

TOWN OF JUPITER ISLAND, FLORIDA



REPORT ON AUDIT OF FINANCIAL STATEMENTS AND SUPPLEMENTARY FINANCIAL INFORMATION

FOR THE YEAR ENDED SEPTEMBER 30, 2020

TOWN OF JUPITER ISLAND, FLORIDA

AUDITED FINANCIAL STATEMENTS AND SUPPLEMENTARY FINANCIAL INFORMATION

SEPTEMBER 30, 2020

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FINANCIAL SECTION



INDEPENDENT AUDITOR'S REPORT

INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and
Town Commissioners
Town of Jupiter Island, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activity, each major fund and the aggregate remaining fund information of the Town of Jupiter Island, Florida, as of and for the year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise the Town of Jupiter Island, Florida's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.



Opinions

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 activity, each major fund and the aggregate remaining fund information of the Town of Jupiter Island, Florida, as of September 30, 2020, and the respective changes in financial position, and where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4-12, budgetary comparison schedules on pages 56-66, schedules of changes in the net pension liability and related ratios and employer contributions for the defined benefit plan on pages 67-69, and schedule of funding progress for other postemployment benefits on page 70 be presented to supplement the basic financial statements. Such information, 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 Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Jupiter Island, Florida's basic financial statements. The combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplementary and combining and individual nonmajor fund financial statements are the responsibility of management and were derived from, and relate directly to, the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 8, 2021, on our consideration of the Town of Jupiter Island, Florida's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 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 of Jupiter Island, Florida's internal control over financial reporting and compliance.

Templeton & Company, LLP

West Palm Beach, Florida
February 8, 2021

MANAGEMENT'S DISCUSSION AND ANALYSIS

Management's Discussion and Analysis

The Town of Jupiter Island, Florida's (the Town) management discussion and analysis (MD&A) is designed to offer readers of the Town's financial statements an objective and easy-to-read analysis of the Town's financial activities based on currently available information. This narrative overview is only a component of the entire financial statement report. Readers should review 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 for the fiscal year ended September 30, 2020.

Financial Highlights

- The assets and deferred outflows of the Town exceeded its liabilities and deferred inflows at the close of the most recent fiscal year by \$90,906,514. Of this amount, \$19,658,550 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.
 - Governmental net position was \$44,940,946
 - Business-type net position was \$45,965,568
- The total revenue from all sources was \$26,818,151 and the total cost of all Town programs was \$28,481,776.
- As of the close of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$22,353,521 which was an increase of \$3,412,646 from the prior year balance of \$18,940,875. Approximately 70% of this fund balance is restricted or assigned for specific purposes; the remaining 30% is available for spending at the Town's discretion from the General Fund.
- At the end of the current fiscal year, the unassigned fund balance for the General Fund was \$6,761,230, or 73% of the total General Fund expenditures for the year ended September 30, 2020.
- The Town's outstanding long-term debt (excluding compensated absences, other postemployment benefits, and net pension liability) decreased from \$48,439,541 to \$44,996,502 during the current fiscal year, representing a net decrease of \$3,443,039 (7.1%).

Overview of the Financial Statements

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

Government-wide Financial Statements: The *government-wide financial statements*, which consist of the following two 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* and the *statement of activities* report information about the Town as a whole, and about its activities, in a way that helps determine if the year's activities contributed positively to its overall financial well being. Both statements represent an overview of the Town as a whole, separating its operations between *governmental activities* and *business-type activity*.

The *statement of net position* presents information on all of the Town's assets and liabilities, with the difference between the two 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 flow*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected revenues and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the Town that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activity*). The governmental activities of the Town include general government, public safety, roads, sanitation, and building and land development. The business-type activity of the Town includes the water and wastewater utility.

The government-wide financial statements include only the Town itself (known as the *primary government*). The Jupiter Island Beach Protection District, although a legally separate entity, functions for all practical purposes as a department of the Town, and therefore has been included as an integral part of the primary government. The government-wide financial statements can be found on pages 13-14 of this report.

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

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

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

The Town maintains four individual governmental funds. Information is presented separately in the governmental fund balance sheet and statement of revenue, expenditures, and changes in fund balances for the General Fund, Beach Protection Fund (Jupiter Island Beach Protection District) and in total for the nonmajor governmental funds which include the Electric Underground Fund and the Special Law Enforcement Fund. The basic governmental fund financial statements can be found on pages 15-18 of this report.

Enterprise Funds: The Town maintains one enterprise fund, which is used to report the same functions presented as the *business-type activity* in the government-wide financial statements. The Town's enterprise fund accounts for the South Martin Regional Utility (SMRU) water, wastewater, and irrigation quality water utility operations. The basic enterprise fund financial statements can be found on pages 19-23 of this report. The schedule of water and wastewater revenue refunding bond coverage for the enterprise fund can be found on page 75 of this report.

Fiduciary Funds: Fiduciary funds, including trust and agency funds, are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reported in the government-wide financial statements because the resources of those funds are *not* available to support the Town's own programs. The accounting basis used for trust and agency funds is accrual, much like that used for enterprise funds. Agency funds are held for others and report only assets and liabilities. The basic fiduciary fund financial statements can be found on pages 24-25 of this report. Combining and individual fund statements for the fiduciary funds can be found on pages 76-80 of this report.

Notes to the Financial Statements: The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 26-55 of this report.

Other Information: In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information*. A budgetary comparison schedule has been provided as required supplementary information for the General Fund and the Beach Protection Fund on pages 56-66 to demonstrate compliance with the adopted budget for these major governmental funds. Information concerning the Town's progress in funding its obligation to provide pension benefits and other postemployment benefits to its employees can be found on pages 67-70 of this report.

The combining and individual fund financial statements and schedules are presented as other supplementary information on pages 73-80 of this report immediately following the required supplementary information.

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, governmental activity assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$44,940,946. Business-type activity assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$45,965,568. The Town-wide total net position was \$90,906,514 at the close of the fiscal year ended September 30, 2020. The Statement of Net Position is on page 13 of this report.

At the end of the current fiscal year, the Town reported positive balances in net position for the government as a whole, as well as for its separate business-type activity. The governmental activities reported a deficit balance in unrestricted net position at September 30, 2020 of \$631,506, compared to a deficit of \$94,622 as of September 30, 2019. This deficit is primarily attributable to construction costs incurred in 2010 for the electrical underground project in the approximate amount of \$8.8 million. Pursuant to conversion agreements executed by the Town with an electric utility company, these assets were transferred to the electric utility upon completion. The project was substantially completed at September 30, 2010. The transfer of assets was recorded in the statement of activities as a special item for the year ended September 30, 2010, thus reducing unrestricted net position by the amount of the construction costs.

The largest portion of the Town's net position is reflected in the net investment in capital assets (e.g., land, buildings, machinery and equipment; less any related debt used to acquire those assets that is still outstanding). Capital assets total \$96,222,524 or 69% of all assets, which total \$141,183,416. The Town uses these capital assets to provide services to citizens; consequently, 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.

A portion of the Town's net position (\$15,033,045 or 17%) represents resources that are subject to restrictions on how they may be used.

The following table reflects the condensed statement of net position as of the current year-end as compared to the prior year-end.

	Net Position (In Thousands)					
	Governmental Activities		Business-type Activity		Total	
	2020	2019	2020	2019	2020	2019
Assets:						
Current and other assets	\$ 22,837	\$ 19,805	\$ 22,124	\$ 23,422	\$ 44,961	\$ 43,227
Capital assets	<u>31,936</u>	<u>39,015</u>	<u>64,287</u>	<u>64,277</u>	<u>96,223</u>	<u>103,292</u>
Total assets	<u>\$ 54,773</u>	<u>\$ 58,820</u>	<u>\$ 86,411</u>	<u>\$ 87,699</u>	<u>\$ 141,184</u>	<u>\$ 146,519</u>
Total deferred outflows of resources	\$ 630	\$ 447	\$ 4,129	\$ 2,929	\$ 4,759	\$ 3,376
Liabilities:						
Long-term liabilities	\$ 9,203	\$ 10,064	\$ 40,410	\$ 43,085	\$ 49,613	\$ 53,149
Other liabilities	<u>669</u>	<u>1,068</u>	<u>4,165</u>	<u>3,108</u>	<u>4,834</u>	<u>4,176</u>
Total liabilities	<u>\$ 9,872</u>	<u>\$ 11,132</u>	<u>\$ 44,575</u>	<u>\$ 46,193</u>	<u>\$ 54,447</u>	<u>\$ 57,325</u>
Total deferred inflows of resources	\$ 590	\$ -	\$ -	\$ -	\$ 590	\$ -
Net position:						
Net investment in capital assets	\$ 31,936	\$ 39,015	\$ 24,279	\$ 21,362	\$ 56,215	\$ 60,377
Restricted	13,637	9,215	1,396	3,578	15,033	12,793
Unrestricted	<u>(632)</u>	<u>(95)</u>	<u>20,290</u>	<u>19,495</u>	<u>19,658</u>	<u>19,400</u>
Total net position	<u>\$ 44,941</u>	<u>\$ 48,135</u>	<u>\$ 45,965</u>	<u>\$ 44,435</u>	<u>\$ 90,906</u>	<u>\$ 92,570</u>

The following table reflects the condensed statement of changes in net position for the current year as compared to the prior year.

	Changes in Net Position, (In Thousands)					
	Governmental Activities		Business-type Activity		Totals	
	2020	2019	2020	2019	2020	2019
Revenues:						
Program revenues:						
Charges for services	\$ 1,399	\$ 1,678	\$ 11,830	\$ 11,571	\$ 13,229	\$ 13,249
Operating contributions and grants	2,320	19,100	-	-	2,320	19,100
Capital contributions and grants	-	737	407	336	407	1,073
General revenues:						
Taxes	10,088	9,980	-	-	10,088	9,980
Intergovernmental	280	191	-	-	280	191
Investment earnings	<u>229</u>	<u>514</u>	<u>268</u>	<u>465</u>	<u>497</u>	<u>979</u>
Total revenues	<u>\$ 14,316</u>	<u>\$ 32,200</u>	<u>\$ 12,505</u>	<u>\$ 12,372</u>	<u>\$ 26,821</u>	<u>\$ 44,572</u>

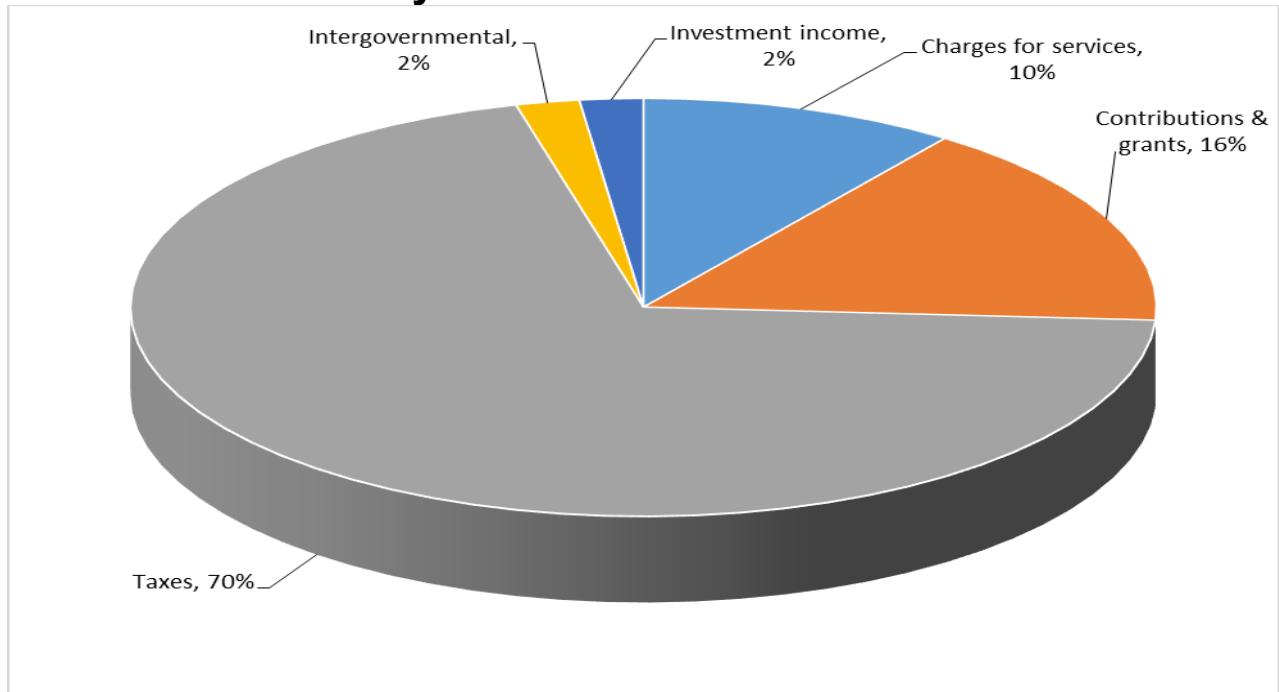
Changes in Net Position, Continued
(In Thousands)

	Governmental Activities		Business-type Activity		Totals	
	2020	2019	2020	2019	2020	2019
Expenses:						
General government	\$ 2,061	\$ 2,159	\$ -	\$ -	\$ 2,061	\$ 2,159
Public safety	4,428	4,253	-	-	4,428	4,253
Building	785	752	-	-	785	752
Public works	1,566	1,547	-	-	1,566	1,547
Environmental	8,442	8,152	-	-	8,442	8,152
Interest on long-term debt	228	248	2,191	1,959	2,419	2,207
Water and wastewater	-	-	8,784	8,394	8,784	8,394
Total expenses	17,510	17,111	10,975	10,353	28,485	27,464
Change in net position	(3,194)	15,089	1,530	2,019	(1,664)	17,108
Beginning net position	48,135	33,046	44,435	42,416	92,570	75,462
Ending net position	\$ 44,941	\$ 48,135	\$ 45,965	\$ 44,435	\$ 90,906	\$ 92,570

Governmental Activities: Governmental activities decreased the Town's net position by \$3,194,303. The largest sources of governmental revenue received for 2020 was \$10,087,228 from taxes, representing 70% of total governmental revenue.

The sources of governmental activities revenue as a percentage of total governmental revenue for 2020 are summarized as follows:

Revenues by Source - Governmental Activities



Expenses in the governmental activities increased by approximately \$399,000 from the prior year.

Business-type Activity: The Town's business-type activity increased net position by \$1,530,678 for 2020. Charges for services for the business-type activity increased from the previous fiscal year by approximately \$259,000 or 2.2%. This was primarily a result of an increase in demand during the year. Developer capital contributions in 2020 increased approximately \$71,000 and is a direct result of a increase in development activity.

Financial Analysis of the Town's Funds

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

Governmental Funds: The governmental funds report on the same functions as the governmental activities in the government-wide statements but the focus of the Town's *governmental funds* is to provide information on near-term inflows, outflows and *balances of spendable* resources. Such information is useful in evaluating the Town's financing requirements. In particular, *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 \$22,353,521, an increase of \$3,412,646 from the prior year balance of \$18,940,875. Of this amount, \$15,448,714 is restricted or assigned for specific purposes as follows:

- ❖ \$13,511,744 restricted for beach protection district
- ❖ \$1,000,000 assigned for emergencies
- ❖ \$451,774 assigned for conservation projects
- ❖ \$165,352 assigned for beautification and maintenance projects
- ❖ \$122,101 restricted for debt repayment
- ❖ \$115,000 assigned for compensated absences
- ❖ \$80,000 assigned for uninsured losses
- ❖ \$2,743 restricted for public safety equipment and training

The general fund is the chief operating fund of the Town. At the end of the current fiscal year, in accordance with GASB Statement No. 54, the unassigned fund balance of the general fund was \$6,761,230, while the total general fund balance reached \$8,713,087. As a measure of the general fund's liquidity, it may be useful to compare both the unassigned fund balance and total fund balance to total fund expenditures of \$9,342,679. Unassigned fund balance represents 73% of total general fund expenditures, while total fund balance represents 93% of that same amount.

The fund balance of the Town's general fund decreased by approximately \$1,011,000 during the current fiscal year compared to a decrease of approximately \$105,000 in the prior fiscal year.

Enterprise Fund: Enterprise funds present the same functions as presented for business-type activity in the government-wide financial statements. The Town uses an enterprise fund to account for its water and wastewater operations, doing business as South Martin Regional Utility (SMRU). The enterprise fund provides the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net position of the water and wastewater utility at the end of the year amounted to \$20,290,056, representing an increase of \$794,779 from the prior year balance of \$19,495,277.

Budgetary Highlights

General Fund

Overall, actual revenues were more than the anticipated amounts by \$86,776 and expenditures were \$501,201 less than the appropriated budget. Accordingly, the Town had a favorable budget variance for 2020 of \$587,977. The largest budget variance for revenue was building permits revenue, which was less than the budgeted amount by \$212,173. Expenditures were under budget in all departments for the year, with the largest variances of \$162,978 in Administration and \$83,082 in Public Safety.

Beach Protection Fund

Actual revenues were more than the anticipated amounts by \$2,394,718, and expenditures were \$433,598 less than the appropriated budget. An additional \$4,422,321 was added to reserves for future beach renourishment projects.

Capital Assets and Debt Administration

Capital Assets

The Town's investment in capital assets for its governmental and business-type activity at September 30, 2020, amounts to \$96,222,524 (net of accumulated depreciation). Depreciation on capital assets is recognized in the government-wide financial statements. This investment in capital assets includes land, buildings and improvements, water distribution system, wastewater collection system, wells, machinery and equipment, beach renourishment, roads and construction in progress.

The Town's investment in capital assets is summarized as follows:

	Capital Assets (In Thousands) (net of accumulated depreciation)					
	Governmental Activities		Business- type Activity		Total	
	2020	2019	2020	2019	2020	2019
Land	\$ 12,001	\$ 12,001	\$ 14,390	\$ 14,390	\$ 26,391	\$ 26,391
Building and improvements	2,544	2,538	5,101	5,153	7,645	7,691
Water distribution system	-	-	22,555	21,924	22,555	21,924
Wastewater collection system	-	-	14,631	15,128	14,631	15,128
Wells	-	-	2,242	2,357	2,242	2,357
Equipment	1,113	1,200	3,053	2,936	4,166	4,136
Beach re-nourishment	13,856	21,800	-	-	13,856	21,800
Roads	2,337	1,145	-	-	2,337	1,145
Construction in progress	<u>85</u>	<u>331</u>	<u>2,315</u>	<u>2,389</u>	<u>2,400</u>	<u>2,720</u>
Total capital assets	<u>\$ 31,936</u>	<u>\$ 39,015</u>	<u>\$ 64,287</u>	<u>\$ 64,277</u>	<u>\$ 96,223</u>	<u>\$ 103,292</u>

The Town's total investment in capital assets decreased for the current fiscal year by approximately \$7,069,000. The decrease was mainly due to depreciation.

Additional information on the Town's capital assets can be found in Note 6 on pages 37 - 39 of this report.

Long-term Debt: The Town's total outstanding debt (excluding compensated absences, other post-employment benefits, and net pension liability with no fixed maturity dates) decreased by \$3,443,039 (7.1%) during the current fiscal year. The Town's outstanding debt is summarized as follows:

	Outstanding Debt (In Thousands)					
	Governmental Activities		Business-type Activity		Total	
	2020	2019	2020	2019	2020	2019
Notes payable	\$ 5,747	\$ 6,305	\$ 11,734	\$ 12,409	\$ 17,481	\$ 18,714
Revenue bonds	-	-	27,515	29,725	27,515	29,725
Total outstanding debt	\$ 5,747	\$ 6,305	\$ 39,249	\$ 42,134	\$ 44,996	\$ 48,439

The revenue bonds of the utility system have been rated “AA” by S&P and “Aa2” by Moody’s Investor Services. The remaining debt has not been rated.

Governmental Activities Debt: In 2008, the Town issued two promissory notes to a financial institution with a total principal amount of \$11.0 million to finance the electric underground project. A portion of the new borrowing was used to repay an outstanding balance of \$400,000 on the note obtained in 2006 to finance the pilot project for the electric underground project. The notes issued in 2008 were approved by the Town’s voters in November 2007.

