

# TOWN OF JUPITER ISLAND, FLORIDA



## REPORT ON AUDIT OF FINANCIAL STATEMENTS AND SUPPLEMENTARY FINANCIAL INFORMATION

FOR THE YEAR ENDED SEPTEMBER 30, 2021

# TOWN OF JUPITER ISLAND, FLORIDA

## AUDITED FINANCIAL STATEMENTS AND SUPPLEMENTARY FINANCIAL INFORMATION

SEPTEMBER 30, 2021

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# **FINANCIAL SECTION**

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# **INDEPENDENT AUDITOR'S REPORT**

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## 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, 2021, 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, 2021, 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 accompanying schedule of expenditures of federal awards and state financial assistance is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* and Chapter 10.550, *Rules of the Auditor General of the State of Florida*, but is also 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 March 8, 2022, 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  
March 8, 2022



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# **MANAGEMENT'S DISCUSSION AND ANALYSIS**

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## 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, 2021.

### 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 \$102,392,473. Of this amount, \$24,520,419 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.
  - Governmental net position was \$52,799,703
  - Business-type net position was \$49,592,770
- The total revenue from all sources was \$37,959,540 and the total cost of all Town programs was \$26,473,581.
- As of the close of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$22,964,173 which was an increase of \$610,652 from the prior year balance of \$22,353,521. Approximately 66% of this fund balance is restricted or assigned for specific purposes; the remaining 34% 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 \$7,701,950, or 90% of the total General Fund expenditures for the year ended September 30, 2021.
- The Town's outstanding long-term debt (excluding compensated absences, other postemployment benefits, and net pension liability) decreased from \$44,996,502 to \$44,132,290 during the current fiscal year, representing a net decrease of \$864,212 (1.9%).

### 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 \$52,799,703. Business-type activity assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$49,592,770. The Town-wide total net position was \$102,392,473 at the close of the fiscal year ended September 30, 2021. 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 balance in unrestricted net position at September 30, 2021 of \$1,372,515, compared to a deficit of \$631,506 as of September 30, 2020. The deficit as of September 30, 2020 was 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 \$103,342,662 or 68% of all assets, which total \$151,283,638. 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 (\$14,226,137 or 14%) 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		Totals	
	2021	2020	2021	2020	2021	2020
<b>Assets:</b>						
Current and other assets	\$ 23,304	\$ 22,837	\$ 24,836	\$ 22,124	\$ 48,140	\$ 44,961
Capital assets	<u>38,102</u>	<u>31,936</u>	<u>65,241</u>	<u>64,287</u>	<u>103,343</u>	<u>96,223</u>
Total assets	<u>\$ 61,406</u>	<u>\$ 54,773</u>	<u>\$ 90,077</u>	<u>\$ 86,411</u>	<u>\$ 151,483</u>	<u>\$ 141,184</u>
Total deferred outflows of resources	\$ 526	\$ 630	\$ 2,444	\$ 4,129	\$ 2,970	\$ 4,759
<b>Liabilities:</b>						
Long-term liabilities	\$ 7,133	\$ 9,203	\$ 40,107	\$ 40,410	\$ 47,240	\$ 49,613
Other liabilities	<u>507</u>	<u>669</u>	<u>1,978</u>	<u>4,165</u>	<u>2,485</u>	<u>4,834</u>
Total liabilities	<u>\$ 7,640</u>	<u>\$ 9,872</u>	<u>\$ 42,085</u>	<u>\$ 44,575</u>	<u>\$ 49,725</u>	<u>\$ 54,447</u>
Total deferred inflows of resources	\$ 1,493	\$ 590	\$ 843	\$ -	\$ 2,336	\$ 590
<b>Net position:</b>						
Net investment in capital assets	\$ 38,102	\$ 31,936	\$ 25,544	\$ 24,279	\$ 63,646	\$ 56,215
Restricted	13,325	13,637	901	1,396	14,226	15,033
Unrestricted	<u>1,372</u>	<u>(632)</u>	<u>23,148</u>	<u>20,290</u>	<u>24,520</u>	<u>19,658</u>
Total net position	<u>\$ 52,799</u>	<u>\$ 44,941</u>	<u>\$ 49,593</u>	<u>\$ 45,965</u>	<u>\$ 102,392</u>	<u>\$ 90,906</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	
	2021	2020	2021	2020	2021	2020
<b>Revenues:</b>						
<b>Program revenues:</b>						
Charges for services	\$ 2,385	\$ 1,399	\$ 12,366	\$ 11,830	\$ 14,751	\$ 13,229
Operating contributions and grants	165	2,320	-	-	165	2,320
Capital contributions and grants	11,260	-	1,178	407	12,438	407
<b>General revenues:</b>						
Taxes	10,362	10,088	-	-	10,362	10,088
Intergovernmental	162	280	-	-	162	280
Investment earnings	<u>27</u>	<u>229</u>	<u>56</u>	<u>268</u>	<u>83</u>	<u>497</u>
Total revenues	<u>\$ 24,361</u>	<u>\$ 14,316</u>	<u>\$ 13,600</u>	<u>\$ 12,505</u>	<u>\$ 37,961</u>	<u>\$ 26,821</u>

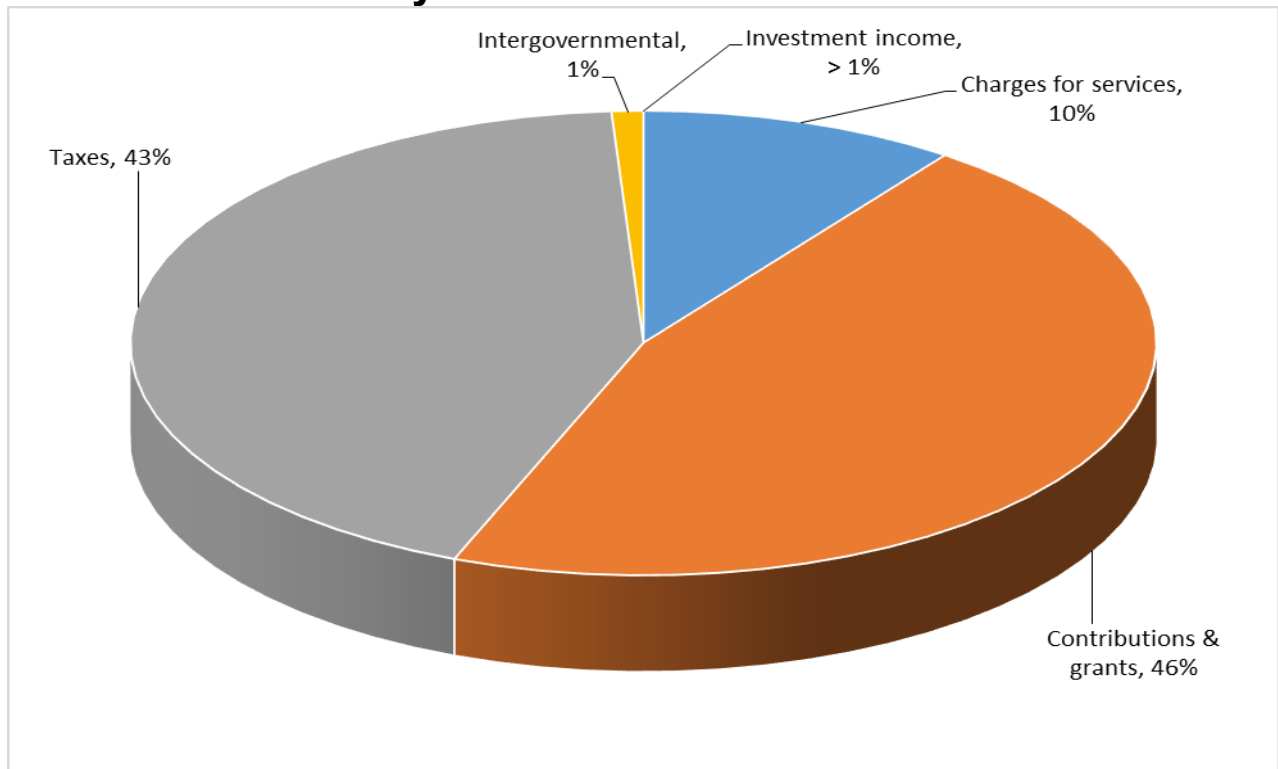
Changes in Net Position, Continued  
(In Thousands)

	Governmental Activities		Business-type Activity		Totals	
	2021	2020	2021	2020	2021	2020
<b>Expenses:</b>						
General government	\$ 1,858	\$ 2,061	\$ -	\$ -	\$ 1,858	\$ 2,061
Public safety	4,251	4,428	-	-	4,251	4,428
Building	997	785	-	-	997	785
Public works	1,472	1,566	-	-	1,472	1,566
Environmental	7,719	8,442	-	-	7,719	8,442
Interest on long-term debt	206	228	1,000	2,191	1,206	2,419
Water and wastewater	-	-	<u>8,972</u>	<u>8,784</u>	<u>8,972</u>	<u>8,784</u>
<b>Total expenses</b>	<u>16,503</u>	<u>17,510</u>	<u>9,972</u>	<u>10,975</u>	<u>26,475</u>	<u>28,485</u>
Change in net position	7,858	(3,194)	3,628	1,530	11,486	(1,664)
Beginning 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>
<b>Ending net position</b>	<u>\$ 52,799</u>	<u>\$ 44,941</u>	<u>\$ 49,593</u>	<u>\$ 45,965</u>	<u>\$ 102,392</u>	<u>\$ 90,906</u>

**Governmental Activities:** Governmental activities increased the Town's net position by \$7,858,757. The largest sources of governmental revenue received for 2021 was \$10,361,103 from taxes and \$11,260,354 from capital contributions and grants, representing 43% and 46% of total governmental revenue, respectively.

The sources of governmental activities revenue as a percentage of total governmental revenue for 2021 are summarized as follows:

### Revenues by Source - Governmental Activities



Expenses in the governmental activities increased by approximately \$1,007,000 from the prior year.

**Business-type Activity:** The Town's business-type activity increased net position by \$3,627,202 for 2021. Charges for services for the business-type activity increased from the previous fiscal year by approximately \$536,000 or 4.5%. This was primarily a result of an increase in demand during the year. Developer capital contributions in 2021 increased approximately \$771,000 and is a direct result of an 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 \$22,964,173, an increase of \$610,652 from the prior year balance of \$22,353,521. Of this amount, \$15,123,540 is restricted or assigned for specific purposes as follows:

- ❖ \$13,194,475 restricted for beach protection district
- ❖ \$1,000,000 assigned for emergencies
- ❖ \$439,494 assigned for conservation projects
- ❖ \$163,814 assigned for beautification and maintenance projects
- ❖ \$127,713 restricted for debt repayment
- ❖ \$115,000 assigned for compensated absences
- ❖ \$80,000 assigned for uninsured losses
- ❖ \$2,951 restricted for public safety equipment and training
- ❖ \$93 assigned for public safety education 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 \$7,701,950, while the total general fund balance reached \$9,636,497. 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 \$8,538,530. Unassigned fund balance represents 90% of total general fund expenditures, while total fund balance represents 113% of that same amount.

The fund balance of the Town's general fund increased by approximately \$923,000 during the current fiscal year compared to a decrease of approximately \$1,011,000 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 \$23,147,904, representing an increase of \$2,857,848 from the prior year balance of \$20,290,056.

## **Budgetary Highlights**

### **General Fund**

Overall, actual revenues were more than the anticipated amounts by \$877,038 and expenditures were \$880,078 less than the appropriated budget. Accordingly, the Town had a favorable budget variance for 2021 of \$1,757,116. The largest budget variance for revenue was building permits revenue, which exceeded the budgeted amount by \$590,419. Expenditures were under budget in all departments for the year, with the largest variances of \$283,349 in Administration and \$281,786 in Solid Waste.

### **Beach Protection Fund**

Actual revenues were less than the anticipated amounts by \$2,878,452, and expenditures were \$1,272,242 less than the appropriated budget. The Town budgeted additional grant funds and utilized reserves for the beach renourishment project in 2021.

