



## **TOWN OF MANALAPAN, FLORIDA**



**FINANCIAL STATEMENTS WITH INDEPENDENT  
AUDITOR'S REPORT THEREON  
FISCAL YEAR ENDED SEPTEMBER 30, 2023**

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## **FINANCIAL SECTION**

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## Independent Auditor's Report

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

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

#### ***Opinions***

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Manalapan (the "Town"), as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund, and the aggregate remaining fund information of the Town as of September 30, 2023, and the respective changes in financial position, and, where applicable, cash flows, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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

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

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

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

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

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

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

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

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

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

***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 12, the budgetary comparison information on pages 54 and 55, the pension schedules on pages 56 through 59, and the Schedule of Changes in Total OPEB Liability on page 60 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

***Supplementary Information***

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated May 13, 2025, on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control over financial reporting and compliance.



Bradenton, Florida  
May 13, 2025

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

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**TOWN OF MANALAPAN, FLORIDA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2023**

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

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

**FINANCIAL HIGHLIGHTS**

***Government-Wide Financial Statements***

- ❖ The assets plus deferred outflow of resources of the Town exceeded its liabilities plus deferred inflow of resources at the close of the most recent fiscal year by approximately \$20.0 million. Of this amount, approximately \$9.4 million (unrestricted net position) may be used to meet the Town's ongoing obligations to residents and creditors.
- ❖ Governmental net position was approximately \$9.8 million, an increase of \$614,668 when compared with the prior year.
- ❖ Water and Sewer net position (Business-Type Activities) was approximately \$10.2 million, a decrease of \$5,359 when compared with the prior year.
- ❖ The total revenues from all sources were approximately \$8.7 million, and the total cost of all Town programs was approximately \$8.1 million.
- ❖ The Town's total capital assets increased by \$185,081 during the current fiscal year. The Town's governmental activities capital assets increased by \$173,898 and the business-type activities capital assets increased by \$11,183.
- ❖ The Town's total debt decreased by \$393,790 during the current fiscal year. The Town's debt is all related to the business-type activities. The governmental activities have no debt.

***Fund Financial Statements***

- ❖ At the end of the current fiscal year, unassigned fund balance for the Town's governmental funds was \$5.0 million, an increase of \$373,921 from the previous fiscal year.
- ❖ The fund balance in the Town's General Fund increased by \$482,736, or 6.7%.
- ❖ The unassigned fund balance in the Town's General Fund was \$5.0 million, or 85.9% of total General Fund expenditures.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

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

***Government-Wide Financial Statements***

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

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

The statement of activities presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods. The government-wide financial statements can be found on pages 13 and 14 of this report.

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

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

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

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

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

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

The notes to the financial statements are provided to communicate additional information that is essential to obtaining a comprehensive understanding of the data contained in the government-wide and fund financial statements. The notes to the financial statements are located on pages 24 through 53 of this report.

### ***Other Information***

In addition to the basic financial statements and notes, this annual report also presents certain *required supplementary information* (RSI) which includes a budgetary comparison schedule for the General Fund together with notes pertaining to the budget schedule and to provide the Town's progress in funding of its obligation to provide pension benefits and other post-employment benefits (OPEB) to its employees. Required supplementary information can be found on pages 54 through 60 of this report.

## GOVERNMENT-WIDE OVERALL FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Town, assets plus deferred outflows exceeded liabilities plus deferred inflows by approximately \$20.0 million at the close of the most recent fiscal year, an increase of \$609,309 as compared with the prior year.

A portion of the Town's net position (\$3.2 million or 16%) reflects resources that are subject to external restrictions on how they may be used. The largest percentage of the Town's net position (\$7.4 million or 37%) reflects its investment in capital assets (e.g. land, buildings, improvements, machinery and equipment); less any related debt and deferred inflows/outflows related to those assets that is still outstanding. The Town uses these capital assets to provide services to citizens; therefore, these assets are not available for future spending. Although the Town's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. The remaining balance of unrestricted net position (approximately \$9.4 million) may be used to meet the government's ongoing obligations to citizens and creditors.

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

### Summary of Net Position September 30, 2023 and 2022

	Governmental Activities		Business-type Activities		Total	
	2023	2022	2023	2022	2023	2022
<b>Assets:</b>						
Current and other assets	\$8,414,245	\$7,879,916	\$ 5,375,862	\$ 5,639,855	\$13,790,107	\$13,519,771
Capital assets	2,290,507	2,116,609	6,982,399	6,971,217	9,272,906	9,087,826
<b>Total assets</b>	<b>10,704,752</b>	<b>9,996,525</b>	<b>12,358,261</b>	<b>12,611,072</b>	<b>23,063,013</b>	<b>22,607,597</b>
<b>Deferred outflows of resources</b>	<b>137,739</b>	<b>410,514</b>	<b>35,898</b>	<b>83,369</b>	<b>173,637</b>	<b>493,883</b>
<b>Liabilities:</b>						
Current and other liabilities	487,850	438,671	434,956	310,718	922,806	749,389
Long-term liabilities	404,543	603,482	1,725,768	2,149,142	2,130,311	2,752,624
<b>Total liabilities</b>	<b>892,393</b>	<b>1,042,153</b>	<b>2,160,724</b>	<b>2,459,860</b>	<b>3,053,117</b>	<b>3,502,013</b>
<b>Deferred inflows of resources</b>	<b>177,673</b>	<b>207,269</b>	<b>46,306</b>	<b>42,093</b>	<b>223,979</b>	<b>249,362</b>
<b>Net Position:</b>						
Net investment in capital assets	2,290,507	2,116,609	5,066,729	4,823,657	7,357,236	6,940,266
Restricted	2,698,109	2,588,628	485,111	484,619	3,183,220	3,073,247
Unrestricted	4,783,809	4,452,380	4,635,289	4,884,212	9,419,098	9,336,592
<b>Total net position</b>	<b>\$9,772,425</b>	<b>\$9,157,617</b>	<b>\$10,187,129</b>	<b>\$10,192,488</b>	<b>\$19,959,554</b>	<b>\$19,350,105</b>

The following table illustrates the change in net position for the years ended September 30, 2023 and 2022:

**Change in Net Position  
Years Ended September 30, 2023 and 2022**

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Revenues						
Program Revenues						
Charges for services	\$ 677,002	\$1,461,844	\$ 1,645,157	\$1,547,982	\$ 2,322,159	\$ 3,009,826
Operating grants and contributions	30,710	65,563	-	-	30,710	65,563
General Revenues						
Property taxes	5,441,728	4,561,437	-	-	5,441,728	4,561,437
Other taxes and franchise fees	479,607	434,404	-	-	479,607	434,404
Intergovernmental	60,524	66,425	-	-	60,524	66,425
Impact fees	-	-	-	5,416	-	5,416
Investment earnings	178,036	6,345	97,009	12,688	275,045	19,033
Gain on disposal of capital assets	-	-	-	-	-	-
Miscellaneous	51,008	20,380	-	-	51,008	20,380
Transfers	(520,000)	-	520,000	-	-	-
Total Revenues	<u>6,398,615</u>	<u>6,616,398</u>	<u>2,262,166</u>	<u>1,566,086</u>	<u>8,660,781</u>	<u>8,182,484</u>
Expenses						
Program expenses						
General Government	734,846	845,805	-	-	734,846	845,805
Public Safety	4,642,544	4,172,050	-	-	4,642,544	4,172,050
Physical Environment	293,915	233,860	-	-	293,915	233,860
Transportation	49,583	46,992	-	-	49,583	46,992
Culture and recreation	63,059	70,903	-	-	63,059	70,903
Water and sewer utility	-	-	2,267,525	2,264,469	2,267,525	2,264,469
Total Expenses	<u>5,783,947</u>	<u>5,369,610</u>	<u>2,267,525</u>	<u>2,264,469</u>	<u>8,051,472</u>	<u>7,634,079</u>
Change in Net Position	614,668	1,246,788	(5,359)	(698,383)	609,309	548,405
Net Position - Beginning	<u>9,157,617</u>	<u>7,910,829</u>	<u>10,192,488</u>	<u>10,890,871</u>	<u>19,350,105</u>	<u>18,801,700</u>
Net Position - Ending	<u>\$9,772,285</u>	<u>\$9,157,617</u>	<u>\$10,187,129</u>	<u>10,192,488</u>	<u>\$19,959,414</u>	<u>\$19,350,105</u>

**Governmental Activities**

Governmental activities increased the Town’s net position by \$614,668. This is a decrease of 51% when compared to the prior fiscal year.

Total revenues decreased by \$217,783 or 3%. Key elements of this decrease are as follows:

- ❖ Charges for services decreased by \$784,842 or 54%. The decrease is attributable to a decrease in the number of building permits issued.
- ❖ Other taxes and franchise fees increased by \$45,203 or 10%. The increase is attributable to the franchise fees received and gas taxes.
- ❖ Interest earnings increased by \$171,691 or 2706%. The increase is attributable to the increase in interest rates.
- ❖ Property taxes increased by \$880,291 or 19% due to an increase in property values.

Total expenses increased by \$414,337 or 8%. Key elements of this increase are as follows:

- ❖ General government expenses decreased by \$110,959 or 13% due to staffing changes and a decrease in professional fees.
- ❖ Public safety expenses increased by \$470,494 or 11% due to the continued increase in the staffing levels and an increase in fire rescue services fees.
- ❖ Physical environment expenses increased by \$60,055 or 26% due to staffing changes and an increase in maintenance fees.

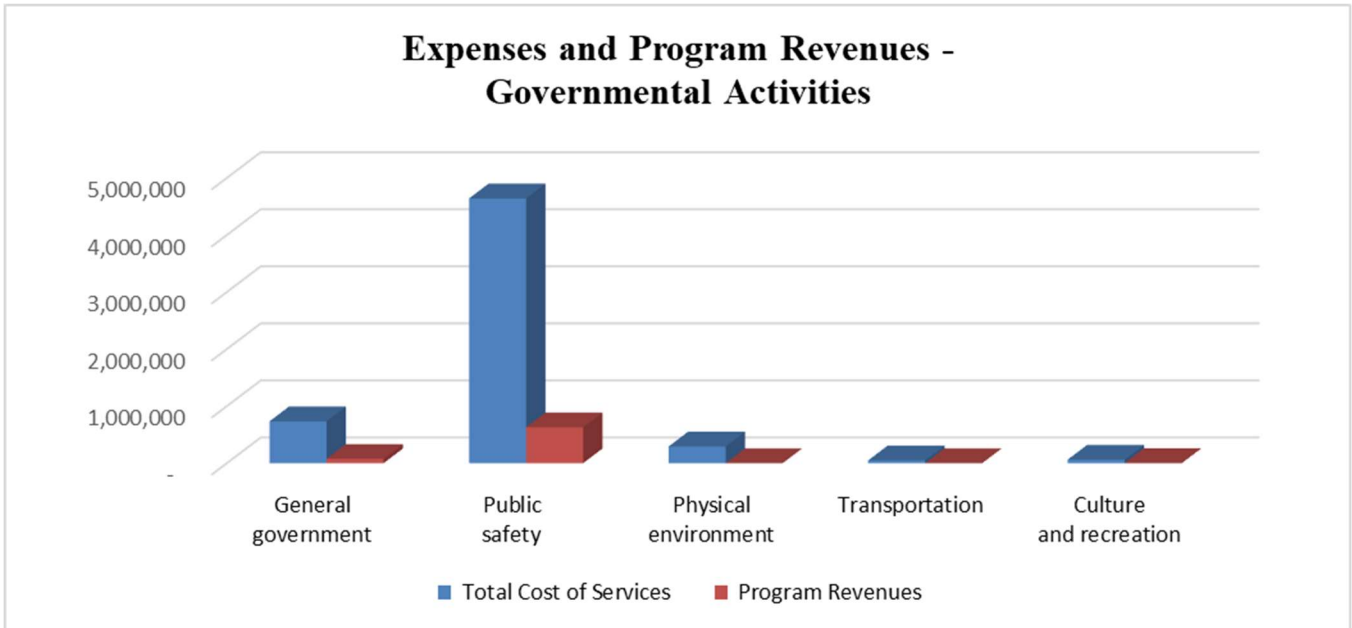
The Town’s programs include general government, public safety, physical environment, transportation, and culture/recreation. General government includes the legislative, executive, financial, and other general operations of the Town. Public safety includes police, fire, advanced life support services,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

