

**COMPREHENSIVE ANNUAL FINANCIAL REPORT  
OF THE  
TOWN OF JUPITER, FLORIDA  
FOR THE FISCAL YEAR ENDED  
SEPTEMBER 30, 2010**



**Prepared By:  
Finance Department**

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## **INTRODUCTORY SECTION**



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# TOWN OF JUPITER

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March 10, 2011

The Honorable Mayor, Members of the Town Council and Citizens  
Town of Jupiter, Florida

The Comprehensive Annual Financial Report (CAFR) of the Town of Jupiter, Florida, (the "Town") for the fiscal year ended September 30, 2010, is hereby submitted. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the Town. To the best of our knowledge and belief, the enclosed data is accurate in all material aspects and is reported in a manner designed to present fairly the financial position and results of operations of the Town. All disclosures necessary to enable the reader to gain an understanding of the Town's financial activities have been included.

Management of the Town is responsible for establishing and maintaining internal controls designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the Town's financial statements in conformity with U.S. generally accepted accounting principles. The Town's internal controls are designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and, (2) the valuation of costs and benefits requires estimates and judgments by management.

The Town's financial statements are audited by an independent certified public accounting firm. The objective of the audit involves examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management to provide reasonable assurance that the financial statements are free of material misstatements.

As part of the Town's annual audit, a review is made of internal controls and tests are performed to determine that the Town has complied with applicable laws and regulations. The results of the Town's audit for the fiscal year ended September 30, 2010 identified no instances of material weaknesses in internal controls or material violations of applicable laws and regulations.

The Town is required to provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The Town's MD&A can be found beginning on page 3 of this report.

## **GOVERNMENT PROFILE**

Government Entity: The Town of Jupiter was incorporated in 1925 as a political subdivision of the State of Florida. Located on the Atlantic Ocean in northern Palm Beach County, Jupiter is a vibrant coastal community of more than 50,000 year-round residents, having grown from a sleepy seaside community

with less than 10,000 residents in 1980. During the “season,” which runs from Thanksgiving to Easter, an additional 12,000-15,000 residents call Jupiter their home. The Town’s geographic size has increased by approximately 50% to over 22 square miles. The Town’s rate of growth has slowed significantly in the last several years due to the recession, as a result of the bursting of the real estate bubble and as the Town approaches build-out. After peaking at over \$9 billion in taxable value in FY 2008, this taxable value has fallen to \$7.8 billion in FY 2010. These values have continued to fall to \$7.2 billion in FY 2011 and are projected to fall an additional 3%-5% to approximately \$6.9 billion for FY 2012. This decrease in taxable value is a direct result of the housing and real estate problems currently occurring throughout the local area, the state of Florida and the nation. Due to prudent financial planning in earlier years, the Town remains in solid financial condition and is in much better financial shape than many local governments. The Town has operated under the Council-Manager form of government since the early 1970’s. Policy making and legislative authority are vested in the Town Council consisting of the Mayor and four other Councilors. The Town Manager is appointed by the Town Council and is responsible for carrying out the policies and ordinances of the Town Council and managing the day-to-day activities of the Town government. The Town provides the following services: public safety, public works, culture and recreation, protective inspections, general administrative services, water and stormwater utility services.

Reporting Entity: The management of the Town has considered whether there are potential component units that should be included in the Town’s financial statements, by applying the criteria set forth by U.S. generally accepted accounting principles. Based upon the application of these criteria, the only entity to consider was the Jupiter Community Redevelopment Agency (the “CRA”), a dependent special district established by the Town, under authority granted by Florida Statute 163, Section III. The CRA is included in the Town’s financial reporting entity as a blended component unit reported in a governmental (special revenue) fund, the *Community Redevelopment Fund*.

Budgetary Control: The Town adopts an annual operating budget which serves as the foundation for the Town’s financial planning and control. The Town Council is required by state statute to hold two public hearings and adopt a final budget by no later than the beginning of the fiscal year (October 1<sup>st</sup>). The operating budget is prepared by fund, function and department. Directors, with the Town Manager’s approval, may make budget transfers within a department. Transfers between departments require the approval of the Town Council. In addition to the annual operating budget, the Town Council also updates and approves the Town’s five year Community Investment Program annually.

