



TOWN OF SOUTH PALM BEACH, FLORIDA
ANNUAL COMPREHENSIVE FINANCIAL REPORT
FISCAL YEAR ENDED SEPTEMBER 30, 2025



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The Town of South Palm Beach, Florida

ANNUAL COMPREHENSIVE FINANCIAL REPORT

Fiscal Year Ended September 30, 2025

PREPARED BY:
FINANCE DEPARTMENT

TOWN OF SOUTH PALM BEACH, FLORIDA
ANNUAL COMPREHENSIVE FINANCIAL REPORT
FISCAL YEAR ENDED SEPTEMBER 30, 2025
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TOWN OF SOUTH PALM BEACH

3577 South Ocean Boulevard, South Palm Beach, Florida 33480

Phone: (561) 588-8889 • www.southpalmbeach.com

April 21, 2026

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

The Government Finance Officers Association (GFOA) recommends that all units of local government publish a complete set of financial statements presented in conformity with Generally Accepted Accounting Principles (GAAP) and audited in accordance with auditing standards generally accepted in the United States and in accordance with Government Auditing Standards by a firm of licensed certified public accountants. Pursuant to that recommendation, we hereby issue the Annual Comprehensive Financial Report of the Town of South Palm Beach for the fiscal year ended September 30, 2025.

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

The Town's financial statements have been audited by Grau & Associates, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the basic financial statements of the Town of South Palm Beach for the fiscal year ended September 30, 2025, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation.

The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the Town of South Palm Beach's financial statements for the fiscal year ended September 30, 2025, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

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

Profile of the Government

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

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

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

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

Economic Condition and Outlook

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

Long-Term Financial Planning

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

Risk Management

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

Pension and Other Post-Employment Benefits.

The Town joined the Florida Retirement System (FRS) on January 1, 2005, to provide post-employment retirement benefits to its employees. The Town's required contribution ranged from 13.63% to 34.52% of covered payroll, based on employee risk groups. In addition, the Town sponsors a 401(a) defined contribution plan and a 457 deferred compensation plan in which any employee may contribute on a voluntary basis. Although the Town implemented GASB Statement No. 75 on October 1, 2017, the Town's actuary determined that based on the Town's current employee data and expected patterns, the liability for the implicit rate subsidy is not material. The Town has not reported any other postemployment (OPEB) costs or net liability.

Awards and Acknowledgements

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

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

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

Respectfully submitted,

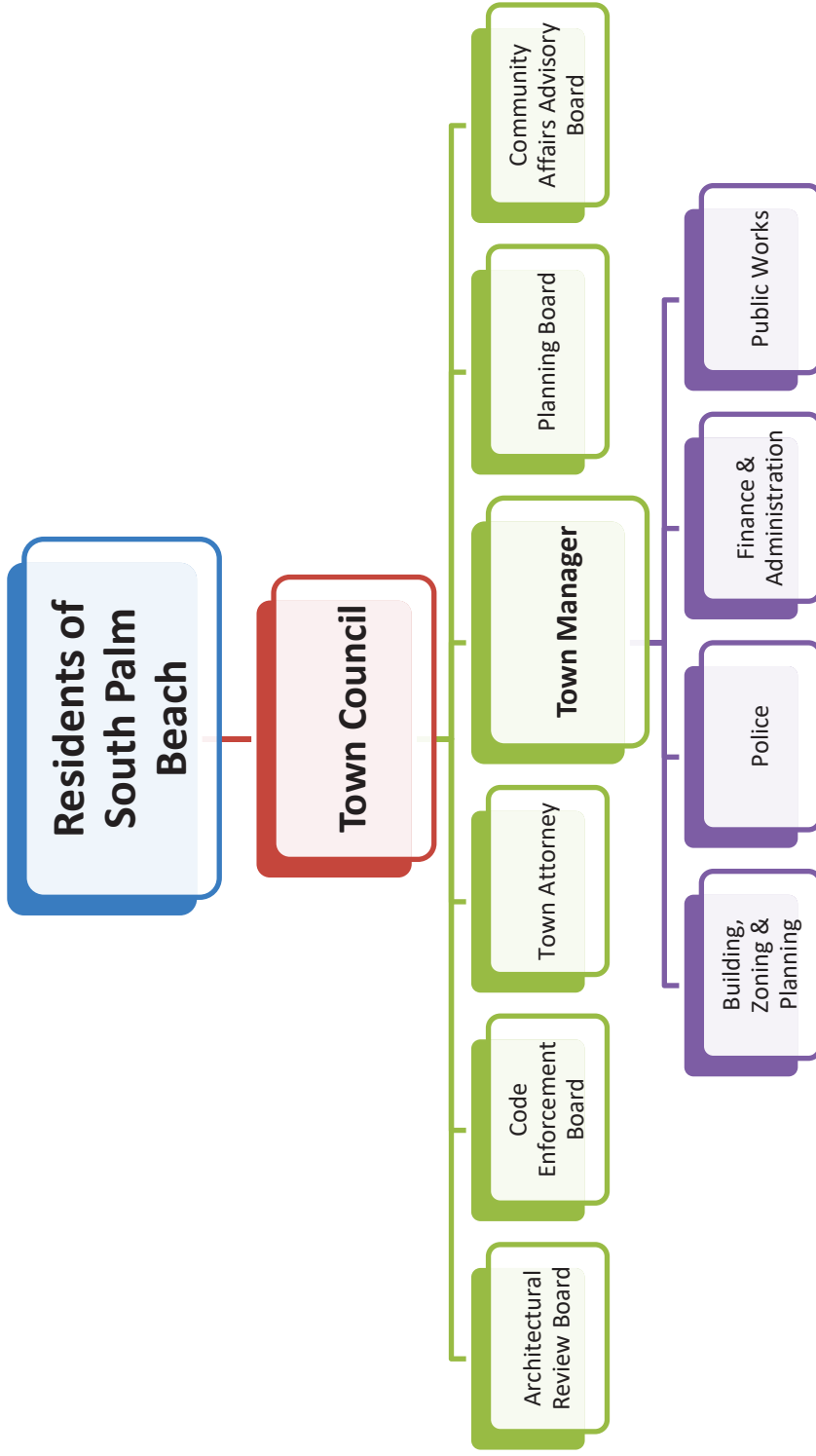


James Titcomb
Town Manager

TOWN OF SOUTH PALM BEACH, FLORIDA

ORGANIZATION CHART

SEPTEMBER 30, 2025



TOWN OF SOUTH PALM BEACH, FLORIDA

LIST OF PRINCIPAL OFFICIALS

AS OF SEPTEMBER 30, 2025

TOWN COUNCIL

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

TOWN OFFICIALS

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

FINANCIAL SECTION



Grau & Associates

CERTIFIED PUBLIC ACCOUNTANTS

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Independent Auditor's Report

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

Report on the Audit of the Financial Statements

Opinions

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

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

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

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

Required Supplementary Information

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

Other Information Included in the Financial Report

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 21, 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, 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.

Grau & Associates

April 21, 2026

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

- At the close of current fiscal year, the Town's assets plus deferred outflows of resources exceeded its liabilities plus deferred inflows of resources inflows by \$13,276,859. Of this amount, \$10,130,882 represents unrestricted net position, which may be used to meet the Town's ongoing obligations to residents and creditors.
- Total net position increased by \$1,791,689 during the current fiscal year.
- At the close of the current fiscal year, net position of the Governmental Activities was \$10,835,166, an increase of \$1,694,092 when compared with the prior year.
- At the close of the current fiscal year, net position of the Business-type Activities was \$2,441,693, an increase of \$97,597 when compared with the prior year.
- The total revenues from all sources were \$4,137,852, and the total cost of all Town programs was \$2,346,163.
- The Town's total capital assets increased by \$158,820 during the current fiscal year. The Town's Governmental Activities capital assets increased by \$127,908 and the Business-type Activities capital assets increased by \$30,912.
- The Town does not have any debt
- The Town's long-term liabilities consist of a liability for compensated absences and a net pension liability, which are both reported in the Governmental Activities. Total long-term liabilities increased by \$53,705 during the current fiscal year.

Fund Financial Statements

- At the end of the current fiscal year, unassigned fund balance for the Town's governmental funds was \$5,056,866, a decrease of \$728,433 from the previous fiscal year.
- The fund balance in the Town's General Fund increased by \$1,420,213, or 24.5%.
- The unassigned fund balance in the Town's General Fund was \$5,056,866, or 70.0% of total fund balance for the General Fund.

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 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.

The Statement of Net Position presents information on all of the Town's assets, liabilities, deferred outflows of resources, and 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 18-19 of this report.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over financial 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 two categories: governmental funds and proprietary funds. The two kinds of funds use different accounting approaches.

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

The focus of governmental funds is narrower than that of the government-wide financial statements, so it is useful to compare the information presented for governmental funds with similar information presented for the Governmental Activities in the government-wide financial statements. By doing so, readers may better understand long-term impacts of near-term financing decisions. Reconciliations to facilitate the comparison between governmental funds and the Governmental Activities are also provided.

The Town reports three major governmental funds, as described below:

- The General Fund is the primary operating fund of the Town and is used to account for all financial resources applicable to the general operations of the Town, except for those required to be accounted for in another fund.
- The Building Fund is a special revenue fund used to account for the activities related to building permits and other code enforcement activities.
- The Capital Projects Fund accounts for the acquisition or construction of major capital assets

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 Sewer Enterprise Fund for wastewater operations.

Notes to the Basic 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 27-52 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 schedules for the General Fund and Building Fund together with notes pertaining to the budget schedules and to provide the Town's progress in funding of its obligation to provide pension benefits to its employees. Required supplementary information can be found on pages 51-55 of this report.

GOVERNMENT-WIDE 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 and deferred outflows exceeded liabilities and deferred inflows by \$13,276,859 at the close of the most recent fiscal year, an increase of \$1,791,689 as compared with the prior year.

The following table provides a summary of net position for the Governmental Activities and the Business-type Activities as of September 30, 2025 and 2024.

Town of South Palm Beach, Florida
Summary of Net Position

	Government Activities		Business-type Activities		Total	
	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>
	Current assets	\$ 10,494,258	\$ 9,074,209	\$ 1,999,647	\$ 1,910,591	\$ 12,493,905
Capital assets, net	720,335	592,427	490,167	459,255	1,210,502	1,051,682
Total assets	<u>11,214,593</u>	<u>9,666,636</u>	<u>2,489,814</u>	<u>2,369,846</u>	<u>13,704,407</u>	<u>12,036,482</u>
Deferred Outflow of Resources	133,982	54,155	-	-	133,982	54,155
Current liabilities	109,448	43,221	48,121	25,750	157,569	68,971
Non-current liabilities	251,371	195,594	-	-	251,371	195,594
Total liabilities	<u>360,819</u>	<u>238,815</u>	<u>48,121</u>	<u>25,750</u>	<u>408,940</u>	<u>264,565</u>
Deferred Inflow of Resources	152,590	340,902	-	-	152,590	340,902
Net Position:						
Net Investment in Capital Assets	670,978	592,427	490,167	459,255	1,161,145	1,051,682
Restricted for:						
Infrastructure	619,804	448,482	-	-	619,804	448,482
Building code enforcement	1,358,377	1,453,486	-	-	1,358,377	1,453,486
Special events	6,651	8,151	-	-	6,651	8,151
Unrestricted	8,179,356	6,638,528	1,951,526	1,884,841	10,130,882	8,523,369
Total net position	<u>\$ 10,835,166</u>	<u>\$ 9,141,074</u>	<u>\$ 2,441,693</u>	<u>\$ 2,344,096</u>	<u>\$ 13,276,859</u>	<u>\$ 11,485,170</u>

The Town's investment in capital assets (e.g. land, buildings, improvements, machinery and equipment); less any related debt and deferred inflows and outflows related to those assets and represents 9.1% of total net position. The Town uses these capital assets to provide services to citizens; therefore these assets are not available for future spending. Although the Town's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. Another portion of net position has restrictions on its use that are externally imposed or imposed by enabling legislation, and represents 14.9% of total net position. The remaining balance of unrestricted net position may be used to meet the government's ongoing obligations to citizens and creditors and represents 75.9% of total net position.

The following table provides a summary of the changes in net position for the Governmental Activities and the Business-type Activities for the years ended September 30, 2025 and 2024.

Town of South Palm Beach
Summary of Changes in Net Position

	Government Activities		Business-type Activities		Total	
	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>
Revenues:						
Program revenues:						
Charges for services	\$ 269,991	\$ 326,419	\$ 529,603	\$ 530,378	\$ 799,594	\$ 856,797
Operating grants & contributions	46,648	-	-	-	46,648	-
Capital grants & contributions	174,222	151,110	-	-	174,222	151,110
General revenues:						
Property taxes	2,106,700	1,924,656	-	-	2,106,700	1,924,656
Utility taxes	324,894	331,030	-	-	324,894	331,030
Sales and use taxes	152,467	154,573	-	-	152,467	154,573
Other taxes	8,145	7,999	-	-	8,145	7,999
Franchise taxes	158,556	153,791	-	-	158,556	153,791
Intergovernmental	53,185	53,073	-	-	53,185	53,073
Investment income	225,576	267,225	67,155	76,110	292,731	343,335
Miscellaneous	20,710	35,143	-	-	20,710	35,143
Total revenues	<u>3,541,094</u>	<u>3,405,019</u>	<u>596,758</u>	<u>606,488</u>	<u>4,137,852</u>	<u>4,011,507</u>
Expenses:						
Government Activities:						
General government	327,846	451,493	-	-	327,846	451,493
Public safety	1,474,666	1,264,335	-	-	1,474,666	1,264,335
Public works	97,140	86,315	-	-	97,140	86,315
Culture and recreation	27,350	24,250	-	-	27,350	24,250
Utilities	-	-	419,161	396,842	419,161	396,842
Total expenses	<u>1,927,002</u>	<u>1,826,393</u>	<u>419,161</u>	<u>396,842</u>	<u>2,346,163</u>	<u>2,223,235</u>
Change in Net Position						
Before transfers	1,614,092	1,578,626	177,597	209,646	1,791,689	1,788,272
Transfers	<u>80,000</u>	<u>80,000</u>	<u>(80,000)</u>	<u>(80,000)</u>	<u>-</u>	<u>-</u>
Change in Net Position	1,694,092	1,658,626	97,597	129,646	1,791,689	1,788,272
Net position, beginning	<u>9,141,074</u>	<u>7,482,448</u>	<u>2,344,096</u>	<u>2,214,450</u>	<u>11,485,170</u>	<u>9,696,898</u>
Net position, ending	<u>\$ 10,835,166</u>	<u>\$ 9,141,074</u>	<u>\$ 2,441,693</u>	<u>\$ 2,344,096</u>	<u>\$ 13,276,859</u>	<u>\$ 11,485,170</u>

Governmental Activities

Governmental Activities increased the Town's net position by \$1,694,092. This is an increase of 18.5% when compared to the prior fiscal year. Total revenues increased by \$136,075 or 4.0%. Key elements of this increase are as follows:

- Property taxes increased by \$182,044 or 9.5% due to an increase in property values.
- Unrestricted investment income decreased by \$41,649 or 9.2% due to a decrease in interest rates.
- Charges for services decreased by \$56,428 or 17.3% due to a reduction in construction activity resulting in lower building permit fees.