## **Capital Assets and Debt Administration**

### **Capital Assets**

The Town's investment in capital assets for its governmental and business-type activity at September 30, 2021, amounts to \$103,342,662 (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	
	2021	2020	2021	2020	2021	2020
Land	\$ 12,001	\$ 12,001	\$ 14,390	\$ 14,390	\$ 26,391	\$ 26,391
Building and improvements	2,461	2,544	5,030	5,101	7,491	7,645
Water distribution system	-	-	22,918	22,555	22,918	22,555
Wastewater collection system	-	-	14,206	14,631	14,206	14,631
Wells	-	-	3,629	2,242	3,629	2,242
Equipment	1,036	1,113	2,963	3,053	3,999	4,166
Beach re-nourishment	20,300	13,856	-	-	20,300	13,856
Roads	2,199	2,337	-	-	2,199	2,337
Construction in progress	<u>105</u>	<u>85</u>	<u>2,105</u>	<u>2,315</u>	<u>2,210</u>	<u>2,400</u>
Total capital assets	<u>\$ 38,102</u>	<u>\$ 31,936</u>	<u>\$ 65,241</u>	<u>\$ 64,287</u>	<u>\$ 103,343</u>	<u>\$ 96,223</u>

The Town's total investment in capital assets increased for the current fiscal year by approximately \$7,120,000. The increase was mainly due to the completion and capitalization of the Jupiter Island Beach Renourishment project during the fiscal year.

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 approximately \$864,000 (2%) during the current fiscal year. The Town's outstanding debt is summarized as follows:

	Outstanding Debt (In Thousands)					
	Governmental Activities		Business-type Activity		Total	
	2021	2020	2021	2020	2021	2020
Notes payable	\$ 5,168	\$ 5,747	\$ 11,449	\$ 11,734	\$ 16,617	\$ 17,481
Revenue bonds	-	-	27,515	27,515	27,515	27,515
Total outstanding debt	\$ 5,168	\$ 5,747	\$ 38,964	\$ 39,249	\$ 44,132	\$ 44,996

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 \$11,449,276 in the utility system for a total of \$38,964,276. 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 41 - 45 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 2021-2022 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 2021-2022 is 2.6216 mills. This millage rate results in a total projected tax levy of \$6,777,468.
- General Fund revenues and expenditures for the 2021-2022 budget year increased \$520,000 from the 2020-2021 budget.
- The Beach Protection District millage rate for 2021-2022 decreased from 1.1339 mills to 1.0894 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 0.3231 mills to 0.3104 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 2021-2022 fiscal year.

South Martin Regional Utility operations are primarily supported by user fees. In 2021-2022, an increase of 0.99% (\$110,000) 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.

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# **BASIC FINANCIAL STATEMENTS**

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**TOWN OF JUPITER ISLAND, FLORIDA**

**STATEMENT OF NET POSITION**

**September 30, 2021**

	Governmental Activities	Business-Type Activity	Total
<b>ASSETS AND DEFERRED OUTFLOW OF RESOURCES</b>			
Assets:			
Cash and cash equivalents	\$ 17,959,463	\$ 14,146,538	\$ 32,106,001
Investments	4,512,429	6,918,178	11,430,607
Accounts receivable, net of allowance for doubtful accounts of \$0 and \$78,441, respectively	420,914	1,357,962	1,778,876
Interest receivable	-	8,189	8,189
Prepaid items	138,683	124,219	262,902
Due from other governments	262,985	-	262,985
Interfund balances, net	9,187	(9,187)	-
Restricted assets:			
Cash and cash equivalents	-	1,705,440	1,705,440
Notes receivable	-	408,758	408,758
Inventory	-	176,284	176,284
Capital assets:			
Capital assets not being depreciated	12,105,970	16,495,362	28,601,332
Depreciable capital assets, net	<u>25,996,079</u>	<u>48,745,251</u>	<u>74,741,330</u>
<b>Total assets</b>	<b><u>\$ 61,405,710</u></b>	<b><u>\$ 90,076,994</u></b>	<b><u>\$ 151,482,704</u></b>
Deferred outflow of resources:			
Accumulated decrease in fair value of derivative instruments	\$ -	\$ 1,708,701	\$ 1,708,701
Deferred amounts on refunding	-	620,933	620,933
Pension related items	369,575	-	369,575
Other postemployment benefits	<u>156,478</u>	<u>114,078</u>	<u>270,556</u>
<b>Total deferred outflow of resources</b>	<b><u>\$ 526,053</u></b>	<b><u>\$ 2,443,712</u></b>	<b><u>\$ 2,969,765</u></b>
<b>LIABILITIES, DEFERRED INFLOW OF RESOURCES, AND NET POSITION</b>			
Liabilities:			
Accounts payable	\$ 156,225	\$ 176,942	\$ 333,167
Accrued liabilities	169,167	77,978	247,145
Accrued interest payable	167,061	-	167,061
Due to other governments	14,096	-	14,096
Liabilities payable from restricted assets	-	804,442	804,442
Derivative instruments - interest rate swap	-	918,776	918,776
Long-term liabilities:			
Due within one year	696,848	281,047	977,895
Due in more than one year	<u>6,435,773</u>	<u>39,825,652</u>	<u>46,261,425</u>
<b>Total liabilities</b>	<b><u>\$ 7,639,170</u></b>	<b><u>\$ 42,084,837</u></b>	<b><u>\$ 49,724,007</u></b>
Deferred inflow of resources:			
Accumulated increase in fair value of derivative instruments	\$ -	\$ 789,925	\$ 789,925
Pension related items	1,419,101	-	1,419,101
Other postemployment benefits	<u>73,789</u>	<u>53,174</u>	<u>126,963</u>
<b>Total deferred inflow of resources</b>	<b><u>\$ 1,492,890</u></b>	<b><u>\$ 843,099</u></b>	<b><u>\$ 2,335,989</u></b>
Net position:			
Net investment in capital assets	\$ 38,102,049	\$ 25,543,868	\$ 63,645,917
Restricted	13,325,139	900,998	14,226,137
Unrestricted	<u>1,372,515</u>	<u>23,147,904</u>	<u>24,520,419</u>
<b>Total net position</b>	<b><u>\$ 52,799,703</u></b>	<b><u>\$ 49,592,770</u></b>	<b><u>\$ 102,392,473</u></b>

See notes to basic financial statements.

**TOWN OF JUPITER ISLAND, FLORIDA**  
**STATEMENT OF ACTIVITIES**  
**Year Ended September 30, 2021**

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	\$ 1,857,881	\$ 704,389	\$ 165,216	\$ -	\$ (988,276)	\$ -	\$ (988,276)
Public safety	4,251,153	80,539	-	-	(4,170,614)	-	(4,170,614)
Building	996,835	1,515,419	-	-	518,584	-	518,584
Public works	1,471,999	84,750	-	-	(1,387,249)	-	(1,387,249)
Environmental	7,718,999	-	-	11,260,354	3,541,355	-	3,541,355
Interest on long-term debt	204,665	-	-	-	(204,665)	-	(204,665)
<b>Total governmental activities</b>	<b>16,501,532</b>	<b>2,385,097</b>	<b>165,216</b>	<b>11,260,354</b>	<b>(2,690,865)</b>	<b>-</b>	<b>(2,690,865)</b>
Business-type activity							
Water and wastewater	9,972,049	12,365,592	-	1,177,751	-	3,571,294	3,571,294
<b>Total</b>	<b>\$ 26,473,581</b>	<b>\$ 14,750,689</b>	<b>\$ 165,216</b>	<b>\$ 12,438,105</b>	<b>(2,690,865)</b>	<b>3,571,294</b>	<b>880,429</b>
General revenues:							
Taxes:							
					6,413,955	-	6,413,955
					2,819,289	-	2,819,289
					808,123	-	808,123
					199,601	-	199,601
					120,235	-	120,235
					162,219	-	162,219
					26,200	55,908	82,108
<b>Total general revenues</b>					<b>10,549,622</b>	<b>55,908</b>	<b>10,605,530</b>
Change in net position					7,858,757	3,627,202	11,485,959
Net position, beginning of year					44,940,946	45,965,568	90,906,514
Net position, end of year					<b>\$ 52,799,703</b>	<b>\$ 49,592,770</b>	<b>\$ 102,392,473</b>

See notes to basic financial statements.

**TOWN OF JUPITER ISLAND, FLORIDA**  
**BALANCE SHEET - GOVERNMENTAL FUNDS**  
**September 30, 2021**

	Major Governmental Funds			Total Governmental Funds
	General Fund	Beach Protection Fund	Nonmajor Governmental Funds	
<b>Assets:</b>				
Cash and cash equivalents	\$ 7,830,631	\$ 9,998,194	\$ 130,638	\$ 17,959,463
Investments	1,505,283	3,007,146	-	4,512,429
Accounts receivable	420,914	-	-	420,914
Prepaid items	136,146	2,537	-	138,683
Due from other governments	63,893	199,066	26	262,985
Due from other funds	<u>10,552</u>	<u>-</u>	<u>-</u>	<u>10,552</u>
<b>Total assets</b>	<u><b>\$ 9,967,419</b></u>	<u><b>\$ 13,206,943</b></u>	<u><b>\$ 130,664</b></u>	<u><b>\$ 23,305,026</b></u>
<b>Liabilities and fund balance</b>				
<b>Liabilities:</b>				
Accounts payable	\$ 155,830	\$ 395	\$ -	\$ 156,225
Accrued liabilities	159,631	9,536	-	169,167
Due to other governments	14,096	-	-	14,096
Due to other funds	<u>1,365</u>	<u>-</u>	<u>-</u>	<u>1,365</u>
<b>Total liabilities</b>	<u><b>330,922</b></u>	<u><b>9,931</b></u>	<u><b>-</b></u>	<u><b>340,853</b></u>
<b>Fund balance:</b>				
Nonspendable	136,146	2,537	-	138,683
Restricted	-	13,194,475	130,664	13,325,139
Assigned	1,798,401	-	-	1,798,401
Unassigned	<u>7,701,950</u>	<u>-</u>	<u>-</u>	<u>7,701,950</u>
<b>Total fund balance</b>	<u><b>9,636,497</b></u>	<u><b>13,197,012</b></u>	<u><b>130,664</b></u>	<u><b>22,964,173</b></u>
<b>Total liabilities and fund balance</b>	<u><b>\$ 9,967,419</b></u>	<u><b>\$ 13,206,943</b></u>	<u><b>\$ 130,664</b></u>	<u><b>\$ 23,305,026</b></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, 2021**

Total governmental fund balance (page 15)	\$	22,964,173
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	\$ 87,631,727	
Accumulated depreciation	<u>(49,529,678)</u>	
		38,102,049
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		369,575
Pension related deferred inflows		(1,419,101)
Deferred outflows and inflows 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.		
OPEB related deferred outflows		156,478
OPEB related deferred inflows		(73,789)
Net pension liabilities are not due and payable in the current period and, therefore, are not reported in the funds.		
		(1,296,882)
Accrued interest on long-term debt is not due and payable in the current period and is not reported in governmental funds.		
		(167,061)
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	(5,168,014)	
Other postemployment benefits	(389,432)	
Compensated absences	<u>(278,293)</u>	
		<u>(5,835,739)</u>
Total net position (page 13)	\$	<u>52,799,703</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, 2021**

	Major Governmental Funds			Total Governmental Funds
	General Fund	Beach Protection Fund	Nonmajor Governmental Funds	
Revenue:				
Taxes	\$ 6,733,791	\$ 2,819,289	\$ 808,123	\$ 10,361,203
Licenses and permits	1,516,769	-	-	1,516,769
Intergovernmental	312,435	11,260,354	-	11,572,789
Charges for services	204,988	-	-	204,988
Fines and forfeitures	4,899	-	301	5,200
Investment income	13,469	12,731	-	26,200
Donations	15,000	-	-	15,000
Miscellaneous	<u>660,589</u>	<u>-</u>	<u>-</u>	<u>660,589</u>
Total revenue	<u>9,461,940</u>	<u>14,092,374</u>	<u>808,424</u>	<u>24,362,738</u>
Expenditures:				
Current:				
General government:				
Administration	1,388,986	430,049	-	1,819,035
Public safety	4,367,018	-	-	4,367,018
Building	1,042,200	-	-	1,042,200
Public works:				
Solid waste	1,010,571	-	-	1,010,571
Roads	20,124	-	-	20,124
Grounds	303,394	-	-	303,394
Environmental:				
Lethal yellowing program	168,145	-	-	168,145
Beach protection and monitoring	-	29,479	-	29,479
Beautification and maintenance	1,537	-	-	1,537
Conservation	12,279	-	-	12,279
Capital outlay	224,276	13,951,517	-	14,175,793
Debt service:				
Principal	-	-	579,026	579,026
Interest	<u>-</u>	<u>-</u>	<u>223,485</u>	<u>223,485</u>
Total expenditures	<u>8,538,530</u>	<u>14,411,045</u>	<u>802,511</u>	<u>23,752,086</u>
Net change in fund balance	923,410	(318,671)	5,913	610,652
Fund balance, beginning of year	<u>8,713,087</u>	<u>13,515,683</u>	<u>124,751</u>	<u>22,353,521</u>
Fund balance, end of year	<u>\$ 9,636,497</u>	<u>\$ 13,197,012</u>	<u>\$ 130,664</u>	<u>\$ 22,964,173</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, 2021**

Net change in fund balance - total governmental funds (page 17) \$ 610,652

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	\$ 14,076,700	
Less current year depreciation	<u>(7,908,159)</u>	
		6,168,541

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. (2,449)

Repayment of debt principal is an expenditure in governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. 579,026

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. 18,820

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		(1,336)
Other postemployment benefit expense		(17,495)
Pension expense		<u>502,998</u>

Change in net position of governmental activities (page 14) \$ 7,858,757

See notes to basic financial statements.

