

TOWN OF GULF STREAM, FLORIDA
FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
SEPTEMBER 30, 2022

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TOWN OF GULF STREAM, FLORIDA

FINANCIAL REPORT
SEPTEMBER 30, 2022

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INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Members of
the Town Commission,
Town of Gulf Stream, Florida

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 Gulf Stream, Florida (the "Town"), as of and for the year ended September 30, 2022, 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, each major fund, and the aggregate remaining fund information of the Town as of September 30, 2022, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Town 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 on pages 4 through 11, the budgetary comparison information, and Schedule of the Town's Total OPEB Liability and Related Ratios on pages 46 through 48 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 6, 2023, 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.

Mauldin & Jenkins, LLC

Bradenton, Florida
October 6, 2023

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TOWN OF GULF STREAM, FLORIDA
MANAGEMENT’S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2022

The Town of Gulf Stream’s (the “Town”) discussion and analysis is designed to:

- Assist the reader in focusing on significant financial issues.
- Provide an overview of the Town’s financial activity.
- Identify changes in the Town’s financial position.
- Identify any material deviations from the financial plan (approved budget).
- Identify individual fund issues or concerns.

Since the Management’s Discussion and Analysis (MD&A) is designed to focus on the current year’s activities, resulting changes and currently known facts, please read it in conjunction with the Town’s financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- The assets plus deferred outflows of resources of the Town of Gulf Stream exceeded its liabilities plus deferred inflows of resources at the close of the most recent fiscal year by \$17,348,811 (net position).
- The governmental activities revenues were \$6,427,258 at the close of fiscal year 2022.
- The business-type activities revenues were \$1,333,531 at the close of fiscal year 2022.
- The total cost of all Town programs was \$6,626,834 during the fiscal year 2022.
- At the end of the 2022 fiscal year, unassigned fund balance for the General Fund was decreased by \$286,201 and ended fiscal year 2022 with a total of \$7,354,925 or 139% of total General Fund expenditures which totaled \$5,272,910 at the end of fiscal year 2022.

USING THIS REPORT

As the Town of Gulf Stream strives for transparency in government, the following graphic is provided for your review to help you navigate this document:

MD&A	Management’s Discussion & Analysis (Required supplemental information) (pages 4-11)
BASIC FINANCIAL STATEMENTS	Government-Wide Financial Statements (pages 12-13) Fund Financial Statements (Pages 14-21) Notes to the Financial Statements (Pages 22-45)
REQUIRED SUPPLEMENTAL INFORMATION	Required supplementary information. (Other than MD&A) (Pages 46-48)

TOWN OF GULF STREAM, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2022

The financial statement's focus is on both the Town as a whole (government-wide) and on the major individual funds. Both perspectives (government-wide and major fund) allow the user to address relevant questions, broaden a basis for comparison (year to year or government to government), and enhance the Town's accountability.

Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the Town of Gulf Stream's finances, in a manner similar to a private-sector business. The statement of net position includes all of the government's assets, deferred outflows of resources, liabilities, and deferred inflows of resources. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide statements report the Town's net position and how it has changed. Net position is the difference between the Town's: (a) assets plus deferred outflows of resources, and (b) liabilities plus deferred inflows of resources. It is one way to measure the Town's financial health or financial position. Over time, increases or decreases in the Town's net position are indicators of whether its financial health is improving or deteriorating. You will need to consider other non-financial factors, however, such as changes in the Town's property tax base and the condition of the Town's infrastructure, to assess the overall health of the Town.

In the statement of net position and the statement of activities, we divide the Town into two kinds of activities:

- Governmental activities – Most of the Town's basic services are reported here, including the police, public services and general administration. Property taxes, franchise fees and state shared revenue finance most of these activities.
- Business-type activities – The Town charges a fee to customers to help it cover all or most of the cost of certain services it provides.

Fund Financial Statements

Our analysis of the Town's major funds begins on page 14. The fund financial statements provide detailed information about the most significant funds – not the Town as a whole. Funds are accounting devices that the Town uses to keep track of specific sources of funding and spending for a particular purpose.

- Governmental Funds – Most of the Town's basic services are included in governmental funds, which focus on: (1) how cash and other financial assets can be readily converted to cash flow, and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Town's programs.
- Proprietary Funds – Services for which the Town charges customers a fee are generally reported in proprietary funds. Proprietary funds, like the government-wide statements, provide both long and short-term financial information. The Town's enterprise fund (one type of proprietary fund) is the same as its business-type activities, but provides more detail and additional information, such as cash flows.

TOWN OF GULF STREAM, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2022

FINANCIAL ANALYSIS OF THE TOWN AS A WHOLE

Net Position

The Town's combined net position for the fiscal year ending 2022 is reported at \$17,348,811. Net position of the Town's governmental activities for the fiscal year ending 2022 is \$12,597,097. The net position of our business-type activities is reported at \$4,751,714 for the fiscal year ending 2022. Overall, the financial position of the total primary government increased \$1,133,955 during the current fiscal year. Net position for the governmental activities increased \$1,066,987 and net position for the business-type activities increased \$66,968.

Town of Gulf Stream
Statement of Net Position
As of September 30, 2022 and 2021

	Governmental Activities		Business-Type Activities		Totals	
	2022	2021	2022	2021	2022	2021
Current and other assets	\$ 10,001,647	\$ 8,823,725	\$ 2,012,651	\$ 1,897,856	\$ 12,014,298	\$ 10,721,581
Capital assets	3,704,147	3,741,064	2,783,375	2,910,496	6,487,522	6,651,560
Total assets	<u>13,705,794</u>	<u>12,564,789</u>	<u>4,796,026</u>	<u>4,808,352</u>	<u>18,501,820</u>	<u>17,373,141</u>
Total deferred outflows of resources	<u>7,977</u>	<u>10,230</u>	<u>-</u>	<u>-</u>	<u>7,977</u>	<u>10,230</u>
Other liabilities	792,259	491,414	43,173	122,511	835,432	613,925
Long-term liabilities	285,956	521,160	1,139	1,095	287,095	522,255
Total liabilities	<u>1,078,215</u>	<u>1,012,574</u>	<u>44,312</u>	<u>123,606</u>	<u>1,122,527</u>	<u>1,136,180</u>
Total deferred inflows of resources	<u>38,459</u>	<u>32,335</u>	<u>-</u>	<u>-</u>	<u>38,459</u>	<u>32,335</u>
Net position:						
Net investment in capital assets	3,704,147	3,661,120	2,783,375	2,910,007	6,487,522	6,571,127
Restricted - employee benefits	193,404	177,328	-	-	193,404	177,328
Restricted - dredging projects	17,820	17,820	-	-	17,820	17,820
Restricted - underground utilities	287,198	16,540	-	-	287,198	16,540
Restricted - infrastructure projects	22,985	188,348	-	-	22,985	188,348
Restricted - repairs and replacements	-	-	1,070,625	933,596	1,070,625	933,596
Unrestricted	8,371,543	7,468,954	897,714	841,143	9,269,257	8,310,097
Total net position	<u>\$ 12,597,097</u>	<u>\$ 11,530,110</u>	<u>\$ 4,751,714</u>	<u>\$ 4,684,746</u>	<u>\$ 17,348,811</u>	<u>\$ 16,214,856</u>

TOWN OF GULF STREAM, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2022

Changes in Net Position

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

At the end of fiscal year 2022, there was an increase in the total net position from fiscal year 2021 for governmental activities which totaled \$1,066,987. The 2022 net position total for governmental activities, which includes the General Fund, Special Assessment Fund, and Infrastructure Surtax Fund, was \$12,597,097. Expenses of the governmental activities decreased \$405,273 from fiscal year 2021 to fiscal year 2022. The decrease in expenses was the result of various infrastructure repair and improvement projects completed in the prior year.

The increase in business-type net position was \$66,968 from fiscal year 2021 to fiscal year 2022. The Town received the second distribution of American Rescue Plan Act of 2022 funds allotted to the Town as the end of the fiscal year. The Town dedicated those funds to improving the Town's aging water infrastructure to ensure clean water distribution to the residents of the Town. The largest water infrastructure project for the Town entered the design and permitting phase in fiscal year 2022 and construction is expected to begin in fiscal year 2024.

The Town purchases water from the City of Delray Beach and then resells it to the residents in Gulf Stream. The cost to purchase the water from the City of Delray Beach increased approximately \$100,000 from the prior year due to an increase in usage and the water rates charged to the Town. The Town has adjusted their water rates accordingly due to the increase.

