Independent Auditor's Report

Honorable Anne M. Gannon
Tax Collector
Palm Beach County, Florida

Report on the Audit of the Financial Statements

Opinions
We have audited the financial statements of the major fund and the aggregate remaining fund information of the Tax Collector of Palm Beach County, Florida (the Tax Collector), as of and for the year ended September 30, 2025, and the related notes to the financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the major fund and the aggregate remaining fund information of the Tax Collector as of September 30, 2025, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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

Emphasis of Matter
As discussed in Note 1, the accompanying financial statements of the Tax Collector were prepared for the purpose of complying with Section 218.39, *Florida Statutes*, and Section 10.557(3), *Rules of the Auditor General for Local Government Entity Audits*. They do not purport to, and do not, present fairly the financial position of Palm Beach County, Florida as of September 30, 2025, the changes in its financial position, or, where applicable, its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

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

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

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Tax Collector's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

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

Required Supplementary Information
Accounting principles generally accepted in the United States of America require that the budgetary comparison schedules and the schedule of changes in the total other post-employment benefits liability and related ratios be presented to supplement the financial statements. Such information is the responsibility of management and, although not a part of the financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, 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 financial statements and other knowledge we obtained during our audit of the 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.

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the financial statements. Such missing information, although not a part of the financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic, or historical context. Our opinions on the financial statements are not affected by this missing information.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 18, 2026, on our consideration of the Tax Collector’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Tax Collector’s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Tax Collector’s internal control over financial reporting and compliance.

RSM US LLP

West Palm Beach, Florida
June 18, 2026

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TAX COLLECTOR
PALM BEACH COUNTY, FLORIDA
BALANCE SHEET - GENERAL FUND
September 30, 2025

ASSETS		
Cash and cash equivalents	$	116,435,326
Accounts receivable		9,632
Due from Board of County Commissioners		157,839
Due from other governments		1,003
Due from other county agencies		30,050
Other assets		544,264
Total assets	$	117,178,114
LIABILITIES		
Vouchers payable and accrued liabilities	$	1,886,259
Due to Board of County Commissioners		98,810,999
Due to other county agencies		6,813,707
Due to other governments		7,785,396
Due to individuals		95
Unearned revenue		1,881,658
Total liabilities		117,178,114
FUND BALANCE		
Nonspendable		
Prepaid Items		539,054
Spendable		
Unassigned		(539,054)
Total fund balance		-
Total liabilities and fund balance	$	117,178,114

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

TAX COLLECTOR
PALM BEACH COUNTY, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCE
GENERAL FUND
For the fiscal year ended September 30, 2025

Revenues:	
Charges for services	$ 114,796,429
Less - excess fees paid out	(74,709,480)
Interest income	1,083,576
Total revenues	41,170,525
Expenditures:	
Current:	
General government	40,130,153
Capital outlay	1,040,372
Total expenditures	41,170,525
Net change in fund balance	-
Fund balance, October 1, 2024	-
Fund balance, September 30, 2025	$ -

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

TAX COLLECTOR
PALM BEACH COUNTY, FLORIDA
STATEMENT OF FIDUCIARY NET POSITION
CUSTODIAL FUNDS
September 30, 2025

ASSETS	
Cash and cash equivalents	$ 69,839,012
Accounts receivable, net	20,368
Due from other governments	533,395
Total assets	70,392,775
LIABILITIES	
Vouchers payable and accrued liabilities	1,291,432
Due to other governments	62,791,792
Due to individuals	6,309,551
Total liabilities	70,392,775
NET POSITION	
Amount held for individuals, organizations, and other governments	-
Total net position	$ -

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

TAX COLLECTOR
PALM BEACH COUNTY, FLORIDA
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
CUSTODIAL FUNDS
For the fiscal year ended September 30, 2025

ADDITIONS		
Taxes collected on behalf of other governments	$	3,997,459,005
Other additions		112,233,227
Total additions		4,109,692,232
DEDUCTIONS		
Distributions to other governments		3,997,459,005
Other deductions		112,233,227
Total deductions		4,109,692,232
Change in net position		-
Net position, October 1, 2024		-
Net position, September 30, 2025	$	-

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

TAX COLLECTOR
PALM BEACH COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following is a summary of the significant accounting principles and policies used in the preparation of the accompanying financial statements:

A. Financial Reporting Entity

The Palm Beach County, Florida, Tax Collector (the Tax Collector) is a separately elected county official established pursuant to the Constitution of the State of Florida. The Tax Collector's financial statements do not purport to reflect the financial position or the results of operations of Palm Beach County, Florida (the County) taken as a whole.