## **FINANCIAL CONDITION AND OUTLOOK**

Local Economy: Palm Beach County is the 3rd most populous county in the State of Florida. The latest population estimate prepared by the University of Florida indicates that the current population of the Town exceeds 50,000 and the County is approximately 1.3 million. Projections show the population growing at an estimated annual rate of 1.6 percent over the next 15 years, with corresponding increases in service businesses and light industry. As it is with much of the country, the recession and declining property values have resulted in a significant reduction in growth and development and a corresponding contraction in the local economy. Unemployment stubbornly remains at historically high levels ranging from 10% to 12%. Some local (and national) businesses have closed and there has been a noticeable decline in local business activity, as evidenced by a continuing decline in sales tax revenue. On the bright side, statistical and anecdotal evidence indicates that we are at, or very near, the bottom of the current economic cycle.

Major Industries: The economic base of the Town has traditionally been dependent on the real estate and construction industries associated with producing housing for the increasing county population. During the winter and spring months many businesses rely on the economic gain from the increase in tourism. Tourists are drawn to south Florida due to our warm weather, accessible beaches and major league baseball training camps. With the Scripps Research Institute opening a major research facility on the Florida Atlantic University campus and adjoining property and the Max Planck Society opening new research facilities, Jupiter and the surrounding areas are diversifying the economy through the

development of the bio-science industry. In addition to bio-science, Jupiter has attracted several engineering firms specializing in the design and manufacture of industrial gas turbine components and G4 Wackenhut has moved their international corporate headquarters to Jupiter.

Future Outlook: As mentioned earlier, we believe that we are finally at, or very close to, the beginning of an expected slow increase in the local economy. Although the values of home prices continue to fall, the pace has slowed dramatically and housing sales are on the increase. New businesses which benefit from the growing bio-tech industry are beginning to open in Jupiter and surrounding areas. Prudent fiscal policies adopted by the Town have positioned the organization to withstand the economic downturn and begin to prosper as economic activity begins to increase.

Relevant Financial Policies: The Town has an “informal” unwritten policy in place that the unreserved fund balance in the General Fund should equal or exceed twenty-five percent (25%) of the subsequent year’s budget. After having experienced a direct hit from three hurricanes in just over a year, loans to the CRA and the purchase of waterfront property for the Riverwalk project, this target was missed in FY 2005 and FY 2006. Since that time the Town has enacted numerous cost cutting measures and the financial results for FY 2007 through FY 2010 have been very positive and have provided for the restoration of the unreserved fund balance in the General Fund to approximately 39% of the FY 2011 budget. The financial results for FY 2010 were very positive with revenues and other financing sources exceeding expenditures by approximately \$5.3 million. Of that amount, approximately \$3.9 million came from a transfer from the CRA for a parcel of land; with the remaining \$1.4 million coming from operations. In addition, the CRA has begun repaying the Town of Jupiter for monies loaned during the first few years of the CRA operations. It is anticipated that a portion of the unreserved fund balance will be utilized in the next couple of fiscal years to continue the cost cutting measures required to reduce General Fund operating costs to the levels that are sustainable given the current millage rates in place. This utilization of fund balance will still leave the General Fund in a very strong financial position heading into the future.

During 2007, the State passed legislation which limited the millage rate the Town could adopt and therefore, effectively limited property tax revenues. In January, 2008, a constitutional amendment was approved by the electorate which provided for doubling the homestead exemption to \$50,000; exempted the first \$25,000 of business tangible personal property; limited the annual increase in the assessed value of commercial property to no more than 10%; and, allowed homeowners to take savings of their current property from having assessed value increases limited to no more than 3% annually (Save Our Homes constitutional amendment passed in 1993) regardless of market value and have that savings (market value less assessed value) applied to the assessed value of a newly purchased homestead property. When taken together, these measures have limited the amount of property tax revenues the Town can generate to fund operations. In response, the Town has had to scale back service levels and/or identify alternative revenues, while it holds the millage (tax) rate the same for FY 2011.

Major Initiatives: The Town has devoted significant amounts of time, energy and resources over the years to the continued growth and development that has occurred and the many challenges that strong growth has brought with it. The Town continues to devote resources to transportation and traffic issues and concerns. Included are various roadway and intersection improvements, roadway beautification efforts, resurfacing of local roads, construction of additional bike lanes/bike paths, and the return of local bus service. The Town continued its long standing commitment to provide first class parks and recreation facilities through its ten year, \$1.5 million park restoration program. This program was augmented by the installation of additional sports field lighting at Jupiter Community Park and the refurbishment of one of our smaller neighborhood parks. The Town continued with its commitment to improve its older charter neighborhoods by offering grant funds for smaller projects and the installation of pedestrian street lights along with other infrastructure improvements. The Town has invested significant amounts to improve and maintain Jupiter’s road network through a street resurfacing program, installation of additional bike lanes, traffic signals, shoulder and drainage improvements and landscaping enhancements. The Town is also investing in a new telephone system, an improved police radio system and various other improvements to Town Hall and other Town structures.