	<b>Total Cost of Services</b>	<b>Program Revenues</b>	<b>Net (Expense) Revenue of Services</b>
General government	\$ 734,846	\$ 76,452	\$ (658,394)
Public safety	4,642,544	629,000	(4,013,544)
Physical environment	293,915	-	(293,915)
Transportation	49,583	-	(49,583)
Culture and recreation	63,059	2,260	(60,799)
<b>Totals</b>	<b>\$ 5,783,947</b>	<b>\$ 707,712</b>	<b>\$ (5,076,235)</b>

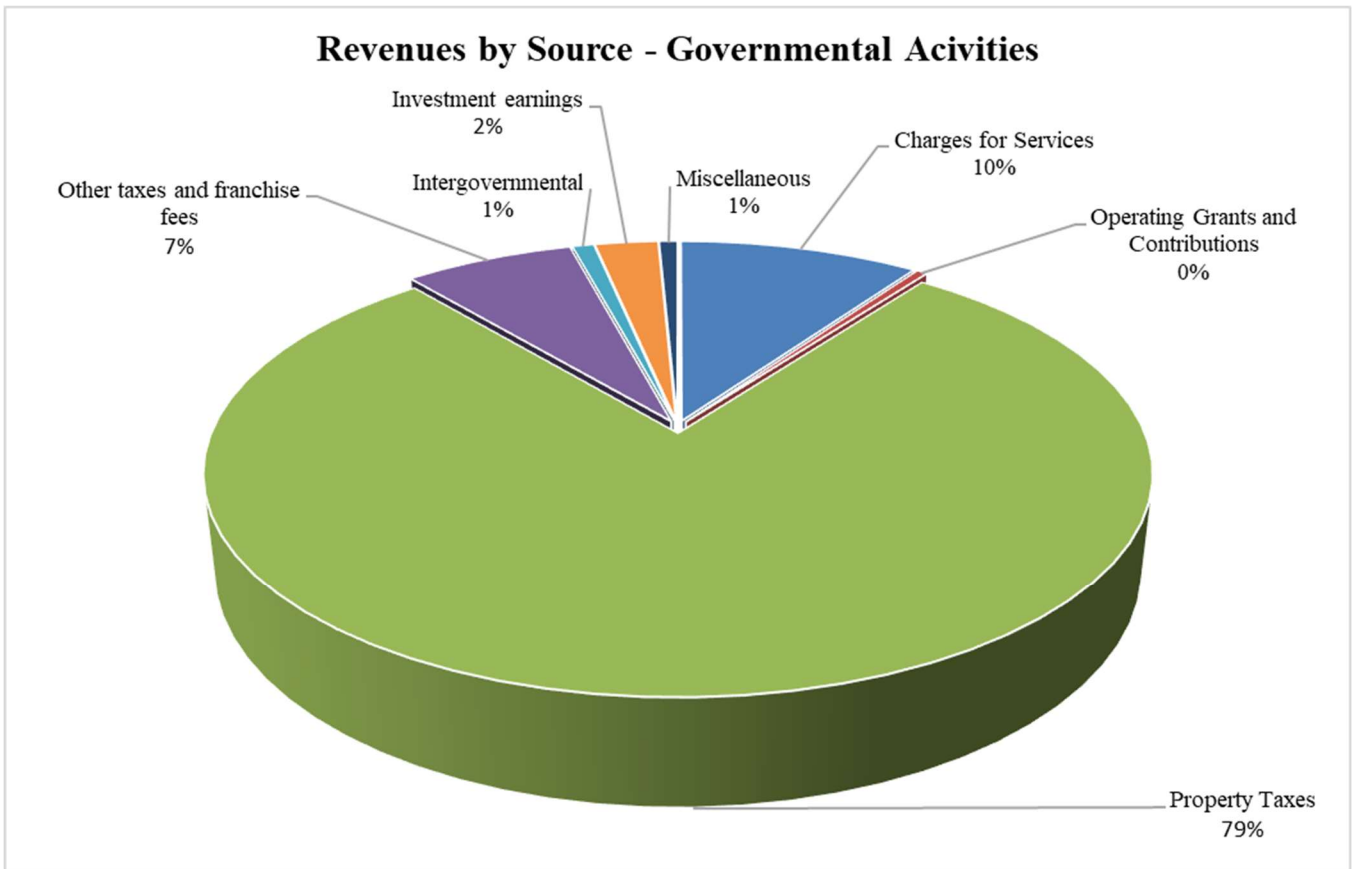
The total cost of all governmental activities this year was approximately \$5.8 million. The schedule above shows that \$1,527,407 of the cost of services was paid by those who directly benefited from the programs and approximately \$5.1 million was financed through general revenues.

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

**Town of Manalapan  
Expenses and Program Revenues - Governmental Activities  
Year Ended September 30, 2023**



**Town of Manalapan  
Revenues by Source - Governmental Activities  
Year Ended September 30, 2023**



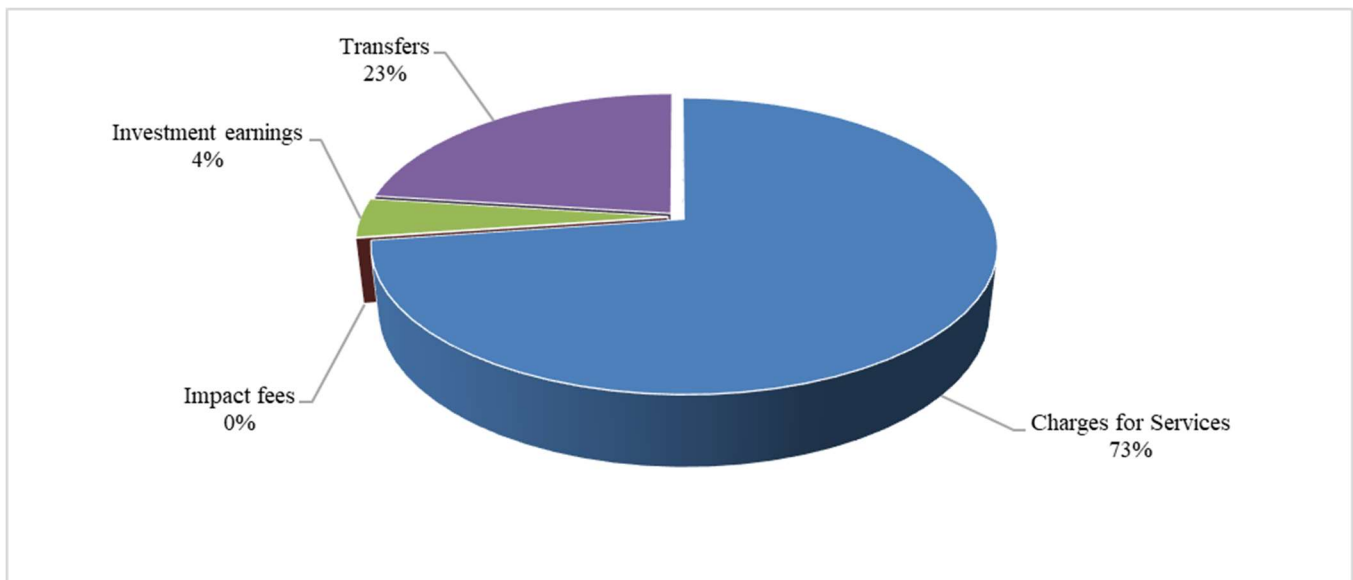
### ***Business-Type Activities***

Business-type activities decreased the Town's net position by \$5,359. This is a 0.1% decrease compared to the prior fiscal year.

Revenues increased by \$696,080 or approximately 44%. The key element of this increase is as follows:

- ❖ Charges for services increased \$97,175 or 6% compared to the prior year. The increase is primarily due to the increase in consumption.
- ❖ Interest earnings increased by \$84,321 or 665%. The increase is attributable to the increase in interest rates.
- ❖ The Town's governmental-type activities made a transfer into the business-type activities in 2023 in the amount of \$520,000 to pay for operating costs. A rate study will be conducted to address this.

**Town of Manalapan  
Revenues by Source - Business-type Activities  
Year Ended September 30, 2023**



### **GOVERNMENTAL FUNDS FINANCIAL ANALYSIS**

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

### ***Governmental Funds***

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

As of the end of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$7.9 million, an increase of \$485,150 in comparison with the prior year.

Approximately 64% of this total amount (approximately \$5.0 million) represents *unassigned fund balance*, which is available for spending at the Town's discretion. The remainder of fund balance (approximately \$2.9 million) (37%) is non-spendable, restricted or assigned. Of this amount, \$2,698,109 is restricted and \$198,653 is assigned for specific purposes.

The primary operating fund for the Town is the General Fund. At the end of the current fiscal year, total fund balance was approximately \$7.7 million. As a measure of the General Fund's liquidity, it is useful to compare unassigned fund balance to total General Fund expenditures. Unassigned fund balance represents approximately 86% of total General Fund expenditures.

### ***Proprietary Funds***

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

The Enterprise Fund reported unrestricted net position of approximately \$4.6 million at fiscal year-end. Total net position was approximately \$10.2 million at fiscal year-end, a decrease of \$5,359 when compared to the prior fiscal year. Operating revenue was approximately \$1.6 million, an increase of \$97,175 or 6%. Operating expenses were approximately \$2.2 million and increased by \$293,879 or 16%, as compared to the prior fiscal year. .

### **GENERAL FUND BUDGETARY HIGHLIGHTS**

There was one amendment to the original budget adopted by the Town Commission. Actual results exceeded the final adopted budget by \$561,646 and can be attributed mainly to the following:

- ❖ Ad valorem taxes were less than the budget by \$184,579. This is due to residents receiving early payment discounts.
- ❖ Other taxes were less than the budget by \$205,865. This is due to taxes related to utilities being less than anticipated.
- ❖ Interest earnings exceeded the budget by \$157,102. This is due to the increase in interest rates.
- ❖ In all departments actual expenditures were less than the final adopted budget.

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

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

The Town of Manalapan's investment in capital assets for its governmental and business-type activities as of September 30, 2023, amounts to approximately \$9.3 million (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, and machinery and equipment, intangible assets and construction in progress. The total increase in the Town's investment in capital assets for the current fiscal year was \$185,080 or 2.0%. There was a \$173,898 increase for governmental activities and \$11,182 increase for business-type activities.

Depreciation on capital assets is recognized in the government-wide financial statements. Annual depreciation and amortization for buildings, improvements, machinery and equipment and intangible assets totaled \$687,898 for the year ended September 30, 2023.

