Capital Assets (Net of Accumulated Depreciation)					
	Governmental Activities		Business-Type Activities		Totals	
	2025	2024	2025	2024	2025	2024
Land	\$ 12,001,009	\$ 12,001,009	\$ 14,390,177	\$ 14,390,177	\$ 26,391,186	\$ 26,391,186
Building and improvements	2,275,170	2,327,391	6,034,076	6,273,460	8,309,246	8,600,851
Water distribution system	-	-	20,985,449	21,780,950	20,985,449	21,780,950
Wastewater collection system	-	-	14,237,000	13,846,830	14,237,000	13,846,830
Wells	-	-	3,427,562	3,537,182	3,427,562	3,537,182
Equipment	1,795,540	1,756,596	4,419,342	2,625,750	6,214,882	4,382,346
Beach re-nourishment	29,302,596	4,392,661	-	-	29,302,596	4,392,661
Roads	1,795,099	1,944,802	-	-	1,795,099	1,944,802
Construction in progress	-	2,451	2,209,965	3,332,419	2,209,965	3,334,870
Total capital assets	\$ 47,169,414	\$ 22,424,910	\$ 65,703,571	\$ 65,786,768	\$ 112,872,985	\$ 88,211,678

The Town's total investment in capital assets decreased for the current fiscal year by approximately \$1,594,652. The decrease was mainly due to depreciation.

Additional information on the Town's capital assets can be found in Note 6 on pages 42 and 43 of this report.

**Long-Term Debt:** The Town's total outstanding debt (excluding compensated absences, other post-employment benefits, and net pension liability with no fixed maturity dates) decreased by approximately \$1,659,415 (4.1%) during the current fiscal year. The Town's outstanding debt is summarized as follows:

	Outstanding Debt					
	Governmental Activities		Business-Type Activities		Totals	
	2025	2024	2025	2024	2025	2024
Note payable	\$ 2,617,559	\$ 3,291,565	\$ 10,194,898	\$ 10,525,169	\$ 12,812,457	\$ 13,816,734
Financed purchase	227,804	294,257	-	-	227,804	294,257
Revenue bonds	-	-	26,144,069	26,732,754	26,144,069	26,732,754
Total outstanding debt	<u>\$ 2,845,363</u>	<u>\$ 3,585,822</u>	<u>\$ 36,338,967</u>	<u>\$ 37,257,923</u>	<u>\$ 39,184,330</u>	<u>\$ 40,843,745</u>

The revenue bonds of the utility system have been rated "AA" by S&P and "Aa2" by Moody's Investor Services. The remaining debt has not been rated.

**Governmental Activities Debt:** In 2008, the Town issued two promissory notes to a financial institution with a total principal amount of \$11.0 million to finance the electric underground project. A portion of the new borrowing was used to repay an outstanding balance of \$400,000 on the note obtained in 2006 to finance the pilot project for the electric underground project. The notes issued in 2008 were approved by the Town's voters in November 2007.

**Business-Type Activity Debt:** In July 2020, the Town, on behalf of South Martin Regional Utility (SMRU) issued \$27,515,000 Utility System Refunding Bonds, Series 2020 for the principal purpose of refunding all of the outstanding Series 2010 Bonds. Net proceeds of \$27,515,000 from the Series 2020 Bonds plus \$3,075,364 of sinking fund monies from the Series 2010 Bonds were deposited in an irrevocable trust with an escrow agent and all of the Series 2010 Bonds (\$29,725,000) were called on October 1, 2020.

At the end of the current fiscal year, the SMRU had bonded debt outstanding of \$26,144,069 and notes payable outstanding of \$10,194,898 in the utility system for a total of \$36,338,967. The notes payable are secured by all non-ad valorem revenues of the governmental activities. The remaining outstanding debt of the utility system is secured solely by specified revenue sources of the water and wastewater utility system.

Additional information on the Town's long-term debt can be found in Note 9 on pages 46 through 53 of this report.

## **ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

The following economic factors were considered in establishing the Town's budgets and charges for services for the 2025-2026 fiscal year:

- Ad valorem taxes (property taxes) are the single most significant governmental revenue source for the Town. These revenues are generated by a millage rate set annually by the Town Commission. When creating the budget, the primary objective was to provide Town services while at the same time keeping the projected tax levy the same. The General Fund millage rate adopted for 2025-2026 is 2.8259 mills. This millage rate results in a total projected tax levy of \$10,800,744.
- General Fund revenues and expenditures for the 2025-2026 budget year increased \$546,446 from the 2024-2025 budget.
- The Beach Protection District millage rate adopted for 2025-2026 is .9593 mills. This millage rate results in a total projected tax levy of \$3,655,318.
- The Town will continue the voted debt millage in 2025-2026 in order to pay the promissory notes issued for the electric undergrounding project. The millage rate adopted for 2025-2026 decreased from 0.2273 mills to 0.2100 mills. This millage rate results in a total projected tax levy of \$802,512.
- Many other factors, with less significant impacts, other than those above, were also considered in preparing the Town's budget for the 2025-2026 fiscal year.

South Martin Regional Utility operations are primarily supported by user fees. In 2025-2026, an increase of 2.23% (\$443,674) in utility operating revenue was budgeted based on increases in the utility price index and customer usage. An increase of 10% (\$995,062) in personnel and operating expenses was budgeted.

## **REQUESTS FOR INFORMATION**

This financial report is designed to provide a general overview of the Town's finances for all those with an interest. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Finance Director, 2 Bridge Road, Hobe Sound, Florida 33455.

## **BASIC FINANCIAL STATEMENTS**

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# Town of Jupiter Island, Florida

## STATEMENT OF NET POSITION

SEPTEMBER 30, 2025

	Governmental Activities	Business-Type Activities	Total
<b>Assets</b>			
Cash and cash equivalents	\$ 22,398,322	\$ 2,174,132	\$ 24,572,454
Investments	6,225,095	28,583,298	34,808,393
Accounts receivable, net	14,609	1,601,874	1,616,483
Interest receivable	-	3,451	3,451
Prepaid items	108,460	146,789	255,249
Due from other governments	12,978,781	-	12,978,781
Intertfund balances, net	106,771	(106,771)	-
Restricted assets			
Cash and cash equivalents	-	3,023,115	3,023,115
Investments	-	10,688,726	10,688,726
Notes receivable	-	284,790	284,790
Inventory	-	410,696	410,696
Derivative instruments - interest rate swap	-	4,276,056	4,276,056
Capital assets			
Non-depreciable	12,001,009	16,600,142	28,601,151
Depreciable, net	35,168,405	49,103,429	84,271,834
<b>Total assets</b>	<b>89,001,452</b>	<b>116,789,727</b>	<b>205,791,179</b>
<b>Deferred outflows of resources</b>			
Deferred amounts on refunding	-	93,629	93,629
Deferred outflows - OPEB	100,660	76,244	176,904
Total deferred outflows of resources	<b>100,660</b>	<b>169,873</b>	<b>270,533</b>
<b>Liabilities</b>			
Accounts payable	847,603	584,202	1,431,805
Accrued liabilities	360,900	141,614	502,514
Accrued interest payable	102,127	-	102,127
Due to other governments	14,506	-	14,506
Liabilities payable from restricted assets	-	1,422,607	1,422,607
Noncurrent liabilities			
Due within one year	913,081	422,484	1,335,565
Due in more than one year	3,359,462	35,727,457	39,086,919
Total liabilities	<b>5,597,679</b>	<b>38,298,364</b>	<b>43,896,043</b>
<b>Deferred inflows of resources</b>			
Accumulated increase in fair value of derivative instruments	-	4,276,056	4,276,056
Deferred inflows - pensions	909,903	-	909,903
Deferred inflows - OPEB	179,286	128,220	307,506
Total deferred inflows of resources	<b>1,089,189</b>	<b>4,404,276</b>	<b>5,493,465</b>
<b>Net position</b>			
Net investment in capital assets	44,324,051	29,458,233	73,782,284
Restricted	16,605,553	12,289,234	28,894,787
Unrestricted	21,485,640	32,509,493	53,995,133
Total net position	<b>\$ 82,415,244</b>	<b>\$ 74,256,960</b>	<b>\$ 156,672,204</b>

The accompanying notes to financial statements are an integral part of this statement.

Town of Jupiter Island, Florida

STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED SEPTEMBER 30, 2025

Functions/programs	Expenses	Program Revenues		Net Revenue (Expense) and Changes in Net Position					
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total		
<b>Governmental activities</b>									
General government	\$ 3,500,014	\$ 753,766	\$ 259,940	\$ 11,120,750	\$ 8,634,442	\$ -	\$ 8,634,442		
Public safety	6,781,239	18,147	-	-	(6,763,092)	-	(6,763,092)		
Building	2,091,341	1,234,074	-	-	(857,267)	-	(857,267)		
Public works	2,350,176	70,750	-	-	(2,279,426)	-	(2,279,426)		
Physical environment	8,674,274	-	25,261,905	-	16,587,631	-	16,587,631		
Interest on long-term debt	123,802	-	-	-	(123,802)	-	(123,802)		
<b>Total governmental activities</b>	<u>23,520,846</u>	<u>2,076,737</u>	<u>25,521,845</u>	<u>11,120,750</u>	<u>15,198,486</u>	<u>-</u>	<u>15,198,486</u>		
<b>Business-type activities</b>									
Water and wastewater	13,293,176	16,959,204	-	633,570	-	4,299,598	4,299,598		
Total business-type activities	13,293,176	16,959,204	-	633,570	-	4,299,598	4,299,598		
<b>Total primary government</b>	<u>\$ 36,814,022</u>	<u>\$ 19,035,941</u>	<u>\$ 25,521,845</u>	<u>\$ 11,754,320</u>	<u>15,198,486</u>	<u>4,299,598</u>	<u>19,498,084</u>		
<b>General revenues</b>									
Taxes:									
Property taxes, levied for general purposes							9,921,902	-	9,921,902
Property taxes, levied for beach protection							3,378,493	-	3,378,493
Property taxes, levied for electric underground							802,980	-	802,980
Local option gas tax							220,249	-	220,249
Communications tax							132,108	-	132,108
Infrastructure surtax							78,137	-	78,137
Intergovernmental not restricted to specific programs							177,037	-	177,037
Unrestricted investment income							1,183,351	1,716,615	2,899,966
Transfers							-	-	-
Total general revenues and transfers							<u>15,894,257</u>	<u>1,716,615</u>	<u>17,610,872</u>
<b>Change in net position</b>							<u>31,092,743</u>	<u>6,016,213</u>	<u>37,108,956</u>
<b>Net position, beginning, as previously reported</b>							<u>51,485,280</u>	<u>68,334,764</u>	<u>119,820,044</u>
Change in accounting principle							(162,779)	(94,017)	(256,796)
<b>Net position, beginning, restated</b>							<u>51,322,501</u>	<u>68,240,747</u>	<u>119,563,248</u>
<b>Net position, ending</b>							<u>\$ 82,415,244</u>	<u>\$ 74,256,960</u>	<u>\$ 156,672,204</u>

The accompanying notes to financial statements are an integral part of this statement.

# Town of Jupiter Island, Florida

## BALANCE SHEET - GOVERNMENTAL FUNDS SEPTEMBER 30, 2025

	Major Governmental Funds		Nonmajor Governmental Funds	Total Governmental Funds
	General Fund	Beach Protection Fund		
<b>Assets</b>				
Cash and cash equivalents	\$ 9,891,886	\$ 12,369,896	\$ 136,540	\$ 22,398,322
Investments	6,085,866	139,229	-	6,225,095
Accounts receivable	14,609	-	-	14,609
Due from other governments	57,782	12,920,999	-	12,978,781
Due from other funds	168,822	-	-	168,822
Prepaid items	107,213	1,247	-	108,460
Total assets	<u>\$ 16,326,178</u>	<u>\$ 25,431,371</u>	<u>\$ 136,540</u>	<u>\$ 41,894,089</u>
<b>Liabilities, deferred inflows of resources, and fund balances</b>				
Liabilities				
Accounts payable	\$ 735,820	\$ 111,783	\$ -	\$ 847,603
Accrued liabilities	352,008	8,892	-	360,900
Due to other governments	14,506	-	-	14,506
Due to other funds	-	62,051	-	62,051
Total liabilities	<u>1,102,334</u>	<u>182,726</u>	<u>-</u>	<u>1,285,060</u>
Deferred inflows of resources				
Unavailable revenue	<u>2,323,000</u>	<u>12,588,948</u>	<u>-</u>	<u>14,911,948</u>
Total liabilities	<u>2,323,000</u>	<u>12,588,948</u>	<u>-</u>	<u>14,911,948</u>
Fund balances				
Nonspendable	107,213	1,247	-	108,460
Restricted	3,810,563	12,658,450	136,540	16,605,553
Assigned	1,795,000	-	-	1,795,000
Unassigned	7,188,068	-	-	7,188,068
Total fund balances	<u>12,900,844</u>	<u>12,659,697</u>	<u>136,540</u>	<u>25,697,081</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 16,326,178</u>	<u>\$ 25,431,371</u>	<u>\$ 136,540</u>	<u>\$ 41,894,089</u>

The accompanying notes to financial statements are an integral part of this statement.

## Town of Jupiter Island, Florida

### RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION SEPTEMBER 30, 2025

<b>Total fund balances for governmental funds</b>		\$ 25,697,081
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.		
Cost of assets	\$ 113,205,846	
Accumulated depreciation	<u>(66,036,432)</u>	47,169,414
Certain long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.		
		14,911,948
Deferred outflows and inflows of resources related to pension expenses are not recognized in the governmental funds; however, they are recorded in the statement of net position under full accrual accounting.		
Deferred inflows - pension	<u>(909,903)</u>	(909,903)
Deferred outflows and inflows of resources related to other post-employment benefits are not recognized in the governmental funds; however, they are recorded in the statement of net position under full accrual accounting.		
Deferred outflows - OPEB	100,660	
Deferred inflows - OPEB	<u>(179,286)</u>	(78,626)
Accrued interest on long-term debt is not due and payable in the current period and is not reported in the governmental funds.		
		(102,127)
Long-term liabilities, including notes, other post-employment benefits and compensated absences payable are not due and payable in the current period and therefore are not reported in governmental funds. Long-term liabilities at year-end consist of:		
Notes payable	(2,617,559)	
Financed purchase payable	(227,804)	
Other post-employment benefits	(274,825)	
Net pension liability	(605,985)	
Compensated absence	<u>(546,370)</u>	<u>(4,272,543)</u>
<b>Net position of governmental activities</b>		<u>\$ 82,415,244</u>

The accompanying notes to financial statements are an integral part of this statement.