Section 10.556(4), *Rules of the Auditor General for Local Governmental Entity Audits*, requires the Palm Beach County, Florida, Tax Collector financial statements to only present fund financial statements. Accordingly, due to the omission of government-wide financial statements and related disclosures, including a management's discussion and analysis, these financial statements do not constitute a complete presentation of the financial position of the Palm Beach County, Florida, Tax Collector at September 30, 2025 and the changes in financial position for the fiscal year then ended, in conformity with Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, but otherwise constitute fund financial statements prepared in conformity with accounting principles generally accepted in the United States of America (GAAP).

The financial activities of the Tax Collector, as a constitutional officer, are included in the County's Annual Comprehensive Financial Report.

B. Basic Financial Statements

The accounting records of the Tax Collector are organized on the basis of funds as prescribed by GAAP applicable to governments as established by the GASB. The operation of each fund is considered to be an independent fiscal and separate accounting entity, with a self-balancing set of accounts recording cash and/or other financial resources together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations. Government 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 various types and funds used by the Tax Collector are described as follows:

- *The General Fund*, a governmental fund, is used to account for all revenues and expenditures applicable to the general operations of the Tax Collector that are not required either legally or by GAAP to be accounted for in another fund.

- *Fiduciary Funds* are custodial in nature and account for resources held for the benefit of parties outside the government. Custodial funds are used to account for resources held by the government as an agent for individuals, private organizations, and other governments.

C. Basis of Accounting

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

The modified accrual basis of accounting is utilized by governmental funds. Under this basis, revenues are recognized if they are susceptible to accrual, that is, when they become both measurable and available to finance expenditures of the current period. For this purpose, the Tax Collector considers revenues to be available if they are collected within 60 days of the current fiscal period. Primary revenue sources susceptible to accrual include charges for services and interest. Expenditures are recognized when the related fund liability is incurred. Exceptions to this general rule include accumulated sick and vacation pay, claims and judgment, pension, and other post-employment benefits, which are not recorded as expenditures because these amounts will not be paid from expendable available resources.

The accrual basis of accounting is utilized by the Custodial funds. Under this basis, additions are recorded when earned and deductions are recorded at the time liabilities are incurred.

Governmental funds are accounted for on a “spending” or “financial flow” measurement focus. Generally, only current assets and current liabilities are included on the balance sheet. The operating statement reports increases and decreases in net current assets.

D. Cash and Investments

Deposits

All deposits are held in qualified public depositories pursuant to the Florida Statutes, Chapter 280, "Florida Security for Public Deposits Act" and are covered by either federal depository insurance or collateral held by the Chief Financial Officer of Florida.

In the event of a default by a qualified public depository, all claims for government deposits would be satisfied by the Chief Financial Officer of Florida 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.

Cash Equivalents

Highly liquid investments with maturities of three months or less when purchased are reported as cash equivalents.

E. Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items included in other assets in the financial statements with a corresponding amount reported as nonspendable fund balance. Expenditures for insurance and similar services extending over more than one accounting period are accounted for as expenditures of the period of acquisition.

F. Capital Assets

Upon acquisition, capital assets are recorded as capital outlay expenditures in the General Fund of the Tax Collector and capitalized at cost in the governmental activities of the basic financial statements of the County. The Tax Collector maintains custodial responsibility for the capital assets used by her office. Capital assets are depreciated using the straight-line method over a period ranging from three to forty years. The depreciation expense is recorded in the statement of activities as part of the basic financial statements of the County.

G. Compensated Absences

A compensated absence is leave (e.g. employee vacation leave and sick leave) for which employees may receive one or more (a) cash payments when the leave is used for time off; (b) other cash payments, such as payment for unused leave upon termination of employment; or (c) noncash settlements. Leave earned in the earliest fiscal years is considered used before unused leave earned in current fiscal years.

Employees of the Tax Collector may accumulate unused Paid Time Off (PTO) up to a maximum of 256 hours. Upon termination or retirement, 30% of the unused PTO balance is paid to the employees at the rate of pay on the date of termination or retirement up to a maximum of 176 hours.

In accordance with GASB Statement No. 101, compensated absences are estimated and accrued as liabilities on the government-wide financial statements to the extent that it is more likely than not that the leave will be used for time off or otherwise paid in cash or settled through noncash means. The liability is measured at the employee's pay rate in effect at the financial reporting date and includes the employer's share of applicable taxes and retirement contributions. For types of compensated absences that are dependent upon the occurrence of a sporadic event that affects a relatively small proportion of employees in any particular reporting period (parental leave, military leave, and jury duty), a liability is not recognized until the leave commences. For holiday leave, a liability is recognized when the leave is taken.

