

GOING FURTHER

TOWN OF GULF STREAM, FLORIDA

FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED  
SEPTEMBER 30, 2024

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## **FINANCIAL SECTION**

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## Independent Auditor's Report

Honorable Mayor and Members of  
the Town Commission,  
Town of Gulf Stream, 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 Gulf Stream, Florida (the "Town"), as of and for the year ended September 30, 2024, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town as of September 30, 2024, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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

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

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

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town's ability to continue as a going concern for 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 11, the budgetary comparison information, and Schedule of the Town's Total OPEB Liability and Related Ratios on pages 44 through 46 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.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated November 7, 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  
November 7, 2025

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# Management's Discussion and Analysis

The Town of Gulf Stream's (the "Town") discussion and analysis is designed to:

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

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

## FINANCIAL HIGHLIGHTS

- The assets plus deferred outflows of resources of the Town of Gulf Stream exceeded its liabilities plus deferred inflows of resources at the close of the most recent fiscal year by \$23,727,596 (net position).
- The governmental activities revenues were \$8,978,219 at the close of fiscal year 2024.
- The business-type activities revenues were \$1,643,632 at the close of fiscal year 2024.
- The total cost of all Town programs was \$7,284,310 during the fiscal year 2024.
- At the end of the 2024 fiscal year, unassigned fund balance for the General Fund increased by \$1,083,944 and ended fiscal year 2024 with a total of \$8,958,794 or 145% of total General Fund expenditures which totaled \$6,173,522 at the end of fiscal year 2024.

## USING THIS REPORT

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

MD&A	Management's Discussion & Analysis (Required supplemental information) (pages 4-11)
BASIC FINANCIAL STATEMENTS	Government-Wide Financial Statements (pages 12-13)      Fund Financial Statements (Pages 14-21) Notes to the Financial Statements (Pages 22-43)
REQUIRED SUPPLEMENTAL INFORMATION	Required supplementary information. (Other than MD&A) (Pages 44-46)

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

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

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

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

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

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

### **Fund Financial Statements**

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

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

## FINANCIAL ANALYSIS OF THE TOWN AS A WHOLE

### Net Position

The Town's combined net position for the fiscal year ending 2024 is reported at \$23,727,596. Net position of the Town's governmental activities for the fiscal year ending 2024 is \$17,982,647. The net position of our business-type activities is reported at \$5,744,949 for the fiscal year ending 2024. Overall, the financial position of the total primary government increased \$3,337,541 during the current fiscal year. Net position for the governmental activities increased \$2,789,160 and net position for the business-type activities increased \$548,381.

**Town of Gulf Stream**  
**Statement of Net Position**  
**As of September 30, 2024 and 2023**

	Governmental Activities		Business-Type Activities		Totals	
	2024	2023	2024	2023	2024	2023
Current and other assets	\$ 14,625,999	\$ 12,020,613	\$ 2,831,500	\$ 2,442,035	\$ 17,457,499	\$ 14,462,648
Capital assets	5,196,868	3,687,838	3,696,927	2,865,208	8,893,795	6,553,046
Total assets	19,822,867	15,708,451	6,528,427	5,307,243	26,351,294	21,015,694
Total deferred outflows of resources	33,384	5,724	-	-	33,384	5,724
Other liabilities	1,657,144	420,357	782,222	109,479	2,439,366	529,836
Long-term liabilities	183,256	70,116	1,256	1,196	184,512	71,312
Total liabilities	1,840,400	490,473	783,478	110,675	2,623,878	601,148
Total deferred inflows of resources	33,204	30,215	-	-	33,204	30,215
Net position:						
Net investment in capital assets	3,844,361	3,675,368	2,998,328	2,865,208	6,842,689	6,540,576
Restricted - employee benefits	214,919	201,360	-	-	214,919	201,360
Restricted - dredging projects	17,820	17,820	-	-	17,820	17,820
Restricted - underground utilities	503,906	388,647	-	-	503,906	388,647
Restricted - repairs and replacements	-	-	1,341,249	1,207,165	1,341,249	1,207,165
Unrestricted	13,401,641	10,910,292	1,405,372	1,124,195	14,807,013	12,034,487
Total net position	\$ 17,982,647	\$ 15,193,487	\$ 5,744,949	\$ 5,196,568	\$ 23,727,596	\$ 20,390,055

## Changes in Net Position

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

At the end of fiscal year 2024, there was an increase in the total net position from fiscal year 2023 for governmental activities which totaled \$2,789,160. The 2024 net position total for governmental activities, which includes the General Fund, Infrastructure Surtax Fund, and Capital Projects Fund, was \$17,982,647. Expenses of the governmental activities increased \$1,022,249 from fiscal year 2023 to fiscal year 2024. The increase in expenses was the result of various cost increases, including items related to the 10-Year Capital Improvement Plan, and the Town filling positions that were vacant during the prior year.

The increase in business-type net position was \$548,381 from fiscal year 2023 to fiscal year 2024. In July 2023, the Town increased the utility rates and charges based on the cost of providing water service which were in effect for the entire fiscal year 2024. Construction for the Water Infrastructure Project started in February 2024 to improve the Town's aging water infrastructure and ensure clean water distribution to the residents of the Town. The completion of the Water Infrastructure Project is estimated to be in fiscal year 2026.

The Town purchases water from the City of Delray Beach and then resells it to the residents in Gulf Stream. The cost to purchase the water from the City of Delray Beach increased approximately \$80,000 from the prior year due to an increase in water rates charged to the Town. The Town has adjusted their water rates accordingly due to the increase. The term of the agreement with the City of Delray Beach ended in June 2024 and is currently operating under the same terms and conditions as the previous agreement on an ongoing basis. The Town is expected to purchase water under a new agreement with the City of Boynton Beach in fiscal year 2026.

**Town of Gulf Stream**  
**Statement of Activities**  
**As of September 30, 2024 and 2023**

	Governmental Activities		Business-Type Activities		Totals	
	2024	2023	2024	2023	2024	2023
Revenues:						
Program revenues:						
Charges for services	\$ 1,432,265	\$ 1,045,592	\$ 1,405,266	\$ 1,223,488	\$ 2,837,531	\$ 2,269,080
Capital grants and contributions	-	-	134,084	136,540	134,084	136,540
General revenues:						
Property taxes	5,837,768	5,068,711	-	-	5,837,768	5,068,711
Infrastructure surtax	95,697	93,163	-	-	95,697	93,163
Communications taxes	61,833	60,879	-	-	61,833	60,879
Gas taxes	35,142	36,459	-	-	35,142	36,459
Utility service taxes	301,203	295,833	-	-	301,203	295,833
Franchise fees	186,354	187,312	-	-	186,354	187,312
Unrestricted investment earnings	781,937	306,061	104,282	47,143	886,219	353,204
Intergovernmental revenues	132,730	630,814	-	-	132,730	630,814
Other	113,290	38,376	-	-	113,290	38,376
Total revenues	<u>8,978,219</u>	<u>7,763,200</u>	<u>1,643,632</u>	<u>1,407,171</u>	<u>10,621,851</u>	<u>9,170,371</u>
Operating expenses:						
General government	2,532,364	2,069,770	-	-	2,532,364	2,069,770
Public safety - police	2,257,080	1,819,866	-	-	2,257,080	1,819,866
Public safety - fire protection	916,016	848,740	-	-	916,016	848,740
Streets	271,839	253,649	-	-	271,839	253,649
Sanitation	211,064	174,514	-	-	211,064	174,514
Interest on long-term debt	696	271	-	-	696	271
Water	-	-	1,095,251	962,317	1,095,251	962,317
Total operating expenses	<u>6,189,059</u>	<u>5,166,810</u>	<u>1,095,251</u>	<u>962,317</u>	<u>7,284,310</u>	<u>6,129,127</u>
Change in net position	2,789,160	2,596,390	548,381	444,854	3,337,541	3,041,244
Net position, beginning	15,193,487	12,597,097	5,196,568	4,751,714	20,390,055	17,348,811
Net position, ending	<u>\$ 17,982,647</u>	<u>\$ 15,193,487</u>	<u>\$ 5,744,949</u>	<u>\$ 5,196,568</u>	<u>\$ 23,727,596</u>	<u>\$ 20,390,055</u>