**TOWN OF JUPITER ISLAND, FLORIDA**  
**STATEMENT OF NET POSITION**  
**ENTERPRISE FUND (SOUTH MARTIN REGIONAL UTILITY)**  
**September 30, 2021**

**ASSETS AND DEFERRED OUTFLOW OF RESOURCES**

Current assets:	
Cash and cash equivalents	\$ 14,146,538
Investments	6,918,178
Accounts receivable, net of allowance for doubtful accounts of \$78,441	1,357,962
Notes receivable - current	23,642
Interest receivable	8,189
Due from other funds	1,365
Inventory	176,284
Prepaid items	<u>124,219</u>
Total current assets	<u>22,756,377</u>
Noncurrent assets:	
Restricted assets:	
Cash and cash equivalents	<u>1,705,440</u>
Total restricted assets	<u>1,705,440</u>
Other assets:	
Notes receivable - long-term	<u>385,116</u>
Total other assets	<u>385,116</u>
Capital assets:	
Land and improvements	14,390,177
Buildings and improvements	10,562,874
Water distribution systems	35,892,543
Wastewater distribution systems	26,100,193
Wells	6,341,278
Equipment	9,481,755
Construction in progress	<u>2,105,185</u>
Total capital assets	104,874,005
Less accumulated depreciation	<u>(39,633,392)</u>
Total capital assets, net	<u>65,240,613</u>
Total assets	<u>\$ 90,087,546</u>
Deferred outflows of resources:	
Accumulated decrease in fair value of derivative instruments	\$ 1,708,701
Deferred amounts on refunding	620,933
Other postemployment benefits	<u>114,078</u>
Total deferred outflows of resources	<u>\$ 2,443,712</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, 2021**

**LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION**

Current liabilities:	
Accounts payable	\$ 176,942
Accrued liabilities	77,978
Due to other funds	10,552
Current portion of notes payable	<u>281,047</u>
Total current liabilities	<u>546,519</u>
Current liabilities payable from restricted assets:	
Accounts payable	274,885
Accrued interest payable	513,754
Current portion of notes payable	<u>15,803</u>
Total current liabilities payable from restricted assets	<u>804,442</u>
Noncurrent liabilities:	
Compensated absences payable	135,151
Other postemployment benefits payable	290,606
Derivative instruments - interest rate swap	918,776
Notes payable	11,152,426
Revenue bonds payable, net of unamortized premium	<u>28,247,469</u>
Total noncurrent liabilities	<u>40,744,428</u>
Total liabilities	<u>\$ 42,095,389</u>
Deferred inflows of resources:	
Accumulated decrease in fair value of derivative instruments	\$ 789,925
Other postemployment benefits	<u>53,174</u>
Total deferred inflows of resources	<u>\$ 843,099</u>
Net position:	
Net investment in capital assets	\$ 25,543,868
Restricted	900,998
Unrestricted	<u>23,147,904</u>
Total net position	<u>\$ 49,592,770</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, 2021**

Operating revenue:	
Water	\$ 8,011,694
Wastewater	3,361,015
Irrigation quality water	378,174
Accrued guaranteed revenue fees	382,016
Other	<u>80,249</u>
 Total operating revenue	 <u>12,213,148</u>
 Operating expenses:	
Personal services	3,317,300
Operating expenses	3,339,985
Depreciation	<u>2,142,645</u>
 Total operating expenses	 <u>8,799,930</u>
 Operating income	 <u>3,413,218</u>
 Nonoperating revenue (expenses):	
Interest income	55,908
Other income	152,444
Loss on disposal of assets	(40,399)
Interest expense	(999,894)
Amortization	<u>(131,826)</u>
 Total nonoperating revenue (expenses)	 <u>(963,767)</u>
 Income before capital contributions	 2,449,451
Capital contributions	<u>1,177,751</u>
 Change in net position	 3,627,202
Net position, beginning of year	<u>45,965,568</u>
 Net position, end of year	 <u>\$ 49,592,770</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, 2021**

Cash flows from operating activities:	
Cash received from customers	\$ 11,976,334
Cash received from others	152,444
Cash paid to suppliers and contractors	(2,941,107)
Cash paid to employees	(3,277,615)
Cash paid for interfund services	<u>(524,612)</u>
Net cash provided by operating activities	<u>5,385,444</u>
Cash flows from capital and related financing activities:	
Capital contributions	1,129,855
Principal received on notes receivable	251,436
Principal paid on notes payable	(285,087)
Acquisition and construction of capital assets	(3,137,090)
Payment of interest	<u>(758,559)</u>
Net cash used in capital and related financing activities	<u>(2,799,445)</u>
Cash flows from investing activities:	
Interest received	59,681
Purchase of investments	<u>(508,149)</u>
Net cash used in investing activities	<u>(448,468)</u>
Net increase in cash and cash equivalents	2,137,531
Cash and cash equivalents, beginning of year	<u>13,714,447</u>
Cash and cash equivalents, end of year	<u>\$ 15,851,978</u>
Reconciliation of cash and cash equivalents to statement of net position:	
Unrestricted cash and cash equivalents	\$ 14,146,538
Restricted cash and cash equivalents	<u>1,705,440</u>
Cash and cash equivalents, end of year	<u>\$ 15,851,978</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, 2021**

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

Operating income	\$ 3,413,218
Adjustments to reconcile operating income to net cash provided by operating activities:	
Provision for uncollectible accounts	(32,720)
Depreciation	2,142,645
Other income	152,444
Changes in operating assets and liabilities:	
Accounts receivable	(204,094)
Inventory	(12,062)
Prepaid items	3,965
Due from other funds	(29,060)
Accounts payable	(88,577)
Accrued liabilities	16,094
Compensated absences payable	11,332
Other postemployment benefits	<u>12,259</u>
Net cash provided by operating activities	<u>\$ 5,385,444</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>\$ 47,896</u>

See notes to basic financial statements.

**TOWN OF JUPITER ISLAND, FLORIDA**  
**STATEMENT OF FIDUCIARY NET POSITION**  
**FIDUCIARY FUNDS**  
**September 30, 2021**

	<u>Pension Trust Funds</u>	<u>Private- Purpose Trust Fund</u>	<u>Agency Fund</u>
<b>ASSETS</b>			
Assets:			
Cash and cash equivalents	\$ 118,008	\$ 22,344	\$ 22,856
Unallocated cash in transit	50,176	-	-
Investments	19,210,071	-	-
Employer contributions receivable	106,250	-	-
Loans receivable	<u>90,337</u>	<u>-</u>	<u>-</u>
 Total assets	 <u>\$ 19,574,842</u>	 <u>\$ 22,344</u>	 <u>\$ 22,856</u>
<b>LIABILITIES</b>			
Liabilities:			
Due to employees	\$ -	\$ -	\$ 22,856
 Total liabilities	 <u>-</u>	 <u>-</u>	 <u>22,856</u>
<b>NET POSITION</b>			
Net position restricted for pensions and other purposes	<u>\$ 19,574,842</u>	<u>\$ 22,344</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, 2021**

	<u>Pension Trust Funds</u>	<u>Private- Purpose Trust Fund</u>
Additions:		
Contributions:		
Employer	\$ 1,204,455	\$ -
Investment income	<u>3,681,762</u>	<u>-</u>
Total additions	<u>4,886,217</u>	<u>6,000</u>
Deductions:		
Payments to retirees and employees	2,236,346	-
Investment fee expense	23,647	-
Scholarships	-	6,000
Bank charges	<u>-</u>	<u>181</u>
Total deductions	<u>2,259,993</u>	<u>6,181</u>
Change in net position	2,626,224	(181)
Net position, beginning of year	<u>16,948,618</u>	<u>22,525</u>
Net position, end of year	<u>\$ 19,574,842</u>	<u>\$ 22,344</u>

See notes to basic financial statements.



**TOWN OF JUPITER ISLAND, FLORIDA**  
*Notes to Basic Financial Statements*  
*September 30, 2021*

**1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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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)

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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)

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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)**

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### **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)

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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 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.

## 1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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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. The Town also has an accumulated increase in fair value of derivative instruments, pension resources, and other postemployment benefits as deferred inflows on the government-wide statement of net position and enterprise fund statement of net position. The accumulated increase and decrease in fair value of derivative instruments was the fair value of the Town's interest rate swap agreements at September 30, 2021. 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 and deferred inflow of other postemployment benefits.

### **Fund Balances**

GASB issued Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, which establishes accounting and financial reporting requirements for all governmental funds and establishes criteria for classifying 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)

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*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 the 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 \$13,126,073 as restricted. The total amount is restricted by enabling legislation.

### **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 1<sup>st</sup> and levied the following October 1<sup>st</sup>. Taxes are due by March 31<sup>st</sup> and become delinquent on April 1<sup>st</sup> 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, 2021, 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 (2019/2020) 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. 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, 2021, the Town adopted a millage rate permitted by a majority vote of the Town Commission under this formula, which was 2.5644 for the general fund, 1.1339 for the Jupiter Island Beach Protection District (the "District"), and .3231 for the electric underground fund debt service. This millage rate resulted in a total tax levy of \$6,413,955, \$2,819,289, and \$808,123 for 2021, 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, 2021, 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	\$ 12,172,330	\$ 1,502,416	\$ 13,674,746
Florida Prime Fund	<u>19,933,671</u>	<u>203,024</u>	<u>20,136,695</u>
	32,106,001	1,705,440	33,811,441
Investments:			
FL Class	<u>11,430,607</u>	<u>-</u>	<u>11,430,607</u>
Total cash, cash equivalents and investments	<u>\$ 43,536,608</u>	<u>\$ 1,705,440</u>	<u>\$ 45,242,048</u>



## 2) CASH, CASH EQUIVALENTS AND INVESTMENTS

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### Cash and Cash Equivalents

At September 30, 2021, the bank balances of the Town's cash and cash equivalents included \$14,149,630 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, 2021 included cash and cash equivalents with a bank balance of \$45,447 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, 2021, 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	\$ 118,008
Investments – mutual funds	19,210,071
Private-purpose Trust Fund cash and cash equivalents	22,344
Agency Fund cash and cash equivalents	<u>22,856</u>
Total cash, cash equivalents and investments	<u>\$ 19,373,279</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 49-days, and the weighted average life was 64-days at September 30, 2021. The FL Class Investment Pool had a weighted average days to maturity of 47-days, and the weighted average life was 84-days at September 30, 2021.

### **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, 2021, are summarized as follows:

Investment Type	NRSRO Rating	Fair Value
Florida Prime Investment Pool	AAAm	\$ 20,136,695
FL Class Investment Pool	AAAm	\$11,430,607

### **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, 2021.

### **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, 2021, 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.

### 3) 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, 2021:

Investments by fair value level	September 30, 2021	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	\$ 1,842,086	\$ 1,842,086	\$ -	\$ -
Total debt securities fund types	<u>1,842,086</u>	<u>1,842,086</u>	-	-
Equity securities fund types:				
Domestic stocks mutual funds	8,840,850	8,840,850	-	-
International stocks mutual funds	<u>2,694,190</u>	<u>2,694,190</u>	-	-
Total equity securities fund types	<u>11,535,040</u>	<u>11,535,040</u>	-	-
Other fund types:				
Domestic & international stocks and bonds mutual funds	5,471,622	5,471,622	-	-
Domestic stocks & bonds mutual	<u>361,323</u>	<u>361,323</u>	-	-
Total other fund types	<u>5,832,945</u>	<u>5,832,945</u>	-	-
Total investments at fair value	<u>\$ 19,210,071</u>	<u>\$ 19,210,071</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.

#### 4) ACCOUNTS RECEIVABLE

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Accounts receivable and the related allowance for doubtful accounts at September 30, 2021, are summarized as follows:

	<u>Gross Accounts Receivable</u>	<u>Allowance for Doubtful Accounts</u>	<u>Net Accounts Receivable</u>
Governmental Activities:			
Due from other governments	\$ 262,985	\$ -	\$ 262,985
Other accounts receivables	<u>420,914</u>	<u>-</u>	<u>420,914</u>
Total governmental activities	<u>683,899</u>	<u>-</u>	<u>683,899</u>
Business-type Activity:			
Customer receivables	1,217,355	(78,441)	1,138,914
Other accounts receivables	219,048	-	219,048
Accrued interest receivable	<u>8,189</u>	<u>-</u>	<u>8,189</u>
Total business-type activity	<u>1,444,592</u>	<u>(78,441)</u>	<u>1,366,151</u>
	<u>\$ 2,128,491</u>	<u>\$ (78,441)</u>	<u>\$ 2,050,050</u>

#### 5) NOTES RECEIVABLE

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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, 2021, the notes receivable totaled \$408,758, of which \$23,642 was current.