For governmental fund reporting a liability and expenditure for compensated absences is recognized as payments come due each period upon the occurrence of relevant events, such as employee resignations and retirements. The obligation that is reported in governmental activities of the County is disclosed in Note 3.

H. Encumbrances

Encumbrances outstanding at year-end represent the estimated amounts of expenditures ultimately to be paid for goods on order or unperformed contracts in process at fiscal year-end. Because appropriations lapse at fiscal year-end, it is the Tax Collector's policy to liquidate open encumbrances and re-appropriate such amounts at the beginning of the next fiscal year.

I. Accounting Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting periods. Actual results could differ from those estimates.

J. Fund Balance

The Tax Collector classifies governmental fund balances according to GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, as follows:

Nonspendable fund balance includes fund balance amounts that cannot be spent either because it is not in spendable form (e.g. inventory, prepaid) or legally or contractually required to be maintained intact (e.g. corpus of permanent fund).

Spendable Fund Balance:

> **Unassigned fund balance** represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund.

The Tax Collector first uses restricted resources, and then committed, followed by assigned and unassigned resources. In accordance with Florida Statutes, at year-end the Tax Collector records a contra-revenue amount for excess fees received in excess of annual operations. This amount is recorded with offsetting liabilities recorded as Due to the Board of County Commissioners and Due to Other Governments for fees collected which were refunded to the taxing jurisdictions based on the proportion of revenues collected on their behalf compared to total revenues collected. This amount is presented as excess fees paid out. As a result, there is no ending fund balance.

K. Pension and Other Post-Employment Benefits Disclosure

The Tax Collector applies GASB Statement No. 68, *Accounting and Financial Reporting for Pensions (an amendment of GASB Statement No. 27)*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*, for purposes of measuring the net pension liability, deferred outflows of resources, and deferred inflows of resources related to pensions and pension expense relating to the fiduciary net position of the Florida Retirement System (FRS) and Health Insurance Subsidy (HIS) deferred benefit plans (the Plans). Additions to and deductions from both Plans fiduciary net position have been determined on the same basis as they are reported by the Plans and are recorded in the County's government-wide financial statements. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. See subsequent Pension Plan note for additional information.

The Tax Collector applies GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions.* This Statement outlines reporting by governments that provide OPEB to their employees and for governments that finance OPEB for employees of other governments. See subsequent OPEB note for additional information.

L. Leases

The Tax Collector is a lessee in a lease arrangement regarding a building.

Lease liabilities with an initial, individual value of $25,000 or more are recognized. The lease liability and an intangible right-of-use lease asset are recognized in the government-wide financial statement of the County. The aforementioned building lease falls below this threshold.

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

Key estimates and judgments related to leases include determining (1) the discount rate utilized to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The Tax Collector uses the interest rate charged by the lessor as the discount rate - this rate is rarely indicated in lease agreements. When the interest rate charged by the lessor is not provided, the Tax Collector utilizes the estimated incremental borrowing rate related to governmental activities of the County as the discount rate for leases.

- The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option prices that the Tax Collector is reasonably certain to exercise.

The initial incremental borrowing rate at the date of implementation was determined based on a fiscal year ended 2021 public improvement serial bond of the County. Thereafter, the incremental borrowing rate for new lease issuances and material modifications to leases is set quarterly based on an analysis of US Treasury and AA investment bond rates – this rate reference will continue to be utilized whenever the County does not issue a serial bond.

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

Lease asset totals are reported with other capital assets and itemized by major asset class in the capital asset note of the County. Lease liabilities are reported with long-term debt on the Statement of Net Position of the County.

M. Implementation of New Governmental Accounting Standard

- GASB Statement No. 101, *"Compensated Absences"*. The unified recognition and measurement model in this Statement will result in a liability for compensated absences that more appropriately reflects when a government incurs an obligation. In addition, the model can be applied consistently to any type of compensated absence and will eliminate potential comparability issues between governments that offer different types of leave. The model also will result in a more robust estimate of the amount of compensated absences that a government will pay or settle, which will enhance the relevance and reliability of information about the liability for compensated absences. Refer to Section G in this note for more information.

- GASB Statement No. 102, *"Certain Risk Disclosures"*. The requirements of this Statement will improve financial reporting by providing users of financial statements with essential information that currently is not provided. The disclosures will provide users with timely information regarding certain concentrations or constraints and related events that have occurred or have begun to occur that make a government vulnerable to a substantial impact. As a result, users will have better information with which to understand and anticipate certain risks to a government's financial condition. There was no significant impact due to the implementation of this standard.

