

TOWN OF JUPITER ISLAND, FLORIDA
FINANCIAL STATEMENTS AND
SUPPLEMENTARY FINANCIAL INFORMATION
FOR THE YEAR ENDED
SEPTEMBER 30, 2023

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**TOWN OF JUPITER ISLAND, FLORIDA
FINANCIAL STATEMENTS AND
SUPPLEMENTARY FINANCIAL INFORMATION
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

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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, 2023, 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, 2023, 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 12 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 the total OPEB liability and related ratios, and notes to required supplementary information on pages 4 through 12 and 63 through 70 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 schedule of water and wastewater revenue refunding bond coverage – enterprise fund, 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 and the schedule of water and wastewater revenue refunding bond coverage – enterprise fund 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 March 11, 2024, 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
March 11, 2024

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MANAGEMENT'S DISCUSSION AND ANALYSIS

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TOWN OF JUPITER ISLAND, FLORIDA

MANAGEMENT'S DISCUSSION AND ANALYSIS SEPTEMBER 30, 2023 (UNAUDITED)

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, 2023.

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 \$112,994,246. Of this amount, \$36,971,409 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.
 - Governmental net position was \$48,683,799.
 - Business-type net position was \$64,310,447.
- The total revenue from all sources was \$39,620,203 and the total cost of all Town programs was \$29,372,761.
- As of the close of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$31,252,671 which was an increase of \$4,542,837 from the prior year balance of \$26,709,834. Approximately 76% of this fund balance is restricted or assigned for specific purposes; the remaining 24% 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 \$7,495,335 or 73% of the total General Fund expenditures for the year ended September 30, 2023.
- The Town's outstanding long-term debt (excluding compensated absences, other post-employment benefits, and net pension liability) decreased from \$43,597,108 to \$42,131,074 during the current fiscal year, representing a net decrease of \$1,466,034 (3%).

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.

TOWN OF JUPITER ISLAND, FLORIDA

MANAGEMENT'S DISCUSSION AND ANALYSIS SEPTEMBER 30, 2023 (UNAUDITED)

The *statement of net position* presents information on all of the Town's assets and liabilities, with the difference between the two 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 13 and 14 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.

TOWN OF JUPITER ISLAND, FLORIDA

MANAGEMENT'S DISCUSSION AND ANALYSIS SEPTEMBER 30, 2023 (UNAUDITED)

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 15 through 18 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 19 through 23 of this report. The schedule of water and wastewater revenue refunding bond coverage for the enterprise fund can be found on page 73 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 24 and 25 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 26 through 62 of this report.

Other 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 63 and 64 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 65 through 70 of this report.

The combining and individual fund financial statements and schedules are presented as other supplementary information on pages 71 through 73 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 \$48,683,799. Business-type activity assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$64,310,447. The Town-wide total net position was \$112,994,246 at the close of the fiscal year ended September 30, 2023. The statement of net position is on page 13 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, 2023 of \$6,076,213, compared to \$2,808,477 as of September 30, 2022.

TOWN OF JUPITER ISLAND, FLORIDA

MANAGEMENT'S DISCUSSION AND ANALYSIS SEPTEMBER 30, 2023 (UNAUDITED)

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 \$89,806,330 or 54% of all assets, which total \$165,112,292. 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 (\$27,990,299 or 25%) 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 Activities		Business-Type Activities		Totals	
	2023	2022	2023	2022	2023	2022
Assets						
Current and other assets	\$ 31,835,560	\$ 27,038,970	\$ 43,470,402	\$ 31,017,864	\$ 75,305,962	\$ 58,056,834
Capital assets	24,796,551	31,177,484	65,009,779	65,865,154	89,806,330	97,042,638
Total assets	56,632,111	58,216,454	108,480,181	96,883,018	165,112,292	155,099,472
Total deferred outflows of resources	429,384	2,372,601	440,773	1,152,575	870,157	3,525,176
Liabilities						
Long-term liabilities	7,426,776	9,034,556	37,858,616	38,718,831	45,285,392	47,753,387
Other liabilities	710,496	476,845	1,610,791	1,456,816	2,321,287	1,933,661
Total liabilities	8,137,272	9,511,401	39,469,407	40,175,647	47,606,679	49,687,048
Total deferred inflows of resources	240,424	1,182,024	5,141,100	5,008,772	5,381,524	6,190,796
Net position						
Net investment on capital assets	20,783,965	31,076,801	27,248,573	26,934,776	48,032,538	58,011,577
Restricted	21,823,621	16,010,352	6,166,678	816,037	27,990,299	16,826,389
Unrestricted	6,076,213	2,808,477	30,895,196	25,100,361	36,971,409	27,908,838
Total net position	\$ 48,683,799	\$ 49,895,630	\$ 64,310,447	\$ 52,851,174	\$ 112,994,246	\$ 102,746,804

TOWN OF JUPITER ISLAND, FLORIDA

MANAGEMENT'S DISCUSSION AND ANALYSIS SEPTEMBER 30, 2023 (UNAUDITED)

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 Activities		Business-Type Activities		Totals	
	2023	2022	2023	2022	2023	2022
Revenues						
Program revenues						
Charges for services	\$ 2,976,595	\$ 2,620,791	\$ 16,322,620	\$ 12,839,121	\$ 19,299,215	\$ 15,459,912
Operating contributions and grants	192,697	41,997	-	-	192,697	41,997
Capital contributions and grants	-	-	5,396,839	611,655	5,396,839	611,655
General revenues						
Taxes	12,178,385	10,745,564	-	-	12,178,385	10,745,564
Intergovernmental	193,734	655,370	-	-	193,734	655,370
Investment earnings	1,412,786	206,776	946,547	184,668	2,359,333	391,444
Total revenues	\$ 16,954,197	\$ 14,270,498	\$ 22,666,006	\$ 13,635,444	\$ 39,620,203	\$ 27,905,942
Expenses						
General government	\$ 3,327,641	\$ 2,446,128	\$ -	\$ -	\$ 3,327,641	\$ 2,446,128
Public safety	4,768,955	4,869,873	-	-	4,768,955	4,869,873
Building	909,010	1,042,317	-	-	909,010	1,042,317
Public works	1,605,366	1,679,772	-	-	1,605,366	1,679,772
Environmental	7,397,830	6,955,288	-	-	7,397,830	6,955,288
Interest on long-term debt	157,226	181,193	1,109,481	990,339	1,266,707	1,171,532
Water and wastewater	-	-	10,097,252	9,386,701	10,097,252	9,386,701
Total expenses	18,166,028	17,174,571	11,206,733	10,377,040	29,372,761	27,551,611
Change in net position	(1,211,831)	(2,904,073)	11,459,273	3,258,404	10,247,442	354,331
Beginning net position	49,895,630	52,799,703	52,851,174	49,592,770	102,746,804	102,392,473
Ending net position	\$ 48,683,799	\$ 49,895,630	\$ 64,310,447	\$ 52,851,174	\$ 112,994,246	\$ 102,746,804

Governmental Activities: Governmental activities decreased the Town's net position by \$1,211,831. The largest sources of governmental revenue received for 2023 was \$12,178,385 from taxes, representing 72% of total governmental revenue.

Expenses in the governmental activities increased by approximately \$991,457 from the prior year.

Business-Type Activity: The Town's business-type activity increased net position by \$11,459,273 for 2023. Charges for services for the business-type activity increased from the previous fiscal year by approximately \$3,483,499 or 27%. This was primarily a result of an increase in demand during the year. Developer capital contributions in 2023 increased approximately \$5,396,839 and is a direct result of development activity.

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.

TOWN OF JUPITER ISLAND, FLORIDA

MANAGEMENT'S DISCUSSION AND ANALYSIS SEPTEMBER 30, 2023 (UNAUDITED)

As of the end of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$31,252,671, an increase of \$4,542,837 from the prior year balance of \$26,709,834. Of this amount, \$23,626,780 is restricted or assigned for specific purposes as follows:

- \$17,820,206 restricted for beach protection district.
- \$3,865,046 restricted for building code enforcement.
- \$1,000,000 assigned for emergencies.
- \$431,989 assigned for conservation projects.
- \$163,582 assigned for beautification and maintenance projects.
- \$135,819 restricted for debt repayment.
- \$115,000 assigned for compensated absences.
- \$80,000 assigned for uninsured losses.
- \$12,495 assigned for scholarships.
- \$2,550 restricted for public safety equipment and training.
- \$93 assigned for public safety education and training.

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 \$7,495,335, while the total General Fund balance reached \$13,291,373. 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 \$10,237,929. Unassigned fund balance represents 73% of total General Fund expenditures, while total fund balance represents 130% of that same amount.

The fund balance of the Town's General Fund increased by approximately \$2,280,548 during the current fiscal year compared to an increase of \$1,374,328 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 \$30,895,196, representing an increase of \$5,794,835 from the prior year balance of \$25,100,361.