Total expenses increased by \$100,609 or 5.5% when compared to the prior fiscal year. Key elements of this increase are as follows:

- General government expenses decreased by \$123,647 or 27.4% due to staffing changes and a reduction in professional fees.
- Public safety expenses increased by \$210,331 or 16.6% due to an increase in the contract amount for police services and an increase in pension costs for employees in the Building Department.
- Public works expenses increased \$10,825 or 12.5% due to an increase in repairs and maintenance costs.
- Culture and recreation expenses decreased by \$3,100 or 12.8% due to a reduction in programs, events and activities during the fiscal year.

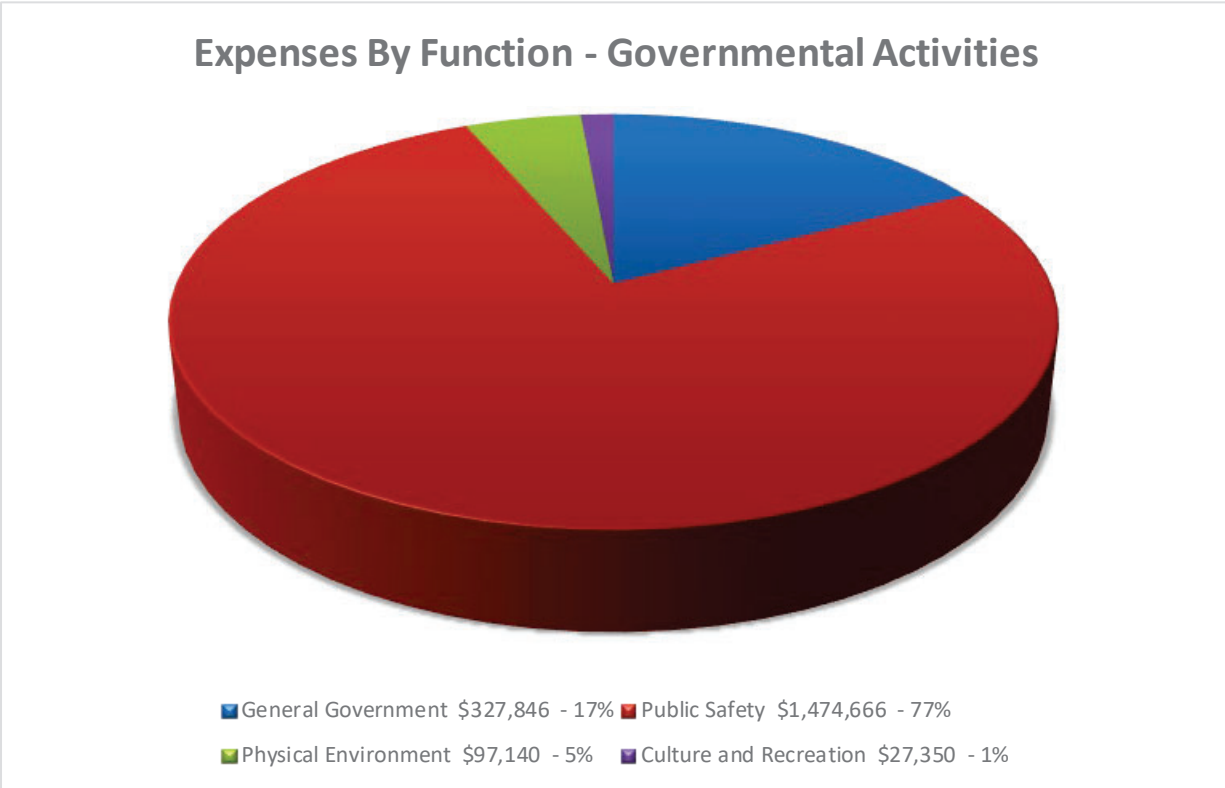
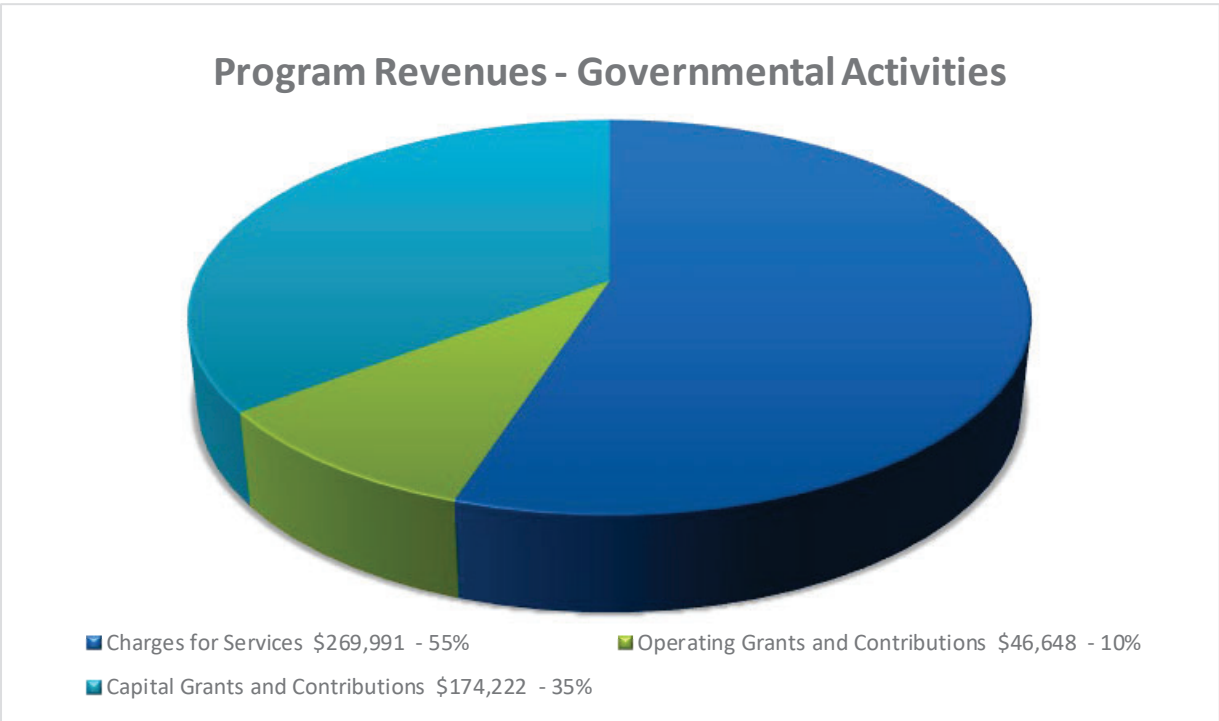
The Town's programs include general government, public safety, physical environment, and culture and recreation. General government includes the legislative, executive, financial, and other general operations of the Town. Public safety includes police services. Physical environment includes public works operations. Culture and recreation and special events. 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	Total Program Revenues	Net Revenue (Expense)
General Government	\$ 327,846	\$ 325,852	\$ (1,994)
Public Safety	1,474,666	10,203	(1,464,463)
Public Works	97,140	150,526	53,386
Culture and Recreation	27,350	4,280	(23,070)
	<u>\$ 1,927,002</u>	<u>\$ 490,861</u>	<u>\$ (1,436,141)</u>

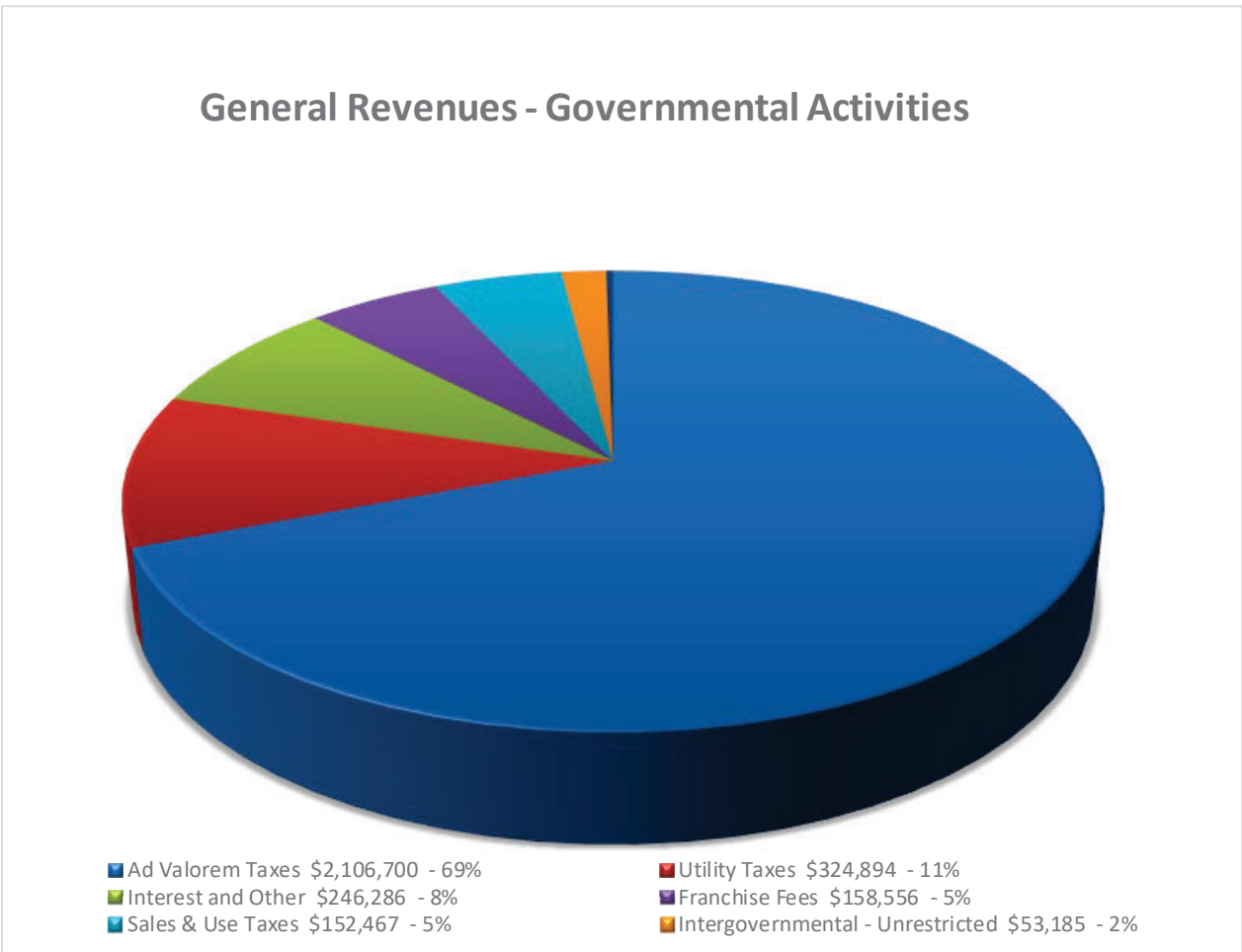
The total cost of all Governmental Activities this year was \$1,927,002. The schedule above shows that \$424,533 of the cost of services was paid by those who directly benefited from the programs and \$1,502,469 was financed through general revenues.

The following charts present expenses by function and program revenues by type for all Governmental Activities.

Program Revenues and Expenses – Governmental Activities



Revenues by Source – Governmental Activities



Business-Type Activities

Business-type Activities increased the Town's net position by \$97,597. This is a 24.7% decrease compared to the prior fiscal year. Revenues decreased by \$9,730 or 1.6%. The decrease was primarily due to a decrease in investment income due to lower interest rates. Expenses increased by \$22,319 or 5.6% compared to the prior fiscal year. The increase is primarily due to increased repairs and maintenance costs.

GOVERNMENTAL FUNDS FINANCIAL ANALYSIS

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 \$10,384,810 an increase of \$1,351,750 in comparison with the prior year. Of this amount, \$5,056,866 or 48.7% is unassigned fund balance, which is available for spending at the Town's discretion. The remaining \$5,327,944 is non-spendable, restricted or assigned. Of this amount, \$25,434 is non-spendable, \$1,984,832 is restricted for specific purposes and \$3,317,678 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 \$7,224,148. 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 296% of total General Fund expenditures.

As previously discussed, the Town reports three major funds. In addition to the General Fund, the Town reports the Building Fund special revenue fund and the Capital Projects Fund as major funds. The following tables summarize the assets liabilities, fund balance, revenues, and expenditures of the major funds for fiscal years 2025 and 2024.