TOWN OF GULF STREAM, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2022

Town of Gulf Stream						
Statement of Activities						
As of September 30, 2022 and 2021						
	Governmental Activities		Business-Type Activities		Totals	
	2022	2021	2022	2021	2022	2021
Revenues:						
Program revenues:						
Charges for services	\$ 1,104,978	\$ 1,170,157	\$ 1,178,493	\$ 1,067,886	\$ 2,283,471	\$ 2,238,043
Operating grants and contributions	-	24,549	-	-	-	24,549
Capital grants and contributions	-	-	144,213	138,298	144,213	138,298
General revenues:						
Property taxes	4,458,386	4,459,374	-	-	4,458,386	4,459,374
Infrastructure surtax	97,699	88,704	-	-	97,699	88,704
Communications taxes	52,698	58,855	-	-	52,698	58,855
Gas taxes	36,078	37,386	-	-	36,078	37,386
Utility service taxes	269,106	249,103	-	-	269,106	249,103
Franchise fees	171,233	154,978	-	-	171,233	154,978
Unrestricted investment earnings	59,293	71,662	10,825	19,021	70,118	90,683
Intergovernmental revenues	148,317	133,159	-	-	148,317	133,159
Other	29,470	375	-	-	29,470	375
Total revenues	6,427,258	6,448,302	1,333,531	1,225,205	7,760,789	7,673,507
Operating expenses:						
General government	2,432,936	2,214,659	-	-	2,432,936	2,214,659
Public safety - police	1,757,442	1,679,080	-	-	1,757,442	1,679,080
Public safety - fire protection	791,223	548,610	-	-	791,223	548,610
Streets	196,652	776,528	-	-	196,652	776,528
Sanitation	168,486	162,738	-	-	168,486	162,738
Physical environment	10,737	375,772	-	-	10,737	375,772
Interest on long-term debt	2,795	8,157	-	-	2,795	8,157
Water	-	-	1,266,563	1,022,819	1,266,563	1,022,819
Total operating expenses	5,360,271	5,765,544	1,266,563	1,022,819	6,626,834	6,788,363
Change in net position	1,066,987	682,758	66,968	202,386	1,133,955	885,144
Net position, beginning	11,530,110	10,847,352	4,684,746	4,482,360	16,214,856	15,329,712
Net position, ending	\$ 12,597,097	\$ 11,530,110	\$ 4,751,714	\$ 4,684,746	\$ 17,348,811	\$ 16,214,856

- The Town's primary source of revenue continues to come from Property Taxes.
- The Town's expenses cover a range of services, and total expenses decreased from fiscal year 2021 to fiscal year 2022. The primary expense is for General Government which includes the administration, finance and legal functions.

TOWN OF GULF STREAM, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2022

Financial Analysis of the Governmental Funds

As the Town of Gulf Stream completed the year, the General Fund reported a fund balance of \$8,899,205, an increase of \$1,035,521 from the previous fiscal year. The increase was due primarily due to the Town's commitment to keep Ad Valorem revenue consistent with the prior year to fund the Town's 10 Year Capital Improvement Plan, an increase in building permit revenue, and a decrease in expenses as a result of various infrastructure repair and improvement projects completed in the prior year. The Town ended the fiscal year with \$88,022 in non-spendable fund balance (which includes inventories and prepaid expenditures), \$211,224 in restricted fund balance, which consisted of \$17,820 reserved for dredging projects and \$193,404 for employee benefits, \$1,245,034 in assigned fund balance (assigned for subsequent year expenditures), and \$7,354,925 in unassigned fund balance. The intent of the Town Commission is to proceed with a dynamic 10 Year Capital Improvement Plan and use the fund balance to avoid incurring future debt.

Financial Analysis of the Proprietary Fund

Total net position of the water fund at the end of the fiscal year 2022 was \$4,751,714. The net position of the water fund increased \$66,968 from the prior year. Water rates were increased in July of fiscal year 2022 due to an increase in water rates charge to the Town by the City of Delray Beach. The Town has increased the net position of the Proprietary Fund, also known as the Water Fund, with a combination of increased water sales revenue and increased investment revenue. The net position of the Enterprise Fund will be used in conjunction with the fund balance of the General Fund to support the 10 Year Capital Improvement Plan.

General Fund Budgetary Highlights

The Town continues to battle lawsuits regarding public record requests from prior to 2015. The Town is still actively and aggressively defending itself in these multiple lawsuits. More information can be found in Note 12.

The Town Commission has made it a budget priority to increase the fund balance of the General Fund. The fund balance was severely depleted around 2014 due to ongoing legal battles. Since then, the Commission has deemed it proper and appropriate to take necessary measures to restore the fund balance. Now that the fund balance is at appropriate levels again, the Commission intends to use the fund balance to finance the adopted 10 Year Capital Improvement Plan. Items included in the 10 Year CIP are water infrastructure repairs and replacement, road repairs, smart meters, improved storm drainage and street lighting. It is the Town's wish to repair and replace the Town's infrastructure without the need to issue debt. Though the Town did not anticipate inflation increasing as rapidly as it has during fiscal year 2022, the Town's prudent and conservative approach to spending and saving has been very beneficial during this period of economic instability. The Town paid the final payment on the Undergrounding Note in April of 2022. The Town has no outstanding debt and is prepared to continue the 10 Year Capital Improvement Plan without delay.

There was a tremendous amount of turnover for the police department during fiscal year 2021 and it continued into fiscal year 2022. At the time of this publication, the Town was able to hire a new Police Chief and fill several of the unfilled budgeted positions.

TOWN OF GULF STREAM, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2022

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of fiscal year 2022, the Town had invested \$6,487,522 in a broad range of capital assets including police equipment, buildings, and infrastructure and water improvements. Additional information can be found in Note 5 to the financial statements.

Town of Gulf Stream
Capital Assets (Net of Depreciation)
As of September 30, 2022 and 2021

	Governmental Activities		Business-Type Activities		Totals	
	2022	2021	2022	2021	2022	2021
Land	\$ 376,523	\$ 376,523	\$ -	\$ -	\$ 376,523	\$ 376,523
Construction in progress	84,639	-	79,598	-	164,237	-
Buildings and improvements	355,304	382,018	2,318,452	2,479,511	2,673,756	2,861,529
Intangible assets	3,584	5,631	-	-	3,584	5,631
Equipment and vehicles	302,479	282,128	385,325	430,985	687,804	713,113
Infrastructure	2,581,618	2,694,764	-	-	2,581,618	2,694,764
Total capital assets	<u>\$ 3,704,147</u>	<u>\$ 3,741,064</u>	<u>\$ 2,783,375</u>	<u>\$ 2,910,496</u>	<u>\$ 6,487,522</u>	<u>\$ 6,651,560</u>

Long-Term Liabilities

As of September 30, 2022, the Town had \$287,095 in long-term liabilities as shown in the following table. Additional information can be found in Note 6 to the financial statements.

Town of Gulf Stream
Debt Outstanding
As of September 30, 2022 and 2021

	Governmental Activities		Business-Type Activities		Totals	
	2022	2021	2022	2021	2022	2021
Total OPEB liability	\$ 34,149	\$ 45,306	\$ -	\$ -	\$ 34,149	\$ 45,306
Compensated absences	21,010	17,115	1,139	1,095	22,149	18,210
Litigation settlement	230,797	195,000	-	-	230,797	195,000
Note payable	-	263,739	-	-	-	263,739
Total debt	<u>\$ 285,956</u>	<u>\$ 521,160</u>	<u>\$ 1,139</u>	<u>\$ 1,095</u>	<u>\$ 287,095</u>	<u>\$ 522,255</u>

TOWN OF GULF STREAM, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2022

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

- The Town Commission voted to delay the Town's Core District Infrastructure Project portion of the 10 Year Capital Improvement Plan in fiscal year 2021 to allow time for the storm water drainage to be completed. The Town entered the design and permitting phase in fiscal year 2022 and construction was expected to begin in fiscal year 2023 but was delayed due to the permitting process. Construction for the Town's Core District Infrastructure Project is now expected to begin in February of fiscal year 2024.
- The Town has received \$493,341 in funds from the 2021 American Rescue Plan Act. The Town will hold the funds until construction on the Core District Infrastructure Project begins.
- The Town purchases water from the City of Delray Beach and then resells it to the residents in Gulf Stream. The City of Delray Beach increased the water rate charge to the Town by 5.32% in August of 2022 and the Town adjusted their water rates accordingly for fiscal year 2023.
- The Town's millage rate remained the same as the previous year at 3.6724 for the fiscal year 2023 budget.