TOWN OF JUPITER ISLAND, FLORIDA

MANAGEMENT'S DISCUSSION AND ANALYSIS SEPTEMBER 30, 2023 (UNAUDITED)

Budgetary Highlights

General Fund

Overall, actual revenues were more than the anticipated amounts by \$1,443,076 and expenditures were \$1,548,895 less than the appropriated budget. Accordingly, the Town had a favorable budget variance for 2023 of \$2,280,548. The largest budget variance for revenue was building permits revenue, which exceeded the budgeted amount by \$1,121,452. Expenditures were under budget in all departments for the year, with the largest variances of \$495,559 in Public Safety and \$577,326 in Public Works.

Beach Protection Fund

Actual revenues were more than the anticipated amounts by \$791,918, and expenditures were \$1,466,080 less than the appropriated budget. An additional \$2,257,998 was added to reserves for future beach renourishment projects.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The Town's investment in capital assets for its governmental and business-type activity at September 30, 2023 amounted to \$89,806,330 (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	
	2023	2022	2023	2022	2023	2022
Land	\$ 12,001,009	\$ 12,001,009	\$ 14,390,177	\$ 14,390,177	\$ 26,391,186	\$ 26,391,186
Building and improvements	2,394,740	2,478,094	6,382,854	6,605,200	8,777,594	9,083,294
Water distribution system	-	-	22,233,426	22,857,394	22,233,426	22,857,394
Wastewater collection system	-	-	14,310,887	14,657,857	14,310,887	14,657,857
Wells	-	-	3,618,312	3,779,343	3,618,312	3,779,343
Equipment	1,214,059	1,049,183	2,909,131	2,796,090	4,123,190	3,845,273
Beach re-nourishment	7,222,362	13,575,410	-	-	7,222,362	13,575,410
Roads	1,919,819	2,059,649	-	-	1,919,819	2,059,649
Construction in progress	44,562	14,139	1,164,992	779,093	1,209,554	793,232
Total capital assets	<u>\$ 24,796,551</u>	<u>\$ 31,177,484</u>	<u>\$ 65,009,779</u>	<u>\$ 65,865,154</u>	<u>\$ 89,806,330</u>	<u>\$ 97,042,638</u>

The Town's total investment in capital assets decreased for the current fiscal year by approximately \$7,236,308. The decrease was mainly due to depreciation.

Additional information on the Town's capital assets can be found in Note 6 on pages 43 and 44 of this report.

TOWN OF JUPITER ISLAND, FLORIDA

MANAGEMENT'S DISCUSSION AND ANALYSIS SEPTEMBER 30, 2023 (UNAUDITED)

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 \$1,466,035 (3%) during the current fiscal year. The Town's outstanding debt is summarized as follows:

	Outstanding Debt					
	Governmental Activities		Business-Type Activities		Totals	
	2023	2022	2023	2022	2023	2022
Note payable	\$ 3,940,867	\$ 4,566,050	\$ 10,844,485	\$ 11,152,426	\$ 14,785,352	\$ 15,718,476
Financed purchase	71,720	100,680	-	-	71,720	100,680
Revenue bonds	-	-	27,274,002	27,777,952	27,274,002	27,777,952
Total outstanding debt	\$ 4,012,587	\$ 4,666,730	\$ 38,118,487	\$ 38,930,378	\$ 42,131,074	\$ 43,597,108

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 \$27,274,002 and notes payable outstanding of \$10,844,485 in the utility system for a total of \$38,118,487. 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 51 of this report.

TOWN OF JUPITER ISLAND, FLORIDA

MANAGEMENT'S DISCUSSION AND ANALYSIS SEPTEMBER 30, 2023 (UNAUDITED)

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 2023-2024 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 2023-2024 is 2.7887 mills. This millage rate results in a total projected tax levy of \$9,056,872.
- General Fund revenues and expenditures for the 2023-2024 budget year increased \$585,726 from the 2022-2023 budget.
- The Beach Protection District millage rate adopted for 2023-2024 is .9593 mills. This millage rate results in a total projected tax levy of \$3,105,398.
- The Town will continue the voted debt millage in 2023-2024 in order to pay the promissory notes issued for the electric undergrounding project. The millage rate adopted for 2023-2024 decreased from 0.2735 mills to 0.2427 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 2023-2024 fiscal year.

South Martin Regional Utility operations are primarily supported by user fees. In 2023-2024, an increase of 7.07% (\$791,288) in utility operating revenue was budgeted based on increases in the utility price index and customer usage. An increase of 9.9% (\$814,060) 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.

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BASIC FINANCIAL STATEMENTS

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TOWN OF JUPITER ISLAND, FLORIDA

**STATEMENT OF NET POSITION
SEPTEMBER 30, 2023**

	Governmental Activities	Business-Type Activities	Total
Assets			
Cash and cash equivalents	\$ 15,318,121	\$ 15,320,779	\$ 30,638,900
Investments	16,373,106	13,488,586	29,861,692
Accounts receivable, net	10,366	1,367,896	1,378,262
Interest receivable	-	3,064	3,064
Prepaid items	130,556	87,094	217,650
Due from other governments	49,124	-	49,124
Interfund balances, net	(45,713)	45,713	-
Restricted assets			
Cash and cash equivalents	-	7,465,764	7,465,764
Notes receivable	-	364,830	364,830
Inventory	-	349,761	349,761
Derivative instruments - interest rate swap	-	4,976,915	4,976,915
Capital assets			
Non-depreciable	12,045,571	15,555,169	27,600,740
Depreciable, net	12,750,980	49,454,610	62,205,590
Total assets	56,632,111	108,480,181	165,112,292
Deferred outflows of resources			
Deferred amounts on refunding	-	357,281	357,281
Deferred outflows - pensions	316,315	-	316,315
Deferred outflows - OPEB	113,069	83,492	196,561
Total deferred outflows of resources	429,384	440,773	870,157
Liabilities			
Accounts payable	356,461	219,431	575,892
Accrued liabilities	218,650	92,274	310,924
Accrued interest payable	127,607	-	127,607
Due to other governments	7,778	-	7,778
Liabilities payable from restricted assets	-	1,299,086	1,299,086
Noncurrent liabilities			
Due within one year	742,484	344,160	1,086,644
Due in more than one year	6,684,292	37,514,456	44,198,748
Total liabilities	8,137,272	39,469,407	47,606,679
Deferred inflows of resources			
Accumulated increase in fair value of derivative instruments	-	4,976,915	4,976,915
Deferred inflows - pensions	9,068	-	9,068
Deferred inflows - OPEB	231,356	164,185	395,541
Total deferred inflows of resources	240,424	5,141,100	5,381,524
Net position			
Net investment in capital assets	20,783,965	27,248,573	48,032,538
Restricted	21,823,621	6,166,678	27,990,299
Unrestricted	6,076,213	30,895,196	36,971,409
Total net position	\$ 48,683,799	\$ 64,310,447	\$ 112,994,246

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, 2023

	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
Functions/programs							
Governmental activities							
General government	\$ 3,327,641	\$ 753,183	\$ 192,697	\$ -	\$ (2,381,761)	\$ -	\$ (2,381,761)
Public safety	4,768,955	71,995	-	-	(4,696,960)	-	(4,696,960)
Building	909,010	2,072,167	-	-	1,163,157	-	1,163,157
Public works	1,605,366	79,250	-	-	(1,526,116)	-	(1,526,116)
Physical environment	7,397,830	-	-	-	(7,397,830)	-	(7,397,830)
Interest on long-term debt	157,226	-	-	-	(157,226)	-	(157,226)
Total governmental activities	18,166,028	2,976,595	192,697	-	(14,996,736)	-	(14,996,736)
Business-type activities							
Water and wastewater	11,206,733	16,322,620	-	5,396,839	-	10,512,726	10,512,726
Total business-type activities	11,206,733	16,322,620	-	5,396,839	-	10,512,726	10,512,726
Total primary government	\$ 29,372,761	\$ 19,299,215	\$ 192,697	\$ 5,396,839	(14,996,736)	10,512,726	(4,484,010)
General revenues							
Taxes:							
Property taxes, levied for general purposes					8,225,030	-	8,225,030
Property taxes, levied for beach protection					2,814,714	-	2,814,714
Property taxes, levied for electric underground					806,665	-	806,665
Local option gas tax					211,846	-	211,846
Communications tax					120,130	-	120,130
Intergovernmental not restricted to specific programs					193,734	-	193,734
Unrestricted investment income					1,412,786	946,547	2,359,333
Total general revenues and transfers					13,784,905	946,547	14,731,452
Change in net position					(1,211,831)	11,459,273	10,247,442
Net position, beginning of year					49,895,630	52,851,174	102,746,804
Net position, end of year					\$ 48,683,799	\$ 64,310,447	\$ 112,994,246