The Water Utility has recently completed work on its new nanofiltration water treatment plant. Complementing the new plant were improvements to its distribution system, a rehabilitation program for its wells and a meter replacement program. Numerous improvements continue to be made to various stormwater systems throughout the Town as well as making grant dollars available for improvements to private stormwater systems. The largest and most challenging undertaking continues to be the development of the Riverwalk, a public boardwalk of shops, restaurants, entertainment and environmental preserve areas stretching for almost two and a half miles along the Intracoastal Waterway and terminating at the Jupiter Inlet. During FY 2010, improvements were made to the Inlet Village Marina property (including ten public boat slips), completion of the lagoon bridge section and improvements to the Events Plaza, including the construction of a water taxi dock.

For the Future: Over the past few years, the pace of growth and development has slowed significantly throughout the Town and surrounding areas. This slow down has led to a decrease in building permit revenues below previous years. The Town is responding by reducing expenditures within the Building department by eliminating vacant and other existing positions to coincide with the slowdown in development and construction activity. The Town, through its five year Community Investment Program, will be devoting financial resources on a number of projects to improve our infrastructure and recreational amenities so as to maintain the high quality of life enjoyed by our residents while working to maintain that “small town” feel which makes Jupiter such a unique and desirable community. The Town will continue to purchase additional land for open space funded from proceeds of the 2005 General Obligation bonds and will leverage these dollars with grant funds. We will continue development of the Riverwalk and Inlet Village. One of the biggest projects will be the development of the Harbourside project along the Riverwalk. Included will be 100,000+ square feet of office, retail and commercial space, a hotel, a public parking garage and other public amenities. Upon completion, the development is expected to provide an additional \$125 million to the tax base. The Town will continue with its street resurfacing and sidewalk repair programs and expects to begin new programs for striping and marking local streets and to install additional street lighting on Town roadways in an effort to promote and improve safety for motorists, bicyclists, and pedestrians.

Thinking longer-term, the Town is working with other governmental agencies to bring Tri-Rail service to Jupiter. The Town will continue with its ten year parks restoration program along with adding additional cultural and recreational opportunities. The Utilities department will continue their work on expanding the water treatment plant and distribution systems to insure that the Town will have adequate capacity to provide water to our service area at build-out. With the Scripps Research Institute and the Max Planck Society coming to Northern Palm Beach County, the Town, in cooperation with the State of Florida, Palm Beach County and neighboring municipalities, is actively promoting economic development of the bio-science industry in Jupiter and surrounding areas to promote job creation, a diversification of the local economy and a more diverse tax base. One of the major challenges that will be affecting Jupiter and all counties and municipalities within the State of Florida, is “property tax reform.” With the limit on millage rates passed by the State Legislature in June, 2007, and the passage of the constitutional amendment (which effectively puts limits on the assessed value of properties), and the significant downturn in the housing market, the Town will face real challenges to fund operations at the current service level. A Town-wide review of funding and services provided is currently underway and will be ongoing.

## **OTHER INFORMATION**

Independent Audit: Florida Statutes Chapter 11.45 requires an annual financial and compliance audit by an independent certified public accountant. The auditor’s report on the financial statements is included in the Financial Section of this report. The auditor’s reports related specifically to compliance with *Government Auditing Standards* are included in the Compliance Reports Section.

Awards: The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Town for its Comprehensive Annual Financial Report for the

fiscal year ended September 30, 2009, the twenty-fifth consecutive year the Town has received this prestigious award. In order to be awarded a Certificate of Achievement, the Town published an easily readable and efficiently organized comprehensive annual financial report. This report satisfied both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

Acknowledgments: The preparation of the comprehensive annual financial report on a timely basis was made possible by the dedicated services of the entire staff of the finance department. Each member of the department has our sincere appreciation for the contributions made in the preparation of this report.

We believe this report reflects the continued excellent financial position of the Town of Jupiter. We would like to thank the Mayor, the Town Council and the residents of the Town for your interest and support toward the planning and administration of the financial operations of the Town in a responsible and progressive manner. With this support, we have been able to maintain a high degree of fiscal health and responsibility for the Town of Jupiter.

