TOWN OF MANALAPAN, FLORIDA



FINANCIAL STATEMENTS WITH INDEPENDENT AUDITOR'S REPORT THEREON
FISCAL YEAR ENDED SEPTEMBER 30, 2025

Table of Contents

FINANCIAL SECTION

Independent Auditor's Report 1-3

Management's Discussion and Analysis (required supplementary information) 4-13

BASIC FINANCIAL STATEMENTS

Government-Wide Financial Statements

Statement of Net Position 14

Statement of Activities 15

Fund Financial Statements

Balance Sheet – Governmental Funds 16

Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position 17

Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds 18

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities 19

Statement of Net Position – Proprietary Fund – Enterprise Fund 20

Statement of Revenues, Expenses and Changes in Fund Net Position – Proprietary Fund – Enterprise Fund 21

Statement of Cash Flows – Proprietary Fund – Enterprise Fund 22

Statement of Fiduciary Net Position – Fiduciary Fund 23

Statement of Changes in Fiduciary Net Position – Fiduciary Fund 24

Notes to Financial Statements 25-64

Table of Contents (Continued)

REQUIRED SUPPLEMENTARY INFORMATION

Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General Fund 65

Notes to Budgetary Required Supplementary Information 66

Schedule of Changes in Net Pension Liability and Related Ratios General Employees' and Police Officers' Retirement Fund 67

Schedule of Employer Contributions General Employees' and Police Officers' Retirement Fund 68

Notes to the Schedule of Employer Contributions General Employees' and Police Officers' Retirement Fund 69

Schedule of Investment Returns General Employees' and Police Officers' Retirement Fund 70

Schedule of Changes in the Total OPEB Liability 71

OTHER SUPPLEMENTARY INFORMATION

Schedule of Departmental Expenditures – Budget to Actual – General Fund 72

COMPLIANCE SECTION

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* 73-74

Schedule of Findings and Responses 75-76

Independent Auditor's Management Letter 77-79

Independent Accountant's Report 80

FINANCIAL SECTION

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MAULDIN & JENKINS
CPAs & ADVISORS

Independent Auditor's Report

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

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Manalapan (the "Town"), as of and for the year ended September 30, 2025, 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 accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund, and the aggregate remaining fund information of the Town as of September 30, 2025, and the respective changes in financial position, and, where applicable, cash flows, thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 13, the budgetary comparison information on pages 65 and 66, the pension schedules on pages 67 through 70, and the Schedule of Changes in Total OPEB Liability on page 71 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 14, 2026, on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control over financial reporting and compliance.

Mauldin & Jenkins, LLC

Bradenton, Florida
October 14, 2026

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MANAGEMENT'S DISCUSSION AND ANALYSIS

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TOWN OF MANALAPAN, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2025

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

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

FINANCIAL HIGHLIGHTS

Government-wide Financial Statements

- The assets plus deferred outflow of resources of the Town exceeded its liabilities plus deferred inflow of resources at the close of the most recent fiscal year by approximately $22.2 million. Of this amount, approximately $9.1 million (unrestricted net position) may be used to meet the Town's ongoing obligations to residents and creditors.
  - Governmental net position was approximately $12.2 million, an increase of $992,249 when compared with the prior year.
  - Water and Sewer net position (Business-Type Activities) was approximately $10.0 million, an increase of $284,200 when compared with the prior year.
- The total revenues from all sources were approximately $11.7 million, and the total cost of all Town programs was approximately $10.5 million.
- The Town's total capital assets increased by $740,191 during the current fiscal year. The Town's governmental activities capital assets decreased by $129,789 and the business-type activities capital assets increased by $869,980.
- The Town's total debt decreased by $356,054 during the current fiscal year. The Town's Revenue Note, Series 2008 is related to the business-type activities and the SBITAs are related to the governmental activities.

Fund Financial Statements

- At the end of the current fiscal year, unassigned fund balance for the Town's governmental funds was $6.1 million, an increase of $455,970 from the previous fiscal year.
- The fund balance in the Town's General Fund increased by $914,930, or 10.2%.
- The unassigned fund balance in the Town's General Fund was $6.1 million, or 80.8% of total General Fund expenditures.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Government-wide Financial Statements

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

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

The statement of activities presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods. The government-wide financial statements can be found on pages 14 and 15 of this report.

Fund Financial Statements

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

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

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

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

Notes to the Financial Statements

The notes to the financial statements are provided to communicate additional information that is essential to obtaining a comprehensive understanding of the data contained in the government-wide and fund financial statements. The notes to the financial statements are located on pages 25 through 64 of this report.

Other Information

In addition to the basic financial statements and notes, this annual report also presents certain *required supplementary information* (RSI) which includes a budgetary comparison schedule for the General Fund together with notes pertaining to the budget schedule and to provide the Town's progress in funding of its obligation to provide pension benefits and other post-employment benefits (OPEB) to its employees. Required supplementary information can be found on pages 65 through 71 of this report.

GOVERNMENT-WIDE OVERALL FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Town, assets plus deferred outflows exceeded liabilities plus deferred inflows by approximately $22.2 million at the close of the most recent fiscal year, an increase of $1,276,449 as compared with the prior year.

A portion of the Town's net position ($4.5 million or 20.1%) reflects resources that are subject to external restrictions on how they may be used. A significant percentage of the Town's net position ($8.6 million or 39.0%) reflects its investment in capital assets (e.g. land, buildings, improvements, machinery and equipment); less any related liabilities and deferred inflows/outflows related to those assets that are still outstanding. The Town uses these capital assets to provide services to citizens; therefore, these assets are not available for future spending. Although the Town's investment in its capital assets is reported net of related liabilities, it should be noted that the resources needed to repay these liabilities must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. The remaining balance of unrestricted net position (approximately $9.1 million) may be used to meet the government's ongoing obligations to citizens and creditors.

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

Summary of Net Position
September 30, 2025 and 2024

	Governmental Activities		Business-type Activities		Total	
	2025	**2024**	**2025**	**2024**	**2025**	**2024**
Assets:						
Current and other assets	$10,966,196	$10,268,302	$ 3,950,594	$ 4,574,867	$14,916,790	$14,843,169
Capital assets	2,332,469	2,462,258	7,676,621	6,806,641	10,009,090	9,268,899
Total assets	**13,298,665**	**12,730,560**	**11,627,215**	**11,381,508**	**24,925,880**	**24,112,068**
Deferred outflows of resources	**191,676**	**2,573**	**49,956**	**670**	**241,632**	**3,243**
Liabilities:						
Current and other liabilities	266,687	500,189	510,307	210,284	776,994	710,473
Long-term liabilities	417,224	435,954	1,005,764	1,299,473	1,422,988	1,735,427
Total liabilities	**683,911**	**936,143**	**1,516,071**	**1,509,757**	**2,199,982**	**2,445,900**
Deferred inflows of resources	**635,503**	**618,312**	**165,630**	**161,151**	**801,133**	**779,463**
Net Position:						
Net investment in capital assets	2,205,593	2,296,663	6,440,928	5,573,179	8,646,521	7,869,842
Restricted	4,319,415	3,879,051	130,341	616,440	4,449,756	4,495,491
Unrestricted	5,645,919	5,002,964	3,424,201	3,521,651	9,070,120	8,524,615
Total net position	**$12,170,927**	**$11,178,678**	**$ 9,995,470**	**$ 9,711,270**	**$22,166,397**	**$20,889,948**

The following table illustrates the change in net position for the years ended September 30, 2025 and 2024:

Change in Net Position
Years Ended September 30, 2025 and 2024

	Governmental Activities		Business-type Activities		Total	
	2025	2024	2025	2024	2025	2024
Revenues						
Program Revenues						
Charges for services	$ 1,602,323	$ 1,514,185	$ 2,035,140	$ 1,604,353	$ 3,637,463	$ 3,118,538
Operating grants and contributions	17,873	123,011	-	-	17,873	123,011
Capital grants and contributions	-	-	217,650	-	217,650	-
General Revenues						
Property taxes	6,517,834	6,190,795	-	-	6,517,834	6,190,795
Other taxes and franchise fees	464,521	455,534	-	-	464,521	455,534
Intergovernmental	292,678	58,989	-	-	292,678	58,989
Investment earnings	337,804	311,367	112,673	182,190	450,477	493,557
Miscellaneous	137,537	75,226	-	-	137,537	75,226
Transfers	(848,919)	(410,000)	848,919	410,000	-	-
Total Revenues	8,521,651	8,319,107	3,214,382	2,196,543	11,736,033	10,515,650
Expenses						
Program expenses						
General Government	1,142,837	997,185	-	-	1,142,837	997,185
Public Safety	5,924,111	5,507,796	-	-	5,924,111	5,507,796
Physical Environment	289,692	246,217	-	-	289,692	246,217
Transportation	93,429	84,149	-	-	93,429	84,149
Culture and recreation	71,916	77,507	-	-	71,916	77,507
Interest	7,417	-	-	-	7,417	-
Water and sewer utility	-	-	2,930,182	2,672,402	2,930,182	2,672,402
Total Expenses	7,529,402	6,912,854	2,930,182	2,672,402	10,459,584	9,585,256
Change in Net Position	992,249	1,406,253	284,200	(475,859)	1,276,449	930,394
Net Position - Beginning, as restated	11,178,678	9,772,425	9,711,270	10,187,129	20,889,948	19,959,554
Net Position - Ending	$12,170,927	$11,178,678	$ 9,995,470	$ 9,711,270	$22,166,397	$20,889,948

Governmental Activities

Governmental activities increased the Town's net position by $992,249. This is a decrease of 29.4% when compared to the prior fiscal year.

Total revenues increased by $202,544 or 2.4%. Key elements of this increase are as follows:

- Charges for services increased by $88,138 or 5.8%. The increase is attributable to an increase in various services provided.
- Property taxes increased by $327,039 or 5.3% due to an increase in property values.
- Intergovernmental revenue increased by $233,689 or 396.2%. The increase is attributable to the recognition of ARPA Grant revenue.
- Interest earnings increased by $133,271 or 74.8%. The increase is attributable to the increase in interest rates.

Total expenses increased by $616,548 or 8.9%. Key elements of this increase are as follows:

- General government expenses increased by $145,652 or 14.6% due to higher personnel costs and an increase in professional services.
- Public safety expenses increased by $416,315 or 7.6% due to higher personnel costs and an increase in fire rescue services fees.
- Physical environment expenses increased by $43,475 or 17.7% due to higher personnel costs and an increase in other fees.