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

TOWN OF JUPITER ISLAND, FLORIDA

**BALANCE SHEET –
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2023**

	Major Governmental Funds		Nonmajor	Total
	General	Beach	Governmental	Governmental
	Fund	Protection	Funds	Funds
		Fund		
Assets				
Cash and cash equivalents	\$ 4,910,001	\$ 10,269,765	\$ 138,355	\$ 15,318,121
Investments	8,649,486	7,723,620	-	16,373,106
Accounts receivable	10,366	-	-	10,366
Due from other governments	49,110	-	14	49,124
Prepaid items	127,833	2,723	-	130,556
Total assets	<u>\$ 13,746,796</u>	<u>\$ 17,996,108</u>	<u>\$ 138,369</u>	<u>\$ 31,881,273</u>
Liabilities and fund balances				
Liabilities				
Accounts payable	\$ 192,854	\$ 163,607	\$ -	\$ 356,461
Accrued liabilities	209,078	9,572	-	218,650
Due to other governments	7,778	-	-	7,778
Due to other funds	45,713	-	-	45,713
Total liabilities	<u>455,423</u>	<u>173,179</u>	<u>-</u>	<u>628,602</u>
Fund balances				
Nonspendable	127,833	2,723	-	130,556
Restricted	3,865,046	17,820,206	138,369	21,823,621
Assigned	1,803,159	-	-	1,803,159
Unassigned	7,495,335	-	-	7,495,335
Total fund balances	<u>13,291,373</u>	<u>17,822,929</u>	<u>138,369</u>	<u>31,252,671</u>
Total liabilities and fund balances	<u>\$ 13,746,796</u>	<u>\$ 17,996,108</u>	<u>\$ 138,369</u>	<u>\$ 31,881,273</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, 2023**

Total fund balances for governmental funds	\$	31,252,671
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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	\$ 88,730,194	
Accumulated depreciation	<u>(63,933,643)</u>	24,796,551

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 outflows - pension	316,315	
Deferred inflows - pension	<u>113,069</u>	429,384

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	(9,068)	
Deferred inflows - OPEB	<u>(231,356)</u>	(240,424)

Net pension liabilities are not due and payable in the current period, and therefore, are not reported in the funds.

(2,930,282)

Accrued interest on long-term debt is not due and payable in the current period and is not reported in the governmental funds.

(127,607)

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	(4,012,587)	
Other post-employment benefits	(196,288)	
Compensated absence	<u>(287,619)</u>	<u>(4,496,494)</u>

Net position of governmental activities

\$ 48,683,799

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, 2023**

	Major Governmental Funds		Nonmajor	Total
	General	Beach	Governmental	Governmental
	Fund	Protection	Funds	Funds
		Fund		
Revenues				
Taxes	\$ 8,225,030	\$ 2,814,714	\$ 806,665	\$ 11,846,409
Other taxes	331,976	-	-	331,976
Licenses and permits	2,073,452	-	-	2,073,452
Intergovernmental revenues	201,508	-	-	201,508
Charges for services	183,108	-	-	183,108
Fines and forfeitures	2,415	-	137	2,552
Investment earnings	602,382	810,404	-	1,412,786
Donations	181,123	-	-	181,123
Miscellaneous revenues	717,483	3,800	-	721,283
Total revenues	<u>12,518,477</u>	<u>3,628,918</u>	<u>806,802</u>	<u>16,954,197</u>
Expenditures				
Current				
General government	2,686,747	468,854	-	3,155,601
Public safety	4,522,251	-	-	4,522,251
Building	893,391	-	-	893,391
Public works	1,370,079	-	-	1,370,079
Physical environment	170,051	524,473	-	694,524
Debt service				
Principal retirement	-	-	625,183	625,183
Interest	-	-	177,328	177,328
Capital outlay	595,410	377,593	-	973,003
Total expenditures	<u>10,237,929</u>	<u>1,370,920</u>	<u>802,511</u>	<u>12,411,360</u>
Change in fund balances	2,280,548	2,257,998	4,291	4,542,837
Fund balances, beginning of year	<u>11,010,825</u>	<u>15,564,931</u>	<u>134,078</u>	<u>26,709,834</u>
Fund balances, end of year	<u>\$ 13,291,373</u>	<u>\$ 17,822,929</u>	<u>\$ 138,369</u>	<u>\$ 31,252,671</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, 2023**

Net change in fund balances – total governmental funds		\$ 4,542,837
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 may less than depreciable expense in the current period.		
Expenditures for capital assets	\$ 913,603	
Less current year depreciation	<u>(7,283,351)</u>	(6,369,748)
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.		
		(11,185)
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	625,183	
Principal retirement on financed purchases	<u>28,960</u>	654,143
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.		
		20,102
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	(18,409)	
Other post-employment benefit expense	(34,239)	
Pension expense	<u>4,668</u>	<u>(47,980)</u>
Change in net position of governmental activities		<u>\$ (1,211,831)</u>

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, 2023

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES

Current assets

Cash and cash equivalents	\$ 15,320,779
Investments	13,488,586
Accounts receivable, net of allowance for doubtful accounts of \$80,949	1,367,896
Notes receivable - current	30,006
Due from other funds	45,713
Interest receivable	3,064
Inventory	349,761
Prepaid items	87,094
	<u>30,692,899</u>
Total current assets	<u>30,692,899</u>

Noncurrent assets

Restricted assets	
Cash and cash equivalents	<u>7,465,764</u>
Total restricted assets	<u>7,465,764</u>

Other assets

Notes receivable, long-term	334,824
Derivative instruments, interest rate swap	<u>4,976,915</u>
Total other assets	<u>5,311,739</u>

Capital assets

Land and improvements	14,390,177
Buildings and improvements	12,345,382
Water distribution systems	36,644,627
Wastewater distribution systems	27,229,280
Wells	6,615,480
Equipment	10,332,248
Construction in progress	1,164,992
Total capital assets	108,722,186
Less accumulated depreciation	<u>43,712,407</u>
Total capital assets, net	<u>65,009,779</u>

Total assets	<u>\$ 108,480,181</u>
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Deferred outflows of resources

Deferred amounts on refunding	\$ 357,281
Deferred outflows - OPEB	83,492
Total deferred outflows of resources	<u>\$ 440,773</u>

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

(Continued)

TOWN OF JUPITER ISLAND, FLORIDA

**STATEMENT OF NET POSITION —
ENTERPRISE FUND (SOUTH MARTIN REGIONAL UTILITY)
SEPTEMBER 30, 2023**

LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION

Current liabilities

Accounts payable	\$ 219,431
Accrued liabilities	92,274
Current portion of compensated absences payable	42,040
Current portion of notes payable	<u>302,120</u>
Total current liabilities	<u>655,865</u>

Current liabilities payable from restricted assets

Accounts payable	249,240
Accrued interest payable	492,649
Current portion of revenue bonds payable	540,000
Current portion of notes payable	<u>17,197</u>
Total current liabilities payable from restricted assets	<u>1,299,086</u>

Noncurrent liabilities

Compensated absences payable	100,760
Other post-employment benefits payable	154,526
Notes payable	10,525,168
Revenue bonds payable, net of unamortized premium	<u>26,734,002</u>
Total noncurrent liabilities	<u>37,514,456</u>

Total liabilities	\$ <u>39,469,407</u>
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Deferred inflows of resources

Accumulated decrease in fair value of derivative instruments	\$ 4,976,915
Deferred inflows - OPEB	<u>164,185</u>
Total deferred inflows of resources	<u>5,141,100</u>

Net position

Net investment in capital assets	27,248,573
Restricted	6,166,678
Unrestricted	<u>30,895,196</u>

Total net position	\$ <u>64,310,447</u>
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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, 2023**

Operating revenues	
Water	\$ 8,847,605
Wastewater	3,772,602
Irrigation quality water	434,666
Accrued guaranteed revenue fees	2,796,280
Other	98,782
Total operating revenues	<u>15,949,935</u>
Operating expenses	
Personnel services	3,595,333
Operating expenses	4,287,168
Depreciation	2,202,781
Total operating expenses	<u>10,085,282</u>
Operating income	<u>5,864,653</u>
Nonoperating revenues (expenses)	
Interest income	946,547
Other revenues	372,685
Loss on disposal of assets	(11,970)
Interest expense	(1,109,481)
Total nonoperating revenues (expenses)	<u>197,781</u>
Income before capital contributions	6,062,434
Capital contributions	<u>5,396,839</u>
Change in net position	11,459,273
Net position, beginning of year	52,851,174
Net position, end of year	<u><u>\$ 64,310,447</u></u>

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, 2023**

Cash flows from operating activities

Cash received from customers	\$ 15,909,153
Cash received from others	372,233
Cash paid to suppliers and contractors	(4,251,164)
Cash paid to employees	(3,512,807)
Cash paid for interfund services	(27,872)
Net cash provided by operating activities	<u>8,489,543</u>

Cash flows from capital and related financing activities

Capital contributions	5,396,839
Principal paid on revenue bonds payable	(495,000)
Principal paid on notes payable	(307,941)
Acquisition and construction of capital assets	(1,358,924)
Payment of interest	(1,121,597)
Net cash provided by capital and related financing activities	<u>2,113,377</u>

Cash flows from investing activities

Interest received	951,442
Purchase of investments	(3,997,483)
Net cash used in investing activities	<u>(3,046,041)</u>

Net change in cash and cash equivalents

7,556,879

Cash and cash equivalents, beginning of year

15,229,664

Cash and cash equivalents, end of year

\$ 22,786,543

Reconciliation cash and cash equivalents to the statement of net position

Unrestricted cash and cash equivalents	\$ 15,320,779
Restricted cash and cash equivalents	7,465,764
Total cash and cash equivalents	<u><u>\$ 22,786,543</u></u>