- The Town's primary source of revenue continues to come from Property Taxes.
- The Town's expenses cover a range of services, and total expenses increased from fiscal year 2023 to fiscal year 2024. The primary expense is for General Government which includes the administration, finance and legal functions.

## **FINANCIAL ANALYSIS OF THE GOVERNMENTAL FUNDS**

As the Town of Gulf Stream completed the year, the General Fund reported a fund balance of \$12,464,949, an increase of \$1,253,340 from the previous fiscal year. The increase was due primarily due to the Town's commitment to keep Ad Valorem revenue consistent with the prior year to fund the Town's 10-Year Capital Improvement Plan, an increase in building permit revenue, an increase in investment earnings and offset by an increase in expenses as a result of various cost increases from the prior year. The Town ended the fiscal year with \$118,476 in non-spendable fund balance (which includes inventories and prepaid expenditures), \$232,739 in restricted fund balance, which consisted of \$17,820 reserved for dredging projects and \$214,919 for employee benefits, \$3,154,940 in assigned fund balance (assigned for subsequent year expenditures), and \$8,958,794 in unassigned fund balance. The intent of the Town Commission is to proceed with a dynamic 10-Year Capital Improvement Plan and use the fund balance to minimize incurring future debt.

## **FINANCIAL ANALYSIS OF THE PROPRIETARY FUND**

Total net position of the water fund at the end of the fiscal year 2024 was \$5,744,949. The net position of the water fund increased \$548,381 from the prior year. Water rates were increased in July of fiscal year 2023 due to an increase in water rates charge to the Town by the City of Delray Beach. The Town has increased the net position of the Proprietary Fund, also known as the Water Fund, with a combination of increased water sales revenue and increased investment revenue. The net position of the Enterprise Fund will be used in conjunction with the fund balance of the General Fund to support the 10-Year Capital Improvement Plan.

## **GENERAL FUND BUDGETARY HIGHLIGHTS**

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

The Town Commission has made it a budget priority to increase the fund balance of the General Fund. The fund balance was severely depleted around 2014 due to ongoing legal battles. Since then, the Commission has deemed it proper and appropriate to take necessary measures to restore the fund balance. Now that the fund balance is at appropriate levels again, the Commission intends to use the fund balance to finance the adopted 10-Year Capital Improvement Plan. Items included in the 10-Year Capital Improvement Plan are water infrastructure repairs and replacement, road repairs, smart meters, improved storm drainage and street lighting. It is the Town's wish to repair and replace the Town's infrastructure and minimize the need to issue debt. Though the Town did not anticipate inflation increasing as rapidly as it had during previous fiscal years, the Town's prudent and conservative approach to spending and saving has been very beneficial during this period of economic instability. The Town is prepared to continue the 10-Year Capital Improvement Plan without delay and construction started in February 2024.

There was a tremendous amount of turnover for the police department during fiscal year 2021 and it continued into fiscal year 2023. At the time of this publication, the Town was able to hire a new Police Chief and currently the Town has filled all budgeted positions.

## CAPITAL ASSETS AND DEBT ADMINISTRATION

### Capital Assets

At the end of fiscal year 2024, the Town had invested \$8,893,795 in a broad range of capital assets including police equipment, buildings, and infrastructure and water improvements. Additional information can be found in Note 5 to the financial statements.

**Town of Gulf Stream**  
**Capital Assets (Net of Depreciation)**  
**As of September 30, 2024 and 2023**

	Governmental Activities		Business-Type Activities		Totals	
	2024	2023	2024	2023	2024	2023
Land	\$ 376,523	\$ 376,523	\$ -	\$ -	\$ 376,523	\$ 376,523
Construction in progress	1,826,648	271,673	1,207,377	266,631	3,034,025	538,304
Buildings and improvements	347,706	360,521	2,111,188	2,214,819	2,458,894	2,575,340
SBITA assets	99,365	13,915	-	-	99,365	13,915
Lease assets	2,864	-	-	-	2,864	-
Equipment and vehicles	353,012	286,273	378,362	383,758	731,374	670,031
Infrastructure	2,190,750	2,378,933	-	-	2,190,750	2,378,933
Total capital assets	\$ 5,196,868	\$ 3,687,838	\$ 3,696,927	\$ 2,865,208	\$ 8,893,795	\$ 6,553,046

### Long-Term Liabilities

As of September 30, 2024, the Town had \$184,512 in long-term liabilities as shown in the following table. Additional information can be found in Note 6 to the financial statements.

**Town of Gulf Stream**  
**Debt Outstanding**  
**As of September 30, 2024 and 2023**

	Governmental Activities		Business-Type Activities		Totals	
	2024	2023	2024	2023	2024	2023
Total OPEB liability	\$ 64,487	\$ 35,847	\$ -	\$ -	\$ 64,487	\$ 35,847
Compensated absences	20,124	21,799	1,256	1,196	21,380	22,995
SBITA liability	70,651	12,470	-	-	70,651	12,470
Lease liability	27,994	-	-	-	27,994	-
Total debt	\$ 183,256	\$ 70,116	\$ 1,256	\$ 1,196	\$ 184,512	\$ 71,312

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

- Construction for the Town's Core District Infrastructure Project started in February of fiscal year 2024. The Project is estimated to be completed in fiscal year 2026.
- The Town purchases water from the City of Delray Beach and then resells it to the residents in Gulf Stream. The term of the agreement with the City of Delray Beach ended in June 2024 and is currently operating under the same terms and conditions as the previous agreement on an ongoing basis. The Town is expected to purchase water under a new agreement with the City of Boynton Beach in fiscal year 2026.
- The Town's millage rate remained the same as the previous year at 3.6724 for the fiscal year 2025 budget.