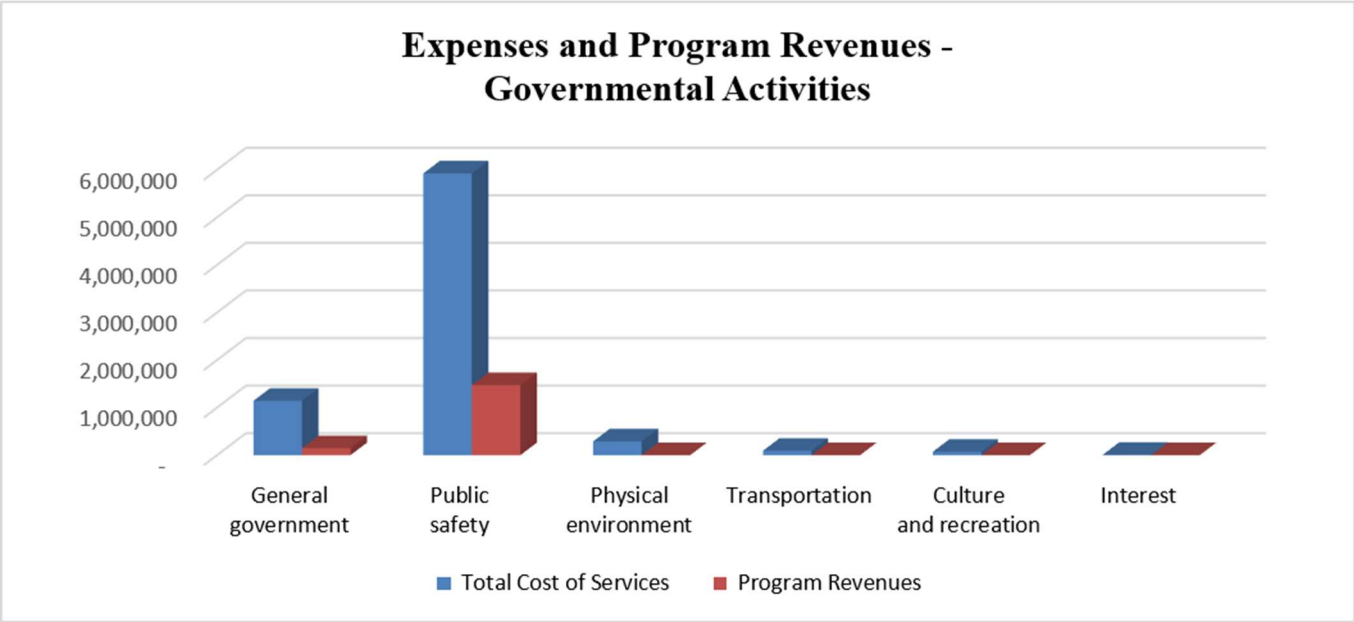
The Town's programs include general government, public safety, physical environment, transportation, culture/recreation, and interest. General government includes the legislative, executive, financial, and other general operations of the Town. Public safety includes police, fire, advanced life support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

	Total Cost of Services	**Program Revenues**	**Net (Expense) Revenue of Services**
General government	$ 1,142,837	$ 146,702	$ (996,135)
Public safety	5,924,111	1,471,649	(4,452,462)
Physical environment	289,692	-	(289,692)
Transportation	93,429	-	(93,429)
Culture and recreation	71,916	1,845	(70,071)
Interest	7,417	-	(7,417)
Totals	**$ 7,529,402**	**$1,620,196**	**$ (5,909,206)**

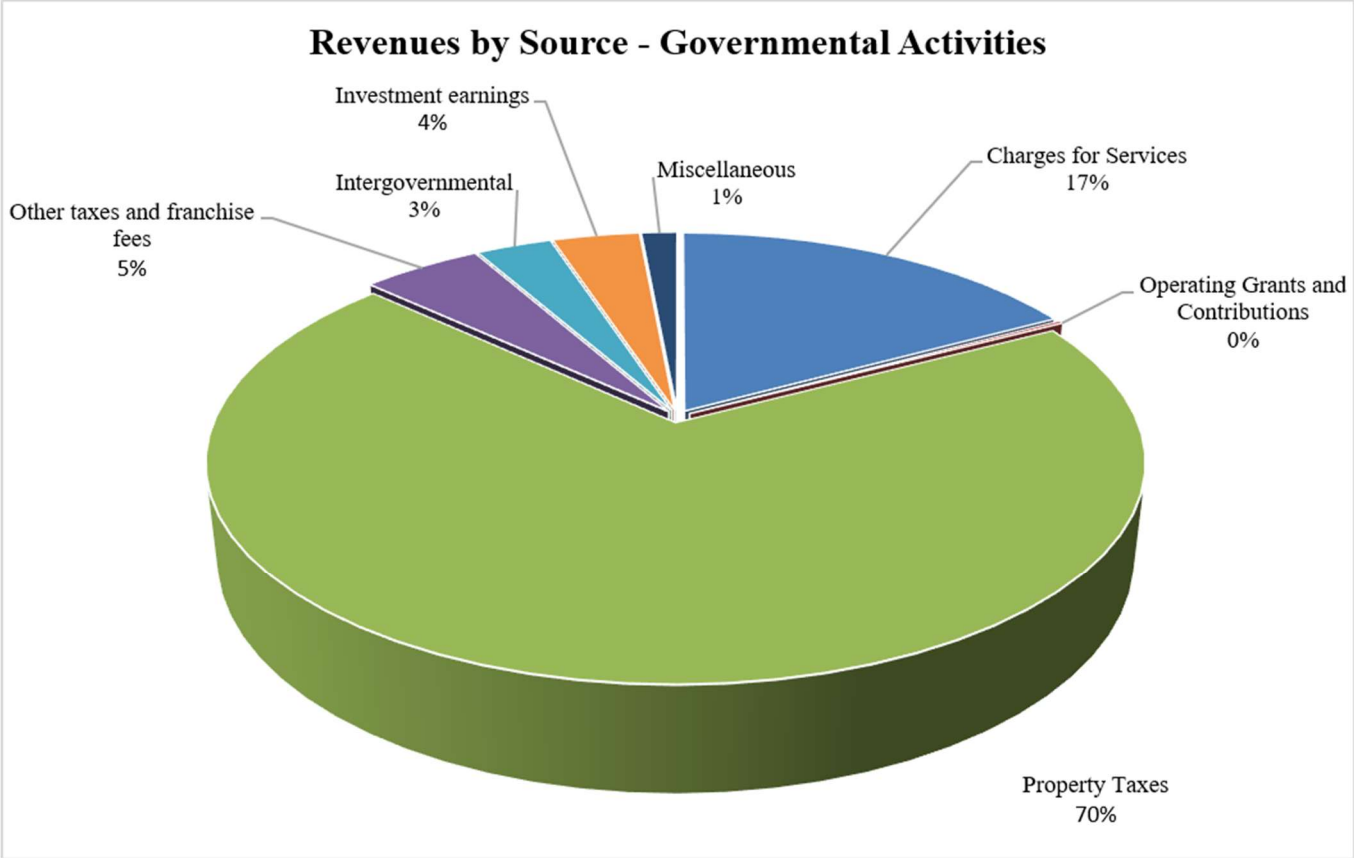
The total cost of all governmental activities this year was approximately $7.5 million. The schedule above shows that $1,620,196 of the cost of services was paid by those who directly benefited from the programs and approximately $5.9 million was financed through general revenues.

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

Town of Manalapan
Expenses and Program Revenues - Governmental Activities
Year Ended September 30, 2025



Town of Manalapan
Revenues by Source - Governmental Activities
Year Ended September 30, 2025



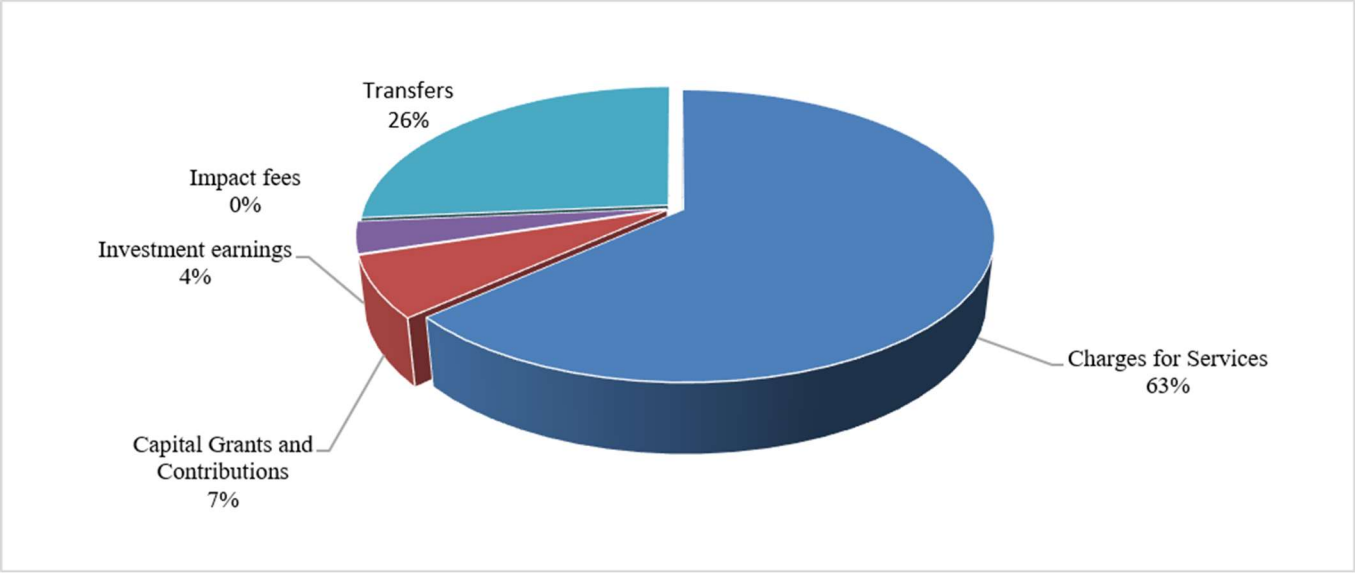
Business-Type Activities

Business-type activities increased the Town's net position by $284,200. This is a 128.7% increase compared to the prior fiscal year.

Revenues increased by $1,017,839 or approximately 46.0%. The key element of this increase is as follows:

- ❖ Charges for services increased by $430,787 or 26.9%. The increase is attributable to the increase in water and wastewater rates per the rate study conducted in 2025.
- ❖ Capital grants and contributions increased by $217,650. The increase is due to a grant received through the Resilient Florida Program.
- ❖ The Town's governmental-type activities increased transfers to the business-type activities by $438,919 in 2025. The transfer was in the amount of $848,919 to pay for operating costs. A rate study was conducted, and rates were increased to address the shortfall.

Town of Manalapan
Revenues by Source - Business-type Activities
Year Ended September 30, 2025



GOVERNMENTAL FUNDS FINANCIAL ANALYSIS

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

Governmental Funds

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

As of the end of the current fiscal year, the Town's governmental funds reported combined ending fund balances of $10.2 million, an increase of $912,698 in comparison with the prior year.

Approximately 59.7% of this total amount (approximately $6.1 million) represents *unassigned fund balance*, which is available for spending at the Town's discretion. The remainder of fund balance (approximately $4.1 million) (40.3%) is non-spendable, restricted or assigned. Of this amount, $3,819,310 is restricted and $287,715 is assigned for specific purposes.

The primary operating fund for the Town is the General Fund. At the end of the current fiscal year, total fund balance was approximately $9.9 million. As a measure of the General Fund's liquidity, it is useful to compare unassigned fund balance to total General Fund expenditures. Unassigned fund balance represents approximately 80.8% of total General Fund expenditures.

Proprietary Funds

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

The Enterprise Fund reported unrestricted net position of approximately $3.4 million at fiscal year-end. Total net position was approximately $10.0 million at fiscal year-end, an increase of $284,200 when compared to the prior fiscal year. Operating revenue was approximately $2.0 million, an increase of $430,787 or 26.9%. Operating expenses were approximately $2.9 million and increased by $334,523 or 13.1%, as compared to the prior fiscal year.

GENERAL FUND BUDGETARY HIGHLIGHTS

There were no amendments to the original budget adopted by the Town Commission. Actual results exceeded the final adopted budget by $914,930 and can be attributed mainly to the following:

- Ad valorem taxes were less than the budget by $34,050. This is due to residents receiving early payment discounts.
- Fees and permits were less than the budget by $361,330. This is due to building permits and franchise fees being less than anticipated.
- Intergovernmental revenues were more than the budget by $239,121. This is due to the recognition of ARPA grants.
- Interest earnings exceeded the budget by $287,804. This is due to the increase in interest rates.
- Actual expenditures were less than the final adopted budget.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The Town of Manalapan's investment in capital assets for its governmental and business-type activities as of September 30, 2025, amounts to approximately $10.0 million (net of accumulated depreciation/amortization). This investment in capital assets includes land, buildings, improvements, and machinery and equipment, intangible assets, and construction in progress. The total increase in the Town's investment in capital assets for the current fiscal year was $740,191 or 7.99%. There was a $129,789 decrease for governmental activities and a $869,980 increase for business-type activities.