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

(Continued)

TOWN OF JUPITER ISLAND, FLORIDA

**STATEMENT OF CASH FLOWS –
ENTERPRISE FUND (SOUTH MARTIN REGIONAL UTILITY)
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

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

Operating income	\$ 5,864,653
Adjustment to reconcile operating income to net cash provided by operating activities:	
Depreciation and amortization	2,202,781
Amortization	122,877
Other income	372,233
Change in operating assets and liabilities:	
Accounts receivable	(40,782)
Due from other funds	(45,713)
Inventory	(89,167)
Prepaid items	14,940
Accounts payable	119,181
Accrued liabilities	1,198
Due to other funds	17,841
Compensated absences payable	(47,209)
Other post-employment benefits	(3,290)
Net cash provided by operating activities	<u>\$ 8,489,543</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, 2023

	<u>Pension Trust Fund</u>
ASSETS	
Cash and cash equivalents	\$ 190,996
Investments	9,437,913
Employer contributions receivable	118,750
Total assets	<u>\$ 9,747,659</u>
LIABILITIES	
Accrued benefits and other liabilities	<u>\$ -</u>
Total liabilities	<u>-</u>
NET POSITION	
Net position restricted for pension	<u>\$ 9,747,659</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, 2023**

	<u>Pension Trust Fund</u>
ADDITIONS	
Contributions	
Employer	\$ 475,000
Investment income	
Interest and dividends	415,237
Net appreciation in fair value of investments	<u>806,396</u>
Total investment earnings	1,221,633
Less investment expense	<u>(6,893)</u>
Net investment earnings	1,214,740
Total additions	<u>1,689,740</u>
DEDUCTIONS	
Payments to retirees and employees	<u>1,096,663</u>
Total deductions	<u>1,096,663</u>
Change in net position	593,077
Net position, beginning of year, restated	<u>9,154,582</u>
Net position, end of year	<u><u>\$ 9,747,659</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 SEPTEMBER 30, 2023

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.

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.

TOWN OF JUPITER ISLAND, FLORIDA

NOTES TO FINANCIAL STATEMENTS SEPTEMBER 30, 2023

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Jointly Governed Organization

The Town participates in the Treasure Coast Regional Utilities Organization ("TCRU") which includes seven local governments in Martin and St. Lucie counties. TCRU was formed to develop joint plans for the treatment and disposal of wastewater biosolids and additional utility plans or projects as needed and agreed upon by the members. The Town has no ongoing financial interest or obligation.

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
SEPTEMBER 30, 2023

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.

TOWN OF JUPITER ISLAND, FLORIDA

NOTES TO FINANCIAL STATEMENTS SEPTEMBER 30, 2023

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Financial Statements (continued)

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.

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. Property taxes, intergovernmental revenue, 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.

TOWN OF JUPITER ISLAND, FLORIDA

NOTES TO FINANCIAL STATEMENTS SEPTEMBER 30, 2023

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement Focus and Basis of Accounting (Continued)

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.

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 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 SEPTEMBER 30, 2023

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.

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 fair 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.

TOWN OF JUPITER ISLAND, FLORIDA

NOTES TO FINANCIAL STATEMENTS SEPTEMBER 30, 2023

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets (Continued)

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.

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 up to a maximum of 240 hours 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. 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.

TOWN OF JUPITER ISLAND, FLORIDA

NOTES TO FINANCIAL STATEMENTS SEPTEMBER 30, 2023

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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, 2023. 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.

TOWN OF JUPITER ISLAND, FLORIDA

NOTES TO FINANCIAL STATEMENTS SEPTEMBER 30, 2023

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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.

TOWN OF JUPITER ISLAND, FLORIDA

NOTES TO FINANCIAL STATEMENTS SEPTEMBER 30, 2023

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Balances (Continued)

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.

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.

TOWN OF JUPITER ISLAND, FLORIDA

NOTES TO FINANCIAL STATEMENTS SEPTEMBER 30, 2023

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

Property Tax Revenue

Ad valorem property taxes are assessed on property valuations as of January 1st and levied the following October 1st. Taxes are due by March 31st and become delinquent on April 1st 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, 2023, 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 (2021/2022) 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, 2023, the Town adopted a millage rate permitted by a majority vote of the Town Commission under this formula, which was 2.7887 for the General Fund, .9593 for the Jupiter Island Beach Protection District (the "District"), and 0.2735 for the electric underground fund debt service.

TOWN OF JUPITER ISLAND, FLORIDA

NOTES TO FINANCIAL STATEMENTS SEPTEMBER 30, 2023

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Grant Revenue

Federal, state and local reimbursement-type grants are recorded as intergovernmental receivables and revenue when the related expenditures/expenses are incurred.

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.

NOTE 2. CASH, CASH EQUIVALENTS AND INVESTMENTS

At September 30, 2023, the fair value of the Town's cash, cash equivalents and investments, excluding fiduciary funds, included the following:

	Unrestricted	Restricted	Total
Cash and cash equivalents			
Deposits with financial institutions	\$ 9,489,362	\$ 7,465,764	\$ 16,955,126
Florida Prime Fund	21,149,538	-	21,149,538
	<u>30,638,900</u>	<u>7,465,764</u>	<u>38,104,664</u>
Investments			
FL Class	<u>29,861,692</u>	<u>-</u>	<u>29,861,692</u>
Total cash, cash equivalents and investments	<u>\$ 60,500,592</u>	<u>\$ 7,465,764</u>	<u>\$ 67,966,356</u>

Cash and Cash Equivalents

At September 30, 2023, the bank balances of the Town's cash and cash equivalents included \$18,168,393 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 SEPTEMBER 30, 2023

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, 2023, 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	\$ 190,996
Investments - mutual funds	9,437,913
Total cash, cash equivalents and investments	\$ 9,628,909

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 35-days, and the weighted average life was 75-days at September 30, 2023. The FL Class Investment Pool had a weighted-average days to maturity of 43-days, and the weighted-average life was 71-days at September 30, 2023.

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.

TOWN OF JUPITER ISLAND, FLORIDA

NOTES TO FINANCIAL STATEMENTS SEPTEMBER 30, 2023

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

The NRSRO ratings for the Town's rated investments at September 30, 2023, are summarized as follows:

Investment Type	NRSRO Rating	Fair Value	
Florida Prime Investment Pool	AAAm	\$	21,149,538
FL Class Investment Pool	AAAm	\$	29,861,692

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, 2023.

TOWN OF JUPITER ISLAND, FLORIDA

NOTES TO FINANCIAL STATEMENTS SEPTEMBER 30, 2023

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, 2023, 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 SEPTEMBER 30, 2023

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, 2023:

Investments by fair value level	September 30, 2023	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	\$ 9,437,913	\$ 9,437,913	\$ -	\$ -
Total investments at fair value	\$ 9,437,913	\$ 9,437,913	\$ -	\$ -

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

The investment in FL Class Investment Pool is reported at amortized cost.

TOWN OF JUPITER ISLAND, FLORIDA

NOTES TO FINANCIAL STATEMENTS SEPTEMBER 30, 2023

NOTE 4. ACCOUNTS RECEIVABLE

Accounts receivable and the related allowance for doubtful accounts at September 30, 2023 are summarized as follows:

	Gross Accounts Receivable	Allowance for Doubtful Accounts	Net Accounts Receivable
Governmental activities			
Due from other governments	\$ 49,124	\$ -	\$ 49,124
Other accounts receivables	10,366	-	10,366
Total accounts receivables	<u>59,490</u>	<u>-</u>	<u>59,490</u>
Business-type activities			
Customer receivables	1,448,081	(80,949)	1,367,132
Other accounts receivable	764	-	764
Accrued interest receivable	3,064	-	3,064
Total business-type activities	<u>1,451,909</u>	<u>(80,949)</u>	<u>1,370,960</u>
Total accounts receivable	<u>\$ 1,511,399</u>	<u>\$ (80,949)</u>	<u>\$ 1,430,450</u>

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 \$1.1 million 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, 2023, the notes receivable totaled \$364,830, of which \$30,006 was current.

