



**TOWN OF SOUTH PALM BEACH, FLORIDA**  
**ANNUAL COMPREHENSIVE FINANCIAL REPORT**  
**FISCAL YEAR ENDED SEPTEMBER 30, 2024**



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# **The Town of South Palm Beach, Florida**

## **ANNUAL COMPREHENSIVE FINANCIAL REPORT**

**Fiscal Year Ended September 30, 2024**

PREPARED BY:  
FINANCE DEPARTMENT

TOWN OF SOUTH PALM BEACH, FLORIDA  
 ANNUAL COMPREHENSIVE FINANCIAL REPORT  
 FISCAL YEAR ENDED SEPTEMBER 30, 2024  
 TABLE OF CONTENTS

	<u>Pages</u>
<b>INTRODUCTORY SECTION</b>	
Letter of Transmittal	I-III
Organizational Chart	IV
List of Principal Officials	V
<b>FINANCIAL SECTION</b>	
Independent Auditor’s Report	1-3
Management’s Discussion and Analysis	4-15
<b>Basic Financial Statements</b>	
Government-wide Financial Statements:	
Statement of Net Position	16
Statement of Activities	17
Fund Financial Statements:	
Balance Sheet – Governmental Funds	18
Reconciliation of the Balance Sheet – Governmental Funds to the Statement of Net Position	19
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	20
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	21
Statement of Net Position – Proprietary Funds	22
Statement of Revenues, Expenses, and Changes in Fund Net Position – Proprietary Funds	23
Statement of Cash Flows – Proprietary Funds	24
Notes to Financial Statements	25-50
<b>Required Supplementary Information</b>	
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – General Fund	51
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – Special Revenue Fund	52
Notes to the Budgetary Required Supplemental Information	53
Schedule of Proportionate Share of Net Pension Liability – FRS	54
Schedule of Town’s Contribution - FRS	55

TOWN OF SOUTH PALM BEACH, FLORIDA  
ANNUAL COMPREHENSIVE FINANCIAL REPORT  
FISCAL YEAR ENDED SEPTEMBER 30, 2024  
TABLE OF CONTENTS

	<u>Pages</u>
<b>STATISTICAL SECTION (UNAUDITED)</b>	
Government-Wide Information:	
Table of Contents	
Schedule 1 – Net Position by Component	56-57
Schedule 2 – Changes in Net Position	58-61
Fund Information:	
Schedule 3 – Fund Balances, Governmental Funds	62-63
Schedule 4 – Changes in Fund Balances, Governmental Funds	64-65
Schedule 5 – General Government Tax Revenues by Source	66
Schedule 6 – Net Assessed Value and Direct Tax Rate	67
Schedule 7 – Direct and Overlapping Property Tax Rates	68
Schedule 8 – Principal Property Tax Payers	69
Schedule 9 – Property Tax Levies and Collections	70
Schedule 10 – Ratios of Outstanding Debt by Type	71
Schedule 11 – Ratios of General Bonded Debt Outstanding	72
Schedule 12 – Direct and Overlapping Governmental Activities Debt	73
Schedule 13 – Pledged Revenue Coverage	74
Schedule 14 – Demographic and Economic Information	75
Schedule 15 – Principal Employers	76
Schedule 16 – Full-Time Equivalent Town Employees by Function/Program	77
Schedule 17 – Operating Indicators by Function/Program	78
Schedule 18 – Capital Asset Statistics by Function/Program	79
<b>OTHER REPORTS</b>	
Independent Auditor’s Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	80-81
Independent Accountant’s Report on Compliance with Section 218.415, Florida Statutes	82
Management Letter in Accordance With the Rules of the Auditor General of the State of Florida	83-86



# TOWN OF SOUTH PALM BEACH

3577 South Ocean Boulevard, South Palm Beach, Florida 33480  
(561) 588-8889 • Fax (561) 588-6632

March 18, 2025

To the Honorable Mayor, Members of the Town  
Council, and Citizens of the Town of South Palm Beach:

The Government Finance Officers Association (GFOA) recommends that all units of local government publish a complete set of financial statements presented in conformity with Generally Accepted Accounting Principles (GAAP) and audited in accordance with auditing standards generally accepted in the United States and in accordance with Government Auditing Standards by a firm of licensed certified public accountants. Pursuant to that recommendation, we hereby issue the annual comprehensive financial report of the Town of South Palm Beach for the fiscal year ended September 30, 2024.

This report consists of management's representation concerning the finances of the Town of South Palm Beach. Consequently, management assumes full responsibility for the completeness and reliability of all the information presented in this report. To provide a reasonable basis for making these representations, management of the Town of South Palm Beach has established a comprehensive internal framework that is designed both to protect the Town's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the Town of South Palm Beach's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the Town of South Palm Beach's comprehensive framework of internal controls has been designed to provide reasonable, rather than absolute, assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The Town's financial statements have been audited by Grau & Associates, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the basic financial statements of the Town of South Palm Beach for the fiscal year ended September 30, 2024, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation.

The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the Town of South Palm Beach's financial statements for the fiscal year ended September 30, 2024, are fairly presented in conformity with accounting principles generally accepted in the United States of America (GAAP). The independent auditor's report is presented as the first component of the financial section of this report.

Generally accounting principles for governmental entities require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The Town of South Palm Beach's MD&A can be found immediately following the report of the independent certified public accountants in the financial section and provides a narrative introduction, overview, and analysis of the basic financial statements.

### **Profile of the Government**

The Town of South Palm Beach, incorporated in 1955, is a small community on one of South Florida's barrier islands five eighths of a mile in length located on US Highway A1A. The Town is comprised of 1,859 housing units, of which only four are single family homes, the balance are condominium apartments. Because of the Town's unique location and beauty, and a dedicated and well-trained professional staff, property values in the Town are above average for Palm Beach County. Local access to the Town is by two nearby bridges across the intra-coastal waterway: Ocean Avenue to the south, and Lake Worth Road to the north.

The Town of South Palm Beach began operating with a Town administrator in 1982 and changed the form of government to a Town Manager in 2000. Policymaking and legislative authority are vested in a governing council consisting of the mayor and four other council members. The Council is responsible, among other things, for passing ordinances and resolutions, adopting the annual budget, and appointing the Town Manager. The Town Manager is responsible for carrying out the policies and ordinances of the Council and overseeing the daily operations of the government.

The Town of South Palm Beach offers a range of services, including police protection, building, zoning, and planning, code enforcement and cultural activities. County wide services include fire rescue, corrections rehabilitation, judicial administration, Palm Tran, public health, air quality resources, human and social services, the airport, and the Sheriff's office. Palm Beach County is the regional government for all county residents.

The annual budget serves as a foundation for the Town of South Palm Beach's financial planning and control. Departments within the Town are analyzed in order to initiate development of the proposed budget. The Town Manager then presents a proposed budget to the Council for review. The Council is required to hold public hearings on the proposed budget and to adopt a final budget no later than September 30, the close of the Town's fiscal year. The appropriated budget is prepared by fund and department. The Town Council approves supplemental appropriations. Budget to actual comparisons are provided in this report for the general fund for which an appropriated annual budget has been adopted. The general fund budget to actual report, is presented in the required supplemental information section of this report.

### **Local Economy**

The Town of South Palm Beach is comprised of well-educated and involved citizens who take a genuine interest in the governing aspects of their Town. Recently, the Town has experienced an increase in assessed taxable value of property, which is comprised of exclusive residential housing stock. There are no industrial or commercial uses in the community.

### **Long-Term Financial Planning**

The Town works to project into the future to assess revenue trends and expenditure needs to assure a balanced stable financial program while addressing the various goals and objectives of the community.

**Risk Management**

The Town is exposed to various risks of loss related to torts, theft, or damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Town participates in the Florida League of Cities Municipal Insurance Trust for workers' compensation, liability, and property insurance with deductibles of up to \$500 per claim.

**Pension and Other Post-Employment Benefits.**

The Town joined the Florida Retirement System (FRS) on January 1, 2005, to provide post-employment retirement benefits to its employees. The Town's required contribution ranged from 13.57% to 34.52% of covered payroll, based on employee risk groups. In addition, the Town sponsors a 401(a) defined contribution plan and a 457 deferred compensation plan in which any employee may contribute on a voluntary basis. Although the Town implemented GASB Statement No. 75 on October 1, 2017, the Town's actuary determined that based on the Town's current employee data and expected patterns, the liability for the implicit rate subsidy is not material. The Town has not reported any other postemployment (OPEB) costs or net liability.

**Awards and Acknowledgements**

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Town of South Palm Beach for its Annual Comprehensive Financial Report (ACFR) for the fiscal year ended September 30, 2020. This was the fifteenth year that the Town received this prestigious award. In order to be awarded a Certificate of Achievement, the government published an easily readable and efficiently organized ACFR. That report satisfied both GAAP and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. The current ACFR continues to meet the Certificate of Achievement Program's requirements and may be submitted to the GFOA to determine its eligibility for another certificate.

The preparation of this report would not have been possible without the efficient and dedicated services of the entire staff of the Town of South Palm Beach. I would like to express my appreciation to all members of the Town staff who assisted and contributed to the preparation of this report. Appreciation is also extended to the Mayor and the Town Council for their unfailing support for maintaining the highest standards of professionalism in the management of the Town of South Palm Beach's finances.

Respectfully submitted,

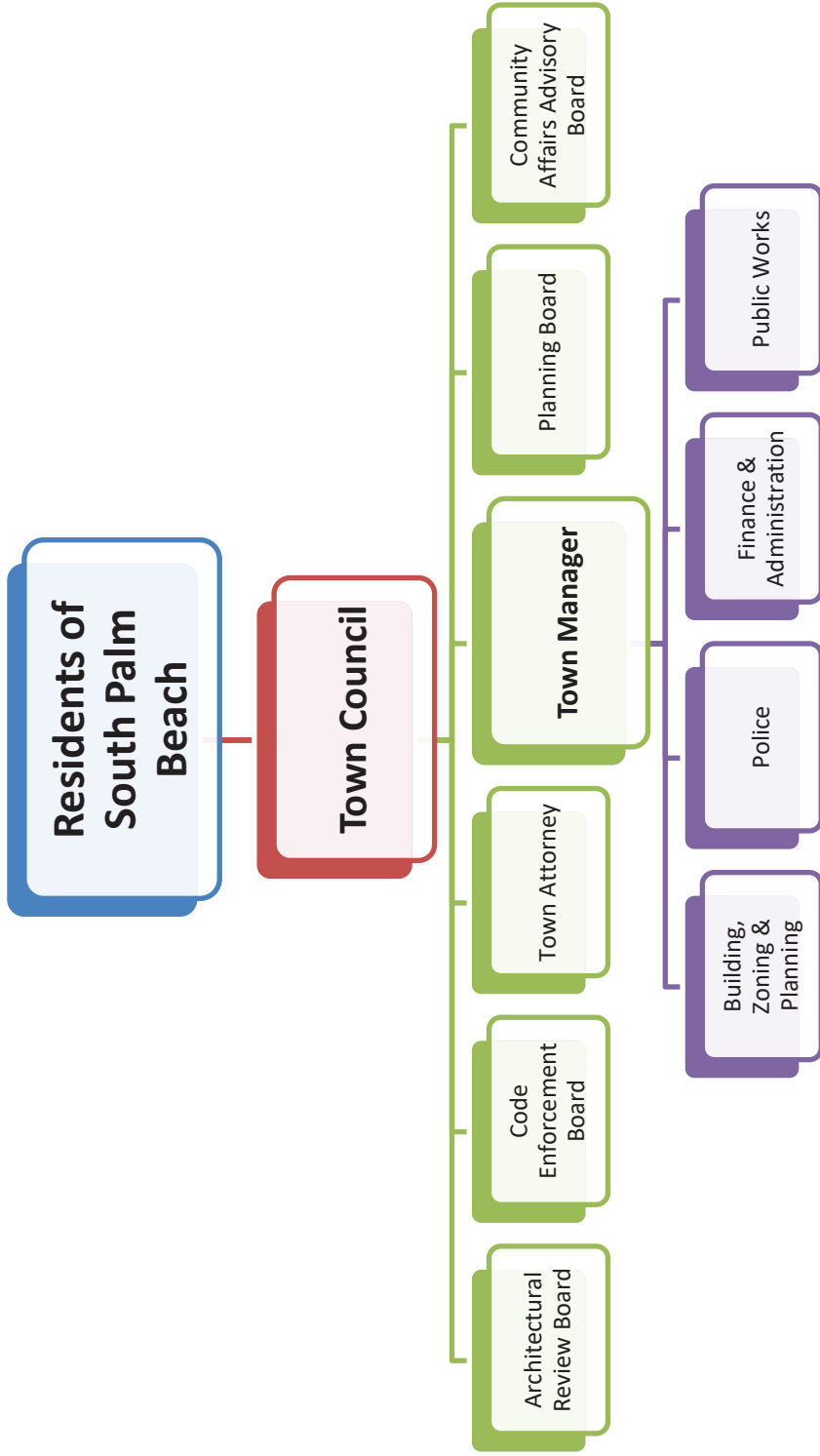


James Titcomb  
Town Manager

# TOWN OF SOUTH PALM BEACH, FLORIDA

## ORGANIZATION CHART

SEPTEMBER 30, 2024



# TOWN OF SOUTH PALM BEACH, FLORIDA

## LIST OF PRINCIPAL OFFICIALS

### TOWN COUNCIL

Bernice Fischer	Mayor
Monte Berendes	Vice-Mayor
Sandra Beckett	Council Member
Raymond McMilian	Council Member
Elvadianne Culbertson	Council Member

### TOWN OFFICIALS

James Titcomb	Town Manager
Yude Davenport	Town Clerk
Glen Torcivia	Town Attorney

## **FINANCIAL SECTION**



# Grau & Associates

CERTIFIED PUBLIC ACCOUNTANTS

1001 W. Yamato Road • Suite 301  
Boca Raton, Florida 33431  
(561) 994-9299 • (800) 299-4728  
Fax (561) 994-5823  
www.graucpa.com

## Independent Auditor's Report

To the Honorable Mayor and  
Members of the Town Council  
Town of South Palm Beach, 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, and each major fund of the Town of South Palm Beach, Florida, (the “Town”) as of and for the fiscal 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 and each major fund of the Town as of September 30, 2024, and the respective changes in financial position, and, where applicable, cash flows thereof for the fiscal 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 (GAAS) 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

The Town’s 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 GAAS 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 GAAS, 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, budgetary comparison information, and other required supplementary information 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 Information Included in the Financial Report**

Management is responsible for the other information included in the financial report. The other information comprises introductory section and statistical section but does not include the financial statements and our auditor's report thereon. Our opinions on the financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated March 18, 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, 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.

*B. Han & Associates*

March 18, 2025

## MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the Town of South Palm Beach, we offer readers of the Town of South Palm Beach's (the Town) financial statements this narrative overview and analysis of the financial activities of the Town of South Palm Beach for the fiscal year ended September 30, 2024.

### Financial Highlights

- The assets and deferred outflow of resources of the Town of South Palm Beach exceeded its liabilities and deferred inflow of resources at the close of the most recent fiscal year resulting in a net position balance of \$11,485,170.
- The Town's total net position increased by \$1,788,272. The key components of the Town's net position and change in net position are reflected in the table in the government-wide financial analysis section.
- As of the close of the current fiscal year, the Town's governmental funds reported an ending fund balance of \$9,033,060, an increase of \$1,459,365 in comparison with the prior year.
- At the end of the current fiscal year, the unassigned fund balance for the General Fund was \$5,785,299, or 318% of total General Fund expenditures for the year.
- Total governmental activities revenues increased \$366,642, or 12% in comparison to the prior year.
- Total governmental activities expenditures decreased \$23,142, or 1% in comparison to the prior year.

### Overview of the Financial Statements

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

**Government-wide financial statements.** The *government-wide financial statements* are designed to provide readers with a broad overview of the Town of South Palm Beach's finances, in a manner similar to a private sector business.

The *Statement of Net Position* presents information on all the Town's *assets, deferred outflow of resources, liabilities, and deferred inflow of resources at the end of fiscal year*. The difference between assets and deferred outflow of resources and its liabilities and deferred inflow of resources is reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating.

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

Both government-wide financial statements distinguish functions of the Town of South Palm Beach that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business type activities*). The governmental activities of the Town of South Palm Beach include general government, public safety, public works and culture and community recreation.

**Fund financial statements.** A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town of South Palm Beach, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The Town of South Palm Beach has two fund categories: (a) the governmental fund and (b) the enterprise fund.

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

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

The Town of South Palm Beach maintains three governmental funds, the General Fund, the Building Fund, and the Capital Projects Fund. A new sale surtax was levied beginning January 1, 2017. This voter approved one cent sales tax is levied countywide to fund infrastructure projects. A capital projects fund was established with the South Palm Beach share of proceeds of this tax. The Town uses the Special Revenue Fund to account for its building and code enforcement activities.

The Town of South Palm Beach adopts an annual appropriated budget for the General Fund and Special Revenue Fund. A budgetary Comparison schedule has been provided for these funds to demonstrate compliance with the budget.

**Proprietary Funds.** The Town maintains one type of proprietary fund. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The Town uses the Sewer Fund to account for its sewer utility operations.

**Notes to the basic financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

### **Government-wide Financial Analysis**

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In this case, the Town's assets plus deferred outflows of resources exceeded liabilities plus deferred inflows of resources by \$11,485,170 at the close of the most recent fiscal year.

A portion of the Town's net position, \$1,051,682, reflects its investment in capital assets (e.g., land, buildings, and equipment). The Town of South Palm Beach uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending.

The Statement of Net Position and the Statement of Activities report information about the Town's activities that will help answer questions about the position of the Town. A comparative analysis is provided with prior year information.

### **Net Position**

There are six basic transactions that affect the comparability of the Statement of Net Position summary presentation as reflected below:

1. Net results of activities will impact (increase or decrease) current assets and unrestricted and/or restricted assets.
2. Borrowing for capital will increase current assets and long-term debt.
3. Spending borrowed proceeds on new capital will reduce current assets and increase capital assets. There is a second impact, an increase in investment in capital assets and an increase in related debt, which will not change the investment in capital assets, net of debt.
4. Spending of non-borrowed current assets on new capital will reduce current assets and increase capital assets and will also reduce unrestricted net position and increase investment in capital assets, net of debt.
5. Principal payment on debt will reduce current assets, reduce long-term debt, also reduce unrestricted net position, and increase investments in capital assets, net of debt.
6. Reduction of capital assets through depreciation will reduce capital assets and investment in capital assets, net of debt.

At the close of the most recent fiscal year, the Town’s assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources by \$11,485,170. See Table A-1 below for details.