## Town of Jupiter Island, Florida

### STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS FOR THE YEAR ENDED SEPTEMBER 30, 2025

	Major Governmental Funds		Nonmajor Governmental Funds	Total Governmental Funds
	General Fund	Beach Protection Fund		
<b>Revenues</b>				
Taxes	\$ 9,921,902	\$ 3,378,493	\$ 802,980	\$ 14,103,375
Other taxes	430,494	-	-	430,494
Licenses and permits	1,235,221	-	-	1,235,221
Intergovernmental revenues	233,935	21,427,707	-	21,661,642
Charges for services	111,697	-	-	111,697
Fines and forfeitures	3,863	-	200	4,063
Investment earnings	645,903	537,321	127	1,183,351
Donations	246,042	-	-	246,042
Miscellaneous revenues	725,756	-	-	725,756
Total revenues	<u>13,554,813</u>	<u>25,343,521</u>	<u>803,307</u>	<u>39,701,641</u>
<b>Expenditures</b>				
Current				
General government	3,595,282	472,674	-	4,067,956
Public safety	5,811,053	-	-	5,811,053
Building	2,036,630	-	-	2,036,630
Public works	1,559,847	-	-	1,559,847
Physical environment	239,729	47,076	-	286,805
Debt service				
Principal retirement	93,943	-	674,006	767,949
Interest	-	-	128,506	128,506
Capital outlay	587,970	34,668,986	-	35,256,956
Total expenditures	<u>13,924,454</u>	<u>35,188,736</u>	<u>802,512</u>	<u>49,915,702</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	(369,641)	(9,845,215)	795	(10,214,061)
<b>Other financing sources (uses)</b>				
Issuance of financed purchase	27,490	-	-	27,490
Transfer in	78,046	-	-	78,046
Transfer out	-	(75,000)	(3,046)	(78,046)
Total other financing sources (uses)	<u>105,536</u>	<u>(75,000)</u>	<u>(3,046)</u>	<u>27,490</u>
<b>Change in fund balance</b>	(264,105)	(9,920,215)	(2,251)	(10,186,571)
<b>Fund balances, beginning of year</b>	<u>13,164,949</u>	<u>22,579,912</u>	<u>138,791</u>	<u>35,883,652</u>
<b>Fund balances, end of year</b>	<u>\$ 12,900,844</u>	<u>\$ 12,659,697</u>	<u>\$ 136,540</u>	<u>\$ 25,697,081</u>

The accompanying notes to financial statements are an integral part of this statement.

## Town of Jupiter Island, Florida

### RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES FOR THE YEAR ENDED SEPTEMBER 30, 2025

---

**Net change in fund balances – total governmental funds** \$ (10,186,571)

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciable expense in the current period.

Expenditures for capital assets	\$ 35,265,703	
Less current year depreciation	(10,506,384)	24,759,319

In the statement of activities, the gain or loss on disposal of capital assets is reported, whereas in governmental funds, the proceeds from the disposal increases financial resources. The difference is the depreciated cost of the capital asset dispositions. (14,815)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. 14,911,948

Repayment of debt principal is an expenditure in governmental funds, but the repayment reduces the long-term liabilities in the statement of net assets.

Principal retirement on notes payable	674,006	
Principal retirement on financed purchases	93,943	740,459

In the statement of activities, interest is accrued on outstanding debt, whereas in governmental funds, an interest expenditure is reported when the payment is due. This is the change in accrued interest payable. 4,704

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

Change in compensated absences	(13,667)	
Other post-employment benefit expense	907,557	
Pension expense	(16,191)	877,699

**Change in net position of governmental activities** **\$ 31,092,743**

**The accompanying notes to financial statements are an integral part of this statement.**

## Town of Jupiter Island, Florida

### STATEMENT OF NET POSITION - ENTERPRISE FUND (SOUTH MARTIN REGIONAL UTILITY) SEPTEMBER 30, 2025

---

#### ASSETS AND DEFERRED OUTFLOWS OF RESOURCES

##### Current assets

Cash and cash equivalents	\$ 2,174,132
Investments	28,583,298
Accounts receivable, net of allowance for doubtful accounts of \$74,550	1,601,874
Notes receivable - current	18,359
Interest receivable	3,451
Inventory	410,696
Prepaid items	146,789
Total current assets	<u>32,938,599</u>

##### Noncurrent assets

Restricted assets	
Cash and cash equivalents	3,023,115
Investments	10,688,726
Total restricted assets	<u>13,711,841</u>

##### Other assets

Notes receivable, long-term	266,431
Derivative instruments, interest rate swap	4,276,056
Total other assets	<u>4,542,487</u>

##### Capital assets

Land and improvements	14,390,177
Buildings and improvements	12,278,297
Water distribution systems	36,461,577
Wastewater distribution systems	28,208,367
Wells	6,158,866
Equipment	11,691,516
Construction in progress	2,209,965
Total capital assets	<u>111,398,765</u>
Less accumulated depreciation	45,695,194
Total capital assets, net	<u>65,703,571</u>

##### Total assets

\$ 116,896,498

##### Deferred outflows of resources

Deferred amounts on refunding	\$ 93,629
Deferred outflows - OPEB	76,244
Total deferred outflows of resources	<u>\$ 169,873</u>

(Continued)

The accompanying notes to financial statements are an integral part of this statement.

## Town of Jupiter Island, Florida

### STATEMENT OF NET POSITION - ENTERPRISE FUND (SOUTH MARTIN REGIONAL UTILITY) SEPTEMBER 30, 2024

---

#### LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION

##### Current liabilities

Accounts payable	\$	584,202
Accrued liabilities		141,614
Due to other funds		106,771
Current portion of compensated absences payable		97,435
Current portion of notes payable		325,049
Total current liabilities		<u>1,255,071</u>

##### Current liabilities payable from restricted assets

Accounts payable		228,706
Accrued interest payable		470,234
Current portion of notes payable		723,667
Total current liabilities payable from restricted assets		<u>1,422,607</u>

##### Noncurrent liabilities

Compensated absences payable		227,347
Other post-employment benefits payable		209,859
Notes payable		9,146,182
Revenue bonds payable, net of unamortized premium		26,144,069
Total noncurrent liabilities		<u>35,727,457</u>

##### Total liabilities

\$ 38,405,135

##### Deferred inflows of resources

Accumulated decrease in fair value of derivative instruments	\$	4,276,056
Deferred inflows - OPEB		128,220
Total deferred inflows of resources		<u>4,404,276</u>

##### Net position

Net investment in capital assets		29,458,233
Restricted		12,289,234
Unrestricted		<u>32,509,493</u>

##### Total net position

\$ 74,256,960

The accompanying notes to financial statements are an integral part of this statement.

## Town of Jupiter Island, Florida

### STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION – ENTERPRISE FUND (SOUTH MARTIN REGIONAL UTILITY) FOR THE YEAR ENDED SEPTEMBER 30, 2025

---

**Operating revenues**

Water	\$ 10,531,317
Wastewater	4,212,382
Irrigation quality water	458,964
Accrued guaranteed revenue fees	421,274
Other	103,312
Total operating revenues	<u>15,727,249</u>

**Operating expenses**

Personnel services	4,384,955
Operating expenses	5,150,410
Depreciation	2,451,057
Total operating expenses	<u>11,986,422</u>

**Operating income**3,740,827**Nonoperating revenues (expenses)**

Interest income	1,716,615
Other revenues	1,231,955
Loss on disposal of assets	(232,595)
Interest expense	(1,074,159)
Total nonoperating revenues (expenses)	<u>1,641,816</u>

Income before capital contributions

5,382,643

Capital contributions

633,570**Change in net position**6,016,213**Net position, beginning, as previously reported**

68,334,764

Change in accounting principle

(94,017)**Net position, beginning, restated**

68,240,747

**Net position, ending**\$ 74,256,960

The accompanying notes to financial statements are an integral part of this statement.

## Town of Jupiter Island, Florida

### STATEMENT OF CASH FLOWS – ENTERPRISE FUND (SOUTH MARTIN REGIONAL UTILITY) FOR THE YEAR ENDED SEPTEMBER 30, 2025

#### Cash flows from operating activities

Cash received from customers	\$ 15,516,103
Cash received from others	1,231,955
Cash paid to suppliers and contractors	(5,717,464)
Cash paid to employees	(4,190,162)
Cash paid for interfund services	104,040
Net cash provided by operating activities	<u>6,944,472</u>

#### Cash flows from capital and related financing activities

Capital contributions	633,570
Principal received on notes receivable	
Principal paid on revenue bonds payable	(590,000)
Principal paid on notes payable	(330,271)
Acquisition and construction of capital assets	(2,600,475)
Payment of interest	(1,086,084)
Net cash used in by capital and related financing activities	<u>(3,973,260)</u>

#### Cash flows from investing activities

Interest received	1,717,130
Purchase of investments	(25,032,606)
Net cash used in investing activities	<u>(23,315,476)</u>

#### Net change in cash and cash equivalents

(20,344,264)

#### Cash and cash equivalents, beginning of year

25,541,511

#### Cash and cash equivalents, end of year

\$ 5,197,247

#### Reconciliation cash and cash equivalents to the statement of net position

Unrestricted cash and cash equivalents	\$ 2,174,132
Restricted cash and cash equivalents	3,023,115
Total cash and cash equivalents	<u>\$ 5,197,247</u>

**(Continued)**

**The accompanying notes to financial statements are an integral part of this statement.**

## Town of Jupiter Island, Florida

### STATEMENT OF CASH FLOWS – ENTERPRISE FUND (SOUTH MARTIN REGIONAL UTILITY) FOR THE YEAR ENDED SEPTEMBER 30, 2025

---

#### Reconciliation of operating income to net cash provided by operating activities

Operating income	\$ 3,740,827
Adjustment to reconcile operating income to net cash provided by operating activities:	
Provision for uncollectible accounts	
Depreciation	2,451,057
Amortization	133,161
Other income	1,231,955
Change in operating assets and liabilities:	
Accounts receivable	(211,146)
Inventory	(133,368)
Prepaid items	(133,250)
Accounts payable	(301,771)
Accrued liabilities	12,264
Due to other funds	104,040
Compensated absences payable	39,313
Other post-employment benefits	11,390
Net cash provided by operating activities	<u>\$ 6,944,472</u>

**The accompanying notes to financial statements are an integral part of this statement.**

Town of Jupiter Island, Florida

**STATEMENT OF FIDUCIARY NET POSITION -  
FIDUCIARY FUND  
SEPTEMBER 30, 2025**

---

	<b>Pension Trust Fund</b>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 664,132
Investments	10,572,837
Accrued income	1,527
Total assets	<u>\$ 11,238,496</u>
 <b>NET POSITION</b>	
Net position restricted for pension	<u>\$ 11,238,496</u>

**The accompanying notes to financial statements are an integral part of this statement.**

## Town of Jupiter Island, Florida

### STATEMENT OF CHANGES IN FIDUCIARY NET POSITION – FIDUCIARY FUND FOR THE YEAR ENDED SEPTEMBER 30, 2025

	<u>Pension Trust Fund</u>
<b>ADDITIONS</b>	
Contributions	
Employer	\$ 443,444
Investment income	
Interest and dividends	522,137
Net appreciation in fair value of investments	372,548
Total investment earnings	<u>894,685</u>
Less investment expense	<u>(7,362)</u>
Net investment earnings	887,323
Total additions	<u>1,330,767</u>
<b>DEDUCTIONS</b>	
Payments to retirees and employees	1,097,294
Administrative expenses	<u>9,500</u>
Total deductions	<u>1,106,794</u>
Change in net position	223,973
Net position, beginning of year	<u>11,014,523</u>
Net position, end of year	<u><u>\$ 11,238,496</u></u>

**The accompanying notes to financial statements are an integral part of this statement.**

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# Town of Jupiter Island, Florida

## Notes To Financial Statements

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### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Town of Jupiter Island, Florida, (the "Town") is a political subdivision incorporated under the authority of Chapter 165, Florida Statutes, and was established by House Bill 582, Laws of Florida, 1953. The Town is governed by five Commissioners elected by residents of the Town. The Town's major governmental activities include general government, public safety, roads, sanitation, and building and land development. The business-type activity of the Town includes the water and wastewater utility.

The financial statements of the Town have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to governmental units, hereinafter referred to as GAAP. The accepted standard-setting body for establishing governmental accounting and financial reporting principles is the Governmental Accounting Standards Board ("GASB").

The more significant of the Town's accounting policies are described below.

#### **Financial Reporting Entity**

As defined by U.S. generally accepted accounting principles, the financial reporting entity consists of: (a) the primary government, (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the primary government is not accountable, but for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. In addition, component units can be other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Based on the application of the criteria set forth by GASB, Jupiter Island Beach Protection District (the "District") is included in the Town's financial reporting entity as a blended component unit reported in a governmental (special revenue) fund, the Beach Protection Fund. The District is a special taxing district created on April 9, 1982, by the Laws of Florida, Chapter 82-331, to protect and maintain the Town's beaches. The governing body of the District is the Town Commission and the Town handles the management and administration of the District's financial matters. Separate financial statements of the District are not prepared.

# Town of Jupiter Island, Florida

## Notes To Financial Statements

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### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### **Financial Reporting Entity (Continued)**

The Town contributes to a defined benefit pension plan for employees of the Town of Jupiter Island (the "Plan"). The Plan is administered by the Committee for the Plan that act as the administrator of the Plan. The Committee consists of five individuals appointed by the Town Commission. The Plan is reported as a fiduciary component unit in accordance with Governmental Accounting Standards Board Statement Number 84.

Furthermore, the Town is not aware of any entity that would consider the Town to be a component unit.

#### **Government-Wide Financial Statements**

The government-wide financial statements consist of the statement of net position and the statement of activities and report information on all non-fiduciary activities of the Town and its component unit. These statements include separate columns for the governmental activities, which are normally supported by taxes and intergovernmental revenue, and the business-type activity which relies primarily on fees and charges for support.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the Town's enterprise fund operations and various other functions of the Town. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned. All internal balances in the statement of net position have been eliminated except those representing balances between the governmental activities and business-type activity, which are presented as internal balances and eliminated in the total column. In the statement of activities, all interfund transactions have been eliminated except for the charges between the Town's governmental activities and business-type activity.

The statement of activities demonstrates the degree to which the direct expenses of a given function or identifiable activity is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or identifiable activity. Program revenue includes three categories of transactions: (1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment; (2) operating grants and contributions; and (3) capital grants and contributions. Taxes and other items not meeting the definition of program revenue are reported as general revenue. The Town does not allocate indirect costs, however, an administrative service fee is charged by the General Fund to other operating funds that is eliminated like a reimbursement (reducing revenue and expense in the General Fund) to recover the direct costs of general fund services provided (such as finance, legal, human resources, information systems, etc.).

# Town of Jupiter Island, Florida

## Notes To Financial Statements

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### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### **Fund Financial Statements**

The underlying accounting system of the Town is organized and operated on the basis of separate funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures or expenses, as appropriate.

Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The funds used by the Town are classified into three categories: governmental, enterprise and fiduciary. Separate financial statements are provided for governmental funds, enterprise funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. The Town's major governmental funds and enterprise fund are reported as separate columns in the fund financial statements.

Governmental Fund Financial Statements – Governmental fund financial statements include a balance sheet and a statement of revenue, expenditures and changes in fund balance for all major governmental funds and nonmajor funds in the aggregate. An accompanying schedule is presented to reconcile and explain the differences in fund balance and changes in fund balance as presented in these statements, to the net position and changes in net position presented in the government-wide financial statements. The Town's major governmental funds are:

The *General Fund* is the Town's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The *Beach Protection Fund* accounts for the operations of the Jupiter Island Beach Protection District, which is included as a blended component unit within the Town's financial statements.

Additionally, the Town reports the following nonmajor funds:

The *Electric Underground Fund* accounts for the proceeds of property tax revenue designated for the repayment of principal and interest on general obligation debt reported in governmental activities in the statement of net position.

The *Special Law Enforcement Fund* accounts for the proceeds from law enforcement forfeitures. Expenditures from this fund are made only for public safety purposes.

Enterprise Fund Financial Statements – Enterprise fund reporting focuses on the determination of operating income, changes in net position, and cash flows. The Town's sole enterprise fund is described below:

The *Water and Wastewater Fund* is used to account for operations of South Martin Regional Utilities (SMRU), the Town's water, wastewater, and irrigation quality water utility system.

# Town of Jupiter Island, Florida

## Notes To Financial Statements

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### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### **Fund Financial Statements (Continued)**

Fiduciary Fund Financial Statements – Fiduciary fund financial statements include a statement of fiduciary net position and a statement of changes in fiduciary net position. Since, by definition, these assets are being held for the benefit of third parties (pension participants and Town employees) and cannot be used to finance activities or obligations of the government, these funds are not included in the government-wide financial statements.