Depreciation/amortization on capital assets is recognized in the government-wide financial statements. Annual depreciation /amortization for buildings, improvements, machinery and equipment, and intangible assets totaled $814,837 for the year ended September 30, 2025.

Capital Assets
(net of depreciation/amortization)

	Governmental Activities		Business-type Activities		Total	
	2025	2024	2025	2024	2025	2024
Land	$ 166,440	$ 166,440	$ 370,309	$ 370,309	$ 536,749	$ 536,749
Construction in Progress	-	-	1,458,691	258,609	1,458,691	258,609
Buildings	365,324	414,379	-	-	365,324	414,379
Improvements Other Than Buildings	1,119,362	1,204,016	5,538,219	5,975,026	6,657,581	7,179,042
Machinery & Equipment	547,718	501,452	309,402	202,697	857,120	704,149
Intangible Assets	133,625	175,971	-	-	133,625	175,971
Total	**$2,332,469**	**$2,462,258**	**$7,676,621**	**$6,806,641**	**$10,009,090**	**$9,268,899**

Information on the Town's capital assets can be found in Note 6, beginning on page 46 of this report.

Long-Term liabilities

The Town of Manalapan's outstanding debt for its business-type activities as of September 30, 2025, amounts to approximately $0.9 million. This was a decrease of $317,335 when compared with 2024. The decrease is attributable to the scheduled principal repayments for the Town's Revenue Note, Series 2008 ($231,810) and the State Revolving Fund Loan ($85,525). During fiscal year 2025, the governmental activities reduced outstanding subscription-based information technology arrangement (SBITA) obligations by $38,719, resulting in an outstanding balance of $126,876 at year-end.

Long-Term Liabilities

	Governmental Activities		Business-type Activities		Total	
	2025	2024	2025	2024	2025	2024
Revenue Note, Series 2008	$ -	$ -	$ 902,727	$1,134,537	$ 902,727	$1,134,537
State Revolving Fund Loan	-	-	-	85,525	-	85,525
SBITAs	126,876	165,595	-	-	126,876	165,595
TOTAL	**$ 126,876**	**$ 165,595**	**$ 902,727**	**$1,220,062**	**$1,029,603**	**$1,385,657**

Additional information on the Town's debt can be found in Note 10, beginning on page 50 of this report.

NEXT YEAR'S BUDGET AND ECONOMIC FACTORS

Ad valorem taxes are the single most significant governmental revenue source for the Town of Manalapan representing 68% of total governmental revenues. These revenues are generated by a millage rate set annually by the Town Commission with a legal limit of 10 mills or $10.00 per $1,000 of taxable property value. The current fiscal year millage rate for fiscal year 2025-2026 is $3.000 per $1,000 of taxable value, which is the same millage rate for fiscal year 2024-2025.

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 2025-2026 budget included four police vehicles with equipment; one side-by-side to assist with beach clean-ups; Guard House Remodel; New License Plate Readers (LPR's) and radios; Lands End Road Traffic Congestion Mitigation; and iPads for Commissioners.

CONTACTING THE TOWN'S FINANCIAL MANAGEMENT

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

Town of Manalapan
Finance Department
600 South Ocean Boulevard
Manalapan, FL 33462
561-383-2543
awatson@Manalapan.org

BASIC FINANCIAL STATEMENTS

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STATEMENT OF NET POSITION
SEPTEMBER 30, 2025

	Governmental Activities	Business-Type Activities	Total
Assets			
Cash and cash equivalents	$ 9,227,659	$ 3,371,070	$ 12,598,729
Investments	1,167,874	106,380	1,274,254
Accounts receivable, net	59,154	255,461	314,615
Accrued interest receivable	11,404	-	11,404
Prepaid items	-	31,525	31,525
Restricted assets			
Cash and cash equivalents	-	55,817	55,817
Net pension asset	500,105	130,341	630,446
Capital assets			
Non-depreciable	166,440	1,829,000	1,995,440
Depreciable, net of depreciation	2,166,029	5,847,621	8,013,650
Total assets	13,298,665	11,627,215	24,925,880
Deferred outflows of resources			
Pension related items	191,676	49,956	241,632
Total deferred outflows of resources	191,676	49,956	241,632
Liabilities			
Accounts payable	133,262	404,157	537,419
Contracts payable	-	41,577	41,577
Accrued liabilities	133,425	-	133,425
Accrued interest payable	-	3,341	3,341
Unearned revenue	-	5,415	5,415
Deposits	-	55,817	55,817
Noncurrent liabilities			
Due within one year	122,414	263,655	386,069
Due in more than one year	294,810	742,109	1,036,919
Total liabilities	683,911	1,516,071	2,199,982
Deferred inflows of resources			
Pension related items	635,503	165,630	801,133
Total deferred inflows of resources	635,503	165,630	801,133
Net position			
Net investment in capital assets	2,205,593	6,440,928	8,646,521
Restricted for			
Public safety	54,141	-	54,141
Building code enforcement	3,455,310	-	3,455,310
Infrastructure	309,859	-	309,859
Net pension asset	500,105	130,341	630,446
Unrestricted	5,645,919	3,424,201	9,070,120
Total net position	$ 12,170,927	$ 9,995,470	$ 22,166,397

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

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2025

Functions/programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net Revenue (Expense) and Changes in Net Position: Governmental Activities	Net Revenue (Expense) and Changes in Net Position: Business-Type Activities	Net Revenue (Expense) and Changes in Net Position: Total
Governmental activities							
General government	$ 1,142,837	$ 130,674	$ 16,028	$ -	$ (996,135)	$ -	$ (996,135)
Public safety	5,924,111	1,471,649	-	-	(4,452,462)	-	(4,452,462)
Physical environment	289,692	-	-	-	(289,692)	-	(289,692)
Transportation	93,429	-	-	-	(93,429)	-	(93,429)
Culture and recreation	71,916	-	1,845	-	(70,071)	-	(70,071)
Interest	7,417	-	-	-	(7,417)	-	(7,417)
Total governmental activities	7,529,402	1,602,323	17,873	-	(5,909,206)	-	(5,909,206)
Business-type activities							
Water and wastewater	2,930,182	2,035,140	-	217,650	-	(677,392)	(677,392)
Total business-type activities	2,930,182	2,035,140	-	217,650	-	(677,392)	(677,392)
Total primary government	$ 10,459,584	$ 3,637,463	$ 17,873	$ 217,650	(5,909,206)	(677,392)	(6,586,598)
General revenues							
Property taxes					6,517,834	-	6,517,834
Infrastructure surtax					42,993	-	42,993
Other taxes					334,037	-	334,037
Franchise fees					87,491	-	87,491
Intergovernmental shared revenues					292,678	-	292,678
Impact fees					-	-	-
Investment earnings					337,804	112,673	450,477
Miscellaneous					137,537	-	137,537
Transfers					(848,919)	848,919	-
Total general revenues					6,901,455	961,592	7,863,047
Change in net position					992,249	284,200	1,276,449
Net position, beginning of year, as previously reported					11,288,554	9,755,649	21,044,203
Change in accounting principle					(109,876)	(44,379)	(154,255)
Net position, beginning of year, as restated					11,178,678	9,711,270	20,889,948
Net position, end of year					$ 12,170,927	$ 9,995,470	$ 22,166,397

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

BALANCE SHEET –
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2025

	General Fund	Nonmajor Governmental Fund	Total Governmental Funds
Assets			
Cash and cash equivalents	$ 8,922,648	$ 305,011	$ 9,227,659
Investments	1,167,874	-	1,167,874
Accounts receivable, (net)	59,154	-	59,154
Accrued interest	11,404	-	11,404
Total assets	$ 10,161,080	$ 305,011	$ 10,466,091
Liabilities and fund balances			
Liabilities			
Accounts payable	$ 131,459	$ 1,803	$ 133,262
Accrued liabilities	117,932	15,493	133,425
Total liabilities	249,391	17,296	266,687
Fund balances			
Restricted for			
Public safety	54,141	-	54,141
Building code enforcement	3,455,310	-	3,455,310
Infrastructure	309,859	-	309,859
Assigned to			
Library	-	287,715	287,715
Unassigned	6,092,379	-	6,092,379
Total fund balances	9,911,689	287,715	10,199,404
Total liabilities and fund balances	$ 10,161,080	$ 305,011	$ 10,466,091

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

RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION SEPTEMBER 30, 2025

Total fund balances for governmental funds		$ 10,199,404
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.		
Governmental capital assets	$ 5,215,680	
Less accumulated depreciation	(2,883,211)	2,332,469
Net pension asset is not collectible in the current period and, is therefore, not reported in governmental funds:		
Net pension asset		500,105
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds.		
Long-term liabilities at year-end consist of:		
SBITA liabilities	(126,876)	
Compensated absences	(227,330)	
Other post-employment benefits liability	(63,018)	(417,224)
Deferred outflows of resources and deferred inflows of resources to defined benefit pension plans and defined benefit OPEB plans are applicable to future periods and are not reported in the governmental funds:		
Pension related deferred outflows	191,676	
Pension related deferred inflows	(635,503)	(443,827)
Net position of governmental activities		$ 12,170,927

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

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2025

	General Fund	Nonmajor Governmental Fund	Total Governmental Funds
Revenues			
Taxes	$ 6,894,864	$ -	$ 6,894,864
Fees and permits	1,597,916	-	1,597,916
Intergovernmental	292,678	-	292,678
Fines and forfeitures	91,898	-	91,898
Investment earnings	337,804	-	337,804
Contributions	16,028	1,845	17,873
Miscellaneous	126,437	11,100	137,537
Total revenues	9,357,625	12,945	9,370,570
Expenditures			
Current			
General government	1,004,559	-	1,004,559
Public safety	5,916,634	-	5,916,634
Physical environment	277,495	-	277,495
Transportation	12,717	-	12,717
Culture and recreation	-	64,977	64,977
Capital outlay	282,235	4,200	286,435
Debt service	46,136	-	46,136
Total expenditures	7,539,776	69,177	7,608,953
Excess of revenues over expenditures	1,817,849	(56,232)	1,761,617
Other financing sources (uses)			
Transfers in	-	54,000	54,000
Transfers out	(902,919)	-	(902,919)
Total other financing sources (uses)	(902,919)	54,000	(848,919)
Net change in fund balances	914,930	(2,232)	912,698
Fund balances, beginning of year	8,996,759	289,947	9,286,706
Fund balances, end of year	$ 9,911,689	$ 287,715	$ 10,199,404

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

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, 2025

Net change in fund balances − total governmental funds		$ 912,698
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of capital assets is allocated over their estimated useful lives and reported as depreciation and amortization expense:		
Expenditures for capital assets	$ 191,696	
Less: current year depreciation and amortization	(321,485)	(129,789)
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has an effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items:		
Principal payments		38,719
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds:		
Change in long-term compensated absences	(12,299)	
Change in net pension liability and related deferred amounts	190,610	
Change in other post-employment benefits liability	(7,690)	170,621
Change in net position of governmental activities		$ 992,249