<b>Town of South Palm Beach</b>						
<b>Net Position</b>						
	Government Activities		Business-type Activities		Total	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
	Current assets	\$ 9,074,209	\$ 7,632,840	\$ 1,910,591	\$ 1,731,686	\$ 10,984,800
Capital assets, net	592,427	629,432	459,255	503,328	1,051,682	1,132,760
Total assets	<u>9,666,636</u>	<u>8,262,272</u>	<u>2,369,846</u>	<u>2,235,014</u>	<u>12,036,482</u>	<u>10,497,286</u>
Deferred Outflow of Resources	54,155	55,820	-	-	54,155	55,820
Current liabilities	43,221	50,723	25,750	20,564	68,971	71,287
Non-current liabilities	195,594	234,372	-	-	195,594	234,372
Total liabilities	<u>238,815</u>	<u>285,095</u>	<u>25,750</u>	<u>20,564</u>	<u>264,565</u>	<u>305,659</u>
Deferred Inflow of Resources	340,902	550,549	-	-	340,902	550,549
Net Position:						
Investment in Capital Assets	592,427	629,432	459,255	503,328	1,051,682	1,132,760
Restricted for:						
Infrastructure	448,482	297,372	-	-	448,482	297,372
Building code enforcement	1,453,486	1,311,460	-	-	1,453,486	1,311,460
Special events	8,151	9,860	-	-	8,151	9,860
Unrestricted	<u>6,638,528</u>	<u>5,234,324</u>	<u>1,884,841</u>	<u>1,711,122</u>	<u>8,523,369</u>	<u>6,945,446</u>
Total net position	<u>\$ 9,141,074</u>	<u>\$ 7,482,448</u>	<u>\$ 2,344,096</u>	<u>\$ 2,214,450</u>	<u>\$ 11,485,170</u>	<u>\$ 9,696,898</u>

The largest portion of the Town of South Palm Beach’s total net position is the unrestricted net position of \$8,523,369 or 74%, which represent the resources that may be used to meet the Town’s ongoing obligations to its citizens and creditors. Net position also includes the Town’s investment in capital assets (land, buildings, etc.) in the amount of \$1,051,682. The Town uses the capital assets to provide services to its citizens and consequently these assets are not available for future spending. Additionally, the Town has accumulated funds restricted for future infrastructure projects, building code enforcement, and special events in the amounts of \$448,482, \$1,453,486, and \$8,151, respectively.

At the end of its most recent fiscal year, the Town of South Palm Beach reported positive balances in all categories of net position for its governmental activities and business-type activities. The same situation held true for the prior fiscal year. The Town’s total net position increased by \$1,788,272 in comparison to the prior year.

The following impacts can significantly affect annual revenues and by extension change net position:

1. ***Economic conditions*** can reflect a growing, stable, or declining overall economic environment and those conditions can have a significant impact on property, non-ad valorem assessments, sales and use taxes, fees and other revenues derived from the community as well as received from other governments,
2. ***Changes in tax, assessment, and fee rates by elected officials*** directly affect the revenue streams and have the most direct and immediate impact of all changes.
3. ***Changing patterns in intergovernmental and grant revenues*** cause measurable deviations and make annual comparisons less meaningful.
4. ***Market impact on investment income*** might cause investment revenues to fluctuate widely from year to year.

Some other basic impacts are responsible for changes in annual expenditures:

1. ***Introduction of new programs*** can have a substantial impact on department/program expenditures by requiring new personnel, capital, and operating funds.
2. ***Changes in service levels*** impacts expenditures by changing the levels of already appropriated expenditures.
3. ***Salary/contract pricing increases*** can be a factor contributing to the increase in appropriations. Most contracts entered into by the Town of South Palm Beach have provisions for increases, either automatic or negotiated each year.
4. While ***inflation*** is at low levels, it still always affects the prices the Town pays for commodities, supplies, fuels, parts, and miscellaneous services it requires through the year. It is common that such goods may increase in price affecting expenditures.

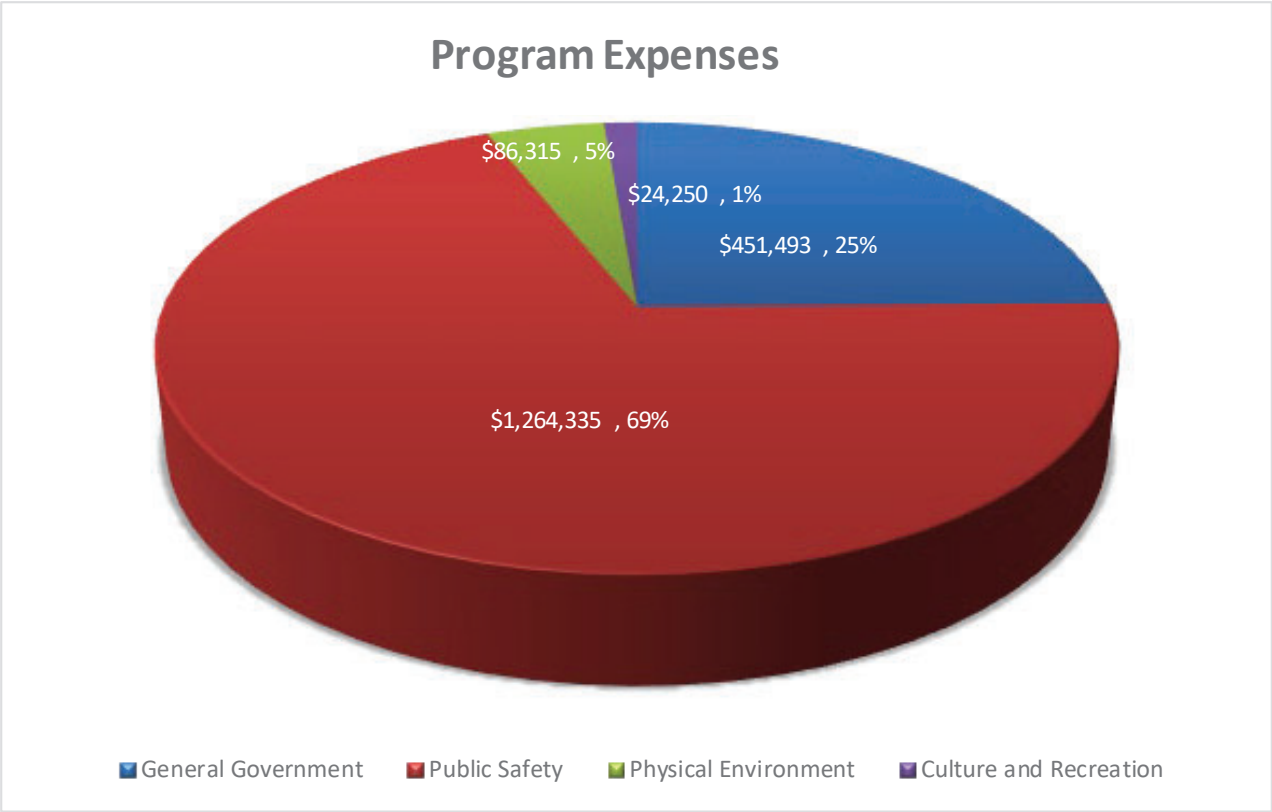
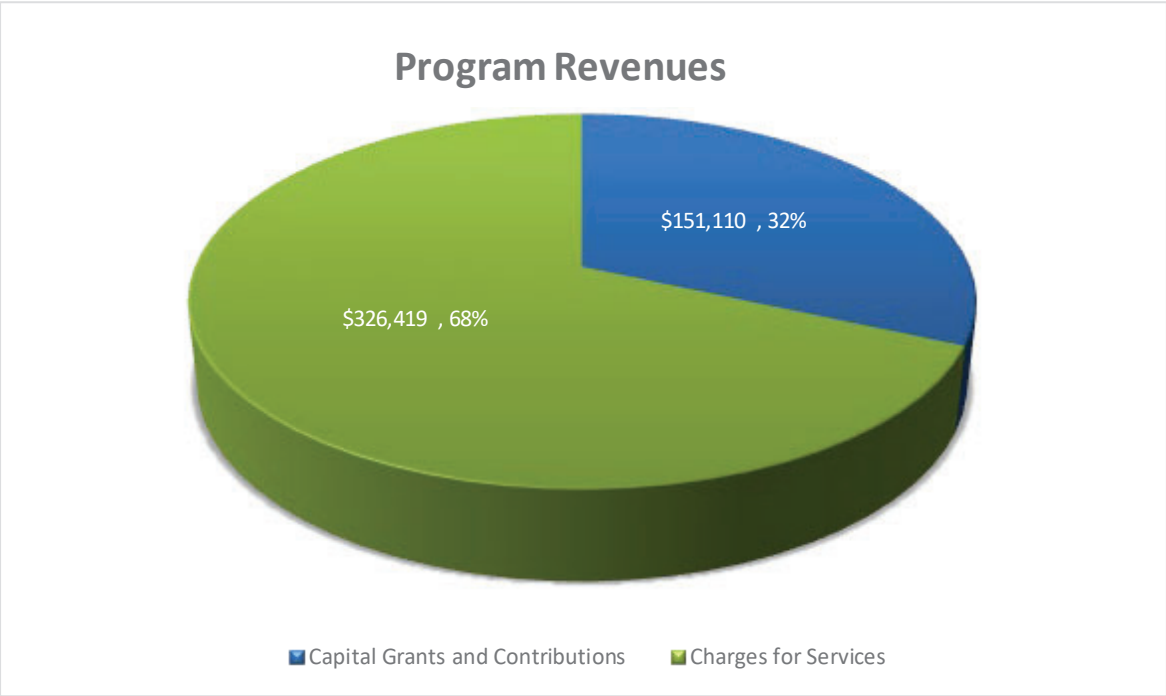
Total net position increased by \$1,788,272 during the most recent fiscal year. Total revenues increased by \$408,473 compared to the prior year and, and total expenses decreased by \$45,518 compared to the prior year. Key elements of the changes are summarized in Table A-2 below.

**Table A-2**  
**Town of South Palm Beach**  
**Changes in Net Position**

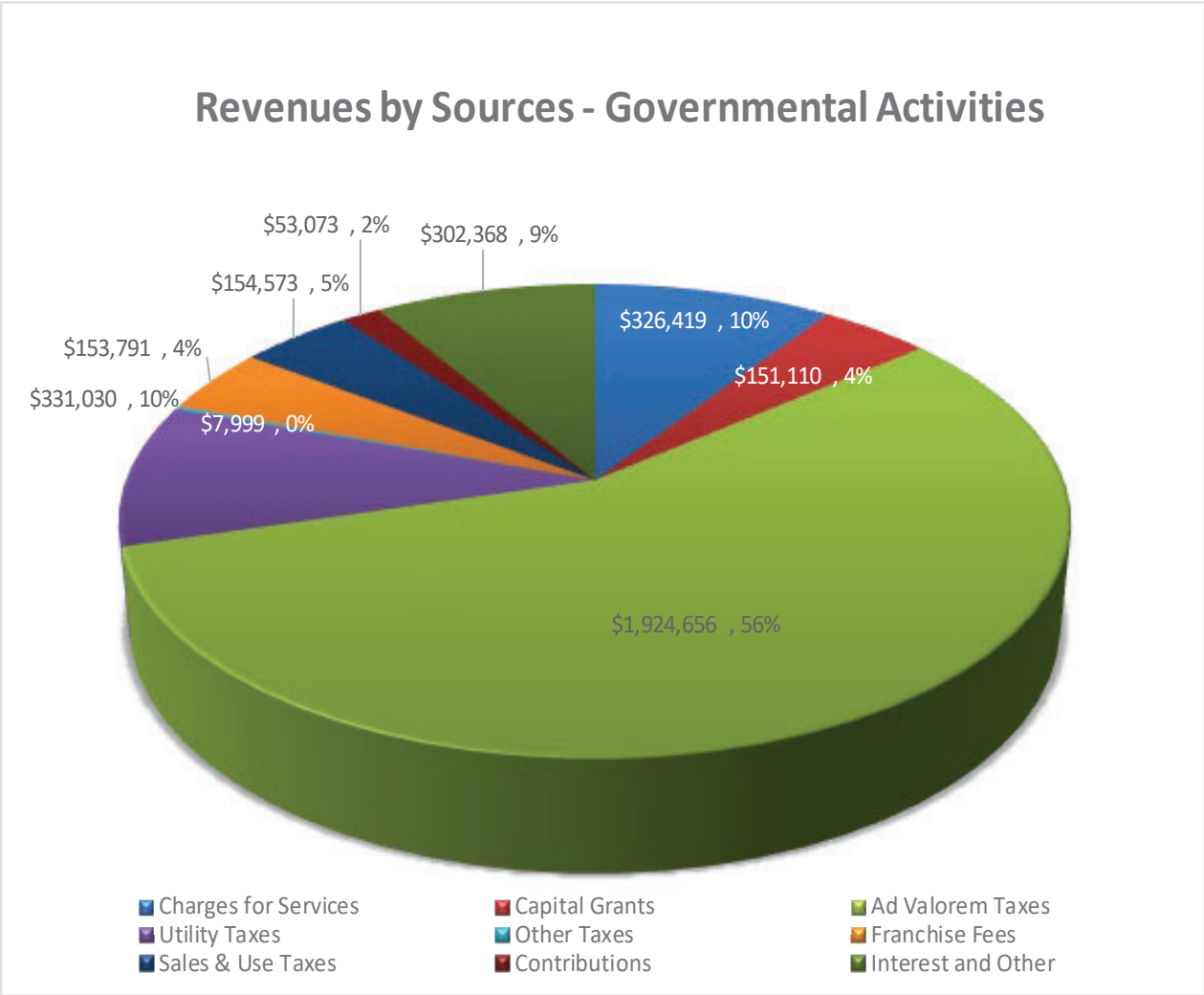
	Government Activities		Business-type Activities		Total	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
Revenues:						
Program revenues:						
Charges for services	\$ 326,419	\$ 268,107	\$ 530,378	\$ 530,600	\$ 856,797	\$ 798,707
Capital grants	151,110	158,778	-	-	151,110	158,778
General revenues:						
Property taxes	1,924,656	1,724,015	-	-	1,924,656	1,724,015
Utility taxes	331,030	337,986	-	-	331,030	337,986
Sales and use taxes	154,573	174,954	-	-	154,573	174,954
Other taes	7,999	4,073	-	-	7,999	4,073
Franchise taxes	153,791	153,923	-	-	153,791	153,923
Contributions	53,073	55,267	-	-	53,073	55,267
Investment income	267,225	130,364	76,110	34,057	343,335	164,421
Miscellaneous	35,143	30,910	-	-	35,143	30,910
Total revenues	<u>3,405,019</u>	<u>3,038,377</u>	<u>606,488</u>	<u>564,657</u>	<u>4,011,507</u>	<u>3,603,034</u>
Expenses:						
Government Activities:						
General government	451,493	527,715	-	-	451,493	527,715
Public safety	1,264,335	1,202,373	-	-	1,264,335	1,202,373
Public works	86,315	105,402	-	-	86,315	105,402
Culture and recreation	24,250	14,045	-	-	24,250	14,045
Utilities	-	-	396,842	419,218	396,842	419,218
Total expenses	<u>1,826,393</u>	<u>1,849,535</u>	<u>396,842</u>	<u>419,218</u>	<u>2,223,235</u>	<u>2,268,753</u>
Change in Net Position						
Before transfers	1,578,626	1,188,842	209,646	145,439	1,788,272	1,334,281
Transfers	80,000	80,000	(80,000)	(80,000)	-	-
Change in Net Position	<u>1,658,626</u>	<u>1,268,842</u>	<u>129,646</u>	<u>65,439</u>	<u>1,788,272</u>	<u>1,334,281</u>
Net position, beginning	<u>7,482,448</u>	<u>6,213,606</u>	<u>2,214,450</u>	<u>2,149,011</u>	<u>9,696,898</u>	<u>8,362,617</u>
Net position, ending	<u>\$ 9,141,074</u>	<u>\$ 7,482,448</u>	<u>\$ 2,344,096</u>	<u>\$ 2,214,450</u>	<u>\$ 11,485,170</u>	<u>\$ 9,696,898</u>

**Governmental Activities:** Governmental activities increased the Town’s net position by \$1,658,626 thereby accounting for 93% of the total growth in the net position of the Town. Key elements of this are increased property taxes and investment income.

**Program Revenues and Expenses – Governmental Activities**



**Revenues by Source – Governmental Activities**



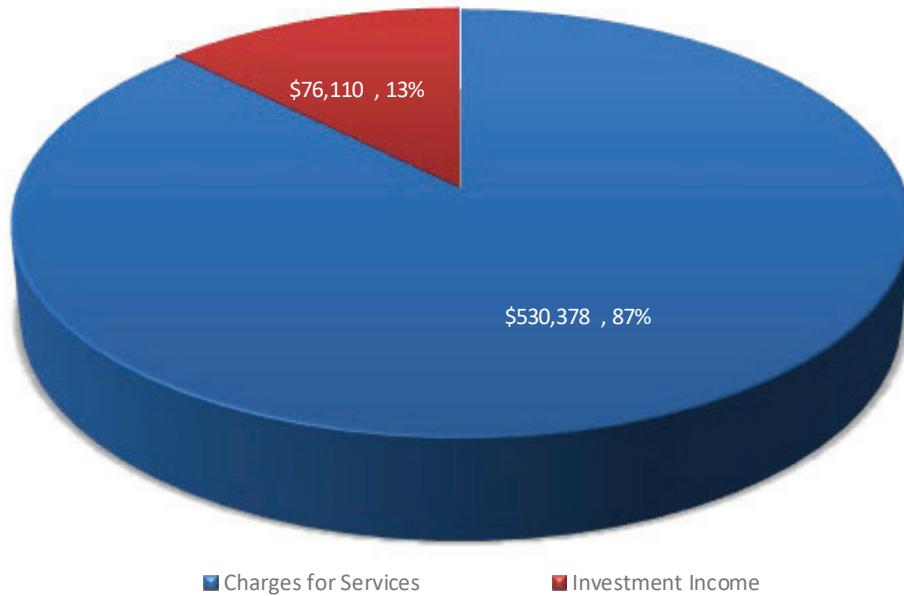
**Business-Type Activities**

Business-type activities are designed as fee-based activities. Fees are implemented in such a way that they will completely cover the cost of operations without being supplemented from governmental sources. The Town’s Sewer Fund is the only fund included in the business-type activities.