Business-type Activity Debt: In July 2020, the Town, on behalf of South Martin Regional Utility (SMRU) issued \$27,515,000 Utility System Refunding Bonds, Series 2020 for the principal purpose of refunding all of the outstanding Series 2010 Bonds. Net proceeds of \$27,515,000 from the Series 2020 Bonds plus \$3,075,364 of sinking fund monies from the Series 2010 Bonds were deposited in an irrevocable trust with an escrow agent and all of the Series 2010 Bonds (\$29,725,000) were called on October 1, 2020.

At the end of the current fiscal year, the SMRU had bonded debt outstanding of \$27,515,000 and notes payable outstanding of \$11,734,363 in the utility system for a total of \$39,249,363. The notes payable are secured by all non-ad valorem revenues of the governmental activities. The remaining outstanding debt of the utility system is secured solely by specified revenue sources of the water and wastewater utility system.

Additional information on the Town’s long-term debt can be found in Note 9 on pages 40 - 46 of this report.

Economic Factors and Next Year’s Budgets and Rates

The following economic factors were considered in establishing the Town’s budgets and charges for services for the 2020-2021 fiscal year.

- Ad valorem taxes (property taxes) are the single most significant governmental revenue source for the Town. These revenues are generated by a millage rate set annually by the Town Commission. When creating the budget, the primary objective was to provide Town services while at the same time keeping the projected tax levy the same. The General Fund millage rate adopted for 2020-2021 is 2.5644 mills. This millage rate results in a total projected tax levy of \$6,370,047.
- General Fund revenues and expenditures for the 2020-2021 budget year decreased \$803,000 from the 2019-2020 budget.
- The Beach Protection District millage rate for 2020-2021 decreased from 1.1746 mills to 1.1339 mills. This millage rate results in a total projected tax levy of \$2,800,000.

- The Town will continue the voted debt millage in 2020 in order to pay the promissory notes issued for the electric undergrounding project. The millage rate for 2020-2021 decreased from .3306 mills to .3231 mills. This millage rate results in a total projected tax levy of \$802,512.
- Many other factors, with less significant impacts, other than those above were also considered in preparing the Town's budget for the 2020-2021 fiscal year.

South Martin Regional Utility operations are primarily supported by user fees. In 2020-2021, an increase of 1.79% (\$187,000) in utility operating revenue was budgeted based on an increase in the utility price index.

Requests for Information

This financial report is designed to provide a general overview of the Town's finances for all those with an interest. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Town Manager/Finance Director, 2 Bridge Road, Hobe Sound, FL 33455.

BASIC FINANCIAL STATEMENTS

TOWN OF JUPITER ISLAND, FLORIDA

STATEMENT OF NET POSITION

September 30, 2020

	Governmental Activities	Business-Type Activity	Total
ASSETS AND DEFERRED OUTFLOW OF RESOURCES			
Assets:			
Cash and cash equivalents	\$ 18,086,061	\$ 11,791,133	\$ 29,877,194
Investments	4,506,758	6,410,029	10,916,787
Accounts receivable, net of allowance for doubtful accounts of \$0 and \$111,162, respectively	9,629	1,121,148	1,130,777
Interest receivable	-	11,962	11,962
Prepaid items	143,577	128,184	271,761
Due from other governments	46,577	-	46,577
Interfund balances, net	44,247	(38,247)	6,000
Restricted assets:			
Cash and cash equivalents	-	1,923,314	1,923,314
Notes receivable	-	612,298	612,298
Inventory	-	164,222	164,222
Capital assets:			
Capital assets not being depreciated	12,085,509	16,705,313	28,790,822
Depreciable capital assets, net	<u>19,850,448</u>	<u>47,581,254</u>	<u>67,431,702</u>
Total assets	<u>\$ 54,772,806</u>	<u>\$ 86,410,610</u>	<u>\$ 141,183,416</u>
Deferred outflow of resources:			
Accumulated decrease in fair value of derivative instruments	\$ -	\$ 3,301,447	\$ 3,301,447
Deferred amounts on refunding	-	752,759	752,759
Pension related items	527,100	-	527,100
Other postemployment benefits	<u>103,155</u>	<u>75,323</u>	<u>178,478</u>
Total deferred outflow of resources	<u>\$ 630,255</u>	<u>\$ 4,129,529</u>	<u>\$ 4,759,784</u>
LIABILITIES AND NET POSITION			
Liabilities:			
Accounts payable	\$ 323,720	\$ 274,363	\$ 598,083
Accrued liabilities	157,134	61,884	219,018
Accrued interest payable	185,881	-	185,881
Due to other governments	2,474	-	2,474
Liabilities payable from restricted assets	-	526,764	526,764
Derivative instruments - interest rate swap	-	3,301,447	3,301,447
Long-term liabilities:			
Due within one year	687,675	271,009	958,684
Due in more than one year	<u>8,514,857</u>	<u>40,139,104</u>	<u>48,653,961</u>
Total liabilities	<u>\$ 9,871,741</u>	<u>\$ 44,574,571</u>	<u>\$ 54,446,312</u>
Deferred inflow of resources:			
Pension related items	<u>\$ 590,374</u>	<u>\$ -</u>	<u>\$ 590,374</u>
Total deferred inflow of resources	<u>\$ 590,374</u>	<u>\$ -</u>	<u>\$ 590,374</u>
Net position:			
Net investment in capital assets	\$ 31,935,957	\$ 24,278,962	\$ 56,214,919
Restricted	13,636,495	1,396,550	15,033,045
Unrestricted	<u>(631,506)</u>	<u>20,290,056</u>	<u>19,658,550</u>
Total net position	<u>\$ 44,940,946</u>	<u>\$ 45,965,568</u>	<u>\$ 90,906,514</u>

See notes to basic financial statements.

TOWN OF JUPITER ISLAND, FLORIDA
STATEMENT OF ACTIVITIES
Year Ended September 30, 2020

Functions/Programs	Expenses	Program Revenues			Net Revenue (Expense) and Changes in Net Position		
		Charges for Services	Operating Contributions and Grants	Capital Contributions and Grants	Governmental Activities	Business-type Activity	Total
Governmental activities:							
General government	\$ 2,061,017	\$ 680,604	\$ 37,500	\$ -	\$ (1,342,913)	\$ -	\$ (1,342,913)
Public safety	4,428,009	7,606	-	-	(4,420,403)	-	(4,420,403)
Building	784,947	637,827	-	-	(147,120)	-	(147,120)
Public works	1,565,551	72,500	-	-	(1,493,051)	-	(1,493,051)
Environmental	8,441,895	-	2,282,765	-	(6,159,130)	-	(6,159,130)
Interest on long-term debt	<u>226,657</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(226,657)</u>	<u>-</u>	<u>(226,657)</u>
Total governmental activities	<u>17,508,076</u>	<u>1,398,537</u>	<u>2,320,265</u>	<u>-</u>	<u>(13,789,274)</u>	<u>-</u>	<u>(13,789,274)</u>
Business-type activity							
Water and wastewater	<u>10,973,700</u>	<u>11,829,123</u>	<u>-</u>	<u>406,860</u>	<u>-</u>	<u>1,262,283</u>	<u>1,262,283</u>
Total	<u>\$ 28,481,776</u>	<u>\$ 13,227,660</u>	<u>\$ 2,320,265</u>	<u>\$ 406,860</u>	<u>(13,789,274)</u>	<u>1,262,283</u>	<u>(12,526,991)</u>
General revenues:							
Taxes:							
					6,192,425	-	6,192,425
					2,803,470	-	2,803,470
					803,460	-	803,460
					199,438	-	199,438
					88,435	-	88,435
					279,529	-	279,529
					<u>228,214</u>	<u>268,395</u>	<u>496,609</u>
Total general revenues					<u>10,594,971</u>	<u>268,395</u>	<u>10,863,366</u>
Change in net position					(3,194,303)	1,530,678	(1,663,625)
Net position, beginning of year					<u>48,135,249</u>	<u>44,434,890</u>	<u>92,570,139</u>
Net position, end of year					<u>\$ 44,940,946</u>	<u>\$ 45,965,568</u>	<u>\$ 90,906,514</u>

See notes to basic financial statements.

TOWN OF JUPITER ISLAND, FLORIDA
BALANCE SHEET - GOVERNMENTAL FUNDS
September 30, 2020

	Major Governmental Funds			Total Governmental Funds
	General Fund	Beach Protection Fund	Nonmajor Governmental Funds	
Assets:				
Cash and cash equivalents	\$ 7,311,398	\$ 10,649,922	\$ 124,741	\$ 18,086,061
Investments	1,503,391	3,003,367	-	4,506,758
Accounts receivable	9,629	-	-	9,629
Prepaid items	139,638	3,939	-	143,577
Due from other governments	46,567	-	10	46,577
Due from other funds	<u>60,102</u>	<u>-</u>	<u>-</u>	<u>60,102</u>
Total assets	<u>\$ 9,070,725</u>	<u>\$ 13,657,228</u>	<u>\$ 124,751</u>	<u>\$ 22,852,704</u>
Liabilities and fund balance				
Liabilities:				
Accounts payable	\$ 205,714	\$ 118,006	\$ -	\$ 323,720
Accrued liabilities	149,422	7,712	-	157,134
Due to other governments	2,474	-	-	2,474
Due to other funds	<u>28</u>	<u>15,827</u>	<u>-</u>	<u>15,855</u>
Total liabilities	<u>357,638</u>	<u>141,545</u>	<u>-</u>	<u>499,183</u>
Fund balance:				
Nonspendable	139,638	3,939	-	143,577
Restricted	-	13,511,744	124,751	13,636,495
Assigned	1,812,219	-	-	1,812,219
Unassigned	<u>6,761,230</u>	<u>-</u>	<u>-</u>	<u>6,761,230</u>
Total fund balance	<u>8,713,087</u>	<u>13,515,683</u>	<u>124,751</u>	<u>22,353,521</u>
Total liabilities and fund balance	<u>\$ 9,070,725</u>	<u>\$ 13,657,228</u>	<u>\$ 124,751</u>	<u>\$ 22,852,704</u>

See notes to basic financial statements.

TOWN OF JUPITER ISLAND, FLORIDA
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
September 30, 2020

Total governmental fund balance (page 15)	\$	22,353,521
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds:		
Cost of assets	\$ 73,643,040	
Accumulated depreciation	<u>(41,707,083)</u>	
		31,935,957
Deferred outflows and inflows of resources related to pension expense are not recognized in the governmental funds; however, they are recorded in the statement of net position under full accrual accounting.		
Pension related deferred outflows		527,100
Pension related deferred inflows		(590,374)
Deferred outflows of resources related to other postemployment benefits are not recognized in the governmental funds; however, they are recorded in the statement of net position under full accrual accounting.		
		103,155
Net pension liabilities are not due and payable in the current period and, therefore, are not reported in the funds.		
		(2,786,132)
Accrued interest on long-term debt is not due and payable in the current period and is not reported in governmental funds.		
		(185,881)
Long-term liabilities, including notes, other postemployment benefits and compensated absences payable are not due and payable in the current period and therefore are not reported in governmental funds. Long-term liabilities at year-end consist of:		
Notes payable	(5,747,039)	
Other postemployment benefits	(392,403)	
Compensated absences	<u>(276,958)</u>	
		<u>(6,416,400)</u>
Total net position (page 13)	\$	<u>44,940,946</u>

See notes to basic financial statements.

TOWN OF JUPITER ISLAND, FLORIDA
STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
Year Ended September 30, 2020

	Major Governmental Funds			Total Governmental Funds
	General Fund	Beach Protection Fund	Nonmajor Governmental Funds	
Revenue:				
Taxes	\$ 6,480,298	\$ 2,803,470	\$ 803,460	\$ 10,087,228
Licenses and permits	639,273	-	-	639,273
Intergovernmental	279,529	2,280,465	-	2,559,994
Charges for services	103,532	-	-	103,532
Fines and forfeitures	6,499	-	574	7,073
Investment income	119,702	108,483	29	228,214
Donations	37,500	-	-	37,500
Miscellaneous	665,119	2,300	-	667,419
Total revenue	<u>8,331,452</u>	<u>5,194,718</u>	<u>804,063</u>	<u>14,330,233</u>
Expenditures:				
Current:				
General government:				
Administration	1,454,307	431,707	-	1,886,014
Public safety	4,221,021	-	-	4,221,021
Building	767,942	-	-	767,942
Public works:				
Solid waste	1,026,551	-	-	1,026,551
Roads	18,993	-	-	18,993
Grounds	302,023	-	-	302,023
Environmental:				
Lethal yellowing program	144,482	-	-	144,482
Beach protection and monitoring	-	62,907	-	62,907
Beautification and maintenance	166	-	-	166
Conservation	11,807	-	-	11,807
Capital outlay	1,395,387	277,783	-	1,673,170
Debt service:				
Principal	-	-	558,117	558,117
Interest	-	-	244,394	244,394
Total expenditures	<u>9,342,679</u>	<u>772,397</u>	<u>802,511</u>	<u>10,917,587</u>
Net change in fund balance	(1,011,227)	4,422,321	1,552	3,412,646
Fund balance, beginning of year	<u>9,724,314</u>	<u>9,093,362</u>	<u>123,199</u>	<u>18,940,875</u>
Fund balance, end of year	<u>\$ 8,713,087</u>	<u>\$ 13,515,683</u>	<u>\$ 124,751</u>	<u>\$ 22,353,521</u>

See notes to basic financial statements.

TOWN OF JUPITER ISLAND, FLORIDA
RECONCILIATION OF THE STATEMENT OF REVENUE, EXPENDITURES,
AND CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS TO
THE STATEMENT OF ACTIVITIES
Year Ended September 30, 2020

Net change in fund balance - total governmental funds (page 17) \$ 3,412,646

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays was less than depreciation expense in the current period.

Expenditures for capital assets	\$ 1,410,291	
Less current year depreciation	<u>(8,472,784)</u>	
		(7,062,493)

In the statement of activities, the gain or loss on disposal of capital assets is reported, whereas in governmental funds, the proceeds from the disposal increases financial resources. The difference is the depreciated cost of the capital asset dispositions. (16,460)

Repayment of debt principal is an expenditure in governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. 558,116

In the statement of activities, interest is accrued on outstanding debt, whereas in governmental funds, an interest expenditure is reported when the payment is due. This is the change in accrued interest payable. 17,737

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

Change in compensated absences		(37,843)
Other postemployment benefit expense		(21,278)
Pension expense		<u>(44,728)</u>

Change in net position of governmental activities (page 14) \$ (3,194,303)

See notes to basic financial statements.

TOWN OF JUPITER ISLAND, FLORIDA
STATEMENT OF NET POSITION
ENTERPRISE FUND (SOUTH MARTIN REGIONAL UTILITY)
September 30, 2020

ASSETS AND DEFERRED OUTFLOW OF RESOURCES

Current assets:	
Cash and cash equivalents	\$ 11,791,133
Investments	6,410,029
Accounts receivable, net of allowance for doubtful accounts of \$111,162	1,121,148
Notes receivable - current	55,006
Interest receivable	11,962
Due from other funds	28
Inventory	164,222
Prepaid items	<u>128,184</u>
Total current assets	<u>19,681,712</u>
Noncurrent assets:	
Restricted assets:	
Cash and cash equivalents	<u>1,923,314</u>
Total restricted assets	<u>1,923,314</u>
Other assets:	
Notes receivable - long-term	<u>557,292</u>
Total other assets	<u>557,292</u>
Capital assets:	
Land and improvements	14,390,177
Buildings and improvements	10,483,189
Water distribution systems	34,845,337
Wastewater distribution systems	25,985,254
Wells	4,822,505
Equipment	9,063,533
Construction in progress	<u>2,315,136</u>
Total capital assets	101,905,131
Less accumulated depreciation	<u>(37,618,564)</u>
Total capital assets, net	<u>64,286,567</u>
Total assets	<u>\$ 86,448,885</u>
Deferred outflows of resources:	
Accumulated decrease in fair value of derivative instruments	\$ 3,301,447
Deferred amounts on refunding	752,759
Other postemployment benefit	<u>75,323</u>
Total deferred outflows of resources	<u>\$ 4,129,529</u>

See notes to basic financial statements.

TOWN OF JUPITER ISLAND, FLORIDA
STATEMENT OF NET POSITION, CONTINUED
ENTERPRISE FUND (SOUTH MARTIN REGIONAL UTILITY)
September 30, 2020

LIABILITIES AND NET POSITION

Current liabilities:	
Accounts payable	\$ 274,363
Accrued liabilities	61,884
Due to other funds	38,275
Current portion of notes payable	<u>271,009</u>
Total current liabilities	<u>645,531</u>
Current liabilities payable from restricted assets:	
Accounts payable	266,041
Accrued interest payable	246,646
Current portion of notes payable	<u>14,077</u>
Total current liabilities payable from restricted assets	<u>526,764</u>
Noncurrent liabilities:	
Compensated absences payable	123,819
Other postemployment benefits payable	292,766
Derivative instruments - interest rate swap	3,301,447
Notes payable	11,449,277
Revenue bonds payable, net of unamortized premium	<u>28,273,242</u>
Total noncurrent liabilities	<u>43,440,551</u>
Total liabilities	<u>\$ 44,612,846</u>
Net position:	
Net investment in capital assets	\$ 24,278,962
Restricted	1,396,550
Unrestricted	<u>20,290,056</u>
Total net position	<u>\$ 45,965,568</u>

See notes to basic financial statements.

TOWN OF JUPITER ISLAND, FLORIDA
STATEMENT OF REVENUE, EXPENSES AND CHANGES IN FUND NET POSITION
ENTERPRISE FUND (SOUTH MARTIN REGIONAL UTILITY)
For the Year Ended September 30, 2020

Operating revenue:	
Water	\$ 7,697,042
Wastewater	3,315,675
Irrigation quality water	374,743
Accrued guaranteed revenue fees	211,441
Other	<u>87,098</u>
 Total operating revenue	 <u>11,685,999</u>
 Operating expenses:	
Personal services	3,141,839
Operating expenses	3,399,015
Depreciation	<u>2,106,078</u>
 Total operating expenses	 <u>8,646,932</u>
 Operating income	 <u>3,039,067</u>
 Nonoperating revenue (expenses):	
Interest income	268,395
Other income	143,124
Loss on disposal of assets	(3,664)
Interest expense	(2,191,278)
Amortization	<u>(131,826)</u>
 Total nonoperating revenue (expenses)	 <u>(1,915,249)</u>
 Income before capital contributions	 1,123,818
Capital contributions	<u>406,860</u>
 Change in net position	 1,530,678
Net position, beginning of year	<u>44,434,890</u>
 Net position, end of year	 <u>\$ 45,965,568</u>

See notes to basic financial statements.

TOWN OF JUPITER ISLAND, FLORIDA
STATEMENT OF CASH FLOWS
ENTERPRISE FUND (SOUTH MARTIN REGIONAL UTILITY)
For the Year Ended September 30, 2020

Cash flows from operating activities:	
Cash received from customers	\$ 11,734,898
Cash received for interfund services provided	38,099
Cash received from others	143,124
Cash paid to suppliers and contractors	(3,159,539)
Cash paid to employees	(3,079,567)
Cash paid for interfund services	<u>(485,000)</u>
Net cash provided by operating activities	<u>5,192,015</u>
Cash flows from capital and related financing activities:	
Capital contributions	319,891
Principal received on notes receivable	134,203
Principal payoff on Series 2010 revenue bonds payable	(29,725,000)
Proceeds from Series 2020 revenue bonds payable	27,515,000
Principal paid on notes payable	(675,023)
Acquisition and construction of capital assets	(2,119,032)
Payment of interest	<u>(2,228,007)</u>
Net cash used in capital and related financing activities	<u>(6,777,968)</u>
Cash flows from investing activities:	
Interest received	58,661
Proceeds from sale of investments	6,277,000
Purchase of investments	<u>(6,202,743)</u>
Net cash provided by investing activities	<u>132,918</u>
Net decrease in cash and cash equivalents	(1,453,035)
Cash and cash equivalents, beginning of year	<u>15,167,482</u>
Cash and cash equivalents, end of year	<u>\$ 13,714,447</u>
Reconciliation of cash and cash equivalents to statement of net position:	
Unrestricted cash and cash equivalents	\$ 11,791,133
Restricted cash and cash equivalents	<u>1,923,314</u>
Cash and cash equivalents, end of year	<u>\$ 13,714,447</u>

See notes to basic financial statements.