TOWN OF JUPITER ISLAND, FLORIDA

NOTES TO FINANCIAL STATEMENTS SEPTEMBER 30, 2023

NOTE 6. CAPITAL ASSETS

Capital assets activity for the year ended September 30, 2023 is summarized as follows:

	Balance at Beginning of Year	Increases	Decreases	Balance at End of Year
Governmental activities				
Capital assets, non-depreciable:				
Land and improvements	\$ 12,001,009	\$ -	\$ -	\$ 12,001,009
Construction in progress	14,139	52,376	(21,953)	44,562
Total capital assets, non-depreciable	12,015,148	52,376	(21,953)	12,045,571
Capital assets, depreciable:				
Buildings and improvements	4,733,189	6,356	-	4,739,545
Equipment	3,709,574	506,552	(94,963)	4,121,163
Beach renourishment	64,457,468	370,272	-	64,827,740
Roads	2,996,175	-	-	2,996,175
Total capital assets, depreciable	75,896,406	883,180	(94,963)	76,684,623
Less accumulated depreciation for:				
Buildings and improvements	(2,255,095)	(89,710)	-	(2,344,805)
Equipment	(2,660,391)	(330,491)	83,778	(2,907,104)
Beach renourishment	(50,882,058)	(6,723,320)	-	(57,605,378)
Roads	(936,526)	(139,830)	-	(1,076,356)
Total accumulated depreciation	(56,734,070)	(7,283,351)	83,778	(63,933,643)
Total capital assets, depreciable, net	19,162,336	(6,400,171)	(11,185)	12,750,980
Governmental activities capital assets, net	\$ 31,177,484	\$ (6,347,795)	\$ (33,138)	\$ 24,796,551
Business-type activities				
Capital assets, non-depreciable:				
Land and improvements	\$ 14,390,177	\$ -	\$ -	\$ 14,390,177
Construction in progress	779,093	1,064,204	(678,305)	1,164,992
Total capital assets, non-depreciable	15,169,270	1,064,204	(678,305)	15,555,169
Capital assets, depreciable:				
Buildings and improvements	\$ 12,335,507	\$ 9,875	\$ -	\$ 12,345,382
Water distribution system	36,547,118	97,509	-	36,644,627
Wastewater collection systems	26,988,106	254,249	(13,075)	27,229,280
Wells	6,617,169	-	(1,689)	6,615,480
Equipment	9,781,736	611,392	(60,880)	10,332,248
Total capital assets, depreciable	92,269,636	973,025	(75,644)	93,167,017
Less accumulated depreciation for:				
Buildings and improvements	(5,730,307)	(232,221)	-	(5,962,528)
Water distribution system	(13,689,724)	(721,477)	-	(14,411,201)
Wastewater collection systems	(12,330,249)	(594,044)	5,900	(12,918,393)
Wells	(2,837,826)	(160,017)	675	(2,997,168)
Equipment	(6,985,646)	(495,022)	57,551	(7,423,117)
Total accumulated depreciation	(41,573,752)	(2,202,781)	64,126	(43,712,407)
Total capital assets, depreciable, net	50,695,884	(1,229,756)	(11,518)	49,454,610
Business-type activities capital assets, net	\$ 65,865,154	\$ (165,552)	\$ (689,823)	\$ 65,009,779

TOWN OF JUPITER ISLAND, FLORIDA

NOTES TO FINANCIAL STATEMENTS SEPTEMBER 30, 2023

NOTE 6. CAPITAL ASSETS (CONTINUED)

Depreciation expense was charged to governmental activities functions as follows:

General government	\$	97,419
Public safety		237,285
Building		14,335
Public works		231,434
Environmental		6,702,878
Total governmental activities depreciation expense	\$	7,283,351

NOTE 7. DERIVATIVE INSTRUMENTS

The Town (on behalf of SMRU) has interest rate swap agreements in effect at September 30, 2023, 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, 2023, classified by type, and the changes in fair value of such derivative instruments for the year then ended as reported in the 2023 financial statements are as follows:

	Changes in Fair Value		Fair Value at September 30, 2023		
	Classification	Amount	Classification	Amount	Notional Amount
Business-type activities					
Cash flow hedge					
Pay fixed interest rate swap - series 2006	Deferred Inflow	\$ 341,611	Debt	\$ (220,762)	\$ 9,395,495
Pay fixed interest rate swap - series 2020	Deferred Inflow	\$ 376,539	Debt	\$ 5,197,677	\$ 26,570,000

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 SEPTEMBER 30, 2023

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, 2023:

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 London Interbank Offered Rate (LIBOR) plus 0.75%.
Fair value:	\$ (220,762)
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 LIBOR plus 1.10%.
Fair value:	\$ 5,197,677
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 LIBOR decreases, the Town's net payment on the swaps increases, and conversely, as LIBOR 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 SEPTEMBER 30, 2023

NOTE 8. LIABILITIES PAYABLE FROM RESTRICTED ASSETS

Liabilities payable from restricted assets in the Water and Wastewater Enterprise Fund (SMRU) at September 30, 2023 are summarized as follows:

Accounts payable	
Renewal and replacement account	\$ 249,240
Accrued interest payable and current principal maturities	
Debt service account	1,049,846
Total liabilities payable from restricted assets	<u>\$ 1,299,086</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. The Series 2015 Note Payable and compensated absences are generally liquidated by the General Fund from available non-ad valorem revenues.

Changes in governmental activities long-term debt for the year ended September 30, 2023 are summarized as follows:

	Balance at Beginning of Year	Additions	Retirements	Balance at End of Year	Amounts Due Within One Year
Compensated absences	\$ 269,210	\$ 394,719	\$ (376,310)	\$ 287,619	\$ 64,141
Note payable, Series 2007	1,879,372	-	(286,544)	1,592,828	296,746
Note payable, Series 2008	2,686,678	-	(338,639)	2,348,039	352,637
Financed purchases	100,680	-	(28,960)	71,720	28,960
Total OPEB liability	192,657	23,322	(19,691)	196,288	-
Net pension liability	3,905,959	882,580	(1,858,257)	2,930,282	-
Governmental activity long-term liabilities	<u>\$ 9,034,556</u>	<u>\$ 1,300,621</u>	<u>\$ (2,908,401)</u>	<u>\$ 7,426,776</u>	<u>\$ 742,484</u>

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.

TOWN OF JUPITER ISLAND, FLORIDA

NOTES TO FINANCIAL STATEMENTS SEPTEMBER 30, 2023

NOTE 9. LONG-TERM DEBT (CONTINUED)

Note Payable, Series 2007 (Continued)

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

Year Ending September 30	Principal	Interest	Total
2024	\$ 296,746	\$ 56,704	\$ 353,450
2025	307,183	46,267	353,450
2026	318,246	35,204	353,450
2027	329,575	23,875	353,450
2028	341,078	12,142	353,220
	<u>\$ 1,592,828</u>	<u>\$ 174,192</u>	<u>\$ 1,767,020</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:

Year Ending September 30	Principal	Interest	Total
2024	\$ 352,637	\$ 96,424	\$ 449,061
2025	367,130	81,931	449,061
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>\$ 2,348,039</u>	<u>\$ 348,858</u>	<u>\$ 2,696,897</u>

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, 2023 is \$4,463,916. Principal and interest paid, and ad valorem tax revenues received for the current year were \$802,511 and \$9,031,695, respectively.

TOWN OF JUPITER ISLAND, FLORIDA

NOTES TO FINANCIAL STATEMENTS SEPTEMBER 30, 2023

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	\$ 27,065,000	\$ -	\$ (495,000)	\$ 26,570,000	\$ 540,000
Unamortized premium	712,952	-	(8,950)	704,002	-
Total bonds payable	<u>27,777,952</u>	<u>-</u>	<u>(503,950)</u>	<u>27,274,002</u>	<u>540,000</u>
Notes payable					
Note payable, Series 2006	9,411,980	-	(16,485)	9,395,495	17,197
Note payable, Series 2007	1,740,446	-	(291,456)	1,448,990	302,120
Total notes payable	<u>11,152,426</u>	<u>-</u>	<u>(307,941)</u>	<u>10,844,485</u>	<u>319,317</u>
Compensated absences	147,969	214,389	(219,558)	142,800	42,040
Total OPEB liability	<u>151,969</u>	<u>23,322</u>	<u>(20,765)</u>	<u>154,526</u>	<u>-</u>
Business-type activity					
long-term liabilities	<u>\$ 39,230,316</u>	<u>\$ 237,711</u>	<u>\$ (1,052,214)</u>	<u>\$ 38,415,813</u>	<u>\$ 901,357</u>

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 LIBOR 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 SEPTEMBER 30, 2023

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
2024	\$ 540,000	\$ 526,086	\$ 1,066,086
2025	590,000	515,394	1,105,394
2026	-	503,712	503,712
2027	165,000	503,712	668,712
2028	210,000	500,445	710,445
2029 - 2033	7,425,000	2,238,291	9,663,291
2034 - 2038	10,345,000	1,353,825	11,698,825
2039 - 2041	7,295,000	292,743	7,587,743
	<u>\$ 26,570,000</u>	<u>\$ 6,434,208</u>	<u>\$ 33,004,208</u>

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 London Interbank Offered Rate (LIBOR) plus .75% (3.67% at September 30, 2023). 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.

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.

Variable-Rate Note				
Year Ending September 30	Principal	Interest	Interest Rate Swap, Net	Total
2024	\$ 17,197	\$ 91,013	\$ 315,534	\$ 423,744
2025	16,830	72,249	332,453	421,532
2026	723,668	52,990	335,762	1,112,420
2027	2,759,673	33,221	280,426	3,073,320
2028	2,876,619	15,008	177,281	3,068,908
2029	3,001,508	13,076	51,922	3,066,506
	<u>\$ 9,395,495</u>	<u>\$ 277,557</u>	<u>\$ 1,493,378</u>	<u>\$ 11,166,430</u>

TOWN OF JUPITER ISLAND, FLORIDA

NOTES TO FINANCIAL STATEMENTS SEPTEMBER 30, 2023

NOTE 9. LONG-TERM DEBT (CONTINUED)

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:

Year Ending September 30	Principal	Interest	Total
2024	\$ 302,120	\$ 50,570	\$ 352,690
2025	313,440	39,250	352,690
2026	325,049	27,641	352,690
2027	337,087	15,603	352,690
2028	171,294	3,152	174,446
	<u>\$ 1,448,990</u>	<u>\$ 136,216</u>	<u>\$ 1,585,206</u>

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, 2023 is \$33,004,208.