CONTACTING THE TOWN'S FINANCIAL MANAGEMENT

This financial report is designed to provide our residents and creditors with a general overview of the Town's finances and demonstrates the Town's accountability for the money it receives and disburses. If you have any questions about this report or need additional information, please contact the Town of Gulf Stream, 100 Sea Road, Gulf Stream, Florida 33483.

BASIC FINANCIAL STATEMENTS

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TOWN OF GULF STREAM, FLORIDA

**STATEMENT OF NET POSITION
SEPTEMBER 30, 2022**

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Assets			
Cash and cash equivalents	\$ 1,036,947	\$ 816,224	\$ 1,853,171
Investments	8,636,195	-	8,636,195
Accounts receivables, net	123,250	243,035	366,285
Inventories	10,512	-	10,512
Internal balances	117,233	(117,233)	-
Prepaid expenses	77,510	-	77,510
Restricted assets			
Cash and cash equivalents	-	1,043,733	1,043,733
Accounts receivable	-	26,892	26,892
Capital assets			
Non-depreciable	461,162	79,598	540,760
Depreciable (net of depreciation)	3,242,985	2,703,777	5,946,762
Total assets	13,705,794	4,796,026	18,501,820
Deferred outflows of resources			
OPEB items	7,977	-	7,977
Total deferred outflows	7,977	-	7,977
Liabilities			
Accounts payable	105,297	34,331	139,628
Accrued liabilities	42,279	1,367	43,646
Unearned revenue	494,683	7,475	502,158
Deposits	150,000	-	150,000
Noncurrent liabilities			
Payable within one year	251,807	1,139	252,946
Payable after one year	34,149	-	34,149
Total liabilities	1,078,215	44,312	1,122,527
Deferred inflows of resources			
OPEB items	38,459	-	38,459
Total deferred inflows	38,459	-	38,459
Net position			
Net investment in capital assets	3,704,147	2,783,375	6,487,522
Restricted for			
Employee benefits	193,404	-	193,404
Dredging	17,820	-	17,820
Underground utilities	287,198	-	287,198
Infrastructure projects	22,985	-	22,985
Repairs, replacements, and improvements	-	1,070,625	1,070,625
Unrestricted	8,371,543	897,714	9,269,257
Total net position	\$ 12,597,097	\$ 4,751,714	\$ 17,348,811

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

TOWN OF GULF STREAM, FLORIDA

**BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2022**

	General Fund	Special Assessment Fund	Nonmajor Governmental Fund	Total Governmental Funds
Assets				
Cash and cash equivalents	\$ 748,590	\$ 16,267	\$ 272,090	\$ 1,036,947
Investments	8,631,051	5,144	-	8,636,195
Accounts receivable, net	106,568	1,574	15,108	123,250
Due from other funds	117,233	-	-	117,233
Inventories	10,512	-	-	10,512
Prepaid expenditures	77,510	-	-	77,510
Total assets	<u>\$ 9,691,464</u>	<u>\$ 22,985</u>	<u>\$ 287,198</u>	<u>\$ 10,001,647</u>
Liabilities and fund balances				
Liabilities				
Accounts payable	\$ 105,297	\$ -	\$ -	\$ 105,297
Accrued liabilities	42,279	-	-	42,279
Unearned revenue	494,683	-	-	494,683
Deposits payable	150,000	-	-	150,000
Total liabilities	<u>792,259</u>	<u>-</u>	<u>-</u>	<u>792,259</u>
Fund balances				
Nonspendable				
Inventories	10,512	-	-	10,512
Prepays	77,510	-	-	77,510
Restricted				
Employee benefits	193,404	-	-	193,404
Dredging projects	17,820	-	-	17,820
Infrastructure projects	-	-	287,198	287,198
Underground utilities	-	22,985	-	22,985
Assigned				
Subsequent year expenditures	1,245,034	-	-	1,245,034
Unassigned	7,354,925	-	-	7,354,925
Total fund balances	<u>8,899,205</u>	<u>22,985</u>	<u>287,198</u>	<u>9,209,388</u>
Total liabilities and fund balances	<u>\$ 9,691,464</u>	<u>\$ 22,985</u>	<u>\$ 287,198</u>	<u>\$ 10,001,647</u>

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

TOWN OF GULF STREAM, FLORIDA

**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2022**

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

Total fund balances - governmental funds		\$ 9,209,388
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		
Governmental capital assets	\$ 7,378,744	
Accumulated depreciation	<u>(3,674,597)</u>	3,704,147
Certain liabilities are not due and payable in the current period and are therefore not reported in the funds.		
Litigation settlement	\$ (230,797)	
Compensated absences	<u>(21,010)</u>	(251,807)
Deferred outflows, deferred inflows, the net pension liability and the total OPEB liability related to the City's pension and OPEB plans are not expected to be liquidated with expendable available financial resources and, therefore are not reported in the funds.		
Deferred outflows - OPEB	7,977	
Deferred inflows - OPEB	(38,459)	
Total OPEB liability	<u>(34,149)</u>	<u>(64,631)</u>
Net position of governmental activities		<u>\$ 12,597,097</u>

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

TOWN OF GULF STREAM, FLORIDA

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2022**

	<u>General Fund</u>	<u>Special Assessment Fund</u>	<u>Nonmajor Governmental Fund</u>	<u>Total Governmental Funds</u>
Revenues				
Taxes	\$ 4,815,456	\$ -	\$ 97,699	\$ 4,913,155
Intergovernmental revenue	148,317	-	-	148,317
Licenses and permits	1,096,257	-	-	1,096,257
Charges for services	173,197	-	-	173,197
Fines and forfeitures	6,757	-	-	6,757
Investment earnings	52,435	5,707	1,151	59,293
Special assessments	-	263,647	-	263,647
Miscellaneous revenues	16,012	13,458	-	29,470
Total revenues	<u>6,308,431</u>	<u>282,812</u>	<u>98,850</u>	<u>6,690,093</u>
Expenditures				
Current				
General government	2,360,403	-	-	2,360,403
Police department	1,680,790	-	-	1,680,790
Fire protection	575,521	-	-	575,521
Streets	196,652	-	-	196,652
Sanitation	168,486	-	-	168,486
Physical environment	-	10,737	-	10,737
Capital outlay	291,058	-	-	291,058
Debt service				
Principal	-	263,739	-	263,739
Interest	-	5,512	-	5,512
Total expenditures	<u>5,272,910</u>	<u>279,988</u>	<u>-</u>	<u>5,552,898</u>
Change in fund balances	1,035,521	2,824	98,850	1,137,195
Fund balances, beginning of year	7,863,684	20,161	188,348	8,072,193
Fund balances, end of year	<u>\$ 8,899,205</u>	<u>\$ 22,985</u>	<u>\$ 287,198</u>	<u>\$ 9,209,388</u>

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

TOWN OF GULF STREAM, 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, 2022**

Net change in fund balances – total governmental funds \$ 1,137,195

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 depreciated over their estimated useful lives.

Capital outlay	\$ 291,058	
Less current year depreciation	<u>(327,975)</u>	(36,917)

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of principal consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position.

Principal repayment of long-term debt	<u>263,739</u>	263,739
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Revenues that are reported in the statement of activities that do not create current financial resources are not reported as revenues in governmental funds. This activity consists of:

Intergovernmental revenue		(262,835)
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Some expenses reported in the statement of activities do not require the use of current financial resources and therefore, are not reported as expenditures in governmental funds.

Change in litigation settlements payable	(35,797)	
Change in compensated absences	(3,895)	
Change in accrued interest	2,717	
OPEB expense	<u>2,780</u>	<u>(34,195)</u>

Change in net position of governmental activities \$ 1,066,987

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

TOWN OF GULF STREAM, FLORIDA

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
SEPTEMBER 30, 2022

	Enterprise Fund
Assets	
Current assets	
Cash and cash equivalents	\$ 816,224
Accounts receivable, net	243,035
Restricted assets	
Cash and cash equivalents	1,043,733
Accounts receivable, net	26,892
Total current assets	<u>2,129,884</u>
Noncurrent assets	
Capital assets, non-depreciable	79,598
Capital assets, depreciable, net	<u>2,703,777</u>
Total noncurrent assets	<u>2,783,375</u>
Total assets	<u>4,913,259</u>
Liabilities	
Current liabilities	
Accounts payable	34,331
Accrued liabilities	1,367
Compensated absences	1,139
Due to other funds	117,233
Unearned revenue	7,475
Total current liabilities	<u>161,545</u>
Total liabilities	<u>161,545</u>
Net position	
Net investment in capital assets	2,783,375
Restricted for repairs, replacements and improvements	1,070,625
Unrestricted	897,714
Total net position	<u>\$ 4,751,714</u>

The notes to the financial statements are an integral part of these statements.