TOWN OF JUPITER ISLAND, FLORIDA
STATEMENT OF CASH FLOWS, CONTINUED
ENTERPRISE FUND (SOUTH MARTIN REGIONAL UTILITY)
Year Ended September 30, 2020

Reconciliation of operating income to net cash provided by operating activities:

Operating income	\$ 3,039,067
Adjustments to reconcile operating income to net cash provided by operating activities:	
Provision for uncollectible accounts	20,319
Depreciation	2,106,078
Other income	143,124
Changes in operating assets and liabilities:	
Accounts receivable	28,580
Inventory	(54,068)
Prepaid items	(100,117)
Due from other funds	38,099
Accounts payable	(91,339)
Accrued liabilities	16,000
Compensated absences payable	31,097
Other postemployment benefits	<u>15,175</u>
Net cash provided by operating activities	<u>\$ 5,192,015</u>
Supplemental disclosure of noncash capital and related financing activities:	
Amortization of deferred amounts on refunding	<u>\$ (131,826)</u>
Notes receivable for capital contributions	<u>\$ 86,969</u>

See notes to basic financial statements.

TOWN OF JUPITER ISLAND, FLORIDA
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
September 30, 2020

	<u>Pension Trust Funds</u>	<u>Private- Purpose Trust Fund</u>	<u>Agency Fund</u>
ASSETS			
Assets:			
Cash and cash equivalents	\$ 282,914	\$ 28,525	\$ 19,271
Unallocated cash in transit	36,200	-	-
Investments	15,975,300	-	-
Employer contributions receivable	559,453	-	-
Loans receivable	<u>94,751</u>	<u>-</u>	<u>-</u>
 Total assets	 <u>\$ 16,948,618</u>	 <u>\$ 28,525</u>	 <u>\$ 19,271</u>
LIABILITIES			
Liabilities:			
Due to employees	\$ -	\$ -	\$ 19,271
Due to other funds	<u>-</u>	<u>6,000</u>	<u>-</u>
 Total liabilities	 <u>-</u>	 <u>6,000</u>	 <u>19,271</u>
NET POSITION			
Net position restricted for pensions and other purposes	<u>\$ 16,948,618</u>	<u>\$ 22,525</u>	<u>\$ -</u>

See notes to basic financial statements.

TOWN OF JUPITER ISLAND, FLORIDA
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
Year Ended September 30, 2020

	<u>Pension Trust Funds</u>	<u>Private- Purpose Trust Fund</u>
Additions:		
Contributions:		
Employer	\$ 1,150,052	\$ -
Investment income	<u>1,180,891</u>	<u>-</u>
Total additions	<u>2,330,943</u>	<u>-</u>
Deductions:		
Payments to retirees and employees	1,434,548	-
Investment fee expense	16,951	-
Scholarships	-	8,000
Bank charges	<u>-</u>	<u>194</u>
Total deductions	<u>1,451,499</u>	<u>8,194</u>
Change in net position	879,444	(8,194)
Net position, beginning of year	<u>16,069,174</u>	<u>30,719</u>
Net position, end of year	<u>\$ 16,948,618</u>	<u>\$ 22,525</u>

See notes to basic financial statements.

TOWN OF JUPITER ISLAND, FLORIDA
Notes to Basic Financial Statements
September 30, 2020

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Town of Jupiter Island, Florida, (the “Town”) is a political subdivision incorporated under the authority of Chapter 165, Florida Statutes, and was established by House Bill 582, Laws of Florida, 1953. The Town is governed by five Commissioners elected by residents of the Town. The Town’s major governmental activities include general government, public safety, roads, sanitation, and building and land development. The business-type activity of the Town includes the water and wastewater utility.

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

The more significant of the Town’s accounting policies are described below.

Financial Reporting Entity

As defined by U.S. generally accepted accounting principles, the financial reporting entity consists of (a) the primary government, (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the primary government is not accountable, but for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity’s financial statements to be misleading or incomplete. Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. In addition, component units can be other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity’s financial statements to be misleading or incomplete.

Based on the application of the criteria set forth by GASB, Jupiter Island Beach Protection District (the “District”) is included in the Town’s financial reporting entity as a blended component unit reported in a governmental (special revenue) fund, the *Beach Protection Fund*. The District is a special taxing district created on April 9, 1982, by the Laws of Florida, Chapter 82-331, to protect and maintain the Town’s beaches. The governing body of the District is the Town Commission and the Town handles the management and administration of the District’s financial matters. Separate financial statements of the District are not prepared. Furthermore, the Town is not aware of any entity that would consider the Town to be a component unit.

Jointly Governed Organization

The Town participates in the Treasure Coast Regional Utilities Organization (“TCRU”) which includes seven local governments in Martin and St. Lucie counties. TCRU was formed to develop joint plans for the treatment and disposal of wastewater biosolids and additional utility plans or projects as needed and agreed upon by the members. The Town has no ongoing financial interest or obligation.

Government-wide Financial Statements

The government-wide financial statements consist of the statement of net position and the statement of activities and report information on all non-fiduciary activities of the Town and its component unit. These statements include separate columns for the *governmental activities*, which are normally supported by taxes and intergovernmental revenue, and the *business-type activity* which relies primarily on fees and charges for support.

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 enterprise fund operations 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. All internal balances in the statement of net position have been eliminated except those representing balances between the governmental activities and business-type activity, which are presented as internal balances and eliminated in the total column. In the statement of activities, all interfund transactions have been eliminated except for the charges between the Town's governmental activities and business-type activity.

The statement of activities demonstrates the degree to which the direct expenses of a given function or identifiable activity is offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or identifiable activity. *Program revenue* includes three categories of transactions: (1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment; (2) operating grants and contributions; and (3) capital grants and contributions. Taxes and other items not meeting the definition of program revenue are reported as *general revenue*. The Town does not allocate indirect costs, however, an administrative service fee is charged by the general fund to other operating funds that is eliminated like a reimbursement (reducing revenue and expense in the general fund) to recover the direct costs of general fund services provided (such as finance, legal, human resources, information systems, etc.).

Fund Financial Statements

The underlying accounting system of the Town is organized and operated on the basis of separate funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures or expenses, as appropriate.

Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The funds used by the Town are classified into three categories: *governmental*, *enterprise* and *fiduciary*. Separate financial statements are provided for governmental funds, enterprise funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. The Town's major governmental funds and enterprise fund are reported as separate columns in the fund financial statements.

Governmental Fund Financial Statements – Governmental fund financial statements include a balance sheet and a statement of revenue, expenditures and changes in fund balance for all major governmental funds and nonmajor funds in the aggregate. An accompanying schedule is presented to reconcile and explain the differences in fund balance and changes in fund balance as presented in these statements, to the net position and changes in net position presented in the government-wide financial statements. The Town's major governmental funds are:

The *General Fund* is the Town's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The *Beach Protection Fund* accounts for the operations of the Jupiter Island Beach Protection District, which is included as a blended component unit within the Town's financial statements.

Additionally, the Town reports the following nonmajor funds:

The *Electric Underground Fund* accounts for the proceeds of property tax revenue designated for the repayment of principal and interest on general obligation debt reported in governmental activities in the statement of net position.

The *Special Law Enforcement Fund* accounts for the proceeds from law enforcement forfeitures. Expenditures from this fund are made only for public safety purposes.

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Enterprise Fund Financial Statements – Enterprise fund reporting focuses on the determination of operating income, changes in net position, and cash flows. The Town's sole enterprise fund is described below:

The *Water and Wastewater Fund* is used to account for operations of South Martin Regional Utilities (SMRU), the Town's water, wastewater, and irrigation quality water utility system.

Fiduciary Fund Financial Statements – Fiduciary fund financial statements include a statement of fiduciary net position and a statement of changes in fiduciary net position. The Town's fiduciary funds are presented in the fund financial statements by type: *pension*, *private-purpose* and *agency*. Since, by definition, these assets are being held for the benefit of third parties (pension participants and Town employees) and cannot be used to finance activities or obligations of the government, these funds are not included in the government-wide financial statements.

The Fiduciary Funds of the Town are as follows:

The *Pension Trust Funds* are used to account for assets held in a trustee capacity for the retirement pensions of Town employees.

The *Private-Purpose Trust Fund* is used to account for donations made by citizens to provide college scholarships and emergency assistance to Town employees and their families.

The *Town Employees Agency Fund* accounts for donations made by citizens for Christmas gifts to Town employees.

Measurement Focus and Basis of Accounting

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. Revenue is recognized when earned and expenses are recognized when incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue 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. The agency fund does not have a measurement focus.

Governmental fund financial statements are reported using the *current financial resources measurement* focus and the *modified accrual basis of accounting*. Under the modified accrual basis of accounting, revenue is recognized in the period in which it becomes both measurable and available. Revenue is considered to be available when it is collectible within the current period or soon enough thereafter to pay liabilities of the current period. The Town considers revenue to be available if it is collected within 60-days of the end of the current fiscal year. Expenditures are generally recognized in the accounting period in which the fund liability is incurred, except for principal and interest on general long-term debt, which is recognized when due. Property taxes, intergovernmental revenue, franchise fees, charges for services and investment income are all considered susceptible to accrual and have been recognized as revenue of the current fiscal year. All other revenue items are considered to be measurable and available only when received in cash by the Town.

Enterprise fund financial statements distinguish *operating* revenue and expenses from *nonoperating* items. Operating revenue and expenses generally result from providing services and producing and delivering goods in connection with the enterprise fund's principal ongoing operations. The principal operating revenue of the water and wastewater enterprise fund is charges to customers for sales and services. The enterprise fund also recognizes as operating revenue the portion of connection fees intended to recover the cost of connecting new customers to the system. Operating expenses for the water and wastewater enterprise fund include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenue and expenses not meeting this definition are reported as nonoperating revenue and expenses.

Cash and Cash Equivalents

The Town's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Investments

The Town's investments for all funds, except the pension trust funds, consist of U.S. Government securities with a maturity greater than three months and are carried at fair value. Investments also include Florida Prime (an investment pool administered by the Florida State Board of Administration). Florida Prime currently meets all of the necessary criteria to measure all of the investments in Florida Prime at amortized cost. The amortized cost account balance should also be considered the fair value of the investment. The principal, and any part thereof, is subject to payment at any time from the moneys in the trust fund. However, on the occurrence of an event that has a material impact on liquidity or operations of the trust fund, a maximum 15-day limit may be imposed on contributions and withdrawals. The State Board of Administration administers the Florida Prime investments pursuant to Chapter 19-7 of the Florida Administrative Code. These rules provide guidance and establish the general operating procedures for the administration of Florida Prime. Investments in the Town's pension funds consist of mutual funds. All investments are reported at fair value using quoted market prices or the best estimate available. The difference between cost and fair value of investments held is recorded as net unrealized gains or losses and is included in net investment earnings.

Accounts Receivable

General government accounts receivable include amounts due from other governments and charges for miscellaneous services. Accounts receivable reported in the enterprise fund represent amounts due for water and wastewater services to utility customers, who are local businesses and residents. The Town does not require collateral for accounts receivable. Accounts receivable are reported net of an allowance for doubtful accounts determined based on the age of the individual receivable, with age categories ranging from 30-days past due to several years past due. Generally, the allowance includes accounts over 90-days past due. Accounts receivable are written off on an individual basis in the year the Town deems them uncollectible.

Unbilled Accounts Receivable

The enterprise fund recognizes revenue on the basis of monthly cycle billings to customers for services provided. As a result of this cycle billing method, there are unbilled receivables at the end of each fiscal year with respect to services provided, but not billed at such date. The estimated value of services provided but unbilled at year end has been included in the accompanying financial statements.

Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

Restricted Assets

Certain assets of the enterprise fund are restricted by bond and loan covenants for construction, and other amounts legally required to be set aside for debt service, operations renewal and replacement and capital improvements. Restricted resources are used first to fund expenses incurred for restricted purposes.

Inventory

Inventory consists of materials and supplies which are carried at cost in the governmental funds and at the lower of cost (first-in, first-out) or market in the enterprise fund. The Town uses the consumption method, wherein all inventories are maintained by perpetual records, expensed when used, and adjusted by an annual physical count.

Capital Assets

The Town has reported all capital assets, including infrastructure assets (roads, sidewalks and similar items), in the government-wide statement of net position. Capital assets are defined by the Town as assets with an initial, individual cost of more than \$1,000 and an estimated useful life in excess of one year. Capital assets are recorded at cost or, if donated, fair value at the date of donation. Expenses which materially extend the useful life of existing assets are capitalized. Certain costs for professional services and interest associated with the acquisition and construction of enterprise fund capital assets have been capitalized. The cost of capital assets sold or retired is removed from the appropriate accounts and any resulting gain or loss is included in the change in net position.

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Depreciation is computed using the straight-line method over the estimated useful lives of all reported capital assets, except land. Estimated useful lives assigned to the various categories of assets are as follows:

Buildings and improvements	15-65 years
Water distribution system	40-75 years
Wastewater collection systems	40-75 years
Wells	50-75 years
Equipment	2-15 years
Roads	10-20 years
Beach renourishment	5 years

Debt Premiums, Discounts and Issuance Costs

On the government-wide statement of net position and the enterprise fund type statement of net position, debt premiums and discounts are netted against debt payable and debt issuance costs are recognized as an outflow of resources in the period incurred.

At the governmental fund reporting level, debt premiums and discounts are reported as other financing sources and uses, separately from the face amount of the debt issued. Debt issuance costs are reported as debt service expenditures.

Internal Balances

Amounts reported in the fund financial statements as interfund receivables and payables are eliminated in the government-wide governmental and business-type activity columns of the statement of net position.

Compensated Absences

The Town records vacation pay as an expenditure in the year it is earned, including accruals for related payroll taxes. Employees may accumulate up to two years of vacation leave beyond the end of the fiscal year in which it is earned. Employees accrue sick leave at the rate of eight hours per month up to a maximum of 240 hours until retirement or termination, at which time they are paid for 50% of the unused sick leave, subject to certain maximums. Accordingly, the Town accrues 50% of eligible, unused employee sick leave and related payroll taxes and benefits in the year it is earned. The liability for compensated absences attributable to the Town's governmental fund is recorded in the government-wide financial statements and is generally liquidated by the general fund. The amount attributable to the business-type activity is charged to expense with a corresponding liability established in the government-wide financial statements as well as the enterprise fund.

Other Postemployment Benefits

The Town is required by Florida Statute 112.0801 to allow retirees to buy healthcare coverage at the same group insurance rates that current employees are charged. Retirees pay the full cost of the insurance. The Town provides no other postemployment benefits to employees.

Deferred Outflows and Inflows of Resources

In addition to assets and liabilities, the government-wide statement of net position, the governmental funds balance sheet, and the enterprise fund statement of net position will sometimes report a separate section for deferred outflows or deferred inflows of resources. The 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 (revenues) until that time. The Town has no items that qualify for reporting as deferred inflows of resources.

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The 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 that time. The Town has an accumulated decrease in fair value of derivative instruments, refunding loss on bonds payable, pension resources, and other postemployment benefits which qualify for reporting as deferred outflow of resources and pension resources as deferred inflows on the government-wide statement of net position and enterprise fund statement of net position. The accumulated decrease in fair value of derivative instruments was the fair value of the Town's interest rate swap agreement at September 30, 2020. The refunding loss on bonds payable was a loss resulting from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The deferred outflow and deferred inflow of pension resources is reported for governmental activities. See Note 14 for more information on this line item. See Note 16 for more information on the deferred outflow of other postemployment benefits.

Fund Equity

Fund equity at the governmental fund financial reporting level is classified as "fund balance." Fund equity for all other reporting is classified as "net position."

Governmental Fund Balances

Generally, governmental fund balances represent the difference between the current assets and deferred outflows of resources, and current liabilities and deferred inflows of resources. 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 resources can be spent. Fund balances are classified as follows:

Nonspendable – Nonspendable fund balances are amounts that cannot be spent because they are either (a) not in spendable form – such as inventory or prepaid insurance or (b) legally or contractually required to be maintained intact – such as a trust that must be retained in perpetuity.

Restricted Fund Balance – Restricted fund balances are restricted when constraints placed on the use of the resources are (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or (b) imposed by law through constitutional provisions or enabling legislation.

Restrictions are placed on fund balances when legally enforceable legislation establishes the Town's right to assess, levy, or charge fees to be used for a specific purpose. Legal enforceability means that the Town can be compelled by an external party (e.g., citizens, public interest groups, the judiciary) to use resources created by enabling legislation only for the purposes specified by the legislation.

Committed Fund Balance – Committed fund balances are amounts that can be used for specific purposes as a result of constraints imposed by the Commission of the Town. Committed amounts cannot be used for any other purpose unless the Commission removes those constraints by taking the same type of action (e.g., legislation, resolution, and ordinance). Amounts in the committed fund balance classification may be used for other purposes with appropriate due process by the Commission.

Committed fund balances differ from restricted balances because the constraints on their use do not come from outside parties, constitutional provisions, or enabling legislation.

Assigned Fund Balance – Assigned fund balances are amounts that are constrained by the Town's intent to be used for specific purposes, but are neither restricted nor committed.

Assigned fund balance includes (a) all remaining amounts that are reported in governmental funds (other than the General Fund) that are not classified as nonspendable, restricted, or committed, and (b) amounts in the General Fund that are intended to be used for a specific purpose. Specific amounts that are not restricted or committed in a special revenue, capital projects, debt service, or permanent fund, are assigned for purposes in accordance with the nature of their fund type. Assignment within the general fund conveys that the intended use of those amounts is for a specific purpose that is narrower than the general purposes of the Town itself.

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Unassigned Fund Balance – Unassigned fund balance is the residual classification of the general fund. This classification represents the general 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.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the Town considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the Town considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the Town Commission has provided otherwise.

Net Position

Net position represents the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources. The categories of net position are as follows:

Net Investment in Capital Assets – This component of net position consists of the cost of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets.

Restricted – This component of net position consists of constraints placed on the use of net position by external restrictions imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.

Unrestricted – This component of net position consists of net position that does not meet the definition of *Net Investment in Capital Assets* or *Restricted*.

The governmental activities reported on the government-wide statement of net position reports \$13,636,495 as restricted. The total amount is restricted by enabling legislation.

The governmental activities reported on the government-wide statement of net position also reports a deficit unrestricted net position of \$631,506. This is related to the construction of electric utility improvements and the transfer of the improvements to an unrelated utility in accordance with executed agreements in 2010 and 2011.

Risk Management

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Town purchases commercial insurance for the risks of losses to which it is exposed. Policy limits and deductibles are reviewed annually by management and established at amounts to provide reasonable protection from significant financial loss. 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/\$300,000 for all claims relating to the same accident. There have been no significant reductions in insurance coverage from the prior year. In addition, there have been no settlements that exceeded insurance coverage for any of the prior three fiscal years.

Interfund Transactions

Transactions between funds during the year consisted of loans, services provided, reimbursements or transfers. Loans are reported as Due from Other Funds and Due to Other Funds as appropriate and are subject to elimination in the government-wide financial statements. Services, deemed to be reasonably equivalent in value, are treated as revenue and expenditures/expenses. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement.

All other interfund transactions are presented as transfers. Transfers within the governmental and business-type activity are eliminated in the government-wide financial statements.

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Property Tax Revenue

Ad valorem property taxes are assessed on property valuations as of January 1st and levied the following October 1st. Taxes are due by March 31st and become delinquent on April 1st when liens are filed against the subject property. Ad valorem taxes are assessed by the Martin County Property Appraiser and collected by the Martin County Tax Collector, which remits the taxes to the Town.

For the fiscal year ended September 30, 2020, the maximum tax levy allowed by a majority vote of the governing body was generally based on a percentage reduction applied to the prior year (2018/2019) property tax revenue. The percentage reduction is calculated based on the compound annual growth rate in the per capita property taxes levied for five preceding fiscal years. The State law allows local governments to adopt a higher millage rate based on the following approval of the governing body: 1) a two-thirds vote to adopt a rate equal to the adjusted current year rolled-back millage rate plus an adjustment for growth in per capita Florida personal income; 2) a two-thirds vote to adopt a rate equal to the adjusted current year rolled-back millage rate plus 10%; or 3) any millage rate approved by unanimous vote or referendum. For the fiscal year ended September 30, 2020, the Town adopted a millage rate permitted by a majority vote of the Town Commission under this formula, which was 2.5480 for the general fund, 1.1746 for the Jupiter Island Beach Protection District (the "District"), and .3306 for the electric underground fund debt service. This millage rate resulted in a total tax levy of \$6,192,425, \$2,803,470, and \$803,460 for 2020, for the general fund, the District, and the electric underground fund, respectively. The property tax levy represents a decrease for the general fund, the District, and the electric underground debt service when compared to the prior year. Future property tax rate increases are generally limited to the annual growth rate for per capita personal income plus the value of new construction.