TOWN OF JUPITER ISLAND, FLORIDA

NOTES TO FINANCIAL STATEMENTS SEPTEMBER 30, 2023

NOTE 9. LONG-TERM DEBT (CONTINUED)

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, 2029.

Annual principal and interest payments on the Notes constitute a pledge of approximately 15% of the Town's non-ad valorem revenues until 2025 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, 2023 is \$12,751,636. Principal and interest paid by the utility system and non-ad valorem revenues pledged for the current year were \$776,434 and \$5,102,022, respectively.

Annual Maturities

As of September 30, 2023, 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.

Year Ending September 30	Principal	Interest	Interest Rate Swap, Net	Total
2024	\$ 1,537,660	\$ 820,797	\$ 315,534	\$ 2,673,991
2025	1,623,543	755,091	332,453	2,711,087
2026	1,762,982	686,389	335,762	2,785,133
2027	3,989,263	627,544	280,426	4,897,233
2028	4,013,275	565,524	177,281	4,756,080
2029 - 2033	10,860,349	2,269,118	51,922	13,181,389
2034 - 2038	10,345,000	1,353,825	-	11,698,825
2039 - 2041	7,295,000	292,743	-	7,587,743
	<u>\$ 41,427,072</u>	<u>\$ 7,371,031</u>	<u>\$ 1,493,378</u>	<u>\$ 50,291,481</u>

For the year ended September 30, 2023, the Town incurred and expensed total interest charges of \$177,328 in the governmental activities. Interest charges incurred for the business-type activity totaled \$986,605 which was expensed.

TOWN OF JUPITER ISLAND, FLORIDA

NOTES TO FINANCIAL STATEMENTS SEPTEMBER 30, 2023

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:

	General Fund	Beach Protection Fund	Nonmajor Governmental Funds
Nonspendable			
Prepaid items	\$ 127,833	\$ 2,723	\$ -
Restricted			
Beach protection	-	17,820,206	-
Debt repayment	-	-	135,819
Public safety	-	-	2,550
Building code enforcement	3,865,046	-	-
Total restricted	<u>3,865,046</u>	<u>17,820,206</u>	<u>138,369</u>
Assigned			
Emergencies	1,000,000	-	-
Compensated absences	115,000	-	-
Uninsured losses and other payments	80,000	-	-
Conservation	431,989	-	-
Beautification and maintenance	163,582	-	-
Private - purpose	12,495	-	-
Criminal justice education and training	93	-	-
Total assigned	<u>1,803,159</u>	<u>-</u>	<u>-</u>
Unassigned	7,495,335	-	-
Total fund balance	<u>\$ 13,291,373</u>	<u>\$ 17,822,929</u>	<u>\$ 138,369</u>

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, 2023:

	Restricted Assets	Liabilities Payable from Restricted Assets	Restricted Net Position
Debt service account	\$ 6,089,129	\$ 1,049,846	\$ 5,039,283
Renewal and replacement account	1,376,635	249,240	1,127,395
	<u>\$ 7,465,764</u>	<u>\$ 1,299,086</u>	<u>\$ 6,166,678</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.

TOWN OF JUPITER ISLAND, FLORIDA

NOTES TO FINANCIAL STATEMENTS SEPTEMBER 30, 2023

NOTE 12. INTERFUND TRANSACTIONS

Interfund receivables and payables at September 30, 2023 are summarized as follows:

Receivable Fund	Payable Fund	Amount
Utility Enterprise Fund	General Fund	\$ 45,713

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.

NOTE 13. CAPITAL CONTRIBUTIONS

The capital contributions to the Water and Wastewater Enterprise Fund (SMRU) for the year ended September 30, 2023 consisted of connection and other fees of \$5,396,839. This amount represented \$2,263,537 for water connections and \$3,133,302 for wastewater connections.

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, 2023, the actuarial value of plan assets was greater than the market value of plan assets by \$333,204.

TOWN OF JUPITER ISLAND, FLORIDA

NOTES TO FINANCIAL STATEMENTS SEPTEMBER 30, 2023

NOTE 14. DEFINED BENEFIT PENSION PLAN (CONTINUED)

Description of the Plan (Continued)

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.

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, 2023, the date of the most recent actuarial valuation, is as follows:

Retirees and beneficiaries receiving benefits	44
Terminated plan members vested but not yet receiving benefits	15
Active plan members	7
Total	<u>66</u>

TOWN OF JUPITER ISLAND, FLORIDA

NOTES TO FINANCIAL STATEMENTS SEPTEMBER 30, 2023

NOTE 14. DEFINED BENEFIT PENSION PLAN (CONTINUED)

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, 2023:

Asset Class	Target Allocation
Growth	
Domestic equity	33%
International equity	17%
Absolute return	15%
Real return	5%
Income	20%
Reserves	10%
Total	100%

The following investments represent 5% or more of the defined benefit plan's fiduciary net position at September 30, 2023:

Mutual Fund	Amount
AMG Yacktmann Fund	\$ 652,161
Artisan International Value	495,407
Baird Ultra Short Bond Institutional	784,805
BlackRock Strategic Income Opps	611,210
Dodge and Cox Income Fund	589,011
First Eagle Global I	722,920
FS Chiron Capital Allocation	699,695
Vanguard Total Stock Market	1,557,857

For the year ended September 30, 2023, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 13.90%. 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, 2023, were as follows:

Total pension liability	\$ 12,677,941
Plan fiduciary net position	9,747,659
Town's net pension liability	<u>\$ 2,930,282</u>
Plan fiduciary net position as a percentage of the total pension liability	76.89%

TOWN OF JUPITER ISLAND, FLORIDA

NOTES TO FINANCIAL STATEMENTS SEPTEMBER 30, 2023

NOTE 14. DEFINED BENEFIT PENSION PLAN (CONTINUED)

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:

Actuarial Valuation Date	September 30, 2023
Discount rate	5.5%
Investment rate of return	5.5%
Projected salary increases, including inflation	7.0%

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

The salary assumption was changed from 3% to 7% for 2023, 2024, and 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:

Total Pension Liability (1% Decrease) 4.5%	Total Pension Liability (Current Rate) 5.5%	Total Pension Liability (1% Increase) 6.5%
\$ 4,230,783	\$ 2,930,282	\$ 2,036,991

TOWN OF JUPITER ISLAND, FLORIDA

**NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

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, 2022	\$ 12,959,280	\$ 9,053,321	\$ 3,905,959
Changes for the year			
Service cost	12,680	-	12,680
Interest on total pension liability	683,622	-	683,622
Actuarial gains/(losses), net	169,578	-	169,578
Change in assumptions	(62,266)	-	(62,266)
Contributions - employer	-	462,500	(462,500)
Net investment income	-	1,333,491	(1,333,491)
Benefit payments	(1,084,953)	(1,084,953)	-
Administrative expenses	-	(16,700)	16,700
Net changes	(281,339)	694,338	(975,677)
Balances at September 30, 2023	<u>\$ 12,677,941</u>	<u>\$ 9,747,659</u>	<u>\$ 2,930,282</u>

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

For the year ended September 30, 2023, the Town recognized pension expense of \$618,789. On September 30, 2023, the Town reported deferred outflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between actual and expected experience	\$ 24,696	\$ -
Net difference between projected and actual investment earnings	291,619	-
Changes of assumptions	-	9,068
Total	<u>\$ 316,315</u>	<u>\$ 9,068</u>

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

Year Ending September 30	Amount
2024	\$ 123,486
2025	18,511
2026	313,011
2027	(147,759)
2028	(2)
Thereafter	-

TOWN OF JUPITER ISLAND, FLORIDA

NOTES TO FINANCIAL STATEMENTS SEPTEMBER 30, 2023

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, 2023 were \$304,044. 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, 2023, were \$538,399. 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.

TOWN OF JUPITER ISLAND, FLORIDA

NOTES TO FINANCIAL STATEMENTS SEPTEMBER 30, 2023

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.

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, 2023, the following employees were covered by benefit terms:

Inactive employees currently receiving benefits	2
Active employees	71
Total	<u>73</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 \$773 to a maximum of \$2,475.

TOWN OF JUPITER ISLAND, FLORIDA

NOTES TO FINANCIAL STATEMENTS SEPTEMBER 30, 2023

NOTE 16. OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

Actuarial Assumptions

The total OPEB liability was determined by an actuarial valuation as of October 1, 2022 rolled forward to September 30, 2023, 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:	4.87%
Inflation:	3.00%
Salary rate increase:	5.00%
Healthcare cost trend rates:	7.40% initial, decreasing 0.21% per year to 4.50% for fiscal years 2038 and later.
Mortality:	PubG, H-2010 Mortality Table - general with mortality improvement using scale MP-2021.