TOWN OF GULF STREAM, FLORIDA

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
 PROPRIETARY FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2022**

	Total
Operating revenues	
Charges for services	\$ 1,178,493
Total operating revenues	1,178,493
Operating expenses	
Personnel	90,050
Water purchases	852,960
Repairs and maintenance	28,418
Depreciation	148,780
Miscellaneous	82,427
Total operating expenses	1,202,635
Operating loss	(24,142)
Nonoperating revenues (expenses)	
Investment earnings	10,825
Loss on disposal of capital assets	(63,928)
Total nonoperating expenses, net	(53,103)
Income (loss) before capital contributions	(77,245)
Capital contributions	
Connection fees	7,184
Reserve fees	137,029
Total capital contributions	144,213
Change in net position	66,968
Total net position, beginning of year	4,684,746
Total net position, end of year	\$ 4,751,714

The notes to the financial statements are an integral part of these statements.

TOWN OF GULF STREAM, FLORIDA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2022

	Total
Cash flows from operating activities	
Cash received from customers	\$ 1,146,531
Cash paid to suppliers for goods and services	(1,043,457)
Cash paid to employees for services and benefits	(89,692)
Internal activity - payments to other funds	(72,008)
Net cash used in operating activities	(58,626)
Cash flows from capital and related financing activities	
Reserve fees received	137,029
Connection fees received	7,184
Acquisition and construction of capital assets	(99,098)
Proceeds from sale of assets	13,511
Net cash provided by capital and related financing activities	58,626
Cash flows from investing activities	
Interest received	10,825
Net cash provided by investing activities	10,825
Net change in cash and cash equivalents	10,825
Cash and cash equivalents, beginning of year	1,849,132
Cash and cash equivalents, end of year	\$ 1,859,957
Cash and cash equivalents classified as	
Cash and cash equivalents	\$ 816,224
Restricted cash and cash equivalents	1,043,733
Total cash and cash equivalents	\$ 1,859,957

(Continued)

TOWN OF GULF STREAM, FLORIDA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2022

	Total
Reconciliation of operating loss to net cash used in operating activities	
Operating loss	\$ (24,142)
Adjustment to reconcile operating income to net cash provided by operating activities:	
Depreciation	148,780
Change in operating assets and liabilities:	
(Increase) decrease in assets:	
Accounts receivable	(31,962)
Increase (decrease) in liabilities:	
Accounts payable	(79,163)
Retainage payable	(489)
Accrued liabilities	314
Due to other funds	(72,008)
Compensated absences payable	44
Net cash used in operating activities	\$ (58,626)

The notes to the financial statements are an integral part of these statements.

TOWN OF GULF STREAM, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

The Town of Gulf Stream, Florida is a municipal corporation organized pursuant to Chapter 31276, 1955 Laws of Florida. The Town operates under the Commission/Mayor form of government. The Town's major operations include general government, public safety, streets, sanitation, physical environment, and water services.

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

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

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

Based upon application of the above criteria, management of the Town of Gulf Stream has determined that no component units exist which would require inclusion in this report. Further, the Town is not aware of any entity that would consider the Town to be a component unit.

B. Government-Wide and Fund Financial Statements

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

TOWN OF GULF STREAM, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Government-Wide and Fund Financial Statements (Continued)

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

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

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

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

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

D. Governmental Funds

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough afterwards to pay liabilities of the current period. The Town considers revenues collected within 60 days of the year-end to be available to pay liabilities of the current period.

TOWN OF GULF STREAM, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Governmental Funds (Continued)

Expenditures are generally recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures relating to compensated absences and claims and judgments are recorded only when payment is due.

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

The Town reports the General Fund and the Special Assessment Fund as major governmental funds. The General Fund is the general operating fund of the Town, and it is used to account for all financial resources except those required to be accounted for in another fund. The Special Assessment Fund is a special revenue fund used to account for financial resources relating to the underground utility project. The Town also reports the Infrastructure Surtax Special Revenue Fund as a nonmajor governmental fund.

E. Proprietary Funds

Proprietary Funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Operating expenses report on the costs to maintain the proprietary systems, the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

The Town reports one proprietary fund. The Municipal Water Enterprise Fund was established to account for the provision of water services to Town residents. It is reported as a major fund.

TOWN OF GULF STREAM, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. Cash and Cash Equivalents

Cash and cash equivalents include amounts on deposit in demand accounts. For the purposes of the statement of cash flows, the Town considers amounts on deposit in demand accounts to be cash equivalents.

G. Investments

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

H. Accounts Receivable

Trade and other receivable are shown net of an allowance for estimated uncollectible amounts. Charges for solid waste collection and water usage are billed on a bi-monthly cycle. The Town recognizes revenue and the related receivables for the estimated unbilled usage at year-end.

I. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, and sidewalks) are reported in the applicable governmental or business-type activities columns in the governmental-wide financial statements and in the Water Enterprise Fund. Capital assets are defined by the Town as assets with an estimated life in excess of one year and an initial value in excess of the capitalization thresholds presented below. Purchased capital assets are recorded at fair value on the acquisition date. Donated capital assets, donated works of art and similar items, and capital assets received in a service concession arrangement are reported at acquisition value rather than fair value.

TOWN OF GULF STREAM, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

I. Capital Assets (Continued)

The Town's capitalization threshold for all classes is as follows:

Buildings	\$5,000
Equipment	5,000
Intangible Assets	5,000
Infrastructure	10,000
Water Infrastructure	10,000

The Town is a Phase 3 government under GASB 34 and has elected not to report major general infrastructure assets retroactively. Depreciation has been provided over the useful lives using the straight-line method. The estimated useful lives are as follows:

Buildings	10-30 years
Equipment	3-15 years
Intangible Assets	3-15 years
Infrastructure	25-50 years
Water Infrastructure	40-50 years

J. Inventory

Inventories consist of expendable supplies held for consumption which are carried at cost (first-in, first-out). The Town accounts for inventories using the consumption method, under which expenditures are recognized only when inventory items are used. Reported inventory is equally offset by nonspendable fund balance which indicates that it does not constitute "available spendable resources" even though it is a component of net current assets.

K. Compensated Absences

Compensated absences are absences for which employees will be paid, such as vacation, sick leave, and sabbatical leave. A liability for compensated absences that is attributable to services already rendered and that is not contingent on a specific event that is outside the control of the government and its employees is accrued as employees earn the rights to the benefits. Compensated absences that relate to future services or that are contingent on a specific event that is outside the control of the government and its employees are accounted for in the period in which such services are rendered or such events take place. All vacation, sick leave, and sabbatical leave is accrued when incurred in the government-wide and proprietary fund financial statements.

TOWN OF GULF STREAM, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

K. Compensated Absences (Continued)

A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements. Town employees may accumulate up to 40 hours of vacation leave and 120 days of sick leave. Accumulated vacation is payable to employees upon termination or retirement at the rate of pay on that date. Sick leave can only be used for paid time-off and is not paid to any employee upon termination.

L. Interfund Transactions

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

M. Unearned Revenues

The government reports unearned revenue on its government wide statement of net position, proprietary statement of net position, and governmental funds balance sheet. Unearned revenue arises when the government receives resources prior to revenue recognition. In subsequent periods, when revenue recognition criteria are met the liability for unearned revenue is removed and revenue is recognized.

N. Unavailable Revenues

The Town reports unavailable revenue on its governmental funds balance sheet for resource inflows that do not qualify for recognition as revenue in a governmental fund because they are not yet considered available. In subsequent periods when the resources are considered available the liability for unavailable revenue is removed and revenue is recognized.

TOWN OF GULF STREAM, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

O. Deferred Outflows of Resources and Deferred Inflows of Resources

A deferred outflow of resources is a consumption of net assets that is applicable to a future reporting period. A deferred inflow of resources is an acquisition of net assets that is applicable to a future reporting period. The Town reports deferred inflows of resources and deferred outflows of resources for items related to the other post-employment benefit liability. See Note 9 for details of these items.

P. Long-Term Liabilities

In the government-wide financial statements and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund statement of net position.