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

STATEMENT OF NET POSITION – PROPRIETARY FUND – ENTERPRISE FUND SEPTEMBER 30, 2025

Assets		
Current assets		
Cash and cash equivalents	$	3,371,070
Investments		106,380
Accounts receivable, net		255,461
Prepaid items		31,525
Restricted assets		
Cash and cash equivalents		55,817
Net pension asset		130,341
Total current assets		3,950,594
Non-current assets		
Capital assets		
Non-depreciable		1,829,000
Depreciable, net		5,847,621
Total non-current assets		7,676,621
Total assets		11,627,215
Deferred outflows of resources		
Pension related items		49,956
Liabilities		
Current liabilities		
Accounts payable and other liabilities		404,157
Contracts payable		41,577
Unearned revenue		5,415
Accrued interest payable		3,341
Current portion of compensated absences		21,012
Current portion loans payable		242,643
Payable from restricted assets		
Deposits		55,817
Total current liabilities		773,962
Non-current liabilities		
Compensated absences		67,905
Total OPEB liability		14,120
Loans payable		660,084
Total non-current liabilities		742,109
Total liabilities		1,516,071
Deferred inflows of resources		
Pension related items		165,630
Net Position		
Net investment in capital assets		6,440,928
Restricted for		
Pension		130,341
Unrestricted		3,424,201
Total net position	$	9,995,470

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

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION – PROPRIETARY FUND – ENTERPRISE FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2025

Operating revenue		
Charges for service	$	2,023,703
Connection fees		11,437
Total operating revenues		2,035,140
Operating expenses		
Personal services		807,724
Professional services		458,186
Supplies		262,684
Purchased utilities		130,018
Depreciation		493,352
Administrative		250,505
Utilities and communication		184,323
Repairs and maintenance		293,414
Total operating expenses		2,880,206
Operating loss		(845,066)
Nonoperating revenues (expenses)		
Intergovernmental revenues		217,650
Interest revenue		112,673
Interest expense		(49,976)
Total nonoperating revenues (expenses)		280,347
Transfers in		848,919
Change in net position		284,200
Net position, beginning of year, as previously reported		9,755,649
Change in accounting principle		(44,379)
Net position, beginning of year, as restated		9,711,270
Net position, end of year	$	9,995,470

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

STATEMENT OF CASH FLOWS – PROPRIETARY FUND – ENTERPRISE FUND SEPTEMBER 30, 2025

Cash flows from operating activities		
Receipts from customers	$	1,974,088
Payments to suppliers for goods or services		(1,286,754)
Payments to employees for services		(833,779)
Net cash used in operating activities		(146,445)
Cash flows from noncapital financing activities		
Transfers in		848,919
Net cash provided by noncapital financing activities		848,919
Cash flows from capital and related financing activities		
Intergovernmental revenue		217,650
Principal paid on long-term debt		(317,335)
Interest paid on long-term debt		(51,668)
Payments to acquire and construct capital assets		(1,363,330)
Net cash used by capital and related financing activities		(1,514,683)
Cash flows from investing activities		
Purchases of investments		(4,753)
Interest and dividends on investments		112,673
Net cash provided by investing activities		107,920
Net decrease in cash and cash equivalents		(704,289)
Cash and cash equivalents, beginning of year		4,131,176
Cash and cash equivalents, end of year	$	3,426,887
Cash and cash equivalents		
Unrestricted	$	3,371,070
Restricted		55,817
Total	$	3,426,887
Reconciliation of operating loss		
to net cash used in operating activities		
Operating loss	$	(845,066)
Adjustments to reconcile operating income		
to net cash provided by operating activities		
Depreciation		493,352
Changes in net pension liability and related deferred amounts		(49,679)
Changes in total OPEB liability and related deferred amounts		918
Change in assets and liabilities		
(Increase) in accounts receivable		(60,275)
(Increase) in prepaid items		(10,116)
Increase in accounts payable		302,492
(Decrease) in unearned revenue		(1,787)
Increase in compensated absences		22,706
Increase in deposits		1,010
Total adjustments		698,621
Net cash used in operating activities	$	(146,445)

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

STATEMENT OF FIDUCIARY NET POSITION – FIDUCIARY FUND
SEPTEMBER 30, 2025

	Pension Trust Fund
ASSETS	
Cash and cash equivalents	$ 92,971
Investments	
Broad Market High Quality Bond Fund	630,466
Core Plus Fixed Income	649,380
Diversified Large Cap Portfolio	1,929,227
Diversified Small to Mid Cap Portfolio	926,785
International Equity	1,538,338
Core Real Estate	561,115
Total assets	6,328,282
LIABILITIES	
Accounts payable and other liabilities	13,925
Total liabilities	13,925
NET POSITION	
Net position restricted for pensions	$ 6,314,357

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

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION – FIDUCIARY FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2025

	Pension Trust Fund
ADDITIONS	
Contributions	
Employer	$ 339,250
Plan members	159,979
Total contributions	499,229
Investment income	598,223
Less investment expense	(1,419)
Net investment income	596,804
Total additions	1,096,033
DEDUCTIONS	
Benefits paid and refunds of member contributions	246,099
Net increase in net position	849,934
Net position restricted for pensions	
Net position, beginning of year	5,464,423
Net position, end of year	$ 6,314,357

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

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NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Reporting Entity

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

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

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

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

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Government-Wide and Fund Financial Statements

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

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

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

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

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Governmental Funds

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

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

The Town reports the following major governmental fund:

General Fund

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

The Town reports the following non-major governmental fund:

Special Revenue Fund

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

Proprietary Funds

Proprietary funds are used to account for operations: (a) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Proprietary Funds (Continued)

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Operating expenses report on the costs to maintain the proprietary systems, the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

The Town reports the following proprietary fund:

Enterprise Fund

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

Fiduciary Funds

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

The Town reports the following fiduciary fund:

Pension Trust Fund

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

Cash and Cash Equivalents

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments

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

Accounts Receivable

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

Allowance for Doubtful Accounts

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

Prepaid Items

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets

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

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

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

The estimated useful lives are as follows:

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

Subscription Based Information Technology Arrangements (SBITA)

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

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Subscription Based Information Technology Arrangements (SBITA) (Continued)

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

The Town uses the interest rate charged by the SBITA vendor as the discount rate. When the interest rate charged is not provided, the Town generally uses its estimated incremental borrowing rate as the discount rate for SBITAs.

The SBITA term includes the noncancellable period of the SBITA.

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

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

Unavailable Revenue

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

Unearned Revenue

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

Deferred Outflows of Resources

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deferred Inflows of Resources

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

Compensated Absences

The Town's employees are granted various forms of compensated absences in accordance with the Town's personnel policies. A liability for compensated absences is recognized when the leave is attributable to services already rendered, accumulates, and is more likely than not to be used for time off or otherwise paid or settled.

The liability is estimated based on the amount of accumulated leave expected to be used or paid, considering the Town's leave policies and historical experience. The liability is measured using employees' pay rates at year-end, including applicable salary-related payments.

Compensated absences are recognized as liabilities in the government-wide and proprietary fund financial statements. In governmental fund financial statements, expenditures and liabilities are recognized only when amounts have matured and are due for payment.

Loan Issuance Costs

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

Use of Estimates

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Balances

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

1. Nonspendable fund balances – Includes amounts that cannot be spent because they are either: (a) not in spendable form, or (b) legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash, for example, inventories and prepaid amounts. It also includes the long-term amount of loans and notes receivable, as well as property acquired for resale. However, if the use of the proceeds from the collection of those receivables or from the sale of those properties is restricted, committed, or assigned, then they should be included in the appropriate fund balance classification (restricted, committed, or assigned), rather than the nonspendable fund balance. The corpus (or principal) of a permanent fund is an example of an amount that is legally or contractually required to be maintained intact.

2. Restricted fund balance – Includes amounts that are restricted to specific purposes when constraints placed on the use of resources are either: (a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.

3. Committed fund balance – Includes amounts that can be used only for specific purposes pursuant to constraints imposed by an ordinance, the Town's highest level of decision making authority. Those committed amounts cannot be used for any other purpose unless the Town removes or changes the specified use by taking the same type of action (an ordinance) it employed to previously commit those amounts.

4. Assigned fund balance – Includes amounts intended to be used by the Town for specific purposes, but are neither restricted nor committed. Intent should be expressed by the Town Commission or the Town Manager to which the Town Commission has delegated authority to assign amounts to be used for specific purposes. The authority for making an assignment is not required to be the Town's highest level of decision-making authority. Constraints imposed on the use of assigned amounts are more easily removed or modified than those imposed on amounts classified as committed.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Balances (Continued)

5. Unassigned fund balance – Includes the residual classification for the General Fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the General Fund. The General Fund should be the only fund that reports a positive unassigned fund balance amount. In other governmental funds, it may be necessary to report a negative unassigned fund balance if expenditures incurred for specific purposes exceeded the amounts restricted, committed, or assigned to those purposes.

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

Net Positions

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

1. Net investment in capital assets – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, notes or other borrowings that are attributable to the acquisition, construction or improvement of those assets.

2. Restricted net position – Consists of net position with constraints placed on the use either by: (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions of enabling legislation.

3. Unrestricted net position – All other net position that does not meet the definition of "restricted" or "net investment in capital assets.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Interfund Transactions

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

Implementation of Accounting Pronouncements

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

In June 2022, the GASB issued Statement No. 101, *Compensated Absences*. The unified recognition and measurement model in this statement will result in a liability for compensated absences that more appropriately reflects when a government incurs an obligation. In addition, the model can be applied consistently to any type of compensated absence and will eliminate potential comparability issues between governments that offer different types of leave. The model also will result in a more robust estimate of the amount of compensated absences that a government will pay or settle, which will enhance the relevance and reliability of information about the liability for compensated absences. See Note 18 for restatement required to implement GASB 101 and Note 10 for details of the Town's compensated absences liability as of September 30, 2025.

In December 2023, the GASB issued Statement No. 102, *Certain Risk Disclosures*. The requirements of this statement will improve financial reporting by providing users of financial statements with essential information regarding certain concentrations or constraints and related events that have occurred or have begun to occur that make a government vulnerable to a substantial impact. As a result, users will have better information with which to understand and anticipate certain risks to a government's financial condition. Implementation of this standard did not have a material impact on the Town's financial statements.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Recently Issued Accounting Pronouncements

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

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

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

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

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

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

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

In December 2025, the GASB issued Statement No. 105, *Subsequent Events*. The primary objective of this Statement is to improve the financial reporting requirements for subsequent events, thereby enhancing consistency in their application and better meeting the information needs of financial statement users.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Recently Issued Accounting Pronouncements (Continued)

This Statement defines subsequent events as transactions or other events that occur after the date of the financial statements but before the date the financial statements are available to be issued. This Statement describes the date the financial statements are available to be issued as the date at which: (1) the financial statements are complete in a form and format that complies with generally accepted accounting principles, and (2) approvals necessary for issuance have been obtained. That definition modifies the subsequent events time frame throughout the GASB literature. This Statement also requires the date through which subsequent events have been evaluated to be disclosed.

This Statement clarifies the subsequent events that constitute recognized and nonrecognized events and establishes specific note disclosure requirements for nonrecognized events.

The requirements of this Statement are effective for fiscal years beginning after June 15, 2026, and all reporting periods thereafter. Earlier application is encouraged.

NOTE 2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budgetary Data

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

The procedures for establishing budgetary data are as follows:

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

NOTE 2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (CONTINUED)

Property Taxes

Under Florida law, the assessment of all properties and the collection of all county, municipal and school board property taxes are consolidated in the offices of the County Property Appraiser and County Tax Collector, respectively. All property is reassessed according to its fair market value on January 1st of each year and each assessment roll is submitted to the State Department of Revenue for review to determine if the assessment rolls meet all of the appropriate requirements of State law. The assessed value of property within the corporate limits of the Town at January 1, 2024, upon which the 2024-2025 levy was based, was approximately $2.26 billion. State Statutes permit municipalities to levy property taxes at a rate of up to 10 mills.