Grant Revenue

Federal, state and local reimbursement-type grants are recorded as intergovernmental receivables and revenue when the related expenditures/expenses are incurred.

Other Governmental Revenue

Revenue that is susceptible to accrual includes franchise fees, state shared revenues, charges for Town services and interest income. Revenue which is not both available and measurable, and thus not susceptible to accrual, includes licenses and permits and fines and forfeitures.

Use of Estimates

Management uses estimates and assumptions in preparing financial statements in accordance with U.S. generally accepted accounting principles. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenditures. Actual results could vary from the estimates that were used.

At September 30, 2020, the fair value of the Town's cash, cash equivalents and investments, excluding fiduciary funds, included the following:

	Unrestricted	Restricted	Total
Cash and Cash Equivalents:			
Deposits with financial institutions	\$ 8,591,249	\$ 1,335,694	\$ 9,926,943
Florida Prime Fund	<u>21,285,945</u>	<u>587,620</u>	<u>21,873,565</u>
	29,877,194	1,923,314	31,800,508
Investments:			
FL Class	<u>10,916,787</u>	<u>-</u>	<u>10,916,787</u>
Total cash, cash equivalents and investments	<u>\$ 40,793,981</u>	<u>\$ 1,923,314</u>	<u>\$ 42,717,295</u>

2) CASH, CASH EQUIVALENTS AND INVESTMENTS

Cash and Cash Equivalents

At September 30, 2020, the bank balances of the Town's cash and cash equivalents included \$11,259,794 on deposit in demand that were held by financial institutions that comply with the requirements of Florida Statutes and have been designated as a qualified public depository by the State Treasurer of Florida. Fiduciary net assets at September 30, 2020, included cash and cash equivalents with a bank balance of \$48,007 on deposit with qualified public depositories. Qualified public depositories are required to pledge collateral to the State Treasurer with a fair value equal to a percentage of the average daily balance of all government deposits in excess of any federal deposit insurance. In the event of a default by a qualified public depository, all claims for government deposits would be satisfied by the State Treasurer from the proceeds of federal deposit insurance, pledged collateral of the public depository in default and, if necessary, a pro rata assessment to the other qualified public depositories in the collateral pool. Accordingly, the Town's deposits at year end are considered to be fully insured.

Investments

The Town's investment policy and Florida Statutes authorize the Town to invest in the Florida Prime Investment Pool; negotiable direct obligations of or obligations unconditionally guaranteed by the U.S. Government; interest bearing time deposits or savings accounts in financial institutions located in Florida and organized under federal or Florida laws; obligations of the federal farm credit banks, or obligations guaranteed by the Government National Mortgage Association; obligations of the Federal National Mortgage Association and any additional investments specifically authorized by Town ordinance or resolution. Pension trust funds are authorized by Town resolution to also invest in insurance company group annuity contracts and self-directed participant accounts holding investments in money market funds, mutual funds, stocks and debt securities of U.S. corporations.

At September 30, 2020, the fair value of cash, cash equivalents and investments of the Town's fiduciary funds included the following:

Pension Trust Funds:	
Cash and cash equivalents	\$ 282,914
Investments – mutual funds	15,975,300
Private-purpose Trust Fund cash and cash equivalents	28,525
Agency Fund cash and cash equivalents	<u>19,271</u>
Total cash, cash equivalents and investments	<u>\$ 16,306,010</u>

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Generally, the longer the time to maturity, the greater the exposure to interest rate risk. Cash equivalents and U.S. Treasury Bills have a weighted average maturity of less than one year, resulting in minimal interest rate risk. The Town's investment policy does not specifically limit the maturity of investments.

The Florida Prime Investment Pool had a weighted average days to maturity of 37-days, and the weighted average life was 85-days at September 30, 2020. The FL Class Investment Pool had a weighted average days to maturity of 51-days, and the weighted average life was 82-days at September 30, 2020.

Credit Risk

Credit risk is the risk that an issuer will not fulfill its obligations. The Town's investment policy addresses credit risk by limiting allowable investments to the Florida Prime Investment Pool deposits with a financial institution meeting the requirements of a Florida qualified public depository, securities guaranteed by the U.S. Government, or investments that are otherwise fully collateralized or secured. The security rating by a Nationally Recognized Statistical Rating Organization (NRSRO) is also an indication of credit risk.

2) CASH, CASH EQUIVALENTS AND INVESTMENTS (continued)

The NRSRO ratings for the Town's rated investments at September 30, 2020, are summarized as follows:

Investment Type	NRSRO Rating	Fair Value
Florida Prime Investment Pool	AAAm	\$ 21,873,565
FL Class Investment Pool	AAAm	\$10,916,787

Custodial Credit Risk

Custodial credit risk is defined as the risk that the Town may not recover the securities held by another party in the event of a financial failure. The Town's investment policy for custodial credit risk requires all investment securities to be held in the Town's name by a third party safekeeping institution. The pension fund investments in mutual funds are considered unclassified pursuant to the custodial credit risk categories of GASB Statement No. 3. All deposits with financial institutions are with qualified public depositories and are considered fully insured or collateralized pursuant to the custodial credit risk categories of GASB Statement No. 3.

Concentration of Credit Risk

Concentration of credit risk is defined as the risk of loss attributed to+ the magnitude of an investment in a single issuer. The Town's investment policy does not address the concentration of credit risk. Pension mutual fund investments generally limit the securities of a single issuer to no more than 5% of the portfolio fair value.

Foreign Currency Risk

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment. There was no exposure to foreign currency risk in the Town's investments at September 30, 2020.

Limitations or Restrictions on Withdrawals

Florida Prime Investment Pool

With regard to redemption gates, Chapter 218.409(8)(a), Florida Statutes, states that "The principal, and any part thereof, of each account constituting the trust fund is subject to payment at any time from the moneys in the trust fund. However, the Executive Director may, in good faith, on the occurrence of an event that has a material impact on liquidity or operations of the trust fund, for 48-hours limit contributions to or withdrawals from the trust fund to ensure that the Board can invest moneys entrusted to it in exercising its fiduciary responsibility. Such action must be immediately disclosed to all participants, the Trustees, the Joint Legislative Auditing Committee, the Investment Advisory Council, and the Participant Local Advisory Council. The Trustees shall convene an emergency meeting as soon as practicable from the time the Executive Director has instituted such measures and review the necessity of those measures. If the Trustees are unable to convene an emergency meeting before the expiration of the 48-hour moratorium on contributions and withdrawals, the moratorium may be extended by the Executive Director until the Trustees are able to meet to review the necessity for the moratorium. If the Trustees agree with such measures, the Trustees shall vote to continue the measures for up to an additional 15-days. The Trustees must convene and vote to continue any such measures before the expiration of the time limit set, but in no case may the time limit set by the Trustees exceed 15-days."

With regard to liquidity fees, Florida Statute 218.409(4) provides authority for the State Board of Administration to impose penalties for early withdrawal, subject to disclosure in the enrollment materials of the amount and purpose of such fees.

As of September 30, 2020, there were no redemption fees or maximum transaction amounts, or any other requirements that serve to limit a participant's daily access to 100 percent of their account value.

Risks and Uncertainties

The Town's investments include securities and mutual funds which are exposed to various risks, as outlined above. Due to the level of risk associated with certain investments, it is at least reasonably possible that changes in the values of investments will occur in the near-term and that such changes could materially affect the amounts reported in the accompanying financial statements.

2) FAIR VALUE MEASUREMENT

Investments are measured at fair value on a recurring basis. Recurring fair value measurements are those that Governmental Accounting Standards Board (GASB) Statements require or permit in the statement of net position at the end of each reporting period. Fair value measurements are categorized based on the valuation inputs used to measure an asset's fair value: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The fair value measurements of the Town's investments are as follows at September 30, 2020:

Investments by fair value level	September 30, 2020	Fair Value Measurements Using		
		Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Pension Trust Fund investments:				
Debt securities fund types:				
Domestic corporate bonds mutual funds	\$ 1,572,398	\$ 1,572,398	\$ -	\$ -
Foreign corporate bonds mutual funds	<u>283,620</u>	<u>283,620</u>	-	-
Total debt securities fund types	<u>1,856,018</u>	<u>1,856,018</u>	-	-
Equity securities fund types:				
Domestic stocks mutual funds	6,549,294	6,549,294	-	-
International stocks mutual funds	<u>2,224,351</u>	<u>2,224,351</u>	-	-
Total equity securities fund types	<u>8,773,645</u>	<u>8,773,645</u>	-	-
Other fund types:				
Domestic & international stocks and bonds mutual funds	4,415,481	4,415,481	-	-
Domestic stocks & bonds mutual funds	<u>930,156</u>	<u>930,156</u>	-	-
Total other fund types	<u>5,345,637</u>	<u>5,345,637</u>	-	-
Total investments at fair value	<u>\$ 15,975,300</u>	<u>\$ 15,975,300</u>	<u>\$ -</u>	<u>\$ -</u>

Debt and equity securities classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities.

The investment in FL Class Investment Pool is reported at amortized cost.

3) ACCOUNTS RECEIVABLE

Accounts receivable and the related allowance for doubtful accounts at September 30, 2020, are summarized as follows:

	<u>Gross Accounts Receivable</u>	<u>Allowance for Doubtful Accounts</u>	<u>Net Accounts Receivable</u>
Governmental Activities:			
Due from State of Florida	\$ 46,577	\$ -	\$ 46,577
Other miscellaneous services	<u>9,629</u>	<u>-</u>	<u>9,629</u>
Total governmental activities	<u>56,206</u>	<u>-</u>	<u>56,206</u>
Business-type Activity:			
Customer receivables	1,232,310	(111,162)	1,121,148
Accrued interest receivable	<u>11,962</u>	<u>-</u>	<u>11,962</u>
Total business-type activity	<u>1,244,272</u>	<u>(111,162)</u>	<u>1,133,110</u>
	<u>\$ 1,300,478</u>	<u>\$ (111,162)</u>	<u>\$ 1,189,316</u>

4) NOTES RECEIVABLE

The Town has established a program to finance water, wastewater, and irrigation quality water connection charges and administrative costs for customers connecting to the utility system. The Town has financed approximately \$1.1 million of connection charges and related expenses that are payable to the utility system in monthly installments over terms of 20 to 30 years, with interest at rates ranging from 5.25% to 8%. The notes receivable are secured by a lien on the benefited properties. At September 30, 2020, the notes receivable total \$612,298, of which \$55,006 was current.

5) CAPITAL ASSETS

Capital assets activity for the year ended September 30, 2020, is summarized as follows:

	<u>Balance at Beginning of Year</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance at End of Year</u>
Governmental Activities:				
Capital assets not being depreciated:				
Land and improvements	\$ 12,001,009	\$ -	\$ -	\$ 12,001,009
Construction in progress	<u>330,942</u>	<u>1,068,487</u>	<u>(1,314,929)</u>	<u>84,500</u>
Total capital assets not being depreciated	<u>12,331,951</u>	<u>1,068,487</u>	<u>(1,314,929)</u>	<u>12,085,509</u>

6) CAPITAL ASSETS (continued)

	Balance at Beginning of Year	Increases	Decreases	Balance at End of Year
Depreciable capital assets:				
Buildings and improvements	4,537,579	83,069	-	4,620,648
Equipment	3,235,034	273,619	(244,945)	3,263,708
Beach renourishment	50,685,713	-	(6,481)	50,679,232
Roads	<u>1,693,898</u>	<u>1,300,045</u>	<u>-</u>	<u>2,993,943</u>
Total depreciable capital assets	<u>60,152,224</u>	<u>1,656,733</u>	<u>(251,426)</u>	<u>61,557,531</u>
Less accumulated depreciation:				
Buildings and improvements	(1,994,686)	(86,603)	4,961	(2,076,328)
Equipment	(2,039,788)	(334,154)	223,526	(2,150,416)
Beach renourishment	(28,885,791)	(7,944,106)	6,479	(36,823,418)
Roads	<u>(549,000)</u>	<u>(107,921)</u>	<u>-</u>	<u>(656,921)</u>
Total accumulated depreciation	<u>(33,469,265)</u>	<u>(8,472,784)</u>	<u>234,966</u>	<u>(41,707,083)</u>
Depreciable assets, net of accumulated depreciation	<u>26,682,959</u>	<u>(6,816,051)</u>	<u>(16,460)</u>	<u>19,850,448</u>
Total net governmental activities capital assets	<u>\$ 39,014,910</u>	<u>\$ (5,747,564)</u>	<u>\$ (1,331,389)</u>	<u>\$ 31,935,957</u>

Depreciation expense was charged to governmental activities functions as follows:

General government	\$ 116,198
Public safety	184,260
Building	11,702
Public works	209,969
Environmental	<u>7,950,655</u>
Total governmental activities depreciation expense	<u>\$ 8,472,784</u>

The capital assets activity for the business-type activity for the year ended September 30, 2020, is summarized as follows:

	Balance at Beginning of Year	Increases	Decreases	Balance at End of Year
Business-type Activity:				
Capital assets not being depreciated:				
Land and improvements	\$ 14,390,177	\$ -	\$ -	\$ 14,390,177
Construction in progress	<u>2,389,247</u>	<u>1,632,393</u>	<u>(1,706,504)</u>	<u>2,315,136</u>
Total capital assets not being depreciated	<u>16,779,424</u>	<u>1,632,393</u>	<u>(1,706,504)</u>	<u>16,705,313</u>

6) CAPITAL ASSETS (continued)

	Balance at Beginning of Year	Increases	Decreases	Balance at End of Year
Depreciable capital assets:				
Buildings and improvements	10,367,956	115,233	-	10,483,189
Water distribution system	33,530,646	1,314,691	-	34,845,337
Wastewater collection systems	25,885,656	107,454	(7,856)	25,985,254
Wells	4,814,466	17,174	(9,135)	4,822,505
Equipment	<u>8,612,976</u>	<u>638,594</u>	<u>(188,037)</u>	<u>9,063,533</u>
Total depreciable capital assets	<u>83,211,700</u>	<u>2,193,146</u>	<u>(205,028)</u>	<u>85,199,818</u>
Less accumulated depreciation:				
Buildings and improvements	(5,214,760)	(166,986)	-	(5,381,746)
Water distribution systems	(11,606,839)	(683,644)	-	(12,290,483)
Wastewater collection systems	(10,757,698)	(603,827)	7,109	(11,354,416)
Wells	(2,457,661)	(128,895)	6,550	(2,580,006)
Equipment	<u>(5,676,890)</u>	<u>(522,727)</u>	<u>187,704</u>	<u>(6,011,913)</u>
Total accumulated depreciation	<u>(35,713,848)</u>	<u>(2,106,079)</u>	<u>201,363</u>	<u>(37,618,564)</u>
Depreciable assets, net of accumulated depreciation	<u>47,497,852</u>	<u>87,067</u>	<u>(3,665)</u>	<u>47,581,254</u>
Total net business-type activity capital assets	<u>\$ 64,277,276</u>	<u>\$ 1,719,460</u>	<u>\$ (1,710,169)</u>	<u>\$ 64,286,567</u>

7) DERIVATIVE INSTRUMENTS

The Town (on behalf of SMRU) has interest rate swap agreements in effect at September 30, 2020, for the \$9,600,000 Utility System Note Payable, Series 2006 and the Utility System Revenue Refunding Bonds, Series 2020. The fair value balance and notional amount of the derivative instruments outstanding at September 30, 2020, classified by type, and the changes in fair value of such derivative instrument for the year then ended as reported in the 2020 financial statements are as follows:

	Changes in Fair Value		Fair Value at September 30, 2020		
	Classification	Amount	Classification	Amount	Notional Amount
Business-type activity					
Cash-flow hedge:					
Pay fixed interest rate swap – Series 2006	Deferred Outflow	\$ 326,543	Debt	\$ (2,286,360)	\$ 9,441,861
Pay fixed interest rate swap – Series 2020	Deferred Outflow	\$ -	Debt	\$ (1,115,087)	\$ 27,515,000

Objectives

As a means to lower their borrowing costs and increase savings, when compared against fixed-rate refunding bonds at the time of issuance in December 2006 and July 2020, the Town entered into interest rate swaps in connection with the Series 2006 Note and Series 2020 Bonds. The intention of the swap agreements was to effectively change the variable interest rate on the Series 2006 Note to a synthetic rate of 4.26% and the variable interest rate on the Series 2020 Bonds to a synthetic rate of 1.98%.

7) DERIVATIVE INSTRUMENTS (continued)

Terms, Fair Values and Credit Risk

The following table displays the terms, fair values and credit ratings of the swap as of September 30, 2020:

Series 2006 Note

Type:	Receive-variable/Pay-fixed interest rate swap
Objective:	Hedge of changes in cash flows on the Utility System Note Payable, Series 2006
Notional Amount:	Equivalent to the outstanding principal balance of the Series 2006 Note
Effective Date:	January 12, 2007
Maturity Date:	October 1, 2028
Terms:	Pay 4.26%; receive 63.702% of London Interbank Offered Rate (LIBOR) plus 0.75%
Fair Value:	\$(2,286,360)
Counterparty credit rating:	Aa2 by Moody's Investors Services, A+ by Standard and Poor's, and AA- by Fitch Ratings

Series 2020 Bonds

Type:	Receive-variable/Pay-fixed interest rate swap
Objective:	Hedge of changes in cash flows on the Utility System Revenue Refunding Bonds, Series 2020
Notional Amount:	Equivalent to the outstanding principal balance of the Series 2020 Bonds
Effective Date:	July 7, 2020
Maturity Date:	October 1, 2040
Terms:	Pay 1.98%; receive 79% of one month LIBOR plus 1.10%
Fair Value:	\$(1,115,087)
Counterparty credit rating:	BBB+ by Kroll Bond Rating Agency

The Town is exposed to credit risk on hedging derivative instruments that are in asset positions. A potential net asset position for the rate swap agreements will be unsecured and uncollateralized.

Interest Rate Risk

The Town is exposed to interest rate risk on its receive-variable/pay-fixed interest rate swaps. As LIBOR decreases, the Town's net payment on the swaps increases, and conversely, as LIBOR increases, the net payment on the swaps decreases.

Termination Risk

The Town or its counterparty may terminate the derivative instruments if the other party fails to perform under the terms of the contract. If at the time of termination, a derivative instrument is in a liability position, the Town would be liable to the counterparty for a payment equal to the liability.

Rollover Risk

The Town is not exposed to rollover risk on its hedging derivative instruments. The hedging derivative instruments' term extends to the maturity of the hedgeable debt.

8) LIABILITIES PAYABLE FROM RESTRICTED ASSETS

Liabilities payable from restricted assets in the Water and Wastewater enterprise fund (SMRU) at September 30, 2020, are summarized as follows:

Accounts payable	
Renewal and replacement account	\$ 266,041
Accrued interest payable and current principal maturities:	
Debt service account	<u>260,723</u>
Total liabilities payable from restricted assets	<u>\$ 526,764</u>

9) LONG-TERM DEBT

Governmental Activities Debt

On March 20, 2007, the residents of the Town approved a referendum authorizing the issuance of up to \$15 million of general obligation debt to finance the costs of undergrounding the electric distribution system serving the Town. The debt service for the outstanding Series 2007 and 2008 Notes were authorized by the referendum and are payable from ad valorem taxes. The Series 2015 Note Payable and compensated absences are generally liquidated by the General Fund from available non-ad valorem revenues.