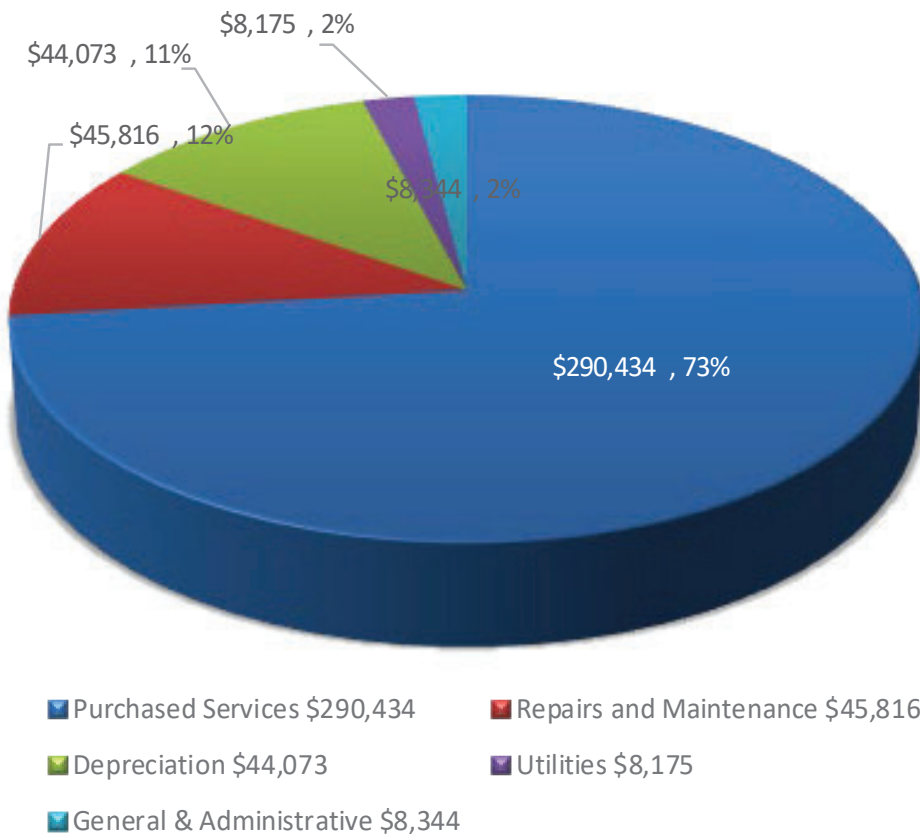
The net position of the business-type activities increased \$129,646 for fiscal year 2024. This increase is due to an increase in investment income and a decrease in repairs and maintenance expenses. This change in net position is a 98% increase compared to the prior year.

Total revenues increased by \$41,831 when compared with the prior year. Total expenses decreased by \$22,376 compared to the prior year.

### Revenues - Proprietary Fund



### Operating Expenses - Proprietary Fund



## Financial Analysis of the Government's Funds

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

**Governmental funds.** The focus of the Town of South Palm Beach's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the Town's financing requirements. Unreserved *fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

At the end of the current fiscal year the fund balance of the General Fund was \$5,803,935. Fund balance includes non-spendable or prepaid costs in the amount of \$10,485 and restricted for special events of \$8,151. The remaining amount of \$5,785,299 is currently unassigned and available for appropriations.

The general fund is the chief operating fund of the Town of South Palm Beach. As a measure of the general fund's liquidity, it may be useful to compare unassigned fund balance and total fund balance to total general fund expenditures. Unassigned fund balance represents 318% of total general fund expenditures and total fund balance represents 319% of total general fund expenditures.

A summary of the general fund's condensed balance sheet and statement of revenues, expenditures and changes in fund balance is presented in Table B-1 and B-2 for September 30, 2024, and 2023 are shown below:

**Table B-1**

	Fiscal Year	
	<u>2024</u>	<u>2023</u>
Total assets	<u>\$ 5,828,787</u>	<u>\$ 4,701,085</u>
Total liabilities	\$ 24,852	\$ 37,207
Deferred inflows of resources	-	11,131
Total fund balance	<u>5,803,935</u>	<u>4,652,747</u>
Total liabilities, deferred inflows of resources, and fund balance	<u>\$ 5,828,787</u>	<u>\$ 4,701,085</u>

**Table B-2**

	Fiscal Year	
	<u>2024</u>	<u>2023</u>
Total revenues	\$ 2,891,924	\$ 2,616,937
Total expenditures	<u>1,820,736</u>	<u>1,824,769</u>
Excess of revenues over expenditures	<u>\$ 1,071,188</u>	<u>\$ 792,168</u>

The total fund balance of the general fund increased \$1,151,188 when compared with the prior year. This is due to an increase of \$274,987 in revenues and a decrease of \$4,033 in expenditures during the current year. The increase in revenues was primarily due to an increase in property taxes and investment income.

## Fund Budgetary Highlights

General Fund revenues were \$271,298 more than budgeted, and General Fund expenditures were \$249,993 less than budgeted for the current fiscal year. Revenues were more than budgeted because of greater than expected utility taxes and investment income. Expenditures were less than budgeted for all departments, and there were no capital expenditures during the year.

Special Revenue Fund revenues were \$120,097 more than budgeted due to greater than anticipated permits and fees, fines and forfeitures, and investment income. Special Revenue Fund expenditures were \$9,979 less than budgeted due to less than anticipated personnel costs. Cost for professional services were greater than anticipated.

## Capital Assets and Debt Administration

As of September 30, 2024, the Town's net investment in capital assets totaled \$1,051,682. There were \$7,085 of capital additions and no dispositions of capital assets during the year.

### Town of South Palm Beach Net Capital Assets

	Government Activities		Business Activities		Total	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
Net Capital Assets						
Land	\$ 108,396	\$ 108,396	\$ -	\$ -	\$ 108,396	\$ 108,396
Construction in Progress	2,678	-	-	-	2,678	-
Buildings and improvements	344,802	360,527	-	-	344,802	360,527
Improvements other than buildings	99,539	119,728	-	-	99,539	119,728
Sewer system	-	-	402,323	441,590	402,323	441,590
Furniture, equipment and vehicles	37,012	40,781	56,932	61,738	93,944	102,519
<b>Total</b>	<b>\$ 592,427</b>	<b>\$ 629,432</b>	<b>\$ 459,255</b>	<b>\$ 503,328</b>	<b>\$ 1,051,682</b>	<b>\$ 1,132,760</b>

Additional information on the Town's capital assets is found in the notes to the financial statements.

As of September 30, 2024, the Town had no debt and long-term liabilities consisted of compensated absence and the net liability for the Florida Retirement System. Additional information on the Town's long-term liabilities is found in the notes to the financial statements.

### Town of South Palm Beach Long-Term Liabilities

	Governmental Activities		Business-type Activities		Total	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
Net Pension Liability	\$ 195,594	\$ 234,372	\$ -	\$ -	\$ 195,594	\$ 234,372
Compensated Absences	2,072	2,709	-	-	2,072	2,709
<b>Total</b>	<b>\$ 197,666</b>	<b>\$ 237,081</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 197,666</b>	<b>\$ 237,081</b>

## **Economic Factors and Next Year's Budgets and Rates**

Ad valorem taxes are the single most significant governmental revenue source for the Town of South Palm representing 67% of total governmental revenues for fiscal year 2024. These revenues are generated by a millage rate set annually by the Town Commission with a legal limit of 10 mills or \$10.00 per \$1,000 of taxable property value. The current fiscal year millage rate is \$3.4000 per \$1,000 of taxable value. The millage rate for fiscal year 2024-2025 is \$3.4000 per \$1,000 of taxable value.

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

The fiscal year 2024-2025 budget anticipates significant capital expenditures for a dunes restoration project, architectural design of a new town hall, computer system upgrades, audio visual upgrades for the Council Chambers, and other equipment.

## **Requests for Information**

This financial report is designed to provide a general overview of the Town of South Palm Beach's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Office of the Town Manager, James Titcomb at 3577 South Ocean Boulevard, South Palm Beach, Florida 33480.

**TOWN OF SOUTH PALM BEACH, FLORIDA**  
**Statement of Net Position**  
**September 30, 2024**

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ 5,615,545	\$ 854,994	\$ 6,470,539
Investments	3,319,344	1,051,698	4,371,042
Accounts receivable, net	126,983	2,576	129,559
Prepaid costs	12,337	1,323	13,660
Total current assets	<u>9,074,209</u>	<u>1,910,591</u>	<u>10,984,800</u>
Noncurrent assets:			
Nondepreciable capital assets	111,074	-	111,074
Depreciable capital assets, net	481,353	459,255	940,608
Total noncurrent assets	<u>592,427</u>	<u>459,255</u>	<u>1,051,682</u>
Total assets	<u>9,666,636</u>	<u>2,369,846</u>	<u>12,036,482</u>
<b>DEFERRED OUTFLOW OF RESOURCES</b>			
FRS Pension	54,155	-	54,155
Total deferred outflows of resources	<u>54,155</u>	<u>-</u>	<u>54,155</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION</b>			
Liabilities:			
Current liabilities:			
Accounts payable	25,980	25,750	51,730
Accrued wages	10,308	-	10,308
Unearned revenues	4,861	-	4,861
Compensated absences due within one year	2,072	-	2,072
Total current liabilities	<u>43,221</u>	<u>25,750</u>	<u>68,971</u>
Noncurrent liabilities:			
Net pension liability	195,594	-	195,594
Total liabilities	<u>238,815</u>	<u>25,750</u>	<u>264,565</u>
Deferred inflow of resources			
FRS Pension	340,902	-	340,902
Total deferred inflows of resources	<u>340,902</u>	<u>-</u>	<u>340,902</u>
Net position:			
Investment in capital assets	592,427	459,255	1,051,682
Restricted for:			
Infrastructure	448,482	-	448,482
Building code enforcement	1,453,486	-	1,453,486
Special events	8,151	-	8,151
Unrestricted	6,638,528	1,884,841	8,523,369
Total net position	<u>\$ 9,141,074</u>	<u>\$ 2,344,096</u>	<u>\$ 11,485,170</u>

See notes to the financial statements

**TOWN OF SOUTH PALM BEACH, FLORIDA**  
**Statement of Activities**  
**For the Year Ended September 30, 2024**

FUNCTIONS/PROGRAMS	Program Revenues		Net Revenue and (Expense) Changes in Net Position			
	Expenses	Charges for Services	Capital Grant and Contributions	Primary Government		
				Governmental Activities	Business-Type Activities	Total
Primary government:						
Governmental activities:						
General government	\$ 451,493	\$ 307,076	\$ -	\$ (144,417)	\$ -	\$ (144,417)
Public safety	1,264,335	12,966	-	(1,251,369)	-	(1,251,369)
Public works	86,315	-	151,110	64,795	-	64,795
Culture and recreation	24,250	6,377	-	(17,873)	-	(17,873)
Total government activities	1,826,393	326,419	151,110	(1,348,864)	-	(1,348,864)
Business-type activities:						
Sewer	396,842	530,378	-	-	133,536	133,536
Total business-type activities	396,842	530,378	-	-	133,536	133,536
Total primary government	2,223,235	856,797	151,110	(1,348,864)	133,536	(1,215,328)
General revenues:						
Property taxes				1,924,656	-	1,924,656
Utility taxes				331,030	-	331,030
Other taxes				7,999	-	7,999
Franchise fees				153,791	-	153,791
Sales and use taxes				154,573	-	154,573
Contributions not restricted to specific programs				53,073	-	53,073
Unrestricted investment income/(loss)				267,225	76,110	343,335
Other revenues				35,143	-	35,143
Total general revenues				2,927,490	76,110	3,003,600
Transfers				80,000	(80,000)	-
Change in net position				1,658,626	129,646	1,788,272
Net position - beginning				7,482,448	2,214,450	9,696,898
Net position - ending				\$ 9,141,074	\$ 2,344,096	\$ 11,485,170

See notes to the financial statements

**TOWN OF SOUTH PALM BEACH, FLORIDA**  
**Balance Sheet - Governmental Funds**  
**September 30, 2024**

	<b>Major Funds</b>			<b>Total Governmental Funds</b>
	<b>General Fund</b>	<b>Building Fund</b>	<b>Capital Projects Fund</b>	
<b>ASSETS</b>				
Cash and cash equivalents	\$ 2,396,408	\$ 1,465,253	\$ 1,753,884	\$ 5,615,545
Investments	3,319,344	-	-	3,319,344
Accounts receivable, net	102,550	-	24,433	126,983
Prepaid costs	10,485	1,852	-	12,337
Total assets	<u>\$ 5,828,787</u>	<u>\$ 1,467,105</u>	<u>\$ 1,778,317</u>	<u>\$ 9,074,209</u>
<b>LIABILITIES AND FUND BALANCE</b>				
<b>Liabilities:</b>				
Accounts payable	\$ 13,056	\$ 10,246	\$ 2,678	\$ 25,980
Accrued wages	6,935	3,373	-	10,308
Unearned revenues	4,861	-	-	4,861
Total liabilities	<u>24,852</u>	<u>13,619</u>	<u>2,678</u>	<u>41,149</u>
<b>Fund balances:</b>				
Non-spendable for prepaid costs	10,485	-	-	10,485
Restricted for:				
Infrastructure	-	-	448,482	448,482
Building code enforcement	-	1,453,486	-	1,453,486
Special events	8,151	-	-	8,151
Assigned to:				
Capital projects	-	-	1,327,157	1,327,157
Unassigned	5,785,299	-	-	5,785,299
Total fund balances	<u>5,803,935</u>	<u>1,453,486</u>	<u>1,775,639</u>	<u>9,033,060</u>
Total liabilities and fund balances	<u>\$ 5,828,787</u>	<u>\$ 1,467,105</u>	<u>\$ 1,778,317</u>	<u>\$ 9,074,209</u>

See notes to the financial statements

**TOWN OF SOUTH PALM BEACH, FLORIDA**  
**Reconciliation of the Balance Sheet - Governmental Funds**  
**to the Statement of Net Position**  
**September 30, 2024**

Fund balance - governmental funds		\$ 9,033,060
<p>Amounts reported for governmental activities in the statement of net position are different because of:</p> <p>Capital assets used in governmental activities are not financial assets therefore, are not reported as assets in the governmental funds. The statement of net position includes those capital assets, net of any accumulated depreciation, in the net position of the government as a whole.</p>		
Cost of capital assets	1,413,365	
Accumulated depreciation	<u>(820,938)</u>	592,427
<p>The net pension liability is not reported as a liability in the fund financial statements, but is reported as a liability in the government-wide financial statements.</p>		
		(195,594)
<p>Deferred outflows of resources related to the pension are recorded in the statement of net position.</p>		
		54,155
<p>Deferred inflows of resources related to the pension are recorded in the statement of net position.</p>		
		(340,902)
<p>Liabilities not due and payable from current available resources are not reported as liabilities in the governmental fund statements. All liabilities, both current and long-term, are reported in the government-wide financial statements.</p>		
Compensated absences		(2,072)
Net position of governmental activities		<u><u>\$ 9,141,074</u></u>

See notes to the financial statements

**TOWN OF SOUTH PALM BEACH, FLORIDA**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Governmental Funds**  
**For the Year Ended September 30, 2024**

	Major Funds			Total Governmental Funds
	General Fund	Building Fund	Capital Projects Fund	
REVENUES:				
Property taxes	\$ 1,924,656	\$ -	\$ -	\$ 1,924,656
Utility taxes	331,030	-	-	331,030
Other taxes	7,999	-	-	7,999
Franchise fees	153,791	-	-	153,791
Permits and fees	-	318,207	-	318,207
Intergovernmental	207,646	-	147,094	354,740
Charges for services	6,377	-	-	6,377
Fines and forfeitures	952	12,014	-	12,966
Investment income	224,678	24,828	21,735	271,241
Other revenues	34,795	348	-	35,143
Total revenues	<u>2,891,924</u>	<u>355,397</u>	<u>168,829</u>	<u>3,416,150</u>
EXPENDITURES:				
Current:				
General government	607,599	-	-	607,599
Public safety	1,113,945	212,554	-	1,326,499
Public works	66,126	-	-	66,126
Culture and recreation	29,476	-	-	29,476
Capital outlay	3,590	817	2,678	7,085
Total expenditures	<u>1,820,736</u>	<u>213,371</u>	<u>2,678</u>	<u>2,036,785</u>
Excess (deficiency) of revenues over expenditures	1,071,188	142,026	166,151	1,379,365
OTHER FINANCING SOURCES (USES)				
Transfers in/(out)	80,000	-	-	80,000
Total other financing sources (uses)	<u>80,000</u>	<u>-</u>	<u>-</u>	<u>80,000</u>
Net change in fund balances	1,151,188	142,026	166,151	1,459,365
Fund balances - beginning	4,652,747	1,311,460	1,609,488	7,573,695
Fund balances - ending	<u>\$ 5,803,935</u>	<u>\$ 1,453,486</u>	<u>\$ 1,775,639</u>	<u>\$ 9,033,060</u>

See notes to the financial statements

**TOWN OF SOUTH PALM BEACH, 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**

Net change in fund balances - total governmental funds	\$ 1,459,365
Amounts reported for governmental activities in the statement of activities are different:	
Costs of capital assets are reported in the governmental fund as expenditures. However, in the statement of activities, they are eliminated and capitalized as capital assets.	7,085
Certain revenues were unavailable for the governmental fund financial statements in the prior fiscal year. In the current fiscal year, these revenues were recorded in the governmental fund financial statements. □	(11,131)
Expenses reported in the statement of activities that do not require the use of current financial resources are not reported as expenditures in the fund financial statements. The details of the differences are as follows:	
Depreciation of capital assets	(44,090)
Change in compensated absences	637
FRS Pension Expense	246,760
Change in net position of governmental activities	\$ 1,658,626

See notes to the financial statements

**TOWN OF SOUTH PALM BEACH, FLORIDA**  
**Statement of Net Position - Proprietary Fund**  
**September 30, 2024**

	<b>Business-Type Activities</b>
	<b>Sewer Fund</b>
<b>ASSETS</b>	
Current Assets	
Cash and cash equivalents	\$ 854,994
Investments	1,051,698
Accounts receivable, net	2,576
Prepaid costs	1,323
Total current assets	1,910,591
Noncurrent Assets	
Capital Assets	
Sewer system	1,493,611
Property and equipment	130,637
Total capital assets	1,624,248
Less accumulated depreciation	(1,164,993)
Net capital assets	459,255
Total noncurrent assets	459,255
Total assets	2,369,846
<b>LIABILITIES</b>	
Current Liabilities	
Accounts payable	25,750
Total current liabilities	25,750
Total liabilities	25,750
<b>NET POSITION</b>	
Investment in capital assets	459,255
Unrestricted	1,884,841
Total net position	\$ 2,344,096

See notes to the financial statements

**TOWN OF SOUTH PALM BEACH, FLORIDA**  
**Statement of Revenues, Expenses, and Changes in**  
**Fund Net Position - Proprietary Fund**  
**For the Year Ended September 30, 2024**

	<b>Business-Type Activities</b>
	<b>Sewer Fund</b>
<b>OPERATING REVENUES:</b>	
Charges for services	\$ 529,603
Miscellaneous revenue	775
Total operating revenues	530,378
<b>OPERATING EXPENSES:</b>	
Purchased services	290,434
Utilities	8,175
Repairs and maintenance	45,816
General and administrative	8,344
Depreciation	44,073
Total operating expenses	396,842
Operating income (loss)	133,536
<b>NONOPERATING REVENUES (EXPENSES):</b>	
Investment income	76,110
Total nonoperating revenues (expenses)	76,110
Income before transfers	209,646
Transfers out	(80,000)
Total transfers	(80,000)
Change in net position	129,646
Net position - beginning	2,214,450
Net position - ending	\$ 2,344,096

See notes to the financial statements

**TOWN OF SOUTH PALM BEACH, FLORIDA**  
**Statement of Cash Flows - Proprietary Funds**  
**For the Year Ended September 30, 2024**

	<b>Business-Type Activities</b>
	<b>Sewer Fund</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>	
Receipts from customers and users	\$ 572,331
Payments to suppliers	(348,906)
Net cash provided by (used in) operating activities	223,425
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>	
Transfers to other funds	(80,000)
Net cash provided by (used in) noncapital financing	(80,000)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Purchase of investments	29
Interest received	5,435
Net cash provided by (used in) investing activities	5,464
Net increase (decrease) in cash and cash equivalents	148,889
Cash and cash equivalents - beginning	706,105
Cash and cash equivalents - ending	\$ 854,994
<b>NON-CASH INVESTING ACTIVITIES</b>	
Increase in the FMV of investments	\$ 70,675
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>	
Operating income (loss)	\$ 133,536
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:	
Depreciation and amortization	44,073
Changes in assets and liabilities:	
(Increase) decrease in accounts receivable	41,953
(Increase) decrease in prepaid costs	(1,323)
Increase (decrease) in accounts payable	5,186
Total adjustments	89,889
Net cash provided by (used in) operating activities	\$ 223,425

See notes to the financial statements

**TOWN OF SOUTH PALM BEACH, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2024**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The Town of South Palm Beach, Florida (Town) is a municipal corporation organized pursuant to Chapter 31276, Laws of Florida, 1955. The Town operates under the Council - Manager form of government. The Town's major operations include general government, public safety, physical environment, culture and recreation and sewer service.