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

	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
Land	\$ 166,440	\$ 166,440	\$ 370,309	\$ 370,309	\$ 536,749	\$ 536,749
Construction in Progress	-	-	430,294	694,687	430,294	694,687
Buildings	463,434	408,672	-	-	463,434	408,672
Improvements Other Than Buildings	1,165,345	1,241,999	5,991,934	5,672,651	7,157,279	6,914,650
Machinery & Equipment	495,288	299,498	189,862	233,570	685,150	533,068
Intangible Assets	-	-	-	-	-	-
<b>Total</b>	<b>\$2,290,507</b>	<b>\$2,116,609</b>	<b>\$6,982,399</b>	<b>\$6,971,217</b>	<b>\$9,272,906</b>	<b>\$9,087,826</b>

Information on the Town's capital assets can be found in Note 6, beginning on page 39 of this report.

**Long-Term liabilities**

The Town of Manalapan’s outstanding debt for its business-type activities as of September 30, 2023, amounts to approximately \$1.6 million. This is a decrease of \$393,790 when compared with 2022. The decrease is attributable to the scheduled principal repayments for the Town’s Revenue Note, Series 2008 (\$211,572) and the State Revolving Fund Loan (\$182,218).

**Long-Term Liabilities**

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Revenue Note, Series 2008	\$ -	\$ -	\$ 1,355,996	\$ 1,567,568	\$ 1,355,996	\$ 1,567,568
State Revolving Fund Loan	-	-	272,899	455,117	272,899	455,117
<b>TOTAL</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,628,895</b>	<b>\$ 2,022,685</b>	<b>\$ 1,628,895</b>	<b>\$ 2,022,685</b>

Additional information on the Town's debt can be found in Note 10, beginning on page 42 of this report.

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

Ad valorem taxes are the single most significant governmental revenue source for the Town of Manalapan representing 79% of total governmental revenues. These revenues are generated by a millage rate set annually by the Town Commission with a legal limit of 10 mills or \$10.00 per \$1,000 of taxable property value. The current fiscal year millage rate for fiscal year 2023-2024 is \$3.000 per \$1,000 of taxable value, which is the same millage rate for fiscal year 2022-2023.

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

The 2023-2024 budget included two new fleet vehicles (one explorer and one new F-150 for Chief), an ATV replacement, dispatch console-encryption system, 15 Axon body-worn cameras and six in-car cameras, replacement CCR cameras, Motorola portable radios and a Town-Wide Hyper-V host, SSD hard drives and replacement computers.

**CONTACTING THE TOWN'S FINANCIAL MANAGEMENT**

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

**Town of Manalapan  
Finance Department  
600 South Ocean Boulevard  
Manalapan, FL 33462  
561-383-2543  
[awatson@Manalapan.org](mailto:awatson@Manalapan.org)**

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## **BASIC FINANCIAL STATEMENTS**

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# Town of Manalapan, Florida

## STATEMENT OF NET POSITION SEPTEMBER 30, 2023

	Governmental Activities	Business-Type Activities	Total
<b>Assets</b>			
Cash and cash equivalents	\$ 7,662,178	\$ 4,545,306	\$ 12,207,484
Investments	689,355	96,163	785,518
Accounts receivable, net	55,926	186,932	242,858
Accrued interest receivable	6,785	-	6,785
Restricted assets			
Cash and cash equivalents	-	547,461	547,461
Capital assets			
Non-depreciable	166,440	800,603	967,043
Depreciable, net of depreciation	2,124,067	6,181,796	8,305,863
<b>Total assets</b>	<u>10,704,751</u>	<u>12,358,261</u>	<u>23,063,012</u>
<b>Deferred outflows of resources</b>			
Pension related items	137,739	35,898	173,637
Total deferred outflows of resources	<u>137,739</u>	<u>35,898</u>	<u>173,637</u>
<b>Liabilities</b>			
Accounts payable	195,802	347,287	543,089
Accrued liabilities	58,649	8,182	66,831
Accrued interest payable	-	6,250	6,250
Unearned revenue	233,398	12,118	245,516
Deposits	-	61,119	61,119
Noncurrent liabilities			
Due within one year	26,302	415,249	441,551
Due in more than one year	378,241	1,310,519	1,688,760
Total liabilities	<u>892,392</u>	<u>2,160,724</u>	<u>3,053,116</u>
<b>Deferred inflows of resources</b>			
Pension related items	177,673	46,306	223,979
Total deferred inflows of resources	<u>177,673</u>	<u>46,306</u>	<u>223,979</u>
<b>Net position</b>			
Net investment in capital assets	2,290,507	5,066,729	7,357,236
Restricted for			
Coastal construction control line	10,181	-	10,181
Public safety	56,672	-	56,672
Building code enforcement	2,406,565	-	2,406,565
Infrastructure	224,691	-	224,691
Renewal and replacement	-	292,868	292,868
Debt service	-	192,243	192,243
Unrestricted	4,783,809	4,635,289	9,419,098
Total net position	<u>\$ 9,772,425</u>	<u>\$ 10,187,129</u>	<u>\$ 19,959,554</u>

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



## Town of Manalapan, Florida

### BALANCE SHEET - GOVERNMENTAL FUNDS SEPTEMBER 30, 2023

	General Fund	Nonmajor Governmental Fund	Total Governmental Funds
<b>Assets</b>			
Cash and cash equivalents	\$ 7,446,462	\$ 215,716	\$ 7,662,178
Investments	689,355	-	689,355
Accounts receivable, (net)	55,926	-	55,926
Accrued interest	6,785	-	6,785
Total assets	<u>\$ 8,198,528</u>	<u>\$ 215,716</u>	<u>\$ 8,414,244</u>
<b>Liabilities and fund balances</b>			
Liabilities			
Accounts payable	\$ 190,291	\$ 5,511	\$ 195,802
Accrued liabilities	47,097	11,552	58,649
Unearned revenue	233,398	-	233,398
Total liabilities	<u>470,786</u>	<u>17,063</u>	<u>487,849</u>
Fund balances			
Restricted for			
Coastal construction control line	10,181	-	10,181
Public safety	56,672	-	56,672
Building code enforcement	2,406,565	-	2,406,565
Infrastructure	224,691	-	224,691
Assigned to			
Library	-	198,653	198,653
Unassigned	5,029,633	-	5,029,633
Total fund balances	<u>7,727,742</u>	<u>198,653</u>	<u>7,926,395</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 8,198,528</u>	<u>\$ 215,716</u>	<u>\$ 8,414,244</u>

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

# Town of Manalapan, Florida

## RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION SEPTEMBER 30, 2023

<b>Total fund balances for governmental funds</b>	\$	7,926,395
<p>Amounts reported for governmental activities in the statement of net position are different because:</p>		
<p>Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.</p>		
Governmental capital assets	\$	4,622,612
Less accumulated depreciation		(2,332,105)
		2,290,507
<p>Long-term liabilities, including notes and bonds payable, are not due and payable in the current period and therefore are not reported in the governmental funds. Long term liabilities at year-end consist of:</p>		
Compensated absences		(111,445)
Net pension liability		(234,369)
Other post-employment benefits liability		(58,729)
		(404,543)
<p>Deferred outflows of resources and deferred inflows of resources to defined benefit pension plans and defined benefit OPEB plans are applicable to future periods and are not reported in the governmental funds:</p>		
Pension related deferred outflows		137,739
Pension related deferred inflows		(177,673)
		(39,934)
<b>Net position of governmental activities</b>	<b>\$</b>	<b>9,772,425</b>

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

## Town of Manalapan, Florida

### STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS FOR THE YEAR ENDED SEPTEMBER 30, 2023

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>Revenues</b>			
Taxes	\$ 5,842,080	\$ -	\$ 5,842,080
Fees and permits	710,251	-	710,251
Intergovernmental	101,532	-	101,532
Fines and forfeitures	4,998	-	4,998
Investment earnings	178,096	-	178,096
Contributions	28,450	2,260	30,710
Miscellaneous	46,898	4,190	51,088
Total revenues	6,912,305	6,450	6,918,755
<b>Expenditures</b>			
Current			
General government	667,498	-	667,498
Public safety	4,518,333	-	4,518,333
Physical environment	262,255	-	262,255
Transportation	8,531	-	8,531
Culture and recreation	-	56,120	56,120
Capital outlay	398,952	1,916	400,868
Total expenditures	5,855,569	58,036	5,913,605
Excess (deficiency) of revenues over (under) expenditures	1,056,736	(51,586)	1,005,150
<b>Other financing sources (uses)</b>			
Transfers in	-	54,000	54,000
Transfers out	(574,000)	-	(574,000)
Total other financing sources (uses)	(574,000)	54,000	(520,000)
<b>Net change in fund balances</b>	482,736	2,414	485,150
<b>Fund balances, beginning of year</b>	7,245,006	196,239	7,441,245
<b>Fund balances, end of year</b>	\$ 7,727,742	\$ 198,653	\$ 7,926,395

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

## Town of Manalapan, Florida

### RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES FOR THE YEAR ENDED SEPTEMBER 30, 2023

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<b>Net change in fund balances – total governmental funds</b>	<b>\$</b>	<b>485,150</b>
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Amounts reported for governmental activities in the statement of activities are different because:

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

Expenditures for capital assets	\$ 394,113	
Less: current year depreciation	<u>(220,215)</u>	173,898

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

Change in long-term compensated absences	(15,820)	
Change in net pension liability and related deferred amounts	(20,051)	
Change in other post-employment benefits liability	<u>(8,369)</u>	<u>(44,240)</u>

<b>Change in net position of governmental activities</b>	<b>\$</b>	<b><u>614,808</u></b>
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**The accompanying notes to financial statements are an integral part of this statement.**

# Town of Manalapan, Florida

## STATEMENT OF NET POSITION PROPRIETARY FUND – ENTERPRISE FUND SEPTEMBER 30, 2023

### Assets

#### Current assets

Cash and cash equivalents	\$ 4,545,306
Investments	96,163
Accounts receivable, net	186,932
Restricted assets	
Cash and cash equivalents	547,461
Total current assets	<u>5,375,862</u>

#### Non-current assets

Capital assets	
Non-depreciable	800,603
Depreciable, net	6,181,796
Total non-current assets	<u>6,982,399</u>
Total assets	<u>12,358,261</u>

#### Deferred outflows of resources

Pension related items	<u>35,898</u>
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### Liabilities

#### Current liabilities

Accounts payable and other liabilities	347,287
Accrued liabilities	8,182
Unearned revenue	12,118
Accrued interest payable	6,250
Current portion of compensated absences	6,415
Current portion loans payable	408,834
Payable from restricted assets	
Deposits	61,119
Total current liabilities	<u>850,205</u>

#### Non-current liabilities

Compensated absences	13,125
Net pension liability	61,082
Total OPEB liability	16,251
Loans payable	1,220,061
Total non-current liabilities	<u>1,310,519</u>
Total liabilities	<u>2,160,724</u>

#### Deferred inflows of resources

Pension related items	<u>46,306</u>
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### Net Position

Net investment in capital assets	5,066,729
Restricted for	
Renewal and replacement	292,868
Debt service	192,243
Unrestricted	4,635,289
Total net position	<u>\$ 10,187,129</u>

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

## Town of Manalapan, Florida

### STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION PROPRIETARY FUND – ENTERPRISE FUND FOR THE YEAR ENDED SEPTEMBER 30, 2023