The *Pension Trust Funds* are used to account for assets held in a trustee capacity for the retirement pensions of Town employees.

#### **Measurement Focus and Basis of Accounting**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the enterprise fund and fiduciary fund financial statements. Revenue is recognized when earned and expenses are recognized when incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. The agency fund does not have a measurement focus.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenue is recognized in the period in which it becomes both measurable and available. Revenue is considered to be available when it is collectible within the current period or soon enough thereafter to pay liabilities of the current period. The Town considers revenue to be available if it is collected within 60-days of the end of the current fiscal year. Expenditures are generally recognized in the accounting period in which the fund liability is incurred, except for principal and interest on general long-term debt, which is recognized when due. Charges for services and investment income are all considered susceptible to accrual and have been recognized as revenue of the current fiscal year. All other revenue items are considered to be measurable and available only when received in cash by the Town.

Enterprise fund financial statements distinguish operating revenue and expenses from nonoperating items. Operating revenue and expenses generally result from providing services and producing and delivering goods in connection with the enterprise fund's principal ongoing operations. The principal operating revenue of the water and wastewater enterprise fund is charges to customers for sales and services. The enterprise fund also recognizes as operating revenue the portion of connection fees intended to recover the cost of connecting new customers to the system. Operating expenses for the water and wastewater enterprise fund include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenue and expenses not meeting this definition are reported as nonoperating revenue and expenses.

# Town of Jupiter Island, Florida

## Notes To Financial Statements

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### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### **Cash and Cash Equivalents**

The Town'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**

The Town's investments include Florida Prime (an investment pool administered by the Florida State Board of Administration). Florida Prime currently meets all of the necessary criteria to measure all of the investments in Florida Prime at amortized cost. The amortized cost account balance should also be considered the fair value of the investment. The principal, and any part thereof, is subject to payment at any time from the moneys in the trust fund. However, on the occurrence of an event that has a material impact on liquidity or operations of the trust fund, a maximum 15-day limit may be imposed on contributions and withdrawals. The State Board of Administration administers the Florida Prime investments pursuant to Chapter 19-7 of the Florida Administrative Code. These rules provide guidance and establish the general operating procedures for the administration of Florida Prime.

Investments with Florida Cooperative Liquid Assets Securities System ("FLCLASS") (2a7-like external investment pools) are measure at net asset value. Fair value is 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. Investments are measured at fair value on a recurring basis.

Investments with Florida Public Assets for Liquidity Management ("FLPALM"), an external investment pool, is reported at amortized cost. As of September 30, 2025, there were no redemption fees or maximum transaction amounts, or any other requirements that serve to limit a participant's daily access to 100% of their account value. However, the Trustees of the fund can suspend the right of withdrawal or postpone the date of payment if the Trustees determine that there is an emergency that makes the sale of a Portfolio's securities or determination of its net asset value not reasonably practical.

Investments in the Town's pension funds consist of mutual funds. All investments are reported at fair value using quoted market prices or the best estimate available. The difference between cost and fair value of investments held is recorded as net unrealized gains or losses and is included in net investment earnings.

# Town of Jupiter Island, Florida

## Notes To Financial Statements

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### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### **Accounts Receivable**

General government accounts receivable include amounts due from other governments and charges for miscellaneous services. Accounts receivable reported in the enterprise fund represent amounts due for water and wastewater services to utility customers, who are local businesses and residents. The Town does not require collateral for accounts receivable. Accounts receivable are reported net of an allowance for doubtful accounts determined based on the age of the individual receivable, with age categories ranging from 30-days past due to several years past due. Generally, the allowance includes accounts over 90-days past due. Accounts receivable are written off on an individual basis in the year the Town deems them uncollectible.

#### **Unbilled Accounts Receivable**

The enterprise fund recognizes revenue on the basis of monthly cycle billings to customers for services provided. As a result of this cycle billing method, there are unbilled receivables at the end of each fiscal year with respect to services provided, but not billed at such date. The estimated value of services provided but unbilled at year-end has been included in the accompanying financial statements.

#### **Prepaid Items**

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

#### **Restricted Assets**

Certain assets of the enterprise fund are restricted by bond and loan covenants for construction, and other amounts legally required to be set aside for debt service, operations renewal and replacement and capital improvements. Restricted resources are used first to fund expenses incurred for restricted purposes.

#### **Inventory**

Inventory consists of materials and supplies which are carried at cost in the governmental funds and at the lower of cost (first-in, first-out) or market in the enterprise fund. The Town uses the consumption method, wherein all inventories are maintained by perpetual records, expensed when used, and adjusted by an annual physical count.

# Town of Jupiter Island, Florida

## Notes To Financial Statements

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### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### Capital Assets

The Town has reported all capital assets, including infrastructure assets (roads, sidewalks and similar items), in the government-wide statement of net position. Capital assets are defined by the Town as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Capital assets are recorded at cost or, if donated, at acquisition value at the date of donation. Expenses which materially extend the useful life of existing assets are capitalized. Certain costs for professional services and interest associated with the acquisition and construction of enterprise fund capital assets have been capitalized. The cost of capital assets sold or retired is removed from the appropriate accounts and any resulting gain or loss is included in the change in net position.

Depreciation is computed using the straight-line method over the estimated useful lives of all reported capital assets, except land. Estimated useful lives assigned to the various categories of assets are as follows:

Buildings and improvements	15-65 years
Water distribution system	40-75 years
Wastewater collection systems	40-75 years
Wells	50-75 years
Equipment	2-15 years
Roads	10-20 years
Beach renourishment	5 years

#### Debt Premiums, Discounts and Issuance Costs

On the government-wide statement of net position and the enterprise fund type statement of net position, debt premiums and discounts are netted against debt payable and debt issuance costs are recognized as an outflow of resources in the period incurred.

At the governmental fund reporting level, debt premiums and discounts are reported as other financing sources and uses, separately from the face amount of the debt issued. Debt issuance costs are reported as debt service expenditures.

#### Internal Balances

Amounts reported in the fund financial statements as interfund receivables and payables are eliminated in the government-wide governmental and business-type activity columns of the statement of net position.

# Town of Jupiter Island, Florida

## Notes To Financial Statements

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### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### **Compensated Absences**

The Town records vacation pay as an expenditure in the year it is earned, including accruals for related payroll taxes. Employees may accumulate up to two years of vacation leave beyond the end of the fiscal year in which it is earned. Employees accrue sick leave at the rate of eight hours per month until retirement or termination, at which time they are paid for a percentage of the unused sick leave, which are subject to certain maximums and years of service requirements. Accordingly, the Town accrues 50% of eligible, unused employee sick leave and related payroll taxes and benefits in the year it is earned. In addition, to comply with GASB 101, the Town accrues 50% of all other employee accrued sick leave balances and related payroll taxes and benefits at year end. The liability for compensated absences attributable to the Town's governmental fund is recorded in the government-wide financial statements and is generally liquidated by the General Fund. The amount attributable to the business-type activity is charged to expense with a corresponding liability established in the government-wide financial statements as well as the enterprise fund.

#### **Other Post-Employment Benefits**

The Town is required by Florida Statute 112.0801 to allow retirees to buy healthcare coverage at the same group insurance rates that current employees are charged. Retirees pay the full cost of the insurance. The Town provides no other post-employment benefits to employees.

#### **Deferred Outflows and Inflows of Resources**

In addition to assets and liabilities, the government-wide statement of net position, the governmental funds balance sheet, and the enterprise fund statement of net position will sometimes report a separate section for deferred outflows or deferred inflows of resources. The separate financial statement element, deferred inflows of resources, represents an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenues) until that time. The separate financial statement element, deferred outflows of resources, represents a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until that time.

# Town of Jupiter Island, Florida

## Notes To Financial Statements

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### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### Deferred Outflows and Inflows of Resources (Continued)

The Town has a refunding loss on bonds payable, pension resources, and other post-employment benefits which qualify for reporting as deferred outflow of resources. The Town also has an accumulated increase in fair value of derivative instruments, pension resources, and other post-employment benefits as deferred inflows on the government-wide statement of net position and enterprise fund statement of net position. The accumulated increase in fair value of derivative instruments was the fair value of the Town's interest rate swap agreements at September 30, 2025. The refunding loss on bonds payable was a loss resulting from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The deferred outflow and deferred inflow of pension resources is reported for governmental activities. See Note 14 for more information on this line item. See Note 16 for more information on the deferred outflow and deferred inflow of other post-employment benefits.

#### Fund Balances

GASB issued Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, which establishes accounting and financial reporting requirements for all governmental funds and establishes criteria for classifying fund balances. Generally, governmental fund balances represent the difference between the current assets and deferred outflows of resources, and current liabilities and deferred inflows of resources. Governmental funds report fund balance classifications that comprise a hierarchy based primarily on the extent to which the Town is bound to honor constraints on the specific purposes for which amounts in those resources can be spent. Fund balances are classified as follows:

*Nonspendable – Nonspendable fund balances are amounts that cannot be spent because they are either: (a) not in spendable form – such as inventory or prepaid insurance, or (b) legally or contractually required to be maintained intact – such as a trust that must be retained in perpetuity.*

*Restricted Fund Balance – Restricted fund balances are restricted when constraints placed on the use of the resources are: (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.*

*Restrictions are placed on fund balances when legally enforceable legislation establishes the Town's right to assess, levy, or charge fees to be used for a specific purpose. Legal enforceability means that the Town can be compelled by an external party (e.g., citizens, public interest groups, the judiciary) to use resources created by enabling legislation only for the purposes specified by the legislation.*

# Town of Jupiter Island, Florida

## Notes To Financial Statements

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### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### **Fund Balances (Continued)**

*Committed Fund Balance* – Committed fund balances are amounts that can be used for specific purposes as a result of constraints imposed by the Commission of the Town. Committed amounts cannot be used for any other purpose unless the Commission removes those constraints by taking the same type of action (e.g., legislation, resolution, and ordinance). Amounts in the committed fund balance classification may be used for other purposes with appropriate due process by the Commission.

*Committed fund balances differ from restricted balances because the constraints on their use do not come from outside parties, constitutional provisions, or enabling legislation.*

*Assigned Fund Balance* – Assigned fund balances are amounts that are constrained by the Town's intent to be used for specific purposes, but are neither restricted nor committed.

Assigned fund balance includes: (a) all remaining amounts that are reported in governmental funds (other than the General Fund) that are not classified as nonspendable, restricted, or committed, and (b) amounts in the General Fund that are intended to be used for a specific purpose. Specific amounts that are not restricted or committed in a special revenue, capital projects, debt service, or permanent fund, are assigned for purposes in accordance with the nature of their fund type. Assignment within the General Fund conveys that the intended use of those amounts is for a specific purpose that is narrower than the general purposes of the Town itself.

*Unassigned Fund Balance* – Unassigned fund balance is the residual classification of the General Fund. This classification represents the General Fund balance that has not been assigned to other funds, and that has not been restricted, committed, or assigned to specific purposes within the General Fund.

When an expenditure is incurred for purposes for which both the restricted and unrestricted fund balance is available, the Town considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the Town considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the Town Commission has provided otherwise.

# Town of Jupiter Island, Florida

## Notes To Financial Statements

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### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### Net Position

Net position represents the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources. The categories of net position are as follows:

*Net Investment in Capital Assets* – This component of net position consists of the cost of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets.

*Restricted* – This component of net position consists of constraints placed on the use of net position by external restrictions 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* – This component of net position consists of net position that does not meet the definition of net investment in capital assets or restricted.

#### Risk Management

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Town purchases commercial insurance for the risks of losses to which it is exposed. Policy limits and deductibles are reviewed annually by management and established at amounts to provide reasonable protection from significant financial loss. The Town is also covered by Florida Statutes under the Doctrine of Sovereign Immunity which effectively limits the amount of liability of municipalities to individual claims of \$200,000/\$300,000 for all claims relating to the same accident. There have been no significant reductions in insurance coverage from the prior year. In addition, there have been no settlements that exceeded insurance coverage for any of the prior three fiscal years.

#### Interfund Transactions

Transactions between funds during the year consisted of loans, services provided, reimbursements or transfers. Loans are reported as Due from Other Funds and Due to Other Funds as appropriate and are subject to elimination in the government-wide financial statements. Services, deemed to be reasonably equivalent in value, are treated as revenue and expenditures/expenses. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement.

All other interfund transactions are presented as transfers. Transfers within the governmental and business-type activity are eliminated in the government-wide financial statements.

# Town of Jupiter Island, Florida

## Notes To Financial Statements

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### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### **Property Tax Revenue**

Ad valorem property taxes are assessed on property valuations as of January 1<sup>st</sup> and levied the following October 1<sup>st</sup>. Taxes are due by March 31<sup>st</sup> and become delinquent on April 1<sup>st</sup> when liens are filed against the subject property. Ad valorem taxes are assessed by the Martin County Property Appraiser and collected by the Martin County Tax Collector, which remits the taxes to the Town.

For the fiscal year ended September 30, 2025, the maximum tax levy allowed by a majority vote of the governing body was generally based on a percentage reduction applied to the prior year (2023/2024) property tax revenue. The percentage reduction is calculated based on the compound annual growth rate in the per capita property taxes levied for five preceding fiscal years. State law allows local governments to adopt a higher millage rate based on the following approval of the governing body: (1) a two-thirds vote to adopt a rate equal to the adjusted current year rolled-back millage rate plus an adjustment for growth in per capita Florida personal income; (2) a two-thirds vote to adopt a rate equal to the adjusted current year rolled-back millage rate plus 10%; or (3) any millage rate approved by unanimous vote or referendum. For the fiscal year ended September 30, 2025, the Town adopted a millage rate permitted by a majority vote of the Town Commission under this formula, which was 2.8086 for the General Fund, 0.9593 for the Jupiter Island Beach Protection District (the "District"), and 0.2273 for the electric underground fund debt service.

#### **Grant Revenue**

In the government-wide financial statements, federal, state and local reimbursement-type grants are recorded as intergovernmental receivables and revenue when the related expenditures/expenses are incurred. In the fund financial statements, these revenues are considered unavailable if receivables are not collected within 60 days of year-end.

#### **Other Governmental Revenue**

Revenue that is susceptible to accrual includes state shared revenues, charges for Town services and interest income. Revenue which is not both available and measurable, and thus not susceptible to accrual, includes licenses and permits and fines and forfeitures.

#### **Use of Estimates**

Management uses estimates and assumptions in preparing financial statements in accordance with U.S. generally accepted accounting principles. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenditures. Actual results could vary from the estimates that were used.

# Town of Jupiter Island, Florida

## Notes To Financial Statements

### NOTE 2. CASH, CASH EQUIVALENTS AND INVESTMENTS

At September 30, 2025, the fair value of the Town's cash, cash equivalents and investments, excluding fiduciary funds, included the following:

	<u>Unrestricted</u>	<u>Restricted</u>	<u>Total</u>
Cash and cash equivalents			
Deposits with financial institutions	\$ 24,572,454	\$ 3,023,115	\$ 27,595,569
Investments			
Florida Prime Fund	11,806,231	10,688,726	22,494,957
FL Palm	614,153	-	614,153
FL Class	22,388,009	-	22,388,009
	<u>34,808,393</u>	<u>10,688,726</u>	<u>45,497,119</u>
Total cash, cash equivalents and investments	<u>\$ 59,380,847</u>	<u>\$ 13,711,841</u>	<u>\$ 73,092,688</u>

#### Cash and Cash Equivalents

At September 30, 2025, the bank balances of the Town's cash and cash equivalents included \$27,897,892 of deposits on demand that were held by financial institutions that comply with the requirements of Florida Statutes and have been designated as a qualified public depository by the State Treasurer of Florida. Qualified public depositories are required to pledge collateral to the State Treasurer with a fair value equal to a percentage of the average daily balance of all government deposits in excess of any federal deposit insurance. In the event of a default by a qualified public depository, all claims for government deposits would be satisfied by the state treasurer from the proceeds of federal deposit insurance, pledged collateral of the public depository in default and, if necessary, a pro rata assessment to the other qualified public depositories in the collateral pool. Accordingly, the Town's deposits at year-end are considered to be fully insured.