The basic financial statements of the Town have been prepared in conformity with accounting principles generally accepted in the United States (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.

Financial Reporting Entity

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 and other organizations for which the nature and significance of their relationship with the Town are such that exclusion would cause the Town's financial statements to be misleading or incomplete. 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.

Based upon application of the above criteria, management of the Town 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 government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the activities of the Town. *Governmental activities*, which are normally supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *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 or segment, and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

## **NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

Separate financial statements are provided for governmental and enterprise funds. The major individual governmental funds and the major individual enterprise fund 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 enterprise fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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 thereafter to pay liabilities of the current period. For this purpose, the Town considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, franchise fees, other taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the Town.

The Town reports the following major governmental funds:

#### General Fund

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

#### Special Revenue Fund

This fund accounts for the activities related to building permits and other code enforcements.

#### Infrastructure Surtax Capital Projects Fund

This fund accounts for the financial resources to be used for the acquisition or construction of infrastructure to be funded by the infrastructure sales surtax.

## **NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

The Town reports the following major enterprise fund:

#### Sewer Fund

The Sewer Fund is the Town's only proprietary fund and was established to account for the billing and collection of fees for sewer services provided by the Town.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the Town's utility functions 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.

Enterprise 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. The principal operating revenues of the Town's sewer fund are charges to customers for services. Operating expenses for enterprise funds include the cost of services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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.

### *Assets, Liabilities, and Net Position or Equity*

#### Cash, Cash Equivalents and Investments

Cash and cash equivalents consist of cash on hand and demand deposits with financial institutions. For purposes of the statement of cash flows, cash and cash equivalents consist of cash on hand and demand deposits with financial institutions.

The Town has elected to proceed under the Alternative Investment Guidelines as set forth in Section 218.415 (17) Florida Statutes. The Town may invest any surplus public funds in the following:

- a) The Local Government Surplus Trust Funds, or any intergovernmental investment pool authorized pursuant to the Florida Interlocal Cooperation Act;
- b) Securities and Exchange Commission registered money market funds with the highest credit quality rating from a nationally recognized rating agency;
- c) Interest bearing time deposits or savings accounts in qualified public depositories;
- d) Direct obligations of the U.S. Treasury.

Securities listed in paragraph c and d shall be invested to provide sufficient liquidity to pay obligations as they come due.

## **NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

### Assets, Liabilities, and Net Position or Equity (Continued)

#### Cash, Cash Equivalents and Investments (Continued)

Investments are measured at amortized cost or reported at fair value, (which is determined by using various third party pricing sources), as required by generally accepted accounting principles. The Town records all interest revenue related to investment activities in the respective funds.

#### Interfund Receivables and Payables

Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as either “due to/from other funds” (i.e., the current portion of interfund loans) or “advances to/from other funds” (i.e., the non-current portion of interfund loans). All other outstanding balances between funds (i.e., amounts owed for goods/services rendered to a particular fund by another fund in the reporting entity) are reported as “due to/from other funds” (current portion) or “interfund receivables/payables” (non-current portion). Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances”.

#### Receivables

Receivables consist primarily of amounts due from local businesses for franchise fees and utility taxes, amounts due from other governments, and amounts due from Town residents for sewer disposal services. Receivables are reported net of an allowance for doubtful accounts. Receivables are written off on an individual basis in the year the Town deems them to be uncollectible.

#### Prepaid items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

#### Capital Assets

Capital assets, which include property, plant, and equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, bike paths, and similar items) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the Town as assets with an initial individual cost of \$750 or more and an estimated life in excess of one year. Purchased or constructed assets are recorded at actual cost or estimated historical cost if actual cost is unavailable. Donated capital assets are recorded at acquisition value.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

## NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### Assets, Liabilities, and Net Position or Equity (Continued)

#### Capital Assets (Continued)

Capital assets of the Town are depreciated using the straight-line method over the following estimated useful lives:

<u>Asset</u>	<u>Years</u>
Buildings and improvements	10-50
Improvements other than buildings	10-20
Furniture, equipment and vehicles	5-20
Sewer system	20-50

#### Compensated Absences

The Town's employees are granted compensated absence pay for vacation and sick leave in varying amounts based on length of service. The Town's sick leave and vacation policies permit employees to accumulate earned but unused sick pay and vacation benefits although limited to certain maximums based on length of service and personnel department. Vacation and sick pay are accrued when incurred in the government-wide financial statements. A liability is reported in the governmental funds only if it has matured, for example, as a result of employee resignations or retirement. The General Fund is used to liquidate such amounts.

#### Long-Term Obligations

In the government-wide financial statements and enterprise funds in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities or enterprise fund statement of net position. Fees incurred in connection with obtaining long-term debt are expensed when incurred.

#### Unearned Revenue

Governmental funds report unearned revenue in connection with resources that have been received, but not yet earned.

#### Unavailable Revenue

The government 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 considered available.

#### Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

## **NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

### *Assets, Liabilities, and Net Position or Equity (Continued)*

#### Property Taxes

Under Florida law, the assessment of all properties and the collection of all counties, municipal and school board property taxes are consolidated in the offices of the County Property Appraiser and County Tax Collector, respectively. All property is reassessed according to its fair market value on January 1 of each year and each assessment roll is submitted to the State Department of Revenue for review to determine if the assessment rolls meet all of the appropriate requirements of State law.

The tax levy of the Town is established by the Commission prior to October 1 of each year during the budget process. The Palm Beach County Property Appraiser incorporates the Town's millage into the total tax levy, which includes the County, County School Board, Town tax requirements. The millage rate assessed by the Town for the year ended September 30, 2024, 3.4000 (\$3.4000 for each \$1,000 of assessed valuation).

Taxes may be paid less a 4% discount in November or at declining discounts each month through the month of February. All unpaid taxes become delinquent on April 1 following the year in which they are assessed. Delinquent taxes bear interest at 18% per year until the tax is satisfied either by seizure and sale of the property or by the five-year statute of limitations.

#### 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  
(a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or  
(b) imposed by law through constitutional provisions or enabling legislation.

## **NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

### *Assets, Liabilities, and Net Position or Equity (Continued)*

#### Fund Balance (Continued)

3. Committed fund balance – Includes amounts that can be used only for specific purposes pursuant to constraints imposed by the Town Council by the adoption of 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 employed to previously commit those amounts.
4. Assigned fund balance – Includes amounts the Town intends to be used for specific purposes, but are neither restricted nor committed. Under the Town’s adopted policy, fund balances may be assigned by the Town Council or by an official or body to which the Town Council has delegated the authority.
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.

## **NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

### Assets, Liabilities, and Net Position or Equity (Continued)

#### 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. A deferred outflow of resources is a consumption of net position that is applicable to a future reporting period. A deferred inflow of resources is an acquisition of net position that is applicable to a future reporting period. Net position is displayed in the following three components:

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

#### Defined Benefit Pension Plan

In the government-wide statement of net position, liabilities are recognized for the Town’s proportionate share of the net pension liability for the Florida Retirement System (FRS) plan. For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, information about the fiduciary net position of the Florida Retirement System defined benefit pension plan (FRS Pension Plan) and the Retiree Health Insurance Subsidy Program defined benefit pension plan (HIS Program), and additions to/deductions from the FRS Pension Plan’s and the HIS Program’s fiduciary net position have been determined on the same basis as they are reported by the FRS Pension Plan and the HIS Program plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with benefit terms. Investments are reported at fair value. Pension liabilities are generally liquidated by the General Fund.

#### 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.

## **NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

### *Implementation of Accounting Pronouncements*

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

#### *GASB 100: Accounting Changes And Error Corrections—An Amendment of GASB Statement No. 62*

The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. In addition, the display and note disclosure requirements will result in more consistent, decision useful, understandable, and comprehensive information for users about accounting changes and error corrections. The requirements of this Statement are effective for accounting changes and error corrections made in fiscal years beginning after June 15, 2023, and all reporting periods thereafter. Earlier application is encouraged.

### *Recently Issued Accounting Pronouncements Not Yet Adopted*

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

#### *GASB 101: Compensated Absences*

The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The requirements of this Statement are effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter. Earlier application is encouraged.

#### *GASB 102: Certain Risk Disclosures*

The requirements of this Statement will improve financial reporting by providing users of financial statements with essential information that currently is not often provided. The disclosures will provide users with timely information regarding certain concentrations or constraints and related events that have occurred or have begun to occur that make a government vulnerable to a substantial impact. As a result, users will have better information with which to understand and anticipate certain risks to a government's financial condition. The requirements of this Statement are effective for fiscal years beginning after June 15, 2024, and all reporting periods thereafter. Earlier application is encouraged.

#### *GASB Statement No. 103: Financial Reporting Model Improvements*

This statement, issued in April 2024 and effective for fiscal years beginning after June 15, 2025, aims to improve the financial reporting model by enhancing the clarity and usefulness of financial statements.

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

*Recently Issued Accounting Pronouncements Not Yet Adopted (Continued)*

GASB Statement No. 104: *Disclosure of Certain Capital Assets*

This statement, issued in September 2024 and effective for fiscal years beginning after June 15, 2025, requires enhanced disclosures about certain capital assets, including detailed information on the nature and extent of capital assets held by a governmental entity.

The Town’s management has not yet determined the effect these Statements will have on the Town’s financial statements.

**NOTE 2 – DEPOSITS AND INVESTMENTS**

**Deposits**

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 another banking institution eligible collateral. In the event of failure of a qualified public depository, the remaining public depositories would be responsible for covering any resulting losses. The Town’s deposits at year end are considered insured for custodial credit risk purposes.

As of September 30, 2024, the carrying amount of the Town’s deposits was \$6,469,939 and the bank balance was \$6,481,474. The Town also had \$600 in petty cash.

**Investments**

The Town’s investments were held as follows at September 30, 2024:

	Amortized Cost	Fair Value	Credit Risk	Level	Weighted Average Maturities
Florida Trust Day to Day Fund	\$ 3,319,344	\$ -	Fitch AAAM		10.1 days
Florida Trust ST Bond Fund	-	1,051,698	Fitch AAAF/S1	2	1.86 years
Total Investments	<u>\$ 3,319,344</u>	<u>\$ 1,051,698</u>			

*Credit risk* – For investments, credit risk is generally the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Investment ratings by investment type are included in the preceding summary of investments.

*Concentration risk* – The Town places no limit on the amount the Town may invest in any one issuer.

## **NOTE 2 – DEPOSITS AND INVESTMENTS (Continued)**

### **Investments (Continued)**

*Interest rate risk* – The Town does not have a formal policy that limits investment maturities as a means of managing exposure to fair value losses arising from increasing interest rates.

*Fair Value Measurement* – When applicable, the Town measures and records its investments using fair value measurement guidelines established in accordance with GASB Statements. The framework for measuring fair value provides a fair value hierarchy that prioritizes the inputs to valuation techniques.

These guidelines recognize a three-tiered fair value hierarchy, in order of highest priority, as follows:

- *Level 1:* Investments whose values are based on unadjusted quoted prices for identical investments in active markets that the Town has the ability to access;
- *Level 2:* Investments whose inputs - other than quoted market prices - are observable either directly or indirectly; and,
- *Level 3:* Investments whose inputs are unobservable.

The fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the entire fair value measurement. Valuation techniques used should maximize the use of observable inputs and minimize the use of unobservable inputs.

Money market investments that have a maturity at the time of purchase of one year or less and are held by governments other than external investment pools should be measured at amortized cost. For external investment pools that qualify to be measured at amortized cost, the pool's participants should also measure their investments in that external investment pool at amortized cost for financial reporting purposes.

The Florida Local Government Investment Trust (FLGIT) is a local government investment pool (LGIP) developed through the joint efforts of the Florida Association of Court Clerks and Comptrollers (FACC) and the Florida Association of Counties (FAC). Organized on December 12, 1991, the Trust is designed to complement existing investment programs by providing investment vehicles for funds that can be invested in short-term to intermediate-term securities and have returns generally greater than the national average for money market instruments. The Trust offers two open-ended, professionally managed funds available only to public entities in Florida, as defined in the Declaration and Agreement of Trust.

The Day-to-Day Fund is a money market product offering a fiscally conservative diversification option for Florida local governments. This fund provides investors with liquidity, stable share price and as high a level of current income as is consistent with preservation of principal and liquidity. The weighted average maturity is 10.1 days as of September 30, 2024. These securities are all high quality, primarily "AAA", "AA", and "F1" rated.

The Short-Term Bond Fund is a fund with an investment portfolio structured to maintain safety of principal and maximize available yield through a balance of quality and diversification. This Fund invests in securities with effective maturities of less than five years. Generally, the weighted average maturity of the portfolio falls between 1 to 3 years. The weighted average maturity for the portfolio is 1.86 years as of September 30, 2024. These securities are all high quality, primarily "AAA" and "AA" rated.

## **NOTE 2 – DEPOSITS AND INVESTMENTS (Continued)**

### **Investments (Continued)**

The Trust was created and established under the laws of the State of Florida for the purpose of providing investment funds through which public entities may pool funds which are not immediately required to be disbursed in order to take advantage of permitted investments and maximize net earnings, subject to and in accordance with the provisions of the laws of Florida. Investment in the Trust are not insured by FDIC or any other governmental agency

The investment in the Day to Day Fund is reported at amortized cost in accordance with GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*. GASB 79 requires that if a participant has an investment in a qualifying external investment pool that measures for financial reporting purposes all of its investments at amortized cost it should disclose the presence of any limitations or restrictions on withdrawals (such as redemption notice periods, maximum transaction amounts, and the qualifying external investment pool's authority to impose liquidity fees or redemption gates) in notes to the financial statements. As of September 30, 2024, there were no withdrawal restrictions.

The investment in the Short-Term Bond Fund is accounted for as a fluctuating Net Asset Value (NAV) pool. Accounting valuations reflect estimates of the market value of the securities rather than their amortized cost. Securities listed on generally recognized securities exchanges are valued at the last sales price as reported by such exchanges on the date of valuation. If no sale has been reported, the securities are valued at the average of the bid and ask price for the date of valuation. If neither a sale nor bid and ask price have been reported, then the most recent sales price is used. Securities not listed on generally recognized securities exchanges are valued at the most recent published bid quotation if market quotations are available. Other investments are valued based on quotations obtained from one or more recognized broker/dealers regularly dealing in such securities. As of September 30, 2024, there were no withdrawal restrictions.

## **NOTE 3 – RECEIVABLES**

Receivables as of September 30, 2024, for the Town's individual major fund's governmental activities and business-type activities are as follows:

<u>Receivables</u>	Capital	
	General Fund	Projects Fund
Franchise fees and utility taxes	\$ 72,150	\$ -
Intergovernmental	22,645	24,433
Other	7,755	-
Gross receivables	102,550	24,433
Less allowance for uncollectibles	-	-
Net total receivables	<u>\$ 102,550</u>	<u>\$ 24,433</u>

**NOTE 4 – CAPITAL ASSETS**

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

Governmental Activities	Beginning Balance	Additions	Deletions/ Transfers	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 108,396	\$ -	\$ -	\$ 108,396
Construction in progress	-	2,678	-	2,678
Total capital assets, not being depreciated	108,396	2,678	-	111,074
Capital assets, being depreciated:				
Buildings and improvements	828,544	-	-	828,544
Improvements other than buildings	282,552	-	-	282,552
Furniture, equipment, and vehicles	186,788	4,407	-	191,195
Total capital assets, being depreciated	1,297,884	4,407	-	1,302,291
Less accumulated depreciation:				
Buildings and improvements	468,017	15,725	-	483,742
Improvements other than buildings	162,824	20,189	-	183,013
Furniture, equipment, and vehicles	146,007	8,176	-	154,183
Total accumulated depreciation	776,848	44,090	-	820,938
Total capital assets, being depreciated, net	521,036	(39,683)	-	481,353
Governmental activities capital assets, net	\$ 629,432	\$ (37,005)	\$ -	\$ 592,427

Business-type Activities	Beginning Balance	Additions	Deletions/ Transfers	Ending Balance
Capital assets, being depreciated:				
Sewer system	\$ 1,493,611	\$ -	\$ -	\$ 1,493,611
Machinery and equipment	130,637	-	-	130,637
Total capital assets, being depreciated	1,624,248	-	-	1,624,248
Less accumulated depreciation:				
Infrastructure	1,052,021	39,267	-	1,091,288
Machinery and equipment	68,899	4,806	-	73,705
Total accumulated depreciation	1,120,920	44,073	-	1,164,993
Total capital assets, being depreciated, net	503,328	(44,073)	-	459,255
Business-type activities capital assets, net	\$ 503,328	\$ (44,073)	\$ -	\$ 459,255

For the fiscal year ended September 30, 2024, depreciation expense was charged to functions as follows:

Governmental activities:	
General government	\$ 23,383
Public safety	340
Public works	20,189
Parks and recreation	178
Total depreciation expense, governmental activities	\$ 44,090
Business-type activities:	
Water and sewer	\$ 44,073

## **NOTE 5 – LONG-TERM LIABILITIES**

During the year ended September 30, 2024, the following changes occurred in long-term liabilities:

Governmental Activities	Beginning			Total	Amount Due Within One Year
	Balances	Additions	Reductions		
Net pension liability	\$ 234,372	\$ -	\$ (38,778)	\$ 195,594	\$ -
Compensated Absences	2,709	7,632	(8,269)	2,072	2,072
	<u>\$ 237,081</u>	<u>\$ 7,632</u>	<u>\$ (47,047)</u>	<u>\$ 197,666</u>	<u>\$ 2,072</u>

For the governmental activities, compensated absences and the net pension liability are liquidated by the General Fund.

## **NOTE 6 – INTERFUND TRANSFERS**

Interfund transfers for the fiscal year ended September 30, 2024 were as follows:

	Transfers	Transfers
	In	Out
General Fund	\$ 80,000	\$ -
Sewer Fund	-	80,000
	<u>\$ 80,000</u>	<u>\$ 80,000</u>

Transfers are used to move revenues from the fund where collection occurs to the fund where funds have been reallocated for use. In the case of the Town, transfers from the sewer fund to the general funds are for administrative costs.