## **CONTACTING THE TOWN'S FINANCIAL MANAGEMENT**

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

## **BASIC FINANCIAL STATEMENTS**

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# Town Of Gulf Stream, Florida

## STATEMENT OF NET POSITION SEPTEMBER 30, 2024

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<b>Assets</b>			
Cash and cash equivalents	\$ 1,343,078	\$ 692,195	\$ 2,035,273
Investments	13,617,977	-	13,617,977
Accounts receivables, net	127,880	216,644	344,524
Inventories	9,759	-	9,759
Internal balances	(581,412)	581,412	-
Prepaid expenses	108,717	-	108,717
Restricted assets			
Cash and cash equivalents	-	1,319,187	1,319,187
Accounts receivable	-	22,062	22,062
Capital assets			
Non-depreciable	2,203,171	1,207,377	3,410,548
Depreciable (net of depreciation)	2,993,697	2,489,550	5,483,247
<b>Total assets</b>	<b>19,822,867</b>	<b>6,528,427</b>	<b>26,351,294</b>
<b>Deferred outflows of resources</b>			
OPEB items	33,384	-	33,384
<b>Total deferred outflows</b>	<b>33,384</b>	<b>-</b>	<b>33,384</b>
<b>Liabilities</b>			
Accounts payable	1,363,038	773,056	2,136,094
Accrued liabilities	62,276	1,829	64,105
Unearned revenue	1,830	7,337	9,167
Deposits	230,000	-	230,000
Noncurrent liabilities			
Payable within one year	45,367	1,256	46,623
Payable after one year	137,889	-	137,889
Total liabilities	<b>1,840,400</b>	<b>783,478</b>	<b>2,623,878</b>
<b>Deferred inflows of resources</b>			
OPEB items	33,204	-	33,204
<b>Total deferred inflows</b>	<b>33,204</b>	<b>-</b>	<b>33,204</b>
<b>Net position</b>			
Net investment in capital assets	3,844,361	2,998,328	6,842,689
Restricted for			
Employee benefits	214,919	-	214,919
Dredging	17,820	-	17,820
Underground utilities	503,906	-	503,906
Repairs, replacements, and improvements	-	1,341,249	1,341,249
Unrestricted	13,401,641	1,405,372	14,807,013
Total net position	<b>\$ 17,982,647</b>	<b>\$ 5,744,949</b>	<b>\$ 23,727,596</b>

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



## Town Of Gulf Stream, Florida

### BALANCE SHEET GOVERNMENTAL FUNDS SEPTEMBER 30, 2024

	General Fund	Capital Projects Fund	Nonmajor Governmental Fund	Total Governmental Funds
<b>Assets</b>				
Cash and cash equivalents	\$ 965,768	\$ -	\$ 377,310	\$ 1,343,078
Investments	13,617,977	-	-	13,617,977
Accounts receivable, net	111,930	-	15,950	127,880
Due from other funds	-	1,249,712	110,646	1,360,358
Inventories	9,759	-	-	9,759
Prepaid expenditures	108,717	-	-	108,717
Total assets	<u>\$ 14,814,151</u>	<u>\$ 1,249,712</u>	<u>\$ 503,906</u>	<u>\$ 16,567,769</u>
<b>Liabilities and fund balances</b>				
Liabilities				
Accounts payable	\$ 113,326	\$ 1,249,712	\$ -	\$ 1,363,038
Accrued liabilities	62,276	-	-	62,276
Due to other funds	1,941,770	-	-	1,941,770
Unearned revenue	1,830	-	-	1,830
Deposits payable	230,000	-	-	230,000
Total liabilities	<u>2,349,202</u>	<u>1,249,712</u>	<u>-</u>	<u>3,598,914</u>
Fund balances				
Nonspendable				
Inventories	9,759	-	-	9,759
Prepays	108,717	-	-	108,717
Restricted				
Employee benefits	214,919	-	-	214,919
Dredging projects	17,820	-	-	17,820
Infrastructure projects	-	-	503,906	503,906
Assigned				
Subsequent year expenditures	3,154,940	-	-	3,154,940
Unassigned	8,958,794	-	-	8,958,794
Total fund balances	<u>12,464,949</u>	<u>-</u>	<u>503,906</u>	<u>12,968,855</u>
Total liabilities and fund balances	<u>\$ 14,814,151</u>	<u>\$ 1,249,712</u>	<u>\$ 503,906</u>	<u>\$ 16,567,769</u>

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

## Town Of Gulf Stream, Florida

### RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION SEPTEMBER 30, 2024

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

Total fund balances - governmental funds		\$	12,968,855
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.			
Governmental capital assets	\$	9,142,609	
Accumulated depreciation		<u>(3,945,741)</u>	5,196,868
Certain liabilities are not due and payable in the current period and are therefore not reported in the funds.			
Lease liability		(27,994)	
SBITA liability		(70,651)	
Compensated absences		<u>(20,124)</u>	(118,769)
Deferred outflows, deferred inflows, the net pension liability and the total OPEB liability related to the Town's pension and OPEB plans are not expected to be liquidated with expendable available financial resources and, therefore are not reported in the funds.			
Deferred outflows - OPEB		33,384	
Deferred inflows - OPEB		(33,204)	
Total OPEB liability		<u>(64,487)</u>	<u>(64,307)</u>
Net position of governmental activities		\$	<u>17,982,647</u>

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

## Town Of Gulf Stream, Florida

### STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS FOR THE YEAR ENDED SEPTEMBER 30, 2024

	General Fund	Capital Projects Fund	Nonmajor Governmental Fund	Total Governmental Funds
<b>Revenues</b>				
Taxes	\$ 6,235,946	\$ -	\$ 95,697	\$ 6,331,643
Intergovernmental revenue	132,730	-	-	132,730
Licenses and permits	1,353,361	-	-	1,353,361
Charges for services	236,369	-	-	236,369
Fines and forfeitures	28,889	-	-	28,889
Investment earnings	762,375	-	19,562	781,937
Miscellaneous revenues	99,874	-	-	99,874
Total revenues	<u>8,849,544</u>	<u>-</u>	<u>115,259</u>	<u>8,964,803</u>
<b>Expenditures</b>				
Current				
General government	2,472,160	-	-	2,472,160
Police department	2,175,015	-	-	2,175,015
Fire protection	678,454	-	-	678,454
Streets	269,493	-	-	269,493
Sanitation	211,064	-	-	211,064
Capital outlay	336,430	1,552,483	-	1,888,913
Debt service				
Principal	30,210	-	-	30,210
Interest	696	-	-	696
Total expenditures	<u>6,173,522</u>	<u>1,552,483</u>	<u>-</u>	<u>7,726,005</u>
<b>Excess of revenues over expenditures</b>	<u>2,676,022</u>	<u>(1,552,483)</u>	<u>115,259</u>	<u>1,238,798</u>
<b>Other financing sources (uses)</b>				
Insurance proceeds	10,434	-	-	10,434
Proceeds from issuance of SBITA	116,385	-	-	116,385
Proceeds from the sale of capital assets	2,982	-	-	2,982
Transfers in	-	1,552,483	-	1,552,483
Transfers out	(1,552,483)	-	-	(1,552,483)
Total other financing sources (uses)	<u>(1,422,682)</u>	<u>1,552,483</u>	<u>-</u>	<u>129,801</u>
<b>Change in fund balances</b>	1,253,340	-	115,259	1,368,599
<b>Fund balances, beginning of year</b>	11,211,609	-	388,647	11,600,256
<b>Fund balances, end of year</b>	<u>\$ 12,464,949</u>	<u>\$ -</u>	<u>\$ 503,906</u>	<u>\$ 12,968,855</u>

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

## Town Of Gulf Stream, Florida

### RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES FOR THE YEAR ENDED SEPTEMBER 30, 2024

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**Net change in fund balances – total governmental funds** \$ 1,368,599

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is depreciated over their estimated useful lives.