# Town of Jupiter Island, Florida

## Notes To Financial Statements

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### NOTE 2. CASH, CASH EQUIVALENTS AND INVESTMENTS (CONTINUED)

#### Investments

The Town's investment policy allows funds to be invested pursuant to the "Alternative Investment Guidelines" of Florida Statutes Section 218.415 (16), which permits the following investments: The Local Government Surplus Funds Trust Fund (SBA), or any intergovernmental investment pool authorized pursuant to the Florida Interlocal Cooperation Act, as provided in Florida Statutes Section 163.01; Securities and Exchange Commission registered money market funds with investments in the highest credit quality ratings from a nationally recognized rating agency; Savings accounts in state-certified qualified public depositories, as defined in Florida Statutes Section 280.02; Certificates of deposit in state-certified qualified public depositories, as defined in Florida Statutes Section 280.02; Direct obligations of the U. S. Treasury. Pension trust funds are authorized by Town resolution to also invest in insurance company group annuity contracts and self-directed participant accounts holding investments in money market funds, mutual funds, stocks and debt securities of U.S. corporations.

At September 30, 2025, the fair value of cash, cash equivalents and investments of the Town's fiduciary funds included the following:

Pension trust funds	
Cash and cash equivalents	\$ 664,132
Investments - mutual funds	<u>10,572,837</u>
Total cash, cash equivalents and investments	<u>\$ 11,236,969</u>

#### Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Generally, the longer the time to maturity, the greater the exposure to interest rate risk. Cash equivalents and U.S. Treasury Bills have a weighted average maturity of less than one year, resulting in minimal interest rate risk. The Town's investment policy prohibits the purchase of securities maturing more than three years from the date of purchase.

The Florida Prime Investment Pool had a weighted-average days to maturity of 47-days, and the weighted average life was 73-days at September 30, 2025. The FL Class Investment Pool had a weighted-average days to maturity of 43-days, and the weighted-average life was 85-days at September 30, 2025. The FL Palm Investment Pool had a weighted-average days to maturity of 42-days, and the weighted-average life was 81-days at September 30, 2025.

# Town of Jupiter Island, Florida

## Notes To Financial Statements

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### NOTE 2. CASH, CASH EQUIVALENTS AND INVESTMENTS (CONTINUED)

#### Credit Risk

Credit risk is the risk that an issuer will not fulfill its obligations. The Town's investment policy addresses credit risk by limiting allowable investments to the Florida Prime Investment Pool deposits with a financial institution meeting the requirements of a Florida qualified public depository, securities guaranteed by the U.S. government, or investments that are otherwise fully collateralized or secured. The security rating by a Nationally Recognized Statistical Rating Organization (NRSRO) is also an indication of credit risk.

The NRSRO ratings for the Town's rated investments at September 30, 2025, are summarized as follows:

<u>Investment Type</u>	<u>NRSRO Rating</u>	<u>Fair Value</u>
Florida Prime Investment Pool	AAAm	\$ 22,494,957
FL PALM Investment Pool	AAAm	614,153
FL CLASS Investment Pool	AAAm	22,388,009

#### Custodial Credit Risk

Custodial credit risk is defined as the risk that the Town may not recover the securities held by another party in the event of a financial failure. The Town's investment policy for custodial credit risk requires all investment securities to be held in the Town's name by a third-party safekeeping institution. The pension fund investments in mutual funds are considered unclassified pursuant to the custodial credit risk categories of GASB Statement No. 3. All deposits with financial institutions are with qualified public depositories and are considered fully insured or collateralized pursuant to the custodial credit risk categories of GASB Statement No. 3.

#### Concentration of Credit Risk

Concentration of credit risk is defined as the risk of loss attributed to the magnitude of an investment in a single issuer. The Town's investment policy does not address the concentration of credit risk. Pension mutual fund investments generally limit the securities of a single issuer to no more than 5% of the portfolio fair value.

#### Foreign Currency Risk

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment. There was no exposure to foreign currency risk in the Town's investments at September 30, 2025.

# Town of Jupiter Island, Florida

## Notes To Financial Statements

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### NOTE 2. CASH, CASH EQUIVALENTS AND INVESTMENTS (CONTINUED)

#### **Limitations or Restrictions on Withdrawals**

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

With regard to liquidity fees, Florida Statute 218.409(4) provides authority for the State Board of Administration to impose penalties for early withdrawal, subject to disclosure in the enrollment materials of the amount and purpose of such fees.

As of September 30, 2025, there were no redemption fees or maximum transaction amounts, or any other requirements that serve to limit a participant's daily access to 100% of their account value.

#### **Risks and Uncertainties**

The Town's investments include securities and mutual funds which are exposed to various risks, as outlined above. Due to the level of risk associated with certain investments, it is at least reasonably possible that changes in the values of investments will occur in the near-term and that such changes could materially affect the amounts reported in the accompanying financial statements.

# Town of Jupiter Island, Florida

## Notes To Financial Statements

### NOTE 3. FAIR VALUE MEASUREMENT

Investments are measured at fair value on a recurring basis. Recurring fair value measurements are those that Governmental Accounting Standards Board (GASB) statements require or permit in the statement of net position at the end of each reporting period. Fair value measurements are categorized based on the valuation inputs used to measure an asset's fair value: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The fair value measurements of the Town's investments are as follows at September 30, 2025:

Investments by Fair Value Level	September 30, 2025	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Pension trust fund investment				
Mutual funds	\$ 10,572,837	\$ 10,572,837	\$ -	\$ -
Total investments at fair value	\$ 10,572,837	\$ 10,572,837	\$ -	\$ -

Debt and equity securities classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities.

### NOTE 4. ACCOUNTS RECEIVABLE

Accounts receivable and the related allowance for doubtful accounts at September 30, 2025 are summarized as follows:

	Gross Accounts Receivable	Allowance for Doubtful Accounts	Net Accounts Receivable
Governmental activities			
Due from other governments	\$ 12,978,781	\$ -	\$ 12,978,781
Other accounts receivables	14,609	-	14,609
Total accounts receivables	12,993,390	-	12,993,390
Business-type activities			
Customer receivables	1,675,699	(74,550)	1,601,149
Other accounts receivable	725	-	725
Accrued interest receivable	3,451	-	3,451
Total business-type activities	1,679,875	(74,550)	1,605,325
Total accounts receivable	\$ 14,673,265	\$ (74,550)	\$ 14,598,715

# Town of Jupiter Island, Florida

## Notes To Financial Statements

### NOTE 5. NOTES RECEIVABLE

The Town has established a program to finance water, wastewater, and irrigation quality water connection charges and administrative costs for customers connecting to the utility system. The Town has financed approximately \$400,000 of connection charges and related expenses that are payable to the utility system in monthly installments over terms of 20 to 30 years, with interest at rates ranging from 5.25% to 10.50%. The notes receivable are secured by a lien on the benefited properties. At September 30, 2025, the notes receivable totaled \$284,790, of which \$18,359 was current.

### NOTE 6. CAPITAL ASSETS

Capital assets activity for the year ended September 30, 2025 is summarized as follows:

	<b>Balance at Beginning of Year</b>	<b>Increases</b>	<b>Decreases</b>	<b>Balance at End of Year</b>
Governmental activities				
Capital assets, non-depreciable:				
Land and improvements	\$ 12,001,009	\$ -	\$ -	\$ 12,001,009
Construction in progress	2,451	-	(2,451)	-
Total capital assets, non-depreciable	<u>12,003,460</u>	<u>-</u>	<u>(2,451)</u>	<u>12,001,009</u>
Capital assets, depreciable:				
Buildings and improvements	4,754,938	40,450	-	4,795,388
Equipment	4,763,262	550,707	(238,943)	5,075,026
Beach renourishment	64,827,740	34,674,546	(11,339,688)	88,162,598
Roads	3,171,825	-	-	3,171,825
Total capital assets, depreciable	<u>77,517,765</u>	<u>35,265,703</u>	<u>(11,578,631)</u>	<u>101,204,837</u>
Less accumulated depreciation for:				
Buildings and improvements	(2,427,547)	(92,671)	-	(2,520,218)
Equipment	(3,006,666)	(499,399)	226,579	(3,279,486)
Beach renourishment	(60,435,079)	(9,764,611)	11,339,688	(58,860,002)
Roads	(1,227,023)	(149,703)	-	(1,376,726)
Total accumulated depreciation	<u>(67,096,315)</u>	<u>(10,506,384)</u>	<u>11,566,267</u>	<u>(66,036,432)</u>
Total capital assets, depreciable, net	<u>10,421,450</u>	<u>24,759,319</u>	<u>(12,364)</u>	<u>35,168,405</u>
Governmental activities capital assets, net	<u>\$ 22,424,910</u>	<u>\$ 24,759,319</u>	<u>\$ (14,815)</u>	<u>\$ 47,169,414</u>

# Town of Jupiter Island, Florida

## Notes To Financial Statements

### NOTE 6. CAPITAL ASSETS (CONTINUED)

	<u>Balance at Beginning of Year</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance at End of Year</u>
Business-type activities				
Capital assets, non-depreciable:				
Land and improvements	\$ 14,390,177	\$ -	\$ -	\$ 14,390,177
Construction in progress	3,332,419	1,003,305	(2,125,759)	2,209,965
Total capital assets, non-depreciable	<u>17,722,596</u>	<u>1,003,305</u>	<u>(2,125,759)</u>	<u>16,600,142</u>
Capital assets, depreciable:				
Buildings and improvements	12,481,459	57,049	(260,211)	12,278,297
Water distribution system	36,920,000	-	(458,423)	36,461,577
Wastewater collection systems	27,380,229	1,084,381	(256,243)	28,208,367
Wells	6,691,477	62,017	(594,628)	6,158,866
Equipment	10,374,904	2,519,472	(1,202,860)	11,691,516
Total capital assets, depreciable	<u>93,848,069</u>	<u>3,722,919</u>	<u>(2,772,365)</u>	<u>94,798,623</u>
Less accumulated depreciation for:				
Buildings and improvements	(6,207,999)	(249,633)	213,411	(6,244,221)
Water distribution system	(15,139,050)	(722,643)	385,565	(15,476,128)
Wastewater collection systems	(13,533,399)	(661,645)	223,677	(13,971,367)
Wells	(3,154,295)	(162,479)	585,470	(2,731,304)
Equipment	(7,749,154)	(654,657)	1,131,637	(7,272,174)
Total accumulated depreciation	<u>(45,783,897)</u>	<u>(2,451,057)</u>	<u>2,539,760</u>	<u>(45,695,194)</u>
Total capital assets, depreciable, net	<u>48,064,172</u>	<u>1,271,862</u>	<u>(232,605)</u>	<u>49,103,429</u>
Business-type activities capital assets, net	<u>\$ 65,786,768</u>	<u>\$ 2,275,167</u>	<u>\$ (2,358,364)</u>	<u>\$ 65,703,571</u>

Depreciation expense was charged to governmental activities functions as follows:

General government	\$ 303,689
Public safety	970,186
Building	54,711
Public works	790,329
Environmental	8,387,469
Total governmental activities	<u>10,506,384</u>
depreciation expense	<u>\$ 10,506,384</u>

# Town of Jupiter Island, Florida

## Notes To Financial Statements

### NOTE 7. DERIVATIVE INSTRUMENTS

The Town (on behalf of SMRU) has interest rate swap agreements in effect at September 30, 2025, for the \$9,600,000 Utility System Note Payable, Series 2006 and the Utility System Revenue Refunding Bonds, Series 2020. The fair value balance and notional amount of the derivative instruments outstanding at September 30, 2025, classified by type, and the changes in fair value of such derivative instruments for the year then ended as reported in the 2025 financial statements are as follows:

	Changes in Fair Value		Fair Value at September 30, 2025		
	Classification	Amount	Classification	Amount	Notional Amount
Business-type activities					
Cash flow hedge					
Pay fixed interest rate swap - Series 2006	Deferred Inflow	\$ 92,033	Debt	\$ (252,161)	\$ 9,361,468
Pay fixed interest rate swap - Series 2020	Deferred Inflow	\$ (106,066)	Debt	\$ 4,528,217	\$ 25,440,000

### Objectives

As a means to lower their borrowing costs and increase savings, when compared against fixed rate refunding bonds at the time of issuance in December 2006 and July 2020, the Town entered into interest rate swaps in connection with the Series 2006 Note and Series 2020 Bonds. The intention of the swap agreements was to effectively change the variable interest rate on the Series 2006 Note to a synthetic rate of 4.26% and the variable interest rate on the Series 2020 Bonds to a synthetic rate of 1.98%.

# Town of Jupiter Island, Florida

## Notes To Financial Statements

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### NOTE 7. DERIVATIVE INSTRUMENTS (CONTINUED)

#### Terms, Fair Values and Credit Risk

The following table displays the terms, fair values and credit ratings of the swap as of September 30, 2025:

##### Series 2006 Note

Type:	Receive-variable/pay-fixed interest rate swap.
Objective:	Hedge of changes in cash flows on the Utility System Note Payable, Series 2006.
Notional amount:	Equivalent to the outstanding principal balance of the Series 2006 Note.
Effective date:	January 12, 2007
Maturity date:	October 1, 2028
Terms:	Pay 4.26%; receive 63.702% of Secured Overnight Financing Rate (SOFR) plus 0.75%.
Fair value:	\$ (252,161)
Counterparty credit rating:	Aa2 by Moody's Investors Services, A- by Standard and Poor's, and AA- by Fitch Ratings.

##### Series 2020 Bonds

Type:	Receive-variable/pay-fixed interest rate swap.
Objective:	Hedge of changes in cash flows on the Utility System Refunding Bonds, Series 2020.
Notional amount:	Equivalent to the outstanding principal balance of the Series 2020 Bonds.
Effective date:	July 7, 2020
Maturity date:	October 1, 2040
Terms:	Pay 1.98%; receive 79% of one month SOFR plus 1.10%.
Fair value:	\$ 4,528,217
Counterparty credit rating:	Baa3 by Moody's Investors Services and BBB+ by Kroll Bond Rating Agency.

The Town is exposed to credit risk on hedging derivative instruments that are in asset positions. A potential net asset position for the rate swap agreements will be unsecured and uncollateralized.

#### Interest Rate Risk

The Town is exposed to interest rate risk on its receive-variable/pay-fixed interest rate swaps. As SOFR decreases, the Town's net payment on the swaps increases, and conversely, as SOFR increases, the net payment on the swaps decreases.

#### Termination Risk

The Town or its counterparty may terminate the derivative instruments if the other party fails to perform under the terms of the contract. If at the time of termination, a derivative instrument is in a liability position, the Town would be liable to the counterparty for a payment equal to the liability.

#### Rollover Risk

The Town is not exposed to rollover risk on its hedging derivative instruments. The hedging derivative instruments' term extends to the maturity of the hedgeable debt.

# Town of Jupiter Island, Florida

## Notes To Financial Statements

### NOTE 8. LIABILITIES PAYABLE FROM RESTRICTED ASSETS

Liabilities payable from restricted assets in the Water and Wastewater Enterprise Fund (SMRU) at September 30, 2025 are summarized as follows:

Accounts payable	
Renewal and replacement account	\$ 228,706
Accrued interest payable and current principal maturities	
Debt service account	1,193,901
Total liabilities payable from restricted assets	<u>\$ 1,422,607</u>

### NOTE 9. LONG-TERM DEBT

#### Governmental Activities Debt

On March 20, 2007, the residents of the Town approved a referendum authorizing the issuance of up to \$15 million of general obligation debt to finance the costs of undergrounding the electric distribution system serving the Town. The debt service for the outstanding Series 2007 and 2008 Notes were authorized by the referendum and are payable from ad valorem taxes.