N. Unadopted GASB Statements

- GASB Statement No. 103, *"Financial Reporting Model Improvements"*. The requirements of this Statement will improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. This Statement also addresses certain application issues. This Statement is effective for the fiscal year ending September 30, 2026.

- GASB Statement No. 105, *"Subsequent Events"*. The requirements of this Statement will improve financial reporting related to subsequent events by (1) clarifying the subsequent events time frame and the subsequent events that constitute recognized and nonrecognized events and (2) specifying the information items that are required to be disclosed about subsequent events. Those improvements will assist preparers and auditors in applying the requirements more consistently, thereby reducing diversity in practice and providing information that better meets the needs of financial statement users. This Statement is effective for the fiscal year ending September 30, 2027.

Management of the Tax Collector's Office is still in the process of determining what effect, if any, the above Statements will have on the financial statements and related disclosures.

2. CASH AND CASH EQUIVALENTS

At September 30, 2025, cash and cash equivalents consisted of the following:

	Bank Balance	Carrying Value
Deposits in Financial Institutions	$ 177,133,694	$ 186,246,070
Cash on hand		28,268
Total		$ 186,274,338

Cash and cash equivalents are reported in the Balance Sheet and Statement of Fiduciary Net Position as follows:

	Governmental Fund	Custodial Fund	Total
Cash and cash equivalents	$ 116,435,326	$ 69,839,012	$ 186,274,338

3. COMPENSATED ABSENCES

GASB Statement No. 101 requires disclosure of changes in the compensated absences liability during the period but does not prescribe a specific rollforward format. Management determined that presentation of the net change provides a clear and understandable depiction of the period-to-period movement in the liability and satisfies the disclosure objectives of the standard.

Compensated absences are reported by the County in its basic financial statements. The following is a summary of changes in the compensated absences liability during fiscal year 2025:

Compensated absences payable at October 1, 2024	$ 164,902
Net change in accrued compensated absences	361,093
Compensated absences payable at September 30, 2025	$ 525,995

4. PENSION PLAN

FLORIDA RETIREMENT SYSTEM

The Tax Collector participates in the Florida Retirement System and provides retirement benefits to employees through the following plans:

Plan Descriptions

The **Florida Retirement System (FRS) Pension Plan** and the **Retiree Health Insurance Subsidy (HIS) Program** are cost-sharing, multiple-employer defined benefit plans administered by the Florida Department of Management Services, Division of Retirement. The FRS Pension Plan provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. These benefits are established by Chapter 121, Florida Statutes, and may only be amended by the Florida legislature.

The HIS Program benefit is a monthly payment to assist retirees of the State-administered retirement systems in paying their health insurance costs. The HIS Program was established under Section 112.363, Florida Statutes, and may be amended by the Florida legislature at any time.

An annual comprehensive financial report including financial information and required supplementary information on both plans is publicly available on the web site of the Florida Department of Management Services (http://www.dms.myflorida.com).

The Tax Collector contributes to the **Florida Retirement System Investment Plan (Investment Plan)**, a defined contribution plan, for its eligible employees who elect to participate in the Investment Plan in lieu of participating in the FRS Pension Plan. As provided in Section 121.4501, Florida Statutes, eligible FRS members may elect to participate in the Investment Plan in lieu of FRS defined-benefit plan. Tax Collector employees participating in the DROP are not eligible to participate in the Investment Plan. Employer and employee contributions, including amounts contributed to individual member's accounts, are defined by law, but the ultimate benefit depends in part on the performance of investment funds. Benefit terms, including contribution requirements, for the Investment Plan are established and may be amended by the Florida Legislature. The Investment Plan is funded with the same employer and employee contribution rates that are based on salary and membership class (Regular Class, Elected County Officers, etc.) as the FRS Pension Plan. Contributions are directed to individual member accounts, and the individual members allocate contributions and account balances among various approved investment choices. The Investment Plan is administered by the State Board of Administration (SBA) and is reported in the SBA's annual financial statements and in the State of Florida's annual comprehensive financial report. Financial information on this plan is available on the web at http://www.sbafla.com/.

FRS and HIS Contributions

The Tax Collector's employer contributions to both plans totaled $2,913,917 and employee contributions totaled $635,783 for the fiscal year ended September 30, 2025. The Tax Collector contributed 100 percent of its statutorily required contributions for the current and preceding two years for both plans.

Net Pension Liability

The Tax Collector's proportionate share of the aggregate net pension liability for both plans was $18,923,263 at September 30, 2025. Balances related to the net pension liability, deferred outflows, deferred inflows, and pension expense are reported in the Statement of Net Position and the Statement of Activities as part of the basic financial statements of the County.