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<b>Operating revenue</b>	
Charges for service	\$ 1,640,335
Connection fees	4,822
Total operating revenues	<u>1,645,157</u>
<b>Operating expenses</b>	
Personal services	718,846
Professional services	138,558
Supplies	251,676
Purchased utilities	132,647
Depreciation	467,683
Administrative	193,923
Utilities and communication	172,740
Repairs and maintenance	111,351
Total operating expenses	<u>2,187,424</u>
<b>Operating loss</b>	<u>(542,267)</u>
<b>Nonoperating revenues (expenses)</b>	
Interest revenue	97,009
Interest expense	(80,101)
<b>Total nonoperating revenues (expenses)</b>	<u>16,908</u>
<b>Transfers in</b>	<u>520,000</u>
Change in net position	(5,359)
Net position, beginning of year	10,192,488
Net position, end of year	<u>\$ 10,187,129</u>

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

## Town of Manalapan, Florida

### STATEMENT OF CASHFLOWS PROPRIETARY FUND – ENTERPRISE FUND SEPTEMBER 30, 2023

Cash flows from operating activities	
Receipts from customers	\$ 1,578,338
Payments to suppliers for goods or services	(857,798)
Payments to employees for services	(705,697)
Receipts for interfund services	1,111,338
Net cash provided by operating activities	<u>1,126,181</u>
Cash flows from noncapital financing activities	
Receipt/(Repayment) of interfund loan	<u>520,000</u>
Net cash provided by noncapital financing activities	<u>520,000</u>
Cash flows from capital and related financing activities	
Principal paid on long-term debt	(393,790)
Interest paid on long-term debt	(81,262)
Payments to acquire and construct capital assets	(478,865)
Net cash used by capital and related financing activities	<u>(953,917)</u>
Cash flows from investing activities	
Purchases of investments	(96,163)
Interest and dividends on investments	97,009
Net cash provided by investing activities	<u>846</u>
Net increase in cash and cash equivalents	693,110
Cash and cash equivalents, beginning of year	4,399,657
Cash and cash equivalents, end of year	<u>\$ 5,092,767</u>
Cash and cash equivalents	
Unrestricted	\$ 4,545,306
Restricted	547,461
Total	<u>\$ 5,092,767</u>
Reconciliation of operating loss	
to net cash provided by operating activities	
Operating loss	\$ (542,267)
Adjustments to reconcile operating income	
to net cash provided by operating activities	
Depreciation	467,683
Changes in net pension liability and related deferred amounts	19,855
Changes in total OPEB liability and related deferred amounts	2,382
Change in assets and liabilities	
(Increase) in accounts receivable	(58,072)
decrease in due from other funds	1,111,338
Increase in accounts payable	143,097
(Decrease) in accrued liabilities	(8,951)
(Decrease) in unearned revenue	(7,877)
(Decrease) in compensated absences	(137)
(Decrease) in deposits	(870)
Total adjustments	<u>1,668,448</u>
Net cash provided by operating activities	<u>\$ 1,126,181</u>

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

## Town of Manalapan, Florida

### STATEMENT OF FIDUCIARY NET POSITION – FIDUCIARY FUND SEPTEMBER 30, 2023

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	<b>Pension Trust Fund</b>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 293,444
Investments	
Total Stock Market Index Fund	2,353,992
Total Bond Market Index Fund	1,001,841
Developed Markets Stock Index Fund	278,204
Emerging Markets Stock Index Fund	119,776
Total assets	<u>4,047,257</u>
<b>LIABILITIES</b>	
Accounts payable and other liabilities	<u>8,330</u>
Total liabilities	<u>8,330</u>
<b>NET POSITION</b>	
Net position restricted for pensions	<u>\$ 4,038,927</u>

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

## Town of Manalapan, Florida

### STATEMENT OF CHANGES IN FIDUCIARY NET POSITION – FIDUCIARY FUND FOR THE YEAR ENDED SEPTEMBER 30, 2023

	<b>Pension Trust Fund</b>
<b>ADDITIONS</b>	
Contributions	
Employer	\$ 295,053
Plan members	118,831
Total contributions	<u>413,884</u>
Investment income	473,373
Less investment expense	(195)
Net investment income	<u>473,178</u>
Total additions	<u>887,062</u>
<b>DEDUCTIONS</b>	
Benefits paid and refunds of member contributions	<u>103,531</u>
Net increase in net position	<u>783,531</u>
Net position restricted for pensions	
Net position, beginning of year	3,255,396
Net position, end of year	<u>\$ 4,038,927</u>

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

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# Notes To Financial Statements

## NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

### **Reporting Entity**

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

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

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

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

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

### **Government-Wide and Fund Financial Statements**

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

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

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

**Government-Wide and Fund Financial Statements (Continued)**

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

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

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

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

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

**Governmental Funds**

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

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

The Town reports the following major governmental fund:

General Fund

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

The Town reports the following non-major governmental fund:

Special Revenue Fund

The Special Revenue Fund is used to account specific revenue sources that are restricted or committed to expenditures for specific purposes other than debt service or capital projects.

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

**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 the following proprietary fund:

Enterprise Fund

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

**Fiduciary Funds**

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

The Town reports the following fiduciary fund:

Pension Trust Fund

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

**Cash and Cash Equivalents**

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

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

**Investments**

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

**Accounts Receivable**

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

**Allowance for Doubtful Accounts**

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

**Prepaid Items**

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

**Capital Assets**

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

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

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

The estimated useful lives are as follows:

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

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

**Unavailable Revenue**

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

**Unearned Revenue**

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

**Deferred Outflows of Resources**

In addition to assets, the government wide statement of net position, the governmental funds balance sheet, and the proprietary fund statement of net position will sometimes report a separate section for deferred outflows of resources. This financial statement element represents a consumption of net assets that is applicable to future periods and will not be recognized as expenditures/expenses until future periods. The Town has only pension related items that qualify for reporting in this category.

**Deferred Inflows of Resources**

In addition to liabilities, the government wide statement of net position, the governmental funds balance sheet, and the proprietary fund statement of net position will sometimes report a separate section for deferred inflows of resources. This financial statement element represents an acquisition of net assets that is applicable to future periods and will not be recognized as revenue until future periods. The Town has only pension related items that qualify for reporting in this category.

**Compensated Absences**

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

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

**Loan Issuance Costs**

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

**Use of Estimates**

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

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

**Fund Balances**

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

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

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

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

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

### **Net Positions**

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

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

### **Interfund Transactions**

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

### **Implementation of Accounting Pronouncements**

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

In May 2019, the GASB issued Statement No. 91, Conduit Debt Obligation. This Statement will provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with commitments extended by issuers, arrangements associated with conduit debt obligations, and related note disclosures. Implementation of this Statement did not impact the Town's financial statements.

In March 2020, the GASB issued Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. This statement will improve financial reporting by establishing the definitions of public-private and public-public partnership arrangements (PPPs) and availability payment arrangements (APAs) and providing uniform guidance on accounting and financial reporting for transactions that meet those definitions. Implementation of this Statement did not impact the Town's financial statements.

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

### Implementation of Accounting Pronouncements

In May 2020, the GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements*. This statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). Implementation of this Statement did not impact the Town's financial statements.

In April 2022, the GASB issued Statement No. 99, *Omnibus 2022*. The requirements of this statement will enhance comparability in the application of accounting and financial reporting requirements and will improve the consistency of authoritative literature. Consistent authoritative literature enables governments and other stakeholders to more easily locate and apply the correct accounting and financial reporting provisions, which improves the consistency with which such provisions are applied. The comparability of financial statements also will improve as a result of this statement. Better consistency and comparability improve the usefulness of information for users of state and local government financial statements. Implementation of this statement did not impact the Town's financial statements.

The requirements of this statement are effective as follows:

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

### Recently Issued Accounting Pronouncements

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

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

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

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

**Recently Issued Accounting Pronouncements (Continued)**

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

In April 2024, the GASB issued Statement No. 103, *Financial Reporting Model Improvements*. The requirements for MD&A will improve the quality of the analysis of changes from the prior year, which will enhance the relevance of that information. They also will provide clarity regarding what information should be presented in MD&A.

The requirements for the separate presentation of unusual or infrequent items will provide clarity regarding which items should be reported separately from other inflows and outflows of resources.

The definitions of operating revenues and expenses and of nonoperating revenues and expenses will replace accounting policies that vary from government to government, thereby improving comparability. The addition of a subtotal for operating income (loss) and noncapital subsidies will improve the relevance of information provided in the proprietary fund statement of revenues, expenses, and changes in fund net position.

The requirement for presentation of major component unit information will improve comparability.

The requirement that budgetary comparison information be presented as RSI will improve comparability, and the inclusion of the specified variances and the explanations of significant variances will provide more useful information for making decisions and assessing accountability.

In September 2024, the GASB issued Statement No. 104, *Disclosure of Certain Capital Assets*. The requirements of this statement will improve financial reporting by providing users of financial statements with essential information about certain types of capital assets in order to make informed decisions and assess accountability. Additionally, the disclosure requirements will improve consistency and comparability between governments.

## NOTE 2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

### **Budgetary Data**

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

The procedures for establishing budgetary data are as follows:

- In July of each year, the Town Manager submits to the Commission a proposed operating budget for the fiscal year commencing the following October 1st. The operating budget includes proposed expenditures and the means of financing them.
- Public hearings are conducted to obtain taxpayer comments.
- Upon completion of the public hearings and prior to October 1st, a final operating budget is legally enacted through the passage of a resolution. Estimated beginning fund balances are considered in the budgetary process.
- Changes or amendments that affect the total budgeted expenditures of the Town or a department must be approved by the Commission. Accordingly, the legal level of control is at the department level. In order to make the most effective use of the budgetary process, it is the policy of the Town to make as few budget adjustments as possible.

### **Property Taxes**

Under Florida law, the assessment of all properties and the collection of all county, municipal and school board property taxes are consolidated in the offices of the County Property Appraiser and County Tax Collector, respectively. All property is reassessed according to its fair market value on January 1 of each year and each assessment roll is submitted to the State Department of Revenue for review to determine if the assessment rolls meet all of the appropriate requirements of State law. The assessed value of property within the corporate limits of the Town at January 1, 2022, upon which the 2022-2023 levy was based, was approximately \$2.16 billion. State Statutes permit municipalities to levy property taxes at a rate of up to 10 mills.

The tax levy of the Town is established by the Commission prior to October 1 of each year during the budget process and levied on November 1st. The Palm Beach County Property Appraiser incorporates the Town's millage into the total tax levy, which includes the County, County School Board and special district tax requirements. The millage rate assessed by the Town for the year ended September 30, 2023, was 2.7218 (\$2.7218 for each \$1,000 of assessed valuation).

Taxes may be paid less a 4% discount in November or at declining discounts each month through the month of February. All unpaid taxes become delinquent on April 1 following the year in which they are assessed. Delinquent taxes on real property bear interest at 18% per year. On or prior to June 1 following the tax year, certificates are offered for sale for all delinquent taxes on real property. After sale, tax certificates bear interest at 18% per year or at any lower rate bid by the buyer. Application for a tax deed on any unredeemed tax certificates may be made by the certificate holder after a period of two years. Unsold certificates are held by the County. Delinquent taxes on personal property bear interest at 18% per year until the tax is satisfied either by seizure and sale of the property or by the five-year statute of limitations. At September 30, 2023, unpaid delinquent taxes were not material.

### NOTE 3. DEPOSITS AND INVESTMENTS

#### Deposits

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

As of September 30, 2023, the carrying amount of the Town's deposits was \$12,769,045 and the bank balance was \$12,885,198, excluding the pension trust fund. The Town also had \$400 in petty cash. As of September 30, 2023, the Town's deposits included \$14,500 in certificates of deposit with terms to maturity of greater than three months when purchased. These certificates of deposit are reported as investments. As of September 30, 2023, the General Employees' and Police Officers' Retirement Fund, the pension trust fund, held deposits with a carrying amount and bank balance of \$293,444.