General Fund Balance Sheet Summary

	Fiscal Year		Increase (Decrease)	Percent Change
	<u>2025</u>	<u>2024</u>		
Total assets	\$ 7,267,154	\$ 5,828,787	\$ 1,438,367	24.7%
Total liabilities	\$ 43,006	\$ 24,852	\$ 18,154	73.0%
Total fund balance	<u>7,224,148</u>	<u>5,803,935</u>	<u>1,420,213</u>	24.5%
Total liabilities and fund balance	\$ 7,267,154	\$ 5,828,787	\$ 1,438,367	24.7%

General Fund Revenues & Expenditures Summary

	Fiscal Year		Increase (Decrease)	Percent Change
	<u>2025</u>	<u>2024</u>		
Total revenues	\$ 3,050,098	\$ 2,891,924	\$ 158,174	5.5%
Total expenditures	<u>1,709,885</u>	<u>1,820,736</u>	<u>(110,851)</u>	-6.1%
Excess of revenues over expenditures	\$ 1,340,213	\$ 1,071,188	\$ 269,025	25.1%

Building Fund Balance Sheet Summary

	Fiscal Year		Increase (Decrease)	Percent Change
	<u>2025</u>	<u>2024</u>		
Total assets	\$ 1,375,462	\$ 1,467,105	\$ (91,643)	-6.2%
Total liabilities	\$ 17,085	\$ 13,619	\$ 3,466	25.4%
Total fund balance	<u>1,358,377</u>	<u>1,453,486</u>	<u>(95,109)</u>	-6.5%
Total liabilities and fund balance	\$ 1,375,462	\$ 1,467,105	\$ (91,643)	-6.2%

Building Fund Revenues & Expenditures Summary

	Fiscal Year		Increase	Percent
			(Decrease)	Change
	<u>2025</u>	<u>2024</u>		
Total revenues	\$ 295,678	\$ 355,397	\$ (59,719)	-16.8%
Total expenditures	<u>390,787</u>	<u>213,371</u>	<u>177,416</u>	83.1%
Excess (deficit) of revenues over (under) expenditures	<u>\$ (95,109)</u>	<u>\$ 142,026</u>	<u>\$ (237,135)</u>	-167.0%

Capital Projects Fund Fund Balance Sheet Summary

	Fiscal Year		Increase	Percent
			(Decrease)	Change
	<u>2025</u>	<u>2024</u>		
Total assets	<u>\$ 1,851,642</u>	<u>\$ 1,778,317</u>	<u>\$ 73,325</u>	4.1%
Total liabilities	\$ 49,357	\$ 2,678	\$ 46,679	1743.1%
Total fund balance	<u>1,802,285</u>	<u>1,775,639</u>	<u>26,646</u>	1.5%
Total liabilities and fund balance	<u>\$ 1,851,642</u>	<u>\$ 1,778,317</u>	<u>\$ 73,325</u>	4.1%

Capital Projects Fund Revenues & Expenditures Summary

	Fiscal Year		Increase	Percent
			(Decrease)	Change
	<u>2025</u>	<u>2024</u>		
Total revenues	\$ 195,318	\$ 168,829	\$ 26,489	15.7%
Total expenditures	<u>168,672</u>	<u>2,678</u>	<u>165,994</u>	6198.4%
Excess of revenues over expenditures	<u>\$ 26,646</u>	<u>\$ 166,151</u>	<u>\$ (139,505)</u>	-84.0%

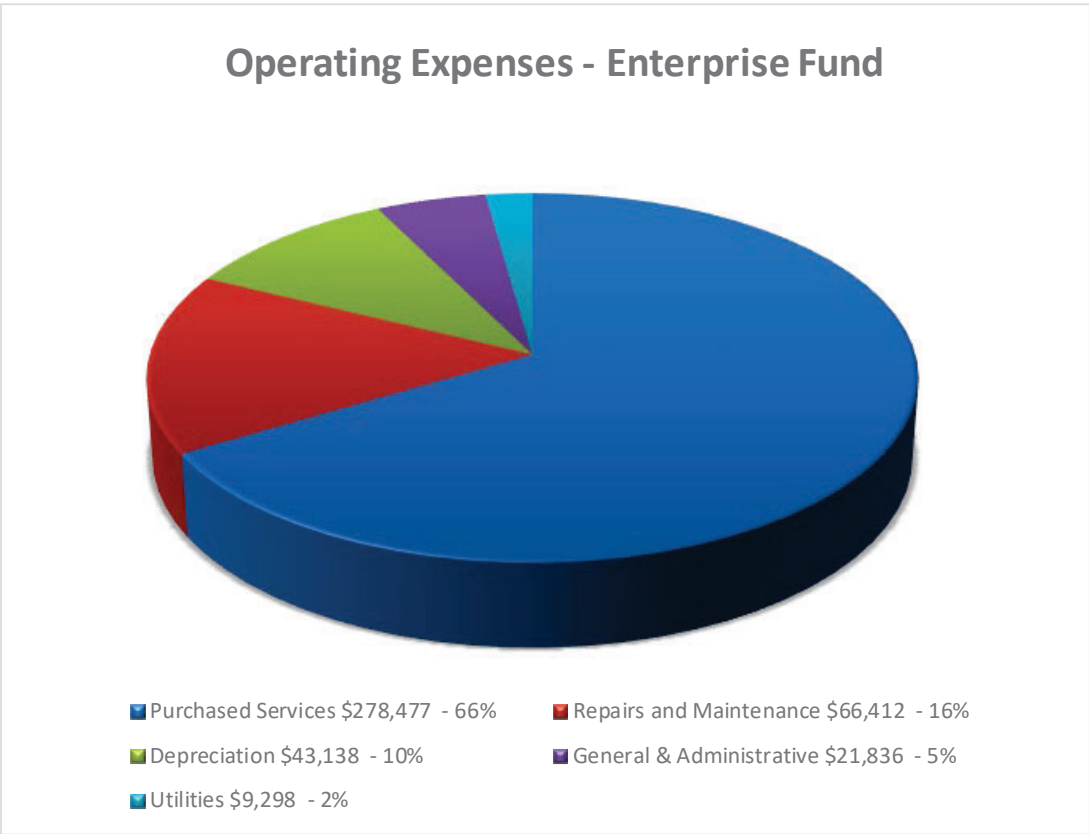
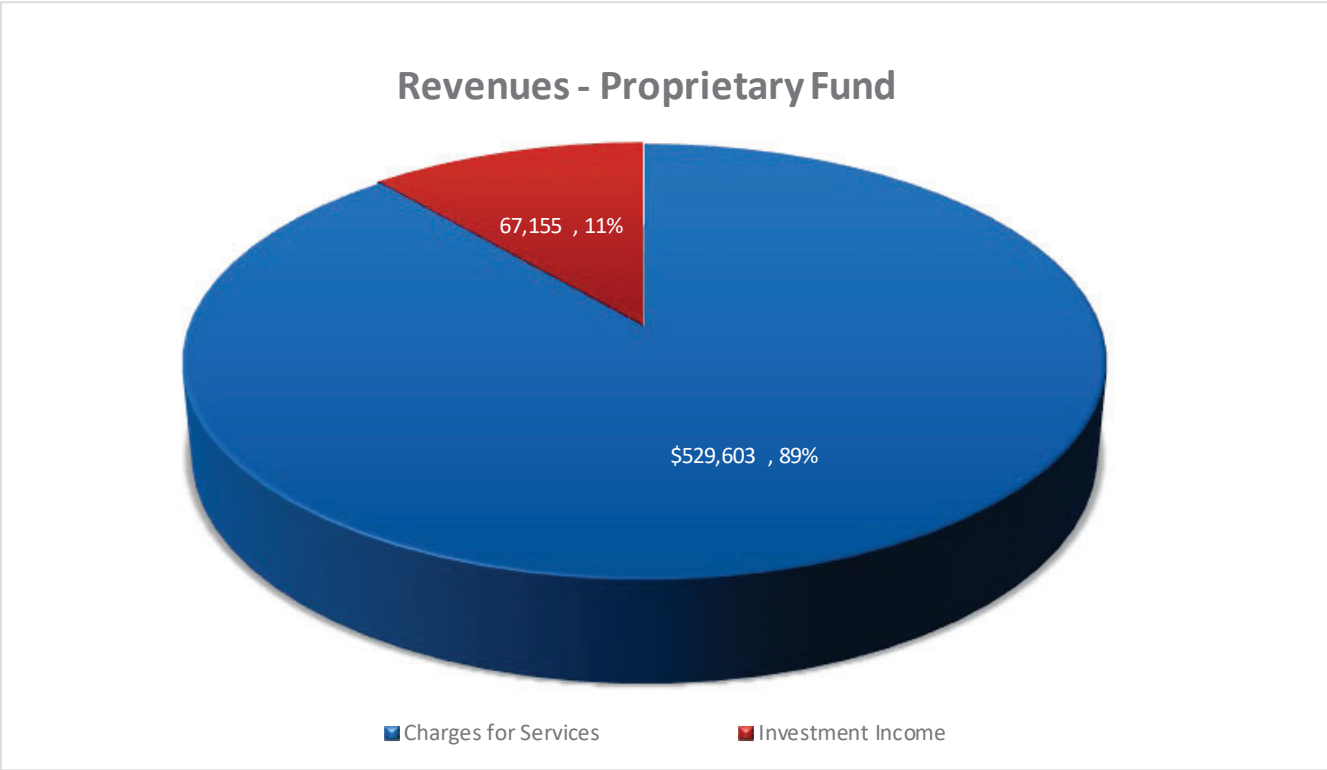
PROPRIETARY FUNDS FINANCIAL ANALYSIS

Enterprise Fund

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 sewer utility operations.

The Enterprise Fund reported unrestricted net position of \$1,951,526 at fiscal year-end. Total net position for the Sewer Enterprise Fund was \$2,441,693 at fiscal year-end, an increase of \$97,597 when compared to the prior fiscal year. Operating revenue was 529,603, a decrease of \$775 or 0.1% from the prior fiscal year. Operating expenses were \$419,161, an increase of \$22,319 or 5.6%, as compared to the prior fiscal year.

The following charts show revenues and operating expenses for the Enterprise Fund.



FUND BUDGETARY HIGHLIGHTS

The Town adopts budgets for all funds annually. There were no amendments to the original budget adopted by the Town for the current fiscal year.

General Fund revenues were \$41,543 less than budgeted primarily due to less than anticipated miscellaneous revenues. Utility taxes and investment income were more than anticipated. Investment income increased because more funds were invested in income producing instruments.

General Fund expenditures were \$501,986 less than budgeted. Expenditures for all departments except public safety were less than budgeted. General government and public works expenditures were significantly less than budgeted primarily because construction of a new Town Hall was delayed and anticipated administrative costs and costs for alternative office space related to the construction did not occur. Capital outlay was significantly less than budgeted because the acquisition of new equipment was delayed. Culture and recreation expenditures were less than budgeted because the number of programs and events was reduced.

Total Building Fund revenues were \$5,822 less than budgeted. Investment income for the Building Fund was \$14,313 more than budgeted because more funds were invested in income producing instruments, but revenue for building permits was \$29,492 less than budget due to a decline in construction activity in the Town. Revenues for fines and forfeitures and other revenues were greater than anticipated.

Building Fund expenditures were \$45,971 less than budgeted due to less than anticipated expenditures for professional fees. The Town has outsourced building inspection activities, and these activities are directly related to the amount of construction activity.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The Town of South Palm Beach's investment in capital assets for its Governmental Activities and Business-type Activities as of September 30, 2025, totaled \$1,210,502 (net of accumulated depreciation). The investment in capital assets includes land, construction in progress, buildings, improvements, equipment, and a sewer system. The total investment in capital assets increased \$158,820 or 15.1% during the current fiscal year. This was an increase of \$127,908 for the Governmental Activities and an increase of \$30,912 for the Business-type Activities. The increases were primarily due to the architectural design of a new Town Hall for the Governmental Activities and design of a new lift station for the Business-type Activities.

The following table summarizes the Town’s capital assets as of September 30, 2025 and 2024.

Capital Assets, Net of Depreciation

	Government Activities		Business Activities		Total	
	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>
Net Capital Assets						
Land	\$ 108,396	\$ 108,396	\$ -	\$ -	\$ 108,396	\$ 108,396
Construction in Progress	171,350	2,678	74,050	-	245,400	2,678
Buildings and improvements	329,077	344,802	-	-	329,077	344,802
Improvements other than buildings	79,350	99,539	-	-	79,350	99,539
Sewer system	-	-	363,991	402,323	363,991	402,323
Furniture, equipment and vehicles	32,162	37,012	52,126	56,932	84,288	93,944
Total	<u>\$ 720,335</u>	<u>\$ 592,427</u>	<u>\$ 490,167</u>	<u>\$ 459,255</u>	<u>\$ 1,210,502</u>	<u>\$ 1,051,682</u>

Depreciation on capital assets is recognized in the government-wide financial statements. Annual depreciation totaled \$85,829 for the year ended September 30, 2025. Additional information on the Town’s capital assets can be found in Note 4, beginning on page 39 of this report.

Long-Term Liabilities

The Town has no outstanding debt. Long-term liabilities consist of a net pension liability and a liability for compensated absences. Total long-term liabilities as of September 30, 2025, were \$251,371. This is an increase of \$53,705 when compared with the prior year. The following table summarizes the Town’s long-term liabilities as of September 30, 2025 and 2024.

Long-Term Liabilities

	Governmental Activities		Business-type Activities		Total	
	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>
Net Pension Liability	\$ 248,823	\$ 195,594	\$ -	\$ -	\$ 248,823	\$ 195,594
Compensated Absences	2,548	2,072	-	-	2,548	2,072
Total	<u>\$ 251,371</u>	<u>\$ 197,666</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 251,371</u>	<u>\$ 197,666</u>

Information on the Town's long-term liabilities can be found in Note 5, on page 40 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 South Palm Beach representing 59.5% of total governmental revenues. These revenues are generated by a millage rate set annually by the Town Council with a legal limit of 10 mills or \$10.00 per \$1,000 of taxable property value. The current fiscal year millage rate is \$3.4000 per \$1,000 of taxable value, and the rate is unchanged for the next fiscal year.

The Town's taxable property values decreased slightly due to issues with condominiums in Florida. Each budget year the Town examines the impact of 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 anticipates continued work on the design of a new Town Hall and a new lift station.