FLORIDA RETIREMENT SYSTEM (FRS) PENSION PLAN

Benefits Provided

The Florida Retirement System was created on December 1, 1970. Members enrolled in the FRS and actively employed on July 1, 2001, or first enrolled between July 1, 2001 and June 30, 2011, will be vested, or eligible to receive future benefits after 6 years of creditable service. Participants first enrolled on or after July 1, 2011 will be vested, or eligible to receive future benefits after 8 years of creditable service. Retirement, disability, and death benefits are based on age, average final compensation and years-of-service credit. For members initially enrolled in the FRS before July 1, 2011, average final compensation is the average of the five highest fiscal years of salary earned during covered employment. For members initially enrolled in the FRS on or after July 1, 2011, average final compensation is the average of the eight highest fiscal years of salary earned during covered employment. Members are eligible for normal retirement when they have met the minimum requirements established by their membership class. For members initially enrolled in the FRS before July 1, 2011, Regular Class members are eligible for normal retirement if they are vested and age 62 or if they have 30 years of creditable service regardless of age. For members initially enrolled in the FRS on or after July 1, 2011, Regular Class members are eligible for normal retirement if they are vested and age 65 or if they have 33 years of creditable service regardless of age. Early retirement may be taken any time after vesting. However, there is a 5 percent reduction of benefits for each year prior to normal retirement age or date. The percentage level of employees' payroll contribution rates is determined using the frozen entry age actuarial cost method.

Beginning July 1, 1998, the FRS implemented the Deferred Retirement Option Program (DROP), which is a program within the FRS Pension Plan that allows members to retire without terminating their employment for up to 96 months while their retirement benefits accumulate and earn interest compounded monthly at a stated effective annual rate. For members who entered DROP prior to July 1, 2011, the rate is 6.5 percent. For members who enter DROP on or after July 1, 2011, the rate is 4.0 percent. Members may participate in DROP when they are vested and have reached their normal retirement date. When the DROP period ends, members must terminate employment. At that time, members will receive their accumulated DROP benefits and begin receiving their monthly retirement benefit.

The FRS was amended in 2000 to provide a defined contribution plan alternative to the defined benefit plan for FRS members effective July 1, 2002. This integrated defined contribution plan is known as the FRS Investment Plan, which is described later in this note.

Contributions

The following membership classes and contribution rates, which apply to both the FRS Pension Plan and the FRS Investment Plan, were in effect at September 30, 2025:

Membership Class	Employee Contribution Rate	Employer Contribution Rate*
Regular	3.00%	14.03%
Special Risk	3.00%	35.19%
State Attorney/Public Defender	3.00%	62.66%
County, City, Special District Elected Officers	3.00%	54.57%
Special Risk Administrative Support	3.00%	39.48%
Senior Management	3.00%	33.24%
Deferred Retirement Option Program	N/A	22.02%

*Employer contribution rates in the above table include a 2.00% contribution for the Retiree Health Insurance Subsidy Program.

RETIREE HEALTH INSURANCE SUBSIDY (HIS) PROGRAM

Benefits Provided

For the fiscal year ended September 30, 2025, eligible retirees and beneficiaries received a monthly HIS payment of $7.50 for each year of creditable service completed at the time of retirement, with a minimum HIS payment of $45 per month and a maximum HIS payment of $225 per month. To be eligible to receive a HIS Plan benefit, a retiree under a State-administered retirement system must provide proof of health insurance coverage, which may include Medicare.

Contributions

The HIS Program is funded by required contributions from FRS participating employers as set by the Florida Legislature. Employer contributions are a percentage of gross compensation for all active FRS members. For the fiscal year ended September 30, 2025, the contribution rate was 2.00 percent of payroll. The Tax Collector contributed 100 percent of its statutorily required contributions for the current and preceding three fiscal years. The HIS Program contributions are deposited in a separate trust fund from which payments are authorized. The HIS Program benefits are not guaranteed and are subject to annual legislative appropriation. In the event the legislative appropriation or available funds fail to provide full subsidy benefits to all participants, benefits may be reduced or cancelled.