Changes in governmental activities long-term debt for the year ended September 30, 2025 are summarized as follows:

	<b>Balance at Beginning of Year</b>	<b>Additions</b>	<b>Retirements</b>	<b>Balance at End of Year</b>	<b>Amounts Due Within One Year</b>
Compensated absences	\$ 532,703	\$ 13,667	* \$ -	\$ 546,370	\$ 130,816
Note payable, Series 2007	1,296,163	-	(306,876)	989,287	318,246
Note payable, Series 2008	1,995,402	-	(367,130)	1,628,272	382,219
Financed purchases	294,257	27,490	(93,943)	227,804	81,800
Total OPEB liability	259,099	41,866	(26,140)	274,825	-
Net pension liability	1,520,598	690,178	(1,604,791)	605,985	-
Governmental activity					
long-term liabilities	<u>\$ 5,898,222</u>	<u>\$ 773,201</u>	<u>\$ (2,398,880)</u>	<u>\$ 4,272,543</u>	<u>\$ 913,081</u>

\* Presented net in accordance with GASB 101, *Compensated Absences*

# Town of Jupiter Island, Florida

## Notes To Financial Statements

### NOTE 9. LONG-TERM DEBT (CONTINUED)

#### Note Payable, Series 2007

On December 12, 2007, the Town issued a \$5.0 million promissory note payable to a financial institution to finance the electric underground project within the Town and to currently refund the outstanding balance of the Series 2006 Note. Principal and interest at 3.56% are payable in annual installments of \$353,450, commencing December 1, 2008, and due on each December 1st through maturity on December 1, 2027. The Series 2007 Note is payable from, and secured by, a pledge of voter approved property taxes, sufficient to pay all principal and interest on the promissory note.

The principal and interest requirements to maturity for the Note Payable, Series 2007, are as follows:

<b>Year Ending September 30</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2026	\$ 318,246	\$ 35,204	\$ 353,450
2027	329,575	23,875	353,450
2028	341,466	12,142	353,608
	<u>\$ 989,287</u>	<u>\$ 71,221</u>	<u>\$ 1,060,508</u>

#### Note Payable, Series 2008

On September 24, 2008, the Town issued a \$6.0 million promissory note payable to a financial institution to finance the electric underground project within the Town. Principal and interest at 4.11% are payable in annual installments of \$449,061, commencing December 1, 2009, and due on each December 1st through maturity on December 1, 2028. The Series 2008 Note is payable from, and secured by, a pledge of voter approved property taxes, sufficient to pay all principal and interest on the promissory note.

The principal and interest requirements to maturity for the Note Payable, Series 2008, are as follows:

<b>Year Ending September 30</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2026	\$ 382,219	\$ 66,842	\$ 449,061
2027	397,928	51,133	449,061
2028	414,284	34,777	449,061
2029	433,841	17,751	451,592
	<u>\$ 1,628,272</u>	<u>\$ 170,503</u>	<u>\$ 1,798,775</u>

# Town of Jupiter Island, Florida

## Notes To Financial Statements

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### NOTE 9. LONG-TERM DEBT (CONTINUED)

#### Pledged Tax Revenues

The Town has pledged its future ad valorem tax revenues to repay the outstanding Series 2007 and 2008 Notes issued to finance the electric underground project in the Town. The Series 2007 and 2008 Notes are payable solely from the ad valorem tax revenues received by the Town and are payable through December 1, 2028. Annual principal and interest payments on the notes are expected to require less than 9% of ad valorem tax revenues. Total principal and interest remaining to be paid on the Series 2007 and 2008 Notes at September 30, 2025 is \$2,858,898. Principal and interest paid, and ad valorem tax revenues received for the current year were \$802,512 and \$10,724,882, respectively.

#### Financed Purchases

The Town has entered into agreements for equipment that are considered financed purchases in accordance with GASB 87. Annual principal payments are required until the end of the respective agreements, where the Town takes over ownership of the equipment.

The principal requirements to maturity for the Financed Purchases are as follows:

<u>Year Ending September 30</u>	<u>Principal</u>
2026	\$ 81,800
2027	70,140
2028	72,698
2029	3,166
	<u>\$ 227,804</u>

# Town of Jupiter Island, Florida

## Notes To Financial Statements

### NOTE 9. LONG-TERM DEBT (CONTINUED)

#### Business-Type Activity Debt

	Balance at Beginning of Year	Additions	Retirements	Balance at End of Year	Amounts Due Within One Year
Bonds payable					
Revenue refunding bonds					
Series 2020	\$ 26,030,000	\$ -	\$ (590,000)	\$ 25,440,000	\$ -
Unamortized premium	702,754	1,315	-	704,069	-
Total bonds payable	<u>26,732,754</u>	<u>1,315</u>	<u>(590,000)</u>	<u>26,144,069</u>	<u>-</u>
Notes payable					
Note payable, Series 2006	9,378,298	-	(16,830)	9,361,468	723,667
Note payable, Series 2007	1,146,871	-	(313,441)	833,430	325,049
Total notes payable	<u>10,525,169</u>	<u>-</u>	<u>(330,271)</u>	<u>10,194,898</u>	<u>1,048,716</u>
Compensated absences	285,469	39,313 *	-	324,782	97,435
Total OPEB liability	<u>198,780</u>	<u>31,584</u>	<u>(20,505)</u>	<u>209,859</u>	<u>-</u>
Business-type activity					
long-term liabilities	<u>\$ 37,742,172</u>	<u>\$ 72,212</u>	<u>\$ (940,776)</u>	<u>\$ 36,873,608</u>	<u>\$ 1,146,151</u>

\* Presented net in accordance with GASB 101, *Compensated Absences*

#### Utility System Revenue Refunding Bonds Payable, Series 2020

In July 2020, the Town (on behalf of SMRU) issued \$27,515,000 Utility System Revenue Refunding Bonds, Series 2020 (the Series 2020 bonds) for the principal purpose of refunding all of the Town's Series 2010 Bonds. The Series 2020 bonds were dated July 7, 2020, with a variable interest rate of 79% of the 1-month SOFR plus 110 basis points until maturity on October 1, 2040.

Net proceeds of \$27,515,000 from the Series 2020 Bonds plus \$3,075,364 of sinking fund monies from the Series 2010 Bonds were deposited in an irrevocable trust with an escrow agent on July 7, 2020, and used to purchase U.S. government securities. Those securities and the interest earnings thereon provided sufficient funds to call and retire \$29,725,000 Series 2010 Bonds on October 1, 2020. As a result, these bonds were considered to be defeased and the liability was removed from the statement of net position.

In connection with the Series 2020 Bonds, the Town entered into a rate conversion agreement with a commercial bank which has the effect of synthetically converting the variable rate borne by the bonds to a fixed rate of 1.98% for the entire term of the bonds.

# Town of Jupiter Island, Florida

## Notes To Financial Statements

### NOTE 9. LONG-TERM DEBT (CONTINUED)

#### Utility System Revenue Refunding Bonds Payable, Series 2020 (Continued)

The future principal and interest requirements for the Series 2020 bonds to maturity are as follows:

Year Ending September 30	Principal	Interest	Total
2026	\$ -	\$ 503,712	\$ 503,712
2027	165,000	503,712	668,712
2028	210,000	500,445	710,445
2029	610,000	496,287	1,106,287
2030	1,590,000	484,209	2,074,209
2031-2035	9,105,000	1,918,719	11,023,719
2036-2040	11,230,000	807,543	12,037,543
2041	2,530,000	50,094	2,580,094
	\$ 25,440,000	\$ 5,264,721	\$ 30,704,721

#### Utility System Note Payable, Series 2006

On December 29, 2006, the Town (on behalf of SMRU) issued a \$9.6 million Utility System Note Payable, Series 2006 (the "Series 2006 Note"), to a local financial institution for the purpose of advance refunding \$9,355,000 of the Utility System Revenue Bonds, Series 1998, and to pay certain costs of issuance with respect to the Series 2006 Note and certain costs of issuance with respect to the refunding on January 12, 2007. Principal on the Series 2006 Note is due annually on October 1 and interest is payable monthly at a rate equivalent to 63.7% of the one-month Secured Overnight Financing Rate (SOFR) plus .75% (3.67% at September 30, 2025). The Series 2006 Note is secured by a pledge of the Town to budget non-ad valorem revenues for repayment of the Series 2006 Note.

# Town of Jupiter Island, Florida

## Notes To Financial Statements

### NOTE 9. LONG-TERM DEBT (CONTINUED)

#### Utility System Note Payable, Series 2006 (Continued)

The future principal and interest requirements for the Series 2006 Note to maturity assume that current interest rates on the variable rate note and the current reference rate of the hedging derivative instrument will remain the same for their term.

<b>Variable-Rate Note</b>				
<b>Year Ending September 30</b>	<b>Principal</b>	<b>Interest</b>	<b>Interest Rate Swap, Net</b>	<b>Total</b>
2026	\$ 723,667	\$ 52,990	\$ 335,762	\$ 1,112,419
2027	2,759,674	33,221	280,426	3,073,321
2028	2,876,619	15,008	177,281	3,068,908
2029	3,001,508	13,076	51,922	3,066,506
	<u>\$ 9,361,468</u>	<u>\$ 114,295</u>	<u>\$ 845,391</u>	<u>\$ 10,321,154</u>

#### Utility System Note Payable, Series 2007

On December 12, 2007, the Town (on behalf of SMRU) issued a \$5.0 million Utility System Promissory Note, Series 2007 (the "Series 2007 Note"), to a local financial institution to finance the cost of improvements to the utility system. Principal and interest at 3.67% are payable in semi-annual installments of \$176,345 on April 1 and October 1 through maturity on October 1, 2027. The Series 2007 Note is secured by a pledge of the Town's non-ad valorem revenue and a pledge of the Town to budget non-ad valorem revenues for repayment of the Series 2007 Note. The future principal and interest requirements for the Series 2007 Note to maturity are as follows:

<b>Year Ending September 30</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2026	\$ 325,049	\$ 27,641	\$ 352,690
2027	337,087	15,603	352,690
2028	171,294	3,152	174,446
	<u>\$ 833,430</u>	<u>\$ 46,396</u>	<u>\$ 879,826</u>

# Town of Jupiter Island, Florida

## Notes To Financial Statements

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### NOTE 9. LONG-TERM DEBT (CONTINUED)

#### Legal Requirements

The Utility System Revenue Refunding Bonds, Series 2020 were authorized by Town Resolution No. 843, adopted on March 20, 2020, and generally provide for the following covenants:

1. Annual debt service funding by monthly transfers of cash to a debt service account.
2. Maintain a renewal and replacement cash reserve set at 5% of the previous year's gross revenue, or such amount as determined by a certified engineer.
3. Investing of cash reserves in time deposits, direct obligations of the U.S. government or other authorized investments with varying maturity restrictions.
4. Establishment of rates and charges sufficient to provide net revenues of at least 120% of the annual debt service on the outstanding bonds and any subordinated indebtedness.
5. The use of cash and investments are generally restricted to the following priority: operation and maintenance, debt service, reserves, renewal and replacement, and any other lawful purpose.

#### Pledged Utility Revenues

The Town has pledged the future net revenues (generally customer revenues, net of specific operating expenses) of the utility system to repay the outstanding Series 2020 Bonds issued to finance the acquisition and subsequent improvements to the utility system. The Series 2020 Bonds are payable solely from the utility net revenues and are payable through 2041. Annual principal and interest payments on the Series 2020 Bonds are expected to require approximately 18% of utility net revenues. Total principal and interest remaining to be paid on the Series 2020 Bonds at September 30, 2025 is \$30,704,721.

#### Pledged Non-Ad Valorem Revenues

The Town has pledged the future non-ad valorem revenues of its governmental funds to repay the outstanding Series 2006 and Series 2007 Utility System Notes Payable issued to finance improvements to the utility system. The Town intends to pay the Series 2006 and Series 2007 Notes from the net revenues of the utility system through maturity on October 1, 2028.

Annual principal and interest payments on the Notes constitute a pledge of approximately 15% of the Town's non-ad valorem revenues until 2026 and approximately 55% thereafter until maturity. Total principal and interest remaining to be paid on the Series 2006 and Series 2007 Notes at September 30, 2025 is \$11,200,980. Principal and interest paid by the utility system and non-ad valorem revenues pledged for the current year were \$774,223 and \$2,504,644, respectively.

# Town of Jupiter Island, Florida

## Notes To Financial Statements

### NOTE 9. LONG-TERM DEBT (CONTINUED)

#### Annual Maturities

As of September 30, 2025, aggregate debt service requirements of the Town's debt (fixed-rate and variable-rate) and net receipts/payments on the associated hedging derivative instrument are as follows. These amounts assume that current interest rates and the current reference rates of the hedging derivative instrument will remain the same for their term. As these rates vary, interest payments on variable-rate bonds and net receipts/payments on the hedging derivative instrument will vary. Refer to Note 7 for information on derivative instruments.

<b>Year Ending September 30</b>	<b>Principal</b>	<b>Interest</b>	<b>Interest Rate Swap, Net</b>	<b>Total</b>
2026	\$ 1,830,981	\$ 686,389	\$ 335,762	\$ 2,853,132
2027	4,059,404	627,544	280,426	4,967,374
2028	4,086,361	565,524	177,281	4,829,166
2029	4,048,515	527,114	51,922	4,627,551
2030	1,590,000	484,209	-	2,074,209
2031-2035	9,105,000	1,918,719	-	11,023,719
2036-2040	11,230,000	807,543	-	12,037,543
2041	2,530,000	50,094	-	2,580,094
	<u>\$ 38,480,261</u>	<u>\$ 5,667,136</u>	<u>\$ 845,391</u>	<u>\$ 44,992,788</u>

For the year ended September 30, 2025, the Town incurred and expensed total interest charges of \$128,506 in the governmental activities. Interest charges incurred for the business-type activity totaled \$1,074,159 which was expensed.

# Town of Jupiter Island, Florida

## Notes To Financial Statements

### NOTE 10. FUND BALANCE

In the fund financial statements, governmental funds report fund equity classifications that comprise a hierarchy based primarily on the extent to which the Town is bound to honor constraints on the specific purpose for which amounts in the funds may be spent. The classifications are as follows:

	<b>General Fund</b>	<b>Beach Protection Fund</b>	<b>Nonmajor Governmental Funds</b>
Nonspendable			
Prepaid items	\$ 107,213	\$ 1,247	\$ -
Restricted			
Beach protection	-	12,658,450	-
Debt repayment	-	-	136,540
Building code enforcement	3,732,426	-	-
LGIS Conservation Surtax	78,137	-	-
Total restricted	<u>3,810,563</u>	<u>12,658,450</u>	<u>136,540</u>
Assigned			
Emergencies	1,000,000	-	-
Compensated absences	115,000	-	-
Uninsured losses and other payments	80,000	-	-
Conservation	364,587	-	-
Beautification and maintenance	170,746	-	-
Private - purpose	63,059	-	-
Employee Christmas fund	1,608	-	-
Total assigned	<u>1,795,000</u>	<u>-</u>	<u>-</u>
Unassigned	7,188,068	-	-
Total fund balance	<u>\$ 12,900,844</u>	<u>\$ 12,659,697</u>	<u>\$ 136,540</u>

# Town of Jupiter Island, Florida

## Notes To Financial Statements

### NOTE 11. RESTRICTED NET POSITION

Assets of the Enterprise Fund were restricted for the following purposes as required by the Town's outstanding revenue refunding bonds at September 30, 2025:

	<b>Restricted Assets</b>	<b>Liabilities Payable from Restricted Assets</b>	<b>Restricted Net Position</b>
Debt service account	\$ 12,346,109	\$ 1,193,901	\$ 11,152,208
Renewal and replacement account	1,365,732	228,706	1,137,026
	<u>\$ 13,711,841</u>	<u>\$ 1,422,607</u>	<u>\$ 12,289,234</u>

Net position is restricted for the debt service account, debt service reserve account, renewal and replacement account and capital improvement account to the extent that restricted assets exceed the respective liabilities payable from restricted assets.