Respectfully Submitted,



Andrew D. Lukasik  
Town Manager



Michael Vilella, C.P.A.  
Finance Director

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

Town of Jupiter  
Florida

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
September 30, 2009

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



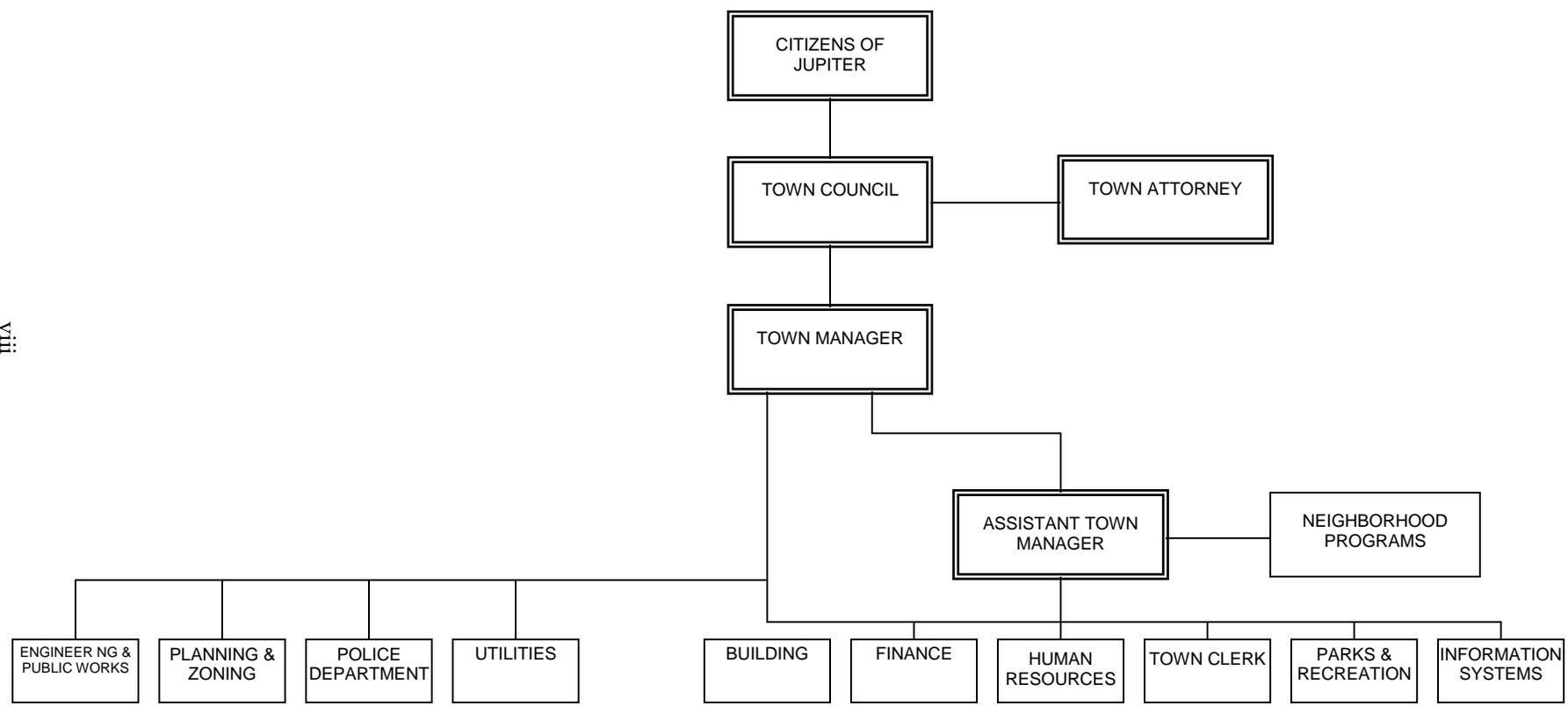
President

Executive Director

**TOWN OF JUPITER  
LIST OF PRINCIPAL OFFICIALS  
SEPTEMBER 30, 2010**

Mayor	Karen J. Golonka
Vice-Mayor	Wendy Harrison
Councilor	Robert M. Friedman
Councilor	Todd Wodraska
Councilor	Jim J. Kuretski, Jr.
Town Manager	Andrew D. Lukasik
Assistant Town Manager	Anne S. Lyons
Town Attorney	Thomas J. Baird
Town Clerk	Sally M. Boylan
Finance Director	Michael Villella, C.P.A.
Chief of Police	Frank J. Kitzerow, Jr.
Utilities Director	David L. Brown
Engineering and Public Works Director	Thomas V. Driscoll
Planning and Zoning Director	John R. Sickler, Jr.
Parks and Recreation Director	Russell A. Ruskay
Information Systems Director	Melinda S. Miller
Human Resources and Risk Management Director	Jacqueline M. Wehmeyer
Building Department Director	Roger D. Held

TOWN OF JUPITER ORGANIZATIONAL CHART



**FINANCIAL SECTION**



CALER, DONTEN, LEVINE,  
PORTER & VEIL, P.A.