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. Please address questions concerning the information provided in this report or requests for additional financial information to the following:

**Town Manager
Town of South Palm Beach
3577 South Ocean Boulevard
South Palm Beach, FL 33480
561-588-8889**

TOWN OF SOUTH PALM BEACH, FLORIDA
Statement of Net Position
September 30, 2025

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 6,867,339	\$ 893,757	\$ 7,761,096
Investments	3,472,164	1,099,669	4,571,833
Accounts receivable, net	123,815	3,479	127,294
Prepaid costs	30,940	2,742	33,682
Total current assets	<u>10,494,258</u>	<u>1,999,647</u>	<u>12,493,905</u>
Noncurrent assets:			
Nondepreciable capital assets	279,746	74,050	353,796
Depreciable capital assets, net	440,589	416,117	856,706
Total noncurrent assets	<u>720,335</u>	<u>490,167</u>	<u>1,210,502</u>
Total assets	<u>11,214,593</u>	<u>2,489,814</u>	<u>13,704,407</u>
DEFERRED OUTFLOW OF RESOURCES			
FRS Pension	133,982	-	133,982
Total deferred outflows of resources	<u>133,982</u>	<u>-</u>	<u>133,982</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION			
Liabilities:			
Current liabilities:			
Accounts payable	41,973	48,121	90,094
Accrued wages	13,351	-	13,351
Unearned revenues	4,767	-	4,767
Contracts payable	49,357	-	49,357
Total current liabilities	<u>109,448</u>	<u>48,121</u>	<u>157,569</u>
Noncurrent liabilities:			
Net pension liability	248,823	-	248,823
Compensated absences	2,548	-	2,548
Total liabilities	<u>360,819</u>	<u>48,121</u>	<u>408,940</u>
Deferred inflow of resources			
FRS Pension	152,590	-	152,590
Total deferred inflows of resources	<u>152,590</u>	<u>-</u>	<u>152,590</u>
Net position:			
Net investment in capital assets	670,978	490,167	1,161,145
Restricted for:			
Infrastructure	619,804	-	619,804
Building code enforcement	1,358,377	-	1,358,377
Special events	6,651	-	6,651
Unrestricted	8,179,356	1,951,526	10,130,882
Total net position	<u>\$ 10,835,166</u>	<u>\$ 2,441,693</u>	<u>\$ 13,276,859</u>

See notes to the financial statements

TOWN OF SOUTH PALM BEACH, FLORIDA
Statement of Activities
For the Year Ended September 30, 2025

	Program Revenues				Net Revenue and (Expense) Changes in Net Position		
	Charges for Services	Operating Grants and Contributions	Capital Grant and Contributions	Governmental Activities	Primary Government Business-Type Activities		
					Total	Governmental Activities	Business-Type Activities
FUNCTIONS/PROGRAMS							
Primary government:							
Governmental activities:							
General government	\$ 327,846	\$ 255,508	\$ 23,696	\$ (1,994)	\$ -	\$ -	\$ (1,994)
Public safety	1,474,666	10,203	-	(1,464,463)	-	-	(1,464,463)
Public works	97,140	-	150,526	53,386	-	-	53,386
Culture and recreation	27,350	4,280	-	(23,070)	-	-	(23,070)
Total government activities	1,927,002	269,991	174,222	(1,436,141)	-	-	(1,436,141)
Business-type activities:							
Sewer	419,161	529,603	-	-	110,442	-	110,442
Total business-type activities	419,161	529,603	-	-	110,442	-	110,442
Total primary government	2,346,163	799,594	174,222	(1,436,141)	110,442	-	(1,325,699)
General revenues:							
Property taxes				2,106,700	-	-	2,106,700
Utility taxes				255,488	-	-	255,488
Other taxes				8,145	-	-	8,145
Franchise fees				158,556	-	-	158,556
Communication services				69,406	-	-	69,406
Sales and use taxes				152,467	-	-	152,467
Intergovernmental shared revenues - unrestricted				53,185	-	-	53,185
Unrestricted investment income/(loss)				225,576	67,155	-	292,731
Other revenues				20,710	-	-	20,710
Total general revenues				3,050,233	67,155	-	3,117,388
Transfers				80,000	(80,000)	-	-
Change in net position				1,694,092	97,597	-	1,791,689
Net position - beginning				9,141,074	2,344,096	-	11,485,170
Net position - ending				\$ 10,835,166	\$ 2,441,693	\$ -	\$ 13,276,859

See notes to the financial statements

TOWN OF SOUTH PALM BEACH, FLORIDA
Balance Sheet - Governmental Funds
September 30, 2025

	Major Funds			Total Governmental Funds
	General Fund	Building Fund	Capital Projects Fund	
ASSETS				
Cash and cash equivalents	\$ 3,670,360	\$ 1,369,956	\$ 1,827,023	\$ 6,867,339
Investments	3,472,164	-	-	3,472,164
Accounts receivable, net	99,196	-	24,619	123,815
Prepaid costs	25,434	5,506	-	30,940
Total assets	<u>\$ 7,267,154</u>	<u>\$ 1,375,462</u>	<u>\$ 1,851,642</u>	<u>\$ 10,494,258</u>
LIABILITIES AND FUND BALANCE				
Liabilities:				
Accounts payable	\$ 27,897	\$ 14,076	\$ -	\$ 41,973
Accrued wages	10,342	3,009	-	13,351
Unearned revenues	4,767	-	-	4,767
Contracts payable	-	-	49,357	49,357
Total liabilities	<u>43,006</u>	<u>17,085</u>	<u>49,357</u>	<u>109,448</u>
Fund balances:				
Non-spendable for prepaid costs	25,434	-	-	25,434
Restricted for:				
Infrastructure	-	-	619,804	619,804
Building code enforcement	-	1,358,377	-	1,358,377
Special events	6,651	-	-	6,651
Assigned to:				
Subsequent year's expenditures	2,135,197	-	-	2,135,197
Capital projects	-	-	1,182,481	1,182,481
Unassigned	5,056,866	-	-	5,056,866
Total fund balances	<u>7,224,148</u>	<u>1,358,377</u>	<u>1,802,285</u>	<u>10,384,810</u>
Total liabilities and fund balances	<u>\$ 7,267,154</u>	<u>\$ 1,375,462</u>	<u>\$ 1,851,642</u>	<u>\$ 10,494,258</u>

See notes to the financial statements

TOWN OF SOUTH PALM BEACH, FLORIDA
Reconciliation of the Balance Sheet - Governmental Funds
to the Statement of Net Position
September 30, 2025

Fund balance - governmental funds \$ 10,384,810

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

Capital assets used in governmental activities are not financial assets therefore, are not reported as assets in the governmental funds. The statement of net position includes those capital assets, net of any accumulated depreciation, in the net position of the government as a whole.

Cost of capital assets	1,567,662	
Accumulated depreciation	<u>(847,327)</u>	720,335

The net pension liability is not reported as a liability in the fund financial statements, but is reported as a liability in the government-wide financial statements. (248,823)

Deferred outflows of resources related to the pension are recorded in the statement of net position. 133,982

Deferred inflows of resources related to the pension are recorded in the statement of net position. (152,590)

Liabilities not due and payable from current available resources are not reported as liabilities in the governmental fund statements. All liabilities, both current and long-term, are reported in the government-wide financial statements.

Compensated absences		(2,548)
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Net position of governmental activities		<u><u>\$ 10,835,166</u></u>
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See notes to the financial statements

TOWN OF SOUTH PALM BEACH, FLORIDA
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended September 30, 2025

	Major Funds			Total Governmental Funds
	General Fund	Building Fund	Capital Projects Fund	
REVENUES:				
Property taxes	\$ 2,106,700	\$ -	\$ -	\$ 2,106,700
Utility taxes	255,488	-	-	255,488
Other taxes	8,145	-	-	8,145
Franchise fees	158,556	-	-	158,556
Communication services	69,406	-	-	69,406
Permits and fees	-	255,508	-	255,508
Intergovernmental	205,652	-	150,526	356,178
Charges for services	4,280	-	-	4,280
Fines and forfeitures	1,724	8,479	-	10,203
Investment income	220,315	30,813	44,792	295,920
Other revenues	19,832	878	-	20,710
Total revenues	3,050,098	295,678	195,318	3,541,094
EXPENDITURES:				
Current:				
General government	468,739	-	-	468,739
Public safety	1,136,224	389,452	-	1,525,676
Public works	76,951	-	-	76,951
Culture and recreation	27,172	-	-	27,172
Capital outlay	799	1,335	168,672	170,806
Total expenditures	1,709,885	390,787	168,672	2,269,344
Excess (deficiency) of revenues over expenditures	1,340,213	(95,109)	26,646	1,271,750
OTHER FINANCING SOURCES (USES)				
Transfers in/(out)	80,000	-	-	80,000
Total other financing sources (uses)	80,000	-	-	80,000
Net change in fund balances	1,420,213	(95,109)	26,646	1,351,750
Fund balances - beginning	5,803,935	1,453,486	1,775,639	9,033,060
Fund balances - ending	\$ 7,224,148	\$ 1,358,377	\$ 1,802,285	\$ 10,384,810

See notes to the financial statements

TOWN OF SOUTH PALM BEACH, FLORIDA
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances
of Governmental Funds to the Statement of Activities
For the Year Ended September 30, 2025

Net change in fund balances - total governmental funds	\$ 1,351,750
Amounts reported for governmental activities in the statement of activities are different:	
Costs of capital assets are reported in the governmental funds as expenditures. However, in the statement of activities, they are eliminated and capitalized as capital assets.	170,806
Expenses reported in the statement of activities that do not require the use of current financial resources are not reported as expenditures in the fund financial statements. The details of the differences are as follows:	
Depreciation of capital assets	(42,691)
Loss on disposal of fixed assets	(207)
Change in compensated absences	(476)
Change in FRS net pension liability and related deferred amounts	214,910
Change in net position of governmental activities	\$ 1,694,092

See notes to the financial statements

TOWN OF SOUTH PALM BEACH, FLORIDA
Statement of Net Position - Proprietary Fund
September 30, 2025

	Business-Type Activities
	Sewer Fund
ASSETS	
Current Assets	
Cash and cash equivalents	\$ 893,757
Investments	1,099,669
Accounts receivable, net	3,479
Prepaid costs	2,742
Total current assets	1,999,647
Noncurrent Assets	
Capital Assets	
Construction in progress	74,050
Sewer system	1,493,611
Property and equipment	130,637
Total capital assets	1,698,298
Less accumulated depreciation	(1,208,131)
Net capital assets	490,167
Total noncurrent assets	490,167
Total assets	2,489,814
LIABILITIES	
Current Liabilities	
Accounts payable	48,121
Total current liabilities	48,121
Total liabilities	48,121
NET POSITION	
Investment in capital assets	490,167
Unrestricted	1,951,526
Total net position	\$ 2,441,693

See notes to the financial statements

TOWN OF SOUTH PALM BEACH, FLORIDA
Statement of Revenues, Expenses, and Changes in
Fund Net Position - Proprietary Fund
For the Year Ended September 30, 2025

	Business-Type Activities
	Sewer Fund
OPERATING REVENUES:	
Charges for services	\$ 529,603
Total operating revenues	529,603
OPERATING EXPENSES:	
Purchased services	278,477
Utilities	9,298
Repairs and maintenance	66,412
General and administrative	21,836
Depreciation	43,138
Total operating expenses	419,161
Operating income (loss)	110,442
NONOPERATING REVENUES (EXPENSES):	
Investment income	67,155
Total nonoperating revenues (expenses)	67,155
Income before transfers	177,597
Transfers out	(80,000)
Total transfers	(80,000)
Change in net position	97,597
Net position - beginning	2,344,096
Net position - ending	\$ 2,441,693

See notes to the financial statements

TOWN OF SOUTH PALM BEACH, FLORIDA
Statement of Cash Flows - Proprietary Funds
For the Year Ended September 30, 2025

	Business-Type Activities
	Sewer Fund
CASH FLOWS FROM OPERATING ACTIVITIES:	
Receipts from customers and users	\$ 528,700
Payments to suppliers	(355,071)
Net cash provided by (used in) operating activities	173,629
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:	
Transfers to other funds	(80,000)
Net cash provided by (used in) noncapital financing	(80,000)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Financing Activities	
Purchase of capital assets	(74,050)
Net cash provided by (used in) capital and related financing activities	(74,050)
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest received	19,184
Net cash provided by (used in) investing activities	19,184
Net increase (decrease) in cash and cash equivalents	38,763
Cash and cash equivalents - beginning	854,994
Cash and cash equivalents - ending	\$ 893,757
NON-CASH INVESTING ACTIVITIES	
Increase in the FMV of investments	\$ 47,971
 RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	
Operating income (loss)	\$ 110,442
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:	
Depreciation and amortization	43,138
Changes in assets and liabilities:	
(Increase) decrease in accounts receivable	(903)
(Increase) decrease in prepaid costs	(1,419)
Increase (decrease) in accounts payable	22,371
Total adjustments	63,187
Net cash provided by (used in) operating activities	\$ 173,629

See notes to the financial statements

TOWN OF SOUTH PALM BEACH, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

The basic financial statements of the Town have been prepared in conformity with accounting principles generally accepted in the United States (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

Financial Reporting Entity

As required by generally accepted accounting principles, these financial statements include the Town (the primary government) and its component units. Component units are legally separate entities for which the Town is financially accountable and other organizations for which the nature and significance of their relationship with the Town are such that exclusion would cause the Town's financial statements to be misleading or incomplete. The Town is financially accountable if:

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

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

Government-Wide and Fund Financial Statements

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

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Government-Wide and Fund Financial Statements (Continued)

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the *economic resources measurement* focus and the *accrual basis of accounting*, as are the enterprise fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

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

The Town reports the following major governmental funds:

General Fund

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

Special Revenue Fund

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

Capital Projects Fund

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

The Town reports the following major enterprise fund:

Sewer Fund

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

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the Town's utility functions and various other functions of the Town. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Enterprise funds distinguish *operating* revenues and expenses from *non-operating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Town's sewer fund are charges to customers for services. Operating expenses for enterprise funds include the cost of services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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

Assets, Liabilities, and Net Position or Equity

Cash, Cash Equivalents and Investments

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

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

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

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Cash, Cash Equivalents and Investments (Continued)

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

Interfund Receivables and Payables

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

Receivables

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

Prepaid items

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

Capital Assets

Capital assets, which include property, plant, and equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, bike paths, and similar items) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the Town as assets with an initial individual cost of \$750 or more and an estimated life in excess of one year. Purchased or constructed assets are recorded at actual cost or estimated historical cost if actual cost is unavailable. Donated capital assets are recorded at acquisition value. Major general infrastructure assets acquired or significantly reconstructed or improved in fiscal years ending after June 30, 1980 and before the GASB Statement No. 34 implementation date were not capitalized because total infrastructure assets were less than five percent of total general capital assets, and accordingly, did not meet the capitalization requirements of GASB Statement No. 34.

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Capital Assets (Continued)

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

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

Compensated Absences

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

Long-Term Obligations

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

Unearned Revenue

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

Unavailable Revenue

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

Deferred Outflows/Inflows of Resources

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

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Property Taxes

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

The tax levy of the Town is established by the Commission prior to October 1 of each year during the budget process. The Palm Beach County Property Appraiser incorporates the Town's millage into the total tax levy, which includes the County, County School Board, Town tax requirements. The millage rate assessed by the Town for the year ended September 30, 2025, 3.4000 (\$3.4000 for each \$1,000 of assessed valuation).

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

Fund Balance

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

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Fund Balance (Continued)

3. Committed fund balance – Includes amounts that can be used only for specific purposes pursuant to constraints imposed by the Town Council by the adoption of an ordinance, the Town’s highest level of decision making authority. Those committed amounts cannot be used for any other purpose unless the Town removes or changes the specified use by taking the same type of action employed to previously commit those amounts.
4. Assigned fund balance – Includes amounts the Town intends to be used for specific purposes, but are neither restricted nor committed. Under the Town’s adopted policy, fund balances may be assigned by the Town Council or by an official or body to which the Town Council has delegated the authority.
5. Unassigned fund balance – Includes the residual classification for the general fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund. The general fund should be the only fund that reports a positive unassigned fund balance amount. In other governmental funds, it may be necessary to report a negative unassigned fund balance if expenditures incurred for specific purposes exceeded the amounts restricted, committed, or assigned to those purposes.