Capital outlay	\$ 1,870,282	
Less current year depreciation	(361,252)	1,509,030

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

Lease proceeds	(29,114)	
SBITA proceeds	(87,271)	
Principal repayment of leases	1,120	
Principal repayment of SBITAs	29,090	(86,175)

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 compensated absences	1,675	
OPEB expense	(3,969)	(2,294)

**Change in net position of governmental activities** \$ 2,789,160

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

## Town Of Gulf Stream, Florida

### STATEMENT OF NET POSITION PROPRIETARY FUNDS SEPTEMBER 30, 2024

	<b>Enterprise Fund</b>
<b>Assets</b>	
Current assets	
Cash and cash equivalents	\$ 692,195
Accounts receivable, net	216,644
Due from other funds	581,412
Restricted assets	
Cash and cash equivalents	1,319,187
Accounts receivable, net	22,062
Total current assets	<u>2,831,500</u>
Noncurrent assets	
Capital assets, non-depreciable	1,207,377
Capital assets, depreciable, net	2,489,550
Total noncurrent assets	<u>3,696,927</u>
<b>Total assets</b>	<u>6,528,427</u>
<b>Liabilities</b>	
Current liabilities	
Accounts payable	773,056
Accrued liabilities	1,829
Compensated absences	1,256
Unearned revenue	7,337
Total current liabilities	<u>783,478</u>
Total liabilities	<u>783,478</u>
<b>Net position</b>	
Net investment in capital assets	2,998,328
Restricted for repairs, replacements and improvements	1,341,249
Unrestricted	1,405,372
Total net position	<u>\$ 5,744,949</u>

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

## Town Of Gulf Stream, Florida

### STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION PROPRIETARY FUNDS FOR THE YEAR ENDED SEPTEMBER 30, 2024

	<u>Total</u>
<b>Operating revenues</b>	
Charges for services	\$ 1,405,266
Total operating revenues	<u>1,405,266</u>
<b>Operating expenses</b>	
Personnel	95,050
Water purchases	667,746
Repairs and maintenance	151,795
Depreciation	158,960
Miscellaneous	26,443
Total operating expenses	<u>1,099,994</u>
<b>Operating income</b>	<u>305,272</u>
<b>Nonoperating revenues</b>	
Investment earnings	104,282
Nonoperating revenues	4,743
Total nonoperating expenses, net	<u>109,025</u>
Income before capital contributions	414,297
<b>Capital contributions</b>	
Reserve fees	134,084
Total capital contributions	<u>134,084</u>
<b>Change in net position</b>	548,381
<b>Total net position, beginning of year</b>	<u>5,196,568</u>
<b>Total net position, end of year</b>	<u>\$ 5,744,949</u>

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

## Town Of Gulf Stream, Florida

### STATEMENT OF CASH FLOWS PROPRIETARY FUNDS FOR THE YEAR ENDED SEPTEMBER 30, 2024

	<b>Total</b>
<b>Cash flows from operating activities</b>	
Cash received from customers	\$ 1,417,449
Cash paid to suppliers for goods and services	(173,176)
Cash paid to employees for services and benefits	(94,706)
Internal activity - payments to other funds	(292,972)
Net cash provided by operating activities	<u>856,595</u>
<b>Cash flows from capital and related financing activities</b>	
Reserve fees received	134,084
Acquisition and construction of capital assets	(990,679)
Net cash used in capital and related financing activities	<u>(856,595)</u>
<b>Cash flows from investing activities</b>	
Interest received	104,282
Net cash provided by investing activities	<u>104,282</u>
<b>Net change in cash and cash equivalents</b>	104,282
<b>Cash and cash equivalents, beginning of year</b>	<u>1,907,100</u>
<b>Cash and cash equivalents, end of year</b>	<u>\$ 2,011,382</u>
<b>Cash and cash equivalents classified as</b>	
Cash and cash equivalents	\$ 692,195
Restricted cash and cash equivalents	1,319,187
Total cash and cash equivalents	<u>\$ 2,011,382</u>

**(Continued)**

## Town Of Gulf Stream, Florida

### STATEMENT OF CASH FLOWS PROPRIETARY FUNDS FOR THE YEAR ENDED SEPTEMBER 30, 2024

	<u>Total</u>
<b>Reconciliation of operating income to net cash provided by operating activities</b>	
Operating income	\$ 305,272
Adjustment to reconcile operating income to net cash provided by operating activities:	
Depreciation	158,960
Other revenues	4,743
Change in operating assets and liabilities:	
(Increase) decrease in assets:	
Accounts receivable	7,789
Due from other funds	(292,972)
Increase (decrease) in liabilities:	
Accounts payable	672,808
Unearned revenue	(349)
Accrued liabilities	284
Compensated absences payable	60
Net cash provided by operating activities	<u>\$ 856,595</u>

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

# Notes To The Financial Statements

## NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

### **Reporting Entity**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

### **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.

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

### **Governmental Funds (Continued)**

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

The Town reports the General Fund and the Capital Projects Fund as major governmental funds. The General Fund is the general operating fund of the Town, and it is used to account for all financial resources except those required to be accounted for in another fund. The Capital Projects Fund is used to account for the Town's 10-Year Capital Improvement Plan. The Town also reports the Infrastructure Surtax Special Revenue Fund as a nonmajor governmental fund.

### **Proprietary Funds**

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

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

### **Cash and Cash Equivalents**

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

**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**

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

**Capital Assets**

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

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

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

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

**Capital Assets (Continued)**

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

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

**Leases**

The Town has noncancellable Leases of various equipment. The Town has recognized a lease liability and an intangible right-to-use lease asset on the statement of net position. The Town recognized leases with an initial, individual value of \$5,000 or more.

At the commencement of a lease, the Town initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain implementation and conversion costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

Key estimates and judgments related to lease's include how the Town determines: (1) the discount rate it uses to discount the expected lease payments to present value, (2) the lease term, and (3) lease payments:

- The Town uses the interest rate charged by the lease vendor as the discount rate. When the interest rate charged by the lease vendor is not provided, the Town uses the 10-year treasury rate at the lease inception date as the discount rate.
- The Town's term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option prices that the lease is reasonably certain to exercise.

The Town monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Lease assets are reported with depreciable capital assets and lease liabilities are reported with long-term liabilities on the statement of net position.

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

**Subscription Based Information Technology Arrangements (SBITA)**

The Town has noncancellable SBITAs of various IT software. The Town has recognized a SBITA liability and an intangible right-to-use SBITA asset on the statement of net position. The Town recognized SBITAs with an initial, individual value of \$5,000 or more.

At the commencement of a SBITA, the Town initially measures the SBITA liability at the present value of payments expected to be made during the SBITA term. Subsequently, the SBITA liability is reduced by the principal portion of SBITA payments made. The SBITA asset is initially measured as the initial amount of the SBITA liability, adjusted for SBITA payments made at or before the SBITA commencement date, plus certain implementation and conversion costs. Subsequently, the SBITA asset is amortized on a straight-line basis over its useful life.