The tax levy of the Town is established by the Commission prior to October 1st of each year during the budget process and levied on November 1st. The Palm Beach County Property Appraiser incorporates the Town's millage into the total tax levy, which includes the County, County School Board and special district tax requirements. The millage rate assessed by the Town for the year ended September 30, 2025, was 3.0000 ($3.0000 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 1st following the year in which they are assessed. Delinquent taxes on real property bear interest at 18% per year. On or prior to June 1st following the tax year, certificates are offered for sale for all delinquent taxes on real property. After sale, tax certificates bear interest at 18% per year or at any lower rate bid by the buyer. Application for a tax deed on any unredeemed tax certificates may be made by the certificate holder after a period of two years. Unsold certificates are held by the County. Delinquent taxes on personal property bear interest at 18% per year until the tax is satisfied either by seizure and sale of the property or by the five-year statute of limitations. At September 30, 2025, unpaid delinquent taxes were not material.

NOTE 3. DEPOSITS AND INVESTMENTS

Deposits

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

NOTE 3. DEPOSITS AND INVESTMENTS (CONTINUED)

Deposits (Continued)

As of September 30, 2025, the carrying amount of the Town's deposits was $12,644,146 and the bank balance was $12,592,346, excluding the pension trust fund. The Town also had $10,400 in petty cash. As of September 30, 2025, the General Employees' and Police Officers' Retirement Fund, a pension trust fund, held deposits with a carrying amount and bank balance of $92,971.

Investments – Town

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

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

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

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

NOTE 3. DEPOSITS AND INVESTMENTS (CONTINUED)

Investments – Town (Continued)

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

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

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

As of September 30, 2025, there were no redemption fees or maximum transaction amounts, or any other requirements that serve to limit a participant's daily access to 100% of their account value in the Florida PRIME.

NOTE 3. DEPOSITS AND INVESTMENTS (CONTINUED)

Investments – Town (Continued)

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

Level 1: Inputs are directly observable, quoted prices in active markets for identical assets or liabilities.

Level 2: Inputs are other than quoted prices included within Level 1 that are for the asset or liability, either directly or indirectly. These inputs are derived from or corroborated by observable market data through correlation or by other means.

Level 3: Inputs are unobservable inputs used only when relevant Level 1 and Level 2 inputs are unavailable.

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

As of September 30, 2025, the Town had the following investments:

Investments measured at cost		
Certificates of deposit	$	959,111
Investments measured at amortized cost		
Florida Prime		315,143
Total investments	$	1,274,254

As of September 30, 2025, the weighted average maturity and the credit ratings for the Town's investments were as follows:

Investments by Level		Balance	Weighted Average Maturity	Credit Rating
Certificates of deposit	$	959,111	262 days	Not rated
Florida Prime		315,143	47 days	AAAm/S&P
	$	1,274,254		

NOTE 3. DEPOSITS AND INVESTMENTS (CONTINUED)

Investments – Town (Continued)

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

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

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

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

NOTE 3. DEPOSITS AND INVESTMENTS (CONTINUED)

Investments – General Employees' and Police Officers' Retirement Fund

In August 2025, the Town transferred the assets of its General Employees' and Police Officers' Retirement Fund (the "Plan") to the Florida Municipal Pension Trust Fund (FMPTF), administered by the Florida League of Cities, Inc. The FMPTF provides administrative and investment services to participating governmental entities in Florida. The Plan's assets are invested by the FMPTF through the Florida Municipal Investment Trust (FMIvT), an external investment pool. The Plan holds beneficial interests in FMIvT portfolio shares rather than the individual securities held by those portfolios. The Plan's assets are restricted for the payment of benefits to Plan members and beneficiaries.

Investment Policy: The Plan's assets held in the FMPTF are invested in accordance with the investment policy and portfolio guidelines established by the FMPTF Master Trustees, who have exclusive authority and discretion to manage and control the Master Trust Fund assets. The Plan participates in Fund B, which has a target allocation of 70% equities, 20% fixed income, including cash, and 10% core real estate. The equity targets are 30% diversified large-cap equity, 16% diversified small-to-mid-cap equity, and 24% international equity. The fixed-income targets are 10% broad market high-quality bonds and 10% core-plus fixed income. These allocations serve as guidelines and may vary due to market conditions or investment transitions. A variance of more than 10% from an approved asset-class allocation requires approval by the Master Trustees.

The Plan reports its investments at fair value. At September 30, 2025, the Plan held the following investments through the FMPTF:

Investments by Level	Balance	Level 1	Level 2	Level 3
FMvT Broad Market High Quality Bond Fund	$ 630,466	$ -	$ 630,466	$ -
FMvT Core Plus Fixed Income	649,380	-	-	649,380
FMvT Diversified Large Cap Portfolio	1,929,227	-	1,929,227	-
FMvT Diversified Small to Mid Cap Portfolio	926,785	-	926,785	-
FMvT International Equity	1,538,338	-	1,538,338	-
FMvT Core Real Estate	561,115	-	-	561,115
	$ 6,235,311	$ -	$ 5,024,816	$ 1,210,495

Cash and cash equivalents reported in the Pension Trust Fund consist of cash and money market funds held through the FMIvT and are excluded from the investment table above.

NOTE 3. DEPOSITS AND INVESTMENTS (CONTINUED)

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

Fair Value Measurement: The fair value hierarchy categorizes measurements according to the inputs used in valuation. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are other observable inputs; and Level 3 inputs are significant unobservable inputs.

The broad market high quality bond fund and the diversified large-cap, diversified small-to-mid-cap, and international equity portfolios are classified as Level 2. Their portfolio share values are based on market-corroborated data, including quoted prices or other observable inputs for underlying securities and net asset values supplied by underlying funds, where applicable. The portfolio share values are not publicly quoted. The core plus fixed income fund is classified as Level 3 because its underlying fund's shares are not publicly quoted and its valuation is based on unobservable inputs. The core real estate fund is classified as Level 3 because its underlying fund's investments are valued using quarterly real estate appraisals.

At September 30, 2025, the weighted average maturities and credit ratings of the Plan's fixed-income investments were as follows:

Investment	Balance	Weighted Average Maturity	Credit Rating
FMvT Broad Market High Quality Bond Fund	$ 630,466	7.10 years	Aaf/S4 Fitch
FMvT Core Plus Fixed Income	649,380	5.76 years	Not Rated
	$ 1,279,846		

Weighted average maturity is not applicable to the equity and real estate portfolios.

Interest Rate Risk: Changes in interest rates may adversely affect an investment's fair value. The Plan's exposure through the FMIvT fixed-income funds is presented using weighted average maturity in the table above. Investment management of the underlying portfolios is governed by the policies and guidelines applicable to those portfolios.

NOTE 3. DEPOSITS AND INVESTMENTS (CONTINUED)

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

Credit Risk: Credit risk is the risk that an issuer or other counterparty will not fulfill its obligations. The broad market high quality bond fund was rated AAf/S4 by Fitch at September 30, 2025. The core plus fixed income fund was not rated. The equity and real estate portfolios were also not rated.

Custodial Credit Risk: The Plan's investments through the FMPTF are evidenced by beneficial interests in FMIvT portfolio shares rather than securities held directly by the Plan. Accordingly, these pooled investments are not subject to custodial credit risk disclosure requirements.

Concentration of Credit Risk: Investments in external investment pools and other pooled investments are excluded from the concentration of credit risk disclosure requirements. Accordingly, those requirements do not apply to the Plan's beneficial interests in the FMIvT portfolios.

Foreign Investment Risk: The Plan's investment in the FMIvT International Equity Portfolio is exposed to risks associated with investing in foreign markets, including changes in currency exchange rates, political and economic conditions, and foreign regulatory environments. These risks may affect the value of the underlying investments and, consequently, the value of the Plan's interest in the portfolio.

Risks and Uncertainties: Investment securities are exposed to various risks, including interest rate, market, and credit risk. Due to these risks and the uncertainty associated with changes in investment values, it is at least reasonably possible that changes in the near term could materially affect the amounts reported in the statement of fiduciary net position and the statement of changes in fiduciary net position.

NOTE 4. RESTRICTED ASSETS

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

The amounts restricted in the Enterprise Fund as of September 30, 2025, are summarized as follows:

Customer deposits	$	55,817
Pension		130,341
	$	186,158

NOTE 5. ACCOUNTS RECEIVABLE

Accounts receivable as of September 30, 2025, are as follows:

	General Fund	Enterprise Fund
Accounts receivable – billed	$ 59,154	$ 14,939
Accounts receivable – unbilled	-	240,522
Interest receivable	11,404	-
Total receivables	70,558	255,461
Less allowance for uncollectible accounts	-	-
Net receivables	$ 70,558	$ 255,461

NOTE 6. CAPITAL ASSETS

Capital assets activity for the year ended September 30, 2025, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities				
Capital assets, not being depreciated:				
Land	$ 166,440	$ -	$ -	$ 166,440
Total capital assets, not being depreciated	166,440	-	-	166,440
Capital assets being depreciated:				
Buildings	1,523,526	-	-	1,523,526
Improvements other than buildings	2,146,580	-	-	2,146,580
Machinery and equipment	975,707	191,696	-	1,167,403
SBITAs	211,731	-	-	211,731
Total capital assets, being depreciated	4,857,544	191,696	-	5,049,240
Less accumulated depreciation/amortization for:				
Buildings	(1,109,147)	(49,055)	-	(1,158,202)
Improvements other than buildings	(942,564)	(84,654)	-	(1,027,218)
Machinery and equipment	(474,255)	(145,430)	-	(619,685)
SBITAs	(35,760)	(42,346)	-	(78,106)
Total accumulated depreciation/amortization	(2,561,726)	(321,485)	-	(2,883,211)
Total capital assets, being depreciated/amortized, net	2,295,818	(129,789)	-	2,166,029
Total governmental activities capital assets, net	$ 2,462,258	$ (129,789)	$ -	$ 2,332,469

NOTE 6. CAPITAL ASSETS (CONTINUED)

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type activities				
Capital assets, not being depreciated:				
Land	$ 370,309	$ -	$ -	$ 370,309
Construction in progress	258,609	1,200,082	-	1,458,691
Total capital assets, not being depreciated	628,918	1,200,082	-	1,829,000
Capital assets being depreciated:				
Improvements other than buildings	12,679,717	-	-	12,679,717
Machinery and equipment	462,776	163,250	-	626,026
Intangible assets	235,958	-	-	235,958
Total capital assets, being depreciated	13,378,451	163,250	-	13,541,701
Less accumulated depreciation for:				
Improvements other than buildings	(6,704,691)	(436,807)	-	(7,141,498)
Machinery and equipment	(260,079)	(56,545)	-	(316,624)
Intangible assets	(235,958)	-	-	(235,958)
Total accumulated depreciation	(7,200,728)	(493,352)	-	(7,694,080)
Total capital assets, being depreciated, net	6,177,723	(330,102)	-	5,847,621
Total business-type activities capital assets, net	$ 6,806,641	$ 869,980	$ -	$ 7,676,621

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

Governmental activities:	
General government	$ 41,195
Public safety	192,639
Transportation	80,712
Culture and recreation	6,939
Total depreciation/amortization expense for governmental activities	$ 321,485
Business-type activities:	
Municipal water and sewer – depreciation	$ 493,352
Total depreciation enterprise activities	$ 493,352

NOTE 7. INTANGIBLE ASSETS

The Town has historically participated in wastewater facilities provided by the City of Lake Worth Beach ("Lake Worth Beach") pursuant to agreements dating back to April 14, 1977. Under these arrangements, the Town was obligated to pay its pro rata share, based on reserved capacity, of certain debt service and costs associated with the construction and improvement of wastewater facilities.

The Town recorded intangible sewer usage rights based on its pro rata share of debt service incurred by Lake Worth Beach for construction and improvements to the wastewater facilities. These rights represented the Town's contractual right to use the wastewater facilities and were amortized over the applicable contract periods:

1. **Series E Loan –** The Series E loan was issued in 1976 with a face value of $7,585,000 and matured in varying amounts through June 30, 2006. The Town's pro rata share of the loan was 1.05%. The present value of the Town's obligation to Lake Worth Beach at issuance was $79,643, and intangible sewer usage rights were recorded in the same amount. The intangible rights were amortized over the 40-year contract period and were fully amortized during the fiscal year ended September 30, 2017.