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THOMAS A. PENCE, JR., CPA  
SCOTT L. PORTER, CPA  
MARK D. VEIL, CPA

MEMBERS  
AMERICAN INSTITUTE OF  
CERTIFIED PUBLIC ACCOUNTANTS

FLORIDA INSTITUTE OF  
CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditor's Report

To the Honorable Mayor and  
Members of the Town Council  
Town of Jupiter, Florida

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Town of Jupiter, Florida, as of and for the year ended September 30, 2010, which collectively comprise the Town's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the management of the Town of Jupiter, Florida. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Municipal Police Officers' Retirement Trust Fund, the fiduciary fund of the Town which represents 77%, 90% and 40%, respectively, of the assets, net assets/fund balances and revenues/additions of the aggregate remaining fund information of the Town. Those financial statements were audited by another auditor whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Municipal Police Officers' Retirement Trust Fund, is based solely on the report of the other auditor.

We conducted our audit in accordance with U.S. generally accepted auditing standards 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 of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, based on our audit and the report of the other auditor, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Town of Jupiter, Florida, as of September 30, 2010, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with U.S. generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 9, 2011 on our consideration of the internal control over financial reporting of the Town of Jupiter, Florida, 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

U.S. generally accepted accounting principles require that the *management's discussion and analysis* on pages 3 through 10 and the budgetary comparison information on pages 56 through 60 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 U.S. generally accepted auditing standards, 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the financial statements of the Town of Jupiter, Florida, as a whole. The introductory section, the combining and individual fund financial statements and schedules and the statistical section listed in the table of contents are presented for purposes of additional analysis and are not a required part of the financial statements of the Town of Jupiter, Florida. The combining and individual fund financial statements and schedules are the responsibility of management and were derived from and directly relate to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with U.S. generally accepted auditing standards. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The introductory section and statistical section have not been subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

*Calder, Dauter, Levine,  
Porter & Veil, P.A.*

March 9, 2011

# Management's Discussion and Analysis

Acting in our capacity as the management of the Town of Jupiter, Florida, we offer readers of the Town's financial statements this narrative overview and analysis of the financial activities of the Town of Jupiter, Florida, for the fiscal year ended September 30, 2010.

## Financial Highlights

- The assets of the Town exceeded its liabilities at the close of the most recent fiscal year by \$300,395,008 (*net assets*). Of this amount, \$65,954,785 (*unrestricted net assets*) may be used to meet the Town's ongoing obligations to citizens and creditors.
- The Town's operations increased net assets by \$8,305,603. Approximately 53% of this increase is attributable to governmental activities and 47% is attributable to business-type activities.
- As of the close of the fiscal year, the Town's governmental funds reported combined ending fund balances of \$43,699,803, an increase of \$4,090,459 from the prior year fund balance. Approximately 62% of the total fund balance amount is *available for spending* at the Town's discretion (*unreserved fund balance*).
- At the end of the fiscal year, unreserved fund balance for the General Fund was \$15,653,578, or 40% of total general fund expenditures for the current fiscal year.
- The Town's total debt, excluding compensated absences, decreased by approximately \$3,556,000 (5%) during the current fiscal year. The decrease was attributable to scheduled principal payments on the debt.

## 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* 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 assets* presents information on all of the Town's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating.

The *statement of activities* presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets 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 taxes and earned but unused vacation leave).

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 activities*). The governmental activities of the Town include general government, public safety, engineering and public works, and culture and recreation. The business-type activities of the Town include the Water System, Stormwater Utility and Building Department.

The government-wide financial statements include only the Town itself (known as the *primary government*). The Jupiter Community Redevelopment Agency, 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 11-13 of this report.

**Fund financial statements.** 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, proprietary 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 fourteen individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenue, expenditures, and changes in fund balances for the General Fund and Capital Improvements Fund, which are considered to be major funds. Data from the remaining nonmajor governmental funds is also presented. The basic governmental fund financial statements can be found on pages 14-17 of this report.

**Enterprise funds.** The *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The Town uses three enterprise funds to account for the separate operations of its Water System, Stormwater Utility and Building Department. The basic enterprise fund financial statements can be found on pages 18-22 of this report.