### NOTE 12. INTERFUND TRANSACTIONS

Interfund receivables and payables at September 30, 2025 are summarized as follows:

<b>Receivable Fund</b>	<b>Payable Fund</b>	<b>Amount</b>
General Fund	Beach Protection Fund	\$ 62,051
General Fund	Utility Enterprise Fund	106,771

The interfund receivables and payables are attributable to reimbursements due to various funds for the disbursement of monies initially made from it that are properly applicable to another fund.

Interfund transfers were made from the Beach Protection Fund (\$75,000) to the General Fund to coverage administrative costs incurred that directly benefitted the Beach Protection Fund project operations. Interfund transfers from the Special Law Enforcement Fund (\$3,046) were made to the General Fund to cover cost associated with the purchase of equipment used exclusively by the Public Safety department.

### NOTE 13. CAPITAL CONTRIBUTIONS

The capital contributions to the Water and Wastewater Enterprise Fund (SMRU) for the year ended September 30, 2025 consisted of connection and other fees of \$633,570. This amount represented \$406,500 for water connections and \$227,070 for wastewater connections.

# Town of Jupiter Island, Florida

## Notes To Financial Statements

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### NOTE 14. DEFINED BENEFIT PENSION PLAN

#### Description of the Plan

The Town contributes to a Defined Benefit Pension Plan for Employees of the Town of Jupiter Island (the "Plan"), a single employer plan covering substantially all Town employees not covered by the Town's defined contribution pension plans. The Plan is administered by the Town and accounted for as a separate fund. The fiduciaries of the plan consist of the Town Commission and the Committee for the Plan. The Committee for the Plan consists of five individuals appointed by the Town Commission.

The Plan was frozen as of October 1, 2009. Credited service, eligibility service, and average final compensation was frozen for all members except the 14 employees who were within five and one half years of age 65 or age 55 with 25 years of service as of that date. Those 14 employees will continue to earn credit toward eligibility for an unreduced early retirement pension benefit. Freezing the Plan decreased the unfunded actuarial liability from \$416,793 to \$95,580.

On April 7, 2016, the Town approved a one-time Early Retirement Incentive Program for eligible employees. To be eligible, employees were required, as of January 31, 2016, to: (1) meet the age and service conditions for normal retirement under the frozen Group Retirement Plan, (2) meet the age and service conditions for early retirement under the Retirement Plan, or (3) have completed at least 20-years of employment with the Town, and (4) agree to permanently retire from employment from the Town effective no later than September 30, 2016. The Plan Amendment resulted in an increase in the Town's unfunded actuarially accrued liability in the amount of \$536,779.

At September 30, 2025, the actuarial value of plan assets was less than the market value of plan assets by \$774,134.

The benefit provisions and all other requirements of the Defined Benefit Pension Plan are established by Town ordinance and are summarized as follows:

*Plan Eligibility* – Full-time employees who are at least age 21 with one year of continuous service.

*Vesting* – Benefits vest after five years of credited service.

*Eligibility Requirements and Annual Retirement Benefit:*

*Normal Retirement* – later of age 65 and completion of five years of service. 3% of final average compensation times years of credited service.

# Town of Jupiter Island, Florida

## Notes To Financial Statements

### NOTE 14. DEFINED BENEFIT PENSION PLAN (CONTINUED)

#### Description of the Plan (Continued)

*Reduced Early Retirement – later of age 55 with ten years of credited service. Normal retirement benefit reduced by 1/15th per year for the first five years and 1/30th per year for the next five years that the early retirement date precedes the normal retirement date.*

*Unreduced Early Retirement – later of age 55 with 25 years of credited service. Normal retirement benefit unreduced for early retirement.*

*Other Benefits – The Plan also provides for disability and death benefits.*

#### Plan Membership

Participant data as of October 1, 2025, the date of the most recent actuarial valuation, is as follows:

Retirees and beneficiaries receiving benefits	45
Terminated plan members vested but not yet receiving benefits	14
Active plan members	5
Total	64

#### Investments

The Pension Committee develops and recommends the plan's investment policy statement which is adopted by the Town Commission. The Town's long-term investment objective is to achieve and maintain a fully funded status with regard to current pension liabilities. The following was the asset allocation strategy as of September 30, 2025:

Asset Class	Target Allocation
Growth	35%
Absolute return	10%
Real return	10%
Income	25%
Reserves	20%
Total	100%

# Town of Jupiter Island, Florida

## Notes To Financial Statements

### NOTE 14. DEFINED BENEFIT PENSION PLAN (CONTINUED)

#### Investments (Continued)

The following investments represent 5% or more of the defined benefit plan's fiduciary net position at September 30, 2025:

<u>Mutual Fund</u>	<u>Amount</u>
Baird Ultra Short Bond Institutional	\$ 1,757,205
Vanguard Total Stock Market	1,311,568
BlackRock Strategic Income Opps	1,117,747
Pimco Income Instl	1,088,036
First Eagle Global I	573,771

For the year ended September 30, 2025, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 8.39%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

#### Net Pension Liability

The components of the net pension liability of the Town as of September 30, 2025, were as follows:

Total pension liability	\$ 11,844,481
Plan fiduciary net position	11,238,496
Town's net pension liability	<u>\$ 605,985</u>
Plan fiduciary net position as a percentage of the total pension liability	94.88%

#### Actuarial Methods and Assumptions

The total pension liability was determined by an actuarial valuation using the following actuarial assumptions, applied to all periods included in the measurement:

<u>Actuarial Valuation Date</u>	<u>September 30, 2025</u>
Discount rate	5.5%
Investment rate of return	5.5%
Projected salary increases, including inflation	7.0%

# Town of Jupiter Island, Florida

## Notes To Financial Statements

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### NOTE 14. DEFINED BENEFIT PENSION PLAN (CONTINUED)

#### Discount Rate

The discount rate used to measure the total pension liability was 5.5%. The projection of cash flows used to determine the discount rate assumed that Town contributions will be made at rates equal to actuarially determined contribution rates. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

#### Mortality Rates

The mortality rates were based on the Pub-2010 General Headcount-Weighted Male and Female, projected generationally with MP-2021 table projected to the valuation date by Scale BB.

#### Changes in Assumptions

Mortality changed to match that used for the Florida Retirement System actuarial valuation for the plan year beginning July 1, 2025.

#### Changes in Methods

There were no changes in methods.

#### Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the Town, calculated using the discount rate of 5.5%, as well as what the Town's net pension liability would be if it were calculated using a discount rate that is 1% lower (4.5%) or 1 % higher (6.5%) than the current rate:

<b>Total Pension Liability (1% Decrease) 4.5%</b>	<b>Total Pension Liability (Current Rate) 5.5%</b>	<b>Total Pension Liability (1% Increase) 6.5%</b>
<u>\$ 1,685,619</u>	<u>\$ 605,985</u>	<u>\$ (321,350)</u>

# Town of Jupiter Island, Florida

## Notes To Financial Statements

### NOTE 14. DEFINED BENEFIT PENSION PLAN (CONTINUED)

#### Changes in Net Pension Liability

	Increase/(Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balances at October 1, 2024	\$ 12,535,121	\$ 11,014,523	\$ 1,520,598
Changes for the year			
Service cost	20,305	-	20,305
Interest on total pension liability	660,373	-	660,373
Actuarial gains/(losses), net	(274,024)	-	(274,024)
Change in assumptions	-	-	-
Contributions - employer	-	443,444	(443,444)
Net investment income	-	887,323	(887,323)
Benefit payments	(1,097,294)	(1,097,294)	-
Administrative expenses	-	(9,500)	9,500
Net changes	(690,640)	223,973	(914,613)
Balances at September 30, 2025	<u>\$ 11,844,481</u>	<u>\$ 11,238,496</u>	<u>\$ 605,985</u>

#### Pension Expense and Deferred Inflows/Outflows of Resources Related to Pensions

For the year ended September 30, 2025, the Town recognized pension expense of \$618,789. On September 30, 2025, the Town reported deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual investment earnings	\$ -	\$ 909,903
Total	<u>\$ -</u>	<u>\$ 909,903</u>

Amounts reported as deferred outflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending September 30	Amount
2026	\$ (25,223)
2027	(485,993)
2028	(338,236)
2029	(60,451)
Total	<u>\$ (909,903)</u>

# Town of Jupiter Island, Florida

## Notes To Financial Statements

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### NOTE 15. DEFINED CONTRIBUTION PENSION PLAN

#### **The Town of Jupiter Island Retirement Plan for SMRU Operations Employees**

This plan is a voluntary 401(a) defined contribution pension plan established for the employees of the Town's Utility System (SMRU). The Plan was effective October 1, 2007. The Town employees cannot contribute to the Plan. The Town contributes 10.0% of the employees' annual compensation. Effective October 1, 2018, the Town also contributes a matching contribution, on a dollar-for-dollar basis, of the participant's contributions to the Town of Jupiter Island 457 Plan (the "457 Plan") up to 5% of eligible compensation.

The contributions vest 100% in year three. Employer contributions to the Plan for the year ended September 30, 2025 were \$309,117. Plan investments are fully participant directed. Plan provisions and contribution requirements are established by the Town Commission and may be amended by future Commission action.

#### **The Town of Jupiter Island 401(a) Plan**

This plan is a voluntary 401(a) defined contribution pension plan established for the employees of the Town, except SMRU employees. The Plan was effective October 1, 2009. The Town employees cannot contribute to the Plan. The Town contributes 10.0% of the employees' annual compensation. The Town also contributes a matching contribution, on a dollar-for-dollar basis, of the participant's contributions to the Town of Jupiter Island 457 Plan (the "457 Plan") up to 5% of eligible compensation. In the initial plan year beginning October 1, 2009, the Town matched the amount contributed by the participants to the 457 Plan at the rate of two dollars for each dollar up to a maximum match of 2.5% of compensation. The contributions vest 100% in year three. Employer contributions to the Plan for the year ended September 30, 2025, were \$619,118. Plan investments are fully participant directed. Plan provisions and contribution requirements are established by the Town Commission and may be amended by future Commission action.

### NOTE 16. OTHER POST-EMPLOYMENT BENEFITS

The Town is required by Florida Statute 112.0801 to allow retirees to buy healthcare coverage at the same group insurance rates that current employees are charged resulting in an implicit healthcare benefit. The State of Florida prohibits the Plan from separately rating retirees and active employees. The Plan therefore charges both groups an equal, blended rate premium. The Town does not provide retirees with any subsidy for this benefit.

# Town of Jupiter Island, Florida

## Notes To Financial Statements

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### NOTE 16. OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

#### Plan Description

The Town administers a single-employer defined benefit health care plan (the "Plan") that provides health care benefits to eligible retired employees and their beneficiaries. The Town Commission has the authority to establish and amend the premiums for and the benefit provisions of the Plan. The Plan is financed on a "pay-as-you-go" basis and is not administered as a formal qualifying trust. The Plan does not issue a publicly available financial report.

#### Benefits Provided

The Town provides healthcare coverage for retirees and their dependents. Benefits are provided through a third-party insurer, and the full cost of the benefits are covered by the retiree.

As of September 30, 2025, the following employees were covered by benefit terms:

Inactive employees currently receiving benefits	1
Active employees	81
Total	<u>82</u>

#### Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

#### Contributions

The retiree contributes the premium cost each month. Spouses and other dependents are also eligible for coverage, although the retiree pays the full cost of the premium. The Town does not subsidize member premiums. Plan members receiving benefits contribute 100% of the monthly premium ranging from a minimum of \$998 to a maximum of \$3,192.

# Town of Jupiter Island, Florida

## Notes To Financial Statements

### NOTE 16. OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

#### Actuarial Assumptions

The total OPEB liability was determined by an actuarial valuation as of October 1, 2023 rolled forward to September 30, 2025, the measurement date. The following actuarial assumptions applied to all periods in the measurement, unless otherwise noted:

Actuarial cost method:	Entry age normal.
Discount rate:	4.50%
Inflation:	3.00%
Salary rate increase:	5.00%
Healthcare cost trend rates:	8.00% initial, decreasing to 4.50% for fiscal years 2039 and later.
Mortality:	PubG, H-2010 Mortality Table - general with mortality improvement using scale MP-2020.

#### Discount Rate

The Town does not have a dedicated Trust to pay retiree healthcare benefits. Per GASB 75, the discount rate should be a yield or index rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher (or equivalent quality on another rating scale). A rate of 4.50% is used, which is the S&P Municipal Bond 20-Year High-Grade Rate Index as of September 30, 2025.

#### Changes in Total OPEB Liability

	<b>Total OPEB Liability</b>
Balances at October 1, 2024	\$ 457,879
Changes for the year	
Service cost	55,553
Interest on total OPEB liability	17,897
Change of assumptions and other inputs	(12,513)
Benefit payments	(34,132)
Net changes	26,805
Balances at September 30, 2025	\$ 484,684

# Town of Jupiter Island, Florida

## Notes To Financial Statements

### NOTE 16. OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

#### Sensitivity of the Net OPEB Liability to Changes in the Discount Rates

The following presents the net OPEB liability of the Town, as well as what the Town's net OPEB liability would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current discount rate:

<b>OPEB Liability (1% Decrease) 3.50%</b>	<b>OPEB Liability (Current Rate) 4.50%</b>	<b>OPEB Liability (1% Increase) 5.50%</b>
\$ 515,730	\$ 484,684	\$ 455,928

#### Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the net OPEB liability of the Town, as well as what the Town's net OPEB liability would be if it were calculated using a healthcare cost trend rate that is 1% lower or 1% higher than the current healthcare cost rate:

<b>OPEB Liability (1% Decrease)</b>	<b>OPEB Liability (Current Rate)</b>	<b>OPEB Liability (1% Increase)</b>
\$ 443,710	\$ 484,684	\$ 532,277

#### OPEB Expense and Deferred Inflows/Outflows of Resources Related to OPEB

For the year ended September 30, 2025, the Town recognized OPEB expense of \$61,714. On September 30, 2025, the Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between actual and expected experience	\$ 40,215	\$ 228,290
Changes of assumptions	136,689	79,216
Total	<u>\$ 176,904</u>	<u>\$ 307,506</u>

# Town of Jupiter Island, Florida

## Notes To Financial Statements

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### NOTE 16. OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

#### OPEB Expense and Deferred Inflows/Outflows of Resources Related to OPEB (Continued)

Amounts reported as deferred outflows and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<b>Year Ending September 30</b>	<b>Amount</b>
2026	\$ (11,737)
2027	(11,737)
2028	(30,024)
2029	(36,102)
2030	(36,113)
Thereafter	(4,889)
Total	<u>\$ (130,602)</u>

### NOTE 17. COMMITMENTS AND CONTINGENCIES

#### Fire Rescue Services

The Town receives fire rescue services from Martin County, Florida, through an interlocal agreement. The original term of the agreement was five years from October 1, 2010 to September 30, 2015, and the agreement was extended through September 30, 2027. The cost of the services provided by Martin County totaled \$1,072,900 for the year ended September 30, 2025.