## **NOTE 7 – DEFINED CONTRIBUTION EMPLOYEE RETIREMENT PLAN**

### *Plan Description*

The Town of South Palm Beach Retirement Plan is a defined contribution pension plan established by the Town and administered by the ICMA Retirement Corporation. The Plan was established in accordance with Section 401(k) of the Internal Revenue Code. All full-time employees are eligible to participate in the Plan. Participants are fully vested after six years, with 100% of the vesting occurring in the sixth year.

### *Funding Policy*

Prior to January 1, 2005, the Town was required to contribute 10% of covered compensation on behalf of each participant. The Participants were allowed to make elective contributions up to 25% of covered compensation, subject to certain limitations. The Town was also required to match the elective contributions made on behalf of the participant up to a maximum of 5%. The maximum contribution by the Town on behalf of a participant was 15% of covered compensation.

**NOTE 7 – DEFINED CONTRIBUTION EMPLOYEE RETIREMENT PLAN (Continued)**

Effective January 1, 2005, any employee that irrevocably elected to participate in the Florida Retirement System was no longer eligible for the fixed employer contribution or the employer match of elective contributions. Employees hired on or after January 1, 2005 are required to participate in the Florida Retirement System. During the fiscal year ended September 30, 2024, no active employees were eligible to participate in the Plan, and there were no employer or employee contributions to the Plan.

**NOTE 8 – FLORIDA RETIREMENT SYSTEM**

*General Information about the FRS*

The FRS was created in Chapter 121, Florida Statutes, to provide a defined benefit pension plan for participating public employees. The FRS was amended in 1998 to add the Deferred Retirement Option Program under the defined benefit plan and amended in 2000 to provide a defined contribution plan alternative to the defined benefit plan for FRS members effective July 1, 2002. This integrated defined contribution pension plan is the FRS Investment Plan. Chapter 112, Florida Statutes, established the Retiree Health Insurance Subsidy (HIS) Program, a cost-sharing multiple-employer defined benefit pension plan, to assist retired members of any state-administered retirement system in paying the costs of health insurance.

All regular employees of the Town are eligible to enroll as members of the FRS. Provisions relating to the FRS are established by Chapters 121 and 122, Florida Statutes; Chapter 112, Part IV, Florida Statutes; Chapter 238, Florida Statutes; and FRS Rules, Chapter 60S, Florida Administrative Code; wherein eligibility, contributions, and benefits are defined and described in detail. Such provisions may be amended at any time by further action from the Florida Legislature. The FRS is a single retirement system administered by the Florida Department of Management Services, Division of Retirement, and consists of the two cost-sharing, multiple-employer defined benefit plans and other nonintegrated programs. An annual comprehensive financial report of the FRS, which includes its financial statements, required supplementary information, actuarial report, and other relevant information, is available from the Florida Department of Management Services' website ([www.dms.myflorida.com](http://www.dms.myflorida.com)).

The Town's pension expense totaled (\$213,346) for the fiscal year ended September 30, 2024.

The following table provides a summary of significant information related to the Town's defined benefit pension plans for the year ended September 30, 2024. The information for the Florida Retirement System Pension Plan and the Florida Retirement System Insurance Subsidy Program are the Town's proportionate share of the items.

Description	Florida Retirement System Pension Plan	Florida Retirement System HIS Program	Total
Total pension liability	\$ 1,010,972	\$ 32,390	\$ 1,043,362
Plan fiduciary net position	846,212	1,556	847,768
Net pension liability (asset)	164,760	30,834	195,594
Deferred outflows of resources	51,278	2,877	54,155
Deferre inflows of resources	248,624	92,278	340,902
Pension expense (revenue)	(181,836)	(31,510)	(213,346)

## **NOTE 8 – FLORIDA RETIREMENT SYSTEM (Continued)**

### *FRS Pension Plan*

*Plan Description* – The FRS Pension Plan (Plan) is a cost-sharing, multiple-employer defined benefit pension plan, with a Deferred Retirement Option Program (DROP) for eligible employees. The classes of membership within the Town are as follows:

- Regular Class – Member of the FRS who do not qualify for membership in another class.
- Senior Management Service Class – Members in senior management level positions.

Employees enrolled in the Plan prior to July 1, 2011, vest at six years of creditable service and employees enrolled in the Plan on or after July 1, 2011, vest at eight years of creditable service. All vested members, enrolled prior to July 1, 2011, are eligible for normal retirement benefits at age 62 or at any age after 30 years of service. All members enrolled in the Plan on or after July 1, 2011, once vested, are eligible for normal retirement benefits at age 65 or any time after 33 years of service. Members of the Plan may include up to four years of credit for military service toward creditable service. The Plan also includes an early retirement provision; however, there is a benefit reduction for each year a member retires before his or her normal retirement date. The Plan provides retirement, disability, death benefits, and annual cost-of-living adjustments to eligible participants.

DROP, subject to provisions of Section 121.091, Florida Statutes, permits employees eligible for normal retirement under the Plan to defer receipt of monthly benefit payments while continuing employment with an FRS employer. An employee may participate in DROP for a period not to exceed 96 months after electing to participate. During the period of DROP participation, deferred monthly benefits are held in the FRS Trust Fund and accrue interest. The net pension liability does not include amounts for DROP participants, as these members are considered retired and are not accruing additional pension benefits.

*Benefits Provided* – Benefits under the Plan are computed on the basis of age and/or years of service, average final compensation, and service credit. Credit for each year of service is expressed as a percentage of the average final compensation (AFC). For members initially enrolled before July 1, 2011, the AFC is the average of the five highest fiscal years' earnings; for members initially enrolled on or after July 1, 2011, the AFC is the average of the eight highest fiscal years' earnings. The total percentage value of the benefit received is determined by calculating the total value of all service, which is based on the retirement class to which the member belonged when the service credit was earned. Members are eligible for in-line-of-duty or regular disability and survivors' benefits.

**NOTE 8 – FLORIDA RETIREMENT SYSTEM (Continued)**

**FRS Pension Plan (Continued)**

The following chart shows the percentage value for each year of service credit earned:

<b><u>Class, Initial Enrollment, and Retirement Age/Years of Service</u></b>	<b><u>% Value</u></b>
<b>Regular Class members initially enrolled before July 1, 2011</b>	
Retirement up to age 62 or up to 30 years of service	1.60
Retirement at age 63 or with 31 years of service	1.63
Retirement at age 64 or with 32 years of service	1.65
Retirement at age 65 or with 33 years of service	1.68
<b>Regular Class members initially enrolled on or after July 1, 2011</b>	
Retirement up to age 65 or up to 33 years of service	1.60
Retirement at age 66 or with 34 years of service	1.63
Retirement at age 67 or with 35 years of service	1.65
Retirement at age 68 or with 36 years of service	1.68
<b>Special Risk</b>	3.00
<b>Senior Management Service Class</b>	2.00
<b>Elected Local Officers</b>	3.00

Per Section 121.101, Florida Statutes, if the member is initially enrolled in the FRS before July 1, 2011, and all service credit was accrued before July 1, 2011, the annual cost-of-living adjustment is 3% per year. If the member is initially enrolled before July 1, 2011, and has service credit on or after July 1, 2011, there is an individually calculated cost-of-living adjustment. The annual cost-of-living adjustment is a proportion of 3% determined by dividing the sum of the pre-July 2011 service credit by the total service credit at retirement multiplied by 3%. Plan members initially enrolled on or after July 1, 2011, will not have a cost-of-living adjustment after retirement.

**NOTE 8 – FLORIDA RETIREMENT SYSTEM (Continued)**

*FRS Pension Plan (Continued)*

*Contributions* – The Florida Legislature establishes contribution rates for participating employers and employees. Contribution rates during the current fiscal year were as follows:

Class	Percent of Gross Salary October 1, 2023 to June 30, 2024		Percent of Gross Salary July 1, 2024 to September 30, 2024	
	Employee	Employer (1)	Employee	Employer (1)
FRS, Regular	3.00	13.57	3.00	13.63
FRS, Elected Officials	3.00	58.68	3.00	58.68
FRS, Senior Management Service Class	3.00	34.52	3.00	34.52
DROP, Applicable to all members in the above classes	0.00	21.13	0.00	21.13

(1) Except for te DROP, Employer rates include a postemployment HIS contribution rate of 2.0% for October 1, 2023 to September 30, 2024, and administrative costs of .06% for the Investment plan through September 30, 2024.

The Town’s contributions to the Plan totaled \$32,499 for the fiscal year ended September 30, 2024. This excludes the HIS defined benefit pension plan contributions.

*Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions* – At September 30, 2024, the Town reported a liability of \$164,760 for its proportionate share of the Plan’s net pension liability. The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2024. The Town’s proportionate share of the net pension liability was based on the Town’s contributions for the year ended June 30, 2024 relative to the contributions made during the year ended June 30, 2024 of all participating members. At June 30, 2024, the Town’s proportionate share was .00043%, which was a decrease of .00003% from its proportionate share measured as of June 30, 2023.

For the fiscal year ended September 30, 2024 the Town recognized pension expense of (\$181,836) related to the Pension Plan. In addition, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<b>Description</b>	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 16,645	\$ -
Change of assumptions	22,582	-
Net difference between projected and actual earnings on FRS pension plan investments		(10,951)
Changes in proportion and differences between Town FRS contributions and proportionate share of FRS contributions	-	(237,673)
Town FRS contributions subsequent to the measurement date	12,051	-
<b>Total</b>	<b>\$ 51,278</b>	<b>\$ (248,624)</b>

**NOTE 8 – FLORIDA RETIREMENT SYSTEM (Continued)**

*FRS Pension Plan (Continued)*

The deferred outflows of resources related to pensions, totaling \$12051, resulting from Town contributions to the Plan subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the fiscal year ended September 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<b>Year Ending September 30:</b>	<b>Amount</b>
2025	\$ (186,283)
2026	(17,789)
2027	(3,872)
2028	(2,472)
2029	1,019
Thereafter	-
<b>Total</b>	<b>\$ (209,397)</b>

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

Inflation	2.40%
Salary increases	3.25%, average, including inflation
Investment rate of return	6.7%, net of pension plan investment expense, including inflation

Mortality rates were based on the PUB-2010 base table, with variations by member category and sex, projected generationally with Scale MP-2021. The actuarial assumptions used in the July 1, 2024, valuation were based on the results of an actuarial experience study for the period July 1, 2018 through June 30, 2023.

The long-term expected rate of return on pension plan investments was not based on historical returns, but instead is based on a forward-looking capital market economic model. The allocation policy’s description of each asset class was used to map the target allocation to the asset classes shown below. Each asset class assumption is based on a consistent set of underlying assumptions, and includes an adjustment for the inflation assumption. The target allocation and best estimates of arithmetic and geometric real rates of return for each major asset class are summarized in the following table:

<b>Asset Class</b>	<b>Target Allocation (1)</b>	<b>Annual Arithmetic Return</b>	<b>(Geometric) Return</b>	<b>Standard Deviation</b>
Cash	1.0%	3.3%	3.3%	1.1%
Fixed income	29.0%	5.7%	5.6%	3.9%
Global equity	45.0%	8.6%	7.0%	18.2%
Real estate (property)	12.0%	8.1%	6.8%	16.6%
Private equity	11.0%	12.4%	8.8%	28.4%
Strategic investments	2.0%	6.6%	6.2%	8.7%
<b>Total</b>	<b>100.0%</b>			
Assumed inflation - mean			2.4%	1.5%

(1) As outlined in the Plan's investment policy

**NOTE 8 – FLORIDA RETIREMENT SYSTEM (Continued)**

*FRS Pension Plan (Continued)*

*Discount Rate* – The discount rate used to measure the total pension liability was 6.7 percent. The Plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected rate of return.

*Sensitivity of the Town’s Proportionate Share of the Net Position Liability to Changes in the Discount Rate* – The following presents the Town’s proportionate share of the net pension liability calculated using the discount rate of 6.7%, as well as what the Town’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.7%) or 1-percentage-point higher (7.7%) than the current rate:

	1% Decrease	Current Discount Rate Assumption	1% Increase
Net Pension Liability	\$ 289,807	\$ 164,760	\$ 60,007

*Pension Plan Fiduciary Net Position* – Detailed information about the Plan’s fiduciary net position is available in the FRS Pension Plan and Other State Administered Systems Annual Comprehensive Financial Report.

*Payables to the Pension Plan* – At September 30, 2024, the Town did not report a payable to the Plan.

*Retiree Health Insurance Subsidy Program*

*Plan Description* – The HIS Pension Plan (HIS Plan) is a cost-sharing multiple-employer defined benefit pension plan established under section 112.363, Florida Statutes, and may be amended by the Florida Legislature at any time. The benefit is a monthly payment to assist retirees of State-administered retirement systems in paying their health insurance costs and is administered by the Division of Retirement within the Florida Department of Management Services.

*Benefits Provided* – For the fiscal year ended September 30, 2024, eligible retirees and beneficiaries received a monthly HIS payment of \$5 for each year of creditable service completed at the time of retirement, with a minimum HIS payment of \$30 and a maximum HIS payment of \$150 per month, pursuant to Section 112.363, Florida Statutes. To be eligible to receive a HIS Plan benefit, a retiree under a State-administered retirement system must provide proof of health insurance coverage, which may include Medicare.

**NOTE 8 – FLORIDA RETIREMENT SYSTEM (Continued)**

*Retiree Health Insurance Subsidy Program (Continued)*

Contributions – The HIS Plan is funded by required contributions from FRS participating employers as set by the Florida Legislature. Employer contributions are a percentage of gross compensation for all active FRS members. For the fiscal year ended September 30, 2024, the contribution rate was 2.0% from October 1, 2023 to September 30, 2024 pursuant to section 112.363, Florida Statutes. The Town contributed 100 percent of its statutorily required contributions for the current and preceding three years. HIS Plan contributions are deposited in a separate trust fund from which payments are authorized. HIS Plan benefits are not guaranteed and are subject to annual legislative appropriation. In the event the legislative appropriation or available funds fail to provide full subsidy benefits to all participants, benefits may be reduced or canceled.

The Town’s contributions to the HIS Plan totaled \$2,692 for the fiscal year ended September 30, 2024. This does not include contribution to the Investment Plan.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At September 30, 2024, the Town reported a net pension liability of \$86,991 for its proportionate share of the HIS Plan’s net pension liability. The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2024. The Town’s proportionate share of the net pension liability was based on the year ended June 30, 2024 contributions relative to the year ended June 30, 2024 contributions of all participating members. At June 30, 2024, the Town’s proportionate share was .00021%, a decrease of .00014% compared to its proportionate share measured as of June 30, 2023.

For the fiscal year ended September 30, 2024, the Town recognized pension expense of (\$31,510) related to the HIS Plan. In addition, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<u>Description</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 298	\$ (59)
Change of assumptions	546	(3,650)
Net difference between projected and actual earnings on FRS pension plan investments	-	(11)
Changes in proportion and differences between Town FRS contributions and proportionate share of FRS contributions	595	(88,558)
Town FRS contributions subsequent to the measurement date	1,438	-
Total	<u>\$ 2,877</u>	<u>\$ (92,278)</u>

**NOTE 8 – FLORIDA RETIREMENT SYSTEM (Continued)**

*Retiree Health Insurance Subsidy Program (Continued)*

The deferred outflows of resources related to pensions, totaling \$1,438, resulting from Town contributions to the HIS Plan subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ended September 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<b>Year Ending September 30:</b>	<b>Amount</b>
2025	\$ (35,326)
2026	(32,420)
2027	(12,696)
2028	(5,158)
2029	(4,077)
Thereafter	(1,162)
<b>Total</b>	<b>\$ (90,839)</b>

*Actuarial Assumptions* – The total pension liability in the July 1, 2024, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.40%
Salary increases	3.25%, average, including inflation
Investment rate of return	3.93%

Mortality rates were based on the PUB-2010 base table, with variations by member category and sex, projected generationally with Scale MP-2021. The actuarial assumptions used in the July 1, 2024, valuation were based on the results of an actuarial experience study for the period July 1, 2018 through June 30, 2023.

*Discount Rate* – The discount rate used to measure the total pension liability was 3.93%. In general, the discount rate for calculating the total pension liability is equal to the single rate equivalent to discounting at the long-term expected rate of return for benefit payments prior to the projected depletion date. Because the HIS benefit is essentially funded on a pay-as-you-go basis, the depletion date is considered to be immediate, and the single equivalent discount rate is equal to the municipal bond rate selected by the HIS Plan sponsor. The Bond Buyer General Obligation 20-Bond Municipal Bond Index was adopted as the applicable municipal bond index.

*Sensitivity of the Town’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate* – The following presents the Town’s proportionate share of the net pension liability calculated using the discount rate of 3.93%, as well as what the Town’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.93%) or 1-percentage-point higher (4.93%) than the current rate:

	Current Discount Rate		
	1% Decrease	Assumption	1% Increase
	2.93%	3.93%	4.93%
Net Pension Liability	\$ 35,101	\$ 30,834	\$ 27,292

**NOTE 8 – FLORIDA RETIREMENT SYSTEM (Continued)**

*Retiree Health Insurance Subsidy Program (Continued)*

*Pension Plan Fiduciary Net Position* – Detailed information about the HIS Plan’s fiduciary net position is available in the FRS Pension Plan and Other State Administered Systems Annual Comprehensive Financial Report.

*Payables to the Pension Plan* – At September 30, 2024, the Town did not report a payable to the Plan.

*Florida Retirement System Investment Plan*

*Plan Description* - The Florida Retirement System Investment Plan is a defined contribution retirement plan qualified under Section 401(a) of the Internal Revenue Code. The Florida Legislature enacted the Plan during the 2000 legislative session, and amendments to the Plan can only be made by an act of the Florida Legislature. The Plan is administered by the State Board of Administration of Florida.

*Funding Policy* - Participating employers are required to make contributions based upon statewide contributions rates. Allocations to the investment plan by job class for the Town’s employees at September 30, 2024, were as follows:

Investment plan Class	October 1, 2023 to September 30, 2024
FRS, Regular	8.30%
FRS, Elected Officials	13.34%
FRS, Senior Management Service Class	9.67%
DROP	21.93%

*Florida Retirement System Investment Plan (continued)*

These rates do not include a 3.00% employee contribution. The Town’s payroll for the fiscal year ended September 30, 2024 for employees covered by the Plan was \$7,326. The Town and the covered employees made the required contributions of \$994, and \$220, respectively.

**NOTE 9 – DEFINED CONTRIBUTION OTHER POSTEMPLOYMENT BENEFITS (OPEB)**

*Plan Description*

The Town of South Palm Beach Retirement Health Savings Plan is a defined contribution other postemployment benefit (OPEB) plan established by the Town and administered by the ICMA Retirement Corporation to provide healthcare benefits at retirement to the employees of the Town. All full-time employees are eligible to participate on attainment of age 19. Accounts are 100% vested at all times. Retirement is defined as separation from service with a minimum of 15 years of service or 55 years of age. The plan was established by the Town Council and may be amended by action of the Town Council.