Changes in governmental activities long-term debt for the year ended September 30, 2020 are summarized as follows:

	Balance at Beginning of Year	Additions	Retirements	Balance at End of Year	Amounts Due Within One Year
Compensated absences	\$ 239,115	\$ 350,467	\$ (312,624)	\$ 276,958	\$ 108,220
Note payable, Series 2007	2,681,027	-	(258,006)	2,423,021	266,955
Note payable, Series 2008	3,624,128	-	(300,110)	3,324,018	312,500
Other postemployment benefits payable	384,340	8,063	-	392,403	-
Net pension liability	<u>3,135,313</u>	<u>-</u>	<u>(349,181)</u>	<u>2,786,132</u>	<u>-</u>
Governmental activity long- term liabilities	<u>\$ 10,063,923</u>	<u>\$ 358,530</u>	<u>\$ (1,219,921)</u>	<u>\$ 9,202,532</u>	<u>\$ 687,675</u>

Note Payable, Series 2007

On December 12, 2007, the Town issued a \$5.0 million promissory note payable to a financial institution to finance the electric underground project within the Town and to currently refund the outstanding balance of the Series 2006 Note. Principal and interest at 3.56% are payable in annual installments of \$353,450, commencing December 1, 2008, and due on each December 1st through maturity on December 1, 2027. The Series 2007 Note is payable from and secured by a pledge of voter approved property taxes, sufficient to pay all principal and interest on the promissory note.

The principal and interest requirements to maturity for the Note Payable, Series 2007, are as follows:

Year Ending September 30	Principal	Interest	Total
2021	\$ 266,955	\$ 86,495	\$ 353,450
2022	276,695	76,755	353,450
2023	286,545	66,905	353,450
2024	296,746	56,704	353,450
2025	307,183	46,267	353,450
2026-2028	<u>988,897</u>	<u>71,224</u>	<u>1,060,121</u>
	<u>\$ 2,423,021</u>	<u>\$ 404,350</u>	<u>\$ 2,827,371</u>

Note Payable, Series 2008

On September 24, 2008, the Town issued a \$6.0 million promissory note payable to a financial institution to finance the electric underground project within the Town. Principal and interest at 4.11% are payable in annual installments of \$449,061, commencing December 1, 2009, and due on each December 1st through maturity on December 1, 2028. The Series 2008 Note is payable from and secured by a pledge of voter approved property taxes, sufficient to pay all principal and interest on the promissory note.

9) LONG-TERM DEBT (continued)

The principal and interest requirements to maturity for the Note Payable, Series 2008, are as follows:

Year Ending September 30	Principal	Interest	Total
2021	\$ 312,500	\$ 136,561	\$ 449,061
2022	325,344	123,717	449,061
2023	338,716	110,345	449,061
2024	352,637	96,424	449,061
2025	367,130	81,931	449,061
2026-2029	<u>1,627,691</u>	<u>169,130</u>	<u>1,796,821</u>
	<u>\$ 3,324,018</u>	<u>\$ 718,108</u>	<u>\$ 4,042,126</u>

Pledged Tax Revenues

The Town has pledged its future ad valorem tax revenues to repay the outstanding Series 2007 and 2008 Notes issued to finance the electric underground project in the Town. The Series 2007 and 2008 Notes are payable solely from the ad valorem tax revenues received by the Town and are payable through December 1, 2028. Annual principal and interest payments on the notes are expected to require less than 11 percent of ad valorem tax revenues. Total principal and interest remaining to be paid on the Series 2007 and 2008 Notes at September 30, 2020, is \$6,869,497. Principal and interest paid and ad valorem tax revenues received for the current year were \$802,511 and \$6,995,885, respectively.

Business-Type Activity Debt

	Balance at Beginning of Year	Additions	Retirements	Balance at End of Year	Amounts Due Within One Year
Bonds payable:					
Revenue refunding bonds:					
Series 2010	\$ 29,725,000	\$ -	\$(29,725,000)	\$ -	\$ -
Series 2020	-	27,515,000	-	27,515,000	-
Unamortized premium	<u>780,700</u>	<u>-</u>	<u>(22,458)</u>	<u>758,242</u>	<u>-</u>
Total bonds payable	<u>30,505,700</u>	<u>27,515,000</u>	<u>(29,747,458)</u>	<u>28,273,242</u>	<u>-</u>
Notes payable:					
Note payable, Series 2005	399,362	-	(399,362)	-	-
Note payable, Series 2006	9,456,427	-	(14,566)	9,441,861	14,077
Note payable, Series 2007	<u>2,553,597</u>	<u>-</u>	<u>(261,095)</u>	<u>2,292,502</u>	<u>271,009</u>
Total notes payable	<u>12,409,386</u>	<u>-</u>	<u>(635,023)</u>	<u>11,734,363</u>	<u>285,086</u>
Compensated absences	<u>92,722</u>	<u>178,157</u>	<u>(147,060)</u>	<u>123,819</u>	<u>-</u>
Other postemployment benefits payable	<u>286,902</u>	<u>5,864</u>	<u>-</u>	<u>292,766</u>	<u>-</u>
Business-type activity long-term liabilities	<u>\$ 43,294,710</u>	<u>\$ 27,699,021</u>	<u>\$(30,569,541)</u>	<u>\$40,424,190</u>	<u>\$ 285,086</u>

Series 2010 and Series 2020 Utility System Revenue Refunding Bonds Payable

In July 2020, the Town (on behalf of SMRU) issued \$27,515,000 Utility System Revenue Refunding Bonds, Series 2020 (the Series 2020 bonds) for the principal purpose of refunding all of the Town's Series 2010 Bonds. The Series 2020 bonds were dated July 7, 2020, with a variable interest rate of 79% of the 1-month LIBOR plus 110 basis points until maturity on October 1, 2040.

9) LONG-TERM DEBT (continued)

Net proceeds of \$27,515,000 from the Series 2020 Bonds plus \$3,075,364 of sinking fund monies from the Series 2010 Bonds were deposited in an irrevocable trust with an escrow agent on July 7, 2020, and used to purchase U.S. Government securities. Those securities and the interest earnings thereon provided sufficient funds to call and retire \$29,725,000 Series 2010 Bonds on October 1, 2020. As a result, these bonds were considered to be defeased and the liability was removed from the statement of net position.

In connection with the Series 2020 Bonds, the Town entered into a rate conversion agreement with a commercial bank which has the effect of synthetically converting the variable rate borne by the bonds to a fixed rate of 1.98% for the entire term of the bonds.

The future principal and interest requirements for the Series 2020 bonds to maturity are as follows:

Year Ending September 30,	Principal	Interest	Total
2021	\$ -	\$ 127,119	\$ 127,119
2022	450,000	544,797	994,797
2023	495,000	535,887	1,030,887
2024	540,000	526,086	1,066,086
2025	590,000	515,394	1,105,394
2026-2030	2,575,000	2,488,365	5,063,365
2031-2035	9,105,000	1,918,719	11,023,719
2036-2040	11,230,000	935,550	12,165,550
2041	<u>2,530,000</u>	<u>50,094</u>	<u>2,580,094</u>
	<u>\$ 27,515,000</u>	<u>\$ 7,642,011</u>	<u>\$ 35,157,011</u>

Utility System Note Payable, Series 2005

On April 1, 2005, the Town (on behalf of SMRU) issued a \$4.6 million Utility System Promissory Note Payable, Series 2005 (the "Series 2005 Note"), to a local financial institution to refinance the \$5 million Utility System Bond Anticipation Note, Series 2001. Principal and interest at 3.71% were payable in semi-annual installments of \$202,075 on April 1 and October 1. The Series 2005 Note were secured by a pledge of the net revenue of the utility system, subordinate to the pledge for the Utility System Revenue Refunding Bonds, Series 2010. The Series 2005 Note outstanding principal was fully paid in 2020.

Utility System Note Payable, Series 2006

On December 29, 2006, the Town (on behalf of SMRU) issued a \$9.6 million Utility System Note Payable, Series 2006 (the "Series 2006 Note"), to a local financial institution for the purpose of advance refunding \$9,355,000 of the Utility System Revenue Bonds, Series 1998, and to pay certain costs of issuance with respect to the Series 2006 Note and certain costs of issuance with respect to the refunding on January 12, 2007. Principal on the Series 2006 Note is due annually on October 1 and interest is payable monthly at a rate equivalent to 63.7% of the one month London Interbank Offered Rate (LIBOR) plus .75% (0.848% at September 30, 2020). The Series 2006 Note is secured by a pledge of the Town to budget non-ad valorem revenues for repayment of the Series 2006 Note.

The future principal and interest requirements for the Series 2006 Note to maturity assume that current interest rates on the variable rate note and the current reference rate of the hedging derivative instrument will remain the same for their term.

9) LONG-TERM DEBT (continued)

Variable-Rate Note				
Year Ending September 30,	Principal	Interest	Interest Rate Swap, Net	Total
2021	\$ 14,077	\$ 68,794	\$ 338,714	\$ 421,585
2022	15,803	60,151	346,710	422,664
2023	16,485	51,397	354,767	422,649
2024	17,197	42,529	364,017	423,743
2025	16,830	33,546	371,156	421,532
2026-2029	<u>9,361,469</u>	<u>45,634</u>	<u>914,051</u>	<u>10,321,154</u>
	<u>\$ 9,441,861</u>	<u>\$ 302,051</u>	<u>\$ 2,689,415</u>	<u>\$ 12,433,327</u>

Utility System Note Payable, Series 2007

On December 12, 2007, the Town (on behalf of SMRU) issued a \$5.0 million Utility System Promissory Note, Series 2007 (the "Series 2007 Note"), to a local financial institution to finance the cost of improvements to the utility system. Principal and interest at 3.67% are payable in semi-annual installments of \$176,345 on April 1 and October 1 through maturity on October 1, 2027. The Series 2007 Note is secured by a pledge of the Town's non-ad valorem revenue and a pledge of the Town to budget non-ad valorem revenues for repayment of the Series 2007 Note. The future principal and interest requirements for the Series 2007 Note to maturity are as follows:

Year Ending September 30,	Principal	Interest	Total
2021	\$ 271,009	\$ 81,681	\$ 352,690
2022	281,047	71,643	352,690
2023	291,456	61,234	352,690
2024	302,120	50,570	352,690
2025	313,440	39,250	352,690
2026-2028	<u>833,430</u>	<u>46,394</u>	<u>879,824</u>
	<u>\$ 2,292,502</u>	<u>\$ 350,772</u>	<u>\$ 2,643,274</u>

Legal Requirements

The Utility System Revenue Refunding Bonds, Series 2020 were authorized by Town Resolution No. 843, adopted on March 20, 2020, and generally provide for the following covenants:

1. Annual debt service funding by monthly transfers of cash to a debt service account.
2. Maintain a renewal and replacement cash reserve set at 5% of the previous year's gross revenue, or such amount as determined by a certified engineer.
3. Investing of cash reserves in time deposits, direct obligations of the U.S. government or other authorized investments with varying maturity restrictions.
4. Establishment of rates and charges sufficient to provide net revenues of at least 120% of the annual debt service on the outstanding bonds and any subordinated indebtedness.
5. The use of cash and investments are generally restricted to the following priority: operation and maintenance, debt service, reserves, renewal and replacement, and any other lawful purpose.

9) LONG-TERM DEBT (continued)

Pledged Utility Revenues

The Town has pledged the future net revenues (generally customer revenues, net of specific operating expenses) of the utility system to repay the outstanding Series 2020 Bonds issued to finance the acquisition and subsequent improvements to the utility system. The Series 2020 Bonds are payable solely from the utility net revenues and are payable through 2041. Annual principal and interest payments on the Series 2020 Bonds are expected to require approximately 28 percent of utility net revenues. Total principal and interest remaining to be paid on the Series 2020 Bonds at September 30, 2020, is \$35,157,011.

Pledged Non-ad Valorem Revenues

The Town has pledged the future non-ad valorem revenues of its Governmental Funds to repay the outstanding Series 2006 and Series 2007 Utility System Notes Payable issued to finance improvements to the utility system. The Town intends to pay the Series 2006 and Series 2007 Notes from the net revenues of the utility system through maturity on October 1, 2029.

Annual principal and interest payments on the Notes constitute a pledge of approximately 23 percent of the Town's non-ad valorem revenues until 2025 and approximately 85 percent thereafter until maturity. Total principal and interest remaining to be paid on the Series 2006 and Series 2007 Notes at September 30, 2020, is \$15,076,599. Principal and interest paid by the utility system and non-ad valorem revenues pledged for the current year were \$776,497 and \$4,514,418, respectively.

Annual Maturities

As of September 30, 2020, aggregate debt service requirements of the Town's debt (fixed-rate and variable-rate) and net receipts/payments on the associated hedging derivative instrument are as follows. These amounts assume that current interest rates and the current reference rates of the hedging derivative instrument will remain the same for their term. As these rates vary, interest payments on variable-rate bonds and net receipts/payments on the hedging derivative instrument will vary. Refer to Note 7 for information on derivative instruments.

Year Ending September 30,	Principal	Interest	Interest Rate Swap, Net	Total
2021	\$ 864,541	\$ 500,650	\$ 338,714	\$ 1,703,905
2022	1,348,889	877,063	346,710	2,572,662
2023	1,428,202	825,768	354,767	2,608,737
2024	1,508,700	772,314	364,017	2,645,031
2025	1,594,583	716,387	371,156	2,682,126
2026-2030	15,386,487	2,820,746	914,051	19,121,284
2031-2035	9,105,000	1,918,719	-	11,023,719
2036-2040	11,230,000	935,550	-	12,165,550
2041	<u>2,530,000</u>	<u>50,094</u>	<u>-</u>	<u>2,580,094</u>
	<u>\$ 44,996,402</u>	<u>\$ 9,417,291</u>	<u>\$ 2,689,415</u>	<u>\$ 57,103,108</u>

For the year ended September 30, 2020, the Town incurred and expensed total interest charges of \$226,657 in the governmental activities. Interest charges incurred for the business-type activity totaled \$2,191,278 which was expensed.

10) FUND BALANCE

In the fund financial statements, governmental funds report fund equity classifications that comprise a hierarchy based primarily on the extent to which the Town is bound to honor constraints on the specific purpose for which amounts in the funds may be spent. The classifications are as follows:

	General Fund	Beach Protection Fund	Nonmajor Governmental Funds
Nonspendable:			
Prepaid items	\$ 139,638	\$ 3,939	\$ -
Restricted:			
Beach protection	-	13,511,744	-
Debt repayment	-	-	122,101
Public safety	-	-	2,650
Total restricted	-	13,511,744	124,751
Assigned:			
Emergencies	1,000,000	-	-
Compensated absences	115,000	-	-
Uninsured losses and other payments	80,000	-	-
Conservation	451,774	-	-
Beautification and maintenance	165,352	-	-
Criminal justice education and training	93	-	-
Total assigned	1,812,219	-	-
Unassigned	6,761,230	-	-
Total fund balance	\$ 8,713,087	\$ 13,515,683	\$ 124,751

11) RESTRICTED NET POSITION

Assets of the Enterprise Fund were restricted for the following purposes as required by the Town's outstanding revenue refunding bonds at September 30, 2020:

	Restricted Assets	Liabilities Payable from Restricted Assets	Restricted Net Position
Debt service account	\$ 260,723	\$ 260,723	\$ -
Renewal and replacement account	1,662,591	266,041	1,396,550
	\$ 1,923,314	\$ 526,764	\$ 1,396,550

Net position is restricted for the debt service account, debt service reserve account, renewal and replacement account and capital improvement account to the extent that restricted assets exceed the respective liabilities payable from restricted assets.

12) INTERFUND TRANSACTIONS

Interfund receivables and payables at September 30, 2020, are summarized as follows:

Receivable Fund	Payable Fund	Amount
General Fund	Utility Enterprise Fund	\$ 38,247
General Fund	Beach Protection District Fund	\$ 15,827
General Fund	Employee Education Trust Fund	\$ 6,000

The interfund receivables and payables are attributable to reimbursements due to various funds for the disbursement of monies initially made from it that are properly applicable to another fund.

13) CAPITAL CONTRIBUTIONS

The capital contributions to the Water and Wastewater enterprise fund (SMRU) for the year ended September 30, 2020 consisted of connection and other fees of \$406,860. This amount represented \$243,000 for water connections and \$163,860 for wastewater connections.

14) DEFINED BENEFIT PENSION PLAN

Description of the Plan

The Town contributes to a Defined Benefit Pension Plan for Employees of the Town of Jupiter Island (the "Plan"), a single employer plan covering substantially all Town employees not covered by the Town's defined contribution pension plans. The plan is administered by the Town and accounted for as a separate fund. The fiduciaries of the plan consist of the Town Commission and the Committee for the Plan. The Committee for the Plan consists of five individuals appointed by the Town Commission.

The Plan was frozen as of October 1, 2009. Credited service, eligibility service, and average final compensation was frozen for all members except the fourteen (14) employees who were within 5.5 years of age 65 or age 55 with 25 years of service as of that date. Those 14 employees will continue to earn credit toward eligibility for an unreduced early retirement pension benefit. Freezing the Plan decreased the unfunded actuarial liability from \$416,793 to \$95,580.

On April 7, 2016, the Town approved a one-time Early Retirement Incentive Program for eligible employees. To be eligible, employees were required, as of January 31, 2016, to 1) meet the age and service conditions for normal retirement under the frozen Group Retirement Plan, 2) meet the age and service conditions for early retirement under the Retirement Plan, or 3) have completed at least 20-years of employment with the Town, and 4) agree to permanently retire from employment by the Town effective no later than September 30, 2016. The Plan Amendment resulted in an increase in the Town's unfunded actuarially accrued liability in the amount of \$536,779.

At September 30, 2020, the market value of plan assets was less than the actuarial value of plan assets by \$368,220.

The benefit provisions and all other requirements of the Defined Benefit Pension Plan are established by Town ordinance and are summarized as follows:

Plan Eligibility – Full-time employees who are at least age 21 with one year of continuous service.

14) DEFINED BENEFIT PENSION PLAN (continued)

Vesting – Benefits vest after five years of credited service.

Eligibility Requirements and Annual Retirement Benefit:

Normal Retirement – later of age 65 and completion of five years of service. 3% of Final Average Compensation times years of Credited Service.

Reduced Early Retirement – later of age 55 with ten years of credited service. Normal Retirement Benefit reduced by 1/15th per year for the first five years and 1/30th per year for the next five years that the Early Retirement Date precedes the Normal Retirement Date.

Unreduced Early Retirement – later of age 55 with twenty-five years of Credited Service. Normal Retirement Benefit unreduced for Early Retirement.

Other Benefits – The Plan also provides for disability and death benefits.

Plan Membership

Participant data as of October 1, 2020, the date of the most recent actuarial valuation, is as follows:

Retirees and beneficiaries receiving benefits	40
Terminated plan members vested but not yet receiving benefits	20
Active plan members	<u>8</u>
Total	<u>68</u>

Investments

The Pension Committee develops and recommends the plan's investment policy statement which is adopted by the Town Commission. The Town's long-term investment objective is to achieve and maintain a fully funded status with regard to current pension liabilities. The following was the asset allocation strategy as of September 30, 2020:

<u>Asset Class</u>	<u>Target Allocation</u>
Growth:	
Domestic Equity	40%
International Equity	20%
Absolute Return	10%
Real Return	5%
Income	20%
Reserves	<u>5%</u>
Total	<u>100%</u>

The following investments represent 5% or more of the defined benefit plan's fiduciary net position at September 30, 2020:

<u>Mutual Fund</u>	<u>Amount</u>
AMG Yacktman Fund	\$ 662,555
Baird Ultra Short Bond Institutional	\$ 900,376
Chiron Capital Allocation I	\$ 791,184
Dodge & Cox Income Fund	\$ 962,719
First Eagle Global I	\$ 679,505
Vanguard Total Stock Market	\$ 1,681,060

14) DEFINED BENEFIT PENSION PLAN (continued)

For the year ended September 30, 2020, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 5.79%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Net Pension Liability

The components of the net pension liability of the Town as of September 30, 2020, were as follows:

Total pension liability	\$ 12,795,851
Plan fiduciary net position	<u>10,009,719</u>
Town's net pension liability	\$ 2,786,132
Plan fiduciary net position as a percentage of the total pension liability	78.23%

Actuarial Methods and Assumptions

The total pension liability was determined by an actuarial valuation using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial valuation date	September 30, 2020
Discount rate	6.0%
Investment rate of return	6.0%
Projected salary increases, including inflation	3.0%

Discount Rate

The discount rate used to measure the total pension liability was 6.0%. The projection of cash flows used to determine the discount rate assumed that Town contributions will be made at rates equal to actuarially determined contribution rates. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Mortality Rates

The mortality rates were based on the Pub-2010 General Headcount-Weighted Male and Female, projected generationally with MP-2020 Table projected to valuation date by Scale BB.

Changes in Assumptions

The mortality table was changed to match that used by the Florida Retirement System report as of July 1, 2019.