#### 6) CAPITAL ASSETS

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Capital assets activity for the year ended September 30, 2021, 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>84,500</u>	<u>20,461</u>	<u>-</u>	<u>104,961</u>
Total capital assets not being depreciated	<u>12,085,509</u>	<u>20,461</u>	<u>-</u>	<u>12,105,970</u>

**6) CAPITAL ASSETS (continued)**

	Balance at Beginning of Year	Increases	Decreases	Balance at End of Year
Depreciable capital assets:				
Buildings and improvements	4,620,648	4,643	-	4,625,291
Equipment	3,263,708	271,128	(88,013)	3,446,823
Beach renourishment	50,679,232	13,778,236	-	64,457,468
Roads	<u>2,993,943</u>	<u>2,232</u>	-	<u>2,996,175</u>
Total depreciable capital assets	<u>61,557,531</u>	<u>14,056,239</u>	<u>(88,013)</u>	<u>75,525,757</u>
Less accumulated depreciation:				
Buildings and improvements	(2,076,328)	(88,264)	-	(2,164,592)
Equipment	(2,150,416)	(345,872)	85,564	(2,410,724)
Beach renourishment	(36,823,418)	(7,334,249)	-	(44,157,667)
Roads	<u>(656,921)</u>	<u>(139,774)</u>	-	<u>(796,695)</u>
Total accumulated depreciation	<u>(41,707,083)</u>	<u>(7,908,159)</u>	<u>85,564</u>	<u>(49,529,678)</u>
Depreciable assets, net of accumulated depreciation	<u>19,850,448</u>	<u>6,148,080</u>	<u>(2,449)</u>	<u>25,996,079</u>
Total net governmental activities capital assets	<u>\$ 31,935,957</u>	<u>\$ 6,168,541</u>	<u>\$ (2,449)</u>	<u>\$ 38,102,049</u>

Depreciation expense was charged to governmental activities functions as follows:

General government	\$ 117,650
Public safety	207,863
Building	14,273
Public works	228,047
Environmental	<u>7,340,326</u>
Total governmental activities depreciation expense	<u>\$ 7,908,159</u>

The capital assets activity for the business-type activity for the year ended September 30, 2021, 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>2,315,136</u>	<u>2,301,131</u>	<u>(2,511,082)</u>	<u>2,105,185</u>
Total capital assets not being depreciated	<u>16,705,313</u>	<u>2,301,131</u>	<u>(2,511,082)</u>	<u>16,495,362</u>

## 6) CAPITAL ASSETS (continued)

	Balance at Beginning of Year	Increases	Decreases	Balance at End of Year
Depreciable capital assets:				
Buildings and improvements	10,483,189	109,041	(29,356)	10,562,874
Water distribution system	34,845,337	1,074,806	(27,600)	35,892,543
Wastewater collection systems	25,985,254	171,453	(56,514)	26,100,193
Wells	4,822,505	1,518,773	-	6,341,278
Equipment	<u>9,063,533</u>	<u>472,969</u>	<u>(54,747)</u>	<u>9,481,755</u>
Total depreciable capital assets	<u>85,199,818</u>	<u>3,347,042</u>	<u>(168,217)</u>	<u>88,378,643</u>
Less accumulated depreciation:				
Buildings and improvements	(5,381,746)	(169,882)	19,063	(5,532,565)
Water distribution systems	(12,290,483)	(700,767)	16,560	(12,974,690)
Wastewater collection systems	(11,354,416)	(590,693)	51,074	(11,894,035)
Wells	(2,580,006)	(132,751)	-	(2,712,757)
Equipment	<u>(6,011,913)</u>	<u>(548,551)</u>	<u>41,119</u>	<u>(6,519,345)</u>
Total accumulated depreciation	<u>(37,618,564)</u>	<u>(2,142,644)</u>	<u>127,816</u>	<u>(39,633,392)</u>
Depreciable assets, net of accumulated depreciation	<u>47,581,254</u>	<u>1,204,398</u>	<u>(40,401)</u>	<u>48,745,251</u>
Total net business-type activity capital assets	<u>\$ 64,286,567</u>	<u>\$ 3,505,529</u>	<u>\$ (2,551,483)</u>	<u>\$ 65,240,613</u>

## 7) DERIVATIVE INSTRUMENTS

The Town (on behalf of SMRU) has interest rate swap agreements in effect at September 30, 2021, 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, 2021, classified by type, and the changes in fair value of such derivative instrument for the year then ended as reported in the 2021 financial statements are as follows:

	Changes in Fair Value		Fair Value at September 30, 2021		
	Classification	Amount	Classification	Amount	Notional Amount
Business-type activity					
Cash-flow hedge:					
Pay fixed interest rate swap – Series 2006	Deferred Outflow	\$ 577,659	Debt	\$ (1,708,701)	\$ 9,427,784
Pay fixed interest rate swap – Series 2020	Deferred Inflow	\$ 1,905,012	Debt	\$ 789,925	\$ 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)

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### Terms, Fair Values and Credit Risk

The following table displays the terms, fair values and credit ratings of the swap as of September 30, 2021:

#### 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:	\$(1,708,701)
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:	\$789,925
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

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Liabilities payable from restricted assets in the Water and Wastewater enterprise fund (SMRU) at September 30, 2021, are summarized as follows:

Accounts payable	
Renewal and replacement account	\$ 274,885
Accrued interest payable and current principal maturities:	
Debt service account	<u>529,557</u>
Total liabilities payable from restricted assets	<u>\$ 804,442</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, 2021 are summarized as follows:

	Balance at Beginning of Year	Additions	Retirements	Balance at End of Year	Amounts Due Within One Year
Compensated absences	\$ 276,958	\$ 342,814	\$ (341,479)	\$ 278,293	\$ 94,809
Note payable, Series 2007	2,423,021	-	(266,955)	2,156,066	276,695
Note payable, Series 2008	3,324,018	-	(312,070)	3,011,948	325,344
Other postemployment benefits payable	392,403	-	(2,971)	389,432	-
Net pension liability	<u>2,786,132</u>	<u>-</u>	<u>(1,489,250)</u>	<u>1,296,882</u>	<u>-</u>
Governmental activity long- term liabilities	<u>\$ 9,202,532</u>	<u>\$ 342,814</u>	<u>\$ (2,412,725)</u>	<u>\$ 7,132,621</u>	<u>\$ 696,848</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 1<sup>st</sup> 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
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	318,246	35,204	353,450
2027-2028	<u>670,651</u>	<u>36,019</u>	<u>706,670</u>
	<u>\$ 2,156,066</u>	<u>\$ 317,854</u>	<u>\$ 2,473,920</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 1<sup>st</sup> 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
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	382,219	66,842	449,061
2027-2029	<u>1,245,902</u>	<u>101,858</u>	<u>1,347,760</u>
	<u>\$ 3,011,948</u>	<u>\$ 581,117</u>	<u>\$ 3,593,065</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, 2021, is \$6,066,985. Principal and interest paid and ad valorem tax revenues received for the current year were \$802,511 and \$7,222,078, 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 2020	\$27,515,000	\$ -	\$ -	\$27,515,000	\$ -
Unamortized premium	<u>758,242</u>	<u>-</u>	<u>(25,773)</u>	<u>732,469</u>	<u>-</u>
Total bonds payable	<u>28,273,242</u>	<u>-</u>	<u>(25,773)</u>	<u>28,247,469</u>	<u>-</u>
Notes payable:					
Note payable, Series 2006	9,441,861	-	(14,078)	9,427,783	15,803
Note payable, Series 2007	<u>2,292,502</u>	<u>-</u>	<u>(271,009)</u>	<u>2,021,493</u>	<u>281,047</u>
Total notes payable	<u>11,734,363</u>	<u>-</u>	<u>(285,087)</u>	<u>11,449,276</u>	<u>296,850</u>
Compensated absences	<u>123,819</u>	<u>186,164</u>	<u>(174,832)</u>	<u>135,151</u>	<u>-</u>
Other postemployment benefits payable	<u>292,766</u>	<u>-</u>	<u>(2,160)</u>	<u>290,606</u>	<u>-</u>
Business-type activity long-term liabilities	<u>\$40,424,190</u>	<u>\$ 186,164</u>	<u>\$ (487,852)</u>	<u>\$40,122,502</u>	<u>\$ 296,850</u>

### Utility System Revenue Refunding Bonds Payable, Series 2020

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
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	-	503,712	503,712
2027-2031	4,240,000	2,437,380	6,677,380
2032-2036	9,505,000	1,738,440	11,243,440
2037-2041	<u>11,695,000</u>	<u>713,196</u>	<u>12,408,196</u>
	<u>\$ 27,515,000</u>	<u>\$ 7,514,892</u>	<u>\$ 35,029,892</u>

### 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% (0.838% at September 30, 2021). 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.

Variable-Rate Note				
Year Ending September 30,	Principal	Interest	Interest Rate Swap, Net	Total
2022	\$ 15,803	\$ 59,748	\$ 347,113	\$ 422,664
2023	16,485	51,051	355,113	422,649
2024	17,197	42,242	364,305	423,744
2025	16,830	33,319	371,383	421,532
2026	723,668	24,280	364,472	1,112,420
2027-2029	<u>8,637,800</u>	<u>21,041</u>	<u>549,891</u>	<u>9,208,732</u>
	<u>\$ 9,427,783</u>	<u>\$ 231,681</u>	<u>\$ 2,352,277</u>	<u>\$ 12,011,741</u>

## 9) LONG-TERM DEBT (continued)

### 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
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	325,049	27,641	352,690
2027-2028	<u>508,381</u>	<u>18,755</u>	<u>527,136</u>
	<u>\$ 2,021,493</u>	<u>\$ 269,093</u>	<u>\$ 2,290,586</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.

### 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 32 percent of utility net revenues. Total principal and interest remaining to be paid on the Series 2020 Bonds at September 30, 2021, is \$35,029,892.

### 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 25 percent of the Town's non-ad valorem revenues until 2025 and approximately 92 percent thereafter until maturity. Total principal and interest remaining to be paid on the Series 2006 and Series 2007 Notes at September 30, 2021, is \$14,302,323. Principal and interest paid by the utility system and non-ad valorem revenues pledged for the current year were \$774,273 and \$3,058,568, respectively.

## 9) LONG-TERM DEBT (continued)

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### Annual Maturities

As of September 30, 2021, 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
2022	\$ 1,348,889	\$ 876,660	\$ 347,113	\$ 2,572,662
2023	1,428,202	825,422	355,113	2,608,737
2024	1,508,700	772,026	364,305	2,645,031
2025	1,594,583	716,161	371,383	2,682,127
2026	1,749,182	657,679	364,472	2,771,333
2027-2031	15,302,734	2,615,053	549,891	18,467,678
2032-2036	9,505,000	1,738,440	-	11,243,440
2037-2041	<u>11,695,000</u>	<u>713,196</u>	<u>-</u>	<u>12,408,196</u>
	<u>\$ 44,132,290</u>	<u>\$ 8,914,637</u>	<u>\$ 2,352,277</u>	<u>\$ 55,399,204</u>

For the year ended September 30, 2021, the Town incurred and expensed total interest charges of \$223,485 in the governmental activities. Interest charges incurred for the business-type activity totaled \$999,894 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	\$ 136,146	\$ 2,537	\$ -
Restricted:			
Beach protection	-	13,194,475	-
Debt repayment	-	-	127,713
Public safety	-	-	2,951
Total restricted	-	13,194,475	130,664
Assigned:			
Emergencies	1,000,000	-	-
Compensated absences	115,000	-	-
Uninsured losses and other payments	80,000	-	-
Conservation	439,494	-	-
Beautification and maintenance	163,814	-	-
Criminal justice education and training	93	-	-
Total assigned	1,798,401	-	-
Unassigned	7,701,950	-	-
Total fund balance	\$ 9,636,497	\$ 13,197,012	\$ 130,664

## 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, 2021:

	Restricted Assets	Liabilities Payable from Restricted Assets	Restricted Net Position
Debt service account	\$ 529,557	\$ 529,557	\$ -
Renewal and replacement account	1,175,883	274,885	900,998
	\$ 1,705,440	\$ 804,442	\$ 900,998

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

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Interfund receivables and payables at September 30, 2021, are summarized as follows:

Receivable Fund	Payable Fund	Amount
General Fund	Utility Enterprise Fund	\$ 9,187

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

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The capital contributions to the Water and Wastewater enterprise fund (SMRU) for the year ended September 30, 2021 consisted of connection and other fees of \$1,177,751. This amount represented \$383,640 for water connections, \$253,665 for wastewater connections, and \$540,446 in developer contributions.