2. **Series R Loan and 1989 Refunding Bonds –** The Series R loan was issued in 1985 with a face value of $8,520,000 and matured in varying amounts through July 1, 2006. The Town's pro rata share of the loan was 1.51%. The present value of the Town's obligation to Lake Worth Beach at issuance was $128,652, and intangible sewer usage rights were recorded in the same amount. On November 1, 1989, Lake Worth Beach issued $10,330,000 of Refunding Revenue Bonds, Series 1989, a portion of which was used to refund the Series R loan and finance improvements to the existing facilities. As a result of the refunding, the Town's outstanding obligation and related intangible sewer usage rights increased by $27,663. The intangible rights associated with the Series R loan and 1989 Refunding Bonds were fully amortized during the fiscal year ended September 30, 2017.

On January 1, 1994, Lake Worth Beach issued $15,680,000 of Sewer System Refunding Revenue Bonds, Series 1994, which were used to refund certain outstanding obligations described above. The refunding did not change the value of the Town's intangible sewer usage rights because there was no change in the Town's reserved wastewater capacity.

On March 28, 2013, the Town entered into an Interlocal Wastewater Service and Wastewater Facilities Cost Sharing Agreement with Lake Worth Beach and other participating entities. The 2013 agreement rescinded and replaced all prior agreements relating to the wastewater service and facilities cost-sharing arrangement.

NOTE 7. INTANGIBLE ASSETS (CONTINUED)

The initial term of the 2013 agreement expired on September 30, 2023. The Town and the other participating entities subsequently exercised the first ten-year renewal option, extending the agreement through September 30, 2033. In connection with the renewal, the parties executed the Renewal and First Amendment to the Interlocal Wastewater Service and Wastewater Facilities Cost Sharing Agreement. The amendment updated certain provisions governing the allocation and funding of wastewater system costs, including renewal and replacement and catastrophic funding requirements. The amendment did not change the Town's reserved capacity in the wastewater system and, accordingly, did not change the value of the Town's intangible sewer usage rights.

The details of the Town's intangible sewer usage rights as of September 30, 2025, is as follows:

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

NOTE 8. INTERFUND TRANSFERS

Interfund transfers for the year ended September 30, 2025, were as follows:

	Transfers In	Transfers Out
General Fund	$ -	$ 902,919
Library Special Revenue Fund	54,000	-
Enterprise Fund	848,919	-
	$ 902,919	$ 902,919

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

NOTE 9. INTRAGOVERNMENTAL ADMINISTRATIVE FEE

During the year ended September 30, 2025, the Enterprise Fund paid $82,000 to the General Fund for administrative services. This amount is reported as a reduction to expense in the General Fund and as an expense in the Enterprise Fund.

NOTE 10. LONG-TERM LIABILITIES

Changes in Long-Term Liabilities

During the year ended September 30, 2025, the following changes occurred in liabilities reported in the entity-wide financial statements.

Governmental Activities	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
Compensated absences	$ 215,031	$ 12,299	$ -	$ 227,330	$ 81,960
OPEB	55,328	8,055	(365)	63,018	-
Subscription liability	165,595	-	(38,719)	126,876	40,454
Total governmental activities	$ 435,954	$ 20,354	$ (39,084)	$ 417,224	$ 122,414

Business-Type Activities	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
Direct borrowings:					
Revenue Note, Series 2008	$ 1,134,537	$ -	$ (231,810)	$ 902,727	$ 242,643
State Revolving Loan	85,525	-	(85,525)	-	-
Total direct borrowings	1,220,062	-	(317,335)	902,727	242,643
Compensated absences	66,211	22,706	-	88,917	21,012
OPEB	13,202	1,805	(887)	14,120	-
Total business-type activities	$ 1,299,475	$ 24,511	$ (318,222)	$ 1,005,764	$ 263,655

The General Fund has been used to liquidate the Governmental Activities liabilities for pensions, and other postemployment benefits. The Enterprise Fund has been used to liquidate the Business-type Activities liabilities for compensated absences, pensions, and other post-employment benefits. The change in compensated absences is reported net in accordance with GASB 101, *Compensated Absences.*

Subscription Liability

The Town has noncancellable SBITA of IT software. The agreement requires annual payments ranging in the amounts from $9,966 to $36,170. The Town utilizes an implicit interest rate of 4.52%. The outstanding principal as of September 30, 2025 is $126,876.

The annual debt service requirements to amortize the subscription liability are as follows:

Year Ending September 30	Principal	Interest	Total
2026	$ 40,454	5,683	$ 46,137
2027	42,265	3,871	46,136
2028	44,157	1,978	46,135
	$ 126,876	$ 11,532	$ 138,408

NOTE 10. LONG-TERM LIABILITIES (CONTINUED)

Water and Sewer Revenue Note, 2008

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

The Note is payable from and secured by the pledged revenues. Pledged revenues are defined as the net revenues of the water and sewer system. Net revenues are defined as the gross revenues of the water and sewer system less operating expenses.

Principal and interest paid during the current fiscal year totaled $281,578, and pledged revenues were negative $845,066, as operating expenses exceeded revenues for the year. The Town implemented revised water rates in August 2025 to provide additional revenues to support water system operations. As of September 30, 2025, principal and interest to maturity in 2028 to be paid from pledged future revenues totaled $985,483.

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

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

Year Ending September 30	Principal	Interest	Total
2026	$ 242,643	38,935	$ 281,578
2027	253,982	27,596	281,578
2028	406,102	16,225	422,327
	$ 902,727	$ 82,756	$ 985,483

Interest Expense

The total interest costs incurred and paid by the enterprise fund during the fiscal year ended September 30, 2025, were $48,911 and $49,768, respectively.

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

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

Basis of Accounting

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

Plan Description

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

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

Plan Membership: As of October 1, 2024, pension plan membership consisted of the following:

Active members	23
Inactive, nonretired members	1
Retirees and beneficiaries	3
	27

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

Plan Description (Continued)

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

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

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

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

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

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

Plan Description (Continued)

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

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

Contributions: Each Member of the Plan shall be required to make regular contributions to the Plan in the amount of 7% of salary. The contributions made by each member to the Plan shall be designated as employer contributions pursuant to 414(h) of the Code. Such designation is contingent upon the contributions being excluded from the members' gross income for federal income tax purposes. For all other purposes of the Plan, such contributions shall be considered to be member contributions. The Town shall make contributions to the Plan in the amount equal to the total normal costs plus the additional amount required to fund any actuarial deficiency shown by an actuarial valuation as provided in part VII of Chapter 112, Florida Statutes. For the fiscal year ended September 30, 2025, the Town made the actuarially determined contribution of $339,250.

Investments

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

Rate of Return: For the year ended September 30, 2025, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 10.68%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested. Inputs to the money-weighted rate of return calculation are determined on a monthly basis.

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

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

Discount Rate

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

Net Pension Liability

The components of the net pension liability of the Town as of September 30, 2025, were as follows:

	Total Pension Liability	Fiduciary Net Position	Net Pension Liability (Asset)
Balances at September 30, 2024	$ 4,857,547	$ 5,464,423	$ (606,876)
Changes for the year			
Service cost	456,371	-	456,371
Interest on total pension liability	337,406	-	337,406
Difference between expected and actual experience	221,131	-	221,131
Changes of assumptions	57,555	-	57,555
Contributions - employer	-	339,250	(339,250)
Contributions - employee	-	159,979	(159,979)
Net investment income	-	596,804	(596,804)
Benefit payments	(211,532)	(211,532)	-
Refunds of member contributions and other	(34,567)	(34,567)	-
Net changes	826,364	849,934	(23,570)
Balances at September 30, 2025	$ 5,683,911	$ 6,314,357	$ (630,446)

Sensitivity of the Net Pension Liability to the Single Discount Rate

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

Discount Rate Sensitivity	1% Decrease 5.50%	Discount Rate 6.50%	1% Increase 7.50%
Net pension liability (asset)	$ 122,759	$ (630,446)	$ (1,254,250)

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

Sensitivity of the Net Pension Liability to the Single Discount Rate (Continued)

As of September 30, 2025, the Town reported a net pension asset of $630,446 for the General Employees' and Police Officers' Retirement Fund. The asset was measured as of September 30, 2025, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of October 1, 2024, rolled forward to September 30, 2025.

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

For the fiscal year ended September 30, 2025, the Town recognized pension expense of $98,962. In addition, the Town reported deferred outflows of resources related to the Plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between actual and expected experience	$ 192,183	$ 195,008
Changes of assumptions	49,449	11,925
Net difference between expected and actual earnings on pension plan investments	-	594,200
Total	$ 241,632	$ 801,133

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

Year Ending September 30	Amount
2026	$ (103,375)
2027	(268,623)
2028	(214,150)
2029	(38,453)
2030	25,709
Thereafter	39,391
Total	$ (559,501)

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

Significant Actuarial Assumptions

The total pension liability was determined based on an actuarial valuation as of October 1, 2024, and "rolled forward" to the measurement date of September 30, 2025. The total pension liability was determined based on the following assumptions:

Measurement date:	September 30, 2025
Valuation date:	October 1, 2024
Actuarial cost method:	Entry age normal.
Inflation:	2.50%
Salary increase:	4.00%, including inflation.
Investment rate of return:	6.50%
Retirment age:	Experience-based table of rates.
Mortality:	The mortality table for General Employees is the PUB-2010 Headcount Weighted Below Median Employee Male Table (pre-retirement), the PUB-2010 Headcount Weighted Below Median Employee Female Table (pre-retirement), the PUB-2010 Headcount Weighted Below Median Healthy Retiree Male Table (post-retirement) and the PUB-2010 Headcount Weighted Below Median Retiree Female Table (postretirement). These tables use ages set back one year for males and future improvements in mortality projected to all future years after 2010 using scale MP-2018. These are the same rates used for Regular Class members of the Florida Retirement System (FRS) in their actuarial valuation as of July 1, 2023. The mortality table for healthy Police Officers is the PUB-2010 Headcount Weighted Safety Below Median Employee Male Table (preretirement), the PUB-2010 Headcount Weighted Safety Employee Female Table (pre-retirement), the PUB-2010 HeadcountWeighted Safety Below Median Healthy Retiree Male Table (post-retirement) and the PUB-2010 Safety Healthy Retiree Female Table (post-retirement). These tables use ages set forward one year and mortality improvements to all future years after 2010 using scale MP-2018. These are the same rates used for Special Risk Class members in the July 1, 2023 Actuarial Valuation of the Florida Retirement System (FRS).
Changes in assumptions:	There were no revisions in actuarial assumptions or methods since the previous valuation.

NOTE 12. DEFINED CONTRIBUTION PLAN

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

The Town's defined contribution plan established two accounts, or plans; a 401(a) defined contribution plan and 457(b) deferred compensation plan, See Note 13. The Town's contributions vest immediately. Employee contributions to the 457(b) plan are completely owned by the employees.

Plan members may make voluntary contributions to the 457(b) plan of amounts up to 100% of compensation, up to the maximum annual contribution allowed by law. The Town will match 100% of each member's contributions to the 457(b) per the following table. The matching contributions will be made to the 401(a) plan. For the year ended September 30, 2025, the Town recognized pension expense in the amount of $71,843. As of the fiscal year-end, the Town reported no payables for outstanding contributions to the 401(a) defined contribution plan. There were no forfeitures during the fiscal year.