Q. Fund Balance

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

1. Nonspendable fund balances – Includes amounts that cannot be spent because they are either: (a) not in spendable form, or (b) legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash, for example, inventories and prepaid amounts. It also includes the long-term amount of loans and notes receivable, as well as property acquired for resale. However, if the use of the proceeds from the collection of those receivables or from the sale of those properties is restricted, committed, or assigned, then they should be included in the appropriate fund balance classification (restricted, committed, or assigned), rather than the nonspendable fund balance. The corpus (or principal) of a permanent fund is an example of an amount that is legally or contractually required to be maintained intact.
2. Restricted fund balance – Includes amounts that are restricted to specific purposes when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.

TOWN OF GULF STREAM, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Q. Fund Balance (Continued)

3. Committed fund balance – Includes amounts that can be used only for specific purposes pursuant to constraints imposed by an ordinance, the Town's highest level of decision-making authority. Those committed amounts cannot be used for any other purpose unless the Town removes or changes the specified use by taking the same type of action (an ordinance) it employed to previously commit those amounts.
4. Assigned fund balance – Includes amounts intended to be used by the Town for specific purposes, but are neither restricted nor committed. Intent should be expressed by the Town Commission or the Town Manager to which the Town Commission has delegated authority to assign amounts to be used for specific purposes. The authority for making an assignment is not required to be the Town's highest level of decision-making authority. Constraints imposed on the use of assigned amounts are more easily removed or modified than those imposed on amounts classified as committed.
5. Unassigned fund balance – Includes the residual classification for the General Fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the General Fund. The General Fund should be the only fund that reports a positive unassigned fund balance amount. In other governmental funds, it may be necessary to report a negative unassigned fund balance if expenditures incurred for specific purposes exceeded the amounts restricted, committed, or assigned to those purposes.

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

TOWN OF GULF STREAM, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

R. Net Position

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

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

S. Budgetary Data

Formal budgetary integration is employed as a management control device during the year for the General Fund and the Municipal Water Fund. Appropriations are legally controlled at the department level. All budgets are legally enacted and are adopted on a basis consistent with generally accepted accounting principles. Budgeted amounts are as originally adopted, or as amended by appropriate action. The Special Assessment Special Revenue Fund is not budgeted because it is not legally required to be budgeted.

TOWN OF GULF STREAM, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

T. Property Taxes

Under Florida law, the assessment of all properties and the collection of all county, municipal, and school board property taxes are consolidated in the offices of the County Property Appraiser and County Tax Collector. The laws of the state regulating tax assessment are also designed to assure a consistent property valuation method statewide.

The tax levy of the Town is established by the Town Commission prior to October 1 of each year, and the Palm Beach County Property Appraiser incorporates the Town's millage into the total tax levy, which includes Palm Beach County and Palm Beach County School Board tax requirements.

All property is reassessed according to its fair market value January 1 of each year, which is also the lien date. Each assessment roll is submitted to the Executive Director of the State Department of Revenue for review to determine if the rolls meet all the appropriate requirements of state statutes.

All taxes are due and payable on November 1 of each year or as soon thereafter as the assessment roll is certified and delivered to the Tax Collector. All unpaid taxes become delinquent on April 1st following the year in which they are assessed. Discounts are allowed for early payment at the rate of 4% in the month of November, 3% in the month of December, 2% in the month of January and 1% in the month of February. The taxes paid in March are without discount.

Delinquent taxes on real property bear interest of 18% per year. On or prior to June 1 following the tax year, certificates are sold for all delinquent taxes on real property. After the sale, tax certificates bear interest of 18% per year or any lower rate bid by the buyer. Application for a tax deed on any unredeemed tax certificates may be made by the certificate holder after a period of two years. Delinquent taxes on personal property bear interest of 18% per year until the tax is satisfied either by seizure and sale of the property or by the five-year statute of limitations.

U. Use of Estimates

The financial statements and related disclosures are prepared in conformity with accounting principles generally accepted in the United States. Management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and revenue and expenses during the period reported. These estimates include assessing the collectability of accounts receivable, the use and recoverability of inventory, and useful lives and impairment of tangible and intangible assets, among others. Estimates and assumptions are reviewed periodically and the effects of revisions are reflected in the financial statements in the period they are determined to be necessary. Actual results could differ from the estimates.

TOWN OF GULF STREAM, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

V. Implementation of Accounting Pronouncements

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

GASB Statement No. 87, *Leases*. This statement will increase the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting that is based on the foundational principle that leases are financings of the right to use an underlying asset. Implementation of this statement did not impact the Town's financial statements.

GASB Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*. This statement will enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and simplify accounting for interest costs incurred before the end of a construction period.

GASB Statement No. 92, *Omnibus 2020*. This statement will enhance comparability in accounting and financial reporting and improve the consistency of authoritative literature by addressing practice issues that have been identified during the implementation and application of certain GASB Statements. This statement addresses a variety of topics.

GASB Statement No. 93, *Replacement of Interbank Offered Rates*. This statement will enhance comparability in the application of accounting and financial reporting requirements and will improve the consistency of authoritative literature by addressing the accounting and financial reporting implications that result from the replacement of an Interbank Offered Rate (IBOR) for agreements in which variable payments made or received depend on an IBOR.

GASB Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans—an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32*. The requirements of this statement will result in more consistent financial reporting of defined contribution pension plans, defined contribution OPEB plans, and other employee benefit plans, while mitigating the costs associated with reporting those plans. The Town implemented the provisions of this statement related to Section 457 *Deferred Compensation Plans*, in the current fiscal year.

TOWN OF GULF STREAM, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

NOTE 2. DEPOSITS AND INVESTMENTS

A. Deposits

As of September 30, 2022, the carrying amount of the Town's deposits was \$11,532,649, and the bank balances totaled \$11,642,710. The Town also had cash on hand of \$450. Town's deposits include checking accounts, money market checking accounts, and certificates of deposit. The certificates of deposit and money market accounts are reported as investments in the balance sheet and statement of net position.

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

B. Investments

Florida statutes authorize the Town to invest in the Local Government Surplus Funds Trust Fund administered by the State Treasurer, negotiable direct obligations of or obligations unconditionally guaranteed by the U.S. Government, interest-bearing time deposits in financial institutions located in Florida and organized under Federal or Florida laws, obligations of the Federal Farm Credit Banks, the Federal Home Loan Mortgage Corporation, the Federal Home Loan Bank or its district banks, or obligations guaranteed by the Government National Mortgage Association, and obligations of the Federal National Mortgage Association.

GASB Statement No. 72, *Fair Value Measurement and Application*, requires governments to disclose the fair value hierarchy for each type of asset or liability measured at fair value in the notes to the financial statements. The standard also requires governments to disclose a description of the valuation techniques used in the fair value measurement and any significant changes in valuation techniques. GASB 72 establishes a three-tier fair value hierarchy. The level in which an asset is assigned is not indicative of its quality but an indication of the source of valuation inputs

TOWN OF GULF STREAM, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

NOTE 2. DEPOSITS AND INVESTMENTS (CONTINUED)

B. Investments (Continued)

The hierarchy is based on valuation inputs used to measure the fair value as follows:

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

Certificates of deposit are exempt from reporting under the fair value hierarchy, and their fair value is measured at cost. As of September 30, 2022, the Town held the following certificates of deposit:

<u>Investments</u>	<u>Fair Value</u>
Money Market Accounts	\$ 8,345,285
Certificates of Deposit	290,910
	<u>\$ 8,636,195</u>

C. Credit Risk

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

D. Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Town does not have a formal investment policy that limits investment maturities as a means of managing exposure to fair value losses arising from increasing interest rates.