FLORIDA RETIREMENT SYSTEM INVESTMENT PLAN

Vesting Provisions

For all membership classes, employees are immediately vested in their own contributions and are vested after one year of service for employer contributions and investment earnings. If an accumulated benefit obligation for service credit originally earned under the FRS Pension Plan is transferred to the Investment Plan, the member must have the years of service required for FRS Pension Plan vesting (including the service credit represented by the transferred funds) to be vested for these funds and the earnings on the funds. Nonvested employer contributions are placed in a suspense account for up to five years. If the employee returns to FRS-covered employment within the five-year period, the employee will regain control over their account. If the employee does not return within the five-year period, the employee will forfeit the accumulated account balance. Costs of administering the Investment Plan, including the FRS Financial Guidance Program, are funded through an employer contribution of 0.06% of payroll, which is included in the FRS contribution rates, and by forfeited benefits of Investment Plan members. For the fiscal year ended September 30, 2025, the information for the amount of forfeitures was unavailable from the SBA, however, management believe that these amounts, if any, would be immaterial to the Tax Collector. After termination and applying to receive benefits, the member may rollover vested funds to another qualified plan, structure a periodic payment under the Investment Plan, receive a lump-sum distribution, leave the funds invested for future distribution, or any combination of these options. Disability coverage is provided; the member may either transfer the account balance to the FRS Pension Plan when approved for disability retirement to receive guaranteed lifetime monthly benefits under the FRS Pension Plan or remain in the Investment Plan and rely upon that account balance for retirement income.

For more detailed information on these plans, please refer to the Retirement Note in the County's Annual Comprehensive Financial Report.

5. COMMITMENTS

Purchase orders and contracts had been executed, but certain goods and services were not received as of fiscal year end for $8,512. Because the budget authority for these amounts lapses at fiscal year-end, they are not shown as assignments of fund balance or liabilities. Funds are re-appropriated at the beginning of each fiscal year to provide for these commitments.

6. RISK MANAGEMENT

The Tax Collector is covered by the Board of County Commissioner's (BOCC) self-insurance programs for its casualty insurance and workers' compensation exposures and maintains commercial insurance policies for its health and dental programs. The Tax Collector does not retain any risk beyond premiums paid to the BOCC.

Casualty and Workers' Compensation Insurance

The Tax Collector participates in the BOCC's casualty and workers' compensation self-insurance programs. These types of insurance limit the Tax Collector's exposure to various risks of loss related to torts; theft, damage and destruction of assets; errors and omissions; natural disasters and employee injuries. Payments are made by the Tax Collector to the BOCC based on estimates of the amounts needed to ultimately settle claims. However, the Tax Collector does not retain any risk beyond premiums paid to the BOCC. Settled claims have not exceeded commercial insurance coverage in any of the last three fiscal years.

For the fiscal year ended September 30, 2025, the BOCC charged the Tax Collector $8,633 and $36,710 respectively, for casualty insurance and workers' compensation insurance.

7. OTHER POST EMPLOYMENT BENEFITS (OPEB)

The total OPEB liability of the Tax Collector was $3,454,828 at September 30, 2025. This was calculated in accordance with Governmental Accounting Standards Board Statement No. 75 ("GASB 75"), *"Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions"*. For the year ended September 30, 2025, OPEB expense for the Tax Collector totaled $(163,802)

Balances related to the total OPEB liability, deferred outflows, deferred inflows, and OPEB expense are reported in the Statement of Net Position and the Statement of Activities as part of the basic financial statements of the County.

Benefits Provided

The Tax Collector's defined benefit post-employment healthcare OPEB plan provides OPEB to all eligible retired employees and their dependents. The plan is a single employer plan which is administered by the employer for their employees. Retirees of the healthcare benefit OPEB plan must be offered the same coverage as is offered to active employees at a premium cost of no more than the premium cost applicable for active employees which results in an implicit subsidy.

Plan Description

The Tax Collector is required by Florida Statute 112.0801 to allow their retirees (and eligible dependents) to continue participation in the group insurance plan. No assets are accumulated in a trust that meets the criteria in Paragraph 4 of GASB Statement No. 75. Additionally, there are no legal documents referencing a trust. The healthcare benefits OPEB plan does not issue separate standalone financial reports. The plan consists of 298 active participants.

Actuarial Assumptions

The total OPEB liability in the September 30, 2025 actuarial valuation was determined using several actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified. The actuarial valuation method utilized was the entry-age normal level percentage of pay. Other assumptions are as follows:

- Measurement Date: September 30, 2025
- Inflation: 4.00%
- Actuarial Valuation Date: October 1, 2025
- Salary increases: 4.00%
- Discount rate of 4.50%; source: S&P Municipal Bond 20-Year High Grade Index
- Healthcare Cost Trend Rate: initially 7.50% to grade ultimately to 4.04% over a 51-year period
- Mortality Rate: Pub-G.H-2016, Scale MP-2021
- A formal experience study was not performed. However, the actuarial assumptions used in the valuation were reasonable and consistent with typical industry standards.