**Fiduciary funds.** Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statements because the resources of those funds are *not* available to support the Town's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The Town's fiduciary fund is the Municipal Police Officers' Retirement Trust Fund (MPORT), which is used to account for the assets held in a trustee capacity for the retirement pension of the Town's police officers. The basic fiduciary fund financial statements can be found on pages 23-24 of this report.

**Notes to the financial statements.** The notes 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 25-55 of this report.

**Other information.** In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information*.

The Town adopts an annual appropriated budget for the General Fund. A budgetary comparison schedule for the General Fund is included as *required supplementary information* on pages 56-60 to demonstrate compliance with the adopted budget. The Town also adopts an annual budget for the Capital Improvements Fund, Community Redevelopment Fund and debt service funds. Budgetary comparison schedules for these funds are included as

supplementary information with the combining and individual fund financial statements. The combining and individual fund statements and schedules are presented immediately following the required supplementary information on pages 61-68 of this report.

## Government-wide Financial Analysis

**Net Assets.** As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the Town, assets exceeded liabilities by \$300,395,008 at the close of the most recent fiscal year. The Town's net assets at September 30, 2010 and 2009 are summarized as follows:

<b>Net Assets</b>						
(Amounts in Thousands)						
	Governmental activities		Business-type activities		Total	
	2010	2009	2010	2009	2010	2009
<b>Assets</b>						
Current and other assets	\$ 50,485	\$ 48,146	\$ 53,562	\$ 57,321	\$ 104,047	\$ 105,467
Capital assets	<u>80,864</u>	<u>82,363</u>	<u>205,106</u>	<u>200,566</u>	<u>285,970</u>	<u>282,929</u>
Total assets	<u>\$ 131,349</u>	<u>\$ 130,509</u>	<u>\$ 258,668</u>	<u>\$ 257,887</u>	<u>\$ 390,017</u>	<u>\$ 388,396</u>
<b>Liabilities</b>						
Long-term liabilities						
outstanding	\$ 32,820	\$ 34,545	\$ 41,077	\$ 42,461	\$ 73,897	\$ 77,006
Other liabilities	<u>6,628</u>	<u>8,474</u>	<u>9,097</u>	<u>10,827</u>	<u>15,725</u>	<u>19,301</u>
Total liabilities	<u>\$ 39,448</u>	<u>\$ 43,019</u>	<u>\$ 50,174</u>	<u>\$ 53,288</u>	<u>\$ 89,622</u>	<u>\$ 96,307</u>
<b>Net assets</b>						
Invested in capital assets, net of related debt	\$ 56,460	\$ 55,853	\$ 169,056	\$ 163,111	\$ 225,516	\$ 218,964
Restricted	3,890	6,995	5,034	8,903	8,924	15,898
Unrestricted	<u>31,551</u>	<u>24,642</u>	<u>34,404</u>	<u>32,585</u>	<u>65,955</u>	<u>57,227</u>
Total net assets	<u>\$ 91,901</u>	<u>\$ 87,490</u>	<u>\$ 208,494</u>	<u>\$ 204,599</u>	<u>\$ 300,395</u>	<u>\$ 292,089</u>

The largest portion of the Town's net assets (75%) reflects its investment in capital assets (e.g., land, buildings, improvements, machinery and equipment and infrastructure), less any related debt used to acquire those assets that is still outstanding. 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.

An additional portion of the Town's net assets (3%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets (\$66.0 million) may be used to meet the Town's ongoing obligations to citizens and creditors. At the end of the current fiscal year, the Town is able to report positive balances in all three categories of net assets, both for the government as a whole, as well as for its separate governmental and business-type activities. The same situation held true for the prior fiscal year.

**Changes in Net Assets.** The Town's net assets increased by approximately \$8.3 million during 2010. Approximately 40% of this increase represents the degree to which increases in ongoing revenues have outpaced similar increases in ongoing expenses. The remainder is attributable to capital grants, utility connection charges and infrastructure contributions from developers.