#### Investments – Town

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

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

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

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

**NOTE 3. DEPOSITS AND INVESTMENTS (CONTINUED)**

**Investments – Town (Continued)**

With regard to redemption gates, Chapter 218.409(8)(a), Florida Statutes, states that “The principal, and any part thereof, of each account constituting the trust fund is subject to payment at any time from the moneys in the trust fund. However, the Executive Director may, in good faith, on the occurrence of an event that has a material impact on liquidity or operations of the trust fund, for 48 hours limit contributions to or withdrawals from the trust fund to ensure that the Board can invest moneys entrusted to it in exercising its fiduciary responsibility. Such action must be immediately disclosed to all participants, the Trustees, the Joint Legislative Auditing Committee, the Investment Advisory Council, and the Participant Local Government Advisory Council. The Trustees shall convene an emergency meeting as soon as practicable from the time the Executive Director has instituted such measures and review the necessity of those measures.

If the Trustees are unable to convene an emergency meeting before the expiration of the 48-hour moratorium on contributions and withdrawals, the moratorium may be extended by the Executive Director until the Trustees are able to meet to review the necessity for the moratorium. If the Trustees agree with such measures, the Trustees shall vote to continue the measures for up to an additional 15 days. The Trustees must convene and vote to continue any such measures before the expiration of the time limit set, but in no case may the time limit set by the Trustees exceed 15 days.”

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

As of September 30, 2023, there were no redemption fees or maximum transaction amounts, or any other requirements that serve to limit a participant’s daily access to 100% of their account value in the Florida PRIME.

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

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

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

**NOTE 3. DEPOSITS AND INVESTMENTS (CONTINUED)**

**Investments – Town (Continued)**

As of September 30, 2023, the Town had the following investments.

Investments by level	Balance	Level 1	Level 2	Level 3
Treasury notes	\$ 486,142	\$ -	\$ 486,142	\$ -
		<u>\$ -</u>	<u>\$ 486,142</u>	<u>\$ -</u>
Investments measured at cost				
Certificates of deposit	14,500			
Investments measured at amortized cost				
Florida Prime	284,876			
Total investments	<u>\$ 785,518</u>			

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

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

As of September 30, 2023, the weighted average maturity and the credit ratings for the Town’s investments were as follows:

Investments by level	Balance	Weighted Average Maturity	Credit Rating
Treasury bills	\$ 486,142	247 days	AAA/Fitch
Certificates of deposit	14,500	555 days	Not rated
Florida Prime	284,876	280 days	AAAm/S&P
	<u>\$ 785,518</u>		

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

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

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

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

**NOTE 3. DEPOSITS AND INVESTMENTS (CONTINUED)**

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

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

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

As of September 30, 2023, the Plan held the following investments:

Vanguard Total Stock Market Index Fund Admiral Shares	\$	2,353,992
Vanguard Total Bond Market Index Fund Admiral Shares		1,001,841
Vanguard Developed Markets Index Fund Admiral Shares		278,204
Vanguard Emerging Markets Stock Index Fund Admiral Shares		119,776
	\$	<u>3,753,813</u>

Fair Value Hierarchy: As of September 30, 2023, all the Plan’s investments were classified as Level 1 in the fair value hierarchy.

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

Interest Rate Risk: Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Generally, the longer the time to maturity, the greater the exposure to interest rate risk. The Plan does not have a formal investment policy that limits its investment maturities as a means of managing exposure to fair value losses arising from increasing interest rates. As of September 30, 2023, the bond market index fund had an average effective maturity of 8.2 years.

**NOTE 3. DEPOSITS AND INVESTMENTS (CONTINUED)**

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

Concentration of Credit Risk: Concentration of credit risk is the risk of loss attributed to the magnitude of an investment in a single user. The Plan does not place any limit on the amount that might be invested in any one issuer. As of September 30, 2023, the Plan’s investments consisted of index funds which limits concentration of credit risk.

Custodial Credit Risk: Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, the Plan will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. The Plan requires all securities to be held by a third-party custodian in the name of the Plan. Securities transactions between a broker-dealer and the custodian involving the purchase or sale of securities by transfer of money or securities must be made on a “delivery versus payment” basis, if applicable, to ensure that the custodian will have the security or money, as appropriate, in hand at the conclusion of the transaction. As of September 30, 2023, the Plans investments consisted of index funds which are not subject to custodial credit risk because they are not evidenced by securities that exist in physical or book entry form.

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

**NOTE 4. RESTRICTED ASSETS**

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

The amounts restricted in the Enterprise Fund as of September 30, 2023, are summarized as follows:

Customer deposits	\$	61,119
Impact fees		938
Loan sinking fund		193,474
Renewal and replacement		
Water system		186,342
Wastewater system		105,588
	\$	<u>547,461</u>

**NOTE 5. ACCOUNTS RECEIVABLE**

Accounts receivable as of September 30, 2023, are as follows:

	<u>General Fund</u>	<u>Enterprise Fund</u>
Accounts receivable – billed	\$ 55,926	\$ 35,238
Accounts receivable – unbilled	-	151,694
Interest receivable	6,785	-
Total receivables	<u>62,711</u>	<u>186,932</u>
Less allowance for uncollectible accounts	-	-
Net receivables	<u>\$ 62,711</u>	<u>\$ 186,932</u>

**NOTE 6. CAPITAL ASSETS**

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

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities				
Capital assets, not being depreciated:				
Land	\$ 166,440	\$ -	\$ -	\$ 166,440
Total capital assets, not being depreciated	<u>166,440</u>	<u>-</u>	<u>-</u>	<u>166,440</u>
Capital assets being depreciated:				
Buildings	1,426,198	97,328	-	1,523,526
Improvements other than buildings	2,026,588	-	-	2,026,588
Machinery and equipment	733,481	296,785	(124,208)	906,058
Total capital assets, being depreciated	<u>4,186,267</u>	<u>394,113</u>	<u>(124,208)</u>	<u>4,456,172</u>
Less accumulated depreciation for:				
Buildings	(1,017,526)	(42,566)	-	(1,060,092)
Improvements other than buildings	(784,589)	(76,654)	-	(861,243)
Machinery and equipment	(433,983)	(100,995)	124,208	(410,770)
Total accumulated depreciation	<u>(2,236,098)</u>	<u>(220,215)</u>	<u>124,208</u>	<u>(2,332,105)</u>
Total capital assets, being depreciated, net	<u>1,950,169</u>	<u>173,898</u>	<u>-</u>	<u>2,124,067</u>
Total governmental activities capital assets, net	<u>\$ 2,116,609</u>	<u>\$ 173,898</u>	<u>\$ -</u>	<u>\$ 2,290,507</u>
Business-type activities				
Capital assets, not being depreciated:				
Land	\$ 370,309	\$ -	\$ -	\$ 370,309
Construction in progress	694,687	478,865	(743,258)	430,294
Total capital assets, not being depreciated	<u>1,064,996</u>	<u>478,865</u>	<u>(743,258)</u>	<u>800,603</u>
Capital assets being depreciated:				
Improvements other than buildings	12,905,821	743,258	-	13,649,079
Machinery and equipment	453,382	-	(21,000)	432,382
Intangible assets	235,958	-	-	235,958
Total capital assets, being depreciated	<u>13,595,161</u>	<u>743,258</u>	<u>(21,000)</u>	<u>14,317,419</u>
Less accumulated depreciation for:				
Improvements other than buildings	(7,233,170)	(423,975)	-	(7,657,145)
Machinery and equipment	(219,812)	(43,708)	21,000	(242,520)
Intangible assets	(235,958)	-	-	(235,958)
Total accumulated depreciation	<u>(7,688,940)</u>	<u>(467,683)</u>	<u>21,000</u>	<u>(8,135,623)</u>
Total capital assets, being depreciated, net	<u>5,906,221</u>	<u>275,575</u>	<u>-</u>	<u>6,181,796</u>
Total business-type activities capital assets, net	<u>\$ 6,971,217</u>	<u>\$ 754,440</u>	<u>\$ (743,258)</u>	<u>\$ 6,982,399</u>

**NOTE 6. CAPITAL ASSETS (CONTINUED)**

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

Governmental activities:		
General government	\$	34,288
Public safety		106,276
Physical environment		31,660
Transportation		41,052
Culture and recreation		6,939
Total depreciation expense for governmental activities	\$	<u>220,215</u>
Business-type activities:		
Municipal water and sewer – depreciation	\$	467,683
Total depreciation enterprise activities	\$	<u>467,683</u>

**NOTE 7. INTANGIBLE ASSETS**

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

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

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

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

**NOTE 7. INTANGIBLE ASSETS (CONTINUED)**

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

The detail of the intangible sewer rights is as follows:

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

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

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

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

**NOTE 8. INTERFUND TRANSFERS**

Interfund transfers for the year ended September 30, 2023, were as follows:

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ -	\$ 574,000
Library Special Revenue Fund	54,000	-
Enterprise Fund	520,000	-
	<u>\$ 574,000</u>	<u>\$ 574,000</u>

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

**NOTE 9. INTRAGOVERNMENTAL ADMINISTRATIVE FEE**

During the year ended September 30, 2023, the Enterprise Fund paid \$82,000 to the General Fund for administrative services. This amount is reported as a reduction to expense in the General Fund and as an expense in the Enterprise Fund.

**NOTE 10. LONG-TERM LIABILITIES**

**Changes in Long-Term Liabilities**

During the year ended September 30, 2023, the following changes occurred in liabilities reported in the entity-wide financial statements.

<b>Governmental Activities</b>	<b>Beginning Balance</b>	<b>Additions</b>	<b>Deletions</b>	<b>Ending Balance</b>	<b>Due Within One Year</b>
Compensated absences	\$ 95,625	\$ 15,820	\$ -	\$ 111,445	\$ 26,302
Net pension liability	457,497	-	(223,128)	234,369	-
OPEB	50,360	8,369	-	58,729	-
Total governmental activities	<u>\$ 603,482</u>	<u>\$ 24,189</u>	<u>\$ (223,128)</u>	<u>\$ 404,543</u>	<u>\$ 26,302</u>

<b>Business-Type Activities</b>	<b>Beginning Balance</b>	<b>Additions</b>	<b>Deletions</b>	<b>Ending Balance</b>	<b>Due Within One Year</b>
Direct borrowings:					
Revenue Note, Series 2008	\$ 1,567,568	\$ -	\$ (211,572)	\$ 1,355,996	\$ 221,460
State Revolving Loan	455,117	-	(182,218)	272,899	187,374
Total direct borrowings	<u>2,022,685</u>	<u>-</u>	<u>(393,790)</u>	<u>1,628,895</u>	<u>408,834</u>
Compensated absences	19,677	-	(137)	19,540	6,415
Net pension liability	92,911	-	(31,829)	61,082	-
OPEB	13,869	2,382	-	16,251	-
Total business-type activities	<u>\$ 2,149,142</u>	<u>\$ 2,382</u>	<u>\$ (425,756)</u>	<u>\$ 1,725,768</u>	<u>\$ 415,249</u>

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

**Revolving Fund Loan**

The Town has entered into a Drinking Water State Revolving Fund Loan Agreement with the State of Florida Department of Environmental Protection to finance the construction of a reverse osmosis water treatment facility. The loan is payable from and secured by the pledged revenues. Pledged revenues are operating revenues plus investment income less operating expenses, exclusive of depreciation and any other items not requiring the expenditure of cash. Principal and interest paid for the current fiscal year was \$193,474 and pledged revenues were \$22,425. The required pledged revenues were \$222,495 for the current fiscal year. As of September 30, 2023, principal and interest to maturity in 2025 to be paid from pledged future revenues totaled \$280,201. As of September 30, 2023, the outstanding principal was \$272,899. The loan bears interest at 2.81% per annum. Semi-annual payments of \$96,737 are due on February 15 and August 15.