Changes in Methods

There were no changes in methods.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the Town, calculated using the discount rate of 6 percent, as well as what the Town's net pension liability would be if it were calculated using a discount rate that is 1 percent lower (5 percent) or 1 percent higher (7 percent) than the current rate:

Total Pension Liability (1% Decrease – 5%)	\$ 14,005,476
Total Pension Liability (Current Rate)	\$ 12,795,851
Total Pension Liability (1% Increase – 7%)	\$ 11,758,976

14) DEFINED BENEFIT PENSION PLAN (continued)

Changes in Net Pension Liability

	Increase/(Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balances at October 1, 2019	\$ 13,191,054	\$ 10,055,741	\$ 3,135,313
Changes for the year:			
Service cost	25,308	-	25,308
Interest on total pension liability	761,859	-	761,859
Actuarial gains/(losses), net	34,175	-	34,175
Change in assumptions	(201,472)	-	(201,472)
Contributions – employer	-	425,000	(425,000)
Net investment income	-	556,551	(556,551)
Benefit payments	(1,015,073)	(1,015,073)	-
Administrative expenses	-	(12,500)	12,500
Net changes	(395,203)	(46,022)	(349,181)
Balances at September 30, 2020	\$ 12,795,851	\$ 10,009,719	\$ 2,786,132

Pension Expense and Deferred Inflows/Outflows of Resources Related to Pensions

For the year ended September 30, 2020, the Town recognized pension expense of \$470,935. On September 30, 2020, the Town reported deferred outflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Actual investment earnings different than assumed	\$ 408,336	\$ -
Differences between actual and expected experience	118,764	375,103
Changes of assumptions	-	215,271
Total	\$ 527,100	\$ 590,374

Amounts reported as deferred outflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending September 30,	Amount
2021	(188,738)
2022	(80,473)
2023	96,211
2024	99,536
2025	10,188
Thereafter	2

15) DEFINED CONTRIBUTION PENSION PLANS

The Town of Jupiter Island Retirement Plan for SMRU Operations Employees

This plan is a voluntary 401(a) defined contribution pension plan established for the employees of the Town's Utility System (SMRU). The Plan was effective October 1, 2007. The Town employees cannot contribute to the Plan. The Town contributes 10.0% of the employees' annual compensation. Effective October 1, 2018, the Town also contributes a matching contribution, on a dollar-for-dollar basis, of the participant's contributions to the Town of Jupiter Island 457 Plan (the 457 Plan) up to 4.5% of eligible compensation.

15) DEFINED CONTRIBUTION PENSION PLANS (continued)

The contributions vest 100% in year three. Employer contributions to the Plan for the year ended September 30, 2020 were \$253,048. Plan investments are fully participant directed. Plan provisions and contribution requirements are established by the Town Commission and may be amended by future Commission action.

The Town of Jupiter Island 401(a) Plan

This plan is a voluntary 401(a) defined contribution pension plan established for the employees of the Town, except SMRU employees. The Plan was effective October 1, 2009. The Town employees cannot contribute to the Plan. The Town contributes 10.0% of the employees' annual compensation. The Town also contributes a matching contribution, on a dollar-for-dollar basis, of the participant's contributions to the Town of Jupiter Island 457 Plan (the 457 Plan) up to 4.5% of eligible compensation. In the initial plan year beginning October 1, 2009, the Town matched the amount contributed by the participants to the 457 Plan at the rate of two dollars for each dollar up to a maximum match of 2.5% of compensation. The contributions vest 100% in year three. Employer contributions to the Plan for the year ended September 30, 2020, were \$470,797. Plan investments are fully participant directed. Plan provisions and contribution requirements are established by the Town Commission and may be amended by future Commission action.

Pension Plan Financial Statements

The Town's Defined Benefit Pension Plan, SMRU Defined Contribution Pension Plan, and the Town's Defined Contribution Pension Plan do not issue stand-alone GAAP financial reports. Accordingly, the Town is required to present separate financial statements for each plan in the notes to the financial statements. Financial statements for the Town's Defined Benefit Pension Plan, SMRU Defined Contribution Pension Plan, and the Town's Defined Contribution Pension Plan as of and for the year ended September 30, 2020, are as follows:

	Statements of Fiduciary Net Position			Total
	Town Defined Benefit Pension Trust Fund	SMRU Defined Contribution Pension Trust Fund	Town Defined Contribution Pension Trust Fund	
Assets:				
Cash and cash equivalents	\$ 282,914	\$ -	\$ -	\$ 282,914
Investments – mutual funds	9,726,805	2,221,440	4,027,055	15,975,300
Unallocated cash in transit	-	18,000	18,200	36,200
Employer contributions receivable	-	198,957	360,496	559,453
Loans receivable	-	28,648	66,103	94,751
Total assets	<u>\$ 10,009,719</u>	<u>\$ 2,467,045</u>	<u>\$ 4,471,854</u>	<u>\$ 16,948,618</u>
Liabilities:				
Accrued benefits and other liabilities	\$ -	\$ -	\$ -	\$ -
Net position:				
Net position restricted for pensions	<u>\$ 10,009,719</u>	<u>\$ 2,467,045</u>	<u>\$ 4,471,854</u>	<u>\$ 16,948,618</u>

15) DEFINED CONTRIBUTION PENSION PLANS (continued)

	Statements in Fiduciary Net Position			
	Town Defined Benefit Pension Trust Fund	SMRU Defined Contribution Pension Trust Fund	Town Defined Contribution Pension Trust Fund	Total
Additions:				
Employer contributions	\$ 426,207	\$ 253,048	\$ 470,797	\$ 1,150,052
Investment income	<u>559,608</u>	<u>244,012</u>	<u>377,271</u>	<u>1,180,891</u>
Total additions	<u>985,815</u>	<u>497,060</u>	<u>848,068</u>	<u>2,330,943</u>
Deductions:				
Payments to retirees and	1,016,158	163,638	254,752	1,434,548
Investment fee expense	<u>15,336</u>	<u>849</u>	<u>766</u>	<u>16,951</u>
Total deductions	<u>1,031,494</u>	<u>164,487</u>	<u>255,518</u>	<u>1,451,499</u>
Change in net position	(45,679)	332,573	592,550	879,444
Net position, beginning of year	<u>10,055,398</u>	<u>2,134,472</u>	<u>3,879,304</u>	<u>16,069,174</u>
Net position, end of year	<u>\$ 10,009,719</u>	<u>\$ 2,467,045</u>	<u>\$ 4,471,854</u>	<u>\$ 16,948,618</u>

16) OTHER POSTEMPLOYMENT BENEFITS

The Town is required by Florida Statute 112.0801 to allow retirees to buy healthcare coverage at the same *group insurance rates* that current employees are charged resulting in an *implicit* healthcare benefit. The State of Florida prohibits the Plan from separately rating retirees and active employees. The Plan therefore charges both groups an equal, blended rate premium. The Town does not provide retirees with any subsidy for this benefit.

Plan Description

The Town administers a single-employer defined benefit health care plan (the "Plan") that provides health care benefits to eligible retired employees and their beneficiaries. The Town Commission has the authority to establish and amend the premiums for and the benefit provisions of the Plan. The Plan is financed on a "pay-as-you-go" basis and is not administered as a formal qualifying trust. The Plan does not issue a publicly available financial report. There were four retirees eligible to receive benefits as of September 30, 2020.

Benefits Provided

The Town provides healthcare coverage for retirees and their dependents. Benefits are provided through a third-party insurer, and the full cost of the benefits are covered by the retiree.

As of September 30, 2020, the following employees were covered by benefit terms:

Inactive employees currently receiving benefits	3
Active employees	<u>75</u>
Total	<u>78</u>

16) OTHER POSTEMPLOYMENT BENEFITS (continued)

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

Contributions

The retiree contributes the premium cost each month. Spouses and other dependents are also eligible for coverage, although the retiree pays the full cost of the premium. The Town does not subsidize member premiums. Plan members receiving benefits contribute 100% of the monthly premium ranging from a minimum of \$657 to a maximum of \$1,988.

Actuarial Assumptions

The total OPEB liability was determined by an actuarial valuation as of October 1, 2019 rolled forward to September 30, 2020, the measurement date. The following actuarial assumptions applied to all periods in the measurement, unless otherwise noted:

Actuarial Cost Method:	Entry Age Normal
Discount rate	2.14%
Inflation	3.00%
Salary rate increase	5.00%
Healthcare cost trend rates	7.70% initial, decreasing 0.23% per year to 4.50% for years FY 35 and later
Mortality	PubG.H-2010 Mortality Table - General

Discount Rate

The Town does not have a dedicated Trust to pay retiree healthcare benefits. Per GASB 75, the discount rate should be a yield or index rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher (or equivalent quality on another rating scale). A rate of 2.14% is used, which is the S&P Municipal Bond 20-Year High-Grade Rate Index as of September 30, 2020.

Changes in Net OPEB Liability

	Increase/(Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
Balances at October 1, 2019	\$ 671,242	\$ -	\$ 671,242
Changes for the year:			
Service cost	38,451	-	38,451
Interest on total OPEB liability	23,120	-	23,120
Difference between expected and actual experience	(44,719)	-	(44,719)
Change of assumptions and other inputs	47,870	-	47,870
Benefit payments	(49,683)	-	(49,683)
Other changes	(1,112)	-	(1,112)
Net changes	13,927	-	13,927
Balances at September 30, 2020	\$ 685,169	\$ -	\$ 685,169

16) OTHER POSTEMPLOYMENT BENEFITS (continued)

Sensitivity of the Net OPEB Liability to Changes in the Discount Rates

The following presents the net OPEB liability of the Town, as well as what the Town's net OPEB liability would be if it were calculated using a discount rate that is 1 percent lower or 1 percent higher than the current discount rate:

Net OPEB Liability (1% Decrease – 1.14%)	\$ 727,860
Net OPEB Liability (Current Rate – 2.14%)	\$ 685,169
Net OPEB Liability (1% Increase – 3.14%)	\$ 645,851

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

The following presents the net OPEB liability of the Town, as well as what the Town's net OPEB liability would be if it were calculated using a healthcare cost trend rate that is 1 percent lower or 1 percent higher than the current healthcare cost rate:

Net OPEB Liability (1% Decrease – 6.7%)	\$ 636,342
Net OPEB Liability (Current Rate – 7.7%)	\$ 685,169
Net OPEB Liability (1% Increase – 8.7%)	\$ 740,925

OPEB Expense and Deferred Inflows/Outflows of Resources Related to OPEB

For the year ended September 30, 2020, the Town recognized OPEB expense of \$86,136. On September 30, 2020, the Town reported deferred outflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>
Differences between actual and expected experience	\$ 89,578
Changes of assumptions	<u>88,900</u>
Total	<u>\$ 178,478</u>

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

<u>Year Ending September 30,</u>	<u>Amount</u>
2021	\$ 24,566
2022	24,566
2023	24,566
2024	24,566
2025	24,566
Thereafter	<u>55,648</u>
Total	<u>\$ 178,478</u>

17) COMMITMENTS AND CONTINGENCIES

Fire Rescue Services

The Town receives fire rescue services from Martin County, Florida, through an interlocal agreement. The original term of the agreement was five years from October 1, 2010 to September 30, 2015, and the agreement was extended through September 30, 2022. The cost of the services provided by Martin County totaled \$795,085 for the year ended September 30, 2020.

Grants

Amounts received or receivable from grantor agencies are subject to audit and adjustment by those agencies. Any disallowed claims, including amounts already received, might constitute a liability of the Town for the return of those funds.

18) PRONOUNCEMENTS ISSUED, BUT NOT YET ADOPTED

GASB Statement No. 87 - Leases

The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The requirements of this Statement are effective for the fiscal year ending September 30, 2022.

Management has not completed an analysis of the effects of these GASB statements on the financial statements.

19) SIGNIFICANT UNCERTAINTY – IMPACT OF COVID-19

On January 30, 2020, the World Health Organization (WHO) announced a global health emergency because of a new strain of coronavirus (the COVID-19 outbreak) and the risks to the international community as the virus spreads globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally and as a result the United States President declared a national emergency.

The ultimate impact of the COVID-19 pandemic on the Town's operations is unknown and will depend on future developments, which are highly uncertain and cannot be predicted with confidence, including the duration of the COVID-19 outbreak, new information which may emerge concerning the severity of the COVID-19 pandemic, and any additional preventative and protective actions that governments, may direct, which may result in an extended period of operational disruption. Any resulting financial impact cannot be reasonably estimated at this time but could be anticipated to have a material adverse impact on the Town's operations, financial position, and results of operations for fiscal year 2021.

**REQUIRED SUPPLEMENTARY
INFORMATION**

TOWN OF JUPITER ISLAND, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND - NON-GAAP BUDGETARY BASIS
For the Year Ended September 30, 2020

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
Revenue:				
Taxes:				
Ad valorem property taxes	\$ 6,185,088	\$ 6,185,088	\$ 6,192,425	\$ 7,337
Local option gas tax	120,000	120,000	199,438	79,438
Communications tax	<u>70,000</u>	<u>70,000</u>	<u>88,435</u>	<u>18,435</u>
Total taxes	<u>6,375,088</u>	<u>6,375,088</u>	<u>6,480,298</u>	<u>105,210</u>
Licenses and permits:				
Building permits	850,000	850,000	637,827	(212,173)
Alarm permit fee	1,500	1,500	40	(1,460)
Occupational licenses	<u>500</u>	<u>500</u>	<u>1,406</u>	<u>906</u>
Total licenses and permits	<u>852,000</u>	<u>852,000</u>	<u>639,273</u>	<u>(212,727)</u>
Intergovernmental revenue:				
Payment in lieu of taxes	20,000	20,000	18,385	(1,615)
FEMA reimbursement	-	-	136,657	136,657
State shared revenue:				
Half-cent sales tax	85,000	85,000	90,987	5,987
State revenue sharing	22,800	22,800	22,879	79
Fuel tax refund	3,000	3,000	4,218	1,218
Firefighters supplemental	-	-	5,082	5,082
Radon fees	<u>1,200</u>	<u>1,200</u>	<u>1,321</u>	<u>121</u>
Total intergovernmental revenue	<u>132,000</u>	<u>132,000</u>	<u>279,529</u>	<u>147,529</u>
Charges for services:				
Other public safety charges and fees	10,000	10,000	7,032	(2,968)
Brush charges	92,000	92,000	72,500	(19,500)
Board of Adjustment fees	11,000	11,000	6,000	(5,000)
Impact review fees	<u>15,000</u>	<u>15,000</u>	<u>18,000</u>	<u>3,000</u>
Total charges for services	<u>128,000</u>	<u>128,000</u>	<u>103,532</u>	<u>(24,468)</u>
Fines and forfeitures:				
Fines and forfeitures	<u>3,600</u>	<u>3,600</u>	<u>6,499</u>	<u>2,899</u>
Investment income	<u>85,575</u>	<u>85,575</u>	<u>119,702</u>	<u>34,127</u>
Contributions	<u>-</u>	<u>37,500</u>	<u>37,500</u>	<u>-</u>

See notes to required supplementary information.

TOWN OF JUPITER ISLAND, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND - NON-GAAP BUDGETARY BASIS, CONTINUED
For the Year Ended September 30, 2020

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
Revenue, continued				
Miscellaneous				
Lease income	\$ 24,913	\$ 24,913	\$ 24,913	\$ -
Miscellaneous	20,000	20,000	54,206	34,206
Administrative charges:				
Beach Protection District	101,000	101,000	101,000	-
Administrative charges:				
Utility Fund	485,000	485,000	485,000	-
Total miscellaneous	<u>630,913</u>	<u>630,913</u>	<u>665,119</u>	<u>34,206</u>
Total revenue	<u>8,207,176</u>	<u>8,244,676</u>	<u>8,331,452</u>	<u>86,776</u>
Expenditures:				
Administration:				
Personal services:				
Regular salaries and wages	659,300	659,300	628,646	30,654
Other salaries and wages	8,000	-	-	-
FICA taxes	42,947	42,947	35,826	7,121
Medicare taxes	10,044	10,044	9,394	650
Overtime	1,200	2,100	2,048	52
Auto allowance	24,200	24,200	21,231	2,969
Pension contributions - DBP	82,495	82,495	82,495	-
Pension contributions	93,759	93,759	86,316	7,443
Health insurance	101,000	101,000	88,605	12,395
Long-term disability insurance	2,000	2,000	1,734	266
Dental insurance	2,524	2,524	1,858	666
Life insurance	3,000	3,000	2,414	586
Cafeteria plan insurances	10,950	11,100	11,055	45
Short-term disability	1,470	1,470	1,371	99
Workers compensation insurance	1,000	1,000	729	271
Employees assistance program	150	150	137	13
Total personal services	<u>1,044,039</u>	<u>1,037,089</u>	<u>973,859</u>	<u>63,230</u>
Operating expenditures:				
Professional services - legal/employees	80,000	80,000	34,950	45,050
Professional services - legal/general	75,000	100,000	99,085	915

TOWN OF JUPITER ISLAND, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND - NON-GAAP BUDGETARY BASIS, CONTINUED
For the Year Ended September 30, 2020

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Administration, continued				
Operating expenditures-				
legal/pension	\$ 8,000	\$ 8,000	\$ 143	\$ 7,857
Professional services - codification	2,500	2,500	2,116	384
Professional services - business	10,000	10,000	6,765	3,235
Professional services - audit/actuarial	41,000	41,000	24,081	16,919
Professional services - financial	42,000	51,500	51,239	261
Professional services - accounting	6,000	6,000	4,772	1,228
Professional services - public relations	15,000	3,000	2,719	281
Contracted services - archives	6,000	6,000	3,468	2,532
Contracted services - information technology	15,500	11,000	10,342	658
Contracted services - website	-	500	338	162
Travel and per diem	3,500	2,000	335	1,665
Art committee	15,000	-	-	-
Office supplies	8,500	8,500	6,119	2,381
Personnel training	3,000	3,000	1,424	1,576
Personnel services	5,000	9,600	9,508	92
Postage	12,000	12,000	10,407	1,593
Telephone	19,090	31,000	30,555	445
Legal advertising	5,000	8,100	8,063	37
Utilities - electric	12,000	12,000	10,469	1,531
Utilities - water	3,000	3,000	124	2,876
Liability and bond insurance	114,000	104,000	103,060	940
Repair and maintenance - equipment	16,000	1,000	280	720
Repair and maintenance - building	17,000	32,000	31,921	79
Printing and binding	3,500	3,500	2,190	1,310
Other miscellaneous charges	5,000	6,200	6,151	49
Bank charges	800	800	232	568
Bad debt	-	-	-	-
Emergency preparation	3,000	3,000	2,214	786
Computer supplies	1,000	2,500	2,481	19
Lease - copier	3,500	3,500	2,898	602
Small tools and equipment	1,000	3,500	3,341	159
Supplies	-	100	59	41
Books, publications and subscriptions	5,000	5,000	3,526	1,474
Total operating expenditures	556,890	573,800	475,375	98,425

TOWN OF JUPITER ISLAND, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND - NON-GAAP BUDGETARY BASIS, CONTINUED
For the Year Ended September 30, 2020

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
Administration, continued				
Capital outlay:				
Machinery and equipment	\$ 5,000	\$ 39,000	\$ 38,644	\$ 356
Total capital outlay	<u>5,000</u>	<u>39,000</u>	<u>38,644</u>	<u>356</u>
Other uses:				
Contingency	<u>50,000</u>	<u>6,040</u>	<u>5,073</u>	<u>967</u>
Total other uses	<u>50,000</u>	<u>6,040</u>	<u>5,073</u>	<u>967</u>
Total administration	<u>1,655,929</u>	<u>1,655,929</u>	<u>1,492,951</u>	<u>162,978</u>
Public safety:				
Personal services:				
Regular salaries and wages	1,870,791	1,930,000	1,927,142	2,858
FICA taxes	122,179	127,654	125,189	2,465
Medicare taxes	28,574	29,500	29,363	137
Overtime	84,000	110,800	110,435	365
Health insurance	413,000	413,000	401,156	11,844
Long-term disability insurance	7,000	7,000	5,891	1,109
Dental insurance	8,200	8,200	7,378	822
Life insurance	12,000	12,000	8,414	3,586
Cafeteria Plan/HRA	42,000	44,000	42,763	1,237
Short-term disability	3,300	4,600	4,441	159
Workers compensation insurance	30,000	30,000	24,066	5,934
Unemployment compensation	4,000	4,000	-	4,000
Employees assistance program	500	800	618	182
Telephone allowance	8,640	8,800	8,696	104
Clothing and shoe allowance	4,200	4,350	4,350	-
Auto allowance	3,000	3,200	3,023	177
Pension contributions - DBP	215,955	216,000	215,955	45
Pension contributions - DCP	<u>271,265</u>	<u>250,000</u>	<u>246,715</u>	<u>3,285</u>
Total personal services	<u>3,128,604</u>	<u>3,203,904</u>	<u>3,165,595</u>	<u>38,309</u>
Operating expenditures:				
Contracted services - ALS	805,000	805,000	795,085	9,915
Contracted services - general operations	27,000	27,000	17,365	9,635
Investigations	2,000	7,200	7,009	191
Travel and per diem	4,000	4,000	1,310	2,690
Utilities - electric	12,000	12,000	9,072	2,928
Utilities - water	3,600	3,600	2,812	788