Key estimates and judgments related to SBITA's include how the Town determines: (1) the discount rate it uses to discount the expected SBITA payments to present value, (2) the SBITA term, and (3) SBITA payments:

- The Town uses the interest rate charged by the SBITA vendor as the discount rate. When the interest rate charged by the SBITA vendor is not provided, the Town uses the 10-year treasury rate at the SBITA inception date as the discount rate.
- The Town's term includes the noncancellable period of the SBITA. SBITA payments included in the measurement of the SBITA liability are composed of fixed payments and purchase option prices that the SBITA is reasonably certain to exercise.

The Town monitors changes in circumstances that would require a remeasurement of its SBITA and will remeasure the SBITA asset and liability if certain changes occur that are expected to significantly affect the amount of the SBITA liability.

SBITA assets are reported with depreciable capital assets and SBITA liabilities are reported with long-term liabilities on the statement of net position.

**Inventory**

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

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

### **Compensated Absences**

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

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

### **Interfund Transactions**

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

### **Unearned Revenues**

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

### **Unavailable Revenues**

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

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

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

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

### **Long-Term Liabilities**

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

### **Fund Balance**

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

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

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

### Fund Balance (Continued)

4. Assigned fund balance – Includes amounts intended to be used by the Town for specific purposes, but are neither restricted nor committed. Intent should be expressed by the Town Commission or the Town Manager to which the Town Commission has delegated authority to assign amounts to be used for specific purposes. The authority for making an assignment is not required to be the Town’s highest level of decision-making authority. Constraints imposed on the use of assigned amounts are more easily removed or modified than those imposed on amounts classified as committed.
5. Unassigned fund balance – Includes the residual classification for the General Fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the General Fund. The General Fund should be the only fund that reports a positive unassigned fund balance amount. In other governmental funds, it may be necessary to report a negative unassigned fund balance if expenditures incurred for specific purposes exceeded the amounts restricted, committed, or assigned to those purposes.

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

### Net Position

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

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

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

### **Budgetary Data**

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

### **Property Taxes**

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

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

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

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

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

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

### **Use of Estimates**

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

### **Implementation of Accounting Pronouncements**

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

GASB Statement No. 100, *Accounting Changes and Error Corrections—an Amendment of GASB Statement No. 62*. 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.

## **NOTE 2. DEPOSITS AND INVESTMENTS**

### **Deposits**

As of September 30, 2024, the carrying amount of the Town's deposits was \$16,972,187, and the bank balances totaled \$16,982,364. The Town also had cash on hand of \$250. The Town's deposits include checking accounts, money market checking accounts, and certificates of deposit. The certificates of deposit and money market accounts are reported as investments in the balance sheet and statement of net position.

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

**NOTE 2. DEPOSITS AND INVESTMENTS (CONTINUED)**

**Investments**

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

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

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

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

Certificates of deposit and money market accounts are exempt from reporting under the fair value hierarchy, and their fair value is measured at cost. As of September 30, 2024, the Town held the following investments:

<u>Investments</u>	<u>Fair Value</u>
Money Market Accounts	\$ 13,309,017
Certificates of Deposit	308,960
	<u>\$ 13,617,977</u>

**Credit Risk**

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

**NOTE 2. DEPOSITS AND INVESTMENTS (CONTINUED)**

**Interest Rate Risk**

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

**NOTE 3. RECEIVABLES**

As of September 30, 2024, the Town’s receivables for the individual major funds, including applicable allowances for uncollectible accounts, are as follows:

	<b>General Fund</b>	<b>Nonmajor Governmental Fund</b>	<b>Enterprise Fund</b>	<b>Total</b>
Receivables				
Accounts	\$ 75,475	\$ 15,950	\$ 226,644	\$ 318,069
Accounts, restricted	-	-	22,062	22,062
Due from other governments	36,455	-	-	36,455
	<u>111,930</u>	<u>15,950</u>	<u>248,706</u>	<u>376,586</u>
Less allowance for uncollectible receivables	-	-	(10,000)	(10,000)
	<u>\$ 111,930</u>	<u>\$ 15,950</u>	<u>\$ 238,706</u>	<u>\$ 366,586</u>

**NOTE 4. INTERFUND RECEIVABLES AND PAYABLES**

Individual interfund receivables and payables at September 30, 2024 are as follows:

Due To	<b>Due From General Fund</b>
Water Fund	\$ 581,412
Capital Projects Fund	1,249,712
Nonmajor governmental fund	110,646
Total	<u>\$ 1,941,770</u>

Additionally, during the year ended September 30, 2024, the Town transferred \$1,552,483 from the General Fund to the Capital Projects Fund to fund capital projects.

**NOTE 5. CAPITAL ASSETS**

Capital asset activity for the fiscal year ended September 30, 2024 was as follows:

	<b>Beginning Balance</b>	<b>Additions</b>	<b>Deletions</b>	<b>Net Transfers</b>	<b>Ending Balance</b>
Primary government:					
Governmental activities					
Capital assets not being depreciated					
Land	\$ 376,523	\$ -	\$ -	\$ -	\$ 376,523
Construction in progress	271,673	1,564,403	-	(9,428)	1,826,648
Total assets not being depreciated	<u>648,196</u>	<u>1,564,403</u>	<u>-</u>	<u>(9,428)</u>	<u>2,203,171</u>
Capital assets being depreciated					
Buildings and improvements	1,280,465	-	-	9,428	1,289,893
Equipment and vehicles	869,647	168,245	(328,311)	-	709,581
SBITA asset	22,711	87,270	-	-	109,981
Lease asset	-	29,114	-	-	29,114
Infrastructure	4,781,618	21,250	(1,999)	-	4,800,869
Total assets being depreciated	<u>6,954,441</u>	<u>305,879</u>	<u>(330,310)</u>	<u>9,428</u>	<u>6,939,438</u>
Less accumulated depreciation/amortization					
Buildings and improvements	(919,944)	(22,243)	-	-	(942,187)
Equipment and vehicles	(583,374)	(101,506)	328,311	-	(356,569)
SBITA asset	(8,796)	(1,820)	-	-	(10,616)
Lease asset	-	(26,250)	-	-	(26,250)
Infrastructure	(2,402,685)	(209,433)	1,999	-	(2,610,119)
Total accumulated depreciation	<u>(3,914,799)</u>	<u>(361,252)</u>	<u>330,310</u>	<u>-</u>	<u>(3,945,741)</u>
Total assets depreciated, net	<u>3,039,642</u>	<u>(55,373)</u>	<u>-</u>	<u>9,428</u>	<u>2,993,697</u>
Governmental activities, net	<u>\$ 3,687,838</u>	<u>\$ 1,509,030</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,196,868</u>
Business-type activities					
Capital assets not being depreciated					
Construction in progress	\$ 266,631	\$ 940,746	\$ -	\$ -	\$ 1,207,377
Total assets not being depreciated	<u>266,631</u>	<u>940,746</u>	<u>-</u>	<u>-</u>	<u>1,207,377</u>
Capital assets being depreciated					
Water system improvement	3,593,341	-	-	-	3,593,341
Equipment and vehicles	534,820	49,933	-	-	584,753
Total assets being depreciated	<u>4,128,161</u>	<u>49,933</u>	<u>-</u>	<u>-</u>	<u>4,178,094</u>
Less accumulated depreciation					
Water system improvement	(1,378,522)	(103,631)	-	-	(1,482,153)
Equipment and vehicles	(151,062)	(55,329)	-	-	(206,391)
Total accumulated depreciation	<u>(1,529,584)</u>	<u>(158,960)</u>	<u>-</u>	<u>-</u>	<u>(1,688,544)</u>
Total assets depreciated, net	<u>2,598,577</u>	<u>(109,027)</u>	<u>-</u>	<u>-</u>	<u>2,489,550</u>
Business-type activities, net	<u>\$ 2,865,208</u>	<u>\$ 831,719</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,696,927</u>