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 4.87% is used, which is the S&P Municipal Bond 20-Year High-Grade Rate Index as of September 30, 2023.

Changes in Total OPEB Liability

	Total OPEB Liability
Balances at October 1, 2022	\$ 344,626
Changes for the year	
Service cost	31,119
Interest on total OPEB liability	15,525
Change of assumptions and other inputs	(2,159)
Benefit payments	(38,297)
Net changes	6,188
Balances at September 30, 2023	\$ 350,814

TOWN OF JUPITER ISLAND, FLORIDA

NOTES TO FINANCIAL STATEMENTS SEPTEMBER 30, 2023

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:

OPEB Liability (1% Decrease) 3.87%	OPEB Liability (Current Rate) 4.87%	OPEB Liability (1% Increase) 5.87%
\$ 330,242	\$ 350,814	\$ 373,070

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:

OPEB Liability (1% Decrease) 6.4%	OPEB Liability (Current Rate) 7.4%	OPEB Liability (1% Increase) 8.4%
\$ 384,990	\$ 350,814	\$ 321,507

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

For the year ended September 30, 2023, the Town recognized OPEB expense of \$30,338. On September 30, 2023, the Town reported deferred outflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between actual and expected experience	\$ 76,094	\$ 288,818
Changes of assumptions	120,467	106,723
Total	\$ 196,561	\$ 395,541

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

Year Ending September 30	Amount
2024	\$ (16,306)
2025	(16,306)
2026	(16,306)
2027	(16,306)
2028	(34,593)
Thereafter	(99,163)
Total	\$ (198,980)

TOWN OF JUPITER ISLAND, FLORIDA

NOTES TO FINANCIAL STATEMENTS SEPTEMBER 30, 2023

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 \$1,012,000 for the year ended September 30, 2023.

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

Year Ended September 30	
2024	\$ 1,030,000
2025	1,060,900
2026	1,092,727
2027	1,125,509
Total	<u>\$ 4,309,136</u>

Grants

Amounts received or receivable from grantor 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.

NOTE 18. RESTATEMENTS

The Town has determined that a restatement to beginning net position of the Fiduciary Activities was required to reflect the correction of errors in the September 30, 2022 financial report. The restatements were required to properly reflect the implementation of Governmental Accounting Standards Board Statement (GASB) No. 84, Fiduciary Activities, and the applicable requirements of GASB Statement No. 97, Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans—an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32. The restatements are as follows:

	Pension Trust Fund	Private Purpose Trust Fund
Net position, previously reported	\$ 15,932,373	\$ 15,171
Restatement to implement GASB Statement No. 84	(6,777,791)	(15,171)
Beginning net position, as restated	<u>\$ 9,154,582</u>	<u>\$ -</u>

NOTE 19. SUBSEQUENT EVENTS

The Town has evaluated subsequent events through March 11, 2024 the date the audit reports were issued.

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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, 2023

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Revenues				
Taxes	\$ 8,453,781	\$ 8,453,781	\$ 8,557,006	\$ 103,225
Licenses and permits	852,000	952,000	2,073,452	1,121,452
Intergovernmental revenue	374,347	374,347	201,508	(172,839)
Charges for services	113,000	178,000	183,108	5,108
Fines and forfeitures	2,000	2,000	2,415	415
Investment income	15,000	431,000	602,382	171,382
Contributions	-	-	181,123	181,123
Miscellaneous revenues	684,273	684,273	717,483	33,210
Total revenue	10,494,401	11,075,401	12,518,477	1,443,076
Expenditures				
General government				
Administration	2,516,919	2,726,919	2,686,747	40,172
Public safety				
Police department	4,910,310	5,017,810	4,522,251	495,559
Building				
Building and zoning	689,583	1,004,583	893,391	111,192
Public works				
Public works	1,160,069	1,160,962	906,599	254,363
Grounds	472,443	467,443	414,769	52,674
Roads	319,000	319,000	48,711	270,289
Total public works	1,951,512	1,947,405	1,370,079	577,326
Physical environment				
Lethal yellowing	165,000	170,000	169,927	73
Beautification and maintenance	-	-	116	(116)
Conservation	50,000	50,000	8	49,992
Total physical environment	215,000	220,000	170,051	49,949
Capital outlay	922,500	870,107	595,410	274,697
Total expenditures	11,205,824	11,786,824	10,237,929	1,548,895
Excess (deficiency) of revenues over (under) expenditures	(711,423)	(711,423)	2,280,548	(105,819)
Other financing sources				
Use of fund balance	711,423	711,423	-	711,423
Total other financing sources	711,423	711,423	-	711,423
Net change in fund balance	-	-	2,280,548	605,604
Fund balance, beginning of year	11,010,825	11,010,825	11,010,825	11,010,825
Fund balance, end of year	\$ 11,010,825	\$ 11,010,825	\$ 13,291,373	\$ 11,616,429

TOWN OF JUPITER ISLAND, FLORIDA

REQUIRED SUPPLEMENTARY INFORMATION

BUDGETARY COMPARISON SCHEDULE –

BEACH PROTECTION FUND

FOR THE YEAR ENDED SEPTEMBER 30, 2023

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Revenue				
Taxes				
Ad valorem property taxes	\$ 2,800,000	\$ 2,800,000	\$ 2,814,714	\$ 14,714
Investment income	-	37,000	810,404	773,404
Miscellaneous revenue	-	-	3,800	3,800
Total revenue	<u>2,800,000</u>	<u>2,837,000</u>	<u>3,628,918</u>	<u>791,918</u>
Expenditures				
General government				
Beach protection administration	<u>502,198</u>	<u>523,057</u>	<u>468,854</u>	<u>(54,203)</u>
Physical environment				
Beach protection and monitoring	<u>276,000</u>	<u>167,141</u>	<u>524,473</u>	<u>357,332</u>
Capital outlay	<u>2,021,802</u>	<u>2,146,802</u>	<u>377,593</u>	<u>(1,769,209)</u>
Total expenditures	<u>2,800,000</u>	<u>2,837,000</u>	<u>1,370,920</u>	<u>(1,466,080)</u>
Excess of revenues over expenditures	<u>-</u>	<u>-</u>	<u>2,257,998</u>	<u>2,257,998</u>
Net change in fund balance	-	-	2,257,998	2,257,998
Fund balance, beginning of year	15,564,931	15,564,931	15,564,931	15,564,931
Fund balance, end of year	<u><u>\$ 15,564,931</u></u>	<u><u>\$ 15,564,931</u></u>	<u><u>\$ 17,822,929</u></u>	<u><u>\$ 17,822,929</u></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	9/30/2023	9/30/2022	9/30/2021	9/30/2020	9/30/2019	9/30/2018	9/30/2017	9/30/2016	9/30/2015	9/30/2014
Total pension liability										
Service cost	\$ 12,680	\$ 10,668	\$ 15,117	\$ 25,308	\$ 24,603	\$ 31,976	\$ 38,814	\$ 90,976	\$ 149,385	\$ 192,769
Interest on total pension liability	683,622	728,231	736,678	761,859	769,461	774,744	773,506	708,105	696,066	677,086
Change in benefit terms	-	-	-	-	-	-	-	536,779	-	-
Change in assumptions	(62,266)	553,073	24,327	(201,472)	(25,936)	-	138,141	209,885	-	-
Experience gains/(losses)	169,578	83,298	140,993	34,175	135,365	122,551	84,157	562,872	294,499	288,977
Benefit payments	(1,084,953)	(1,084,995)	(1,043,961)	(1,015,073)	(1,017,594)	(1,007,810)	(1,007,889)	(945,772)	(855,198)	(736,837)
Net change in total pension liability	(281,339)	290,275	(126,846)	(395,203)	(114,101)	(78,539)	26,729	1,162,845	284,752	421,995
Total pension liability - beginning	12,959,280	12,669,005	12,795,851	13,191,054	13,305,155	13,383,694	13,356,965	12,194,120	11,909,368	11,487,373
Total pension liability - ending (a)	\$ 12,677,941	\$ 12,959,280	\$ 12,669,005	\$ 12,795,851	\$ 13,191,054	\$ 13,305,155	\$ 13,383,694	\$ 13,356,965	\$ 12,194,120	\$ 11,909,368
Plan fiduciary net position										
Contributions	\$ 462,500	\$ 425,000	\$ 318,750	\$ 425,000	\$ 531,250	\$ 318,750	\$ 425,000	\$ 331,161	\$ 331,161	\$ 360,411
Net investment income	1,333,491	(1,645,507)	2,101,315	556,551	161,648	622,037	1,278,521	941,766	(729,843)	634,470
Benefit payments	(1,084,953)	(1,084,995)	(1,043,961)	(1,015,073)	(1,017,594)	(1,007,810)	(1,007,889)	(945,772)	(855,198)	(736,837)
Administrative expenses	(16,700)	(13,300)	(13,700)	(12,500)	(11,820)	(11,310)	(4,453)	(3,551)	(19,520)	-
Net change in plan fiduciary net position	694,338	(2,318,802)	1,362,404	(46,022)	(336,516)	(78,333)	691,179	323,604	(1,273,400)	258,044
Plan fiduciary net position - beginning	9,053,321	11,372,123	10,009,719	10,055,741	10,392,257	10,470,590	9,779,411	9,455,807	10,729,207	10,471,163
Plan fiduciary net position - ending (b)	\$ 9,747,659	\$ 9,053,321	\$ 11,372,123	\$ 10,009,719	\$ 10,055,741	\$ 10,392,257	\$ 10,470,590	\$ 9,779,411	\$ 9,455,807	\$ 10,729,207
Net pension liability - ending (a) - (b)	\$ 2,930,282	\$ 3,905,959	\$ 1,296,882	\$ 2,786,132	\$ 3,135,313	\$ 2,912,898	\$ 2,913,104	\$ 3,577,554	\$ 2,738,313	\$ 1,180,161
Plan fiduciary net position as a percentage of the total pension liability	75.02%	69.86%	89.76%	78.23%	76.23%	78.11%	78.23%	73.22%	77.54%	90.09%
Covered payroll	\$ 616,527	\$ 572,306	\$ 623,567	\$ 934,044	\$ 870,822	\$ 1,021,979	\$ 1,123,300	\$ 1,123,300	\$ 1,389,114	\$ 1,747,560
Net pension liability as a percentage of covered payroll	475.29%	682.49%	207.98%	298.29%	360.04%	285.03%	259.33%	318.49%	197.13%	67.53%