**NOTE 9 – DEFINED CONTRIBUTION OTHER POSTEMPLOYMENT BENEFITS (OPEB)**  
**(Continued)**

*Funding Policy*

Prior to January 1, 2005, the Town was required to contribute 1.10% of covered compensation on behalf of each plan participant. Effective January 1, 2005, any employee that irrevocably elected to participate in the Florida Retirement System was no longer eligible for the mandatory employer contribution. During the fiscal year ended September 30, 2024, there were no participants eligible for mandatory employer contributions.

All vacation and sick leave time that exceeds the maximum accrual limits will be placed in a reserve and in September of each year the Town is required to make mandatory leave contributions to the plan in the amount of the reserve. For the fiscal year ended September 30, 2024, there was no Town's mandatory leave contributions.

Employees are permitted to make an irrevocable election for pre-tax contributions from compensation. Employees may elect to contribute up to 25% of earnings. Employees may also make an irrevocable election for pre-tax contributions of accrued leave. In the year prior to separation from service, an employee can elect to contribute vacation and sick leave time in accordance with Town policies.

For the fiscal year ended September 30, 2024, two active employees participated in the plan and made total employee contributions in the amount of \$750.

**NOTE 10 – DEFINED BENEFIT OPEB PLAN**

Retirees of the Town pay an amount equal to the actual premium for health insurance charged by the carrier, but there is an implied subsidy in the healthcare insurance premium for retirees because the premium charged for these retirees is the same as the premium charged for active employees, who are younger than retirees on average.

*Plan Description*

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

*Funding Policy*

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

## **NOTE 10 – DEFINED BENEFIT OPEB PLAN (Continued)**

### *Annual OPEB Cost and OPEB Obligation*

During a prior fiscal year, the Town adopted GASB 75 - Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. The annual other postemployment benefit (OPEB) cost is calculated based on the annual required contribution of the employer, an amount actuarially determined in accordance with GASB Statement No. 75.

The Town's actuaries performed a study of the Town's current employee data and expected retirement pattern, based on the results of the study, the Town has determined that the liability for the implicit rate subsidy is not material. Consequently, the Town has not reported any OPEB cost or OPEB obligation in the financial statements.

## **NOTE 11 – RISK MANAGEMENT**

The Town is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the Town carries commercial insurance. Retention of risk is limited, with deductibles of up to \$500 per occurrence. The Town is also covered by Florida Statutes under the Doctrine of Sovereign Immunity which effectively limits the amount of liability of municipalities to individual claims of \$200,000 and \$300,000 for all claims relating to the same accident. However, under certain circumstance, 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.

There were no significant reductions in insurance coverage from the prior year. There were no settled claims which exceeded insurance coverage during the past three fiscal years.

## **NOTE 12 – CONTINGENCIES AND CLAIMS**

The Town is involved in various litigations and claims arising in the course of operations. It is the opinion of legal counsel that the likelihood of unfavorable outcomes and the amounts of potential losses cannot be reasonably determined at this time. Accordingly, no provision for any liability that may result has been made in the accompanying financial statements.

## **NOTE 13 – INTERLOCAL GOVERNMENTAL AGREEMENTS**

### *City of Lake Worth Beach – Disposal Services*

The Town has entered into an agreement with the City of Lake Worth, Florida, providing for the disposal of sewage generated by the Town's collection system by utilizing the East Central Regional Wastewater Reclamation Facility (ECRWRF) treatment facilities. Under the terms of this agreement, the Town has agreed to pay each month to the City of Lake Worth a pro rata share of the City's operating costs of the ECRWRF's treatment facilities. The agreement also requires the Town to pay an amount equal to its pro rata share, based upon reserved capacity, of the non-federally funded capital expenditures required of the City for pumping, transmission and treatment disposal facilities constructed for the benefit of the Town system and its customers. The Town has also agreed to pay its pro rata share of certain debt service requirements. For the fiscal year ended September 30, 2024, the Town paid \$285,634 pursuant to the agreement.

## **NOTE 13 – INTERLOCAL GOVERNMENTAL AGREEMENTS (Continued)**

### **City of Lake Worth Beach – Lift Station Maintenance**

In August 2016, the Town entered into an agreement with the City of Lake Worth, Florida, providing for the City to inspect and maintain a lift station for a period of twenty years. The agreement may be extended for up to ten additional years upon approval by both parties. Under the terms of the agreement, the City shall perform inspections, deemed necessary by the City, and perform routine maintenance on the lift station for a fee of \$400 per month. Corrective maintenance costing less than \$800 per incident will be performed by the City and charged on a time and materials basis. Corrective maintenance costing more than \$800 will be reported to the Town and the Town shall determine whether the City shall perform work, upon approval of the City, or whether it shall obtain a contractor to perform the work. For the fiscal year ended September 30, 2024, the Town paid \$4,800 pursuant to the agreement.

### **Palm Beach County – Fire Rescue Services**

Pursuant to Palm Beach County Ordinance No. 2009-048 and Town of South Palm Beach Ordinance No. 253, the Town has opted into the County’s Fire/Rescue Municipal Service Taxing Unit (MSTU) for the provision of fire rescue services within the Town from October 1, 2010 through September 30, 2024. During the prior fiscal year, the term of this agreement was extended through September 30, 2030. The tax for the MSTU is included in the maximum 10 mills the Town is legally allowed to assess. As of September 30, 2024, the MSTU portion of the Town’s millage rate was 3.4581 mills.

### **Palm Beach County Sheriff’s Office (“PBSO”) – Police Services**

During the prior fiscal year, the Town entered into an agreement with PBSO for police services. Under the agreement, the existing Town officers became PBSO employees effective October 1, 2019. Pursuant to the agreement, the existing equipment and vehicles being used by the officers were transferred to PBSO with a reversionary interest should the contract terminate. The total amount paid under this agreement for the fiscal year ended September 30, 2024 was \$1,113,945.

### **Interlocal Agreement with Town of Palm Beach – Dunes Restoration Project**

During the fiscal year ended September 30, 2021, the Town entered into an interlocal agreement with the Town of Palm Beach in order for the Town to fund a portion of the Town of Palm Beach’s beach restoration project. Pursuant to the agreement, the Town is to cover portions of the project within the Town’s boundaries in an amount not to exceed \$900,000. Pursuant to the agreement, the Town reimbursed the Town of Palm Beach \$747,472 during the fiscal year ended September 30, 2021, and during the fiscal year ended September 30, 2023, the Town paid \$29,000 for a monitoring study regarding the project.

### **Interlocal Agreement with Town of Lantana – Dunes Restoration Project**

During the 2022 fiscal year, the Town entered into an interlocal agreement with the Town of Lantana in order to grant the Town of Palm Beach and the Town of South Palm Beach a temporary easement with access to the beach for the joint dune restoration/beach renourishment project in Reach 9. Pursuant to the agreement, the Town agreed to pay for sand to be deposited on Lantana’s beach not to exceed \$85,270. As of September 30, 2024, there were no expenditures related to this project.

**TOWN OF SOUTH PALM BEACH, FLORIDA**  
**Required Supplementary Information**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances -**  
**Budget and Actual - General Fund**  
**For the Year Ended September 30, 2024**

	<u>Budgeted Amounts</u>	Actual	Variance with Final Budget - Positive (Negative)
	<u>Original &amp; Final</u>	Amounts	
<b>REVENUES</b>			
Property taxes	\$ 1,938,176	\$ 1,924,656	\$ (13,520)
Utility taxes	199,600	331,030	131,430
Other taxes	6,400	7,999	1,599
Franchise fees	149,000	153,791	4,791
Intergovernmental	283,450	207,646	(75,804)
Charges for services	11,000	6,377	(4,623)
Fines and forfeitures	2,000	952	(1,048)
Investment income	6,000	224,678	218,678
Other revenues	25,000	34,795	9,795
Total revenues	<u>2,620,626</u>	<u>2,891,924</u>	<u>271,298</u>
<b>EXPENDITURES</b>			
Current:			
General government	763,682	607,599	156,083
Public safety	1,113,945	1,113,945	-
Public works	72,001	66,126	5,875
Culture and recreation	61,101	29,476	31,625
Capital outlay	60,000	3,590	56,410
Total expenditures	<u>2,070,729</u>	<u>1,820,736</u>	<u>249,993</u>
Excess (deficiency) of revenues over (under) expenditures	549,897	1,071,188	521,291
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfer in (out)	80,000	80,000	-
Total other financing sources (uses)	<u>80,000</u>	<u>80,000</u>	<u>-</u>
Net change in fund balance	<u>\$ 629,897</u>	1,151,188	<u>\$ 521,291</u>
Fund balance - beginning		<u>4,652,747</u>	
Fund balance - ending		<u>\$ 5,803,935</u>	

See notes to budgetary required supplementary information

**TOWN OF SOUTH PALM BEACH, FLORIDA**  
**Required Supplementary Information**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances -**  
**Budget and Actual – Special Revenue Fund**  
**For the Year Ended September 30, 2024**

	<u>Budgeted Amounts</u>	Actual	Variance with Final Budget - Positive
	<u>Original &amp; Final</u>	Amounts	(Negative)
<b>REVENUES</b>			
Permits and fees	\$ 235,000	\$ 318,207	\$ 83,207
Fines and forfeitures	-	12,014	12,014
Investment income	300	24,828	24,528
Other revenues	-	348	348
Total revenues	235,300	355,397	120,097
<b>EXPENDITURES</b>			
Current:			
Public safety	223,350	212,554	10,796
Capital outlay	-	817	(817)
Total expenditures	223,350	213,371	9,979
Excess (deficiency) of revenues over (under) expenditures	\$ 11,950	142,026	\$ 130,076
Fund balance - beginning		1,311,460	
Fund balance - ending		\$ 1,453,486	

See notes to budgetary required supplementary information

**TOWN OF SOUTH PALM BEACH, FLORIDA**  
**Notes to the Budgetary Required Supplementary**  
**Information**  
**For the Year Ended September 30, 2024**

**NOTE 1 – BUDGETS AND BUDGETARY ACCOUNTING**

A budgetary comparison schedule is presented for the General Fund and Special Revenue Fund. An annual budget is adopted for the General Fund and Special Revenue Fund on a basis consistent with accounting principles generally accepted in the United States of America. The procedures for establishing budgetary data reflected in the budgetary comparison schedule are described below.

1. Approximately July 1<sup>st</sup>, the Town Manager submits to the Town Council a proposed operating budget for the fiscal year commencing the following October 1<sup>st</sup>. 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 1<sup>st</sup>, the budget is legally enacted through passage of an ordinance.
4. Appropriations are legally controlled at the fund level and expenditures may not legally exceed budgeted amounts at that level.
5. The Town Council approves total budget appropriations only. The Town Manager is authorized to transfer budget amounts between departments within any fund. However, any revisions that alter the total appropriations of any fund must be approved by the Town Council.
6. Formal budgetary integration is employed as a management control device during the year.
7. Appropriations which are neither expended nor specifically designated to be carried over lapse at the end of the fiscal year.
8. There were no supplemental appropriations during the year.
9. Expenditures of the General Fund and Special Revenue Fund did not exceed appropriations the fiscal year ended September 30, 2024.

**TOWN OF SOUTH PALM BEACH, FLORIDA**  
**Required Supplementary Information**  
**For the Year Ended September 30, 2024**

**Schedule of the Town's Proportionate Share of the Net Pension Liability -  
Florida Retirement System Pension Plan  
Last 10 Years (1) (2)**

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Town's proportion of the FRS net pension liability	0.0004%	0.0005%	0.0005%	0.0006%	0.0015%	0.0044%	0.0054%	0.0047%	0.0048%	0.0043%
Town's proportionate share of the FRS net pension liability	\$ 164,760	\$ 180,199	\$ 191,043	\$ 41,795	\$ 670,556	\$ 1,507,306	\$ 1,616,435	\$ 1,378,293	\$ 1,204,626	\$ 554,219
Town's covered payroll	86,991	135,139	136,247	152,333	234,997	635,122	732,479	523,562	499,113	466,700
Town's proportionate share of the FRS net pension liability as a percentage of its covered payroll	189.40%	133.34%	140.22%	27.44%	285.35%	237.33%	220.68%	263.25%	241.35%	118.75%
FRS plan fiduciary net position as a percentage of the total pension liability	83.70%	82.38%	82.89%	96.40%	78.85%	82.61%	84.26%	83.89%	84.88%	92.00%

**Schedule of the Town's Proportionate Share of the Net Pension Liability -  
Health Insurance Subsidy Pension Plan  
Last 10 Years (1) (2)**

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Town's proportion of the HIS net pension liability	0.0002%	0.0003%	0.0004%	0.0004%	0.0009%	0.0021%	0.0024%	0.0022%	0.0023%	0.0022%
Town's proportionate share of the HIS net pension liability	\$ 30,834	\$ 54,173	\$ 39,599	\$ 52,782	\$ 106,377	\$ 234,151	\$ 254,638	\$ 234,627	\$ 268,003	\$ 228,214
Town's covered payroll	86,991	135,139	136,247	152,333	234,997	635,122	732,479	523,562	499,113	466,700
Town's proportionate share of the HIS net pension liability as a percentage of its covered payroll	35.44%	40.09%	29.06%	34.65%	45.27%	36.87%	34.76%	44.81%	53.70%	48.90%
HIS plan fiduciary net position as a percentage of the total pension liability	4.80%	4.12%	4.81%	3.56%	3.00%	2.63%	2.15%	1.64%	0.97%	0.50%

(1) The amounts presented for each year were determined as of the measurement date, June 30.

**TOWN OF SOUTH PALM BEACH, FLORIDA**  
**Required Supplementary Information**  
**For the Year Ended September 30, 2024**

**Schedule of the Town Contributions -  
Florida Retirement System Pension Plan  
Last 10 Fiscal Years (1)**

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required FRS contribution	\$ 32,499	\$ 18,974	\$ 18,383	\$ 18,084	\$ 19,864	\$ 133,781	\$ 151,893	\$ 122,708	\$ 106,799	\$ 87,394
FRS contributions in relation to the contractually required contribution	(32,499)	(18,974)	(18,383)	(18,084)	(19,864)	(133,781)	(151,893)	(122,708)	(106,799)	(87,394)
FRS contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Town's covered payroll	\$ 134,618	\$ 62,026	\$ 65,557	\$ 83,203	\$ 99,414	\$ 627,438	\$ 586,276	\$ 586,276	\$ 525,711	\$ 455,886
FRS contributions as a percentage of covered payroll	24.14%	30.59%	28.04%	21.73%	19.98%	21.32%	25.91%	20.93%	20.32%	19.17%

**Schedule of the Town Contributions -  
Health Insurance Subsidy Pension Plan  
Last 10 Fiscal Years (1)**

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required HIS contribution	\$ 2,692	\$ 1,085	\$ 1,088	\$ 1,381	\$ 1,650	\$ 10,415	\$ 13,058	\$ 11,926	\$ 12,505	\$ 8,885
HIS contributions in relation to the contractually required contribution	(2,692)	(1,085)	(1,088)	(1,381)	(1,650)	(10,415)	(13,058)	(11,926)	(12,505)	(8,885)
HIS contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Town's covered payroll	\$ 134,618	\$ 62,026	\$ 65,557	\$ 83,203	\$ 99,414	\$ 627,438	\$ 586,276	\$ 586,276	\$ 525,711	\$ 455,886
HIS contributions as a percentage of covered payroll	2.00%	1.75%	1.66%	1.66%	1.66%	1.66%	2.23%	2.03%	2.38%	1.95%

## STATISTICAL SECTION

This part of the Town of South Palm Beach's annual comprehensive financial report presents detailed unaudited information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the Town's overall financial health.

<u>Contents</u>	<u>Page</u>
<b>Financial Trends</b>	
<i>These schedules contain trend information to help the reader understand how the Town's financial performance and well-being have changed over time. These schedules include:</i>	
Net Position by Component.....	56-57
Changes in Net Position.....	58-61
Fund Balances, Governmental Funds.....	62-63
Changes in Fund Balances, Governmental Funds.....	64-65
<b>Revenue Capacity</b>	
<i>These schedules contain information to help the reader assess the Town's most significant local revenue source, the property tax.</i>	
General Government Tax Revenues by Source.....	66
Net Assessed Value and Direct Tax Rate.....	67
Direct and Overlapping Property Tax Rates.....	68
Principal Property Tax Payers.....	69
Property Tax Levies and Collections.....	70
<b>Debt Capacity</b>	
<i>These schedules present information to help the reader assess the affordability of the Town's current levels of outstanding debt and the Town's ability to issue additional debt in the future.</i>	
Ratios of Outstanding Debt by Type.....	71
Ratios of General Bonded Debt Outstanding.....	72
Direct and Overlapping Governmental Activities Debt.....	73
Pledged-Revenue Coverage.....	74
<b>Demographic and Economic Information</b>	
<i>These schedules offer demographic and economic indicators to help the reader understand the environment within which the Town's financial activities take place.</i>	
Demographic and Economic Information.....	75
Principal Employers.....	76
<b>Operating Information</b>	
<i>These schedules contain service and infrastructure data to help the reader understand how the information in the Town's financial report relates to the services the Town provides and the activities it performs.</i>	
Full-Time Equivalent Town Government Employees by Function/Program.....	77
Operating Indicators by Function/Program.....	78
Capital Asset Statistics by Function/Program.....	79

*Sources: Unless otherwise noted, the information in these schedules is derived from the annual comprehensive financial reports for the relevant year.*

**Town of South Palm Beach, Florida**  
**Schedule 1**  
**Net Position by Component**  
**(Unaudited) (Accrual Basis of**  
**Accounting)**

Fiscal Year Ended 09/30	2015	2016	2017	2018
Governmental activities:				
Invested in capital assets, net of related debt	\$ 854,056	\$ 811,268	\$ 806,126	\$ 793,391
Restricted				
Transportation	10,026	12,920	22,950	-
Infrastructure			59,657	158,435
Building code enforcement	178,015	227,521	580,917	841,344
Special events	-	-	-	-
Unrestricted	<u>1,892,185</u>	<u>2,014,991</u>	<u>1,949,249</u>	<u>2,108,818</u>
Total governmental activities net position	<u>2,934,282</u>	<u>3,066,700</u>	<u>3,418,899</u>	<u>3,901,988</u>
Business-type activities:				
Invested in capital assets, net of related debt	435,033	394,255	353,819	318,012
Unrestricted	<u>1,348,841</u>	<u>1,440,577</u>	<u>1,518,091</u>	<u>1,635,465</u>
Total business-type activities net position	<u>1,783,874</u>	<u>1,834,832</u>	<u>1,871,910</u>	<u>1,953,477</u>
Total government:				
Invested in capital assets, net of related debt	1,289,089	1,205,523	1,159,945	1,111,403
Restricted	188,041	240,441	663,524	999,779
Unrestricted	<u>3,241,026</u>	<u>3,455,568</u>	<u>3,467,340</u>	<u>3,744,283</u>
Total government net position	<u>\$ 4,718,156</u>	<u>\$ 4,901,532</u>	<u>\$ 5,290,809</u>	<u>\$ 5,855,465</u>