## 14) DEFINED BENEFIT PENSION PLAN

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### 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, 2021, the market value of plan assets was greater than the actuarial value of plan assets by \$903,518.

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 1/15<sup>th</sup> per year for the first five years and 1/30<sup>th</sup> 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, 2021, 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, 2021:

<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, 2021:

<u>Mutual Fund</u>	<u>Amount</u>
AMG Yacktman Fund	\$ 776,953
Baird Ultra Short Bond Institutional	\$ 976,952
Chiron Capital Allocation I	\$ 830,908
Dodge & Cox Income Fund	\$ 867,075
First Eagle Global I	\$ 844,314
Pimco All Assets Fund Institutional	\$ 567,800
Principal Diversified Real Asset	\$ 578,398
Vanguard Total Stock Market	\$ 1,681,060

## 14) DEFINED BENEFIT PENSION PLAN (continued)

For the year ended September 30, 2021, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 21.94%. 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, 2021, were as follows:

Total pension liability	\$ 12,669,005
Plan fiduciary net position	<u>11,372,123</u>
Town's net pension liability	\$ 1,296,882
Plan fiduciary net position as a percentage of the total pension liability	89.76%

### 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:

<u>Actuarial valuation date</u>	<u>September 30, 2021</u>
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, 2020. Assumptions were removed for pre-retirement termination and disability. The retirement assumption was changed to 100% at age 65.

### 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%)	\$ 13,862,370
Total Pension Liability (Current Rate)	\$ 12,669,005
Total Pension Liability (1% Increase – 7%)	\$ 11,649,082



## 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, 2020	\$ 12,795,851	\$ 10,009,719	\$ 2,786,132
Changes for the year:			
Service cost	15,117	-	15,117
Interest on total pension liability	736,678	-	736,678
Actuarial gains/(losses), net	140,993	-	140,993
Change in assumptions	24,327	-	24,327
Contributions – employer	-	318,750	(318,750)
Net investment income	-	2,101,315	(2,101,315)
Benefit payments	(1,043,961)	(1,043,961)	-
Administrative expenses	-	(13,700)	13,700
Net changes	(126,846)	1,362,404	(1,489,250)
Balances at September 30, 2021	\$ 12,669,005	\$ 11,372,123	\$ 1,296,882

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

For the year ended September 30, 2021, the Town recognized pension expense of \$502,998. On September 30, 2021, 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	\$ 54,338	\$ -
Differences between actual and expected experience	308,798	1,368,267
Changes of assumptions	6,439	50,834
Total	\$ 369,575	\$ 1,419,101

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

Year Ending September 30,	Amount
2022	(341,400)
2023	(208,477)
2024	(205,152)
2025	(294,499)
2026	2
Thereafter	-

## 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 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, 2021 were \$276,667. 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 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, 2021, were \$502,788. 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, 2021, are as follows:

	Statements of Fiduciary Net Position			
	Town Defined Benefit Pension Trust Fund	SMRU Defined Contribution Pension Trust Fund	Town Defined Contribution Pension Trust Fund	Total
<b>Assets:</b>				
Cash and cash equivalents	\$ 118,008	\$ -	\$ -	\$ 118,008
Investments – mutual funds	11,168,554	3,265,449	4,776,068	19,210,071
Unallocated cash in transit	-	31,663	18,513	50,176
Employer contributions receivable	106,250	-	-	106,250
Loans receivable	-	26,366	63,971	90,337
<b>Total assets</b>	<b>\$ 11,392,812</b>	<b>\$ 3,323,478</b>	<b>\$ 4,858,552</b>	<b>\$ 19,574,842</b>
<b>Liabilities:</b>				
Accrued benefits and other liabilities	\$ -	\$ -	\$ -	\$ -
<b>Net position:</b>				
Net position restricted for pensions	\$ 11,392,812	\$ 3,323,478	\$ 4,858,552	\$ 19,574,842

**15) DEFINED CONTRIBUTION PENSION PLANS (continued)**

	Statements in Fiduciary Net Position			Total
	Town Defined Benefit Pension Trust Fund	SMRU Defined Contribution Pension Trust Fund	Town Defined Contribution Pension Trust Fund	
<b>Additions:</b>				
Employer contributions	\$ 425,000	\$ 276,667	\$ 502,788	\$ 1,204,455
Investment income	<u>2,109,265</u>	<u>605,440</u>	<u>967,057</u>	<u>3,681,762</u>
Total additions	<u>2,534,265</u>	<u>882,107</u>	<u>1,469,845</u>	<u>4,886,217</u>
<b>Deductions:</b>				
Payments to retirees and employees	1,129,522	25,271	1,081,553	2,236,346
Investment fee expense	<u>21,650</u>	<u>403</u>	<u>1,594</u>	<u>23,647</u>
Total deductions	<u>1,151,172</u>	<u>25,674</u>	<u>1,083,147</u>	<u>2,259,993</u>
Change in net position	1,383,093	856,433	386,698	2,626,224
Net position, beginning of year	<u>10,009,719</u>	<u>2,467,045</u>	<u>4,471,854</u>	<u>16,948,618</u>
Net position, end of year	<u>\$ 11,392,812</u>	<u>\$ 3,323,478</u>	<u>\$ 4,858,552</u>	<u>\$ 19,574,842</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, 2021.

**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, 2021, 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 \$724 to a maximum of \$2,418.

**Actuarial Assumptions**

The total OPEB liability was determined by an actuarial valuation as of October 1, 2020 rolled forward to September 30, 2021, 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	2.43%
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 2.43% is used, which is the S&P Municipal Bond 20-Year High-Grade Rate Index as of September 30, 2021.

**Changes in Net OPEB Liability**

	Increase/(Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
Balances at October 1, 2020	\$ 685,168	\$ -	\$ 685,168
Changes for the year:			
Service cost	45,338	-	45,338
Interest on total OPEB liability	14,095	-	14,095
Change of assumptions and other inputs	(11,482)	-	(11,482)
Benefit payments	(53,081)	-	(53,081)
Net changes	(5,130)	-	(5,130)
Balances at September 30, 2021	\$ 680,038	\$ -	\$ 680,038

**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 – 1.43%)	\$ 720,822
Net OPEB Liability (Current Rate – 2.43%)	\$ 680,038
Net OPEB Liability (1% Increase – 3.43%)	\$ 642,311

**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%)	\$ 631,651
Net OPEB Liability (Current Rate – 7.7%)	\$ 680,038
Net OPEB Liability (1% Increase – 8.7%)	\$ 735,528

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

For the year ended September 30, 2021, the Town recognized OPEB expense of \$86,136. On September 30, 2021, the Town reported deferred outflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between actual and expected experience	\$ 111,973	\$ 35,953
Changes of assumptions	<u>158,582</u>	<u>91,010</u>
Total	<u>\$ 270,555</u>	<u>\$ 126,963</u>

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

Year Ending September 30,	Deferred Outflows	Deferred Inflows
2022	\$ 41,400	\$ 17,997
2023	41,400	17,997
2024	41,400	17,997
2025	41,400	17,997
2026	41,400	17,997
Thereafter	<u>63,555</u>	<u>36,978</u>
Total	<u>\$ 270,555</u>	<u>\$ 126,963</u>

## **17) COMMITMENTS AND CONTINGENCIES**

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### **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 \$799,101 for the year ended September 30, 2021.

### **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**

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### **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 this GASB statement on the financial statements.

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**REQUIRED SUPPLEMENTARY  
INFORMATION**

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**TOWN OF JUPITER ISLAND, FLORIDA**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**BUDGETARY COMPARISON SCHEDULE**  
**GENERAL FUND - NON-GAAP BUDGETARY BASIS**  
**For the Year Ended September 30, 2021**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenue:				
Taxes:				
Ad valorem property taxes	\$ 6,370,039	\$ 6,370,039	\$ 6,413,955	\$ 43,916
Local option gas tax	150,000	150,000	199,601	49,601
Communications tax	<u>70,000</u>	<u>70,000</u>	<u>120,235</u>	<u>50,235</u>
Total taxes	<u>6,590,039</u>	<u>6,590,039</u>	<u>6,733,791</u>	<u>143,752</u>
Licenses and permits:				
Building permits	850,000	925,000	1,515,419	590,419
Alarm permit fee	1,500	1,500	60	(1,440)
Occupational licenses	<u>500</u>	<u>500</u>	<u>1,290</u>	<u>790</u>
Total licenses and permits	<u>852,000</u>	<u>927,000</u>	<u>1,516,769</u>	<u>589,769</u>
Intergovernmental revenue:				
Payment in lieu of taxes	20,000	20,000	17,189	(2,811)
FEMA reimbursement	-	-	103,048	103,048
State grant revenue	-	-	47,168	47,168
State shared revenue:				
Half-cent sales tax	85,000	85,000	106,451	21,451
State revenue sharing	22,800	22,800	26,095	3,295
Fuel tax refund	3,000	3,000	3,555	555
Firefighters supplemental	-	-	8,160	8,160
Radon fees	<u>1,200</u>	<u>1,200</u>	<u>769</u>	<u>(431)</u>
Total intergovernmental revenue	<u>132,000</u>	<u>132,000</u>	<u>312,435</u>	<u>180,435</u>
Charges for services:				
Other public safety charges and fees	10,000	83,000	80,238	(2,762)
Brush charges	92,000	92,000	84,750	(7,250)
Board of Adjustment fees	11,000	11,000	11,000	-
Impact review fees	<u>15,000</u>	<u>15,000</u>	<u>29,000</u>	<u>14,000</u>
Total charges for services	<u>128,000</u>	<u>201,000</u>	<u>204,988</u>	<u>3,988</u>
Fines and forfeitures:				
Fines and forfeitures	<u>3,600</u>	<u>3,600</u>	<u>4,899</u>	<u>1,299</u>
Investment income	<u>85,350</u>	<u>85,350</u>	<u>13,469</u>	<u>(71,881)</u>
Contributions	<u>-</u>	<u>-</u>	<u>15,000</u>	<u>15,000</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, 2021**

	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	35,000	39,124	4,124
Administrative charges:				
Beach Protection District	101,000	101,000	101,000	-
Administrative charges:				
Utility Fund	<u>485,000</u>	<u>485,000</u>	<u>495,552</u>	<u>10,552</u>
Total miscellaneous	<u>630,913</u>	<u>645,913</u>	<u>660,589</u>	<u>14,676</u>
Total revenue	<u>8,421,902</u>	<u>8,584,902</u>	<u>9,461,940</u>	<u>877,038</u>
Expenditures:				
Administration:				
Personal services:				
Regular salaries and wages	665,000	656,900	578,394	78,506
Other salaries and wages	8,000	8,000	-	8,000
FICA taxes	42,963	42,963	34,174	8,789
Medicare taxes	10,048	10,048	8,652	1,396
Overtime	1,750	9,850	9,762	88
Auto allowance	18,200	18,200	13,408	4,792
Pension contributions - DBP	82,495	82,495	82,495	-
Pension contributions	95,000	95,000	78,385	16,615
Health insurance	107,000	103,500	85,698	17,802
Long-term disability insurance	2,000	3,000	2,962	38
Dental insurance	2,524	2,524	1,672	852
Life insurance	2,600	4,300	4,279	21
Cafeteria plan insurances	10,950	10,950	9,991	959
Short-term disability	1,500	2,300	2,270	30
Workers compensation insurance	1,000	1,000	761	239
Employees assistance program	<u>150</u>	<u>150</u>	<u>103</u>	<u>47</u>
Total personal services	<u>1,051,180</u>	<u>1,051,180</u>	<u>913,006</u>	<u>138,174</u>
Operating expenditures:				
Professional services - legal/employees	80,000	54,500	31,192	23,308
Professional services - legal/general	90,000	90,000	55,236	34,764