The changes in the Town's net assets for the years ended September 30, 2010 and 2009 are summarized as follows:

**Changes in Net Assets**  
(Amounts in Thousands)

	Governmental Activities		Business-type Activities		Total	
	2010	2009	2010	2009	2010	2009
<b>Revenues</b>						
Program revenues						
Charges for services	\$ 7,050	\$ 7,242	\$ 25,442	\$ 23,712	\$ 32,492	\$ 30,954
Operating grants and contributions	2,155	2,388	-	-	2,155	2,388
Capital grants and contributions	911	457	1,950	2,128	2,861	2,585
General revenues						
Property taxes	21,459	22,751	-	-	21,459	22,751
Other taxes	15,389	15,820	-	-	15,389	15,820
Intergovernmental not restricted to specific programs	1,024	991	-	71	1,024	1,062
Investment earnings	<u>707</u>	<u>32</u>	<u>564</u>	<u>196</u>	<u>1,271</u>	<u>228</u>
Total revenues	48,695	49,681	27,956	26,107	76,651	75,788
<b>Expenses</b>						
General governmental	14,372	15,354	-	-	14,372	15,354
Public safety	18,955	18,487	-	-	18,955	18,487
Engineering and public works	5,123	5,242	-	-	5,123	5,242
Culture and recreation	4,758	4,821	-	-	4,758	4,821
Interest on debt	1,594	1,504	-	-	1,594	1,504
Water System	-	-	19,395	19,074	19,395	19,074
Building	-	-	1,705	1,595	1,705	1,595
Stormwater	<u>-</u>	<u>-</u>	<u>2,443</u>	<u>3,508</u>	<u>2,443</u>	<u>3,508</u>
Total expenses	<u>44,802</u>	<u>45,408</u>	<u>23,543</u>	<u>24,177</u>	<u>68,345</u>	<u>69,585</u>
Increase in net assets before transfers	3,893	4,273	4,413	1,930	8,306	6,203
Transfers	<u>518</u>	<u>118</u>	<u>(518)</u>	<u>(118)</u>	<u>-</u>	<u>-</u>
Increase in net assets	4,411	4,391	3,895	1,812	8,306	6,203
Net assets - beginning of year	<u>87,490</u>	<u>83,099</u>	<u>204,599</u>	<u>202,787</u>	<u>292,089</u>	<u>285,886</u>
Net assets - end of year	<u>\$ 91,901</u>	<u>\$ 87,490</u>	<u>\$ 208,494</u>	<u>\$ 204,599</u>	<u>\$ 300,395</u>	<u>\$ 292,089</u>

**Governmental activities.** Governmental activities increased the Town's net assets by \$4,411,301, thereby accounting for 53% of the total growth in the net assets of the Town. Revenues were approximately \$986,000 less than the prior year. The key elements of this decrease were a decrease in property tax revenues of approximately \$1.3 million due to the continuing decrease in taxable property values, a decrease in other taxes of approximately \$431,000 due to a decrease in the communications services tax after receiving a large, one-time adjustment deposit in 2009, and smaller decreases in service charges (\$192,000) and operating grants and revenues (\$233,000) due to the ending of the My Safe Florida Home grant program in 2009. These decreases were partially offset by a

\$454,000 increase in capital grants and contributions from Federal, State, and local programs and developers, increased investment earnings of \$675,000 due to an increase in amounts invested and interest paid to the General Fund by the Community Redevelopment Agency for interfund loans, and a small increase of \$33,000 in unrestricted intergovernmental revenues. Expenses decreased by approximately \$600,000 due mainly to a reduction in staffing levels.

**Business-type activities.** Business-type activities increased the Town's net assets by \$3,894,302, accounting for 47% of the total growth in the government's net assets. Key elements of this change were as follows.

- Water service charge revenue increased approximately \$1.17 million due to increased consumption and an increase in revenues on guaranteed contracts.
- Building permit revenues increased by \$512,000 as construction activity began to pick up.
- Investment earnings increased by approximately \$368,000 due to an increase in the amounts invested, coupled with an increase in the market value of investments.
- Operating expenses decreased by approximately \$634,000 primarily due to significant staffing reductions in the Building Enterprise Fund.

### Financial Analysis of the Government's Funds

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

**Governmental funds.** 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 assessing the Town's financing requirements. In particular, *unreserved fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

At the end of the current fiscal year, the Town's governmental funds reported combined ending fund balance of \$43,699,803, an increase of \$4,090,459 from the prior year. Approximately 62% of the total fund balance at September 30, 2010 (\$27,226,845) constitutes *unreserved fund balance*, which is available for spending at the Town's discretion. The remainder of fund balance is *reserved* to indicate that it is not available for new spending because it has already been committed: 1) for the non-current amount due from the CRA (\$6,134,907); 2) for the assets restricted for economic development loan guarantees (\$1,685,000); 3) for environmental land acquisition (\$5,341,460); 4) to inventory (\$56,935) and prepaid items (\$112,965); 5) for the noncurrent note receivable (\$350,000); 6) for capital projects (\$1,762,508); 7) to pay debt service (\$261,706); 8) for law enforcement purposes (\$385,702); 9) for right-of-way acquisition (\$66,790); and, 10) for environmental preservation (\$307,946).