**NOTE 10. LONG-TERM LIABILITIES (CONTINUED)**

**Revolving Fund Loan (Continued)**

The loan agreement contains a provision that upon the occurrence of any event of default the Department may enforce its rights by any of the following remedies: (1) By mandamus or other proceeding at law or in equity, cause to establish rates and collect fees and charges for use of the Water and Sewer Systems, and to require the Project Sponsor to fulfill this Agreement; (2) By action or suit in equity, require the Project Sponsor to account for all moneys received from the Department or from the ownership of the Water and Sewer Systems and to account for the receipt, use, application, or disposition of the Pledged Revenues; (3) By action or suit in equity, enjoin any acts or things which may be unlawful or in violation of the rights of the Department; (4) By applying to a court of competent jurisdiction, cause to appoint a receiver to manage the Water and Sewer Systems, establish and collect fees and charges, and apply the revenues to the reduction of the obligations under this Agreement; (5) By certifying to the Auditor General and the Chief Financial Officer delinquency on loan repayments, the Department may intercept the delinquent amount plus six percent, expressed as an annual interest rate, penalty of the amount due to the Department from any unobligated funds due to the Project Sponsor under any revenue or tax sharing fund established by the State, except as otherwise provided by the State Constitution. Penalty interest shall accrue on any amount due and payable beginning on the 30<sup>th</sup> day following the date upon which payment is due; (6) By notifying financial market credit rating agencies and potential creditors; (7) By suing for payment of amounts due, or becoming due, with interest on overdue payments together with all costs of collection, including attorneys' fees; and (8) By accelerating the repayment schedule or increasing the interest rate on the unpaid principal of the Loan to as much as 1.667 times the Loan interest rate for a default under Subsection 6.01(1).

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

<b>Year Ending</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
<b>September 30</b>			
2024	\$ 187,374	\$ 6,100	\$ 193,474
2025	85,525	1,202	86,727
	<u>\$ 272,899</u>	<u>\$ 7,302</u>	<u>\$ 280,201</u>

**Water and Sewer Revenue Note, 2008**

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

The Note is payable from and secured by the pledged revenues. Pledged revenues are defined as the net revenues of the water and sewer system. Net revenues are defined as the gross revenues of the water and sewer system less operating expenses. Principal and interest paid for the current fiscal totaled \$281,578 and pledged revenues were negative \$542,267. As of September 30, 2023, principal and interest to maturity in 2028 to be paid from pledged future revenues totaled \$1,548,638.

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

**NOTE 10. LONG-TERM LIABILITIES (CONTINUED)**

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

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

<b>Year Ending September 30</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2024	\$ 221,460	\$ 60,118	\$ 281,578
2025	231,810	49,768	281,578
2026	242,643	38,935	281,578
2027	253,982	27,596	281,578
2028	406,101	16,225	422,326
	<u>\$ 1,355,996</u>	<u>\$ 192,642</u>	<u>\$ 1,548,638</u>

**Interest Expense**

The total interest costs incurred and paid by the enterprise fund during the fiscal year ended September 30, 2023, were \$80,101 and \$81,262, respectively.

**NOTE 11. GENERAL EMPLOYEES' AND POLICE OFFICERS' RETIREMENT FUND**

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

**Basis of Accounting**

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

**Plan Description**

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

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

**NOTE 11. GENERAL EMPLOYEES' AND POLICE OFFICERS' RETIREMENT FUND (CONTINUED)**

**Plan Description (Continued)**

Plan Membership: As of October 1, 2022, pension plan membership consisted of the following:

Active members	23
Inactive, nonretired members	1
Retirees and beneficiaries	1
	<hr/>
	25
	<hr/>

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

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

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

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

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

**NOTE 11. GENERAL EMPLOYEES' AND POLICE OFFICERS' RETIREMENT FUND (CONTINUED)**

**Plan Description (Continued)**

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

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

Contributions: Each Member of the Plan shall be required to make regular contributions to the Plan in the amount of 7% of salary. The contributions made by each member to the Plan shall be designated as employer contributions pursuant to 414(h) of the Code. Such designation is contingent upon the contributions being excluded from the members' gross income for federal income tax purposes. For all other purposes of the Plan, such contributions shall be considered to be member contributions. The Town shall make contributions to the Plan in the amount equal to the total normal costs plus the additional amount required to fund any actuarial deficiency shown by an actuarial valuation as provided in part VII of Chapter 112, Florida Statutes. For the fiscal year ended September 30, 2023, the Town made the actuarially determined contribution of \$294,743 and an excess contribution of \$310.

**Investments**

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

Rate of Return: For the year ended September 30, 2023, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 13.37%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested. Inputs to the money-weighted rate of return calculation are determined on a monthly basis.

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

**Discount Rate**

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

**NOTE 11. GENERAL EMPLOYEES' AND POLICE OFFICERS' RETIREMENT FUND (CONTINUED)**

**Net Pension Liability**

The components of the net pension liability of the Town as of September 30, 2023, were as follows:

	<b>Total Pension Liability</b>	<b>Fiduciary Net Position</b>	<b>Net Pension Liability</b>
Balances at September 30, 2022	\$ 3,805,804	\$ 3,255,396	\$ 550,408
Changes for the year			
Service cost	380,029	-	380,029
Interest on total pension liability	268,713	-	268,713
Difference between expected and actual experience	(16,637)	-	(16,637)
Contributions - employer	-	295,053	(295,053)
Contributions - employee	-	118,831	(118,831)
Net investment income	-	473,178	(473,178)
Benefit payments	(65,236)	(65,236)	-
Refunds of member contributions	(38,295)	(38,295)	-
Net changes	<u>528,574</u>	<u>783,531</u>	<u>(254,957)</u>
Balances at September 30, 2023	<u>\$ 4,334,378</u>	<u>\$ 4,038,927</u>	<u>\$ 295,451</u>

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

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

<b>Discount Rate Sensitivity</b>	<b>1% Decrease 5.50%</b>	<b>Discount Rate 6.50%</b>	<b>1% Increase 7.50%</b>
Net pension liability	\$ 858,969	\$ 295,451	\$ (171,474)

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

As of September 30, 2023, the Town reported a net pension liability of \$295,451 for the General Employees' and Police Officers' Retirement Fund. The liability was measured as of September 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of October 1, 2022, rolled forward to September 30, 2023.

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

For the fiscal year ended September 30, 2023, the Town recognized pension expense of \$334,959. In addition, the Town reported deferred outflows of resources related to the Plan from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between actual and expected experience	\$ 4,289	\$ 200,696
Changes of assumptions	-	23,283
Net difference between expected and actual earnings on pension plan investments	169,348	-
Total	<u>\$ 173,637</u>	<u>\$ 223,979</u>

**NOTE 11. GENERAL EMPLOYEES' AND POLICE OFFICERS' RETIREMENT FUND (CONTINUED)**

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

<u>Year Ending September 30</u>	<u>Amount</u>
2024	\$ 18,291
2025	4,461
2026	73,974
2027	(91,274)
2028	(36,801)
Thereafter	(18,993)
Total	<u>\$ (50,342)</u>

**Significant Actuarial Assumptions**

The total pension liability was determined based on an actuarial valuation as of October 1, 2022, and “rolled forward” to the measurement date of September 30, 2023. The total pension liability was determined based on the following assumptions:

Measurement date:	September 30, 2023
Valuation date:	October 1, 2022
Actuarial cost method:	Entry age normal.
Inflation:	2.50%
Salary increase:	4.00%, including inflation
Investment rate of return:	6.50%
Retirement age:	Experience-based table of rates
Mortality:	The mortality table for General Employees is the PUB-2010 Headcount Weighted Below Median Employee Male Table (pre-retirement), the PUB-2010 Headcount Weighted Below Median Employee Female Table (pre-retirement), the PUB-2010 Headcount Weighted Below Median Healthy Retiree Male Table (post-retirement) and the PUB-2010 Headcount Weighted Below Median Retiree Female Table (postretirement). These tables use ages set back one year for males and future improvements in mortality projected to all future years after 2010 using scale MP-2018. These are the same rates used for Regular Class members of the Florida Retirement System (FRS) in their actuarial valuation as of July 1, 2021.

The mortality table for healthy Police Officers is the PUB-2010 Headcount Weighted Safety Below Median Employee Male Table (preretirement), the PUB-2010 Headcount Weighted Safety Employee Female Table (pre-retirement), the PUB-2010 HeadcountWeighted Safety Below Median Healthy Retiree Male Table (post-retirement) and the PUB-2010 Safety Healthy Retiree Female Table (post-retirement). These tables use ages set forward one year and mortality improvements to all future years after 2010 using scale MP-2018. These are the same rates used for Special Risk Class members in the July 1, 2020 Actuarial Valuation of the Florida Retirement System (FRS).

Changes in assumptions:	There were no revisions in actuarial assumptions or methods since the previous valuation.
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## **NOTE 12. DEFINED CONTRIBUTION PLAN**

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

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

Plan members may make voluntary contributions to the 457(b) plan of amounts up to 100% of compensation, up to the maximum annual contribution allowed by law. The Town will match 100% of each member's contributions to the 457(b) plan up to \$5,000 per fiscal year. The matching contributions will be made to the 401(a) plan. For the year ended September 30, 2023, the Town recognized pension expense in the amount of \$46,987. As of the fiscal year end, the Town reported no payables for outstanding contributions to the 401(a) defined contribution plan. There were no forfeitures during the fiscal year.

## **NOTE 13. DEFERRED COMPENSATION PLAN**

The Town offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan is available to all full time Town employees and permits them to defer a portion of their salary until future years. Plan members may make voluntary contributions to the 457(b) plan of amounts up to 100% of compensation, up to the maximum annual contribution allowed by law. The Town will match 100% of each member's contributions to the 457(b) plan up to \$5,000 per fiscal year. The matching contributions will be made to the 401(a) plan. See Note 12. 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.

## **NOTE 14. INTERLOCAL AGREEMENTS**

### **Palm Beach County**

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

Under the terms of the Agreement, the County shall provide within the Town the personnel and equipment necessary to provide fire suppression, emergency medical services, special operations, hazardous materials response and mitigation, emergency communications, confined space rescue, dive rescue, fire code inspections and testimony related thereto, response to all subpoenas related to fire rescue activities, arson investigation, new construction inspection, community education programs, and all other emergency and non-emergency services including

**NOTE 14. INTERLOCAL AGREEMENTS (CONTINUED)**

**Palm Beach County (Continued)**

Advanced Life Services/Basic Life Services (ALS/BLS) and ALS transport Services generally provided by Palm Beach County Fire-Rescue Department. BLS transport services shall be provided by a provider as awarded by the County through the COPCN process.

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

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

1. Calculated by multiplying the Town of South Palm Beach's then current taxable property value, as certified by the Property Appraiser's Office on July 1 of each year, times the millage rate for the Fire Rescue MSTU as adopted by the Board of County Commissioners for the upcoming fiscal year; or
2. One half of the full-cost methodology as described in the Agreement.
3. The Town paid \$1,787,366 for services under the Agreement for the year ended September 30, 2023.