Tenusre as a Full-Time Employee	Town 457 Maximum Match
1 to 5 years	$ 5,000
6 to 10 years	7,500
11 years+	10,000

NOTE 13. DEFERRED COMPENSATION PLAN

The Town offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan is available to all full-time Town employees and permits them to defer a portion of their salary until future years. Plan members may make voluntary contributions to the 457(b) plan of amounts up to 100% of compensation, up to the maximum annual contribution allowed by law. The Town provides matching contributions related to employee contributions to the 457(b) plan, which are contributed to the Town's 401(a) defined contribution plan. See Note 12 for additional information regarding the Town's matching contributions. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency.

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

NOTE 13. DEFERRED COMPENSATION PLAN (CONTINUED)

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

NOTE 14. INTERLOCAL AGREEMENTS

Palm Beach County

On May 7, 2024, the Town entered into a new Interlocal Agreement with Palm Beach County for the provision of fire protection and emergency medical services within the Town by the County. The Agreement commenced on October 1, 2024, and is for a ten-year period ending October 1, 2034.

Under the terms of the Agreement, the County shall provide within the Town the personnel and equipment necessary to provide fire protection, emergency medical services, including ALS/BLS emergency transport services, special operations, hazardous materials response and mitigation, emergency communications, confined space and dive rescue, fire code inspections, arson investigations, new construction plan review and inspections, community education programs, and other emergency and non-emergency services generally provided by Palm Beach County Fire Rescue.

These services, at the County's discretion, may be provided from facilities and with personnel and apparatus located within or outside the municipal boundaries of the Town, provided that the services are consistent with the Agreement.

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

1. The Town of South Palm Beach's then-current taxable property value, as certified by the Property Appraiser's Office on July 1st of each year, multiplied by the Fire Rescue Municipal Service Taxing Unit millage rate adopted by the Board of County Commissioners for the upcoming fiscal year; or

2. One half of the full-cost methodology as described in the Agreement.

The annual contract amount is payable in four equal installments on October 1, January 1, April 1, and July 1. The Agreement also provides for an annual $12,000 credit to the Town for utilities provided to the Town's fire-rescue facility.

The Town paid $2,222,066 for services under the Agreement for the year ended September 30, 2025.

NOTE 14. INTERLOCAL AGREEMENTS (CONTINUED)

City of Lake Worth

The Town has entered into an Interlocal Agreement with the City of Lake Worth, Florida, (the "City") 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, 2025, the Town paid $130,018 pursuant to the agreement. See Note 7 for additional information regarding the agreement.

NOTE 15. COMMITMENTS AND CONTINGENCIES

Construction Commitments

As of September 30, 2025, the Town had entered into the following commitments for construction of various improvements.

Project	Contract Amount	Amount Completed September 30, 2025	Balance to Complete
Town-Wide Wastewater Collection and Transmission System	$ 979,659	$ 384,763	$ 594,896
A1A Wastewater Pump Station and Forcemain Project	1,381,875	1,061,579	320,296
Water Treatment Renovation	16,550	11,585	4,965
	$ 2,378,084	$ 1,457,927	$ 920,157

NOTE 16. OTHER POST-EMPLOYMENT BENEFITS

Plan Description

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

NOTE 16. OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

Contributions

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

Plan Membership

The following table provides a summary of the participants in the plan as of September 30, 2024, the latest valuation date:

Active plan members	24
Inactive plan members or beneficiaries currently receiving benefits	1
	25

Discount Rate

The Town does not have a dedicated trust to pay retiree healthcare benefits. For plans that do not have assets held in a dedicated trust, the discount rate should equal the tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date. As of the measurement date of September 30, 2025, the rate was 4.50% based on the S&P Municipal Bond 20 Year High Grade Rate Index as published by S&P Dow Jones Indices. The S&P Municipal 20 Year High Grade Rate Index consists of bonds in the S&P Municipal Bond Index with a maturity of 20 years. Eligible bonds must be rated at least AA by Standard and Poor's Ratings Services, Aa2 by Moody's or AA by Fitch. If there are multiple ratings, the lowest rating is used. The discount rate as of the beginning of the measurement year was 4.06%.

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

As of September 30, 2025, the Town reported a total OPEB liability of $77,138. For the fiscal year ended September 30, 2025, the Town recognized OPEB expense of $9,983. As of September 30, 2025, the Town did not report any deferred outflows of resources or deferred inflows of resources related to OPEB.

NOTE 16. OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

Actuarial Methods and Assumptions

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

Measurement date:	September 30, 2025
Valuation date:	September 30, 2024
Actuarial cost method:	Entry age cost method (Level % of Pay).
Inflation:	2.50%
Discount rate:	4.50%
Retirement rates:	100% at age 61
Salary increase:	2.50% per year
Mortality tables:	PubG-2010 Mortality Tables projected PubG-2010 Mortality Tables projected to the valuation date using MP-2019.
Healthcare cost trend rates:	Initial rate 6.75% in fiscal year 2025, then 6.50% in fiscal year 2026, trending to 4.00% in fiscal year 2075.
Marital status:	100% married with male spouses 3 years older than female spouses.
Healthcare participation:	20% participation with 30% electing spouse coverage.

Changes in Assumptions

Changes of assumptions reflect a change in the discount rate from 4.06% for the fiscal year ending September 30, 2024 to 4.50% for the fiscal year ending September 30, 2025. Also reflected as assumption changes are updated health care costs and premiums.

Total OPEB Liability

The components of the total OPEB liability as of September 30, 2025, were as follows:

Description	Total OPEB Liability
Balance September 30, 2024	$ 68,530
Changes for the year:	
Service cost	9,828
Interest	3,181
Changes of assumptions	(4,401)
Net change	8,608
Balance September 30, 2025	$ 77,138

NOTE 16. OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

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

The following table presents the total OPEB liability of the Town calculated using the single discount rate of 4.50% as well as what the Town's total OPEB liability would be if it were calculated using a discount rate one percentage point lower or one percentage point higher than the current rate.

Discount Rate Sensitivity	1% Decrease 3.50%	Discount Rate 4.50%	1% Increase 5.50%
Total OPEB Liability	$ 87,653	$ 77,138	$ 68,269

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

The following table presents the total OPEB liability of the Town calculated using the assumed trend rates (6.75% decreasing to 4.00%) as well as what the Town's total OPEB liability would be if it were calculated using a trend rate that is one percentage point lower or one percentage point higher than the assumed trend rates.

Healthcare Trend Rate Sensitivity	1% Decrease 3.00% - 5.75%	Healthcare Cost Trend Rate 4.00% - 6.75%	1% Increase 5.00% - 7.75%
Total OPEB Liability	$ 66,038	$ 77,138	$ 90,698

NOTE 17. RISK MANAGEMENT

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

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

NOTE 18. CHANGE IN ACCOUNTING PRINCIPLE

In conjunction with the implementation of Governmental Accounting Standards Board (GASB) Statement No. 101, Compensated Absences, the Town is required to recognize liabilities for compensated absences for: (1) leave that has not been used, and (2) leave that has been used but not yet paid in cash or settled through noncash means. A liability should be recognized for leave that has not been used if: (a) the leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. Therefore, in conjunction with the implementation of GASB Statement No. 101, an adjustment to beginning net position was required to properly report compensated absences as of October 1, 2024, as follows:

	Governmental Activities	Business-Type Activities	Enterprise Fund
Net position, as previously reported	$ 11,288,554	$ 9,755,649	$ 9,755,649
Change in accounting principle	(109,876)	(44,379)	(44,379)
Net position, as restated	$ 11,178,678	$ 9,711,270	$ 9,711,270

NOTE 19. SUBSEQUENT EVENTS

Management has evaluated subsequent events through the date that the financial statements were available to be issued, October 14, 2026, and determined there were no events that occurred that required disclosure. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

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REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL – GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2025

	General Fund			
	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
Revenues				
Ad valorem taxes	$ 6,551,884	$ 6,551,884	$ 6,517,834	$ (34,050)
Other taxes	363,965	363,965	377,030	13,065
Fees and permits	1,959,246	1,959,246	1,597,916	(361,330)
Intergovernmental	53,557	53,557	292,678	239,121
Fines and forfeitures	10,840	10,840	91,898	81,058
Investment earnings	50,000	50,000	337,804	287,804
Contributions	-	-	16,028	16,028
Miscellaneous	45,300	45,300	126,437	81,137
Total revenue	9,034,792	9,034,792	9,357,625	322,833
Expenditures				
Current				
General government	1,088,208	1,132,592	1,004,559	128,033
Public safety	6,214,820	6,133,629	5,916,634	216,995
Physical environment	302,912	304,932	277,495	27,437
Transportation	11,300	11,300	12,717	(1,417)
Capital outlay	514,633	549,420	282,235	267,185
Debt service	-	-	46,136	(46,136)
Total expenditures	8,131,873	8,131,873	7,539,776	592,097
Excess of revenues over expenditures	902,919	902,919	1,817,849	914,930
Other financing sources (uses)				
Transfer out	(902,919)	(902,919)	(902,919)	-
Total other financing sources (uses)	(902,919)	(902,919)	(902,919)	-
Net change in fund balances	-	-	914,930	914,930
Fund balance, beginning of year	8,996,759	8,996,759	8,996,759	914,930
Fund balance, end of year	$ 8,996,759	$ 8,996,759	$ 9,911,689	$ 1,829,860

Notes to Budgetary Required Supplementary Information
September 30, 2025

NOTE 1. BASIS OF ACCOUNTING

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

NOTE 2. EXCESS OF EXPENDITURES OVER APPROPRIATIONS

For the year September 30, 2025, General Fund expenditures did not exceed appropriations.

OTHER SUPPLEMENTARY INFORMATION

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

	9/30/2025	9/30/2024	9/30/2023	9/30/2022	9/30/2021	9/30/2020	9/30/2019
Total pension liability							
Service cost	$ 456,371	$ 407,945	$ 380,029	$ 369,187	$ 377,238	$ 330,436	$ 209,337
Interest on total pension liability	337,406	305,081	268,713	248,895	214,978	181,717	114,649
Difference between expected and actual experience	221,131	(92,276)	(16,637)	(237,646)	(19,254)	8,473	-
Changes of assumptions	57,555	-	-	-	-	(45,999)	-
Benefit payments	(211,532)	(66,189)	(65,236)	(27,588)	-	-	-
Refunds of member contributions	(34,567)	(31,392)	(38,295)	(41,610)	(17,014)	(2,430)	-
Changes in benefit terms	-	-	-	-	-	-	2,142,435
Net change in total pension liability	826,364	523,169	528,574	311,238	555,948	472,197	2,466,421
Total pension liability - beginning	4,857,547	4,334,378	3,805,804	3,494,566	2,938,618	2,466,421	-
Total pension liability - ending (a)	$ 5,683,911	$ 4,857,547	$ 4,334,378	$ 3,805,804	$ 3,494,566	$ 2,938,618	$ 2,466,421
Plan fiduciary net position							
Contributions - employer	$ 339,250	$ 318,188	$ 295,053	$ 519,516	$ 286,705	$ 285,114	$ 213,836
Contributions - employee	159,979	145,520	118,831	112,796	112,873	109,929	65,774
Contributions - employee buybacks	-	-	-	-	-	-	1,631,459
Net investment income	596,804	1,059,369	473,178	(594,293)	514,910	82,232	757
Benefit payments	(211,532)	(66,189)	(65,236)	(27,588)	-	-	-
Refunds of member contributions and other	(34,567)	(31,392)	(38,295)	(41,610)	(17,014)	-	-
Net change in plan fiduciary net position	849,934	1,425,496	783,531	(31,179)	897,474	477,275	1,911,826
Plan fiduciary net position - beginning	5,464,423	4,038,927	3,255,396	3,286,575	2,389,101	1,911,826	-
Plan fiduciary net position - ending (b)	$ 6,314,357	$ 5,464,423	$ 4,038,927	$ 3,255,396	$ 3,286,575	$ 2,389,101	$ 1,911,826
Net pension liability - ending (a) - (b)	$ (630,446)	$ (606,876)	$ 295,451	$ 550,408	$ 207,991	$ 549,517	$ 554,595
Plan fiduciary net position as a percentage of the total pension liability	111.09%	112.49%	93.18%	85.54%	94.05%	81.30%	77.51%
Covered payroll	$ 2,285,414	$ 2,078,857	$ 1,697,586	$ 1,611,371	$ 1,612,471	$ 1,595,114	$ 939,629
Net pension liability as a percentage of covered payroll	-27.59%	-29.19%	17.40%	34.16%	12.90%	34.45%	59.02%

Notes to the schedule:

Changes in Assumptions:

There were no changes in assumptions in the last two years.