**NOTE 5. CAPITAL ASSETS (CONTINUED)**

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

Governmental activities	
General government	\$ 41,193
Police department	82,497
Fire protection	237,562
	<u>\$ 361,252</u>
Business-type activities	
Water	\$ 158,960
	<u>\$ 158,960</u>

**NOTE 6. LONG-TERM DEBT**

**Governmental Activities**

On March 11, 2022, the Town entered into a three-year agreement for the right to use software. Annual payments of principal and interest are due on March 11 each year in the amount of \$7,957, until maturity in March 2025, at an interest rate of 4%.

On October 11, 2022, the Town entered into a three-year agreement for the right to use software. Annual payments of principal and interest are due on October 11 each year in the amount of \$2,555, until maturity in March 2025, at an interest rate of 4%.

On October 15, 2023, the Town entered into a four-year agreement for the right to use software. Annual payments of principal and interest are due on October 15 each year in the amount of \$19,076, until maturity in October 2027, at an interest rate of 4.65%.

On July 15, 2024, the Town entered into a four-year agreement for the right to use two copiers. Monthly payments of principal and interest are due on October 15 each year in the amount of \$659, until maturity in July 2028, at an interest rate of 4.13%.

The following is a summary of long-term debt transactions of the Town for the year ended September 30, 2024:

	<b>Beginning Balance</b>	<b>Additions</b>	<b>Reductions</b>	<b>Ending Balance</b>	<b>Amounts Due Within One Year</b>
Governmental activities					
Total OPEB liability	\$ 35,847	\$ 45,573	\$ (16,933)	\$ 64,487	\$ -
SBITA liability	12,470	87,270	(29,089)	70,651	18,361
Lease liability	-	29,114	(1,120)	27,994	6,882
Compensated absences	21,799	112,804	(114,479)	20,124	20,124
Total governmental activities	<u>\$ 70,116</u>	<u>\$ 274,761</u>	<u>\$ (161,621)</u>	<u>\$ 183,256</u>	<u>\$ 45,367</u>
Business-type activities					
Compensated absences	\$ 1,196	\$ 5,275	\$ (5,215)	\$ 1,256	\$ 1,256
Total business-type activities	<u>\$ 1,196</u>	<u>\$ 5,275</u>	<u>\$ (5,215)</u>	<u>\$ 1,256</u>	<u>\$ 1,256</u>

**NOTE 6. LONG-TERM DEBT (CONTINUED)**

Debt service payments to maturity on the SBITA and Lease Liabilities as of September 30, 2024 are as follows:

Fiscal Year	SBITA Liability			Lease Liability		
	Principal	Interest	Total	Principal	Interest	Total
2025	\$ 18,361	\$ 3,269	\$ 21,630	\$ 6,882	\$ 1,027	\$ 7,909
2026	16,644	2,431	19,075	7,171	737	7,908
2027	17,418	1,658	19,076	7,473	435	7,908
2028	18,228	848	19,076	6,468	123	6,591
	<u>\$ 70,651</u>	<u>\$ 8,206</u>	<u>\$ 78,857</u>	<u>\$ 27,994</u>	<u>\$ 2,322</u>	<u>\$ 30,316</u>

**NOTE 7. DEFINED CONTRIBUTION EMPLOYEE RETIREMENT PLAN**

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

For the fiscal year ended September 30, 2024, the Town recognized pension expense of \$379,749 for the Plan, and as of the fiscal year-end, the Town reported no payables for outstanding contributions to the Plan. There were \$3,390 in forfeitures during the current fiscal year, and the balance of forfeitures was \$78,430 as of September 30, 2024.

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

**NOTE 8. DEFERRED COMPENSATION PLAN**

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

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

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

**NOTE 9. OTHER POST-EMPLOYMENT BENEFITS**

**Plan Description**

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

**Plan Membership**

Membership of the OPEB Plan consisted of the following at October 1, 2023, the date of the latest actuarial valuation:

Active employees	19
	<hr/>
	<u>19</u>

**Contributions**

The Town has elected to fund the OPEB Plan on a "pay as you go" basis. Plan members, once retired, contribute to the plan based on number of years of creditable service. The Town is required to contribute the current year benefit costs of the OPEB Plan which are not paid by the retiree. For the year ended September 30, 2024, the Town contributed none for the pay as you go benefits of the OPEB Plan.

**NOTE 9. OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)**

**Total OPEB Liability of the Town**

The Town’s total OPEB liability was measured as of September 30, 2024, and was determined by an actuarial valuation as of October 1, 2023 with the actuary using standard techniques to roll forward the liability to the measurement date.

Actuarial Assumptions: The total OPEB liability in the October 1, 2023 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Discount rate:	4.06%
Salary increases:	3.00%
Cost of living adjustments:	In accordance with healthcare cost trend rates.
Healthcare cost trend rate:	9.00% - 5.00%, ultimate trend in 2032.
Participation rate:	25% single coverage and 50% single and spouse coverage.

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

**Discount Rate**

The discount rate used to measure the total OPEB liability was 4.06%. This rate was used to discount all future benefit payments and is based on the return of the S&P Municipal Bond 20-year High Grade Index as of the measurement date.

**Changes in the Total OPEB Liability of the Town**

The changes in the total OPEB liability of the Town for the year ended September 30, 2024 were as follows:

	<b>Total OPEB Liability</b>
Balances at September 30, 2023	\$ 35,847
Changes for the year:	
Service cost	9,756
Interest	1,773
Experience differences	(13,023)
Assumption changes	34,044
Benefit payments	(3,910)
Net changes	28,640
Balance at September 30, 2024	\$ 64,487

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

**NOTE 9. OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)**

**Changes in the Total OPEB Liability of the Town (Continued)**

The following presents the total OPEB liability of the Town, as well as what the Town’s total OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (3.06%) or 1-percentage point higher (5.06%) than the current discount rate:

	<b>1% Decrease (3.06%)</b>	<b>Discount Rate 4.06%</b>	<b>1% Increase (5.06%)</b>
Total OPEB liability	\$ 69,438	\$ 64,487	\$ 60,101

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

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

The following presents the total OPEB liability of the Town, as well as what the Town’s total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage point lower (8% decreasing to 4%) or 1-percentage point higher (10% decreasing to 6%) than the current healthcare cost trend rates:

	<b>1% Decrease (8% decreasing to 4%)</b>	<b>Discount Rate (9% decreasing to 5%)</b>	<b>1% Increase (10% decreasing to 6%)</b>
Total OPEB liability	\$ 58,226	\$ 64,487	\$ 71,927

**OPEB Expense and Deferred Outflows of Resources Related to OPEB**

For the year ended September 30, 2024, the Town recognized an OPEB benefit of \$3,969. In addition, the Town reported deferred outflows of resources and deferred in flows of resources related to OPEB from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Changes in assumptions	\$ 29,992	\$ 15,207
Changes in expected and actual experience	3,392	17,997
Totals	<u>\$ 33,384</u>	<u>\$ 33,204</u>

**NOTE 9. OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)**

**OPEB Expense and Deferred Outflows of Resources Related to OPEB (Continued)**

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

Year ending September 30:	
2025	\$ (3,550)
2026	(2,915)
2027	(2,192)
2028	571
2029	2,551
Thereafter	5,715
Total	<u>\$ 180</u>

**NOTE 10. INTERLOCAL AGREEMENTS**

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

On July 14, 2009, the Town entered into an agreement with the City of Delray Beach whereby the City will provide the Town with fire and emergency medical services. The term of the agreement is for ten years beginning on October 1, 2009, and extending through September 30, 2019. On June 4, 2019, the Town entered into a five-year extension of the agreement at the same conditions as the prior agreement. On July 9, 2024, the Town entered into a five-year extension of the agreement at the same conditions as the prior agreements through September 30, 2029. For the fiscal year ended September 30, 2024, the Town paid an annual service fee in the amount of \$654,454. The annual service fees for future years will be the current year fee adjusted annually based on the "All Urban Customers - United States April Consumer Price Index" or an increase of five percent (5.0%), whichever is greater.

*Interlocal Agreement for Dispatch Service - City of Delray Beach*

On September 6, 2022, the Town entered into a new agreement with the City of Delray Beach for dispatch services. The term of the agreement is for five years beginning October 1, 2022 and ending September 30, 2027. Each year the basic service fee shall be adjusted from the previous year in an amount based upon the All Urban Consumers-United States Consumer Price Index for April. For the year ended September 30, 2024, the Town paid \$66,461 pursuant to the agreement.

*Interlocal Agreement for Water Purchase - City of Delray Beach*

In June 1998, the Town entered into an agreement with the City of Delray Beach for the purchase of treated, potable water. The term of the agreement ended in June 2023. As of the date of this report, the Town is currently operating under the same terms and conditions as the June 1998 agreement on an ongoing basis. Under the terms of the agreement, the Town is to pay the City the prevailing water rate charged by the City to nonresidential users plus a surcharge of 25%. For the year ended September 30, 2024, the Town paid \$545,597 pursuant to the agreement.

**NOTE 10. INTERLOCAL AGREEMENTS (CONTINUED)**

*Interlocal Agreement for Emergency Water Purchase - City of Boynton Beach*

In March 2012, the Town entered into an agreement with the City of Boynton Beach for the purchase of treated, potable water in the event of system failure or in the event of the need for scheduled maintenance or capital improvement. The term of this Agreement shall be for a period of five years and shall automatically renew for additional five-year periods, unless either party provides written notice to the other at least thirty (30) days prior to the expiration of the term. Under the terms of the agreement, the price per thousand gallons will be the lowest commercial rate for each party. For the year ended September 30, 2024, the Town paid \$122,149 pursuant to the agreement.

*Interlocal Agreement for Permitting and Inspection Services - Town of Highland Beach*

In September 2022, the Town entered into an agreement with the Town of Highland Beach to provide the Town with the expertise and assistance of the Town of Highland Beach's Building Department (the "Department") for the inspection and permitting of certain construction projects within the Town's limits for compliance with the Florida Building Code (the "Code"). Under the terms of the agreement the Department shall review and process all plans, checking for compliance with the Code and determine the subsidiary permits necessary and the amount of fees. For processing and the inspection service, the Town of Highland Beach shall receive 100% of the permit fee. The fees shall be collected by the Town of Highland Beach. The agreement shall be of a continuing nature unless cancelled by either party for any reason and without penalty, on no less than 90 days' written notice. For the year ended September 30, 2024, the Town paid \$1,015,759 pursuant to the agreement.

**NOTE 11. COMMITMENTS**

*Solid Waste and Recycling Collection Franchise Agreement*

On September 13, 2013, the Town made the fourth amendment the solid waste and recycling collection franchise agreement with Waste Management, Inc. of Florida (WMI). The fourth amendment extended the term of the agreement until September 30, 2018 and eliminated the fuel surcharge provision. Under the terms of the agreement, the Town informs WMI of the total number of residential and multi-family units that have a Certificate of Occupancy each year on September 1. WMI bills all multi-family units that are serviced by a container. The monthly charges for the remainder of the units that are serviced by means other than by containers are paid by the Town. On September 14, 2018, the Town made the fifth amendment to the agreement that extended the term of the agreement until March 30, 2019. On March 29, 2019, the Town made the sixth amendment agreement to extend the term of the agreement until March 31, 2024. On March 8, 2024, the Town made the seventh amendment agreement to extend the term of the agreement until September 30, 2024. The seventh amendment provided new rates for services commencing April 1, 2024.

WMI bills the Town monthly for these services at the then current rate as adjusted from time to time by the terms and conditions of the agreement. For the year ended September 30, 2024, the Town made payments of \$197,959 pursuant to the agreement.

**NOTE 12. RISK MANAGEMENT**

The Town is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees, and natural disasters for which the Town carries commercial insurance. The Town purchases commercial insurance to cover the various risks. Retention of risks is limited to those risks that are uninsurable and deductibles ranging from \$250 to \$2,500 per occurrence. The Town has not significantly reduced insurance coverage during the past three fiscal years. Certain settled claims exceed insurance coverage during the fiscal years ended September 30, 2022 and 2023. There were no settled claims which exceeded insurance coverage during the fiscal year ended September 30, 2024.

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 13. HEALTH REIMBURSEMENT ARRANGEMENT**

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

The Town will make contributions of \$3,000 annually to an HRA account for each participant, prorated for mid-year new hires. For the year ended September 30, 2024, the Town made contributions of \$63,000 to the HRA account, and participants were reimbursed \$49,440 for eligible expenses they paid. As of September 30, 2024, the balance in the HRA account was \$214,919.

**NOTE 14. SUBSEQUENT EVENTS**

The Town has evaluated all subsequent events through November 7, 2025 the date the financial statements were available to be issued.