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Net Position

Net position is the residual of all other elements presented in a statement of financial position. It is the difference between (a) assets plus deferred outflows of resources and (b) liabilities and deferred inflows of resources. A deferred outflow of resources is a consumption of net position that is applicable to a future reporting period. A deferred inflow of resources is an acquisition of net position that is applicable to a future reporting period. Net position is displayed in the following three components:

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

Defined Benefit Pension Plan

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

Use of Estimates

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Implementation of Accounting Pronouncements

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

GASB 101: Compensated Absences

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

GASB 102: Certain Risk Disclosures

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

Recently Issued Accounting Pronouncements Not Yet Adopted

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

GASB Statement No. 103: Financial Reporting Model Improvements

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

GASB Statement No. 104: Disclosure of Certain Capital Assets

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recently Issued Accounting Pronouncements Not Yet Adopted (Continued)

GASB Statement No. 105: *Subsequent Events*

This statement, issued in December 2025 and effective for fiscal years beginning after June 15, 2026, updates reporting for subsequent events and requires disclosure of the date through which subsequent events were evaluated.

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

NOTE 2 – DEPOSITS AND INVESTMENTS

Deposits

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

As of September 30, 2025, the carrying amount of the Town’s deposits was \$7,761,096 and the bank balance was \$7,768,669.

Investments

The Town’s investments were held as follows at September 30, 2025:

	Amortized Cost	Fair Value	Credit Risk	Fair Value Level	Weighted Average Maturities
Florida Trust Day to Day Fund	\$ 3,472,164	\$ -	Fitch AAAm	N/A	31.8
Florida Trust ST Bond Fund	-	1,099,669	Fitch AAAf/S1	2	2.05 years
Total Investments	<u>\$ 3,472,164</u>	<u>\$ 1,099,669</u>			

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

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

NOTE 2 – DEPOSITS AND INVESTMENTS (Continued)

Investments (Continued)

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

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

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

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

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

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

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

The Day-to-Day Fund is a money market product offering a fiscally conservative diversification option for Florida local governments. This fund provides investors with liquidity, stable share price and as high a level of current income as is consistent with preservation of principal and liquidity. The weighted average maturity is 31.8 days as of September 30, 2025. These securities are all high quality, primarily "AAA", "AA", and "F1" rated.

The Short-Term Bond Fund is a fund with an investment portfolio structured to maintain safety of principal and maximize available yield through a balance of quality and diversification. This Fund invests in securities with effective maturities of less than five years. Generally, the weighted average maturity of the portfolio falls between 1 to 3 years. The weighted average maturity for the portfolio is 1.86 years as of September 30, 2025. These securities are all high quality, primarily "AAA" and "AA" rated.

NOTE 2 – DEPOSITS AND INVESTMENTS (Continued)

Investments (Continued)

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

The investment in the Day to Day Fund is reported at amortized cost in accordance with GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*. GASB 79 requires that if a participant has an investment in a qualifying external investment pool that measures for financial reporting purposes all of its investments at amortized cost it should disclose the presence of any limitations or restrictions on withdrawals (such as redemption notice periods, maximum transaction amounts, and the qualifying external investment pool's authority to impose liquidity fees or redemption gates) in notes to the financial statements. As of September 30, 2025, there were no withdrawal restrictions.

The investment in the Short-Term Bond Fund is accounted for as a fluctuating Net Asset Value (NAV) pool. Accounting valuations reflect estimates of the market value of the securities rather than their amortized cost. Securities listed on generally recognized securities exchanges are valued at the last sales price as reported by such exchanges on the date of valuation. If no sale has been reported, the securities are valued at the average of the bid and ask price for the date of valuation. If neither a sale nor bid and ask price have been reported, then the most recent sales price is used. Securities not listed on generally recognized securities exchanges are valued at the most recent published bid quotation if market quotations are available. Other investments are valued based on quotations obtained from one or more recognized broker/dealers regularly dealing in such securities. As of September 30, 2025, there were no withdrawal restrictions.

NOTE 3 – RECEIVABLES

Receivables as of September 30, 2025, for the Town's individual major fund's governmental activities and business-type activities are as follows:

Receivables	Capital Projects			Total Receivables
	General Fund	Fund	Sewer Fund	
Franchise fees and utility taxes	\$ 67,212	\$ -	\$ -	67,212
Intergovernmental	20,931	24,619	-	45,550
Other	11,053	-	3,479	14,532
Gross receivables	99,196	24,619	3,479	127,294
Less allowance for doubtful accounts	-	-	-	-
Net total receivables	<u>\$ 99,196</u>	<u>\$ 24,619</u>	<u>\$ 3,479</u>	<u>\$ 127,294</u>

NOTE 4 – CAPITAL ASSETS

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

Governmental Activities	Beginning Balance	Additions	Deletions/ Transfers	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 108,396	\$ -	\$ -	\$ 108,396
Construction in progress	2,678	168,672	-	171,350
Total capital assets, not being depreciated	111,074	168,672	-	279,746
Capital assets, being depreciated:				
Buildings and improvements	828,544	-	-	828,544
Improvements other than buildings	282,552	-	-	282,552
Furniture, equipment, and vehicles	191,195	2,134	(16,509)	176,820
Total capital assets, being depreciated	1,302,291	2,134	(16,509)	1,287,916
Less accumulated depreciation:				
Buildings and improvements	483,742	15,725	-	499,467
Improvements other than buildings	183,013	20,189	-	203,202
Furniture, equipment, and vehicles	154,183	6,777	(16,302)	144,658
Total accumulated depreciation	820,938	42,691	(16,302)	847,327
Total capital assets, being depreciated, net	481,353	(40,557)	(207)	440,589
Governmental activities capital assets, net	\$ 592,427	\$ 128,115	\$ (207)	\$ 720,335

Business-type Activities	Beginning Balance	Additions	Deletions/ Transfers	Ending Balance
Capital assets, not being depreciated:				
Construction in progress	\$ -	\$ 74,050	\$ -	\$ 74,050
Total capital assets, not being depreciated	-	74,050	-	74,050
Capital assets, being depreciated:				
Sewer system	\$ 1,493,611	\$ -	\$ -	\$ 1,493,611
Machinery and equipment	130,637	-	-	130,637
Total capital assets, being depreciated	1,624,248	-	-	1,624,248
Less accumulated depreciation:				
Infrastructure	1,091,288	38,332	-	1,129,620
Machinery and equipment	73,705	4,806	-	78,511
Total accumulated depreciation	1,164,993	43,138	-	1,208,131
Total capital assets, being depreciated, net	459,255	(43,138)	-	416,117
Business-type activities capital assets, net	\$ 459,255	\$ 30,912	\$ -	\$ 490,167

For the fiscal year ended September 30, 2025, depreciation expense was charged to functions as follows:

Governmental activities:	
General government	\$ 21,984
Public safety	340
Public works	20,189
Parks and recreation	178
Total depreciation expense, governmental activities	<u>\$ 42,691</u>
Business-type activities:	
Water and sewer	<u>\$ 43,138</u>

NOTE 5 – LONG-TERM LIABILITIES

During the year ended September 30, 2025, the following changes occurred in long-term liabilities:

Governmental Activities	Beginning Balances	Additions	Reductions	Total	Amount Due Within One Year
Net pension liability	\$ 195,594	\$ 53,229	\$ -	\$ 248,823	\$ -
Compensated Absences	2,072	476	-	2,548	-
	<u>\$ 197,666</u>	<u>\$ 53,705</u>	<u>\$ -</u>	<u>\$ 251,371</u>	<u>\$ -</u>

The change in the liability for compensated absences is presented as a net change.

NOTE 6 – INTERFUND TRANSFERS

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

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

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

NOTE 7 – DEFINED CONTRIBUTION EMPLOYEE RETIREMENT PLAN

Plan Description

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

Funding Policy

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

NOTE 7 – DEFINED CONTRIBUTION EMPLOYEE RETIREMENT PLAN (Continued)

Effective January 1, 2005, any employee that irrevocably elected to participate in the Florida Retirement System was no longer eligible for the fixed employer contribution or the employer match of elective contributions. Employees hired on or after January 1, 2005 are required to participate in the Florida Retirement System. During the fiscal year ended September 30, 2025, no active employees were eligible to participate in the Plan, and there were no employer or employee contributions to the Plan.

NOTE 8 – FLORIDA RETIREMENT SYSTEM

General Information about the FRS

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

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

The Town's pension income totaled (\$177,344) for the fiscal year ended September 30, 2025.

The following table provides a summary of significant information related to the Town's defined benefit pension plans for the year ended September 30, 2025. The information for the Florida Retirement System Pension Plan and the Florida Retirement System Insurance Subsidy Program are the Town's proportionate share of the items.

Description	Florida Retirement System		Total
	Pension Plan	Florida Retirement System HIS Program	
Total pension liability	\$ 1,542,271	55,906	\$ 1,598,177
Plan fiduciary net position	1,345,799	3,554	1,349,353
Net pension liability (asset)	196,472	52,351	248,823
Deferred outflows of resources	104,891	29,091	133,982
Deferred inflows of resources	86,698	65,892	152,590
Pension expense (revenue)	(149,250)	(28,094)	(177,344)

NOTE 8 – FLORIDA RETIREMENT SYSTEM (Continued)

FRS Pension Plan

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

- Regular Class – Member of the FRS who do not qualify for membership in another class.
- Senior Management Service Class – Members in senior management level positions.
- Elected Local Officers Class – Members who hold specified elective offices in local government.

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

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

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

NOTE 8 – FLORIDA RETIREMENT SYSTEM (Continued)

FRS Pension Plan (Continued)

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

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

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

NOTE 8 – FLORIDA RETIREMENT SYSTEM (Continued)

FRS Pension Plan (Continued)

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

Class	Percent of Gross Salary October 1, 2024 to June 30, 2025		Percent of Gross Salary July 1, 2025 to September 30, 2025	
	Employee	Employer (1)	Employee	Employer (1)
FRS, Regular	3.00	13.63	3.00	14.03
FRS, Elected Officials	3.00	58.68	3.00	54.57
FRS, Senior Management Service Class	3.00	34.52	3.00	33.24
DROP, Applicable to all members in the above classes	0.00	21.13	0.00	22.02

(1) Except for the DROP, Employer rates include a postemployment HIS contribution rate of 2.0% for October 1, 2024 to September 30, 2025, and administrative costs of .06% for the Investment plan through September 30, 2025.

The Town’s contributions to the Plan totaled \$34,660 for the fiscal year ended September 30, 2025. This excludes the HIS defined benefit pension plan contributions.

Pension Liabilities, Pension Income, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At September 30, 2025, the Town reported a liability of \$196,472 for its proportionate share of the Plan’s net pension liability. The net pension liability was measured as of June 30, 2025, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2025. The Town’s proportionate share of the net pension liability was based on the Town’s contributions for the year ended June 30, 2025 relative to the contributions made during the year ended June 30, 2025 of all participating members. At June 30, 2025, the Town’s proportionate share was .00063%, which was a decrease of .000021% from its proportionate share measured as of June 30, 2024.

For the fiscal year ended September 30, 2025 the Town recognized pension income of (\$149,250) related to the Pension Plan. In addition, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<u>Description</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 20,985	\$ -
Change of assumptions	22,815	-
Net difference between projected and actual earnings on FRS pension plan investments	-	(32,803)
Changes in proportion and differences between Town FRS contributions and proportionate share of FRS contributions	52,261	(53,895)
Town FRS contributions subsequent to the measurement date	8,830	-
Total	<u>\$ 104,891</u>	<u>\$ (86,698)</u>

NOTE 8 – FLORIDA RETIREMENT SYSTEM (Continued)

FRS Pension Plan (Continued)

The deferred outflows of resources related to pensions, totaling \$104,891, resulting from Town contributions to the Plan subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the subsequent fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension income as follows:

Year Ending September 30:	Amount
2026	\$ 965
2027	2,611
2028	3,093
2029	2,694
2030	-
Thereafter	-
Total	\$ 9,363

Actuarial Assumptions – The total pension liability in the July 1, 2025 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

Mortality rates were based on the PUB-2010 base table, with variations by member category and sex, projected generationally with Scale MP-2021. The actuarial assumptions used in the July 1, 2025, valuation were based on the results of an actuarial experience study for the period July 1, 2018 through June 30, 2024.

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

Asset Class	Target Allocation (1)	Annual Arithmetic Return	(Geometric) Return	Standard Deviation
Cash	1.0%	3.2%	3.2%	1.1%
Fixed income	29.0%	5.5%	5.4%	4.0%
Global equity	45.0%	8.5%	6.9%	18.3%
Real estate (property)	12.0%	8.4%	7.1%	16.8%
Private equity	11.0%	12.4%	8.8%	28.4%
Strategic investments	2.0%	6.5%	6.1%	8.7%
Total	100.0%			
Assumed inflation - mean			2.4%	1.5%

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

NOTE 8 – FLORIDA RETIREMENT SYSTEM (Continued)

FRS Pension Plan (Continued)

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

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

	1% Decrease	Current Discount Rate Assumption	1% Increase
Net Pension Liability	\$ 385,573	\$ 196,472	\$ 37,932

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

Payables to the Pension Plan – At September 30, 2025, the Town did not report a payable to the Plan.

Retiree Health Insurance Subsidy Program

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

Benefits Provided – For the fiscal year ended September 30, 2025, eligible retirees and beneficiaries received a monthly HIS payment of \$5 for each year of creditable service completed at the time of retirement, with a minimum HIS payment of \$30 and a maximum HIS payment of \$150 per month, pursuant to Section 112.363, Florida Statutes. To be eligible to receive a HIS Plan benefit, a retiree under a State-administered retirement system must provide proof of health insurance coverage, which may include Medicare.

NOTE 8 – FLORIDA RETIREMENT SYSTEM (Continued)

Retiree Health Insurance Subsidy Program (Continued)

Contributions – The HIS Plan is funded by required contributions from FRS participating employers as set by the Florida Legislature. Employer contributions are a percentage of gross compensation for all active FRS members. For the fiscal year ended September 30, 2025, the contribution rate was 2.0% from October 1, 2024 to September 30, 2025 pursuant to section 112.363, Florida Statutes. The Town contributed 100 percent of its statutorily required contributions for the current and preceding three years. HIS Plan contributions are deposited in a separate trust fund from which payments are authorized. HIS Plan benefits are not guaranteed and are subject to annual legislative appropriation. In the event the legislative appropriation or available funds fail to provide full subsidy benefits to all participants, benefits may be reduced or canceled.

The Town’s contributions to the HIS Plan totaled \$2,989 for the fiscal year ended September 30, 2025. This does not include contribution to the Investment Plan.

Pension Liabilities, Pension Income, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At September 30, 2025, the Town reported a net pension liability of \$52,351 for its proportionate share of the HIS Plan’s net pension liability. The net pension liability was measured as of June 30, 2025, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2025. The Town’s proportionate share of the net pension liability was based on the year ended June 30, 2025 contributions relative to the year ended June 30, 2025 contributions of all participating members. At June 30, 2025, the Town’s proportionate share was .0004%, a decrease of .00002% compared to its proportionate share measured as of June 30, 2024.