The future minimum required payments for fire rescue services are as follows:

<b>Year Ended September 30</b>	
2026	\$ 1,092,727
2027	1,125,509
Total	<u>\$ 2,218,236</u>

#### Grants

Amounts received or receivable from granter agencies are subject to audit and adjustment by those agencies. Any disallowed claims, including amounts already received, might constitute a liability of the Town for the return of those funds.

# Town of Jupiter Island, Florida

## Notes To Financial Statements

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### **NOTE 18. CHANGE IN ACCOUNTING PRINCIPLE**

In conjunction with the implementation of Governmental Accounting Standards Board (GASB10 Statement No. 101, *Compensated Absences*, the Town is required to recognize liabilities for compensated absences for: (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. A liability should be recognized for leave that has not been used if: (a) the leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. Therefore, in conjunction with the implementation of GASB Statement No. 101, a restatement to beginning net position was required to properly report compensated absences as of October 1, 2024 as follows: Governmental Activities: \$162,799; Business-Type Activities/Enterprise Fund: \$94,017.

### **NOTE 19. SUBSEQUENT EVENTS**

The Town has evaluated subsequent events through February 10, 2026 the date the audit reports were issued.

**REQUIRED SUPPLEMENTARY INFORMATION**

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Town of Jupiter Island, Florida

**REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULE –  
GENERAL FUND  
FOR THE YEAR ENDED SEPTEMBER 30, 2025**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Taxes	\$ 10,260,402	\$ 10,260,402	\$ 10,352,396	\$ 91,994
Licenses and permits	852,000	852,000	1,235,221	383,221
Intergovernmental revenue	325,100	325,100	233,935	(91,165)
Charges for services	131,000	131,000	111,697	(19,303)
Fines and forfeitures	2,000	2,000	3,863	1,863
Investment income	200,000	450,000	645,903	195,903
Contributions	-	192,812	246,042	53,230
Miscellaneous revenues	660,279	710,279	725,756	15,477
<b>Total revenue</b>	<u>12,430,781</u>	<u>12,923,593</u>	<u>13,554,813</u>	<u>631,220</u>
<b>Expenditures</b>				
<b>General government</b>				
Administration	3,349,243	3,608,540	3,595,282	13,258
<b>Public safety</b>				
Police department	5,598,227	5,760,565	5,811,053	(50,488)
<b>Building</b>				
Building and zoning	1,342,285	2,696,441	2,036,630	659,811
<b>Public works</b>				
Public works	1,244,865	1,323,951	1,278,585	45,366
Grounds	489,031	489,031	217,313	271,718
Roads	173,000	173,000	63,949	109,051
<b>Total public works</b>	<u>1,906,896</u>	<u>1,985,982</u>	<u>1,559,847</u>	<u>426,135</u>
<b>Physical environment</b>				
Lethal yellowing	165,000	165,000	184,499	(19,499)
Conservation	50,000	50,000	55,230	(5,230)
<b>Total physical environment</b>	<u>215,000</u>	<u>215,000</u>	<u>239,729</u>	<u>(24,729)</u>
<b>Debt service</b>	-	-	93,943	(93,943)
<b>Capital outlay</b>	679,130	819,219	587,970	231,249
<b>Total expenditures</b>	<u>13,090,781</u>	<u>15,085,747</u>	<u>13,924,454</u>	<u>1,161,293</u>
Deficiency of revenues under expenditures	<u>(660,000)</u>	<u>(2,162,154)</u>	<u>(369,641)</u>	<u>(530,073)</u>
<b>Other financing sources</b>				
Issuance of financed purchase	-	-	27,490	27,490
Transfer in	470,000	1,972,154	78,046	(1,894,108)
Use of fund balance	190,000	190,000	-	190,000
<b>Total other financing sources</b>	<u>660,000</u>	<u>2,162,154</u>	<u>105,536</u>	<u>(1,676,618)</u>
Net change in fund balance	-	-	(264,105)	(2,206,691)
Fund balance, beginning of year	13,164,949	13,164,949	13,164,949	-
<b>Fund balance, end of year</b>	<u>\$ 13,164,949</u>	<u>\$ 13,164,949</u>	<u>\$ 12,900,844</u>	<u>\$ (2,206,691)</u>

## Town of Jupiter Island, Florida

### REQUIRED SUPPLEMENTARY INFORMATION BUDGETARY COMPARISON SCHEDULE – BEACH PROTECTION FUND FOR THE YEAR ENDED SEPTEMBER 30, 2025

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenue</b>				
Taxes				
Ad valorem property taxes	\$ 3,380,769	\$ 3,380,769	\$ 3,378,493	\$ (2,276)
Intergovernmental revenues	27,047,655	27,047,655	21,427,707	(5,619,948)
Investment income	200,000	500,000	537,321	37,321
<b>Total revenue</b>	<u>30,628,424</u>	<u>30,928,424</u>	<u>25,343,521</u>	<u>(5,584,903)</u>
<b>Expenditures</b>				
<b>General government</b>				
Beach protection administration	538,463	405,070	472,674	(67,604)
<b>Physical environment</b>				
Beach protection and monitoring	113,500	113,500	47,076	66,424
<b>Capital outlay</b>	30,709,000	35,368,137	34,668,986	699,151
<b>Total expenditures</b>	<u>31,360,963</u>	<u>35,886,707</u>	<u>35,188,736</u>	<u>697,971</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(732,539)</u>	<u>(4,958,283)</u>	<u>(9,845,215)</u>	<u>(6,282,874)</u>
Other financing sources				
Transfer from reserves	807,539	5,033,283	-	5,033,283
Transfer to other funds	(75,000)	(75,000)	(75,000)	-
Total other financing sources	<u>732,539</u>	<u>4,958,283</u>	<u>(75,000)</u>	<u>5,033,283</u>
Net change in fund balance	-	-	(9,920,215)	(1,249,591)
Fund balance, beginning of year	22,579,912	22,579,912	22,579,912	-
<b>Fund balance, end of year</b>	<u>\$ 22,579,912</u>	<u>\$ 22,579,912</u>	<u>\$ 12,659,697</u>	<u>\$ (1,249,591)</u>

Town of Jupiter Island, Florida

**REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF CHANGES IN NET PENSION LIABILITY  
AND RELATED RATIOS – DEFINED BENEFIT PENSION PLAN**

Reporting period ending	9/30/2025	9/30/2024	9/30/2023	9/30/2022	9/30/2021	9/30/2020	9/30/2019	9/30/2018	9/30/2017	9/30/2016
<b>Total pension liability</b>										
Service cost	\$ 20,305	\$ 18,487	\$ 12,680	\$ 10,668	\$ 15,117	\$ 25,308	\$ 24,603	\$ 31,976	\$ 38,814	\$ 90,976
Interest on total pension liability	660,373	668,326	683,622	728,231	736,678	761,859	769,461	774,744	773,506	708,105
Change in benefit terms	-	-	-	-	-	-	-	-	-	536,779
Change in assumptions	-	273,321	(62,266)	553,073	24,327	(201,472)	(25,936)	-	138,141	209,885
Experience gains/(losses)	(274,024)	(12,845)	169,578	83,298	140,993	34,175	135,365	122,551	84,157	562,872
Benefit payments	(1,097,294)	(1,090,109)	(1,084,953)	(1,084,995)	(1,043,961)	(1,015,073)	(1,017,594)	(1,007,810)	(1,007,889)	(945,772)
<b>Net change in total pension liability</b>	<b>(690,640)</b>	<b>(142,820)</b>	<b>(281,339)</b>	<b>290,275</b>	<b>(126,846)</b>	<b>(395,203)</b>	<b>(114,101)</b>	<b>(78,539)</b>	<b>26,729</b>	<b>1,162,845</b>
<b>Total pension liability - beginning</b>	<b>12,535,121</b>	<b>12,677,941</b>	<b>12,959,280</b>	<b>12,669,005</b>	<b>12,795,851</b>	<b>13,191,054</b>	<b>13,305,155</b>	<b>13,383,694</b>	<b>13,356,965</b>	<b>12,194,120</b>
<b>Total pension liability - ending (a)</b>	<b>\$ 11,844,481</b>	<b>\$ 12,535,121</b>	<b>\$ 12,677,941</b>	<b>\$ 12,959,280</b>	<b>\$ 12,669,005</b>	<b>\$ 12,795,851</b>	<b>\$ 13,191,054</b>	<b>\$ 13,305,155</b>	<b>\$ 13,383,694</b>	<b>\$ 13,356,965</b>
<b>Plan fiduciary net position</b>										
Contributions	\$ 443,444	\$ 475,000	\$ 462,500	\$ 425,000	\$ 318,750	\$ 425,000	\$ 531,250	\$ 318,750	\$ 425,000	\$ 331,161
Net investment income	887,323	1,888,773	1,333,491	(1,645,507)	2,101,315	556,551	161,648	622,037	1,278,521	941,766
Benefit payments	(1,097,294)	(1,096,909)	(1,084,953)	(1,084,995)	(1,043,961)	(1,015,073)	(1,017,594)	(1,007,810)	(1,007,889)	(945,772)
Administrative expenses	(9,500)	-	(16,700)	(13,300)	(13,700)	(12,500)	(11,820)	(11,310)	(4,453)	(3,551)
<b>Net change in plan fiduciary net position</b>	<b>223,973</b>	<b>1,266,864</b>	<b>694,338</b>	<b>(2,318,802)</b>	<b>1,362,404</b>	<b>(46,022)</b>	<b>(336,516)</b>	<b>(78,333)</b>	<b>691,179</b>	<b>323,604</b>
<b>Plan fiduciary net position - beginning</b>	<b>11,014,523</b>	<b>9,747,659</b>	<b>9,053,321</b>	<b>11,372,123</b>	<b>10,009,719</b>	<b>10,055,741</b>	<b>10,392,257</b>	<b>10,470,590</b>	<b>9,779,411</b>	<b>9,455,807</b>
<b>Plan fiduciary net position - ending (b)</b>	<b>\$ 11,238,496</b>	<b>\$ 11,014,523</b>	<b>\$ 9,747,659</b>	<b>\$ 9,053,321</b>	<b>\$ 11,372,123</b>	<b>\$ 10,009,719</b>	<b>\$ 10,055,741</b>	<b>\$ 10,392,257</b>	<b>\$ 10,470,590</b>	<b>\$ 9,779,411</b>
<b>Net pension liability - ending (a) - (b)</b>	<b>\$ 605,985</b>	<b>\$ 1,520,598</b>	<b>\$ 2,930,282</b>	<b>\$ 3,905,959</b>	<b>\$ 1,296,882</b>	<b>\$ 2,786,132</b>	<b>\$ 3,135,313</b>	<b>\$ 2,912,898</b>	<b>\$ 2,913,104</b>	<b>\$ 3,577,554</b>
<b>Plan fiduciary net position as a percentage of the total pension liability</b>	94.88%	87.87%	76.89%	69.86%	89.76%	78.23%	76.23%	78.11%	78.23%	73.22%
<b>Covered payroll</b>	\$ 778,153	\$ 674,396	\$ 616,527	\$ 572,306	\$ 623,567	\$ 934,044	\$ 870,822	\$ 1,021,979	\$ 1,123,300	\$ 1,123,300
<b>Net pension liability as a percentage of covered payroll</b>	77.87%	225.48%	475.29%	682.49%	207.98%	298.29%	360.04%	285.03%	259.33%	318.49%

Notes to the schedule:

See notes to required supplementary information.

## Town of Jupiter Island, Florida

### REQUIRED SUPPLEMENTARY INFORMATION SCHEDULE OF EMPLOYER CONTRIBUTIONS AND INVESTMENT RETURNS - DEFINED BENEFIT PENSION PLAN

<u>Year Ended</u>	<u>Actuarially Determined Contribution</u>	<u>Actual Contribution</u>	<u>Contribution (Excess)/ Deficiency</u>	<u>Covered Payroll</u>	<u>Contribution Percentage of Covered Payroll</u>	<u>Annual Money Weighted Rate of Return, Net of Investment Expense</u>
September 30, 2025	\$ 443,444	\$ 443,444	\$ -	\$ 778,153	56.99%	8.39%
September 30, 2024	523,680	475,000	48,680	674,396	70.43%	20.41%
September 30, 2023	495,824	462,500	33,324	616,527	75.02%	13.90%
September 30, 2022	375,194	425,000	(49,806)	572,306	74.26%	-14.99%
September 30, 2021	438,436	318,750	119,686	623,567	51.12%	21.94%
September 30, 2020	434,885	425,000	9,885	934,044	45.50%	5.79%
September 30, 2019	379,173	531,250	(152,077)	870,822	61.01%	1.60%
September 30, 2018	353,918	318,750	35,168	1,021,979	31.19%	6.20%
September 30, 2017	367,286	425,000	(57,714)	1,123,300	37.83%	13.66%
September 30, 2016	312,434	331,161	(18,727)	1,123,300	29.48%	10.31%

**Notes to the schedule:**

**See notes to required supplementary information.**

## Town of Jupiter Island, Florida

### REQUIRED SUPPLEMENTARY INFORMATION SCHEDULE OF CHANGES IN TOTAL PENSION LIABILITY – DEFINED BENEFIT PENSION PLAN

Year Ended	Amount of Collective Pension Liability	Percentage of Collective Pension Liability	Covered Payroll	Pension Liability Percentage of Covered Payroll
September 30, 2025	\$ 605,985	94.88%	\$ 778,153	77.87%
September 30, 2024	1,520,598	87.87%	674,396	225.48%
September 30, 2023	3,049,032	75.95%	616,527	494.55%
September 30, 2022	3,905,959	69.86%	572,306	682.49%
September 30, 2021	1,296,882	89.76%	623,567	207.98%
September 30, 2020	2,786,132	78.23%	934,044	298.29%
September 30, 2019	3,135,313	76.23%	870,822	360.04%
September 30, 2018	2,912,898	78.11%	1,021,979	285.03%
September 30, 2017	2,913,104	78.23%	1,123,300	259.33%
September 30, 2016	3,577,554	73.22%	1,123,300	318.49%

**Notes to the schedule:**

See notes to required supplementary information.

Town of Jupiter Island, Florida

**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITY AND RELATED RATIOS –**  
**OTHER POST-EMPLOYMENT BENEFIT (OPEB) PLAN**

Reporting period ending	9/30/2025	9/30/2024	9/30/2023	9/30/2022	9/30/2021	9/30/2020	9/30/2019	9/30/2018
Total OPEB liability								
Service cost	\$ 55,553	\$ 55,715	\$ 31,118	\$ 40,305	\$ 45,338	\$ 38,451	\$ 27,545	\$ 28,905
Interest on total OPEB liability	17,897	16,503	15,526	16,291	14,095	23,120	23,738	14,442
Difference between expected and actual experience	-	(23,151)	-	(331,918)	-	(44,719)	-	183,732
Change of assumptions and other inputs	(12,513)	81,867	(2,159)	(40,870)	(11,482)	47,870	2,350	(6,622)
Benefit payments	(34,132)	(23,869)	(38,297)	(19,220)	(53,081)	(49,683)	(70,048)	(67,803)
Other changes	-	-	-	-	-	(1,112)	478	69,511
Net change in total OPEB liability	26,805	107,065	6,188	(335,412)	(5,130)	13,927	(15,937)	222,165
Total OPEB liability - beginning	457,879	350,814	344,626	680,038	685,168	671,241	687,178	465,013
Total OPEB liability - ending	<u>\$ 484,684</u>	<u>\$ 457,879</u>	<u>\$ 350,814</u>	<u>\$ 344,626</u>	<u>\$ 680,038</u>	<u>\$ 685,168</u>	<u>\$ 671,241</u>	<u>\$ 687,178</u>
Covered payroll	\$ 7,321,511	\$ 6,975,019	\$ 5,004,341	\$ 5,004,341	\$ 5,072,725	\$ 5,072,725	\$ 4,762,886	\$ 4,762,886
Total OPEB liability as a percentage of covered employee payroll	6.62%	6.56%	7.01%	6.89%	13.41%	13.51%	14.09%	14.43%

**Notes to the schedule:**

The schedule will present 10 years of information once it is accumulated.