TOWN OF JUPITER ISLAND, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND - NON-GAAP BUDGETARY BASIS, CONTINUED
For the Year Ended September 30, 2020

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
Public safety, continued				
Operating expenditures, continued				
Telephone	\$ 45,000	\$ 30,000	\$ 25,581	\$ 4,419
Lease - copier	2,700	3,000	2,914	86
Repair and maintenance - building	10,000	27,500	27,499	1
Vehicle maintenance - police	16,000	16,900	16,859	41
Vehicle maintenance - fire	3,500	3,500	2,816	684
Equipment maintenance - police	5,000	3,200	2,961	239
Equipment maintenance - fire	3,000	3,000	1,390	1,610
Equipment maintenance - security	24,000	23,100	22,408	692
Equipment maintenance - City Watch	750	750	-	750
Other miscellaneous charges	3,000	3,500	3,198	302
Patrol boats maintenance	10,000	10,000	8,674	1,326
Accreditation expense	1,000	7,000	6,885	115
Office supplies	8,000	5,000	4,513	487
Computer supplies	10,000	4,000	3,934	66
Gasoline, diesel and oil	55,000	48,000	47,951	49
Uniforms	7,000	11,100	11,025	75
Uniforms - cleaning	3,600	2,500	2,233	267
Small tools and equipment - police	2,000	5,000	4,913	87
Small tools and equipment - fire	500	1,300	1,204	96
Small tools and equipment - OPS	750	750	-	750
Supplies - police	10,000	13,000	12,479	521
Supplies - fire	7,000	500	96	404
Supplies - EMT	4,000	4,000	1,355	2,645
Books, publications and subscriptions	1,000	2,700	2,627	73
Personnel training - police	7,500	6,500	6,140	360
Personnel training - fire	4,000	3,000	2,814	186
Personnel training - EMT	3,200	-	-	-
Personnel services	1,000	1,000	304	696
Total operating expenditures	<u>1,102,100</u>	<u>1,098,600</u>	<u>1,055,426</u>	<u>43,174</u>
Capital outlay:				
Machinery and equipment - police	76,700	143,000	142,509	491
Machinery and equipment - fire	-	4,000	3,917	83
Machinery and equipment - marine patrol	15,000	8,000	7,047	953
Building improvement	100,000	73,000	72,928	72
Total capital outlay	<u>191,700</u>	<u>228,000</u>	<u>226,401</u>	<u>1,599</u>
Total public safety	<u>4,422,404</u>	<u>4,530,504</u>	<u>4,447,422</u>	<u>83,082</u>

TOWN OF JUPITER ISLAND, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND - NON-GAAP BUDGETARY BASIS, CONTINUED
For the Year Ended September 30, 2020

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
Building:				
Personal services:				
Regular salaries and wages	\$ 393,250	\$ 393,250	\$ 390,460	\$ 2,790
Overtime	3,000	3,300	3,204	96
Auto allowance	12,000	12,100	12,092	8
FICA taxes	25,311	25,300	25,065	235
Medicare taxes	5,920	5,902	5,862	40
Pension contributions - DBP	50,390	50,390	50,390	-
Pension contributions - DCP	54,221	50,000	49,779	221
Health insurance	68,000	55,000	54,456	544
Long-term disability insurance	1,500	1,500	1,118	382
Dental insurance	1,700	1,700	955	745
Life insurance	2,500	2,500	1,506	994
Cafeteria plan	7,300	7,500	7,497	3
Short-term disability	1,000	1,000	773	227
Workers' compensation	2,000	2,000	1,459	541
Employees' Assistance Program	100	200	137	63
	628,192	611,642	604,753	6,889
Operating expenditures:				
Professional services - legal	50,000	53,500	53,109	391
Professional services - comp plan	5,000	-	-	-
Professional services - experts (boards)	2,000	6,500	6,464	36
Professional services - engineering	5,000	-	-	-
Professional services - business	60,000	66,000	65,144	856
Contracted services - archives management	6,000	6,100	6,013	87
Contracted services - information technology	-	500	264	236
Legal advertising	2,500	2,500	356	2,144
Contracted services - web site	1,000	1,000	526	474
Travel and per diem	3,500	3,500	1,594	1,906
Postage	3,500	3,500	2,425	1,075
Telephone	2,000	3,100	3,054	46
Lease - copier	8,000	8,000	5,612	2,388
Vehicle maintenance	1,000	1,000	153	847
Printing and binding	1,000	1,200	1,116	84
Other miscellaneous charges	4,000	4,000	979	3,021
Emergency preparation	1,000	1,000	-	1,000
Mangrove management	50	2,700	2,700	-
Office supplies	3,000	3,000	2,114	886
Computer supplies	10,000	8,700	6,451	2,249
Gasoline, diesel and oil	3,000	3,000	-	3,000
Uniforms	300	300	-	300
Small tools and equipment	500	500	443	57
Books, publications and subscriptions	3,000	3,800	3,717	83
Personnel training	2,000	2,000	955	1,045
	177,350	185,400	163,189	22,211

TOWN OF JUPITER ISLAND, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND - NON-GAAP BUDGETARY BASIS, CONTINUED
For the Year Ended September 30, 2020

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Building, continued				
Capital outlay:				
Machinery and equipment	\$ 20,000	\$ 28,500	\$ 28,329	\$ 171
Total capital outlay	<u>20,000</u>	<u>28,500</u>	<u>28,329</u>	<u>171</u>
Total building	<u>825,542</u>	<u>825,542</u>	<u>796,271</u>	<u>29,271</u>
Solid waste:				
Personal services:				
Regular salaries and wages	487,750	487,750	464,288	23,462
Overtime	10,000	10,500	10,394	106
FICA taxes	31,418	31,418	28,620	2,798
Medicare taxes	7,348	7,348	6,768	580
Pension contributions - DBP	61,763	61,800	61,763	37
Pension contributions - DCP	70,724	70,724	56,487	14,237
Health insurance	177,000	177,000	170,946	6,054
Long-term disability insurance	1,600	1,700	1,663	37
Dental insurance	2,943	2,943	2,548	395
Life insurance	3,000	3,000	2,389	611
Cafeteria plan	14,625	14,700	14,671	29
Short-term disability	1,700	1,700	1,321	379
Workers' compensation insurance	18,000	18,000	16,044	1,956
Unemployment compensation	5,000	5,000	-	5,000
Employees' assistance program	207	207	201	6
Auto allowance	9,000	9,188	9,069	119
Total personal services	<u>902,078</u>	<u>902,978</u>	<u>847,172</u>	<u>55,806</u>
Operating expenditures:				
Utilities	10,000	11,500	11,237	263
Repair and maintenance - building	16,000	16,000	6,907	9,093
Vehicle maintenance	25,000	25,000	20,738	4,262
Equipment maintenance	10,000	14,700	14,608	92
Other miscellaneous charges	10,000	10,000	4,398	5,602
Safety equipment	1,500	1,500	1,479	21
Mosquito and sandfly control	5,000	5,000	821	4,179
Yardwaste recycling	75,000	53,000	48,846	4,154
Refuse landfill fees	23,000	25,500	25,288	212
Recycling expenditures	500	500	450	50
Gasoline, diesel and oil	30,000	30,000	22,218	7,782
Uniforms	5,000	5,000	4,632	368
Animal control	5,000	5,000	571	4,429
Telephone	5,000	6,900	6,878	22

TOWN OF JUPITER ISLAND, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND - NON-GAAP BUDGETARY BASIS, CONTINUED
For the Year Ended September 30, 2020

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Solid waste, continued				
Operating expenditures, continued				
Small tools and equipment	\$ 2,000	\$ 2,000	\$ 818	\$ 1,182
Supplies	<u>11,000</u>	<u>11,000</u>	<u>9,490</u>	<u>1,510</u>
Total operating expenditures	<u>234,000</u>	<u>222,600</u>	<u>179,379</u>	<u>43,221</u>
Capital outlay:				
Buildings	70,000	77,000	76,950	50
Machinery and equipment	<u>45,000</u>	<u>48,500</u>	<u>48,410</u>	<u>90</u>
Total capital outlay	<u>115,000</u>	<u>125,500</u>	<u>125,360</u>	<u>140</u>
Total solid waste	<u>1,251,078</u>	<u>1,251,078</u>	<u>1,151,911</u>	<u>99,167</u>
Roads:				
Operating expenditures:				
Utilities - street lighting	1,500	500	-	500
Clearing and trimming	17,500	15,300	8,595	6,705
Road and ramble maintenance	500	3,700	3,649	51
Stormwater maintenance	6,000	6,000	3,350	2,650
Other miscellaneous charges	500	500	200	300
Signs	<u>5,000</u>	<u>5,000</u>	<u>3,199</u>	<u>1,801</u>
Total operating expenditures	<u>31,000</u>	<u>31,000</u>	<u>18,993</u>	<u>12,007</u>
Capital outlay:				
Roads	<u>550,000</u>	<u>1,000,000</u>	<u>976,653</u>	<u>23,347</u>
Total capital outlay	<u>550,000</u>	<u>1,000,000</u>	<u>976,653</u>	<u>23,347</u>
Total roads	<u>581,000</u>	<u>1,031,000</u>	<u>995,646</u>	<u>35,354</u>
Grounds:				
Personal services:				
Regular salaries and wages	94,980	86,100	86,044	56
Overtime	3,000	1,200	1,156	44
FICA taxes	6,075	5,827	5,360	467
Medicare taxes	1,421	1,421	1,254	167
Pension contributions - DBP	14,397	14,397	14,397	-
Pension contributions - DCP	13,772	11,500	11,318	182
Health insurance	21,700	32,500	32,476	24
Long-term disability insurance	250	500	323	177
Dental insurance	960	960	637	323
Life insurance	500	500	493	7
Cafeteria plan	3,650	3,650	3,650	-
Short-term disability	200	500	220	280
Workers' compensation insurance	9,000	7,300	7,293	7
Employees' assistance program	<u>47</u>	<u>47</u>	<u>39</u>	<u>8</u>
Total personal services	<u>169,952</u>	<u>166,402</u>	<u>164,660</u>	<u>1,742</u>

TOWN OF JUPITER ISLAND, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND - NON-GAAP BUDGETARY BASIS, CONTINUED
For the Year Ended September 30, 2020

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
Grounds, continued				
Operating expenditures:				
Utilities - water	\$ 39,000	\$ 50,500	\$ 50,273	\$ 227
Safety equipment	1,000	-	-	-
Grounds projects	33,000	31,750	31,742	8
Ficas Alley expenses	35,000	38,000	37,720	280
Small tools and equipment	3,000	1,000	959	41
Equipment maintenance	1,500	2,700	2,657	43
Supplies	17,000	14,100	14,012	88
Total operating expenditures	129,500	138,050	137,363	687
Capital outlay:				
Grounds equipment	5,000	-	-	-
Total capital outlay	5,000	-	-	-
Total grounds	304,452	304,452	302,023	2,429
Lethal yellowing	155,000	155,000	144,482	10,518
Beautification and maintenance	40,000	40,000	166	39,834
Conservation	50,375	50,375	11,807	38,568
Total expenditures	9,285,780	9,843,880	9,342,679	501,201
Excess of revenues over expenditures	(1,078,604)	(1,599,204)	(1,011,227)	587,977
Other financing sources				
Transfer from reserves	1,078,604	1,599,204	-	(1,599,204)
Total other financing sources	1,078,604	1,599,204	-	(1,599,204)
Net change in fund balance	-	-	(1,011,227)	(1,011,227)
Fund balance, beginning of year	-	-	9,724,314	9,724,314
Fund balance, end of year	\$ -	\$ -	\$ 8,713,087	\$ 8,713,087

TOWN OF JUPITER ISLAND, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
BEACH PROTECTION FUND - NON-GAAP BUDGETARY BASIS
For the Year Ended September 30, 2020

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
Revenue				
Taxes				
Ad valorem property taxes	\$ 2,800,000	\$ 2,800,000	\$ 2,803,470	\$ 3,470
Intergovernmental revenue				
FEMA Reimbursement	-	-	2,280,465	2,280,465
Total intergovernmental revenue	-	-	2,280,465	2,280,465
Investment income	-	-	108,483	108,483
Miscellaneous revenue	-	-	2,300	2,300
Total miscellaneous	-	-	2,300	2,300
Total revenue	2,800,000	2,800,000	5,194,718	2,394,718
Expenditures:				
General government:				
Beach protection administration:				
Personal services:				
Regular salaries & wages	185,000	204,000	203,606	394
Overtime	-	500	328	172
Auto allowance	6,000	6,100	6,046	54
FICA taxes	12,950	12,950	12,753	197
Medicare taxes	2,987	2,987	2,983	4
Pension contributions- DCP	15,000	20,500	20,181	319
Health insurance	27,486	27,486	22,461	5,025
Long-term disability insurance	1,000	1,000	390	610
Dental insurance	335	335	318	17
Life insurance	850	850	495	355
Cafeteria plan	1,825	2,000	1,903	97
Short-term disability	200	500	310	190
Employees' assistance program	100	500	117	383
Workers' comp insurance	4,242	4,242	690	3,552
Unemployment compensation	-	200	104	96
Total personal services	257,975	284,150	272,685	11,465
Operating expenditures:				
Professional services - legal	25,000	25,000	7,209	17,791
Professional services - lobbying	31,000	34,500	32,875	1,625
Professional services - accounting	22,500	22,500	12,572	9,928
Public relations	5,000	5,000	-	5,000
Other miscellaneous charges	5,000	5,000	4,691	309
Bank charges	500	500	-	500
Beach cleaning	26,000	26,000	26,000	-
Books, publications and subscriptions	1,000	1,000	675	325
Administrative charges -General fund	75,000	75,000	75,000	-
Total operating expenditures	191,000	194,500	159,022	35,478
Total beach protection administration	448,975	478,650	431,707	46,943

TOWN OF JUPITER ISLAND, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
BEACH PROTECTION FUND - NON-GAAP BUDGETARY BASIS, CONTINUED
Year Ended September 30, 2020

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
Environmental:				
Beach protection and monitoring:				
Operating expenditures:				
Travel and per diem	\$ 3,000	\$ 3,000	\$ 121	\$ 2,879
Telephone	1,020	1,020	-	1,020
Equipment maintenance	3,000	3,325	3,050	275
Personnel training	2,500	2,500	2,159	341
Professional services - engineering	100,000	70,000	57,490	12,510
Contingency	100,000	70,000	87	69,913
Total beach protection and monitoring	<u>209,520</u>	<u>149,845</u>	<u>62,907</u>	<u>86,938</u>
Beach protection projects				
Capital outlay:				
Machinery and equipment	7,500	7,500	5,905	1,595
Beach maintenance	20,000	20,000	16,800	3,200
Reef monitoring	225,000	225,000	161,197	63,803
Dune restoration	200,000	200,000	3,893	196,107
Beach profile surveys	45,000	75,000	73,575	1,425
Professional services - engineering	50,000	50,000	16,413	33,587
Total beach protection projects	<u>547,500</u>	<u>577,500</u>	<u>277,783</u>	<u>299,717</u>
Total expenditures	<u>1,205,995</u>	<u>1,205,995</u>	<u>772,397</u>	<u>433,598</u>
Excess of revenues over expenditures	<u>1,594,005</u>	<u>1,594,005</u>	<u>4,422,321</u>	<u>2,828,316</u>
Other financing sources/(uses)				
Transfer to reserves	<u>(1,594,005)</u>	<u>(1,594,005)</u>	<u>-</u>	<u>1,594,005</u>
Total other financing sources	<u>(1,594,005)</u>	<u>(1,594,005)</u>	<u>-</u>	<u>1,594,005</u>
Net change in fund balance	-	-	4,422,321	4,422,321
Fund balance, beginning of year	<u>-</u>	<u>-</u>	<u>9,093,362</u>	<u>9,093,362</u>
Fund balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 13,515,683</u>	<u>\$ 13,515,683</u>

See notes to required supplementary information.

TOWN OF JUPITER ISLAND, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
DEFINED BENEFIT PENSION PLAN SCHEDULE OF CHANGES
IN THE NET PENSION LIABILITY AND RELATED RATIOS
September 30, 2020

	2020	2019	2018	2017	2016	2015	2014
Total Pension Liability							
Service cost	\$ 25,308	\$ 24,603	\$ 31,976	\$ 38,814	\$ 90,976	\$ 149,385	\$ 192,769
Interest on total pension liability	761,859	769,461	774,744	773,506	708,105	696,066	677,086
Change in benefit terms	-	-	-	-	536,779	-	-
Change in assumptions	(201,472)	(25,936)	-	138,141	209,885	-	-
Experience gains/(losses)	34,175	135,365	122,551	84,157	562,872	294,499	288,977
Benefit payments	<u>(1,015,073)</u>	<u>(1,017,594)</u>	<u>(1,007,810)</u>	<u>(1,007,889)</u>	<u>(945,772)</u>	<u>(855,198)</u>	<u>(736,837)</u>
Net change in total pension liability	(395,203)	(114,101)	(78,539)	26,729	1,162,845	284,752	421,995
Total pension liability, beginning	<u>13,191,054</u>	<u>13,305,155</u>	<u>13,383,694</u>	<u>13,356,965</u>	<u>12,194,120</u>	<u>11,909,368</u>	<u>11,487,373</u>
Total pension liability, ending	<u>12,795,851</u>	<u>13,191,054</u>	<u>13,305,155</u>	<u>13,383,694</u>	<u>13,356,965</u>	<u>12,194,120</u>	<u>11,909,368</u>
Plan Fiduciary Net Position							
Contributions	425,000	531,250	318,750	425,000	331,161	331,161	360,411
Net investment income	556,551	161,648	622,037	1,278,521	941,766	(729,843)	634,470
Benefit payments	(1,015,073)	(1,017,594)	(1,007,810)	(1,007,889)	(945,772)	(855,198)	(736,837)
Administrative expenses	<u>(12,500)</u>	<u>(11,820)</u>	<u>(11,310)</u>	<u>(4,453)</u>	<u>(3,551)</u>	<u>(19,520)</u>	<u>-</u>
Net change in plan fiduciary net position	(46,022)	(336,516)	(78,333)	691,179	323,604	(1,273,400)	258,044
Plan fiduciary net position, beginning	<u>10,055,741</u>	<u>10,392,257</u>	<u>10,470,590</u>	<u>9,779,411</u>	<u>9,455,807</u>	<u>10,729,207</u>	<u>10,471,163</u>
Plan fiduciary net position, ending	<u>10,009,719</u>	<u>10,055,741</u>	<u>10,392,257</u>	<u>10,470,590</u>	<u>9,779,411</u>	<u>9,455,807</u>	<u>10,729,207</u>
Net pension liability, ending	<u>\$ 2,786,132</u>	<u>\$ 3,135,313</u>	<u>\$ 2,912,898</u>	<u>\$ 2,913,104</u>	<u>\$ 3,577,554</u>	<u>\$ 2,738,313</u>	<u>\$ 1,180,161</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>78.23%</u>	<u>76.23%</u>	<u>78.11%</u>	<u>78.23%</u>	<u>73.22%</u>	<u>77.54%</u>	<u>90.09%</u>
Covered payroll	\$ 934,044	\$ 870,822	\$ 1,021,979	\$ 1,123,300	\$ 1,123,300	\$ 1,389,114	\$ 1,747,560
Net pension liability as a percentage of covered payroll	<u>298.29%</u>	<u>360.04%</u>	<u>285.03%</u>	<u>259.33%</u>	<u>318.49%</u>	<u>197.13%</u>	<u>67.53%</u>

See notes to required supplementary information.