For the fiscal year ended September 30, 2025, the Town recognized pension income of (\$28,094) related to the HIS Plan. In addition, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<u>Description</u>	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 313	\$ (83)
Change of assumptions	463	(12,662)
Net difference between projected and actual earnings on FRS pension plan investments	-	(44)
Changes in proportion and differences between Town FRS contributions and proportionate share of FRS contributions	27,538	(53,103)
Town FRS contributions subsequent to the measurement date	777	-
Total	<u>\$ 29,091</u>	<u>\$ (65,892)</u>

NOTE 8 – FLORIDA RETIREMENT SYSTEM (Continued)

Retiree Health Insurance Subsidy Program (Continued)

The deferred outflows of resources related to pensions, totaling \$29,091, resulting from Town contributions to the HIS Plan subsequent to the measurement date will be recognized as a reduction of the net pension liability in the subsequent fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension income as follows:

Year Ending September 30:	Amount
2026	\$ (28,757)
2027	(9,293)
2028	(1,505)
2029	(160)
2030	2,137
Thereafter	-
Total	\$ (37,578)

Actuarial Assumptions – The total pension liability in the July 1, 2025, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.40%
Salary increases	5.20%, average, including inflation
Investment rate of return	3.93%

Mortality rates were based on the PUB-2010 base table, with variations by member category and sex, projected generationally with Scale MP-2021. The actuarial assumptions used in the July 1, 2025, valuation were based on the results of an actuarial experience study for the period July 1, 2018 through June 30, 2024.

Discount Rate – The discount rate used to measure the total pension liability was 5.20%. In general, the discount rate for calculating the total pension liability is equal to the single rate equivalent to discounting at the long-term expected rate of return for benefit payments prior to the projected depletion date. Because the HIS benefit is essentially funded on a pay-as-you-go basis, the depletion date is considered to be immediate, and the single equivalent discount rate is equal to the municipal bond rate selected by the HIS Plan sponsor. The Bond Buyer General Obligation 20-Bond Municipal Bond Index was adopted as the applicable municipal bond index.

Sensitivity of the Town’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate – The following presents the Town’s proportionate share of the net pension liability calculated using the discount rate of 5.2%, as well as what the Town’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (4.2%) or 1-percentage-point higher (6.2%) than the current rate:

	1% Decrease	Current Discount Rate Assumption	1% Increase
	4.20%	5.20%	6.20%
Net Pension Liability	\$ 59,034	\$ 52,351	\$ 46,746

NOTE 8 – FLORIDA RETIREMENT SYSTEM (Continued)

Retiree Health Insurance Subsidy Program (Continued)

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

Payables to the Pension Plan – At September 30, 2025, the Town did not report a payable to the Plan.

Florida Retirement System Investment Plan

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

Funding Policy - The Florida Legislature establishes contribution rates for participating employers and employees. Contribution rates during the current fiscal year were as follows:

Class	Percent of Gross Salary October 1, 2024 to June 30, 2025		Percent of Gross Salary July 1, 2025 to September 30, 2025	
	Employee	Employer (1)	Employee	Employer (1)
FRS, Regular	3.00	13.63	3.00	14.03
FRS, Elected Officials	3.00	58.68	3.00	54.57
FRS, Senior Management Service Class	3.00	34.52	3.00	33.24
DROP, Applicable to all members in the above classes	0.00	21.13	0.00	22.02

(1) Except for the DROP, Employer rates include a postemployment HIS contribution rate of 2.0% for October 1, 2024 to September 30, 2025, and administrative costs of .06% for the Investment plan through September 30, 2025.

During the year ended September 30, 2025 there were no employees enrolled in the investment plan.

NOTE 9 – DEFINED CONTRIBUTION OTHER POSTEMPLOYMENT BENEFITS (OPEB)

Plan Description

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

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

Funding Policy

Prior to January 1, 2005, the Town was required to contribute 1.10% of covered compensation on behalf of each plan participant. Effective January 1, 2005, any employee that irrevocably elected to participate in the Florida Retirement System was no longer eligible for the mandatory employer contribution. During the fiscal year ended September 30, 2025, there were no participants eligible for mandatory employer contributions.

All vacation and sick leave time that exceeds the maximum accrual limits will be placed in a reserve and in September of each year the Town is required to make mandatory leave contributions to the plan in the amount of the reserve. For the fiscal year ended September 30, 2025, there were no Town's mandatory leave contributions.

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

For the fiscal year ended September 30, 2025, there were no employees eligible to participate in the Plan and there were no contributions to the Plan

NOTE 10 – DEFINED BENEFIT OPEB PLAN

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

Plan Description

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

Funding Policy

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

NOTE 10 – DEFINED BENEFIT OPEB PLAN (Continued)

Annual OPEB Cost and OPEB Obligation

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

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

NOTE 11 – RISK MANAGEMENT

The Town is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the Town carries commercial insurance. Retention of risk is limited, with deductibles of up to \$500 per occurrence. The Town is also covered by Florida Statutes under the Doctrine of Sovereign Immunity which effectively limits the amount of liability of municipalities to individual claims of \$200,000 and \$300,000 for all claims relating to the same accident. However, under certain circumstance, a plaintiff can seek to recover damages in excess of statutory limits by introducing a claims bill to the Florida Legislature. The limits addressed in Florida Statutes do not apply to claims filed in federal courts.

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

NOTE 12 – CONTINGENCIES AND CLAIMS

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

NOTE 13 – INTERLOCAL GOVERNMENTAL AGREEMENTS

City of Lake Worth Beach – Disposal Services

The Town has entered into an agreement with the City of Lake Worth, Florida, providing for the disposal of sewage generated by the Town's collection system by utilizing the East Central Regional Wastewater Reclamation Facility (ECRWF) 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 ECRWF'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 \$278,477 pursuant to the agreement.

NOTE 13 – INTERLOCAL GOVERNMENTAL AGREEMENTS (Continued)

City of Lake Worth Beach – Lift Station Maintenance

In August 2016, the Town entered into an agreement with the City of Lake Worth, Florida, providing for the City to inspect and maintain a lift station for a period of twenty years. The agreement may be extended for up to ten additional years upon approval by both parties. Under the terms of the agreement, the City shall perform inspections, deemed necessary by the City, and perform routine maintenance on the lift station for a fee of \$400 per month. Corrective maintenance costing less than \$800 per incident will be performed by the City and charged on a time and materials basis. Corrective maintenance costing more than \$800 will be reported to the Town and the Town shall determine whether the City shall perform work, upon approval of the City, or whether it shall obtain a contractor to perform the work. For the fiscal year ended September 30, 2025, the Town made \$4,800 in payments.

Palm Beach County – Fire Rescue Services

Pursuant to Palm Beach County Ordinance No. 2009-048 and Town of South Palm Beach Ordinance No. 253, the Town has opted into the County's Fire/Rescue Municipal Service Taxing Unit (MSTU) for the provision of fire rescue services within the Town from October 1, 2010 through September 30, 2025. During the prior fiscal year, the term of this agreement was extended through September 30, 2030. The tax for the MSTU is included in the maximum 10 mills the Town is legally allowed to assess. As of September 30, 2025, the MSTU portion of the Town's millage rate was 3.4581 mills.

Palm Beach County Sheriff's Office ("PBSO") – Police Services

During the prior fiscal year, the Town entered into an agreement with PBSO for police services. Under the agreement, the existing Town officers became PBSO employees effective October 1, 2019. Pursuant to the agreement, the existing equipment and vehicles being used by the officers were transferred to PBSO with a reversionary interest should the contract terminate. The total amount paid under this agreement for the fiscal year ended September 30, 2025 was \$1,136,224.

Interlocal Agreement with Town of Palm Beach – Dunes Restoration Project

During the fiscal year ended September 30, 2021, the Town entered into an interlocal agreement with the Town of Palm Beach in order for the Town to fund a portion of the Town of Palm Beach's beach restoration project. Pursuant to the agreement, the Town is to cover portions of the project within the Town's boundaries in an amount not to exceed \$900,000. Pursuant to the agreement, the Town reimbursed the Town of Palm Beach \$747,472 during the fiscal year ended September 30, 2021, and during the fiscal year ended September 30, 2023, the Town paid \$29,000 for a monitoring study regarding the project. As of September 30, 2025, there were no expenditures related to this project.

Interlocal Agreement with Town of Lantana – Dunes Restoration Project

During the 2022 fiscal year, the Town entered into an interlocal agreement with the Town of Lantana in order to grant the Town of Palm Beach and the Town of South Palm Beach a temporary easement with access to the beach for the joint dune restoration/beach renourishment project in Reach 9. Pursuant to the agreement, the Town agreed to pay for sand to be deposited on Lantana's beach not to exceed \$85,270. As of September 30, 2025, there were no expenditures related to this project.

TOWN OF SOUTH PALM BEACH, FLORIDA
Required Supplementary Information
Schedule of Revenues, Expenditures, and Changes in Fund Balances -
Budget and Actual - General Fund
For the Year Ended September 30, 2025

	<u>Budgeted Amounts</u> Original & Final	Actual Amounts	Variance with Final Budget - Positive (Negative)
REVENUES			
Property taxes	\$ 2,119,191	\$ 2,106,700	\$ (12,491)
Utility taxes	199,600	255,488	55,888
Other taxes	6,400	8,145	1,745
Franchise fees	149,000	158,556	9,556
Communication services	83,000	69,406	(13,594)
Intergovernmental	200,450	205,652	5,202
Charges for services	9,000	4,280	(4,720)
Fines and forfeitures	2,000	1,724	(276)
Investment income	160,000	220,315	60,315
Other revenues	163,000	19,832	(143,168)
Total revenues	<u>3,091,641</u>	<u>3,050,098</u>	<u>(41,543)</u>
EXPENDITURES			
Current:			
General government	819,267	468,739	350,528
Public safety	1,136,224	1,136,224	-
Public works	145,930	76,951	68,979
Culture and recreation	50,450	27,172	23,278
Capital outlay	60,000	799	59,201
Total expenditures	<u>2,211,871</u>	<u>1,709,885</u>	<u>501,986</u>
Excess (deficiency) of revenues over (under) expenditures	879,770	1,340,213	460,443
OTHER FINANCING SOURCES (USES)			
Transfer in	80,000	80,000	-
Transfer out	(200,000)	-	200,000
Total other financing sources (uses)	<u>(120,000)</u>	<u>80,000</u>	<u>200,000</u>
Net change in fund balance	<u>\$ 759,770</u>	1,420,213	<u>\$ 660,443</u>
Fund balance - beginning		<u>5,803,935</u>	
Fund balance - ending		<u>\$ 7,224,148</u>	

See notes to budgetary required supplementary information

TOWN OF SOUTH PALM BEACH, FLORIDA
Required Supplementary Information
Schedule of Revenues, Expenditures, and Changes in Fund Balances -
Budget and Actual – Special Revenue Fund
For the Year Ended September 30, 2025

	<u>Budgeted Amounts</u>	<u>Actual</u>	<u>Variance with</u>
	<u>Original & Final</u>	<u>Amounts</u>	<u>Final Budget -</u>
			<u>Positive</u>
			<u>(Negative)</u>
REVENUES			
Permits and fees	\$ 285,000	\$ 255,508	\$ (29,492)
Fines and forfeitures	-	8,479	8,479
Investment income	16,500	30,813	14,313
Other revenues	-	878	878
Total revenues	301,500	295,678	(5,822)
EXPENDITURES			
Current:			
Public safety	434,758	389,452	45,306
Capital outlay	2,000	1,335	665
Total expenditures	436,758	390,787	45,971
Excess (deficiency) of revenues over (under) expenditures	\$ (135,258)	(95,109)	\$ 40,149
Fund balance - beginning		1,453,486	
Fund balance - ending		\$ 1,358,377	

See notes to budgetary required supplementary information

TOWN OF SOUTH PALM BEACH, FLORIDA
Notes to the Budgetary Required Supplementary
Information
For the Year Ended September 30, 2025

NOTE 1 – BUDGETS AND BUDGETARY ACCOUNTING

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

1. Approximately July 1st, the Town Manager submits to the Town Council 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.
2. Public hearings are conducted to obtain taxpayer comments.
3. Prior to October 1st, the budget is legally enacted through passage of an ordinance.
4. Appropriations are legally controlled at the fund level and expenditures may not legally exceed budgeted amounts at that level.
5. The Town Council approves total budget appropriations only. The Town Manager is authorized to transfer budget amounts between departments within any fund. However, any revisions that alter the total appropriations of any fund must be approved by the Town Council.
6. Formal budgetary integration is employed as a management control device during the year.
7. Appropriations which are neither expended nor specifically designated to be carried over lapse at the end of the fiscal year.
8. There were no supplemental appropriations during the year.
9. Expenditures of the General Fund and Special Revenue Fund did not exceed appropriations for the fiscal year ended September 30, 2025.