**See notes to required supplementary information.**

# Town of Jupiter Island, Florida

## Notes To Required Supplementary Information September 30, 2025

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### NOTE 1. BUDGETARY ACCOUNTING

State of Florida statutes require that all municipal governments establish budgetary systems and approve annual operating budgets. The Commission annually adopts an operating budget and appropriates funds for the General Fund and Beach Protection Fund on the same modified accrual basis used to record revenue and expenditures, except that for budgetary purposes, capital outlays are reflected as current expenditures within each governmental function. The procedures for establishing budgetary data are as follows:

- The Town Manager submits to the Commission a proposed operating budget prepared for the fiscal year commencing the following October 1. The operating budget includes proposed expenditures and the means of financing them.
- Public hearings are conducted to obtain taxpayer comments.
- The Town advises the County Property Appraiser of the proposed millage rate and the date, time and place of the public hearing for budget acceptance.
- The budget and related millage rate are legally enacted by Town resolution.
- Changes or amendments to the adopted budget of the fund or a department must be approved by the Commission; however, the Town Manager may approve changes within a department which do not affect the total departmental expenditures. The Town Manager is also authorized to supplement budgeted line items to and from contingency amounts provided that there is no overall increase in the budget. Accordingly, the legal level of control is at the department level.

The reported budgetary data represents the final appropriated budgets after any amendments adopted by the Town Commission. The budgetary comparison schedules for the General Fund and Beach Protection Fund are prepared under the basis of accounting used in preparing the appropriated budget. Unexpended appropriations lapse at year-end.

# Town of Jupiter Island, Florida

## Notes To Required Supplementary Information September 30, 2025

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### NOTE 2. DEFINED BENEFIT PLAN

The information presented in the required supplementary schedules was determined as part of the actuarial valuations at the dates indicated. Additional information as of the latest actuarial valuation data was as follows:

Actuarial valuation date:	September 30, 2025
Actuarial cost method:	Frozen entry age normal.
Actuarial assumptions:	
Discount rate:	5.5%
Investment rate of return:	5.5%
Projected salary increases, including inflation at 3%:	7.0%
Mortality:	
Non-disables (pre- and post-retirement):	
Male:	Pub-2010 general headcount-weighted male, below median, set back one year, projected generationally with MP-2021.
Female:	Pub-2010 general headcount-weighted female, below median, projected generationally with MP-2021.
Disables:	
Male:	Pub-2010 general headcount-weighted male, below median, disabled retiree set forward three years, projected generationally with MP-2011.
Female:	Pub-2010 general headcount-weighted female, below median, disabled retiree set forward three years, projected generationally with MP-2011.

### NOTE 3. OTHER POST-EMPLOYMENT BENEFIT PLAN

The information presented in the required supplementary schedules was determined as part of the actuarial valuations at the dates indicated. Additional information as of the latest actuarial valuation was as follows:

Actuarial valuation date:	October 1, 2023
Measurement date:	September 30, 2025
Actuarial cost method:	Entry age normal.
Actuarial assumptions:	
Discount rate:	4.50%
Inflation:	3.00%
Salary rate increase:	5.00%

## **OTHER SUPPLEMENTARY INFORMATION**

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Town of Jupiter Island, Florida

**COMBINING BALANCE SHEET -  
NONMAJOR GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2025**

	<u>Debt Service Fund</u>	<u>Special Revenue Fund</u>	<u>Total Nonmajor Governmental Funds</u>
	<u>Electric Underground</u>	<u>Special Law Enforcement</u>	
<b>Assets</b>			
Cash and cash equivalents	\$ 136,540	\$ -	\$ 136,540
<b>Total assets</b>	<u>\$ 136,540</u>	<u>\$ -</u>	<u>\$ 136,540</u>
<b>Fund balances</b>			
Restricted	\$ 136,540	\$ -	\$ 136,540
<b>Total fund balances</b>	<u>\$ 136,540</u>	<u>\$ -</u>	<u>\$ 136,540</u>
<b>Total liabilities and fund balances</b>	<u>\$ 136,540</u>	<u>\$ -</u>	<u>\$ 136,540</u>

## Town of Jupiter Island, Florida

### COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS FOR THE YEAR ENDED SEPTEMBER 30, 2025

	<b>Debt Service Fund</b>	<b>Special Revenue Fund</b>	<b>Total Nonmajor Governmental Funds</b>
	<b>Electric Underground</b>	<b>Special Law Enforcement</b>	
<b>Revenues</b>			
Taxes	\$ 802,980	\$ -	\$ 802,980
Fines and forfeitures	-	200	200
Investment earnings	4	123	127
Total revenues	<u>802,984</u>	<u>323</u>	<u>803,307</u>
<b>Expenditures</b>			
Debt service			
Principal	674,006	-	674,006
Interest	128,506	-	128,506
Total expenditures	<u>802,512</u>	<u>-</u>	<u>802,512</u>
<b>Excess of revenues over expenditures</b>	472	323	795
<b>Other financing uses</b>			
Transfer out	-	(3,046)	(3,046)
Total other financing uses	<u>-</u>	<u>(3,046)</u>	<u>(3,046)</u>
<b>Change in fund balance</b>	472	(2,723)	(2,251)
Fund balances, beginning	<u>136,068</u>	<u>2,723</u>	<u>138,791</u>
Fund balances, ending	<u>\$ 136,540</u>	<u>\$ -</u>	<u>\$ 136,540</u>

## Town of Jupiter Island, Florida

### **SCHEDULE OF WATER AND WASTEWATER REVENUE REFUNDING BOND COVERAGE – ENTERPRISE FUND (SOUTH MARTIN REGIONAL UTILITY) FOR THE YEAR ENDED SEPTEMBER 30, 2025**

Gross revenue	
Water	\$ 10,531,317
Wastewater	4,212,382
Irrigation quality water	458,964
Accrued guaranteed revenue fees	421,274
Interest income	1,716,615
Other	1,335,267
Total gross revenue	<u>18,675,819</u>
Operating expenses	
Personal services	4,384,955
Operating expenses	5,150,410
Total operating expenses	<u>9,535,365</u>
Net revenue available for debt service before connections fees	9,140,454
Capital contributions	<u>633,570</u>
Net revenue available for debt service including connection fees	<u>\$ 9,774,024</u>
Scheduled debt service	<u>\$ 1,968,821</u>
Debt service coverage before connection fees (Minimum required coverage is 1.10)	4.64
Debt service coverage including connection fees (Minimum required coverage is 1.20)	4.96

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## **COMPLIANCE SECTION**

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## Town of Jupiter Island, Florida

### SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE FOR THE YEAR ENDED SEPTEMBER 30, 2025

State Agency, Pass-through Grantor/Program Title/State Project	AL/CSFA Number	Contract Grant Number	Expenditures	Passed Through to Subrecipients
<b>Federal Awards</b>				
Department of Homeland Security Federal Emergency Management Agency Passed through the State of Florida Division of Emergency Management Public Assistance Program Disaster Grants - Public Assistance - Nicole	97.036	DR-4680-Z3651	\$ 20,285,741	\$ -
Total expenditures of federal awards			<u>\$ 20,285,741</u>	<u>\$ -</u>
<b>State Financial Assistance</b>				
Florida Division of Emergency Management Disaster Grants - Public Assistance - Nicole	31.081	DR-4680-Z3651	\$ 3,380,957	\$ -
Disaster Grants - Public Assistance - Nicole Total Division of Emergency Management	31.081	DR-4680-Z3651 (SB4-A)	3,380,957	-
			<u>6,761,914</u>	<u>-</u>
Florida Department of Environmental Protection Town of Jupiter Island Comprehensive Vulnerability Assessment	37.098	24PLN16	43,000	\$ -
Total Division of Emergency Management			<u>43,000</u>	<u>-</u>
Total expenditures of state financial assistance			<u>\$ 6,804,914</u>	<u>\$ -</u>

**Notes:**

This schedule includes the Federal and State grant activity of the Town of Jupiter Island, Florida, for the fiscal year ended September 30, 2025, and is presented using the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of the Uniform Guidance and Chapter 10.550, Rules of the Auditor General. Therefore, some amounts presented in this schedule may differ from amounts in, or used in the preparation of the basic financial statements.

The Town chose not to use the 10% de minimis indirect cost rate for the year ended September 30, 2025.

The Town did not receive non-cash federal awards during the year ended September 30, 2025.

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## Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

**To the Honorable Mayor and  
Members of the Town Commission  
Town of Jupiter Island, Florida**

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Jupiter Island, Florida (the "Town"), as of and for the year ended September 30, 2025, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements and have issued our report thereon dated February 10, 2026.

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

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

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

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

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

As part of obtaining reasonable assurance about whether the Town's financial statements are free of 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.



Bradenton, Florida  
February 10, 2026



# Independent Auditor's Report on Compliance for Each Major Federal Program and State Project and Report on Internal Control Over Compliance Required by the Uniform Guidance and Chapter 10.550, Rules of the Auditor General of the State of Florida

**To the Honorable Mayor and  
Members of the Town Commission  
Town of Jupiter Island, Florida**

## **Report on Compliance for Each Major Federal Program and State Project**

### ***Opinion on Each Major Federal Program and State Project***

We have audited the Town of Jupiter Island, Florida's (the "Town") compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* and the requirements described in the State of Florida Department of Financial Services' *State Projects Compliance Supplement*, that could have a direct and material effect on each of the Town's major federal programs and state projects for the year ended September 30, 2025. The Town's major federal programs and state projects are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Town complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs and state projects for the year ended September 30, 2025.

### **Basis for Opinion on Each Major Federal Program and State Project**

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; the audit requirements of Title 2 U.S. *Code of Federal Regulations Part, 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*, and Chapter 10.550, Rules of the Auditor General for Local Governmental Entity Audits (Chapter 10.550). Our responsibilities under those standards, the Uniform Guidance, and Chapter 10.550 are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Town and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program and state project. Our audit does not provide a legal determination of the Town's compliance with the compliance requirements referred to above.

### **Responsibilities of Management for Compliance**

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the Town's federal programs and state projects.

### **Auditors' Responsibilities for the Audit of Compliance**

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Town's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, the Uniform Guidance, and Chapter 10.550 will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Town's compliance with the requirements of each major federal program and state project as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, the Uniform Guidance, and Chapter 10.550, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Town's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Town's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance and Chapter 10.550, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

## Report on Internal Control Over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance and Chapter 10.550. Accordingly, this report is not suitable for any other purpose.



Bradenton, Florida  
February 10, 2026

# Town of Jupiter Island, Florida

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED SEPTEMBER 30, 2025

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### SECTION I SUMMARY OF AUDIT RESULTS

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

Type of report the auditor issued on whether the financial statements audited were presented in accordance with GAAP:

Unmodified

Internal control over financial reporting:  
Material weaknesses identified?

yes  no

Significant deficiencies identified not considered  
to be material weaknesses?

yes  none reported

#### ***Federal Programs and State Financial Assistance Projects***

Internal Control over major federal programs and state projects:  
Material weaknesses identified?

yes  no

Significant deficiencies identified not considered  
to be material weaknesses?

yes  none reported

Type of auditor's report issued on compliance for  
major federal programs and state projects:

Unmodified

Any audit findings disclosed that are required to  
be reported in accordance with 2 CFR 200.516(a)  
and Chapter 10.550 Rules of the Auditor General?

yes  no

Identification of major federal programs and state projects:

<u>AL/CSFA Number</u>	<u>Name of Federal Program or Cluster or State Project</u>
AL 97.036	Disaster Grants – Public Assistance
CSFA 31.081	Disaster Grants – Public Assistance

Dollar threshold used to distinguish between

Type A and Type B federal programs:

\$1,000,000

Type A and Type B state projects:

\$750,000

Auditee qualified as low-risk auditee?

yes  no

# Town of Jupiter Island, Florida

## **SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED SEPTEMBER 30, 2025**

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### **SECTION II FINANCIAL STATEMENT FINDINGS AND RESPONSES**

None noted.

### **SECTION III FEDERAL/STATE AWARDS FINDINGS AND QUESTIONED COSTS**

Not applicable.

### **SECTION IV PRIOR YEAR FINDINGS AND RECOMMENDATIONS**

None noted.

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## Independent Auditor's Management Letter

**To the Honorable Mayor and  
Members of the Town Commission  
Town of Jupiter Island, Florida**

### **Report on the Financial Statements**

We have audited the financial statements of the Town of Jupiter Island, Florida (the "Town"), as of and for the fiscal year ended September 30, 2025, and have issued our report thereon dated February 10, 2026.

### **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 Financial Statements Performed in Accordance with *Government Auditing Standards*; schedule of findings and responses; 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 and schedule, which are dated February 10, 2026, should be considered in conjunction with this management letter.

### **Prior Audit Findings**

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

### **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. The Town discloses this information in the notes to the financial statements.

## Financial Condition and Management

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

Pursuant to Sections 10.554(1)(i)5.b. and 10.556(8), Rules of the Auditor General, we applied financial condition assessment procedures for the Town. It is management's responsibility to monitor the Town's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same.

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.

## Property Assessed Clean Energy (PACE) Programs

As required by Section 10.554(1)(i)6.a., Rules of the Auditor General, a PACE program authorized pursuant to Section 163.081 or Section 163.082, Florida Statutes, did not operate within the Town's geographical boundaries during the fiscal year under audit.

## Special District Component Units

Section 10.554(1)(i)5.d, 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 determined that all special district component units provided the necessary information for proper reporting in accordance with Section 218.39(3)(b), Florida Statutes.

## Specific Information

Section 218.39(3)(c), Florida Statutes, and Section 10.554(1)(i)6, Rules of the Auditor General, require the Town to report the following specific information:

- a. The total number of employees compensated in the last pay period of the Town's fiscal year is nine.
- b. The total number of independent contractors to whom nonemployee compensation was paid in the last month of the Town's fiscal year was zero.
- c. All compensation earned by or awarded to employees, whether paid or accrued, regardless of contingency was \$277,599.
- d. All compensation earned by or awarded to nonemployee independent contractors, whether paid or accrued, regardless of contingency as \$16,515.
- e. Each construction project with a total cost of at least \$65,000 approved by the Town, scheduled to begin on or after October 1 of the fiscal year being reported on together with the total expenditures for such project, are as follows: Beach Renourishment Projects - \$29,565,000.
- f. A budget variance report based on the budget adopted under Section 189.016(4), Florida Statutes, and the amended budget under Section 189.016(6), Florida Statutes, is reported on pages 64 and 65 of the financial statements.

### **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 which warrants the attention of those charged with governance. In connection with our audit, we did not have any such findings.

### **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 Mayor and Members of the Town Commission, and applicable management, and is not intended to be and should not be used by anyone other than these specified parties.



Bradenton, Florida  
February 10, 2026

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## Independent Accountant's Report

**To the Honorable Mayor and  
Members of the Town Commission  
Town of Jupiter Island, Florida**

We have examined the Town of Jupiter Island, Florida's (the "Town") compliance with Section 218.415, Florida Statutes, regarding the investment of public funds during the year ended September 30, 2025. Management of the Town is responsible for the Town's compliance with those requirements. Our responsibility is to express an opinion on the Town's compliance based on our examination.

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

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

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

In our opinion, the Town complied, in all material respects, with the aforementioned requirements during the year ended September 30, 2025.

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 and the Town Commission and management of the Town, and is not intended to be and should not be used by anyone other than these specified parties.

*Mauldin & Jenkins, LLC*

Bradenton, Florida  
February 10, 2026

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