**City of Lake Worth**

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

Under the terms of this agreement, the Town has agreed to pay each month to the City of Lake Worth a pro rata share of the City's operating costs of the ECRWRF's treatment facilities. The agreement also requires the Town to pay an amount equal to its pro rata share, based upon reserved capacity, of the non-federally funded capital expenditures required of the City for pumping, transmission and treatment disposal facilities constructed for the benefit of the Town system and its customers. The Town has also agreed to pay its pro rata share of certain debt service requirements. For the fiscal year ended September 30, 2023, the Town paid \$132,647 pursuant to the agreement. See Note 7 for additional information regarding the agreement.

**NOTE 15. COMMITMENTS AND CONTINGENCIES**

**Building Official Services**

Effective July 1, 2005, the Town entered into an agreement with Hy-Byrd, Inc. to provide Building Official Service to the Town on an as needed basis. The term of the agreement was extended on five occasions by mutual agreement of the parties. The agreement expires September 30, 2023, unless amended. For the year ended September 30, 2023, the Town incurred charges of \$8,173 pursuant to the agreement.

**Construction Commitments**

As of September 30, 2023, the Town had entered into the following commitments for construction of various improvements.

Project	Project Authorized Amount	Amount Completed September 30, 2023	Balance to Complete
A1A Wastewater Pump Station and Forcemain Design	\$ 103,315	\$ 49,101	\$ 54,214
WTP PLC Upgrades	82,000	57,000	25,000
Exterior and Interior Renovation of GST #1 at Water Plant	314,801	135,000	179,801
	<u>\$ 500,116</u>	<u>\$ 241,101</u>	<u>\$ 259,015</u>

**NOTE 16. OTHER POST-EMPLOYMENT BENEFITS**

**Plan Description**

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

**Contributions**

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

**Plan Membership**

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

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

**Discount Rate**

The Town does not have a dedicated trust to pay retiree healthcare benefits. For plans that do not have assets held in a dedicated trust, the discount rate should equal the tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date. As of the measurement date of September 30, 2023, the rate was 4.87% based on the S&P Municipal Bond 20 Year High Grade Rate Index as published by S&P Dow Jones Indices. The S&P Municipal 20 Year High Grade Rate Index consists of bonds in the S&P Municipal Bond Index with a maturity of 20 years. Eligible bonds must be rated at least AA by Standard and Poor's Ratings Services, Aa2 by Moody's or AA by Fitch. If there are multiple ratings, the lowest rating is used. The discount rate as of the beginning of the measurement year was 4.77%.

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

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

As of September 30, 2023, the Town reported a total OPEB liability of \$74,980. For the fiscal year ended September 30, 2023, the Town recognized OPEB expense of \$12,051. As of September 30, 2023, the Town did not report any deferred outflows of resources or deferred inflows of resources related to OPEB.

**Actuarial Methods and Assumptions**

The total OPEB liability was calculated using the Alternative Measurement Method in accordance with the GASB No. 75 methodology. Significant methods and assumptions were as follows:

Measurement date:	September 30, 2023
Valuation date:	September 30, 2022
Actuarial cost method:	Entry age cost method
Inflation:	2.50%
Discount rate:	4.87%
Retirement rates:	100% at age 61
Salary increase:	2.50%, including inflation
Mortality tables:	PubG-2010 Mortality Tables projected to the valuation date using MP-2019
Healthcare cost trend rates:	Initial rate 7.25% in fiscal year 2023, then 7.00% in fiscal year 2024, trending to 4.00% in fiscal year 2075
Marital status:	100% married with male spouses 3 years older than female spouses
Healthcare participation:	20% participation with 30% electing spouse coverage

**Changes in Assumptions**

Changes of assumptions reflect a change in the discount rate from 4.77% for the fiscal year ending September 30, 2022 to 4.87% for the fiscal year ending September 30, 2023. Also reflected as assumption changes are updated health care costs and premiums.

**Total OPEB Liability**

The components of the total OPEB liability as of September 30, 2023, were as follows:

<u>Description</u>	<u>Total OPEB Liability</u>
Balance September 30, 2022	\$ 64,229
Changes for the year:	
Service cost	8,295
Interest	3,460
Changes of assumptions	(1,004)
Net change	<u>10,751</u>
Balance September 30, 2023	<u>\$ 74,980</u>

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

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

The following table presents the total OPEB liability of the Town calculated using the single discount rate of 4.87% as well as what the Town's total OPEB liability would be if it were calculated using a discount rate one percentage point lower or one percentage point higher than the current rate.

<u>Discount Rate Sensitivity</u>	<u>1% Decrease 3.87%</u>	<u>Discount Rate 4.87%</u>	<u>1% Increase 5.87%</u>
Total OPEB Liability	\$ 85,886	\$ 74,980	\$ 65,861

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

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

<u>Healthcare Trend Rate Sensitivity</u>	<u>1% Decrease 3.00% - 6.25%</u>	<u>Healthcare Cost Trend Rate 4.00% - 7.25%</u>	<u>1% Increase 5.00% - 8.25%</u>
Total OPEB Liability	\$ 63,676	\$ 74,980	\$ 88,914

**NOTE 17. RISK MANAGEMENT**

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

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

**NOTE 18. SUBSEQUENT EVENTS**

Management has evaluated subsequent events through the date that the financial statements were available to be issued, May 13, 2025, and determined there were no events that occurred that required disclosure. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

**REQUIRED SUPPLEMENTARY INFORMATION**

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## Town of Manalapan, Florida

### REQUIRED SUPPLEMENTARY INFORMATION SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE-BUDGET AND ACTUAL GENERAL FUND FOR THE YEAR ENDED SEPTEMBER 30, 2023

	General Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
<b>Revenues</b>				
Ad valorem taxes	\$ 5,626,307	\$ 5,626,307	\$ 5,441,728	\$ (184,579)
Other taxes	606,217	606,217	400,352	(205,865)
Fees and permits	799,107	799,107	710,251	(88,856)
Intergovernmental	55,101	55,101	101,532	46,431
Fines and forfeitures	2,535	2,535	4,998	2,463
Investment earnings	20,994	20,994	178,096	157,102
Contributions	-	-	28,450	28,450
Miscellaneous	35,690	35,690	46,898	11,208
<b>Total revenue</b>	<u>7,145,951</u>	<u>7,145,951</u>	<u>6,912,305</u>	<u>(233,646)</u>
<b>Expenditures</b>				
<b>Current</b>				
General government	823,989	823,989	667,498	156,491
Public safety	4,940,278	4,940,278	4,518,333	421,945
Physical environment	279,800	279,800	262,255	17,545
Transportation	9,300	9,300	8,531	769
Capital outlay	597,494	597,494	398,952	198,542
Total expenditures	<u>6,650,861</u>	<u>6,650,861</u>	<u>5,855,569</u>	<u>795,292</u>
Excess of revenues over expenditures	<u>495,090</u>	<u>495,090</u>	<u>1,056,736</u>	<u>561,646</u>
Other financing uses				
Transfer out	(574,000)	(574,000)	(574,000)	-
Total other financing uses	<u>(574,000)</u>	<u>(574,000)</u>	<u>(574,000)</u>	<u>-</u>
Net change in fund balances	(78,910)	(78,910)	482,736	561,646
Fund balance, beginning of year	7,245,006	7,245,006	7,245,006	561,646
<b>Fund balance, end of year</b>	<u>\$ 7,166,096</u>	<u>\$ 7,166,096</u>	<u>\$ 7,727,742</u>	<u>\$ 1,123,292</u>

## Notes To Required Supplementary Information

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**NOTE 1. BASIS OF ACCOUNTING**

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

**NOTE 2. EXCESS OF EXPENDITURES OVER APPROPRIATIONS**

For the year September 30, 2023, General Fund expenditures did not exceed appropriations.

## Town of Manalapan, Florida

### REQUIRED SUPPLEMENTARY INFORMATION SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS GENERAL EMPLOYEES' AND POLICE OFFICERS' RETIREMENT FUND FOR THE YEAR ENDED

	9/30/2023	9/30/2022	9/30/2021	9/30/2020	9/30/2019
<b>Total pension liability</b>					
Service cost	\$ 380,029	\$ 369,187	\$ 377,238	\$ 330,436	\$ 209,337
Interest on total pension liability	268,713	248,895	214,978	181,717	114,649
Difference between expected and actual experience	(16,637)	(237,646)	(19,254)	8,473	-
Changes of assumptions	-	-	-	(45,999)	-
Benefit payments	(65,236)	(27,588)	-	-	-
Refunds of member contributions	(38,295)	(41,610)	(17,014)	(2,430)	-
Changes in benefit terms	-	-	-	-	2,142,435
<b>Net change in total pension liability</b>	<b>528,574</b>	<b>311,238</b>	<b>555,948</b>	<b>472,197</b>	<b>2,466,421</b>
<b>Total pension liability - beginning</b>	<b>3,805,804</b>	<b>3,494,566</b>	<b>2,938,618</b>	<b>2,466,421</b>	<b>-</b>
<b>Total pension liability - ending (a)</b>	<b>\$ 4,334,378</b>	<b>\$ 3,805,804</b>	<b>\$ 3,494,566</b>	<b>\$ 2,938,618</b>	<b>\$ 2,466,421</b>
<b>Plan fiduciary net position</b>					
Contributions - employer	\$ 295,053	\$ 519,516	\$ 286,705	\$ 285,114	\$ 213,836
Contributions - employee	118,831	112,796	112,873	109,929	65,774
Contributions - employee buybacks	-	-	-	-	1,631,459
Net investment income	473,178	(594,293)	514,910	82,232	757
Benefit payments	(65,236)	(27,588)	-	-	-
Refunds of member contributions	(38,295)	(41,610)	(17,014)	-	-
<b>Net change in plan fiduciary net position</b>	<b>783,531</b>	<b>(31,179)</b>	<b>897,474</b>	<b>477,275</b>	<b>1,911,826</b>
<b>Plan fiduciary net position - beginning</b>	<b>3,255,396</b>	<b>3,286,575</b>	<b>2,389,101</b>	<b>1,911,826</b>	<b>-</b>
<b>Plan fiduciary net position - ending (b)</b>	<b>\$ 4,038,927</b>	<b>\$ 3,255,396</b>	<b>\$ 3,286,575</b>	<b>\$ 2,389,101</b>	<b>\$ 1,911,826</b>
<b>Net pension liability - ending (a) - (b)</b>	<b>\$ 295,451</b>	<b>\$ 550,408</b>	<b>\$ 207,991</b>	<b>\$ 549,517</b>	<b>\$ 554,595</b>
<b>Plan fiduciary net position as a percentage of the total pension liability</b>	93.18%	85.54%	94.05%	81.30%	77.51%
<b>Covered payroll</b>	\$ 1,697,586	\$ 1,611,371	\$ 1,612,471	\$ 1,595,114	\$ 939,629
<b>Net pension liability as a percentage of covered payroll</b>	17.40%	34.16%	12.90%	34.45%	59.02%

#### Notes to the schedule:

#### Changes in Assumptions:

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

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

## Town of Manalapan, Florida

### REQUIRED SUPPLEMENTARY INFORMATION SCHEDULE OF EMPLOYER CONTRIBUTIONS GENERAL EMPLOYEES' AND POLICE OFFICERS' RETIREMENT FUND FOR THE YEAR ENDED

<b>Year Ended</b>	<b>Actuarially Determined Contribution</b>	<b>Actual Contribution</b>	<b>Contribution (Excess)/ Deficiency</b>	<b>Covered Payroll</b>	<b>Actual Contribution as a % of Covered Payroll</b>
September 30, 2023	\$ 294,743	\$ 295,053	\$ (310)	\$ 1,697,586	17.38%
September 30, 2022	325,822	519,516	(193,694)	1,611,371	22.76%
September 30, 2021	286,705	286,705	-	1,612,471	17.87%
September 30, 2020	285,114	285,114	-	1,595,114	17.78%
September 30, 2019	213,836	213,836	-	939,629	32.24%

**Notes to the schedule:**

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

# Town of Manalapan, Florida

## **REQUIRED SUPPLEMENTARY INFORMATION NOTES TO THE SCHEDULE OF EMPLOYER CONTRIBUTIONS GENERAL EMPLOYEES' AND POLICE OFFICERS' RETIREMENT FUND FOR THE YEAR ENDED SEPTEMBER 30, 2023**

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The contributions for the fiscal year ended September 30, 2023 were determined by the actuarial valuation as of October 1, 2021.