TOWN OF SOUTH PALM BEACH, FLORIDA
Required Supplementary Information
For the Year Ended September 30, 2025

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

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Town's proportion of the FRS net pension liability	0.0006%	0.0004%	0.0005%	0.0005%	0.0006%	0.0015%	0.0044%	0.0054%	0.0047%	0.0048%
Town's proportionate share of the FRS net pension liability	\$ 196,472	\$ 164,760	\$ 180,199	\$ 191,043	\$ 41,795	\$ 670,556	\$ 1,507,306	\$ 1,616,435	\$ 1,378,293	\$ 1,204,626
Town's covered payroll	149,479	86,991	135,139	136,247	152,333	234,997	635,122	732,479	523,562	499,113
Town's proportionate share of the FRS net pension liability as a percentage of its covered payroll	131.44%	189.40%	133.34%	140.22%	27.44%	285.35%	237.33%	220.68%	263.25%	241.35%
FRS plan fiduciary net position as a percentage of the total pension liability	87.26%	83.70%	82.38%	82.89%	96.40%	78.85%	82.61%	84.26%	83.89%	84.88%

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

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Town's proportion of the HIS net pension liability	0.0004%	0.0002%	0.0003%	0.0004%	0.0004%	0.0009%	0.0021%	0.0024%	0.0022%	0.0023%
Town's proportionate share of the HIS net pension liability	\$ 52,351	\$ 30,834	\$ 54,173	\$ 39,599	\$ 52,782	\$ 106,377	\$ 234,151	\$ 254,638	\$ 234,627	\$ 268,003
Town's covered payroll	149,479	86,991	135,139	136,247	152,333	234,997	635,122	732,479	523,562	499,113
Town's proportionate share of the HIS net pension liability as a percentage of its covered payroll	35.02%	35.44%	40.09%	29.06%	34.65%	45.27%	36.87%	34.76%	44.81%	53.70%
HIS plan fiduciary net position as a percentage of the total pension liability	6.36%	4.80%	4.12%	4.81%	3.56%	3.00%	2.63%	2.15%	1.64%	0.97%

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

TOWN OF SOUTH PALM BEACH, FLORIDA
Required Supplementary Information
For the Year Ended September 30, 2025

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

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Contractually required FRS contribution	\$ 34,660	\$ 32,499	\$ 18,974	\$ 18,383	\$ 18,084	\$ 19,864	\$ 133,781	\$ 151,893	\$ 122,708	\$ 106,799
FRS contributions in relation to the contractually required contribution	(34,660)	(32,499)	(18,974)	(18,383)	(18,084)	(19,864)	(133,781)	(151,893)	(122,708)	(106,799)
FRS contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Town's covered payroll	\$ 149,479	\$ 134,618	\$ 62,026	\$ 65,557	\$ 83,203	\$ 99,414	\$ 627,438	\$ 586,276	\$ 586,276	\$ 525,711
FRS contributions as a percentage of covered payroll	23.19%	24.14%	30.59%	28.04%	21.73%	19.98%	21.32%	25.91%	20.93%	20.32%

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

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Contractually required HIS contribution	\$ 2,989	\$ 2,692	\$ 1,085	\$ 1,088	\$ 1,381	\$ 1,650	\$ 10,415	\$ 13,058	\$ 11,926	\$ 12,505
HIS contributions in relation to the contractually required contribution	(2,989)	(2,692)	(1,085)	(1,088)	(1,381)	(1,650)	(10,415)	(13,058)	(11,926)	(12,505)
HIS contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Town's covered payroll	\$ 149,479	\$ 134,618	\$ 62,026	\$ 65,557	\$ 83,203	\$ 99,414	\$ 627,438	\$ 586,276	\$ 586,276	\$ 525,711
HIS contributions as a percentage of covered payroll	2.00%	2.00%	1.75%	1.66%	1.66%	1.66%	1.66%	2.23%	2.03%	2.38%

STATISTICAL SECTION

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

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Financial Trends	
<i>These schedules contain trend information to help the reader understand how the Town's financial performance and well-being have changed over time. These schedules include:</i>	
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Sources: Unless otherwise noted, the information in these schedules is derived from the annual comprehensive financial reports for the relevant year.

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

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

2019	2020	2021	2022	2023	2024	2025
\$ 678,949	\$ 644,536	\$ 643,614	\$ 665,277	\$ 629,432	\$ 592,427	\$ 670,978
-	-	-	-	-	-	-
262,000	327,306	-	138,594	297,372	448,482	619,804
891,181	1,003,475	1,080,081	1,216,986	1,311,460	1,453,486	1,358,377
-	-	-	-	9,860	8,151	6,651
<u>2,334,119</u>	<u>2,666,925</u>	<u>3,022,762</u>	<u>4,192,749</u>	<u>5,234,324</u>	<u>6,638,528</u>	<u>8,179,356</u>
<u>4,166,249</u>	<u>4,642,242</u>	<u>4,746,457</u>	<u>6,213,606</u>	<u>7,482,448</u>	<u>9,141,074</u>	<u>10,835,166</u>
308,227	438,904	420,872	555,088	503,328	459,255	490,167
<u>1,728,878</u>	<u>1,302,264</u>	<u>1,782,241</u>	<u>1,605,054</u>	<u>1,711,122</u>	<u>1,884,841</u>	<u>1,951,526</u>
<u>2,037,105</u>	<u>1,741,168</u>	<u>2,203,113</u>	<u>2,160,142</u>	<u>2,214,450</u>	<u>2,344,096</u>	<u>2,441,693</u>
987,176	1,083,440	1,064,486	1,220,365	1,132,760	1,051,682	1,161,145
1,153,181	1,330,781	1,080,081	1,355,580	1,618,692	1,910,119	1,984,832
<u>4,062,997</u>	<u>3,969,189</u>	<u>4,805,003</u>	<u>5,797,803</u>	<u>6,945,446</u>	<u>8,523,369</u>	<u>10,130,882</u>
<u>\$ 6,203,354</u>	<u>\$ 6,383,410</u>	<u>\$ 6,949,570</u>	<u>\$ 8,373,748</u>	<u>\$ 9,696,898</u>	<u>\$11,485,170</u>	<u>\$13,276,859</u>

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

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

2019	2020	2021	2022	2023	2024	2025
\$ 560,716	\$ 558,818	\$ 365,990	\$ 452,147	\$ 527,715	\$ 451,493	\$ 327,846
1,277,297	1,217,621	1,185,691	1,187,292	1,202,373	1,264,335	1,474,666
55,123	66,370	827,483	108,711	105,402	86,315	97,140
<u>65,004</u>	<u>43,967</u>	<u>28,408</u>	<u>29,213</u>	<u>14,045</u>	<u>24,250</u>	<u>27,350</u>
<u>1,958,140</u>	<u>1,886,776</u>	<u>2,407,572</u>	<u>1,777,363</u>	<u>1,849,535</u>	<u>1,826,393</u>	<u>1,927,002</u>
304,519	700,332	280,228	311,415	419,218	396,842	419,161
<u>304,519</u>	<u>700,332</u>	<u>280,228</u>	<u>311,415</u>	<u>419,218</u>	<u>396,842</u>	<u>419,161</u>
<u>\$ 2,262,659</u>	<u>\$ 2,587,108</u>	<u>\$ 2,687,800</u>	<u>\$ 2,088,778</u>	<u>\$ 2,268,753</u>	<u>\$ 2,223,235</u>	<u>\$ 2,346,163</u>
\$ 199,946	\$ 263,234	\$ 232,950	\$ 314,737	\$ 262,662	\$ 307,076	\$ 255,508
5,654	1,244	1,138	2,078	1,028	12,966	10,203
26,305	17,387	593	2,526	4,417	6,377	4,280
-	-	-	-	-	-	46,648
<u>104,565</u>	<u>105,941</u>	<u>136,735</u>	<u>506,721</u>	<u>158,778</u>	<u>151,110</u>	<u>174,222</u>
<u>336,470</u>	<u>387,806</u>	<u>371,416</u>	<u>826,062</u>	<u>426,885</u>	<u>477,529</u>	<u>490,861</u>
443,685	470,186	373,263	469,602	530,600	530,378	529,603
-	-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>443,685</u>	<u>470,186</u>	<u>373,263</u>	<u>469,602</u>	<u>530,600</u>	<u>530,378</u>	<u>529,603</u>
<u>\$ 780,155</u>	<u>\$ 857,992</u>	<u>\$ 744,679</u>	<u>\$ 1,295,664</u>	<u>\$ 957,485</u>	<u>\$ 1,007,907</u>	<u>\$ 1,020,464</u>

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

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

2019	2020	2021	2022	2023	2024	2025
\$ (1,621,670)	\$ (1,498,970)	\$ (2,036,156)	\$ (951,301)	\$ (1,422,650)	\$ (1,348,864)	\$ (1,436,141)
<u>139,166</u>	<u>(230,146)</u>	<u>93,035</u>	<u>158,187</u>	<u>111,382</u>	<u>133,536</u>	<u>110,442</u>
<u>\$ (1,482,504)</u>	<u>\$ (1,729,116)</u>	<u>\$ (1,943,121)</u>	<u>\$ (793,114)</u>	<u>\$ (1,311,268)</u>	<u>\$ (1,215,328)</u>	<u>\$ (1,325,699)</u>
1,262,753	1,254,744	1,508,720	1,554,205	1,724,015	1,924,656	2,106,700
239,570	275,779	294,248	298,108	337,986	331,030	324,894
180,200	165,383	143,275	163,470	179,027	162,572	213,797
112,194	113,017	117,931	136,374	153,923	153,791	158,556
69,287	36,084	-	17,490	130,364	267,225	225,576
22,861	49,956	76,197	88,803	86,177	88,216	20,710
(80,934)	-	-	-	-	-	-
<u>80,000</u>	<u>80,000</u>	<u>-</u>	<u>160,000</u>	<u>80,000</u>	<u>80,000</u>	<u>80,000</u>
<u>1,885,931</u>	<u>1,974,963</u>	<u>2,140,371</u>	<u>2,418,450</u>	<u>2,691,492</u>	<u>3,007,490</u>	<u>3,130,233</u>
24,462	14,209	782	(52,289)	34,057	76,110	67,155
-	-	368,128	-	-	-	-
<u>(80,000)</u>	<u>(80,000)</u>	<u>-</u>	<u>(160,000)</u>	<u>(80,000)</u>	<u>(80,000)</u>	<u>(80,000)</u>
<u>(55,538)</u>	<u>(65,791)</u>	<u>368,910</u>	<u>(212,289)</u>	<u>(45,943)</u>	<u>(3,890)</u>	<u>(12,845)</u>
<u>\$ 1,830,393</u>	<u>\$ 1,909,172</u>	<u>\$ 2,509,281</u>	<u>\$ 2,206,161</u>	<u>\$ 2,645,549</u>	<u>\$ 3,003,600</u>	<u>\$ 3,117,388</u>
\$ 264,261	\$ 475,993	\$ 104,215	\$ 1,467,149	\$ 1,268,842	\$ 1,658,626	\$ 1,694,092
<u>83,628</u>	<u>(295,937)</u>	<u>461,945</u>	<u>(54,102)</u>	<u>65,439</u>	<u>129,646</u>	<u>97,597</u>
<u>\$ 347,889</u>	<u>\$ 180,056</u>	<u>\$ 566,160</u>	<u>\$ 1,413,047</u>	<u>\$ 1,334,281</u>	<u>\$ 1,788,272</u>	<u>\$ 1,791,689</u>

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

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

2019	2020	2021	2022	2023	2024	2025
\$ 4,838	\$ 4,349	\$ 31,061	\$ 15,239	\$ 18,072	\$ 10,485	\$ 25,434
-	-	-	-	9,860	8,151	6,651
1,451,960	1,458,324	1,461,706	18,295	-	-	2,135,197
<u>2,300,577</u>	<u>2,595,003</u>	<u>3,016,583</u>	<u>3,747,045</u>	<u>4,624,815</u>	<u>5,785,299</u>	<u>5,056,866</u>
<u>3,757,375</u>	<u>4,057,676</u>	<u>4,509,350</u>	<u>3,780,579</u>	<u>4,652,747</u>	<u>5,803,935</u>	<u>7,224,148</u>
1,153,181	1,330,781	1,080,081	1,355,580	1,608,832	1,901,968	2,132,723
-	-	-	1,349,929	1,312,116	1,327,157	1,027,939
-	-	(324,854)	-	-	-	-
<u>1,153,181</u>	<u>1,330,781</u>	<u>755,227</u>	<u>2,705,509</u>	<u>2,920,948</u>	<u>3,229,125</u>	<u>3,160,662</u>
<u>\$ 4,910,556</u>	<u>\$ 5,388,457</u>	<u>\$ 5,264,577</u>	<u>\$ 6,486,088</u>	<u>\$ 7,573,695</u>	<u>\$ 9,033,060</u>	<u>\$ 10,384,810</u>

Town of South Palm Beach, Florida

Schedule 4

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

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

2019	2020	2021	2022	2023	2024	2025
1,262,753	1,254,744	1,508,720	1,554,205	1,724,015	1,924,656	2,106,700
112,194	113,017	117,931	136,374	153,923	153,791	158,556
253,412	275,779	294,248	298,108	337,986	331,030	324,894
199,946	263,234	232,950	314,737	251,531	318,207	255,508
269,117	261,838	300,631	354,534	393,072	362,739	356,178
-	-	-	368,127	-	-	-
26,305	17,387	593	2,526	4,417	6,377	4,280
5,654	1,244	1,138	2,078	1,028	12,966	10,203
70,093	45,570	41	17,490	130,364	271,241	295,920
<u>23,861</u>	<u>49,956</u>	<u>55,535</u>	<u>36,333</u>	<u>30,910</u>	<u>35,143</u>	<u>28,855</u>
<u>2,223,335</u>	<u>2,282,769</u>	<u>2,511,787</u>	<u>3,084,512</u>	<u>3,027,246</u>	<u>3,416,150</u>	<u>3,541,094</u>
522,893	517,737	530,761	556,819	656,973	607,599	468,739
1,077,172	1,208,427	1,201,476	1,227,832	1,238,557	1,326,499	1,525,676
52,770	67,960	72,718	52,841	55,562	66,126	76,951
62,609	45,603	38,122	48,091	30,734	29,476	27,172
<u>43,700</u>	<u>45,141</u>	<u>792,590</u>	<u>137,418</u>	<u>37,813</u>	<u>7,085</u>	<u>170,806</u>
-	-	-	-	-	-	-
<u>1,759,144</u>	<u>1,884,868</u>	<u>2,635,667</u>	<u>2,023,001</u>	<u>2,019,639</u>	<u>2,036,785</u>	<u>2,269,344</u>
<u>464,191</u>	<u>397,901</u>	<u>(123,880)</u>	<u>1,061,511</u>	<u>1,007,607</u>	<u>1,379,365</u>	<u>1,271,750</u>
-	-	-	-	-	-	-
<u>80,000</u>	<u>80,000</u>	<u>-</u>	<u>160,000</u>	<u>80,000</u>	<u>80,000</u>	<u>80,000</u>
<u>80,000</u>	<u>80,000</u>	<u>-</u>	<u>160,000</u>	<u>80,000</u>	<u>80,000</u>	<u>80,000</u>
<u>\$ 544,191</u>	<u>\$ 477,901</u>	<u>\$ (123,880)</u>	<u>\$ 1,221,511</u>	<u>\$ 1,087,607</u>	<u>\$ 1,459,365</u>	<u>\$ 1,351,750</u>
0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

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

Fiscal Year	Ad Valorem Taxes	Local Option Taxes	Utility Taxes	Communications Services Tax	Franchise Taxes	State Revenue Sharing	Local Half Cent Sales Tax	Total
2016	1,166,518	9,304	227,388	40,578	107,367	36,638	108,142	1,695,935
2017	1,233,243	10,030	221,766	31,913	103,791	44,169	107,731	1,752,643
2018	1,261,393	10,214	233,888	37,724	112,149	38,783	111,556	1,805,707
2019	1,262,753	9,636	253,412	38,019	112,194	39,839	113,489	1,829,342
2020	1,254,744	8,660	275,779	66,217	113,017	37,184	105,335	1,860,936
2021	1,508,720	8,957	294,248	83,916	117,931	42,532	126,537	2,182,841
2022	1,554,205	9,465	298,108	83,066	136,374	52,470	148,711	2,282,399
2023	1,724,015	11,140	337,986	96,024	153,923	55,267	163,814	2,542,169
2024	1,924,656	9,258	250,899	80,131	153,791	53,073	145,315	2,617,123
2025	2,106,700	9,255	255,487	69,406	158,557	53,185	143,212	2,795,802