TOWN OF JUPITER ISLAND, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
DEFINED BENEFIT PENSION PLAN SCHEDULE OF
EMPLOYER CONTRIBUTIONS AND INVESTMENT RETURNS LAST TEN FISCAL YEARS
September 30, 2020

Year Ended	Actuarially Determined Contribution	Actual Contribu- tion	Contribution (Excess)/ Deficiency	Covered Payroll	Contribution Percentage of Covered Payroll	Annual Money Weighted Rate of Return, Net of Investment Expense
September 30, 2020	\$ 434,885	\$ 425,000	\$ 9,885	\$ 934,044	45.50%	5.79%
September 30, 2019	\$ 379,173	\$ 531,250	\$ (152,077)	\$ 870,822	61.01%	1.60%
September 30, 2018	\$ 353,918	\$ 318,750	\$ 35,168	\$ 1,021,979	31.19%	6.20%
September 30, 2017	\$ 367,286	\$ 425,000	\$ (57,714)	\$ 1,123,300	37.83%	13.66%
September 30, 2016	\$ 312,434	\$ 331,161	\$ (18,727)	\$ 1,123,300	29.48%	10.31%
September 30, 2015	\$ 316,624	\$ 331,161	\$ (14,537)	\$ 1,389,114	23.84%	-7.05%
September 30, 2014	\$ 337,348	\$ 360,411	\$ (23,063)	\$ 1,747,560	20.62%	6.23%
September 30, 2013	\$ 399,230	\$ 349,791	\$ 49,439	\$ 1,886,510	18.54%	N/A
September 30, 2012	\$ 291,583	\$ 327,821	\$ (36,238)	\$ 2,054,448	15.96%	N/A
September 30, 2011	\$ 249,731	\$ 420,968	\$ (171,237)	\$ 2,132,391	19.74%	N/A

Note: Information for plan years 2013 and prior is not available.

See notes to required supplementary information.

TOWN OF JUPITER ISLAND, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
DEFINED BENEFIT PENSION PLAN SCHEDULE OF
CHANGES IN TOTAL PENSION LIABILITY LAST TEN FISCAL YEARS
September 30, 2020

Year Ended	Amount of Collective Pension Liability	Percentage of Collective Pension Liability	Covered Payroll	Pension Liability Percentage of Covered Payroll
September 30, 2020	\$ 2,786,132	78.23%	\$ 934,044	298.29%
September 30, 2019	\$ 3,135,313	76.23%	\$ 870,822	360.04%
September 30, 2018	\$ 2,912,898	78.11%	\$ 1,021,979	285.03%
September 30, 2017	\$ 2,913,104	78.23%	\$ 1,123,300	259.33%
September 30, 2016	\$ 3,577,554	73.22%	\$ 1,123,300	318.49%
September 30, 2015	\$ 2,738,313	77.54%	\$ 1,389,114	197.13%
September 30, 2014	\$ 1,180,161	90.09%	\$ 1,747,560	67.53%
September 30, 2013	N/A	N/A	\$ 1,886,510	N/A
September 30, 2012	N/A	N/A	\$ 2,054,448	N/A
September 30, 2011	N/A	N/A	\$ 2,132,391	N/A

Note: Information for plan years 2013 and prior is not available.

See notes to required supplementary information.

TOWN OF JUPITER ISLAND, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLAN
SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY AND RELATED RATIOS
September 30, 2020

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB Liability			
Service cost	\$ 38,451	\$ 27,545	\$ 28,905
Interest on total OPEB liability	23,120	23,738	14,442
Changes of benefit terms	-	-	-
Difference between expected and actual experience	(44,719)	-	183,732
Change of assumptions and other inputs	47,870	2,350	(6,622)
Contributions - employer	-	-	-
Contributions - active and inactive employees	-	-	-
Net investment income	-	-	-
Benefit payments	(49,683)	(70,048)	(67,803)
Administrative expenses	-	-	-
Other changes	<u>(1,112)</u>	<u>478</u>	<u>69,511</u>
Net change in total OPEB liability	13,927	(15,937)	222,165
Total OPEB liability, beginning	<u>671,241</u>	<u>687,178</u>	<u>465,013</u>
Total OPEB liability, ending	<u>\$ 685,168</u>	<u>\$ 671,241</u>	<u>\$ 687,178</u>
Plan Fiduciary Net Position			
Contributions	\$ -	\$ -	\$ -
Net investment income	-	-	-
Benefit payments	-	-	-
Administrative expenses	<u>-</u>	<u>-</u>	<u>-</u>
Net change in plan fiduciary net position	-	-	-
Plan fiduciary net position, beginning	<u>-</u>	<u>-</u>	<u>-</u>
Plan fiduciary net position, ending	<u>-</u>	<u>-</u>	<u>-</u>
Net OPEB liability, ending	<u>\$ 685,168</u>	<u>\$ 671,241</u>	<u>\$ 687,178</u>
Plan fiduciary net position as a percentage of the total OPEB liability	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>
Covered payroll	\$ 5,072,725	\$ 4,762,886	\$ 4,762,886
Net OPEB liability as a percentage of covered payroll	<u>13.51%</u>	<u>14.09%</u>	<u>14.43%</u>

Note: GASB 75 requires information for 10 years. However, until a full ten-year trend is compiled, information will be presented for only those years which information is available.

See notes to required supplementary information.

TOWN OF JUPITER ISLAND, FLORIDA
Notes to Required Supplementary Information
September 30, 2020

1) BUDGETARY ACCOUNTING

State of Florida statutes require that all municipal governments establish budgetary systems and approve annual operating budgets. The Commission annually adopts an operating budget and appropriates funds for the General Fund and Beach Protection Fund on the same modified accrual basis used to record revenue and expenditures, except that for budgetary purposes, capital outlays are reflected as current expenditures within each governmental function. The procedures for establishing budgetary data are as follows:

- ❖ The Town Manager submits to the Commission a proposed operating budget prepared for the fiscal year commencing the following October 1. The operating budget includes proposed expenditures and the means of financing them.
- ❖ Public hearings are conducted to obtain taxpayer comments.
- ❖ The Town advises the County Property Appraiser of the proposed millage rate and the date, time and place of the public hearing for budget acceptance.
- ❖ The budget and related millage rate are legally enacted by Town resolution.
- ❖ Changes or amendments to the adopted budget of the fund or a department must be approved by the Commission; however, the Town Manager may approve changes within a department which do not affect the total departmental expenditures. The Town Manager is also authorized to supplement budgeted line items to and from contingency amounts provided that there is no overall increase in the budget. Accordingly, the legal level of control is at the department level.

The reported budgetary data represents the final appropriated budgets after any amendments adopted by the Town Commission. The budgetary comparison schedules for the General Fund and Beach Protection Fund are prepared under the basis of accounting used in preparing the appropriated budget. Unexpended appropriations lapse at year end.

2) DEFINED BENEFIT PLAN

The information presented in the required supplementary schedules was determined as part of the actuarial valuations at the dates indicated. Additional information as of the latest actuarial valuation was as follows:

Actuarial Valuation Date	September 30, 2020
Actuarial Cost Method	Frozen Entry Age Normal
Actuarial Assumptions:	
Discount Rate	6.0%
Investment rate of return	6.0%
Projected salary increases, including inflation at 3%	3.0%
Mortality:	
Non-Disabled (pre and post-retirement):	
Male	Pub-2010 General Headcount-Weighted Male, Below Median, set back 1 year, projected generationally with MP-2020.
Female	Pub-2010 General Headcount-Weighted Female, Below Median, projected generationally with MP-2020.
Disabled:	
Male	Pub-2010 General Headcount-Weighted Male, Below Median, Disabled Retiree set forward 3 years, projected generationally with MP-2010.
Female	Pub-2010 General Headcount-Weighted Female, Below Median, Disabled Retiree set forward 3 years, projected generationally with MP-2010.

2) DEFINED BENEFIT PLAN (continued)

Termination Rates Age	Probability of Termination	Age	Probability of Termination
20	10.7%	40	3.1%
25	8.0%	45	2.2%
30	5.9%	50	1.1%
35	4.3%	55	0.0%

Disability Rates Age	Probability of Disablement	Age	Probability of Disablement
20	0.084%	40	0.180%
25	0.090%	45	0.306%
30	0.108%	50	0.600%
35	0.138%	55	0.930%

Retirement Rates Age	Probability of Retirement	Age	Probability of Retirement
55	10.0%	61	2.0%
56	2.0%	62	15.0%
57	2.0%	63	2.0%
58	2.0%	64	2.0%
59	2.0%	65	100.0%
60	2.0%		

At the first age at which a participant becomes eligible for an unreduced Early Retirement Benefit, the probability of retirement is increased by 50 basis points. For example, a participant who first becomes eligible for unreduced Early Retirement at age 55 will be assumed to retire with 60% probability.

3) OTHER POSTEMPLOYMENT BENEFIT PLAN

The information presented in the required supplementary schedules was determined as part of the actuarial valuations at the dates indicated. Additional information as of the latest actuarial valuation was as follows:

Actuarial Valuation Date:	October 1, 2019
Measurement Date:	September 30, 2020
Actuarial Cost Method:	Entry Age Normal
Actuarial Assumptions:	
Discount rate	2.14%
Inflation	3.00%
Salary rate increase	5.00%

**OTHER SUPPLEMENTARY
INFORMATION**

TOWN OF JUPITER ISLAND, FLORIDA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
September 30, 2020

	Debt Service Fund	Special Revenue Fund	Total Nonmajor Governmental Funds
	Electric Underground	Special Law Enforcement	
	<u> </u>	<u> </u>	<u> </u>
Assets:			
Cash and cash equivalents	\$ 122,101	\$ 2,640	\$ 124,741
Due from other governments	<u> -</u>	<u> 10</u>	<u> 10</u>
Total assets	<u>\$ 122,101</u>	<u>\$ 2,650</u>	<u>\$ 124,751</u>
Liabilities and fund balance:			
Liabilities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Fund balance:			
Restricted	<u>\$ 122,101</u>	<u>\$ 2,650</u>	<u>\$ 124,751</u>
Total fund balance	<u>122,101</u>	<u>2,650</u>	<u>124,751</u>
Total liabilities and fund balance	<u>\$ 122,101</u>	<u>\$ 2,650</u>	<u>\$ 124,751</u>

TOWN OF JUPITER ISLAND, FLORIDA
COMBINING STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL FUNDS
Year Ended September 30, 2020

	Debt Service Fund	Special Revenue Fund	Total Nonmajor Governmental Funds
	Electric Underground	Special Law Enforcement	
Revenue:			
Taxes	\$ 803,460	\$ -	\$ 803,460
Fines and forfeitures	-	574	574
Investment income	<u>29</u>	<u>-</u>	<u>29</u>
Total revenue	<u>803,489</u>	<u>574</u>	<u>804,063</u>
Expenditures:			
Current:			
Debt service:			
Principal	558,117	-	558,117
Interest	<u>244,394</u>	<u>-</u>	<u>244,394</u>
Total expenditures	<u>802,511</u>	<u>-</u>	<u>802,511</u>
Net change in fund balance	978	574	1,552
Fund balance, beginning of year	<u>121,123</u>	<u>2,076</u>	<u>123,199</u>
Fund balance, end of year	<u>\$ 122,101</u>	<u>\$ 2,650</u>	<u>\$ 124,751</u>

TOWN OF JUPITER ISLAND, FLORIDA
SCHEDULE OF WATER AND WASTEWATER REVENUE REFUNDING BOND COVERAGE
ENTERPRISE FUND (SOUTH MARTIN REGIONAL UTILITY)
Year Ended September 30, 2020

Gross revenue:	
Water	\$ 7,697,042
Wastewater	3,315,675
Irrigation quality water	374,743
Accrued guaranteed revenue fees	211,441
Interest income	268,395
Other	<u>143,253</u>
Total gross revenue	<u>12,010,549</u>
Operating expenses:	
Personal services	3,141,839
Operating expenses	<u>3,399,015</u>
Total operating expenses	<u>6,540,854</u>
Net revenue available for debt service before connection fees	5,469,695
Capital contributions	<u>406,860</u>
Net revenue available for debt service including connection fees	<u>\$ 5,876,555</u>
Scheduled debt service	<u>\$ 901,394</u>
Debt service coverage before connection fees (Minimum required coverage is 1.10)	<u>6.07</u>
Debt service coverage including connection fees (Minimum required coverage is 1.20)	<u>6.52</u>

TOWN OF JUPITER ISLAND, FLORIDA
COMBINING STATEMENT OF FIDUCIARY NET POSITION
PENSION TRUST FUNDS
September 30, 2020

	Town Defined Benefit Pension Trust Fund	SMRU Defined Contribution Pension Trust Fund	Town Defined Contribution Pension Trust Fund	Total Pension Trust Funds
Assets:				
Cash and cash equivalents	\$ 282,914	\$ -	\$ -	\$ 282,914
Unallocated cash in transit	-	18,000	18,200	36,200
Investments - mutual funds	9,726,805	2,221,440	4,027,055	15,975,300
Employer contributions receivable	-	198,957	360,496	559,453
Loans receivable	<u>-</u>	<u>28,648</u>	<u>66,103</u>	<u>94,751</u>
Total assets	<u>10,009,719</u>	<u>2,467,045</u>	<u>4,471,854</u>	<u>16,948,618</u>
Liabilities:				
Accrued benefits and other liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net position:				
Net position restricted for pensions	<u>\$ 10,009,719</u>	<u>\$ 2,467,045</u>	<u>\$ 4,471,854</u>	<u>\$ 16,948,618</u>

TOWN OF JUPITER ISLAND, FLORIDA
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
PENSION TRUST FUNDS
Year Ended September 30, 2020

	Town Defined Benefit Pension Trust Fund	SMRU Defined Contribution Pension Trust Fund	Town Defined Contribution Pension Trust Fund	Total Pension Trust Funds
Additions:				
Contributions:				
Employer	\$ 426,207	\$ 253,048	\$ 470,797	\$ 1,150,052
Investment income	<u>559,608</u>	<u>244,012</u>	<u>377,271</u>	<u>1,180,891</u>
Total additions	<u>985,815</u>	<u>497,060</u>	<u>848,068</u>	<u>2,330,943</u>
Deductions:				
Payments to retirees and employees	1,016,158	163,638	254,752	1,434,548
Investment fee expense	<u>15,336</u>	<u>849</u>	<u>766</u>	<u>16,951</u>
Total deductions	<u>1,031,494</u>	<u>164,487</u>	<u>255,518</u>	<u>1,451,499</u>
Change in net position	(45,679)	332,573	592,550	879,444
Net position, beginning of year	<u>10,055,398</u>	<u>2,134,472</u>	<u>3,879,304</u>	<u>16,069,174</u>
Net position, end of year	<u>\$ 10,009,719</u>	<u>\$ 2,467,045</u>	<u>\$ 4,471,854</u>	<u>\$ 16,948,618</u>

TOWN OF JUPITER ISLAND, FLORIDA
STATEMENT OF FIDUCIARY NET POSITION
PRIVATE-PURPOSE TRUST FUND
September 30, 2020

	<u>Employee Education Trust Fund</u>
Assets:	
Cash and cash equivalents	<u>\$ 28,525</u>
Total assets	<u><u>\$ 28,525</u></u>
Liabilities:	
Due to other funds	<u>\$ 6,000</u>
Total liabilities	<u><u>\$ 6,000</u></u>
Net position	
Held in trust for employees	<u><u>\$ 22,525</u></u>

TOWN OF JUPITER ISLAND, FLORIDA
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
PRIVATE-PURPOSE TRUST FUND
Year Ended September 30, 2020

	<u>Employee Education Trust Fund</u>
Additions:	
Contributions	\$ -
Investment income	-
	<hr/>
Total additions	-
	<hr/>
Deductions:	
Scholarships	8,000
Bank charges	194
	<hr/>
Total deductions	8,194
	<hr/>
Change in net position	(8,194)
Net position, beginning of year	30,719
	<hr/>
Net position, end of year	<u>\$ 22,525</u>

TOWN OF JUPITER ISLAND, FLORIDA
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
TOWN EMPLOYEES AGENCY FUND
Year Ended September 30, 2020

	Balance October 1, 2019	Additions	Deductions	Balance September 30, 2020
Assets				
Cash	\$ 14,283	\$ 178,421	\$ (173,433)	\$ 19,271
Total assets	<u>\$ 14,283</u>	<u>\$ 178,421</u>	<u>\$ (173,433)</u>	<u>\$ 19,271</u>
Liabilities				
Due to employees	\$ 14,283	\$ 178,421	\$ (173,433)	\$ 19,271
Total liabilities	<u>\$ 14,283</u>	<u>\$ 178,421</u>	<u>\$ (173,433)</u>	<u>\$ 19,271</u>

COMPLIANCE SECTION

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

To the Honorable Mayor and
Town Commissioners
Town of Jupiter Island, 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 activity, each major fund, and the aggregate remaining fund information of the Town of Jupiter Island, Florida as of and for the year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise the Town of Jupiter Island, Florida's basic financial statements, and have issued our report thereon dated February 8, 2021.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town of Jupiter Island, Florida'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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town of Jupiter Island, Florida's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town of Jupiter Island, Florida'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 may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of Jupiter Island, Florida's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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.

Templeton & Company, LLP

West Palm Beach, Florida
February 8, 2021

**MANAGEMENT LETTER IN ACCORDANCE WITH THE RULES
OF THE AUDITOR GENERAL OF THE STATE OF FLORIDA**

To the Honorable Mayor and
Town Commissioners
Town of Jupiter Island, Florida

Report on the Financial Statements

We have audited the financial statements of the Town of Jupiter Island, Florida, as of and for the year ended September 30, 2020, and have issued our report thereon dated February 8, 2021.

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 Reports and Schedule

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*; and the Independent Accountant's Report on an Examination Conducted in Accordance with *AICPA Professional Standards*, Section 601, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports, which are dated February 8, 2021, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. There were no recommendations made in the preceding annual financial audit report.

Official Title and Legal Authority

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

Financial Condition and Management

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



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

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

Annual Financial Report

Section 10.554(1)(i)5.b. and 10.556(7), Rules of the Auditor General, require that we apply appropriate procedures and report the results of our determination as to whether the annual financial report for the Town of Jupiter Island, Florida for the fiscal year ended September 30, 2020, filed with the Florida Department of Financial Services pursuant to Section 218.32(1)(a), Florida Statutes, is in agreement with the annual financial audit report for the fiscal year ended September 30, 2020. In connection with our audit, we determined that these two reports were in agreement.

Special District Component Units

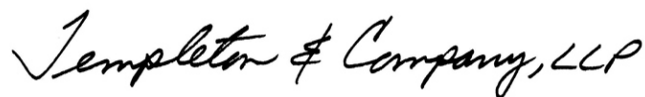
Section 10.554(1)(i)5.d., Rules of the Auditor General, requires that we determine whether or not a special district that is a component unit of a county, municipality, or special district, provided the financial information necessary for proper reporting of the component unit, within the audited financial statements of the county, municipality, or special district in accordance with Section 218.39(3)(b), Florida Statutes. In connection with our audit, we determined that the special district component unit provided the necessary information for proper reporting in accordance with Section 218.39(3)(b), Florida Statutes.

Additional Matters

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

Purpose of this Letter

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



West Palm Beach, Florida
February 8, 2021

INDEPENDENT ACCOUNTANT'S REPORT ON AN EXAMINATION CONDUCTED IN ACCORDANCE WITH AICPA PROFESSIONAL STANDARDS, SECTION 601, REGARDING COMPLIANCE REQUIREMENTS IN ACCORDANCE WITH CHAPTER 10.550, RULES OF THE AUDITOR GENERAL

To the Honorable Mayor and Town Commissioners
Town of Jupiter Island, Florida

We have examined the Town of Jupiter Island, Florida's compliance with the requirements of Section 218.415, Florida Statutes during the year ended September 30, 2020. Management is responsible for the Town of Jupiter Island, Florida's compliance with those requirements. Our responsibility is to express an opinion on the Town of Jupiter Island, Florida's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence about the Town of Jupiter Island, Florida's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the Town of Jupiter Island, Florida's compliance with specified requirements.

In our opinion, the Town of Jupiter Island, Florida complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2020.

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

Templeton & Company, LLP

West Palm Beach, Florida
February 8, 2021