Valuation date:	October 1, 2021
Actuarial cost method:	Entry age normal
Inflation:	2.50%
Salary increases:	4.00%, included inflation
Investment rate of return:	6.50%
Retirement age:	Experience-based table of rates
Mortality:	The mortality table for General Employees is the PUB-2010 Headcount Weighted Below Median Employee Male Table (pre-retirement), the PUB-2010 Headcount Weighted Below Median Employee Female Table (preretirement), the PUB-2010 Headcount Weighted Below Median Healthy Retiree Male Table (post-retirement) and the PUB-2010 Headcount Weighted Below Median Retiree Female Table (post-retirement). These tables use ages set back one year for males and future improvements in mortality projected to all future years after 2010 using scale MP-2018. These are the same rates used for Regular Class members of the Florida Retirement System (FRS) in their actuarial valuation as of July 1, 2021.
	The mortality table for healthy Police Officers is the PUB-2010 Headcount Weighted Safety Below Median Employee Male Table (pre-retirement), the PUB-2010 Headcount Weighted Safety Employee Female Table (preretirement), the PUB-2010 Headcount Weighted Safety Below Median Healthy Retiree Male Table (postretirement) and the PUB-2010 Safety Healthy Retiree Female Table (post-retirement). These tables use ages set forward one year and mortality improvements to all future years after 2010 using scale MP-2018. These are the same rates used for Special Risk Class members in the July 1, 2021 Actuarial Valuation of the Florida Retirement System (FRS).
Other Information:	The Town of Manalapan General Employees' and Police Officers' Retirement Fund was established effective January 1, 2019.

## Town of Manalapan, Florida

### REQUIRED SUPPLEMENTARY INFORMATION SCHEDULE OF INVESTMENT RETURNS GENERAL EMPLOYEES' AND POLICE OFFICERS' RETIREMENT FUND FOR THE YEAR ENDED

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<b>Year Ended</b>	<b>Money Weighted Rate of Investment Return</b>
September 30, 2023	13.37%
September 30, 2022	-15.82%
September 30, 2021	19.09%
September 30, 2020	3.75%
September 30, 2019	0.07%

**Notes to the schedule:**

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

## Town of Manalapan, Florida

### REQUIRED SUPPLEMENTARY INFORMATION SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY FOR THE YEAR ENDED SEPTEMBER 30, 2023

Measurement date	9/30/2023	9/30/2022	9/30/2021	9/30/2020	9/30/2019	9/30/2018
Total OPEB liability - beginning	\$ 64,229	\$ 115,867	\$ 104,241	\$ 61,501	\$ 49,754	44,933
Changes for the year:						
Service cost	8,295	14,746	14,936	9,401	8,537	8,884
Interest	3,460	3,161	2,540	2,479	2,373	1,908
Difference between expected and actual experience	-	(44,186)	-	16,496	-	-
Changes of assumptions	(1,004)	(24,301)	(4,861)	17,718	3,928	(3,122)
Benefit payments		(1,058)	(989)	(3,354)	(3,091)	(2,849)
Net change in total OPEB liability	10,751	(51,638)	11,626	42,740	11,747	4,821
Total OPEB liability - ending	\$ 74,980	\$ 64,229	\$ 115,867	\$ 104,241	\$ 61,501	\$ 49,754
Covered employee payroll	1,715,117	1,673,285	1,452,610	1,417,180	2,018,479	1,895,936
Total OPEB liability as a percentage of covered-employee payroll	4.37%	3.84%	7.98%	7.36%	3.05%	2.62%

**Notes to the schedule:**

**Changes in Assumptions:**

The discount rate changed as follows:

September 30, 2023 measurement date	4.87%
September 30, 2022 measurement date	4.77%
September 30, 2021 measurement date	2.43%
September 30, 2020 measurement date	2.14%
September 30, 2019 measurement date	3.58%
September 30, 2018 measurement date	4.18%
September 30, 2017 measurement date	3.64%

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

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

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## **OTHER SUPPLEMENTARY INFORMATION**

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## Town of Manalapan, Florida

### SCHEDULE OF DEPARTMENT EXPENDITURES BUDGET TO ACTUAL GENERAL FUND FOR THE YEAR ENDED SEPTEMBER 30, 2023

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Expenditures</b>			
General government			
Legislative			
Operating	\$ 12,000	\$ 5,191	\$ 6,809
Total legislative	<u>12,000</u>	<u>5,191</u>	<u>6,809</u>
Finance and administrative			
Personnel	333,317	294,624	38,693
Operating	324,247	246,946	77,301
Total finance and administrative	<u>657,564</u>	<u>541,570</u>	<u>115,994</u>
Information and technology			
Operating	154,425	120,737	33,688
Total information and technology	<u>154,425</u>	<u>120,737</u>	<u>33,688</u>
Total general government	<u>823,989</u>	<u>667,498</u>	<u>156,491</u>
Public safety			
Police			
Personnel	2,394,899	2,027,991	366,908
Operating	431,305	460,976	(29,671)
Capital outlay	2,500	6,285	(3,785)
Total police	<u>2,828,704</u>	<u>2,495,252</u>	<u>333,452</u>
Fire rescue			
Operating	1,787,366	1,787,366	-
Total fire rescue	<u>1,787,366</u>	<u>1,787,366</u>	<u>-</u>
Protective inspections			
Personnel	140,559	106,915	33,644
Operating	173,149	125,495	47,654
Capital outlay	5,500	1,023	4,477
Total protective inspections	<u>319,208</u>	<u>233,433</u>	<u>85,775</u>
Emergency/disaster			
Operating	5,000	2,282	2,718
Total emergency/disaster	<u>5,000</u>	<u>2,282</u>	<u>2,718</u>
Total public safety	<u>4,940,278</u>	<u>4,518,333</u>	<u>421,945</u>
Physical environment			
Sanitation			
Personnel	167,658	146,859	20,799
Operating	16,500	12,970	3,530
Total sanitation	<u>184,158</u>	<u>159,829</u>	<u>24,329</u>
Maintenance			
Personnel	41,392	43,469	(2,077)
Operating	54,250	58,957	(4,707)
Total maintenance	<u>95,642</u>	<u>102,426</u>	<u>(6,784)</u>
Total physical environment	<u>279,800</u>	<u>262,255</u>	<u>17,545</u>
Transportation			
Operating	9,300	8,531	769
Total transportation	<u>9,300</u>	<u>8,531</u>	<u>769</u>
Capital outlay	<u>597,494</u>	<u>398,952</u>	<u>198,542</u>
Total expenditures	<u>\$ 6,650,861</u>	<u>\$ 5,855,569</u>	<u>\$ 795,292</u>

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**OTHER AUDITOR REPORTS**

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Manalapan, Florida (the "Town"), as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements and have issued our report thereon dated May 13, 2025.

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

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

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

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

## Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matter that is required to be reported under *Government Auditing Standards* and which is described in the accompanying Schedule of Findings and Responses as 2023-001.

### Town of Manalapan, Florida's Response to Finding

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

### Purpose of this Report

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

Bradenton, Florida  
May 13, 2025



# Town of Manalapan, Florida

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

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### SECTION I SUMMARY OF AUDIT RESULTS

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

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

Unmodified

Internal control over financial reporting:  
Material weaknesses identified?

yes  no

Significant deficiencies identified not considered  
to be material weaknesses?

yes  none reported

Noncompliance material to financial statements noted?

yes  no

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

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

### SECTION II FINANCIAL STATEMENT FINDINGS AND RESPONSES

#### **2023-001 Timely Reporting**

**Criteria:** Florida Statutes require audit reports for local governmental entities and the Annual Financial Report to be filed within nine months of the fiscal year-end. The Town's reports were due June 30, 2024.

**Condition:** We noted that the audit report and the Annual Financial Report filed with the Florida Department of Financial Services for the fiscal year ended September 30, 2023 were not filed timely.

**Context/Cause:** Changes in the finance function led to delays in completing the initial trial balance and supporting schedules necessary to complete the audit.

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

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

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

# Town of Manalapan, Florida

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

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

Not applicable.

### SECTION IV PRIOR YEAR FINDINGS AND RECOMMENDATIONS

#### 2022-001 Expenditures in Excess of Appropriations

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

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

**Status:** Corrected in fiscal year 2023.

#### 2016-001 Expenditures in Excess of Appropriations

**Criteria:** Florida Statutes require audit reports for local governmental entities and the Annual Financial Report to be filed within nine months of the fiscal year-end. The Town's reports were due June 30, 2024.

**Condition:** We noted that the audit report and the Annual Financial Report filed with the Florida Department of Financial Services for the fiscal year ended September 30, 2023 were not filed timely.

**Status:** Repeated in 2023. See 2023-001



## Independent Auditor's Management Letter

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

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

We have audited the financial statements of the Town of Manalapan, Florida (the "Town"), as of and for the fiscal year ended September 30, 2023, and have issued our report thereon dated May 13, 2025.

### **Auditor's Responsibility**

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

### **Other Reporting Requirements**

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*; schedule of findings and responses; and independent accountant's report on an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports and schedule, which are dated May 13, 2025, should be considered in conjunction with this management letter.

### **Prior Audit Findings**

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

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

Finding 2023-001 Timely Reporting

### **Official Title and Legal Authority**

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

### **Financial Condition and Management**

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

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

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

### **Special District Component Units**

Section 10.554(1)(i)5.d, Rules of the Auditor General, requires, if appropriate, that we communicate the failure of a special district that is a component unit of a county, municipality, or special district, to provide the financial information necessary for proper reporting of the component unit, within the audited financial statements of the county, municipality, or special district in accordance with Section 218.39(3)(b), Florida Statutes. In connection with our audit, we determined that all special district component units provided the necessary information for proper reporting in accordance with Section 218.39(3)(b), Florida Statutes.

### **Additional Matters**

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

### **Single Audits**

The Town of Manalapan, Florida expended less than \$750,000 of federal awards and less than \$750,000 of state financial assistance for the fiscal year ended September 30, 2023 and was not required to have a federal Single Audit or a state Single Audit.

### **Purpose of this Letter**

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



Bradenton, Florida  
May 13, 2025



## Independent Accountant's Report

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

We have examined the Town of Manalapan, Florida (the "Town") compliance with Section 218.415, Florida Statutes, regarding the investment of public funds during the year ended September 30, 2023. Management of the Town is responsible for the Town's compliance with those requirements. Our responsibility is to express an opinion on the Town's compliance based on our examination.

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

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

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

In our opinion, the Town complied, in all material respects, with the aforementioned requirements during the year ended September 30, 2023.

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

*Mauldin & Jenkins, LLC*

Bradenton, Florida  
May 13, 2025

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