Source: Town of South Palm Beach Finance Department

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

Fiscal Year Ended September 30	Real Property			Total Taxable Assessed Value	Total Direct Tax Rate
	Residential Property	Commercial Property	Personal Property		
2016	276,265,092	-	2,737,130	279,002,222	4.3174
2017	301,374,540	-	4,609,754	305,984,294	4.1278
2018	321,668,137	-	4,298,149	325,966,286	3.9965
2019	337,831,469	-	5,266,007	343,097,476	3.7938
2020	356,551,819	-	5,021,315	361,573,134	3.5935
2021	434,077,763	-	5,503,517	439,581,280	3.5367
2022	452,825,913	-	5,927,286	458,753,199	3.5000
2023	510,283,542	-	6,579,958	516,863,500	3.4530
2024	580,403,242	-	7,279,136	587,682,378	3.4000
2025	634,847,934	-	7,719,658	642,567,592	3.4000

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

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

Fiscal Year	Tax Roll Year	Town of South Palm Beach					Overlapping Rates (1)									
		General Operations	Debt Service	Total Town	Palm Beach County School Board	Palm Beach County Health Care District	Palm Beach County Library System	South Florida Water Management District	Children's Services Council	Everglades Construction	Florida Inland Navigation District	Fire EMS				
2015	2014	4,3174	-	4,3174	7,5940	4,9729	1,0800	0,6024	0,3294	0,6745	0,0548	0,0345	3,4581			
2016	2015	4,3174	-	4,3174	7,5120	4,9277	1,0426	0,5985	0,1459	0,6677	0,0506	0,0320	3,4581			
2017	2016	4,1278	-	4,1278	7,0700	4,9142	0,8993	0,5933	0,2836	0,6833	0,0471	0,0320	3,4581			
2018	2017	3,9965	-	3,9965	6,7690	4,9023	0,7808	0,5891	0,2659	0,6590	0,0441	0,0320	3,4581			
2019	2018	3,7938	-	3,7938	6,5720	4,8980	0,7261	0,5901	0,2519	0,6403	0,0417	0,0320	3,4581			
2020	2019	3,5935	-	3,5935	7,1640	4,8580	0,7261	0,5870	0,2398	0,6497	0,0397	0,0320	3,4581			
2021	2020	3,5367	-	3,5367	7,0100	4,8124	0,7261	0,5833	0,2295	0,6497	0,0380	0,0320	3,4581			
2022	2021	3,5000	-	3,5000	6,8750	4,8149	0,7261	0,5824	0,2207	0,6233	0,0365	0,0320	3,4581			
2023	2022	3,4530	-	3,4530	6,4570	4,5188	0,6761	0,5599	0,1974	0,4908	0,0327	0,0288	3,4581			
2024	2023	3,4000	-	3,4000	6,4570	4,5188	0,6761	0,5599	0,1974	0,4908	0,0327	0,0288	3,4581			
2025	2024	3,4000	-	3,4000	6,3210	4,5000	0,6561	0,5491	0,1974	0,4908	0,0327	0,0270	3,4581			

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

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

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

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

2025				2016			
Taxpayer	Taxable Assessed Value	Rank	Percent of Total Town Taxable Assessed Value	Taxpayer	Taxable Assessed Value	Rank	Percent of Total Town Taxable Assessed Value
Hill Vernon W II	\$ 9,287,786	1	1.45%	3550 Palm Beach Holdings	\$ 7,205,100	1	2.78%
Sanford Kevin R	7,020,964	2	1.09%	Florida Power & Light	2,406,857	2	0.93%
Florida Power & Light	6,878,762	3	1.07%	Napleton, Edward F	1,399,728	3	0.54%
Hendin Bryan	5,600,000	4	0.87%	Gittlemacher, Eliot	851,551	4	0.33%
Goodwin James	5,460,500	5	0.85%	Roush, Thomas	844,000	5	0.33%
Maiale Nicholas	4,758,325	6	0.74%	Lebedecker, Janet B	839,653	6	0.32%
Chrinian Eugene	4,591,950	7	0.71%	Nolletti, James	688,828	7	0.27%
3550 Palm Beach Holdings LLC	4,545,100	8	0.71%	Vannas, Timo	634,000	8	0.24%
Faderani M Rahat	4,483,504	9	0.70%	Kiley, Charles	615,000	9	0.24%
3498 South Ocean LLC	3,920,073	10	0.61%	Vision Capital Investments	545,000	10	0.21%
	<u>\$ 56,546,964</u>		<u>8.80%</u>		<u>\$ 16,029,717</u>		<u>6.19%</u>
Total Taxable Assessed Value	<u>\$ 642,567,592</u>				<u>\$ 259,429,166</u>		

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

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

Fiscal Year Ended September 30,	Total Taxes Levied for Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percent of Levy		Amount	Percent of Levy
2015	\$ 1,136,088	\$ 1,079,316	95.00%	-	\$ 1,079,316	95.00%
2016	1,204,564	1,166,518	96.84%	-	1,166,518	96.84%
2017	1,263,042	1,233,243	97.64%	-	1,233,243	97.64%
2018	1,302,724	1,261,393	96.83%	-	1,261,393	96.83%
2019	1,301,643	1,262,753	97.01%	-	1,262,753	97.01%
2020	1,299,313	1,254,744	96.57%	-	1,254,744	96.57%
2021	1,554,667	1,508,720	97.04%	-	1,508,720	97.04%
2022	1,605,636	1,554,205	96.80%	-	1,554,205	96.80%
2023	1,784,730	1,724,015	96.60%	-	1,724,015	96.60%
2024	1,998,120	1,924,656	96.32%	-	1,924,656	96.32%
2025	2,184,730	2,112,663	96.70%	-	2,112,663	96.70%

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

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

Note: The Town does not have any outstanding debt.

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

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

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

Government Unit	2025		
	General Obligation Debt Outstanding	Percentage Applicable to the Town of South Palm Beach (1)	Amount Applicable to the Residents of the Town of South Palm Beach
<u>Overlapping</u>			
Palm Beach County	\$ 95,565,000	0.186%	\$ 178,063
School District of Palm Beach County	2,486,000	0.171%	4,242
<u>Direct</u>			
Town of South Palm Beach	-	100%	-
Total Direct and Overlapping Debt			\$ 182,305

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

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

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

	October 2024 Taxable Value	October 2025 Taxable Value
Palm Beach County	317,015,539,160	342,779,050,325
School District	354,814,800,256	374,261,086,851
South Palm Beach	640,871,808	638,687,658
County Percent	0.202%	0.186%
School District Percent	0.181%	0.171%

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

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

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

<u>Year</u>	<u>Population</u>	<u>Personal Income (3)</u>	<u>Per Capita Income (1)</u>	<u>Civilian Labor Force (4)</u>	<u>Unemployment Rate (4)</u>
2016	1,443	\$ 101,390,112	70,282	706,374	5.0%
2017	1,460	112,122,727	76,780	709,997	4.1%
2018	1,471	120,535,709	81,933	720,064	3.6%
2019	1,485	128,769,538	86,731	726,991	3.3%
2020	1,494	136,149,885	91,114	709,183	6.5%
2021	1,504	153,220,318	101,897	732,717	3.9%
2022	1,532	171,684,239	112,099	758,632	2.9%
2023	1,557	190,327,521	122,202	780,330	3.3%
2024	1,582	200,686,833	126,853	777,921	3.4%
2025	1,556	N/A	N/A	786,282	4.3%

Source:

Bureau of Economic & Business Research (BEBR)

Bureau of Labor Statistics

(1) All currently available information is presented

(2) Bureau of Economic & Business Research (BEBR): Population Estimate April 1, 2025

(3) U.S. Bureau of Economic Analysis

(4) Federal Reserve Bank of St. Louis: Data as of October 1

N/A = Not Available

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

Employer	2025		Employer	2016	
	Employees	Percentage of Total County Employment		Employees	Percentage of Total County Employment
School District of Palm Beach County	22,801	2.90%	School District of Palm Beach County	21,656	3.20%
Palm Beach County Government	12,767	1.60%	Palm Beach County Government	11,210	1.70%
Baptist Health South Florida	6,773	0.90%	Tenet Health Care	4,595	0.70%
Florida Atlantic University	6,335	0.80%	NextEra Energy (Florida Power & Light)	4,005	0.60%
NextEra Energy (Florida Power & Light)	6,139	0.80%	Hospital Corporation of America	3,476	0.50%
Tenet Health Care	5,734	0.70%	Veterans Health Administration	2,700	0.40%
Veterans Health Administration	2,948	0.40%	Florida Atlantic University	2,529	0.40%
Hospital Corporation of America	2,850	0.40%	Boca Raton Regional Hospital	2,500	0.40%
Jupiter Medical Center	2,495	0.30%	Jupiter Medical Center	2,195	0.30%
The Breakers	2,400	0.30%	Bethesda Health, Inc.	2,150	0.30%
Total	<u>71,242</u>	<u>9.10%</u>		<u>57,016</u>	<u>8.50%</u>

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

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

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
Number of employees:										
General Government	3	3	3	3	3	3	3	3	3.5	3.5
Public Safety	9	9	9	9	-	-	-	-	-	-
Physical Environment	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>	<u>-</u>	<u>-</u>	<u>0.5</u>	<u>0.5</u>
Total number of employees	<u><u>13</u></u>	<u><u>13</u></u>	<u><u>13</u></u>	<u><u>13</u></u>	<u><u>4</u></u>	<u><u>4</u></u>	<u><u>3</u></u>	<u><u>3</u></u>	<u><u>4</u></u>	<u><u>4</u></u>

Source: Town of South Palm Beach Finance Department.

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

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

Function/Program	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Public safety:										
Police:										
Police personnel and officers	8.5	8.5	9.0	9.0	N/A	N/A	N/A	N/A	N/A	N/A
Police calls for service	4,969	3,224	2,944	3,201	N/A	N/A	N/A	N/A	N/A	N/A
Parking violations	10	13	5	8	N/A	N/A	N/A	N/A	N/A	N/A
Traffic violations	1,135	663	782	726	N/A	N/A	N/A	N/A	N/A	N/A
Fire:										
Fire personnel	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Fire alarms answered	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Fire inspections performed	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Planning and development:										
Building permits issued	568	591	587	511	627	524	682	437	458	386

Sources: Various Town Departments

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

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

Function/Program	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
General government:										
Number of general government buildings	1	1	1	1	1	1	1	1	1	1
Public safety:										
Police:										
Police stations	1	1	1	1	1	1	1	1	1	1
Patrol units	4	4	4	4	-	-	-	-	-	-
Fire:										
Fire stations	-	-	-	-	-	-	-	-	-	-
Transportation:										
Miles of streets	5/8	5/8	5/8	5/8	5/8	5/8	5/8	5/8	5/8	5/8
Number of street lights	20	20	20	20	20	20	20	20	20	20
Number of traffic signals	-	-	-	-	-	-	-	-	-	-
Culture and recreation:										
Parks	-	-	-	-	-	-	-	-	-	-
Parks acreage	-	-	-	-	-	-	-	-	-	-
Community center	-	-	-	-	-	-	-	-	-	-
Swimming pools	-	-	-	-	-	-	-	-	-	-
Tennis courts	-	-	-	-	-	-	-	-	-	-
Baseball/softball fields	-	-	-	-	-	-	-	-	-	-
Utility system:										
Miles of mains	5/8	5/8	5/8	5/8	5/8	5/8	5/8	5/8	5/8	5/8
Fire hydrants - Town of South Palm Beach	10	10	10	10	10	10	10	10	10	10
Fire hydrants - Outside Town of South Palm Beach	-	-	-	-	-	-	-	-	-	-
Maximum daily capacity (thousands of gallons, est.)	69,900	69,900	69,900	69,900	69,900	69,900	69,900	69,900	69,900	69,900

Sources: Various Town Departments

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



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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities and each major fund of the Town of South Palm Beach, Florida (the “Town”) as of and for the fiscal year ended September 30, 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 April 21, 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) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town’s internal control. Accordingly, we do not express an opinion on the effectiveness of the Town’s internal control.

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

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

Grau & Associates

April 21, 2026



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

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

We have examined the Town of South Palm Beach, Florida's ("Town") compliance with the requirements of Section 218.415, Florida Statutes, in accordance with Rule 10.556(10) of the Auditor General of the State of Florida during the fiscal year ended September 30, 2025. Management is responsible for the Town's compliance with those requirements. Our responsibility is to express an opinion on the Town's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the Town complied, in all material respects, with the specified requirements referenced in Section 218.415, Florida Statutes. An examination involves performing procedures to obtain evidence about whether the Town complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion. Our examination does not provide a legal determination on the Town's compliance with specified requirements.

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

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

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

Grau & Associates

April 21, 2026



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

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

Report on the Financial Statements

We have audited the accompanying basic financial statements of the Town of South Palm Beach, Florida (the "Town") as of and for the fiscal year ended September 30, 2025, and have issued our report thereon dated April 21, 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 Compliance and Other Matters based on an audit of the financial statements performed in accordance with *Government Auditing Standards*; and Independent Auditor's Report on an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports, which are dated April 21, 2026, should be considered in conjunction with this management letter.

Purpose of this Letter

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

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

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

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

Grau & Associates

April 21, 2026

REPORT TO MANAGEMENT

I. CURRENT YEAR FINDINGS AND RECOMMENDATIONS

None

II. PRIOR YEAR FINDINGS AND CURRENT YEAR STATUS AND RECOMMENDATIONS

None

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

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

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

There were no significant findings and recommendations made in the preceding annual financial audit report for the fiscal year ended September 30, 2024.

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

There were no such matters discovered by, or that came to the attention of, the auditor, to be reported for the fiscal year ended September 30, 2025.

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

There were no such matters discovered by, or that came to the attention of, the auditor, to be reported, for the fiscal year ended September 30, 2025.

4. The name or official title and legal authority of the Town are disclosed in the notes to the financial statements.
5. The Town has not met one or more of the financial emergency conditions described in Section 218.503(1), Florida Statutes.
6. We applied financial condition assessment procedures and no deteriorating financial conditions were noted as of September 30, 2025. It is management's responsibility to monitor financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same.

REPORT TO MANAGEMENT (Continued)

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

A PACE program that finances qualifying improvements authorized pursuant to Section 163.081 or Section 163.082, Florida Statutes, did not operate within the municipality's geographical boundaries during the fiscal year ending September 30, 2025.

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

Not applicable.