2019	2020	2021	2022	2023	2024
\$ 678,949	\$ 644,536	\$ 643,614	\$ 665,277	\$ 629,432	\$ 592,427
-	-	-	-	-	-
262,000	327,306	-	138,594	297,372	448,482
891,181	1,003,475	1,080,081	1,216,986	1,311,460	1,453,486
-	-	-	-	9,860	8,151
<u>2,334,119</u>	<u>2,666,925</u>	<u>3,022,762</u>	<u>4,192,749</u>	<u>5,234,324</u>	<u>6,638,528</u>
<u>4,166,249</u>	<u>4,642,242</u>	<u>4,746,457</u>	<u>6,213,606</u>	<u>7,482,448</u>	<u>9,141,074</u>
308,227	438,904	420,872	555,088	503,328	459,255
<u>1,728,878</u>	<u>1,302,264</u>	<u>1,782,241</u>	<u>1,605,054</u>	<u>1,711,122</u>	<u>1,884,841</u>
<u>2,037,105</u>	<u>1,741,168</u>	<u>2,203,113</u>	<u>2,160,142</u>	<u>2,214,450</u>	<u>2,344,096</u>
987,176	1,083,440	1,064,486	1,220,365	1,132,760	1,051,682
1,153,181	1,330,781	1,080,081	1,355,580	1,618,692	1,910,119
<u>4,062,997</u>	<u>3,969,189</u>	<u>4,805,003</u>	<u>5,797,803</u>	<u>6,945,446</u>	<u>8,523,369</u>
<u>\$ 6,203,354</u>	<u>\$ 6,383,410</u>	<u>\$ 6,949,570</u>	<u>\$ 8,373,748</u>	<u>\$ 9,696,898</u>	<u>\$ 11,485,170</u>

**Town of South Palm Beach, Florida**  
**Schedule 2**  
**Changes in Net Position (Unaudited) (Accrual Basis of Accounting)**

Fiscal Year Ended 09/30	2015	2016	2017	2018
<b>Expenses:</b>				
Governmental activities:				
General government	\$ 553,492	\$ 626,236	\$ 880,655	\$ 726,145
Public safety	920,654	1,122,387	994,487	1,085,393
Public works	41,224	70,769	183,204	126,174
Culture/Recreation	30,035	28,106	29,437	25,982
Total governmental activities	<u>1,545,405</u>	<u>1,847,498</u>	<u>2,087,783</u>	<u>1,963,694</u>
Business-type activities:				
Utility system	<u>240,534</u>	<u>222,376</u>	<u>298,546</u>	<u>281,672</u>
Total business-type activities	<u>240,534</u>	<u>222,376</u>	<u>298,546</u>	<u>281,672</u>
Total government expenses	<u>\$ 1,785,939</u>	<u>\$ 2,069,874</u>	<u>\$ 2,386,329</u>	<u>\$ 2,245,366</u>
<b>Program revenues:</b>				
Governmental activities:				
Charges for services:				
General government	\$ 246,027	\$ 206,468	\$ 526,754	\$ 408,488
Public safety	7,778	8,660	10,406	9,100
Culture/recreation	18,284	18,494	17,514	22,872
Operating grants and contributions:	-	5,643	1,000	-
Capital grants and contributions	<u>3,709</u>	<u>-</u>	<u>59,657</u>	<u>98,778</u>
Total governmental activities program revenues	<u>275,798</u>	<u>239,265</u>	<u>615,331</u>	<u>539,238</u>
Business-type activities:				
Charges for services:				
Utility system	316,061	311,558	390,040	437,591
Operating grants and contributions:	-	-	-	-
Capital grants and contributions	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total business-type activities program revenues	<u>316,061</u>	<u>311,558</u>	<u>390,040</u>	<u>437,591</u>
Total program revenues	<u>\$ 591,859</u>	<u>\$ 550,823</u>	<u>\$ 1,005,371</u>	<u>\$ 976,829</u>

	2019	2020	2021	2022	2023	2024
\$	560,716	\$ 558,818	\$ 365,990	\$ 452,147	\$ 527,715	\$ 451,493
	1,277,297	1,217,621	1,185,691	1,187,292	1,202,373	1,264,335
	55,123	66,370	827,483	108,711	105,402	86,315
	<u>65,004</u>	<u>43,967</u>	<u>28,408</u>	<u>29,213</u>	<u>14,045</u>	<u>24,250</u>
	<u>1,958,140</u>	<u>1,886,776</u>	<u>2,407,572</u>	<u>1,777,363</u>	<u>1,849,535</u>	<u>1,826,393</u>
	<u>304,519</u>	<u>700,332</u>	<u>280,228</u>	<u>311,415</u>	<u>419,218</u>	<u>396,842</u>
	<u>304,519</u>	<u>700,332</u>	<u>280,228</u>	<u>311,415</u>	<u>419,218</u>	<u>396,842</u>
\$	<u><u>2,262,659</u></u>	<u><u>2,587,108</u></u>	<u><u>2,687,800</u></u>	<u><u>2,088,778</u></u>	<u><u>2,268,753</u></u>	<u><u>2,223,235</u></u>
\$	199,946	\$ 263,234	\$ 232,950	\$ 314,737	\$ 262,662	\$ 307,076
	5,654	1,244	1,138	2,078	1,028	12,966
	26,305	17,387	593	2,526	4,417	6,377
	-	-	-	-	-	-
	<u>104,565</u>	<u>105,941</u>	<u>136,735</u>	<u>506,721</u>	<u>158,778</u>	<u>151,110</u>
	<u>336,470</u>	<u>387,806</u>	<u>371,416</u>	<u>826,062</u>	<u>426,885</u>	<u>477,529</u>
	443,685	470,186	373,263	469,602	530,600	530,378
	-	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>443,685</u>	<u>470,186</u>	<u>373,263</u>	<u>469,602</u>	<u>530,600</u>	<u>530,378</u>
\$	<u><u>780,155</u></u>	<u><u>857,992</u></u>	<u><u>744,679</u></u>	<u><u>1,295,664</u></u>	<u><u>957,485</u></u>	<u><u>1,007,907</u></u>

**Town of South Palm Beach, Florida**  
**Schedule 2 (Continued)**  
**Changes in Net Position (Unaudited) (Accrual Basis of Accounting)**

Fiscal Year Ended 09/30	2015	2016	2017	2018
Net (expense) revenue:				
Governmental activities	\$ (1,269,607)	\$ (1,608,233)	\$ (1,472,452)	\$ (1,424,456)
Business-type activities	<u>75,527</u>	<u>89,182</u>	<u>91,494</u>	<u>155,919</u>
Total net expense	<u>\$ (1,194,080)</u>	<u>\$ (1,519,051)</u>	<u>\$ (1,380,958)</u>	<u>\$ (1,268,537)</u>
General revenues:				
Governmental activities:				
Taxes:				
Property taxes	\$ 1,079,316	\$ 1,166,518	1,233,243	1,261,393
Utility taxes	227,763	227,388	221,766	233,888
Intergovernmental revenues	156,759	156,922	161,930	166,865
Franchise taxes	115,246	107,367	103,791	112,149
Investment earnings	3,988	7,974	24,927	37,070
Miscellaneous	25,116	19,482	23,994	16,180
Loss on capital assets transfer	15,634	-	-	-
Transfers	<u>-</u>	<u>55,000</u>	<u>55,000</u>	<u>80,000</u>
Total governmental activities	<u>1,623,822</u>	<u>1,740,651</u>	<u>1,824,651</u>	<u>1,907,545</u>
Business-type activities:				
Investment earnings	3,196	426	584	5,648
Miscellaneous	-	16,350	-	-
Transfers	<u>-</u>	<u>(55,000)</u>	<u>(55,000)</u>	<u>(80,000)</u>
Total business-type activities	<u>3,196</u>	<u>(38,224)</u>	<u>(54,416)</u>	<u>(74,352)</u>
Total general revenues	<u>\$ 1,627,018</u>	<u>\$ 1,702,427</u>	<u>\$ 1,770,235</u>	<u>\$ 1,833,193</u>
Change in net assets:				
Governmental activities	\$ 354,215	\$ 132,418	\$ 352,199	\$ 483,089
Business-type activities	<u>78,723</u>	<u>50,958</u>	<u>37,078</u>	<u>81,567</u>
Total change in net position	<u>\$ 432,938</u>	<u>\$ 183,376</u>	<u>\$ 389,277</u>	<u>\$ 564,656</u>

2019	2020	2021	2022	2023	2024
\$ (1,621,670)	\$ (1,498,970)	\$ (2,036,156)	\$ (951,301)	\$ (1,422,650)	\$ (1,348,864)
<u>139,166</u>	<u>(230,146)</u>	<u>93,035</u>	<u>158,187</u>	<u>111,382</u>	<u>133,536</u>
<u>\$ (1,482,504)</u>	<u>\$ (1,729,116)</u>	<u>\$ (1,943,121)</u>	<u>\$ (793,114)</u>	<u>\$ (1,311,268)</u>	<u>\$ (1,215,328)</u>
1,262,753	1,254,744	1,508,720	1,554,205	1,724,015	1,924,656
239,570	275,779	294,248	298,108	337,986	331,030
180,200	165,383	143,275	163,470	179,027	162,572
112,194	113,017	117,931	136,374	153,923	153,791
69,287	36,084	-	17,490	130,364	267,225
22,861	49,956	76,197	88,803	86,177	88,216
(80,934)	-	-	-	-	-
<u>80,000</u>	<u>80,000</u>	<u>-</u>	<u>160,000</u>	<u>80,000</u>	<u>80,000</u>
<u>1,885,931</u>	<u>1,974,963</u>	<u>2,140,371</u>	<u>2,418,450</u>	<u>2,691,492</u>	<u>3,007,490</u>
24,462	14,209	782	(52,289)	34,057	76,110
-	-	368,128	-	-	-
<u>(80,000)</u>	<u>(80,000)</u>	<u>-</u>	<u>(160,000)</u>	<u>(80,000)</u>	<u>(80,000)</u>
<u>(55,538)</u>	<u>(65,791)</u>	<u>368,910</u>	<u>(212,289)</u>	<u>(45,943)</u>	<u>(3,890)</u>
<u>\$ 1,830,393</u>	<u>\$ 1,909,172</u>	<u>\$ 2,509,281</u>	<u>\$ 2,206,161</u>	<u>\$ 2,645,549</u>	<u>\$ 3,003,600</u>
\$ 264,261	\$ 475,993	\$ 104,215	\$ 1,467,149	\$ 1,268,842	\$ 1,658,626
<u>83,628</u>	<u>(295,937)</u>	<u>461,945</u>	<u>(54,102)</u>	<u>65,439</u>	<u>129,646</u>
<u>\$ 347,889</u>	<u>\$ 180,056</u>	<u>\$ 566,160</u>	<u>\$ 1,413,047</u>	<u>\$ 1,334,281</u>	<u>\$ 1,788,272</u>

**Town of South Palm Beach, Florida**  
**Schedule 3**  
**Fund Balances, Governmental Funds (Unaudited) (Modified**  
**Accrual Basis of Accounting)**

Fiscal Year Ended 09/30	2015	2016	2017	2018
<b>General Fund:</b>				
Non spendable	\$ 20,303	\$ 14,728	\$ 323	\$ -
Restricted	188,041	240,441	608,867	841,344
Assigned	1,432,506	1,432,506	1,586,206	1,494,691
Unassigned	<u>1,491,095</u>	<u>1,656,264</u>	<u>1,592,481</u>	<u>1,871,895</u>
Total general fund	<u>3,131,945</u>	<u>3,343,939</u>	<u>3,787,877</u>	<u>4,207,930</u>
<b>All other governmental funds:</b>				
Restricted	-	-	59,567	158,435
Assigned	-	-	-	-
Unassigned	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total all other governmental funds	<u>-</u>	<u>-</u>	<u>59,567</u>	<u>158,435</u>
Total governmental funds	<u>\$ 3,131,945</u>	<u>\$ 3,343,939</u>	<u>\$ 3,847,444</u>	<u>\$ 4,366,365</u>

	2019	2020	2021	2022	2023	2024
\$	4,838	\$ 4,349	\$ 31,061	\$ 15,239	\$ 18,072	\$ 10,485
	-	-	-	-	9,860	8,151
	1,451,960	1,458,324	1,461,706	18,295	-	-
	<u>2,300,577</u>	<u>2,595,003</u>	<u>3,016,583</u>	<u>3,747,045</u>	<u>4,624,815</u>	<u>5,785,299</u>
	<u>3,757,375</u>	<u>4,057,676</u>	<u>4,509,350</u>	<u>3,780,579</u>	<u>4,652,747</u>	<u>5,803,935</u>
	1,153,181	1,330,781	1,080,081	1,355,580	1,608,832	1,901,968
	-	-	-	1,349,929	1,312,116	1,327,157
	-	-	(324,854)	-	-	-
	<u>1,153,181</u>	<u>1,330,781</u>	<u>755,227</u>	<u>2,705,509</u>	<u>2,920,948</u>	<u>3,229,125</u>
\$	<u>4,910,556</u>	<u>5,388,457</u>	<u>5,264,577</u>	<u>6,486,088</u>	<u>7,573,695</u>	<u>9,033,060</u>

**Town of South Palm Beach, Florida**

**Schedule 4**

**Changes in Fund Balances, Governmental Funds (Unaudited) (Modified Accrual Basis of Accounting)**

Fiscal Year Ended 09/30	2015	2016	2017	2018
<b>Revenues:</b>				
Ad valorem taxes	\$ 1,079,316	\$ 1,166,518	1,233,243	1,261,393
Franchise fees	115,246	107,367	103,791	112,149
Utility taxes	227,763	227,388	221,766	233,888
Permits and fees	191,027	206,468	526,754	411,504
Intergovernmental revenue	156,759	162,565	221,587	262,608
Grant revenue	-	-	-	-
Charges for services	73,284	18,494	17,514	22,872
Fines and forfeitures	7,778	8,660	10,406	9,100
Investment income	3,988	7,974	24,927	37,089
Miscellaneous	25,116	19,482	24,994	16,180
Total revenues	<u>1,880,277</u>	<u>1,924,916</u>	<u>2,384,982</u>	<u>2,366,783</u>
<b>Expenditures:</b>				
<b>Current:</b>				
General government	553,576	572,034	766,794	669,457
Public safety	941,782	1,046,246	903,405	953,740
Physical environment	41,224	70,769	183,204	126,174
Culture and recreation	30,035	28,106	29,437	25,982
Capital outlay	90,269	57,847	58,547	147,599
Debt service:				
Principal retirement	-	-	-	-
Total expenditures	<u>1,656,886</u>	<u>1,775,002</u>	<u>1,941,387</u>	<u>1,922,952</u>
Excess of revenues over expenditures	<u>223,391</u>	<u>149,914</u>	<u>443,595</u>	<u>443,831</u>
<b>Other financing sources (uses):</b>				
Sale of Capital Assets	15,634	7,080	-	-
Transfers in	-	55,000	55,000	80,000
Total other financing sources (uses)	<u>15,634</u>	<u>62,080</u>	<u>55,000</u>	<u>80,000</u>
Net change in fund balances	<u>\$ 239,025</u>	<u>\$ 211,994</u>	<u>\$ 498,595</u>	<u>\$ 523,831</u>
Debt service as a percentage of non-capital expenditures	0.00%	0.00%	0.00%	0.00%

2019	2020	2021	2022	2023	2024
1,262,753	1,254,744	1,508,720	1,554,205	1,724,015	1,924,656
112,194	113,017	117,931	136,374	153,923	153,791
253,412	275,779	294,248	298,108	337,986	331,030
199,946	263,234	232,950	314,737	251,531	318,207
269,117	261,838	300,631	354,534	393,072	362,739
-	-	-	368,127	-	-
26,305	17,387	593	2,526	4,417	6,377
5,654	1,244	1,138	2,078	1,028	12,966
70,093	45,570	41	17,490	130,364	271,241
<u>23,861</u>	<u>49,956</u>	<u>55,535</u>	<u>36,333</u>	<u>30,910</u>	<u>35,143</u>
<u>2,223,335</u>	<u>2,282,769</u>	<u>2,511,787</u>	<u>3,084,512</u>	<u>3,027,246</u>	<u>3,416,150</u>
522,893	517,737	530,761	556,819	656,973	607,599
1,077,172	1,208,427	1,201,476	1,227,832	1,238,557	1,326,499
52,770	67,960	72,718	52,841	55,562	66,126
62,609	45,603	38,122	48,091	30,734	29,476
<u>43,700</u>	<u>45,141</u>	<u>792,590</u>	<u>137,418</u>	<u>37,813</u>	<u>7,085</u>
-	-	-	-	-	-
<u>1,759,144</u>	<u>1,884,868</u>	<u>2,635,667</u>	<u>2,023,001</u>	<u>2,019,639</u>	<u>2,036,785</u>
<u>464,191</u>	<u>397,901</u>	<u>(123,880)</u>	<u>1,061,511</u>	<u>1,007,607</u>	<u>1,379,365</u>
-	-	-	-	-	-
<u>80,000</u>	<u>80,000</u>	<u>-</u>	<u>160,000</u>	<u>80,000</u>	<u>80,000</u>
<u>80,000</u>	<u>80,000</u>	<u>-</u>	<u>160,000</u>	<u>80,000</u>	<u>80,000</u>
<u>\$ 544,191</u>	<u>\$ 477,901</u>	<u>\$ (123,880)</u>	<u>\$ 1,221,511</u>	<u>\$ 1,087,607</u>	<u>\$ 1,459,365</u>
0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

**Town of South Palm Beach, Florida**  
**Schedule 5**  
**General Governmental Tax Revenues by Source (Unaudited)**

Fiscal Year	Ad Valorem Taxes	Local Option Taxes	Utility Taxes	Communications Services Tax	Franchise Taxes	State Revenue Sharing	Local Half Cent Sales Tax	Total
2015	\$ 1,079,316	\$ 9,087	\$ 227,763	\$ 45,222	\$ 115,246	\$ 39,425	\$ 105,381	\$ 1,621,440
2016	1,166,518	9,304	227,388	40,578	107,367	36,638	108,142	1,695,935
2017	1,233,243	10,030	221,766	31,913	103,791	44,169	107,731	1,752,643
2018	1,261,393	10,214	233,888	37,724	112,149	38,783	111,556	1,805,707
2019	1,262,753	9,636	253,412	38,019	112,194	39,839	113,489	1,829,342
2020	1,254,744	8,660	275,779	66,217	113,017	37,184	105,335	1,860,936
2021	1,508,720	8,957	294,248	83,916	117,931	42,532	126,537	2,182,841
2022	1,554,205	9,465	298,108	83,066	136,374	52,470	148,711	2,282,399
2023	1,724,015	11,140	337,986	96,024	153,923	55,267	163,814	2,542,169
2024	1,924,656	9,258	250,899	80,131	153,791	53,073	145,315	2,617,123

Source: Town of South Palm Beach Finance Department

**Town of South Palm Beach, Florida**  
**Schedule 6**  
**Net Assessed Value and Direct Tax Rate (Unaudited)**

Fiscal Year Ended September 30	Real Property			Personal Property	Total Taxable Assessed Value	Total Direct Tax Rate
	Residential Property	Commercial Property				
2015	\$ 260,598,732	\$ -	\$	2,543,036	\$ 263,141,768	4.3174
2016	276,265,092	-		2,737,130	279,002,222	4.3174
2017	301,374,540	-		4,609,754	305,984,294	4.1278
2018	321,668,137	-		4,298,149	325,966,286	3.9965
2019	337,831,469	-		5,266,007	343,097,476	3.7938
2020	356,551,819	-		5,021,315	361,573,134	3.5935
2021	434,077,763	-		5,503,517	439,581,280	3.5367
2022	452,825,913	-		5,927,286	458,753,199	3.5000
2023	510,283,542	-		6,579,958	516,863,500	3.4530
2024	580,403,242	-		7,279,136	587,682,378	3.4000

Note: Property in the Town is reassessed each year. Tax rates are per \$1,000 of assessed value. The Town has no commercial zoned property.