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

The following presents the total OPEB liability of the Tax Collector, as well as what the Tax Collector's total OPEB liability would be if it were calculated using a discount rate that is 1-percent lower (3.50%) or 1-percent higher (5.50%) than the current discount rate:

	1% Decrease (3.50%)	Current Discount Rate (4.50%)	1% Increase (5.50%)
Total OPEB liability	\$3,801,758	\$3,454,828	\$3,146,041

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

The following presents the total OPEB liability of the Tax Collector, as well as what the Tax Collector's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1% lower (6.50% decreasing to 3.04%) or 1% higher (8.50% decreasing to 5.04%) than the current healthcare cost trend rates:

		Healthcare Cost Trend Rates	
	1% Decrease	**Current Rate**	**1% Increase**
	6.50% decreasing to 3.04% over 51 years	7.50% decreasing to 4.04% over 51 years	8.50% decreasing to 5.04% over 51 years
Total OPEB liability	$3,054,407	$3,454,828	$3,933,771

Changes in total OPEB liability

Service cost	$ 224,547
Interest	156,812
Experience losses (gains)	(324,594)
Change of assumptions	402,658
Benefit payments	(92,173)
Net change in total OPEB liability	367,250
Total OPEB liability - beginning	3,087,578
Total OPEB liability - ending	$ 3,454,828

For more detailed information on the Tax Collector's OPEB plan, please refer to the OPEB Note in the County's Annual Comprehensive Financial Report.

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PALM BEACH COUNTY, FLORIDA

Schedule of Changes in the Total OPEB Liability and Related Ratios

Tax Collector Healthcare OPEB Plan

Last Ten Fiscal Years

(Required Supplementary Information)

	2025	2024	2023	2022
Total OPEB liability				
Service cost	$ 224,547	$ 206,521	$ 332,087	$ 409,063
Interest	156,812	143,382	110,794	101,407
Experience losses (gains)	(324,594)	-	(1,080,660)	-
Change of assumptions	402,658	-	(801,865)	-
Benefit payments	(92,173)	(50,031)	(47,199)	(80,447)
Net change in total OPEB liability	367,250	299,872	(1,486,843)	430,023
Total OPEB liability- beginning	3,087,578	2,787,706	4,274,549	3,844,526
Total OPEB liability- ending	$ 3,454,828	$ 3,087,578	$ 2,787,706	$ 4,274,549
Covered-employee payroll	$ 20,852,597	$ 15,622,742	$ 15,021,867	$ 13,488,864
Total OPEB liability as a percentage of covered-employee payroll	16.6%	19.8%	18.6%	31.7%

Notes to Schedule:

(1) GASB Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions", was implemented in fiscal year 2018 requiring ten-year trend data. Additional years will be displayed as the data becomes available.

(2) Amounts are as of September 30 of each year.

(3) No assets are accumulated in a trust that meets the criteria in Paragraph 4 of GASB Statement No. 75.

(4) Change in assumptions: changes of assumptions and other inputs reflect the effects of changes in the discount rate, assumed trend rate for medical claims, and mortality rate each period.

- The following are the discount rates used in each period:

2025	4.50%	2021	2.43%	2018	3.64%
2024, 2023	4.87%	2020	3.68%		
2022	2.43%	2019	3.68%		

- The following are the assumed trend rates for the medical claims used in each period:

2025	7.50% grading uniformly to 6.60% over 3 years, then to an ultimate rate of 4.04% in 2075.
2024, 2023	6.25% grading uniformly to 5.20% over 2 years, then to an ultimate rate of 3.94% in 2075.
2022, 2021	6.25% grading uniformly to 5.75% over 2 years, then to an ultimate rate of 4.04% in 2075.
2020, 2019	7.50% grading uniformly to 6.75% over 3 years, then to an ultimate rate of 3.94% in 2075.
2018	8.00% graded down to 5% over 10 years.

- The following are the mortality tables used in each period:

2025	Pub-G.H-2016 with improvement, scale MP-2021.
2024, 2023	Pub-2010 generational, scale MP-2021.
2022, 2021	Pub-2010 generational, scale MP-2020.
2020, 2019	RP-2014 Total Dataset Adjusted to 2006 with Scale MP-2018.
2018	RP-2014 projected generationally using Scale MP-2016.