TOWN OF GULF STREAM, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

NOTE 3. RECEIVABLES

As of September 30, 2022, the Town's receivables for the individual major funds, including applicable allowances for uncollectible accounts, are as follows:

	<u>General Fund</u>	<u>Special Assessment Fund</u>	<u>Nonmajor Governmental Fund</u>	<u>Enterprise Fund</u>	<u>Total</u>
Receivables					
Accounts	\$ 68,152	\$ 1,574	\$ 15,108	\$ 279,927	\$ 364,761
Due from other governments	38,416	-	-	-	38,416
	<u>106,568</u>	<u>1,574</u>	<u>15,108</u>	<u>279,927</u>	<u>403,177</u>
Less allowance for uncollectible receivables	-	-	-	(10,000)	(10,000)
	<u>\$ 106,568</u>	<u>\$ 1,574</u>	<u>\$ 15,108</u>	<u>\$ 269,927</u>	<u>\$ 393,177</u>

NOTE 4. INTERFUND RECEIVABLES AND PAYABLES

Individual interfund receivables and payables at September 30, 2022 are as follows:

<u>Due From</u>	<u>Due To General Fund</u>
Water	\$ 117,233

TOWN OF GULF STREAM, FLORIDA

**NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2022**

NOTE 5. CAPITAL ASSETS

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

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Net Transfers</u>	<u>Ending Balance</u>
Primary government:					
Governmental activities					
Capital assets not being depreciated					
Land	\$ 376,523	\$ -	\$ -	\$ -	\$ 376,523
Construction in progress	-	84,639	-	-	84,639
Total assets not being depreciated	<u>376,523</u>	<u>84,639</u>	<u>-</u>	<u>-</u>	<u>461,162</u>
Capital assets being depreciated					
Buildings and improvements	1,251,349	-	-	-	1,251,349
Equipment and vehicles	861,022	103,159	(74,953)	-	889,228
Intangible assets	10,237	-	-	-	10,237
Infrastructure	4,663,508	103,260	-	-	4,766,768
Total assets being depreciated	<u>6,786,116</u>	<u>206,419</u>	<u>(74,953)</u>	<u>-</u>	<u>6,917,582</u>
Less accumulated depreciation					
Buildings and improvements	(869,331)	(26,714)	-	-	(896,045)
Equipment and vehicles	(578,894)	(82,808)	74,953	-	(586,749)
Intangible assets	(4,606)	(2,047)	-	-	(6,653)
Infrastructure	(1,968,744)	(216,406)	-	-	(2,185,150)
Total accumulated depreciation	<u>(3,421,575)</u>	<u>(327,975)</u>	<u>74,953</u>	<u>-</u>	<u>(3,674,597)</u>
Total assets depreciated, net	<u>3,364,541</u>	<u>(121,556)</u>	<u>-</u>	<u>-</u>	<u>3,242,985</u>
Governmental activities, net	<u>\$ 3,741,064</u>	<u>\$ (36,917)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,704,147</u>
Business-type activities					
Capital assets not being depreciated					
Land	\$ -	\$ -	\$ -	\$ -	\$ -
Construction in progress	-	79,598	-	-	79,598
Total assets not being depreciated	<u>-</u>	<u>79,598</u>	<u>-</u>	<u>-</u>	<u>79,598</u>
Capital assets being depreciated					
Water system improvement	3,727,428	19,500	(118,287)	-	3,628,641
Equipment and vehicles	540,990	-	-	-	540,990
Total assets being depreciated	<u>4,268,418</u>	<u>19,500</u>	<u>(118,287)</u>	<u>-</u>	<u>4,169,631</u>
Less accumulated depreciation					
Water system improvement	(1,247,917)	(103,120)	40,848	-	(1,310,189)
Equipment and vehicles	(110,005)	(45,660)	-	-	(155,665)
Total accumulated depreciation	<u>(1,357,922)</u>	<u>(148,780)</u>	<u>40,848</u>	<u>-</u>	<u>(1,465,854)</u>
Total assets depreciated, net	<u>2,910,496</u>	<u>(129,280)</u>	<u>(77,439)</u>	<u>-</u>	<u>2,703,777</u>
Business-type activities, net	<u>\$ 2,910,496</u>	<u>\$ (49,682)</u>	<u>\$ (77,439)</u>	<u>\$ -</u>	<u>\$ 2,783,375</u>

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental activities	
General government	\$ 37,398
Police department	74,898
Fire protection	215,679
	<u>\$ 327,975</u>
Business-type activities	
Water	\$ 148,780
	<u>\$ 148,780</u>

TOWN OF GULF STREAM, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

NOTE 6. LONG-TERM DEBT

A. Governmental Activities

On September 6, 2012, the Town issued its Promissory Note, Undergrounding Project in the principal amount of \$2,427,895 to provide funds for the project of undergrounding the electric, cable television, and telephone utility facilities serving the municipality. Such debt shall not be a general obligation of the Town. The Town covenants that, so long as the Note shall remain unpaid or any other amounts are owed by the Town under the Note, it will appropriate in its annual budget, by amendment, if required, from pledged revenues and available non-ad valorem revenues, amounts sufficient to pay principal and interest on the Note as they become due. The covenant to budget and appropriate does not create a lien upon or pledge of the available non-ad valorem revenues. Pledged revenues means the revenue received by the Town from the imposition and collection of the special assessments imposed by the Town pursuant to Resolution No. 011-12. The loan agreement includes a provision that upon the occurrence of any event of default the bank may declare all obligations under the Note to be immediately due and payable and upon such declaration the Note and the accrued interest thereon shall become immediately due and payable.

Principal and interest payments on the Note were due in annual installments commencing on April 1, 2013 and on each April 1 thereafter until final maturity, which occurred on April 1, 2022.

B. Interest Expense

The total interest cost incurred on all Town debt for the year ended September 30, 2022 was \$2,795 and total interest paid during the year was \$5,512.

The following is a summary of long-term debt transactions of the Town for the year ended September 30, 2022:

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
Governmental activities					
Note payable from direct borrowings	\$ 263,739	\$ -	\$ (263,739)	\$ -	\$ -
Total OPEB liability	45,306	5,461	(16,618)	34,149	-
Litigation settlement	195,000	35,797	-	230,797	230,797
Compensated absences	17,115	112,553	(108,658)	21,010	21,010
Total governmental activities	<u>\$ 521,160</u>	<u>\$ 153,811</u>	<u>\$ (389,015)</u>	<u>\$ 285,956</u>	<u>\$ 251,807</u>
Business-type activities					
Compensated absences	1,095	4,330	(4,286)	1,139	1,139
Total business-type activities	<u>\$ 1,095</u>	<u>\$ 4,330</u>	<u>\$ (4,286)</u>	<u>\$ 1,139</u>	<u>\$ 1,139</u>

TOWN OF GULF STREAM, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

NOTE 7. DEFINED CONTRIBUTION EMPLOYEE RETIREMENT PLAN

On November 28, 1990, the Town passed Resolution No. 90-8, authorizing the establishment of a 401(a) plan (the "Plan"). All full-time employees are eligible to participate in the Plan upon completion of six months of service and attaining age 18. This defined contribution pension plan is administered by the International City Management Association Retirement Corporation. In a defined contribution plan, benefits depend solely on amounts contributed to the Plan plus investment earnings. The Plan requires that the Town and the employees contribute an amount equal to 20.92% and 8.0%, respectively, of the employee's base salary each month. The Town's contribution for each employee and investment earnings allocated to the employee's account vest at a rate of 20% per year of service completed. Employees are eligible for normal retirement upon attainment of the age of 59-1/2. Town contributions and interest forfeited by employees who leave employment before satisfying the vesting requirement are used to reduce the Town's current-period contribution requirement.

For the fiscal year ended September 30, 2022, the Town recognized pension expense of \$335,205 for the Plan, and as of the fiscal year-end, the Town reported no payables for outstanding contributions to the Plan. There were \$8,014 of forfeitures during the current fiscal year, and the balance of forfeitures was \$72,353 as of September 30, 2022.

The Plan does not issue a stand-alone financial report.

NOTE 8. DEFERRED COMPENSATION PLAN

The Town offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The Plan, available to all Town employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency.

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

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

TOWN OF GULF STREAM, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

NOTE 9. OTHER POST-EMPLOYMENT BENEFITS

A. Plan Description

The Town maintains a single employer defined benefit Other Post-Employment Benefit Plan in accordance with Florida Statutes. The Town of Gulf Stream Other Post-Employment Benefits Plan (the "OPEB Plan"), includes retirees from the Town. The Town offers post-employment benefits other than pension benefits for healthcare insurance for eligible retirees and spouse through the Town's group health insurance plan, which covers both active and retired members. The OPEB Plan does not issue a publicly available financial report.

B. Plan Membership

Membership of the OPEB Plan consisted of the following at September 30, 2022, the date of the latest actuarial valuation:

Active employees	18
	18
	18

C. Contributions

The Town has elected to fund the OPEB Plan on a "pay as you go" basis. Plan members, once retired, contribute to the plan based on number of years of creditable service. The Town is required to contribute the current year benefit costs of the OPEB Plan which are not paid by the retiree. For the year ended September 30, 2022, the Town contributed none for the pay as you go benefits of the OPEB Plan.

D. Total OPEB Liability of the Town

The Town's total OPEB liability was measured as of September 30, 2022, and was determined by an actuarial valuation as of October 1, 2021 with the actuary using standard techniques to roll forward the liability to the measurement date.

Actuarial Assumptions: The total OPEB liability in the October 1, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Discount rate:	4.77%
Salary increases:	3.00%
Cost of living adjustments:	In accordance with healthcare cost trend rates.
Healthcare cost trend rate:	8.00% - 5.00%, ultimate trend in 2025.
Participation rate:	25% single coverage and 50% single and spouse coverage.