**TOWN OF JUPITER ISLAND, FLORIDA**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**BUDGETARY COMPARISON SCHEDULE**  
**GENERAL FUND - NON-GAAP BUDGETARY BASIS, CONTINUED**  
**For the Year Ended September 30, 2021**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Administration, continued				
Operating expenditures-				
legal/pension	\$ 7,000	\$ 7,000	\$ 397	\$ 6,603
Professional services - codification	2,500	6,000	5,954	46
Professional services - business	10,000	6,500	4,691	1,809
Professional services - audit/actuarial	41,000	39,400	16,808	22,592
Professional services - financial	48,000	49,600	49,552	48
Professional services - accounting	6,000	5,000	4,837	163
Professional services - public relations	10,000	-	-	-
Contract services - archives	6,000	5,250	5,049	201
Contract services - information technology	15,500	37,500	37,260	240
Travel and per diem	3,500	1,500	1,141	359
Art committee	15,000	20,000	20,000	-
Office supplies	7,500	5,750	5,703	47
Personnel training	3,000	3,750	3,698	52
Personnel services	5,000	17,600	17,572	28
Postage	10,000	8,000	7,868	132
Telephone	30,000	33,500	33,457	43
Legal advertising	5,000	5,000	4,589	411
Utilities - electric	12,000	11,000	10,561	439
Utilities - water	3,000	2,000	1,661	339
Liability and bond insurance	115,000	104,000	103,829	171
Repair and maintenance - equipment	10,000	-	-	-
Repair and maintenance - building	15,000	37,000	36,843	157
Printing and binding	3,500	2,500	1,659	841
Other miscellaneous charges	5,000	4,400	4,289	111
Bank charges	500	500	152	348
Emergency preparation	3,000	4,600	4,595	5
Computer supplies	1,000	2,500	2,449	51
Lease - copier	3,500	2,500	2,211	289
Small tools and equipment	1,000	1,000	-	1,000
Supplies	-	200	170	30
Books, publications and subscriptions	5,000	2,900	2,406	494
	<u>572,500</u>	<u>570,950</u>	<u>475,829</u>	<u>95,121</u>
Total operating expenditures	<u>572,500</u>	<u>570,950</u>	<u>475,829</u>	<u>95,121</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, 2021**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Administration, continued				
Capital outlay:				
Machinery and equipment	\$ 10,000	\$ 11,550	\$ 11,345	\$ 205
Total capital outlay	10,000	11,550	11,345	205
Other uses:				
Contingency	50,000	50,000	151	49,849
Total other uses	50,000	50,000	151	49,849
Total administration	1,683,680	1,683,680	1,400,331	283,349
Public safety:				
Personal services:				
Regular salaries and wages	1,955,000	1,979,000	1,978,891	109
FICA taxes	127,402	129,902	129,674	228
Medicare taxes	29,795	30,795	30,555	240
Overtime	84,000	134,000	133,976	24
Health insurance	454,000	448,000	419,313	28,687
Long-term disability insurance	6,500	6,500	6,398	102
Dental insurance	8,200	8,200	7,325	875
Life insurance	12,000	10,000	9,160	840
Cafeteria Plan/HRA	44,500	44,500	42,579	1,921
Short-term disability	4,440	5,190	5,139	51
Workers compensation insurance	30,000	25,250	25,108	142
Unemployment compensation	4,000	1,500	1,318	182
Employees assistance program	640	640	464	176
Telephone allowance	8,660	8,760	8,664	96
Clothing and shoe allowance	4,200	4,200	3,600	600
Auto allowance	3,000	3,100	3,011	89
Pension contributions - DBP	215,955	216,055	215,955	100
Pension contributions - DCP	284,250	284,250	275,162	9,088
Total personal services	3,276,542	3,339,842	3,296,292	43,550
Operating expenditures:				
Contract services - ALS	810,000	799,500	799,101	399
Contract services - information technology	-	25,250	25,163	87
Contract services - general operations	27,000	10,000	9,441	559
Investigations	2,000	3,000	2,936	64
Travel and per diem	4,000	4,000	147	3,853
Utilities - electric	12,000	12,000	9,055	2,945
Utilities - water	3,600	4,350	4,309	41

**TOWN OF JUPITER ISLAND, FLORIDA**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**BUDGETARY COMPARISON SCHEDULE**  
**GENERAL FUND - NON-GAAP BUDGETARY BASIS, CONTINUED**  
**For the Year Ended September 30, 2021**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Public safety, continued				
Operating expenditures, continued				
Telephone	\$ 45,000	\$ 25,000	\$ 18,145	\$ 6,855
Lease - copier	2,700	2,700	2,027	673
Repair and maintenance - building	10,000	22,250	22,093	157
Vehicle maintenance - police	16,000	18,750	18,557	193
Vehicle maintenance - fire	3,500	-	-	-
Equipment maintenance - police	5,000	5,000	4,890	110
Equipment maintenance - fire	3,000	1,500	1,404	96
Equipment maintenance - security	24,000	22,000	21,623	377
Equipment maintenance - City Watch	750	750	-	750
Other miscellaneous charges	3,000	3,000	1,704	1,296
Patrol boats maintenance	10,000	8,000	7,635	365
Accreditation expense	5,000	7,000	6,950	50
Office supplies	8,000	8,000	5,131	2,869
Computer supplies	10,000	10,000	5,558	4,442
Gasoline, diesel and oil	55,000	54,000	52,757	1,243
Uniforms	7,000	13,500	13,225	275
Uniforms - cleaning	3,600	3,600	1,790	1,810
Small tools and equipment - police	2,000	11,000	10,798	202
Small tools and equipment - fire	500	500	26	474
Small tools and equipment - OPS	750	750	238	512
Supplies - police	10,000	10,750	10,739	11
Supplies - fire	4,000	4,000	995	3,005
Supplies - EMT	4,000	4,000	2,667	1,333
Books, publications and subscriptions	2,000	4,000	3,818	182
Personnel training - police	7,500	7,500	1,892	5,608
Personnel training - fire	4,000	4,000	395	3,605
Personnel training - EMT	3,200	3,950	3,753	197
Personnel services	1,000	2,000	1,764	236
Total operating expenditures	<u>1,109,100</u>	<u>1,115,600</u>	<u>1,070,726</u>	<u>44,874</u>
Capital outlay:				
Machinery and equipment - police	188,000	203,000	177,477	25,523
Machinery and equipment - EMT	1,500	2,700	2,619	81
Machinery and equipment - marine patrol	-	2,000	1,940	60
Total capital outlay	<u>189,500</u>	<u>207,700</u>	<u>182,036</u>	<u>25,664</u>
Total public safety	<u>4,575,142</u>	<u>4,663,142</u>	<u>4,549,054</u>	<u>114,088</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, 2021**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
Building:				
Personal services:				
Regular salaries and wages	\$ 399,000	\$ 414,250	\$ 414,224	\$ 26
Overtime	3,000	2,250	2,206	44
Auto allowance	12,000	12,100	12,046	54
FICA taxes	25,700	26,950	26,764	186
Medicare taxes	6,000	6,500	6,259	241
Pension contributions - DBP	50,390	50,390	50,390	-
Pension contributions - DCP	59,850	57,350	57,282	68
Health insurance	68,000	72,750	72,515	235
Long-term disability insurance	1,500	1,200	1,197	3
Dental insurance	1,700	1,000	982	18
Life insurance	2,500	1,850	1,627	223
Cafeteria plan	7,300	7,800	7,608	192
Short-term disability	1,000	1,000	954	46
Workers' compensation	2,000	1,550	1,522	28
Employees' Assistance Program	140	140	103	37
<b>Total personal services</b>	<b>640,080</b>	<b>657,080</b>	<b>655,679</b>	<b>1,401</b>
Operating expenditures:				
Professional services - legal	50,000	208,000	207,808	192
Professional services - comp plan	5,000	-	-	-
Professional services - experts (boards)	2,000	17,500	17,370	130
Professional services - engineering	5,000	48,000	47,778	222
Professional services - business	60,000	78,750	78,536	214
Contract services - archives management	7,000	5,600	5,593	7
Contract services - information technology	-	3,000	2,956	44
Legal advertising	2,500	-	-	-
Contracted services - web site	1,000	-	-	-
Travel and per diem	3,500	-	-	-
Postage	3,500	4,300	4,273	27
Telephone	2,500	4,300	4,201	99
Lease - copier	8,000	5,250	5,077	173
Vehicle maintenance	1,000	1,000	388	612
Printing and binding	1,000	1,000	626	374
Other miscellaneous charges	4,000	2,000	1,689	311
Emergency preparation	1,500	-	-	-
Mangrove management	50	-	-	-
Office supplies	3,000	3,050	3,036	14
Computer supplies	10,000	4,000	4,000	-
Gasoline, diesel and oil	2,000	-	-	-
Uniforms	300	-	-	-
Small tools and equipment	500	100	66	34
Books, publications and subscriptions	3,000	1,000	693	307
Personnel training	2,000	2,500	2,431	69
<b>Total operating expenditures</b>	<b>178,350</b>	<b>389,350</b>	<b>386,521</b>	<b>2,829</b>

**TOWN OF JUPITER ISLAND, FLORIDA**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**BUDGETARY COMPARISON SCHEDULE**  
**GENERAL FUND - NON-GAAP BUDGETARY BASIS, CONTINUED**  
**For the Year Ended September 30, 2021**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Building, continued				
Capital outlay:				
Machinery and equipment	\$ 30,000	\$ 2,000	\$ 1,799	\$ 201
Total capital outlay	<u>30,000</u>	<u>2,000</u>	<u>1,799</u>	<u>201</u>
Total building	<u>848,430</u>	<u>1,048,430</u>	<u>1,043,999</u>	<u>4,431</u>
Solid waste:				
Personal services:				
Regular salaries and wages	490,000	490,000	466,270	23,730
Overtime	10,000	17,250	17,025	225
FICA taxes	31,418	31,418	29,425	1,993
Medicare taxes	7,348	7,348	6,960	388
Pension contributions - DBP	61,763	61,863	61,763	100
Pension contributions - DCP	73,000	73,000	68,526	4,474
Health insurance	191,160	164,910	135,502	29,408
Long-term disability insurance	1,600	1,700	1,616	84
Dental insurance	2,943	2,943	2,495	448
Life insurance	3,000	3,000	2,367	633
Cafeteria plan	14,625	14,925	14,899	26
Short-term disability	1,700	1,700	1,248	452
Workers' compensation insurance	18,000	18,000	16,739	1,261
Unemployment compensation	5,000	5,000	619	4,381
Employees' assistance program	207	207	152	55
Auto allowance	9,000	9,000	6,030	2,970
Total personal services	<u>920,764</u>	<u>902,264</u>	<u>831,636</u>	<u>70,628</u>
Operating expenditures:				
Utilities	10,000	14,750	14,557	193
Repair and maintenance - building	16,000	16,000	11,475	4,525
Vehicle maintenance	20,000	24,100	24,022	78
Equipment maintenance	12,000	12,000	5,705	6,295
Other miscellaneous charges	10,000	10,000	3,646	6,354
Safety equipment	1,500	1,800	1,792	8
Mosquito and sandfly control	5,000	5,000	1,253	3,747
Yardwaste recycling	75,000	75,000	40,699	34,301
Refuse landfill fees	23,000	23,350	23,316	34
Recycling expenditures	500	500	-	500
Gasoline, diesel and oil	30,000	30,000	27,256	2,744
Uniforms	5,000	5,000	3,290	1,710
Animal control	5,000	5,000	611	4,389
Contract services - information technology	-	5,750	5,631	119
Telephone	5,000	8,250	8,246	4

**TOWN OF JUPITER ISLAND, FLORIDA**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**BUDGETARY COMPARISON SCHEDULE**  
**GENERAL FUND - NON-GAAP BUDGETARY BASIS, CONTINUED**  
**For the Year Ended September 30, 2021**