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

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

Year Ended	Actuarially Determined Contribution	Actual Contribution	Contribution (Excess)/ Deficiency	Covered Payroll	Actual Contribution as a % of Covered Payroll
September 30, 2025	$ 339,250	$ 339,250	$ -	$ 2,285,414	14.84%
September 30, 2024	318,188	318,188	-	2,078,857	15.31%
September 30, 2023	294,743	295,053	(310)	1,697,586	17.38%
September 30, 2022	325,822	519,516	(193,694)	1,611,371	22.76%
September 30, 2021	286,705	286,705	-	1,612,471	17.87%
September 30, 2020	285,114	285,114	-	1,595,114	17.78%
September 30, 2019	213,836	213,836	-	939,629	32.24%

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

REQUIRED SUPPLEMENTARY INFORMATION
NOTES TO THE SCHEDULE OF EMPLOYER CONTRIBUTIONS
GENERAL EMPLOYEES' AND POLICE OFFICERS' RETIREMENT FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2025

The contributions for the fiscal year ended September 30, 2025 were determined by the actuarial valuation as of October 1, 2023.

Valuation date:	October 1, 2023
Actuarial cost method:	Entry age normal.
Inflation:	2.50%
Salary increases:	4.00%, included inflation.
Investment rate of return:	6.50%
Retirement age:	Experience-based table of rates.
Mortality:	The mortality table for General Employees is the PUB-2010 Headcount Weighted Below Median Employee Male Table (pre-retirement), the PUB-2010 Headcount Weighted Below Median Employee Female Table (pre-retirement), the PUB-2010 Headcount Weighted Below Median Healthy Retiree Male Table (post-retirement) and the PUB-2010 Headcount Weighted Below Median Retiree Female Table (post-retirement). These tables use ages set back one year for males and future improvements in mortality projected to all future years after 2010 using scale MP-2018. These are the same rates used for Regular Class members of the Florida Retirement System (FRS) in their actuarial valuation as of July 1, 2023. The mortality table for healthy Police Officers is the PUB-2010 Headcount Weighted Safety Below Median Employee Male Table (pre-retirement), the PUB-2010 Headcount Weighted Safety Employee Female Table (pre-retirement), the PUB-2010 Headcount Weighted Safety Below Median Healthy Retiree Male Table (post-retirement) and the PUB-2010 Safety Healthy Retiree Female Table (post-retirement). These tables use ages set forward one year and mortality improvements to all future years after 2010 using scale MP-2018. These are the same rates used for Special Risk Class members in the July 1, 2023 Actuarial Valuation of the Florida Retirement System (FRS).
Other information:	The Town of Manalapan General Employees' and Police Officers' Retirement Fund was established effective January 1, 2019.

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

Year Ended	Money Weighted Rate of Investment Return
September 30, 2025	10.68%
September 30, 2024	25.95%
September 30, 2023	13.37%
September 30, 2022	-15.82%
September 30, 2021	19.09%
September 30, 2020	3.75%
September 30, 2019	0.07%

Notes to the schedule:

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

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY
FOR THE YEAR ENDED SEPTEMBER 30, 2025

Measurement date	9/30/2025	9/30/2024	9/30/2023	9/30/2022	9/30/2021	9/30/2020	9/30/2019	9/30/2018
Total OPEB liability - beginning	$ 68,530	$ 74,980	$ 64,229	$ 115,867	$ 104,241	$ 61,501	$ 49,754	44933
Changes for the year:								
Service cost	9,828	8,378	8,295	14,746	14,936	9,401	8,537	8,884
Interest	3,181	4,060	3,460	3,161	2,540	2,479	2,373	1,908
Difference between expected and actual experience	-	(13,794)	-	(44,186)	-	16,496	-	-
Changes of assumptions	(4,401)	(5,094)	(1,004)	(24,301)	(4,861)	17,718	3,928	(3,122)
Benefit payments	-	-	-	(1,058)	(989)	(3,354)	(3,091)	(2,849)
Net change in total OPEB liability	8,608	(6,450)	10,751	(51,638)	11,626	42,740	11,747	4,821
Total OPEB liability - ending	$ 77,138	$ 68,530	$ 74,980	$ 64,229	$ 115,867	$ 104,241	$ 61,501	$ 49,754
Covered employee payroll	2,192,047	2,138,582	1,715,117	1,673,285	1,452,610	1,417,180	2,018,479	1,895,936
Total OPEB liability as a percentage of covered-employee payroll	3.52%	3.20%	4.37%	3.84%	7.98%	7.36%	3.05%	2.62%

Notes to the schedule:

Changes in Assumptions:

The discount rate changed as follows:

September 30, 2025 measurement date	4.50%
September 30, 2024 measurement date	4.06%
September 30, 2023 measurement date	4.87%
September 30, 2022 measurement date	4.77%
September 30, 2021 measurement date	2.43%
September 30, 2020 measurement date	2.14%
September 30, 2019 measurement date	3.58%
September 30, 2018 measurement date	4.18%

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

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

SCHEDULE OF DEPARTMENTAL EXPENDITURES –
BUDGET TO ACTUAL –
GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2025

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Expenditures			
General government			
Legislative			
Operating	$ 24,500	$ 25,929	$ (1,429)
Total legislative	24,500	25,929	(1,429)
Finance and administrative			
Personnel	503,522	462,243	41,279
Operating	425,470	377,673	47,797
Capital outlay	-	-	-
Total finance and administrative	928,992	839,916	89,076
Information and technology			
Operating	179,100	138,714	40,386
Total information and technology	179,100	138,714	40,386
Total general government	1,132,592	1,004,559	128,033
Public safety			
Police			
Personnel	2,853,090	2,694,159	158,931
Operating	488,706	363,886	124,820
Capital outlay	10,688	8,415	2,273
Total police	3,352,484	3,066,460	286,024
Fire rescue			
Operating	2,222,066	2,222,066	-
Total fire rescue	2,222,066	2,222,066	-
Protective inspections			
Personnel	283,208	372,771	(89,563)
Operating	244,238	215,604	28,634
Capital outlay	21,633	17,808	3,825
Total protective inspections	549,079	606,183	(57,104)
Emergency/disaster			
Personnel	-	21,925	(21,925)
Operating	10,000	-	10,000
Total emergency/disaster	10,000	21,925	(11,925)
Total public safety	6,133,629	5,916,634	216,995
Physical environment			
Sanitation			
Personnel	168,133	149,597	18,536
Operating	22,950	20,115	2,835
Total sanitation	191,083	169,712	21,371
Maintenance			
Personnel	56,999	59,091	(2,092)
Operating	56,850	48,692	8,158
Total maintenance	113,849	107,783	6,066
Total physical environment	304,932	277,495	27,437
Transportation			
Operating	11,300	12,717	(1,417)
Total transportation	11,300	12,717	(1,417)
Capital outlay	549,420	282,235	267,185
Debt service	-	46,136	(46,136)
Total expenditures	$ 8,131,873	$ 7,539,776	$ 592,097

OTHER AUDITOR REPORTS

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MAULDIN & JENKINS
CPAs & ADVISORS

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Manalapan, Florida (the "Town"), as of and for the year ended September 30, 2025, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements and have issued our report thereon dated October 14, 2026.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matter that is required to be reported under *Government Auditing Standards* and which is described in the accompanying Schedule of Findings and Responses as 2025-001.

Town of Manalapan, Florida's Response to Finding

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

Purpose of this Report

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

Mauldin & Jenkins, LLC

Bradenton, Florida
October 14, 2026

SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED SEPTEMBER 30, 2025

SECTION I
SUMMARY OF AUDIT RESULTS

Financial Statements

Type of report the auditor issued on whether the financial statements audited were presented in accordance with GAAP:	Unmodified
Internal control over financial reporting: Material weaknesses identified?	____yes __X__no
Significant deficiencies identified not considered to be material weaknesses?	____ yes __X__none reported
Noncompliance material to financial statements noted?	__X__yes ____no

Federal Programs and State Financial Assistance Projects

There was not an audit of major federal programs or state financial assistance projects as of September 30, 2025 due to the total amount expended being less than $1,000,000 in federal awards or $750,000 in state financial assistance.

SECTION II
FINANCIAL STATEMENT FINDINGS AND RESPONSES

2025-001. Timely Reporting

Criteria or Specific Requirement: Section 218.32 of the Florida Statutes requires each local governmental entity that is determined to be a reporting entity, as defined by generally accepted accounting principles, and each independent special district shall submit to the State of Florida a copy of its annual financial report for the previous fiscal year in a format prescribed by the State. In addition, each local governmental entity that is required to provide for an audit must submit a copy of the audit report to the State within 45 days after the completion of the audit but no later than nine months after the end of the fiscal year.

Condition: Due to changes in the finance department, these financial statements were not submitted and completed within the nine-month required timeframe.

Cause: The Town did not have processes and procedures in place to ensure the timely completion of the annual audit process.

Effect: The Town is not in compliance with state law.

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

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

SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED SEPTEMBER 30, 2025

SECTION III
FEDERAL/STATE AWARDS FINDINGS AND QUESTIONED COSTS

Not applicable.

SECTION IV
PRIOR YEAR FINDINGS AND RECOMMENDATIONS

2024-001. Timely Reporting

Criteria: Florida Statutes require audit reports for local governmental entities and the Annual Financial Report to be filed within nine months of the fiscal year-end. The Town's reports were due June 30, 2025.

Condition: We noted that the audit report and the Annual Financial Report filed with the Florida Department of Financial Services for the fiscal year ended September 30, 2024 were not filed timely.

Status: Repeat finding. See 2025-001.

MAULDIN & JENKINS
CPAs & ADVISORS

Independent Auditor's Management Letter

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

Report on the Financial Statements

We have audited the financial statements of the Town of Manalapan, Florida (the "Town"), as of and for the fiscal year ended September 30, 2025, and have issued our report thereon dated October 14, 2026.

Auditor's Responsibility

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

Other Reporting Requirements

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards;* schedule of findings and responses; and independent accountant's report on an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports and schedule, which are dated October 14, 2026, should be considered in conjunction with this management letter.

Prior Audit Findings

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

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

Finding 2025-001. Timely Reporting

Official Title and Legal Authority

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

Financial Condition and Management

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

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

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

Property Assessed Clean Energy (PACE) Programs

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

Special District Component Units

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

Additional Matters

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

Purpose of this Letter

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

Mauldin & Jenkins, LLC

Bradenton, Florida
October 14, 2026

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MAULDIN & JENKINS
CPAs & ADVISORS

Independent Accountant's Report

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

We have examined the Town of Manalapan, Florida (the "Town") compliance with Section 218.415, Florida Statutes, regarding the investment of public funds during the year ended September 30, 2025. Management of the Town is responsible for the Town's compliance with those requirements. Our responsibility is to express an opinion on the Town's compliance based on our examination.

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

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

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

In our opinion, the Town complied, in all material respects, with the aforementioned requirements during the year ended September 30, 2025.

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

Mauldin & Jenkins, LLC

Bradenton, Florida
October 14, 2026

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