Mortality rates were based on the PUB-2010 Combined Mortality Table, with full generational improvements in mortality using Scale MP-2020.

TOWN OF GULF STREAM, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

NOTE 9. OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

E. Discount Rate

The discount rate used to measure the total OPEB liability was 4.77%. This rate was used to discount all future benefit payments and is based on the return of the S&P Municipal Bond 20-year High Grade Index as of the measurement date.

F. Changes in the Total OPEB Liability of the Town

The changes in the total OPEB liability of the Town for the year ended September 30, 2022 were as follows:

	Total OPEB Liability
Balances at September 30, 2021	\$ 45,306
Changes for the year:	
Service cost	3,195
Interest	2,266
Experience differences	(945)
Assumption changes	(13,651)
Benefit payments	(2,022)
Net changes	(11,157)
Balance at September 30, 2022	\$ 34,149

The required schedule of changes in the Town's total OPEB liability and related ratios immediately following the notes to the financial statements presents multi-year trend information about the total OPEB liability.

The following presents the total OPEB liability of the Town, as well as what the Town's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (3.77%) or 1-percentage point higher (5.77%) than the current discount rate:

	1% Decrease (3.77%)	Discount Rate 4.77%	1% Increase (5.77%)
Total OPEB liability	\$ 36,134	\$ 34,149	\$ 32,338

The required schedule of funding progress immediately following the notes to the financial statements presents multi-year trend information about whether the actuarial value of plan net position is increasing or decreasing over time relative to the actuarial accrued liability.

TOWN OF GULF STREAM, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

NOTE 9. OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

G. Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the total OPEB liability of the Town, as well as what the Town's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage point lower (7% decreasing to 4%) or 1-percentage point higher (9% decreasing to 6%) than the current healthcare cost trend rates:

	1% Decrease (7% decreasing to 4%)	Discount Rate (8% decreasing to 5%)	1% Increase (9% decreasing to 6%)
Total OPEB liability	\$ 31,554	\$ 34,149	\$ 37,116

H. OPEB Expense and Deferred Outflows of Resources Related to OPEB

For the year ended September 30, 2022, the Town recognized an OPEB benefit of \$2,780. In addition, the Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes in assumptions	\$ 150	\$ 27,706
Changes in expected and actual experience	7,827	10,753
Totals	<u>\$ 7,977</u>	<u>\$ 38,459</u>

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

Year ending September 30:	
2023	\$ (6,219)
2024	(6,154)
2025	(6,054)
2026	(5,418)
2027	(4,697)
Thereafter	(1,940)
Total	<u>\$ (30,482)</u>

TOWN OF GULF STREAM, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

NOTE 10. INTERLOCAL AGREEMENTS

Interlocal Agreement for Fire and EMS Service - City of Delray Beach

On July 14, 2009, the Town entered into an agreement with the City of Delray Beach whereby the City will provide the Town with fire and emergency medical services. The term of the agreement is for ten years beginning on October 1, 2009, and extending through September 30, 2019. On May 10, 2019, the Town Commission approved a five-year extension of the agreement at the same conditions as the prior agreement. For the fiscal year ended September 30, 2022, the Town paid an annual service fee in the amount of \$575,521. The annual service fees for future years will be the current year fee adjusted annually based on the "All Urban Customers – United States April Consumer Price Index" or an increase of five percent (5.0%), whichever is greater.

Interlocal Agreement for Dispatch Service - City of Delray Beach

On October 30, 2017, the Town entered into a new agreement with the City of Delray Beach for dispatch services. The term of the agreement is for five years beginning October 1, 2017 and ending September 30, 2022. Each year the basic service fee shall be adjusted from the previous year in an amount based upon the All Urban Consumers-United States Consumer Price Index for April. For the year ended September 30, 2022, the Town paid \$62,762 pursuant to the agreement.

Interlocal Agreement for Water Purchase - City of Delray Beach

In June 1998, the Town entered into an agreement with the City of Delray Beach for the purchase of treated, potable water. The term of the agreement is for a period of 25 years. Under the terms of the agreement, the Town is to pay the City the prevailing water rate charged by the City to non-residential users plus a surcharge of 25%. For the year ended September 20, 2022, the Town paid \$852,960 pursuant to the agreement.

Interlocal Agreement for Permitting and Inspection Services - City of Delray Beach

In November 2009, the Town entered into an agreement with the City of Delray Beach to provide the Town with the expertise and assistance of the City of Delray Beach Community Improvement Department (the "Department") for the inspection and permitting of certain construction projects within the Town's limits for compliance with the Florida Building Code (the "Code"). Under the terms of the agreement the Department shall review and process all plans, checking for compliance with the Code and to determine the subsidiary permits necessary and the amount of fees. For processing and the inspection service, the City shall receive 100% of the permit fee. The fees shall be collected by the City. The agreement shall be of a continuing nature unless cancelled by either party for any reason and without penalty, on not less than sixty days written notice. In March 2010, the agreement was amended to add that the City shall collect the appropriate County impact fees for Town permits issued by the City. The City shall retain a 3.4% administrative fee for all Town impact fee assessments. For the year ended September 30, 2022, the Town paid \$781,738 pursuant to the agreement.

TOWN OF GULF STREAM, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

NOTE 11. COMMITMENTS

Solid Waste and Recycling Collection Franchise Agreement

On September 13, 2013, the Town made the fourth amendment the solid waste and recycling collection franchise agreement with Waste Management Inc. of Florida (WMI). The fourth amendment extended the term of the agreement until September 30, 2018 and eliminated the fuel surcharge provision. Under the terms of the agreement, the Town informs WMI of the total number of residential and multi-family units that have a Certificate of Occupancy each year on September 1. WMI bills all multi-family units that are serviced by a container. The monthly charges for the remainder of the units that are serviced by means other than by containers are paid by the Town. On September 14, 2018, the Town made the fifth amendment to the agreement that extended the term of the agreement until March 30, 2019. On March 29, 2019, the Town made the sixth amendment the agreement to extend the term of the agreement until March 31, 2024. The sixth amendment also changed the index for use in making annual rate adjustments and provide new rates for services commencing April 1, 2019.

WMI bills the Town monthly for these services at the then current rate as adjusted from time to time by the terms and conditions of the agreement. For the year ended September 30, 2022, the Town made payments of \$168,486 pursuant to the agreement.

NOTE 12. 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 for which the Town carries commercial insurance. The Town purchases commercial insurance to cover the various risks. Retention of risks is limited to those risks that are uninsurable and deductibles ranging from \$250 to \$2,500 per occurrence. The Town has not significantly reduced insurance coverage during the past three fiscal years. Certain settled claims exceed insurance coverage during the fiscal year ended September 30, 2022.

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

The Town is involved in various litigation and claims arising in the course of operations. The Town is a defendant in various lawsuits alleging violations by the Town of the State of Florida's Public Records Law. The amount of exposure is currently unknown and will require additional discovery for these various lawsuits. Accordingly, no provision for any liability that may result has been made in the accompanying financial statements except for the case below.

TOWN OF GULF STREAM, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

NOTE 12. RISK MANAGEMENT CONTINUED)

On January 27, 2023, after an evidentiary hearing, the Court entered its Final Judgment awarding the Plaintiff in Case No. 502014CA004474 AA regarding violations by the Town of the State of Florida's Public Records Law \$230,797 with interest at the legal rate on the public records claim. The Town has since satisfied the judgment on January 23, 2023. The trial court denied a motion for rehearing on June 16, 2023.

NOTE 13. SPECIAL ASSESSMENT

On June 30, 2011, the Town adopted Resolution 011-11 levying non-ad valorem special assessments on properties specially benefitted by a capital improvement project to place underground the overhead electric, cable television, and telephone utility facilities that serve a portion of the Town and its inhabitants. The special assessments were calculated using a methodology that fairly and reasonably apportions the cost of the project among the benefitted parcels in proportion to the benefits to such parcels. The calculation methodology used an equivalent benefit unit assigned for three categories: (1) improved safety, (2) improved reliability, and (3) improved aesthetics.

Property owners were given the option to pay the entire amount of the assessment in advance of the Town obtaining financing for the project. The special assessments are subject to prepayment only on or before November 1, 2011. Assessments that are not prepaid shall be payable in not less than 10 and not more than 20 yearly installments. The special assessments shall bear interest not exceeding 10% per annum over the term of the financing obtained by the Town and will include annual costs related to administration and collection not to exceed 5%. The total assessable cost was \$5,518,144, and the Town received prepayments in the amount of \$2,885,049. See Note 6 for a discussion of the related financing for the project.