	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	\$ 632	\$ 1,368
Supplies	11,000	11,000	6,804	4,196
Total operating expenditures	<u>231,000</u>	<u>249,500</u>	<u>178,935</u>	<u>70,565</u>
Capital outlay:				
Buildings	60,000	60,000	18,521	41,479
Machinery and equipment	102,000	102,000	2,886	99,114
Total capital outlay	<u>162,000</u>	<u>162,000</u>	<u>21,407</u>	<u>140,593</u>
Total solid waste	<u>1,313,764</u>	<u>1,313,764</u>	<u>1,031,978</u>	<u>281,786</u>
Roads:				
Operating expenditures:				
Utilities - street lighting	1,500	1,500	-	1,500
Clearing and trimming	28,000	20,000	6,238	13,762
Road and ramble maintenance	1,000	6,500	6,259	241
Stormwater maintenance	6,000	6,000	5,312	688
Other miscellaneous charges	500	500	-	500
Signs	5,000	5,000	2,180	2,820
Total operating expenditures	<u>42,000</u>	<u>39,750</u>	<u>20,124</u>	<u>19,626</u>
Capital outlay:				
Roads	100,000	86,800	-	86,800
Drainage and paving	-	2,250	2,232	18
Total capital outlay	<u>100,000</u>	<u>89,050</u>	<u>2,232</u>	<u>86,818</u>
Total roads	<u>142,000</u>	<u>128,800</u>	<u>22,356</u>	<u>106,444</u>
Grounds:				
Personal services:				
Regular salaries and wages	97,000	54,250	54,154	96
Overtime	3,000	500	328	172
FICA taxes	6,200	3,700	3,335	365
Medicare taxes	1,450	950	780	170
Pension contributions - DBP	14,397	14,397	14,397	-
Pension contributions - DCP	15,000	2,000	1,853	147
Health insurance	36,288	13,288	13,247	41
Long-term disability insurance	250	250	201	49
Dental insurance	960	960	318	642
Life insurance	500	500	308	192
Cafeteria plan	3,650	1,850	1,825	25
Short-term disability	200	200	168	32
Workers' compensation insurance	9,000	8,000	7,609	391
Employees' assistance program	47	47	29	18
Total personal services	<u>187,942</u>	<u>100,892</u>	<u>98,552</u>	<u>2,340</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, 2021**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
Grounds, continued				
Operating expenditures:				
Contract services - grounds maintenance	\$ -	\$ 18,800	\$ 18,794	\$ 6
Utilities - water	39,000	39,000	35,150	3,850
Safety equipment	1,000	1,000	776	224
Grounds projects	33,000	26,000	24,512	1,488
Ficas Alley expenses	35,000	108,750	108,569	181
Small tools and equipment	3,000	3,000	1,442	1,558
Equipment maintenance	1,500	2,500	2,477	23
Supplies	17,000	17,000	13,122	3,878
Total operating expenditures	<u>129,500</u>	<u>216,050</u>	<u>204,842</u>	<u>11,208</u>
Capital outlay:				
Grounds equipment	<u>5,000</u>	<u>5,500</u>	<u>5,457</u>	<u>43</u>
Total capital outlay	<u>5,000</u>	<u>5,500</u>	<u>5,457</u>	<u>43</u>
Total grounds	<u>322,442</u>	<u>322,442</u>	<u>308,851</u>	<u>13,591</u>
Lethal yellowing	<u>155,000</u>	<u>168,200</u>	<u>168,145</u>	<u>55</u>
Beautification and maintenance	<u>40,000</u>	<u>40,000</u>	<u>1,537</u>	<u>38,463</u>
Conservation	<u>50,150</u>	<u>50,150</u>	<u>12,279</u>	<u>37,871</u>
Total expenditures	<u>9,130,608</u>	<u>9,418,608</u>	<u>8,538,530</u>	<u>880,078</u>
Excess (deficiency) of revenues over expenditures	<u>(708,706)</u>	<u>(833,706)</u>	<u>923,410</u>	<u>1,757,116</u>
Other financing sources				
Transfer from reserves	<u>708,706</u>	<u>833,706</u>	<u>-</u>	<u>(833,706)</u>
Total other financing sources	<u>708,706</u>	<u>833,706</u>	<u>-</u>	<u>(833,706)</u>
Net change in fund balance	-	-	923,410	923,410
Fund balance, beginning of year	<u>-</u>	<u>-</u>	<u>8,713,087</u>	<u>8,713,087</u>
Fund balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,636,497</u>	<u>\$ 9,636,497</u>



**TOWN OF JUPITER ISLAND, FLORIDA**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**BUDGETARY COMPARISON SCHEDULE**  
**BEACH PROTECTION FUND - NON-GAAP BUDGETARY BASIS**  
**For the Year Ended September 30, 2021**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenue				
Taxes				
Ad valorem property taxes	\$ 2,800,000	\$ 2,800,000	\$ 2,819,289	\$ 19,289
Intergovernmental revenue				
FEMA Reimbursement	12,782,461	12,782,461	11,230,441	(1,552,020)
State Grant-Beach Renourishment	-	-	29,913	29,913
State Disaster Relief	1,388,365	1,388,365	-	(1,388,365)
Total intergovernmental revenue	14,170,826	14,170,826	11,260,354	(2,910,472)
Investment income	-	-	12,731	12,731
Total revenue	16,970,826	16,970,826	14,092,374	(2,878,452)
Expenditures:				
General government:				
Beach protection administration:				
Personal services:				
Regular salaries & wages	203,000	219,500	219,392	108
Overtime	-	250	115	135
Auto allowance	6,000	6,250	6,023	227
FICA taxes	14,210	14,210	13,715	495
Medicare taxes	2,987	3,237	3,208	29
Pension contributions- DCP	22,250	22,250	21,581	669
Health insurance	30,268	30,268	24,503	5,765
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	2,075	1,903	172
Short-term disability	200	450	310	140
Employees' assistance program	100	100	88	12
Workers' comp insurance	4,242	4,242	714	3,528
Total personal services	287,267	305,017	292,755	12,262
Operating expenditures:				
Professional services - legal	25,000	5,000	4,135	865
Professional services - lobbying	31,000	31,000	23,670	7,330
Professional services - accounting	7,500	7,500	2,454	5,046
Contracted services - information technology	-	1,500	1,259	241
Public relations	5,000	5,000	-	5,000
Other miscellaneous charges	5,000	5,000	4,226	774
Bank charges	500	500	-	500
Beach cleaning	26,000	26,000	26,000	-
Books, publications and subscriptions	1,000	1,000	550	450
Administrative charges -General fund	7,500	75,000	75,000	-
Total operating expenditures	108,500	157,500	137,294	20,206
Total beach protection administration	395,767	462,517	430,049	32,468

**TOWN OF JUPITER ISLAND, FLORIDA**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**BUDGETARY COMPARISON SCHEDULE**  
**BEACH PROTECTION FUND - NON-GAAP BUDGETARY BASIS, CONTINUED**  
**Year Ended September 30, 2021**

	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	\$ 56	\$ 2,944
Telephone	1,020	1,020	-	1,020
Equipment maintenance	4,000	4,000	2,674	1,326
Personnel training	2,500	3,250	3,007	243
Professional services - engineering	100,000	100,000	23,742	76,258
Contingency	<u>1,000,000</u>	<u>1,000,000</u>	<u>-</u>	<u>1,000,000</u>
Total beach protection and monitoring	<u>1,110,520</u>	<u>1,111,270</u>	<u>29,479</u>	<u>1,081,791</u>
Beach protection projects				
Capital outlay:				
Machinery and equipment	75,000	7,500	6,048	1,452
Beach maintenance	20,000	20,000	-	20,000
Reef monitoring	100,000	237,000	236,546	454
Dune restoration	400,000	400,000	396,393	3,607
Beach renourishment	13,117,000	13,117,000	13,073,700	43,300
Beach profile surveys	65,000	125,000	124,523	477
Professional services - engineering	<u>400,000</u>	<u>203,000</u>	<u>114,307</u>	<u>88,693</u>
Total beach protection projects	<u>14,177,000</u>	<u>14,109,500</u>	<u>13,951,517</u>	<u>157,983</u>
Total expenditures	<u>15,683,287</u>	<u>15,683,287</u>	<u>14,411,045</u>	<u>1,272,242</u>
Excess (deficiency) of revenues over expenditures	<u>1,287,539</u>	<u>1,287,539</u>	<u>(318,671)</u>	<u>(1,606,210)</u>
Other financing sources/(uses)				
Transfer to reserves	<u>(1,287,539)</u>	<u>(1,287,539)</u>	<u>-</u>	<u>1,287,539</u>
Total other financing sources	<u>(1,287,539)</u>	<u>(1,287,539)</u>	<u>-</u>	<u>1,287,539</u>
Net change in fund balance	-	-	(318,671)	(318,671)
Fund balance, beginning of year	<u>-</u>	<u>-</u>	<u>13,515,683</u>	<u>13,515,683</u>
Fund balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 13,197,012</u>	<u>\$ 13,197,012</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, 2021**

	2021	2020	2019	2018	2017	2016	2015	2014
Total Pension Liability								
Service cost	\$ 15,117	\$ 25,308	\$ 24,603	\$ 31,976	\$ 38,814	\$ 90,976	\$ 149,385	\$ 192,769
Interest on total pension liability	736,678	761,859	769,461	774,744	773,506	708,105	696,066	677,086
Change in benefit terms	-	-	-	-	-	536,779	-	-
Change in assumptions	24,327	(201,472)	(25,936)	-	138,141	209,885	-	-
Experience gains/(losses)	140,993	34,175	135,365	122,551	84,157	562,872	294,499	288,977
Benefit payments	(1,043,961)	(1,015,073)	(1,017,594)	(1,007,810)	(1,007,889)	(945,772)	(855,198)	(736,837)
Net change in total pension liability	(126,846)	(395,203)	(114,101)	(78,539)	26,729	1,162,845	284,752	421,995
Total pension liability, beginning	12,795,851	13,191,054	13,305,155	13,383,694	13,356,965	12,194,120	11,909,368	11,487,373
Total pension liability, ending	12,669,005	12,795,851	13,191,054	13,305,155	13,383,694	13,356,965	12,194,120	11,909,368
Plan Fiduciary Net Position								
Contributions	318,750	425,000	531,250	318,750	425,000	331,161	331,161	360,411
Net investment income	2,101,315	556,551	161,648	622,037	1,278,521	941,766	(729,843)	634,470
Benefit payments	(1,043,961)	(1,015,073)	(1,017,594)	(1,007,810)	(1,007,889)	(945,772)	(855,198)	(736,837)
Administrative expenses	(13,700)	(12,500)	(11,820)	(11,310)	(4,453)	(3,551)	(19,520)	-
Net change in plan fiduciary net position	1,362,404	(46,022)	(336,516)	(78,333)	691,179	323,604	(1,273,400)	258,044
Plan fiduciary net position, beginning	10,009,719	10,055,741	10,392,257	10,470,590	9,779,411	9,455,807	10,729,207	10,471,163
Plan fiduciary net position, ending	11,372,123	10,009,719	10,055,741	10,392,257	10,470,590	9,779,411	9,455,807	10,729,207
Net pension liability, ending	\$ 1,296,882	\$ 2,786,132	\$ 3,135,313	\$ 2,912,898	\$ 2,913,104	\$ 3,577,554	\$ 2,738,313	\$ 1,180,161
Plan fiduciary net position as a percentage of the total pension liability	89.76%	78.23%	76.23%	78.11%	78.23%	73.22%	77.54%	90.09%
Covered payroll	\$ 623,567	\$ 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	207.98%	298.29%	360.04%	285.03%	259.33%	318.49%	197.13%	67.53%

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, 2021**

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, 2021	\$ 438,436	\$ 318,750	\$ 119,686	\$ 623,567	51.12%	21.94%
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

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, 2021**

Year Ended	Amount of Collective Pension Liability	Percentage of Collective Pension Liability	Covered Payroll	Pension Liability Percentage of Covered Payroll
September 30, 2021	\$ 1,296,882	89.76%	\$ 623,567	207.98%
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

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, 2021**

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB Liability				
Service cost	\$ 45,338	\$ 38,451	\$ 27,545	\$ 28,905
Interest on total OPEB liability	14,095	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	(11,482)	47,870	2,350	(6,622)
Contributions - employer	-	-	-	-
Contributions - active and inactive employees	-	-	-	-
Net investment income	-	-	-	-
Benefit payments	(53,081)	(49,683)	(70,048)	(67,803)
Administrative expenses	-	-	-	-
Other changes	-	(1,112)	478	69,511
	<u>-</u>	<u>(1,112)</u>	<u>478</u>	<u>69,511</u>
Net change in total OPEB liability	(5,130)	13,927	(15,937)	222,165
Total OPEB liability, beginning	<u>685,168</u>	<u>671,241</u>	<u>687,178</u>	<u>465,013</u>
Total OPEB liability, ending	<u>\$ 680,038</u>	<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>	<u>-</u>
Net change in plan fiduciary net position	-	-	-	-
Plan fiduciary net position, beginning	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Plan fiduciary net position, ending	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net OPEB liability, ending	<u>\$ 680,038</u>	<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>	<u>0.00%</u>
Covered payroll	\$ 5,072,725	\$ 5,072,725	\$ 4,762,886	\$ 4,762,886
Net OPEB liability as a percentage of covered payroll	<u>13.41%</u>	<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 for which information is available.

See notes to required supplementary information.