**REQUIRED SUPPLEMENTARY INFORMATION**

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## Town Of Gulf Stream, Florida

### SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES BUDGET AND ACTUAL - GENERAL FUND FOR THE YEAR ENDED SEPTEMBER 30, 2024

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>Revenues</b>				
Taxes	\$ 6,248,702	\$ 6,248,702	\$ 6,235,946	\$ (12,756)
Intergovernmental revenue	614,986	614,986	132,730	(482,256)
Licenses and permits	570,000	1,370,000	1,353,361	(16,639)
Charges for services	176,150	176,150	236,369	60,219
Fines and forfeitures	9,000	9,000	28,889	19,889
Investment earnings	202,500	202,500	762,375	559,875
Miscellaneous revenues	19,200	19,200	99,874	80,674
Total revenues	<u>7,840,538</u>	<u>8,640,538</u>	<u>8,849,544</u>	<u>209,006</u>
<b>Expenditures</b>				
Current				
General government	2,158,414	2,813,514	2,472,160	341,354
Police department	2,260,408	2,260,408	2,175,015	85,393
Fire protection	681,654	681,654	678,454	3,200
Streets	297,198	297,198	269,493	27,705
Sanitation	197,321	211,221	211,064	157
Capital outlay	269,500	370,500	336,430	34,070
Debt service				
Principal	-	25,000	30,210	(5,210)
Interest	-	5,000	696	4,304
Total expenditures	<u>5,864,495</u>	<u>6,664,495</u>	<u>6,173,522</u>	<u>490,973</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>				
	<u>1,976,043</u>	<u>1,976,043</u>	<u>2,676,022</u>	<u>699,979</u>
<b>Other financing sources</b>				
Insurance proceeds	-	-	10,434	10,434
Proceeds from issuance of SBITA	-	-	116,385	116,385
Proceeds from the sale of capital assets	-	-	2,982	2,982
Transfers out	(5,000,000)	(5,000,000)	(1,552,483)	3,447,517
Total other financing sources	<u>(5,000,000)</u>	<u>(5,000,000)</u>	<u>(1,422,682)</u>	<u>3,577,318</u>
<b>Change in fund balance</b>				
	(3,023,957)	(3,023,957)	1,253,340	4,277,297
<b>Fund balance, beginning of year</b>				
	<u>11,211,609</u>	<u>11,211,609</u>	<u>11,211,609</u>	<u>-</u>
<b>Fund balance, end of year</b>				
	<u>\$ 8,187,652</u>	<u>\$ 8,187,652</u>	<u>\$ 12,464,949</u>	<u>\$ 4,277,297</u>

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

Town Of Gulf Stream, Florida

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

	2024	2023	2022	2021	2020	2019	2018
<b>Total OPEB liability</b>							
Service cost	\$ 9,756	\$ 3,150	\$ 3,195	\$ 3,793	\$ 4,139	\$ 4,294	\$ 5,843
Interest	1,773	1,760	2,266	1,525	2,562	1,329	2,558
Experience differences	(13,023)	-	(945)	(13,647)	16,699	255	
Assumption changes	34,044	(275)	(13,651)	(4,429)	(26,919)	(255)	(1,090)
Benefit payments	(3,910)	(2,937)	(2,022)	(1,828)	(5,206)	(7,002)	(3,487)
<b>Net change in total OPEB liability</b>	<b>28,640</b>	<b>1,698</b>	<b>(11,157)</b>	<b>(14,586)</b>	<b>(8,725)</b>	<b>(1,379)</b>	<b>3,824</b>
<b>Total OPEB liability - beginning</b>	<b>35,847</b>	<b>34,149</b>	<b>45,306</b>	<b>59,892</b>	<b>68,617</b>	<b>69,996</b>	<b>66,172</b>
<b>Total OPEB liability - ending</b>	<b>\$ 64,487</b>	<b>\$ 35,847</b>	<b>\$ 34,149</b>	<b>\$ 45,306</b>	<b>\$ 59,892</b>	<b>\$ 68,617</b>	<b>\$ 69,996</b>
<b>Covered-employee payroll</b>	<b>\$ 1,761,172</b>	<b>\$ 1,411,441</b>	<b>\$ 1,411,441</b>	<b>\$ 1,303,993</b>	<b>\$ 1,303,993</b>	<b>\$ 1,248,233</b>	<b>\$ 971,198</b>
<b>Total OPEB liability as a percentage of covered employee payroll</b>	<b>3.7%</b>	<b>2.5%</b>	<b>2.4%</b>	<b>3.5%</b>	<b>4.6%</b>	<b>5.5%</b>	<b>7.2%</b>

**Notes to the Schedule:**

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

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

# Town Of Gulf Stream, Florida

## **NOTES TO THE BUDGETARY REQUIRED SUPPLEMENTARY INFORMATION (RSI) GENERAL FUND SEPTEMBER 30, 2024**

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### **NOTE 1. BUDGETS AND BUDGETARY ACCOUNTING**

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

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

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

### **NOTE 2. BUDGET AND ACTUAL COMPARISONS**

Formal budgetary integration is employed within the accounting system as a management control device. Appropriations are legally controlled at the department level and expenditures may not legally exceed appropriations at that level. For the year ended September 30, 2024, no departments had an excess of expenditures over appropriations.

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## **OTHER REPORTS**

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Gulf Stream, Florida (the "Town"), as of and for the year ended September 30, 2024, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements and have issued our report thereon dated November 7, 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 from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### Purpose of this Report

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



Bradenton, Florida  
November 7, 2025

# Town Of Gulf Stream, Florida

## SCHEDULE OF FINDINGS AND RESPONSES FOR THE YEAR ENDED SEPTEMBER 30, 2024

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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 prepared 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  no

Noncompliance material to financial statements noted?

yes  no

Federal and state Single Audits were not required as the Town did not expend greater than \$750,000 of federal or state funds during the year ended September 30, 2024.

### SECTION II FINANCIAL STATEMENT FINDINGS AND RESPONSES

None noted.

### SECTION III STATUS OF PRIOR YEAR AUDIT FINDINGS

None reported.

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## Independent Auditor's Management Letter

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

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

We have audited the financial statements of the Town of Gulf Stream, Florida (the "Town"), as of and for the fiscal year ended September 30, 2024, and have issued our report thereon dated November 7, 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 the Financial Statements Performed in Accordance with *Government Auditing Standards*; and Independent Accountant's Report on an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports and schedule, which are dated November 7, 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 financial audit report. No audit findings were noted in the Town's preceding financial audit report.

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

Section 10.554(1)(i)4., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. The Town of Gulf Stream, Florida was incorporated in 1955. Additional information on the Town's creation is disclosed within the Town's footnotes.

## Financial Condition and Management

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

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

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

## Property Assessed Clean Energy (PACE) Programs

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

## Special District Component Units

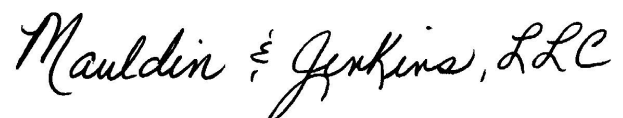
Section 10.554(1)(i)5.c, Rules of the Auditor General, requires, if appropriate, to communicate the failure of a special district that is a component unit of a county, municipality, or special district, to provide the financial information necessary for proper reporting of the component unit, within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

## Additional Matters

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

## Purpose of this Letter

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





## Independent Accountant's Report

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

We have examined the Town of Gulf Stream, Florida's (the "Town") compliance with Section 218.415, Florida Statutes, regarding the investment of public funds during the year ended September 30, 2024. 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, 2024.

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

*Mauldin & Jenkins, LLC*

Bradenton, Florida  
November 7, 2025

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