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**

Year Ended	Actuarially Determined Contribution	Actual Contribution	Contribution (Excess)/ Deficiency	Covered Payroll	Contribution Percentage of Covered Payroll	Annual Money Weighted Rate of Return, Net of Investment Expense
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%
September 30, 2015	316,624	331,161	(14,537)	1,389,114	23.84%	-7.05%
September 30, 2014	337,348	360,411	(23,063)	1,747,560	20.62%	6.23%

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, 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%
September 30, 2015	2,738,313	77.54%	1,389,114	197.13%
September 30, 2014	1,180,161	90.09%	1,747,560	67.53%

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	9/30/2023	9/30/2022	9/30/2021	9/30/2020	9/30/2019	9/30/2018
Total OPEB liability						
Service cost	\$ 31,118	\$ 40,305	\$ 45,338	\$ 38,451	\$ 27,545	\$ 28,905
Interest on total OPEB liability	15,526	16,291	14,095	23,120	23,738	14,442
Difference between expected and actual experience	-	(331,918)	-	(44,719)	-	183,732
Change of assumptions and other inputs	(2,159)	(40,870)	(11,482)	47,870	2,350	(6,622)
Benefit payments	(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	6,188	(335,412)	(5,130)	13,927	(15,937)	222,165
Total OPEB liability - beginning	344,626	680,038	685,168	671,241	687,178	465,013
Total OPEB liability - ending	<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	\$ 5,251,707	\$ 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	6.68%	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, 2023

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, 2023

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, 2023
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, disables 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, 2022
Measurement date:	September 30, 2023
Actuarial cost method:	Entry age normal.
Actuarial assumptions:	
Discount rate:	4.87%
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, 2023**

	<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>	
Assets			
Cash and cash equivalents	\$ 135,819	\$ 2,536	\$ 138,355
Due from other governments	-	14	14
Total assets	<u>\$ 135,819</u>	<u>\$ 2,550</u>	<u>\$ 138,369</u>
Liabilities and fund balances			
Liabilities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Fund balances			
Restricted	<u>135,819</u>	<u>2,550</u>	<u>138,369</u>
Total fund balances	<u>135,819</u>	<u>2,550</u>	<u>138,369</u>
Total liabilities and fund balances	<u>\$ 135,819</u>	<u>\$ 2,550</u>	<u>\$ 138,369</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, 2023**

	<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>	
Revenues			
Taxes	\$ 806,665	\$ -	\$ 806,665
Fines and forfeitures	-	137	137
Total revenues	<u>806,665</u>	<u>137</u>	<u>806,802</u>
Expenditures			
Debt service			
Principal	625,183	-	625,183
Interest	<u>177,328</u>	-	<u>177,328</u>
Total expenditures	<u>802,511</u>	<u>-</u>	<u>802,511</u>
Net change in fund balance	4,154	137	4,291
Fund balances, beginning	<u>131,665</u>	<u>2,413</u>	<u>134,078</u>
Fund balances, ending	<u><u>\$ 135,819</u></u>	<u><u>\$ 2,550</u></u>	<u><u>\$ 138,369</u></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, 2023

Gross revenue	
Water	\$ 8,847,605
Wastewater	3,772,602
Irrigation quality water	434,666
Accrued guaranteed revenue fees	2,796,280
Interest income	946,547
Other	471,467
Total gross revenue	<u>17,269,167</u>
Operating expenses	
Personal services	3,595,333
Operating expenses	4,287,168
Total operating expenses	<u>7,882,501</u>
Net revenue available for debt service before connections fees	9,386,666
Capital contributions	<u>5,396,839</u>
Net revenue available for debt service including connection fees	<u>\$ 14,783,505</u>
Scheduled debt service	<u>\$ 1,842,520</u>
Debt service coverage before connection fees	
(Minimum required coverage is 1.10)	5.09
Debt service coverage including connection fees	
(Minimum required coverage is 1.20)	8.02

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OTHER AUDITOR REPORTS

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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, 2023, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements and have issued our report thereon dated March 11, 2024.

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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified a certain deficiency in internal control, described in the accompanying schedule of findings and responses as item 2023-001 that we consider to be a material weaknesses.

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*.

Town of Juno Beach, Florida's Response to Finding

Government Auditing Standards requires the auditor to perform limited procedures on the Town's response to the finding identified in our audit and described in the accompanying schedule of findings and responses. The Town's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of this Report

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



Bradenton, Florida

March 11, 2024

TOWN OF JUPITER ISLAND, FLORIDA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED SEPTEMBER 30, 2023

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?

 X yes no

Significant deficiencies identified not considered
to be material weaknesses?

 yes X none reported

Federal Programs and State Financial Assistance Projects

There was not an audit of major federal programs or state financial assistance projects as of September 30, 2023 due to the total amount expended being less than \$750,000.

TOWN OF JUPITER ISLAND, FLORIDA

SCHEDULE OF FINDINGS AND RESPONSES FOR THE YEAR ENDED SEPTEMBER 30, 2023

SECTION II FINANCIAL STATEMENT FINDINGS AND RESPONSES

2023-001 **Fiduciary Activities Restatement – Material Weakness**

Criteria: Internal controls should be in place to provide reasonable assurance that all Governmental Accounting Standards Board (GASB) pronouncements are properly implemented to ensure the financial statements are reported in accordance with accounting principles generally accepted in the United States of America. Through the audit process, it was determined that the Town did not properly implement GASB Statement No. 84, *Fiduciary Activities*, and the applicable requirements of GASB Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans* – an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32 during the fiscal year ended September 30, 2021. Entries were required to be posted to the beginning net position of the Town's fiduciary activities to properly state the beginning fiduciary net position as noted below.

Condition: Net position of fiduciary activities were not materially correct.

Context/Cause: The Town did not properly implement GASB Statement No. 84 in prior years.

Effect: Adjustments were made to move the Private Purpose Trust and Agency Fund activity to the General Fund. Additionally, an adjustment was made to the beginning net position of the pension trust funds to remove net position in the amount of \$6,777,791 that was previously reported for the Town's two defined contribution plans, which do not qualify as fiduciary activities under GASB Statements No. 84 and 97.

Recommendation: We recommend the Town implement proper controls, and attend appropriate training, to ensure that all future GASB pronouncements are properly implemented.

View of Responsible Officials: We agree with the finding and will ensure the Town is properly implementing new accounting pronouncements as they become effective.

TOWN OF JUPITER ISLAND, FLORIDA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED SEPTEMBER 30, 2023

SECTION III
FEDERAL/STATE AWARDS FINDINGS AND QUESTIONED COSTS

Not applicable.

SECTION IV
PRIOR YEAR FINDINGS AND RECOMMENDATIONS

Not applicable.

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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, 2023, and have issued our report thereon dated March 11, 2024.

Auditor's Responsibility

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

Other Reporting Requirements

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of 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 March 11, 2024, should be considered in conjunction with this management letter.

Prior Audit Findings

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

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 seven.
- b) The total number of independent contractors to whom nonemployee compensation was paid in the last month of the Town's fiscal year was three.
- c) All compensation earned by or awarded to employees, whether paid or accrued, regardless of contingency was \$238,008.
- d) All compensation earned by or awarded to nonemployee independent contractors, whether paid or accrued, regardless of contingency as \$426,381.
- 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: \$363,335.
- 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 63 and 64 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.

Mauldin & Jenkins, LLC

Bradenton, Florida
March 11, 2024

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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, 2023. 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, 2023.

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
March 11, 2024

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