**TOWN OF JUPITER ISLAND, FLORIDA**  
Notes to Required Supplementary Information  
September 30, 2021

**1) BUDGETARY ACCOUNTING**

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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**

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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, 2021
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)

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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

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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, 2020
Measurement Date:	September 30, 2021
Actuarial Cost Method:	Entry Age Normal
Actuarial Assumptions:	
Discount rate	2.43%
Inflation	3.00%
Salary rate increase	5.00%



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**OTHER SUPPLEMENTARY  
INFORMATION**

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**TOWN OF JUPITER ISLAND, FLORIDA**  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**September 30, 2021**

	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	\$ 127,713	\$ 2,925	\$ 130,638
Due from other governments	<u>          -</u>	<u>          26</u>	<u>          26</u>
Total assets	<u>\$ 127,713</u>	<u>\$ 2,951</u>	<u>\$ 130,664</u>
Liabilities and fund balance:			
Liabilities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Fund balance:			
Restricted	<u>\$ 127,713</u>	<u>\$ 2,951</u>	<u>\$ 130,664</u>
Total fund balance	<u>127,713</u>	<u>2,951</u>	<u>130,664</u>
Total liabilities and fund balance	<u>\$ 127,713</u>	<u>\$ 2,951</u>	<u>\$ 130,664</u>

**TOWN OF JUPITER ISLAND, FLORIDA**  
**COMBINING STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**Year Ended September 30, 2021**

	Debt Service Fund	Special Revenue Fund	Total Nonmajor Governmental Funds
	Electric Underground	Special Law Enforcement	
Revenue:			
Taxes	\$ 808,123	\$ -	\$ 808,123
Fines and forfeitures	<u>-</u>	<u>301</u>	<u>301</u>
Total revenue	<u>808,123</u>	<u>301</u>	<u>808,424</u>
Expenditures:			
Current:			
Debt service:			
Principal	579,026	-	579,026
Interest	<u>223,485</u>	<u>-</u>	<u>223,485</u>
Total expenditures	<u>802,511</u>	<u>-</u>	<u>802,511</u>
Net change in fund balance	5,612	301	5,913
Fund balance, beginning of year	<u>122,101</u>	<u>2,650</u>	<u>124,751</u>
Fund balance, end of year	<u>\$ 127,713</u>	<u>\$ 2,951</u>	<u>\$ 130,664</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, 2021**

Gross revenue:	
Water	\$ 8,011,694
Wastewater	3,361,015
Irrigation quality water	378,174
Accrued guaranteed revenue fees	382,016
Interest income	55,908
Other	<u>184,797</u>
Total gross revenue	<u>12,373,604</u>
Operating expenses:	
Personal services	3,317,300
Operating expenses	<u>3,339,985</u>
Total operating expenses	<u>6,657,285</u>
Net revenue available for debt service before connection fees	5,716,319
Capital contributions	<u>1,177,751</u>
Net revenue available for debt service including connection fees	<u>\$ 6,894,070</u>
Scheduled debt service	<u>\$ 1,770,151</u>
Debt service coverage before connection fees (Minimum required coverage is 1.10)	<u>3.23</u>
Debt service coverage including connection fees (Minimum required coverage is 1.20)	<u>3.89</u>

**TOWN OF JUPITER ISLAND, FLORIDA**  
**COMBINING STATEMENT OF FIDUCIARY NET POSITION**  
**PENSION TRUST FUNDS**  
**September 30, 2021**

	Town Defined Benefit Pension Trust Fund	SMRU Defined Contribution Pension Trust Fund	Town Defined Contribution Pension Trust Fund	Total Pension Trust Funds
<b>Assets:</b>				
Cash and cash equivalents	\$ 118,008	\$ -	\$ -	\$ 118,008
Unallocated cash in transit	-	31,663	18,513	50,176
Investments - mutual funds	11,168,554	3,265,449	4,776,068	19,210,071
Employer contributions receivable	106,250	-	-	106,250
Loans receivable	<u>-</u>	<u>26,366</u>	<u>63,971</u>	<u>90,337</u>
<b>Total assets</b>	<u>11,392,812</u>	<u>3,323,478</u>	<u>4,858,552</u>	<u>19,574,842</u>
<b>Liabilities:</b>				
Accrued benefits and other liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net position:</b>				
Net position restricted for pensions	<u>\$ 11,392,812</u>	<u>\$ 3,323,478</u>	<u>\$ 4,858,552</u>	<u>\$ 19,574,842</u>

**TOWN OF JUPITER ISLAND, FLORIDA**  
**COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**  
**PENSION TRUST FUNDS**  
**Year Ended September 30, 2021**

	Town Defined Benefit Pension Trust Fund	SMRU Defined Contribution Pension Trust Fund	Town Defined Contribution Pension Trust Fund	Total Pension Trust Funds
<b>Additions:</b>				
<b>Contributions:</b>				
Employer	\$ 425,000	\$ 276,667	\$ 502,788	\$ 1,204,455
Investment income	<u>2,109,265</u>	<u>605,440</u>	<u>967,057</u>	<u>3,681,762</u>
Total additions	<u>2,534,265</u>	<u>882,107</u>	<u>1,469,845</u>	<u>4,886,217</u>
<b>Deductions:</b>				
Payments to retirees and employees	1,129,522	25,271	1,081,553	2,236,346
Investment fee expense	<u>21,650</u>	<u>403</u>	<u>1,594</u>	<u>23,647</u>
Total deductions	<u>1,151,172</u>	<u>25,674</u>	<u>1,083,147</u>	<u>2,259,993</u>
Change in net position	1,383,093	856,433	386,698	2,626,224
Net position, beginning of year	<u>10,009,719</u>	<u>2,467,045</u>	<u>4,471,854</u>	<u>16,948,618</u>
Net position, end of year	<u>\$ 11,392,812</u>	<u>\$ 3,323,478</u>	<u>\$ 4,858,552</u>	<u>\$ 19,574,842</u>

**TOWN OF JUPITER ISLAND, FLORIDA**  
**STATEMENT OF FIDUCIARY NET POSITION**  
**PRIVATE-PURPOSE TRUST FUND**  
**September 30, 2021**

	<u>Employee Education Trust Fund</u>
Assets:	
Cash and cash equivalents	<u>\$ 22,344</u>
Total assets	<u><u>\$ 22,344</u></u>
Liabilities:	
Due to other funds	<u>\$ -</u>
Total liabilities	<u><u>\$ -</u></u>
Net position	
Held in trust for employees	<u><u>\$ 22,344</u></u>

**TOWN OF JUPITER ISLAND, FLORIDA**  
**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**  
**PRIVATE-PURPOSE TRUST FUND**  
**Year Ended September 30, 2021**

	Employee Education Trust Fund
Additions:	
Contributions	\$ <u>6,000</u>
Total additions	<u>6,000</u>
Deductions:	
Scholarships	6,000
Bank charges	<u>181</u>
Total deductions	<u>6,181</u>
Change in net position	(181)
Net position, beginning of year	<u>22,525</u>
Net position, end of year	<u>\$ 22,344</u>



**TOWN OF JUPITER ISLAND, FLORIDA**  
**STATEMENT OF CHANGES IN ASSETS AND LIABILITIES**  
**TOWN EMPLOYEES AGENCY FUND**  
**Year Ended September 30, 2021**

	Balance October 1, 2020	Additions	Deductions	Balance September 30, 2021
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Assets				
Cash	\$ 19,271	\$ 183,889	\$ (180,304)	\$ 22,856
Total assets	<u>\$ 19,271</u>	<u>\$ 183,889</u>	<u>\$ (180,304)</u>	<u>\$ 22,856</u>
Liabilities				
Due to employees	\$ 19,271	\$ 183,889	\$ (180,304)	\$ 22,856
Total liabilities	<u>\$ 19,271</u>	<u>\$ 183,889</u>	<u>\$ (180,304)</u>	<u>\$ 22,856</u>

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## **COMPLIANCE SECTION**

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**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, 2021, 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 March 8, 2022.

### **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  
March 8, 2022



## **Independent Auditors' Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance**

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

### **Report on Compliance for Each Major Federal Program**

We have audited Town of Jupiter Island, Florida's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Town of Jupiter Island, Florida's major federal programs for the year ended September 30, 2021. The Town of Jupiter Island, Florida's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

### **Management's Responsibility**

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of the Town of Jupiter Island, Florida's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance 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 the audit requirements of Title 2 U.S. *Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes 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 audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Town of Jupiter Island, Florida's compliance.

### **Opinion on Each Major Federal Program**

In our opinion, Town of Jupiter Island, Florida's complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2021.

## Report on Internal Control Over Compliance

Management of the Town of Jupiter Island, Florida is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Town of Jupiter Island, Florida's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Town of Jupiter Island, Florida's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

*Templeton & Company, LLP*

West Palm Beach, Florida  
March 8, 2022

**TOWN OF JUPITER ISLAND, FLORIDA**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE  
For the Year Ended September 30, 2021**

<b>Federal Grantor/Pass-Through Grantor Program Title</b>	<b>CFDA Number</b>	<b>Contract/ Grantor's Number</b>	<b>Expenditures</b>
<b>Department of Homeland Security:</b>			
Passed Through State of Florida, Division of Emergency Management			
Disaster Grant - Public Assistance	97.036	PA-04-FL-4337-PW-06051	\$ 4,300,582
Disaster Grant - Public Assistance	97.036	PA-04-FL-4468-PW-00081	95,593
Disaster Grant - Public Assistance	97.036	PA-04-FL-4468-PW-00082	<u>6,834,266</u>
			11,230,441
<b>Department of Environmental Protection:</b>			
Passed Through State of Florida, Department of Environmental Protection			
Coastal Zone Management Administration Award	11.419	18MI2	<u>29,913</u>
<b>Total Expenditures of Federal Awards and State Financial Assistance</b>			<u>\$ 11,260,354</u>

## TOWN OF JUPITER ISLAND, FLORIDA

### NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE

#### **Note 1 – Basis of Presentation**

The accompanying schedule of expenditures of federal awards and state financial assistance (the Schedule) includes the federal award and state financial assistance activity of Town of Jupiter Island, Florida under federal award programs and state financial assistance projects for the year ended September 30, 2021. The information in the Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Therefore, certain amounts presented in this Schedule may differ from amounts presented in the basic financial statements.

#### **Note 2 – Summary of Significant Accounting Policies**

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

#### **Note 3 – Contingency**

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 Organization for the return of those funds. In the opinion of management, all grant expenditures were in compliance with the terms of the grant agreements and applicable federal and state laws and regulations.

#### **Note 4 – Loan and Loan Guarantee Programs**

There were no balances of loan or loan guarantee programs as of September 30, 2021.

#### **Note 5 – Sub-recipients**

There were no federal awards provided to sub-recipients during the year ended September 30, 2021.



**TOWN OF JUPITER ISLAND, FLORIDA**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**For the Year Ended September 30, 2021**

**Section I – Summary of Auditor’s Results**

*Financial statements*

Type of auditors’ report issued on whether the financial statements audited were prepared in accordance with GAAP Unmodified

Internal control over financial reporting:

Material weakness(es) identified? No  
 Significant deficiencies identified? None reported  
 Noncompliance material to financial statements noted? No

*Federal Awards and State Financial Assistance Projects:*

Internal control over major programs:  
 Material weakness(es) identified? No  
 Significant deficiency(ies) identified? None Reported

Type of auditor’s report issued on compliance for major programs Federal Programs and State Financial Assistance Projects: Unmodified

Any audit findings disclosed that are required to be reported on with section 2 CFR 200.516(a) or Chapter 10.650, Rules of the Florida Auditor General? No

Identification of major programs:

CFDA Number(s)	Name of Federal Program or Cluster
97.036	Disaster Grant – Public Assistance

Dollar threshold used to distinguish between Federal Type A and Type B programs \$750,000

Auditee qualified as low-risk auditee? No

**Section II – Financial Statement Findings**

No matters were identified.

**Section III – Findings and Questioned Costs for Federal Awards**

None reported.

**Section IV – Prior Year Findings and Questioned Costs for Federal Awards**

None reported.



## 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, 2021, and have issued our report thereon dated March 8, 2022.

### 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; the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) 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*; Independent Auditor's Report on Compliance for Each Major Federal Program and State Project and Report on Internal Control over Compliance; Schedule of Findings and Questioned Costs; and the Independent Auditor's Report on an Examination Conducted in Accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports, which are dated March 8, 2022, 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.

### **Special District Component Units**

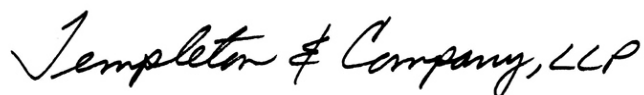
Section 10.554(1)(i)5.d., Rules of the Auditor General, requires that we determine whether or not a special district that is a component unit of a county, municipality, or special district, provided the financial information necessary for proper reporting of the component unit, within the audited financial 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.

A handwritten signature in cursive script that reads "Templeton & Company, LLP".

West Palm Beach, Florida  
March 8, 2022



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

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

We have examined the Town of Jupiter Island, Florida's (the Town) compliance with the requirements of Section 218.415, Florida Statutes, in accordance with Rule 10.556(10) of the Auditor General of the State of Florida during the year ended September 30, 2021. 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. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the Town complied, in all material respects, with the specified requirements referenced in Section 218.415, Florida Statutes. An examination involves performing procedures to obtain evidence about the whether the Town complied with those requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the Town's compliance with specified requirements.

In our opinion, the Town complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2021.

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  
March 8, 2022