TOWN OF GULF STREAM, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

NOTE 14. HEALTH REIMBURSEMENT ARRANGEMENT

The Town provides a Section 105 Health Reimbursement Arrangement Plan (HRA) to full-time employees covered by the Town's group medical plan. The plan will reimburse participants for in-network and out-of-network medical, dental, vision, prescription and other medical expenses under Section 213(d) of the Internal Revenue Code that they are required to pay under the group health plan. Eligible expenses cannot also be reimbursed by another plan nor paid pre-tax by another health plan coverage or program. Participants will be reimbursed for up to \$3,000 for eligible expenses for each plan year. This amount will be prorated for mid-year new hires. Unused amounts remaining in a participant's account at the end of the coverage period will carry forward into the next coverage period to be used for future eligible expenses. The plan will cover the participant, spouse, and dependents who are also covered under the participant's group medical plan. Dependents include natural and adopted children, stepchildren, and foster children. The plan permits a participant to elect out of the plan annually.

The Town will make contributions of \$3,000 annually to an HRA account for each participant, prorated for mid-year new hires. For the year ended September 30, 2022, the Town made contributions of \$57,000 to the HRA account, and participants were reimbursed \$42,174 for eligible expenses they paid. As of September 30, 2022, the balance in the HRA account was \$193,404.

NOTE 15. SUBSEQUENT EVENTS

The Town has evaluated all subsequent events through October 6, 2023 the date the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

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TOWN OF GULF STREAM, FLORIDA

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2022**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Taxes	\$ 4,779,948	\$ 4,779,948	\$ 4,815,456	\$ 35,508
Intergovernmental revenue	347,071	347,071	148,317	(198,754)
Licenses and permits	531,000	531,000	1,096,257	565,257
Charges for services	161,340	161,340	173,197	11,857
Fines and forfeitures	7,500	7,500	6,757	(743)
Investment earnings	72,500	72,500	52,435	(20,065)
Miscellaneous revenues	27,500	27,500	16,012	(11,488)
Total revenues	<u>5,926,859</u>	<u>5,926,859</u>	<u>6,308,431</u>	<u>381,572</u>
Expenditures				
Current				
General government	2,647,416	2,647,416	2,360,403	287,013
Police department	1,856,063	1,856,063	1,680,790	175,273
Fire protection	576,533	576,533	575,521	1,012
Streets	221,141	221,141	196,652	24,489
Sanitation	175,814	175,814	168,486	7,328
Capital outlay	449,892	449,892	291,058	158,834
Total expenditures	<u>5,926,859</u>	<u>5,926,859</u>	<u>5,272,910</u>	<u>653,949</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>1,035,521</u>	<u>1,035,521</u>
Change in fund balance	-	-	1,035,521	1,035,521
Fund balance, beginning of year	<u>7,863,684</u>	<u>7,863,684</u>	<u>7,863,684</u>	<u>-</u>
Fund balance, end of year	<u>\$ 7,863,684</u>	<u>\$ 7,863,684</u>	<u>\$ 8,899,205</u>	<u>\$ 1,035,521</u>

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

TOWN OF GULF STREAM, FLORIDA

**REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE TOWN'S TOTAL OPEB LIABILITY AND RELATED RATIOS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30,**

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB liability					
Service cost	\$ 3,195	\$ 3,793	\$ 4,139	\$ 4,294	\$ 5,843
Interest	2,266	1,525	2,562	1,329	2,558
Experience differences	(945)	(13,647)	16,699	255	
Assumption changes	(13,651)	(4,429)	(26,919)	(255)	(1,090)
Benefit payments	(2,022)	(1,828)	(5,206)	(7,002)	(3,487)
Net change in total OPEB liability	<u>(11,157)</u>	<u>(14,586)</u>	<u>(8,725)</u>	<u>(1,379)</u>	<u>3,824</u>
Total OPEB liability - beginning	<u>45,306</u>	<u>59,892</u>	<u>68,617</u>	<u>69,996</u>	<u>66,172</u>
Total OPEB liability - ending	<u>\$ 34,149</u>	<u>\$ 45,306</u>	<u>\$ 59,892</u>	<u>\$ 68,617</u>	<u>\$ 69,996</u>
Covered-employee payroll	\$ 1,411,941	\$ 1,303,993	\$ 1,303,993	\$ 1,248,233	\$ 971,198
Total OPEB liability as a percentage of covered employee payroll	2.4%	3.5%	4.6%	5.5%	7.2%

Notes to the Schedule:

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

The town is not accumulating assets in a trust fund that meets the criteria in paragraph 4 of GASB Statement No. 75 for payment of future OPEB benefits.

TOWN OF GULF STREAM, FLORIDA

**NOTES TO THE BUDGETARY
REQUIRED SUPPLEMENTARY INFORMATION (RSI)
GENERAL FUND
SEPTEMBER 30, 2022**

NOTE 1. BUDGETS AND BUDGETARY ACCOUNTING

A budget is legally adopted for the General Fund. The Special Assessment Special Revenue Fund is not legally required to be budgeted and is not budgeted.

A budgetary comparison schedule is presented for the General Fund. The procedures for establishing budgetary data reflected in the budgetary comparison schedule are as follows:

1. Prior to August 1st, the Town Manager submits to the Town Commission a proposed operating budget for the fiscal year commencing the next October 1st. The operating budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted to obtain taxpayer comments.
3. Prior to October 1st, the budget is legally enacted through the passage of a resolution.
4. The Town Manager is authorized to transfer budgeted amounts within any department. However, any revisions that alter the total expenditures of any department must be approved by the Town Commission by a legally enacted ordinance.
5. Budgets are adopted on a basis consistent with generally accepted accounting principles.
6. Appropriations along with encumbrances lapse at September 30th.

NOTE 2. BUDGET AND ACTUAL COMPARISONS

Formal budgetary integration is employed within the accounting system as a management control device. Appropriations are legally controlled at the department level and expenditures may not legally exceed appropriations at that level. For the year ended September 30, 2022, no departments had an excess of expenditures over appropriations.

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OTHER REPORTS

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**INDEPENDENT AUDITORS' 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**

Honorable Mayor and Members of
the Town Commission,
Town of Gulf Stream, 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 Gulf Stream, Florida (the "Town"), as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements and have issued our report thereon dated October 6, 2023.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

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

Mauldin & Jenkins, LLC

Bradenton, Florida
October 6, 2023

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INDEPENDENT AUDITOR'S MANAGEMENT LETTER

Honorable Mayor and Members of
the Town Commission,
Town of Gulf Stream, Florida

Report on the Financial Statements

We have audited the financial statements of the Town of Gulf Stream, Florida (the "Town"), as of and for the fiscal year ended September 30, 2022, and have issued our report thereon dated October 6, 2023.

Auditor's Responsibility

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

Other Reporting Requirements

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and On Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*; and Independent Accountant's Report on an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports and schedule, which are dated October 6, 2023, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding financial audit report. No audit findings were noted in the Town's preceding financial audit report.

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 of Gulf Stream, Florida was incorporated in 1955. Additional information on the Town's creation is disclosed within the Town's footnotes.

Financial Condition and Management

Sections 10.554(1)(i)5.a. and 10.556(7), Rules of the Auditor General, require us to apply appropriate procedures and communicate the results of our determination as to whether or not the Town has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and to identify the specific conditions(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 the 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.c, Rules of the Auditor General, requires, if appropriate, to communicate the failure of a special district that is a component unit of a county, municipality, or special district, to provide the financial information necessary for proper reporting of the component unit, within the audited financial statements of the county, municipality, or special district in accordance with Section 218.39(3)(b), Florida Statutes. In connection with our audit, we did not note any special district component units that failed to provide the necessary information for proper reporting in accordance with Section 218.39(3)(b), Florida Statutes.

Additional Matters

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

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
October 6, 2023



INDEPENDENT ACCOUNTANT'S REPORT

Honorable Mayor and Members of
the Town Commission,
Town of Gulf Stream, Florida

We have examined the Town of Gulf Stream, Florida's (the "Town") compliance with Section 218.415, Florida Statutes, regarding the investment of public funds during the year ended September 30, 2022. 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, 2022.

This report is intended solely for the information and use of the Town and the Auditor General, State of Florida, and is not intended to be and should not be used by anyone other than these specified parties.

Mauldin & Jenkins, LLC

Bradenton, Florida
October 6, 2023

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