Source: Palm Beach County Property Appraiser's Office.

**Town of South Palm Beach, Florida**  
**Schedule 7**  
**Direct and Overlapping Property Tax Rates (Unaudited)**  
**(Per \$1,000 of Assessed Value)**

Fiscal Year	Town of South Palm Beach				Overlapping Rates (1)										Total Direct and Overlapping Rates
	General Operations	Debt Service	Total Town	Palm Beach County School Board	Palm Beach County	Palm Beach County Health Care District	Palm Beach County Library System	South Florida Water Management District	Children's Services Council	Everglades Construction	Florida Inland Navigation District	Fire EMS			
2015	4,3174	-	4,3174	7,5940	4,9729	1,0800	0,6024	0,3294	0,6745	0,0548	0,0345	3,4581	23,1180		
2016	4,3174	-	4,3174	7,5120	4,9277	1,0426	0,5985	0,1459	0,6677	0,0506	0,0320	3,4581	22,7525		
2017	4,1278	-	4,1278	7,0700	4,9142	0,8993	0,5933	0,2836	0,6833	0,0471	0,0320	3,4581	22,1087		
2018	3,9965	-	3,9965	6,7690	4,9023	0,7808	0,5891	0,2659	0,6590	0,0441	0,0320	3,4581	21,4968		
2019	3,7938	-	3,7938	6,5720	4,8980	0,7261	0,5901	0,2519	0,6403	0,0417	0,0320	3,4581	21,0040		
2020	3,5935	-	3,5935	7,1640	4,8580	0,7261	0,5870	0,2398	0,6497	0,0397	0,0320	3,4581	21,3479		
2021	3,5367	-	3,5367	7,0100	4,8124	0,7261	0,5833	0,2295	0,6497	0,0380	0,0320	3,4581	21,0758		
2022	3,5000	-	3,5000	6,8750	4,8149	0,7261	0,5824	0,2207	0,6233	0,0365	0,0320	3,4581	20,8690		
2023	3,4530	-	3,4530	6,4570	4,5188	0,6761	0,5599	0,1974	0,4908	0,0327	0,0288	3,4581	19,8726		
2024	3,4000	-	3,4000	6,4570	4,5188	0,6761	0,5599	0,1974	0,4908	0,0327	0,0288	3,4581	19,8196		

Note: All millage rates are based on \$1 for every \$1,000 of assessed value.

Sources: Town of South Palm Beach Finance Department and Palm Beach County Property Appraiser's Office.

(1) Overlapping rates are those of local and county governments that apply to property owners within the Town of South Palm Beach. Not all overlapping rates apply to all Town of South Palm Beach property owners (i.e., the rates for special districts apply only to the proportion of the government's property owners whose property is located within the geographic boundaries of the special district).

**Town of South Palm Beach, Florida**  
**Schedule 8**  
**Principal Property Tax Payers (Unaudited)**  
**Current Year and Nine Years Ago**

2024				2015			
Taxpayer	Taxable Assessed		Percent of Total Town Taxable Assessed	Taxpayer	Taxable Assessed		Percent of Total Town Taxable Assessed
	Value	Rank	Value		Value	Rank	Value
Hill Vernon W II	\$ 9,287,786	1	1.58%	3550 Palm Beach Holdings	\$ 7,151,071	1	2.76%
Sanford Kevin R	7,020,964	3	1.19%	Florida Power & Light	2,406,857	2	0.93%
Florida Power & Light	6,878,762	4	1.17%	Napleton, Edward F	2,229,884	3	0.86%
Hendin Bryan	5,600,000	9	0.95%	Gittlemacher, Eliot	851,551	4	0.33%
Goodwin James	5,460,500	5	0.93%	Roush, Thomas	839,653	5	0.32%
Maiale Nicholas	4,758,325	6	0.81%	Lebedecker, Janet B	688,828	6	0.27%
Chrinian Eugene	4,591,950	8	0.78%	Nolletti,James	634,000	7	0.24%
3550 Palm Beach Holdings LLC	4,545,100	7	0.77%	Vannas, Timo	619,000	8	0.24%
Faderani M Rahat	4,483,504	2	0.76%	Kiley, Charles	565,000	9	0.22%
3498 South Ocean LLC	3,920,073	10	0.67%	Vision Capital Investments	545,000	10	0.21%
	<u>\$ 56,546,964</u>		<u>9.62%</u>		<u>\$ 16,530,844</u>		<u>6.38%</u>
Total Taxable Assessed Value	<u>\$ 587,682,378</u>				<u>\$ 259,429,166</u>		

Source: Top Ten Taxpayers Report provided by the Palm Beach County Property Appraisers Office

**Town of South Palm Beach, Florida**  
**Schedule 9**  
**Property Tax Levies and Collections (Unaudited)**  
**Last Ten Fiscal Years**

Fiscal Year Ended September 30,	Total Taxes Levied for Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percent of Levy		Amount	Percent of Levy
2015	\$ 1,136,088	\$ 1,079,316	95.00%	-	\$ 1,079,316	95.00%
2016	1,204,564	1,166,518	96.84%	-	1,166,518	96.84%
2017	1,263,042	1,233,243	97.64%	-	1,233,243	97.64%
2018	1,302,724	1,261,393	96.83%	-	1,261,393	96.83%
2019	1,301,643	1,262,753	97.01%	-	1,262,753	97.01%
2020	1,299,313	1,254,744	96.57%	-	1,254,744	96.57%
2021	1,554,667	1,508,720	97.04%	-	1,508,720	97.04%
2022	1,605,636	1,554,205	96.80%	-	1,554,205	96.80%
2023	1,784,730	1,724,015	96.60%	-	1,724,015	96.60%
2024	1,998,120	1,924,656	96.32%	-	1,924,656	96.32%

Source: Town of South Palm Beach Finance Department and Palm Beach County Tax Collector's Office.

**Town of South Palm Beach, Florida**  
**Schedule 10**  
**Ratios of Outstanding Debt by Type (Unaudited)**

**Note:** The Town does not have any outstanding debt.

**Town of South Palm Beach, Florida**  
**Schedule 11**  
**Ratios of General Bonded Debt Outstanding (Unaudited)**

**Note:** The Town has not had any outstanding debt in the last 10 fiscal years.

**Town of South Palm Beach, Florida**  
**Schedule 12**  
**Direct and Overlapping Governmental Activities Debt (Unaudited)**

	2024		
Government Unit	General Obligation Debt Outstanding	Percentage Applicable to the Town of South Palm Beach (1)	Amount Applicable to the Residents of the Town of South Palm Beach
<u>Overlapping</u>			
Palm Beach County	\$ 18,243,000	0.202%	\$ 36,851
School District of Palm Beach County	3,314,000	0.180%	22,784
<u>Direct</u>			
Town of South Palm Beach			-
Total Direct and Overlapping Debt			\$ 59,635

Sources: Palm Beach County Property Appraisers Office  
Palm Beach County School Board  
Palm Beach county Clerk and Comptroller

Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the Town. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the Town of South Palm Beach. This process recognizes that, when considering the Town's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt of each overlapping government.

(1) The percentage of overlapping debt applicable is estimated using taxable assessed property values. The taxable value within the Town's boundaries is divided by the County's and School Board's total taxable value. The method was also used for the other debt

**Town of South Palm Beach, Florida**  
**Schedule 13**  
**Pledged-Revenue Coverage (Unaudited)**

**Note:** The Town does not have any outstanding debt and therefore, no revenues are pledged for any purpose.

**Town of South Palm Beach, Florida**  
**Schedule 14**  
**Demographic & Economic Information (Unaudited)**

<u>Year</u>	<u>Population (1)</u>	<u>Per Capita Income (1)</u>	<u>Unemployment Rate</u>
2015	1,138	52,044	5.6%
2016	1,378	46,397	4.7%
2017	1,409	44,263	4.2%
2018	1,409	44,263	3.2%
2019	1,441	49,537	3.0%
2020	1,470	55,235	9.7%
2021	1,470	55,235	4.2%
2022	1,470	55,235	2.7%
2023	1,470	55,235	3.3%
2024	1,470	55,235	3.6%

Source:

Bureau of Economic & Business Research (BEBR)

Bureau of Labor Statistics

(1) All currently available information is presented

**Town of South Palm Beach, Florida**  
**Schedule 15**  
**Principal Employers - Palm Beach County (Unaudited)**  
**Current Year and Nine Years Ago**

Employer	2024			2015		
	Employees	Rank	Percentage	Employees	Rank	Percentage
Palm Beach County School District	22,218	1	2.85%	21,656	1	3.12%
State Government	10,460	2	1.34%	7,470	2	1.08%
Federal Government	7,139	3	0.92%	6,658	6	0.96%
Florida Atlantic University	6,335	4	0.81%	2,529	9	0.36%
Palm Beach County Government	5,873	5	0.75%	5,930	4	0.85%
Tenent Coastal Division PBC (1)	5,734	6	0.73%	4,595	5	0.66%
NextEra Energy (Florida Power & Light)	5,598	7	0.72%	4,005	6	0.58%
Baptist Health South Florida (2)	3,135	8	0.40%	2,150	10	0.31%
Veterans Health Administration	2,948	9	0.38%	2,700	8	0.39%
Hospital Corporation of America (3)	2,612	10	0.33%	3,476	7	0.50%
<b>Total</b>	<b>72,052</b>		<b>9.23%</b>	<b>39,513</b>		<b>100.00%</b>

Note: Information provided is for Palm Beach County. Information is not available for the Town of South Palm Beach.  
Business Development Board of Palm Beach County and FloridaJobs.org

- (1) Formerly Boca Raton Community Hospital
- (2) Formerly Bethesda Memorial Hospital
- (3) Formerly Columbia Palm Beach Health Care Systems, Inc.

**Town of South Palm Beach, Florida**  
**Schedule 16**  
**Full-Time Equivalent Town Employees by**  
**Function/Program (Unaudited) Last Ten Fiscal Years**

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
Number of employees:										
General Government	3	3	3	3	3	3	3	3	3	3.5
Public Safety	8	9	9	9	9	-	-	-	-	-
Physical Environment	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>	<u>-</u>	<u>-</u>	<u>0.5</u>
Total number of employees	<u><u>12</u></u>	<u><u>13</u></u>	<u><u>13</u></u>	<u><u>13</u></u>	<u><u>13</u></u>	<u><u>4</u></u>	<u><u>4</u></u>	<u><u>3</u></u>	<u><u>3</u></u>	<u><u>4</u></u>

Source: Town of South Palm Beach Finance Department.

As of 10/01/2019, the Town outsourced its public safety department

**Town of South Palm Beach, Florida**  
**Schedule 17**  
**Operating Indicators by Function/Program (Unaudited)**  
**Last Ten Fiscal Years**

Function/Program	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
<b>Public safety:</b>										
<b>Police:</b>										
Police personnel and officers	8	8.5	8.5	9.0	9.0	N/A	N/A	N/A	N/A	N/A
Police calls for service	3,551	4,969	3,224	2,944	3,201	N/A	N/A	N/A	N/A	N/A
Parking violations	30	10	13	5	8	N/A	N/A	N/A	N/A	N/A
Traffic violations	694	1,135	663	782	726	N/A	N/A	N/A	N/A	N/A
<b>Fire:</b>										
Fire personnel	-	-	-	-	-	-	-	-	-	-
Fire alarms answered	-	-	-	-	-	-	-	-	-	-
Fire inspections performed	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
<b>Planning and development:</b>										
Building permits issued	541	568	591	587	511	627	524	682	437	458

Sources: Various Town Departments

Note: Indicators are not available for the general government function. The Town does not have a fire department. In 2012 fire inspections were conducted by Palm Beach County. As of 10/01/2019, the Town outsourced its public safety department.

**Town of South Palm Beach, Florida**  
**Schedule 18**  
**Capital Asset Statistics by Function/Program (Unaudited)**  
**Last Ten Fiscal Years**

Function/Program	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
General government:										
Number of general government buildings	1	1	1	1	1	1	1	1	1	1
Public safety:										
Police:										
Police stations	1	1	1	1	1	1	1	1	1	1
Patrol units	4	4	4	4	4	-	-	-	-	-
Fire:										
Fire stations	-	-	-	-	-	-	-	-	-	-
Transportation:										
Miles of streets	5/8	5/8	5/8	5/8	5/8	5/8	5/8	5/8	5/8	5/8
Number of street lights	20	20	20	20	20	20	20	20	20	20
Number of traffic signals	-	-	-	-	-	-	-	-	-	-
Culture and recreation:										
Parks	-	-	-	-	-	-	-	-	-	-
Parks acreage	-	-	-	-	-	-	-	-	-	-
Community center	-	-	-	-	-	-	-	-	-	-
Swimming pools	-	-	-	-	-	-	-	-	-	-
Tennis courts	-	-	-	-	-	-	-	-	-	-
Baseball/softball fields	-	-	-	-	-	-	-	-	-	-
Utility system:										
Miles of mains	5/8	5/8	5/8	5/8	5/8	5/8	5/8	5/8	5/8	5/8
Fire hydrants - Town of South Palm Beach	10	10	10	10	10	10	10	10	10	10
Fire hydrants - Outside Town of South Palm Beach	-	-	-	-	-	-	-	-	-	-
Maximum daily capacity (thousands of gallons, est.)	69,900	69,900	69,900	69,900	69,900	69,900	69,900	69,900	69,900	69,900

Sources: Various Town Departments

Note: Unless otherwise noted by an amount or number, the answer is zero.



**INDEPENDENT AUDITOR’S REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED  
ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED  
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

The Honorable Mayor and  
Members of the Town Council  
The Town of South Palm Beach, 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 and each major fund of the Town of South Palm Beach, Florida (the “Town”) as of and for the fiscal 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 March 18, 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) to determine the 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 agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Purpose of this Report**

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

*Bhav & Associates*

March 18, 2025



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH THE  
REQUIREMENTS OF SECTION 218.415, FLORIDA STATUTES, REQUIRED BY  
RULE 10.556(10) OF THE AUDITOR GENERAL OF THE STATE OF FLORIDA**

The Honorable Mayor and  
Members of the Town Council  
The Town of South Palm Beach, Florida

We have examined the Town of South Palm Beach, Florida's ("Town") compliance with the requirements of Section 218.415, Florida Statutes, in accordance with Rule 10.556(10) of the Auditor General of the State of Florida during the fiscal year ended September 30, 2024. Management 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 in Section 218.415, Florida Statutes. 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 judgment, 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. Our examination does not provide a legal determination on the Town's compliance with specified requirements.

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

In our opinion, the Town complied, in all material respects, with the aforementioned requirements for the fiscal year ended September 30, 2024.

This report 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, management, and the Honorable Mayor and Members of the Town Council of the Town of South Palm Beach, Florida and is not intended to be and should not be used by anyone other than these specified parties.

*Grau & Associates*

March 18, 2025



**MANAGEMENT LETTER PURSUANT TO THE RULES OF  
THE AUDITOR GENERAL FOR THE STATE OF FLORIDA**

To the Honorable Mayor and  
Members of the Town Council  
Town of South Palm Beach, Florida

**Report on the Financial Statements**

We have audited the accompanying basic financial statements of the Town of South Palm Beach, Florida (the "Town") as of and for the fiscal year ended September 30, 2024, and have issued our report thereon dated March 18, 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 Compliance and Other Matters based on an audit of the financial statements performed in accordance with *Government Auditing Standards*; and Independent Auditor'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, which are dated March 18, 2025, should be considered in conjunction with this management letter.

**Purpose of this Letter**

The purpose of this letter is to comment on those matters required by Chapter 10.550 of the Rules of the Auditor General for the State of Florida. Accordingly, in connection with our audit of the financial statements of the Town, as described in the first paragraph, we report the following:

- I. Current year findings and recommendations.**
- II. Prior year findings and recommendations.**
- III. Compliance with the Provisions of the Auditor General of the State of Florida.**

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, as applicable, management, and the members of the Town Council of the Town of South Palm Beach, Florida and is not intended to be and should not be used by anyone other than these specified parties.

We wish to thank Town of South Palm Beach, Florida and the personnel associated with it, for the opportunity to be of service to them in this endeavor as well as future engagements and the courtesies extended to us.

*Bhav & Associates*

March 18, 2025

## REPORT TO MANAGEMENT

### I. CURRENT YEAR FINDINGS AND RECOMMENDATIONS

None

### II. PRIOR YEAR FINDINGS AND CURRENT YEAR STATUS AND RECOMMENDATIONS

None

### III. COMPLIANCE WITH THE PROVISIONS OF THE AUDITOR GENERAL OF THE STATE OF FLORIDA

Unless otherwise required to be reported in the auditor's report on compliance and internal controls, the management letter shall include, but not be limited to the following:

1. A statement as to whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report.

There were no significant findings and recommendations made in the preceding annual financial audit report for the fiscal year ended September 30, 2023.

2. Any recommendations to improve the local governmental entity's financial management.

There were no such matters discovered by, or that came to the attention of, the auditor, to be reported for the fiscal year ended September 30, 2024.

3. Noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but which warrants the attention of those charged with governance.

There were no such matters discovered by, or that came to the attention of, the auditor, to be reported, for the fiscal year ended September 30, 2024.

4. The name or official title and legal authority of the Town are disclosed in the notes to the financial statements.
5. The Town has not met one or more of the financial emergency conditions described in Section 218.503(1), Florida Statutes.
6. We applied financial condition assessment procedures and no deteriorating financial conditions were noted as of September 30, 2024. It is management's responsibility to monitor financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same.

## REPORT TO MANAGEMENT (Continued)

7. A statement as to whether or not a property assessed clean energy (PACE) program that finances qualifying improvements authorized pursuant to Section 163.081 or Section 163.082, Florida Statutes, operated within the county, municipality, or dependent special district geographical boundaries during the fiscal year under audit, regardless of whether any new financing arrangements were initiated during the period under audit or whether only preexisting financing arrangements were administered.

A PACE program that finances qualifying improvements authorized pursuant to Section 163.081 or Section 163.082, Florida Statutes, did not operate within the municipality's geographical boundaries during the fiscal year ending September 30, 2024.

8. If a PACE program was operating within the geographical area of the county, municipality, or dependent special district during the period under audit, a list of all program administrators and third-party administrators that administered the program and the full legal names and contact information of each such program administrator and third-party administrator.

Not applicable.