2021	2020	2019	2018
$ 495,676	$ 472,072	$ 449,592	$ 295,336
195,303	173,465	166,642	146,822
(1,916,433)	-	(3,821,944)	-
258,512	-	3,477,957	-
(75,715)	(109,311)	(101,685)	(104,149)
(1,042,657)	536,226	170,562	338,009
4,887,183	4,350,957	4,180,395	3,842,386
$ 3,844,526	$ 4,887,183	$ 4,350,957	$ 4,180,395
$ 12,970,062	$ 13,712,189	$ 13,184,797	$ 14,485,421
29.6%	35.6%	33.0%	28.9%

TAX COLLECTOR
PALM BEACH COUNTY, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE-BUDGET AND ACTUAL
GENERAL FUND
For the fiscal year ended September 30, 2025
(Required Supplementary Information) Unaudited

	Original Budget	Final Budget	Actual Amounts	Variance With Final Budget Positive (Negative)
Revenues:				
Charges for services	$ 104,740,020	$ 104,740,020	$ 114,796,429	$ 10,056,409
Less - excess fees paid out	(58,577,004)	(58,565,281)	(74,709,480)	(16,144,199)
Interest income	-	-	1,083,576	1,083,576
Total revenues	46,163,016	46,174,739	41,170,525	(5,004,214)
Expenditures:				
Current:				
General government	42,319,570	42,331,293	40,130,153	2,201,140
Capital outlay	3,843,446	3,843,446	1,040,372	2,803,074
Total expenditures	46,163,016	46,174,739	41,170,525	5,004,214
Excess of revenues over (under) expenditures	-	-	-	-
Net change in fund balance	-	-	-	-
Fund balance, October 1, 2024	-	-	-	-
Fund balance, September 30, 2025	$ -	$ -	$ -	$ -

Section 195.087, Florida Statutes, governs the preparation, adoption, and administration of the budget of the Tax Collector. On or before a legally designated date each year, the Tax Collector shall submit to the Florida Department of Revenue a budget for the ensuing fiscal year. A copy of such budget shall be furnished at the same time to the Board of County Commissioners. Final approval of the budget is given by the Florida Department of Revenue. The budget is adopted for the general fund on a basis consistent with GAAP. The level of budgetary control is at the fund level.

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

The Honorable Anne M. Gannon
Tax Collector
Palm Beach County, 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 (*Government Auditing Standards*), the financial statements of the major fund and the aggregate remaining fund information of the Tax Collector of Palm Beach County, Florida (the Tax Collector), as of and for the year ended September 30, 2025, and the related notes to the financial statements, which collectively comprise the Tax Collector's fund financial statements, and have issued our report thereon dated June 18, 2026. Our report included an emphasis-of-matter paragraph to reflect that these financial statements were prepared to comply with Section 218.39, *Florida Statutes,* and Section 10.557(3), *Rules of the Auditor General for Local Government Entity Audits,* and are not intended to present the financial position and changes in financial position of the Tax Collector and do not represent a complete presentation of the financial statements of Palm Beach County, Florida.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Tax Collector'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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed 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 result of that testing, and not to provide an opinion on the effectiveness of the Tax Collector'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 Tax Collector's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

RSM US LLP

West Palm Beach, Florida
June 18, 2026

RSM US LLP

Management Letter in Accordance with the Rules of the Auditor General of the State of Florida

The Honorable Anne M. Gannon
Tax Collector
Palm Beach County, Florida

Report on the Financial Statements
We have audited the financial statements of the major fund and the aggregate remaining fund information of the Tax Collector of Palm Beach County, Florida (the Tax Collector), as of and for the fiscal year ended September 30, 2025, and have issued our report thereon dated June 18, 2026, which was prepared to comply with State of Florida reporting requirements.

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

Other Reporting Requirements
We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards* and Independent Accountant's Report on an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports, which are dated June 18, 2026, should be considered in conjunction with this management letter.

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

Financial Management
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.

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 fraud, waste, or abuse, that has occurred or is likely to have occurred, that has an effect on the financial statements that is less than material but warrants the attention of those charged with governance. In connection with our audit, we did not note 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 and applicable management of the Tax Collector's Office, and is not intended to be and should not be used by anyone other than these specified parties.

RSM US LLP

West Palm Beach, Florida
June 18, 2026

RSM US LLP

Independent Accountant's Report

The Honorable Anne M. Gannon
Tax Collector
Palm Beach County, Florida

We have examined the Tax Collector of Palm Beach County, Florida's (the Tax Collector) compliance with the local government investment policy requirements of Section 218.415, *Florida Statutes*, during the period October 1, 2024 to September 30, 2025 (specified requirements). Management of the Tax Collector is responsible for the Tax Collector's compliance with the specified requirements. Our responsibility is to express an opinion on the Tax Collector's compliance with the specified requirements 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 Tax Collector complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether the Tax Collector complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

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

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

In our opinion, the Tax Collector complied, in all material respects, with the local government investment policy requirements of Section 218.415, *Florida Statutes*, during the period October 1, 2024 to September 30, 2025.

This report is intended solely for the information and use of the Florida Auditor General, the Tax Collector's Office, and applicable management and is not intended to be and should not be used by anyone other than these specified parties.

RSM US LLP

West Palm Beach, Florida
June 18, 2026