The General Fund is the chief operating fund of the Town. At the end of the current fiscal year, unreserved fund balance of the General Fund was \$15,653,578, while total fund balance was \$24,198,479. As a measure of the General Fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 40% of total General Fund expenditures, while total fund balance represents 62% of that same amount. The fund balance of the Town's General Fund increased by \$5,275,539 during the current fiscal year. The key factor contributing to this increase was approximately \$5.5 million in net transfers into the General Fund from the CRA Fund as payment for a parcel of land.

The Community Redevelopment Fund has a fund balance deficit of \$3,969,994, substantially all of which is attributable to a reimbursement to the General Fund in 2010 of approximately \$3.9 million for a parcel of land in the CRA district purchased by the General Fund. The Community Redevelopment Fund had a net decrease in fund balance during the current year of \$3,784,003, primarily due to the reimbursement to the General Fund.

The Capital Improvements Fund has a total fund balance of \$20,760,305, substantially all of which is intended for the Town's current and future capital projects. The net increase in fund balance during the current year in the Capital Improvements Fund was \$1,966,132. The key factors contributing to this increase were approximately \$900,000 less in net capital spending and \$1.0 million in transfers in.

**Enterprise funds.** The Town’s enterprise fund financial statements provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net assets of the Water System Fund, Stormwater Utility Fund and Building Fund at the end of the year amounted to \$22,964,206, \$4,243,062, and \$4,885,021, respectively. The total growth (decline) in net assets of the Water System Fund, Stormwater Fund and Building Fund was \$3,795,654, (\$50,167), and \$148,815, respectively. Other factors concerning the finances have already been addressed in the discussion of the Town’s business-type activities.

### Budgetary Highlights

**General Fund.** Differences between the original budget and the final amended budget resulted in a net increase of approximately \$578,000 in appropriations and were generally attributable to the re-appropriation of open contracts from the previous fiscal year, appropriated revenues received but not budgeted, and to record a loan from the Water system to purchase new police vehicles. The significant increases in appropriations are summarized as follows:

- Approximately \$205,000 was appropriated for year-end accrual of salaries and fringe benefits.
- Approximately \$181,000 was appropriated for loan proceeds from the Water System to purchase police patrol vehicles.
- Approximately \$144,000 was re-appropriated for open contracts.
- Approximately \$37,000 was appropriated from forfeiture funds for approved police expenditures.
- Approximately \$11,000 was for program revenues received in excess of amounts budgeted.

During the year, actual revenues and other sources exceeded budgetary estimates by approximately \$4.5 million and expenditures were less than the budgetary estimates by approximately \$1.4 million.

**Community Redevelopment Fund.** Differences between the original budget and the final amended budget resulted in a net increase of approximately \$2,285,000 in appropriations and were generally attributable to capital purchases that were anticipated during 2010. Land was purchased for approximately \$3.9 million by the General Fund and reimbursed by the Community Redevelopment Fund in 2010, accounting for the majority of the expected increase in the budget. Revenues were under budget by approximately \$1 million reflecting two grants that were anticipated but not received by the CRA in 2010.

### Capital Asset and Debt Administration

**Capital assets.** The Town’s capital assets at September 30, 2010 and 2009 are summarized as follows:

	<b>Capital Assets</b>					
	(Amounts in Thousands, net of depreciation)					
	Governmental activities		Business-type Activities		Total	
	2010	2009	2010	2009	2010	2009
Land	\$ 37,263	\$ 37,255	\$ 569	\$ 555	\$ 37,832	\$ 37,810
Construction in progress	-	-	43,238	34,241	43,238	34,241
Buildings	9,027	9,688	39,781	41,473	48,808	51,161
Improvements	19,763	19,945	117,949	119,334	137,712	139,279
Machinery and equipment	2,132	2,821	3,569	4,963	5,701	7,784
Infrastructure	<u>12,679</u>	<u>12,654</u>	-	-	<u>12,679</u>	<u>12,654</u>
Total assets	<u>\$ 80,864</u>	<u>\$ 82,363</u>	<u>\$ 205,106</u>	<u>\$ 200,566</u>	<u>\$ 285,970</u>	<u>\$ 282,929</u>

The Town's investment in capital assets for its governmental and business type activities as of September 30, 2010, amounts to \$285,969,396 (net of accumulated depreciation). This investment in capital assets includes land, construction in progress, buildings and improvements, machinery and equipment, park facilities, roads, highways, and bridges, water plant facilities and transmission lines. The total increase in the Town's investment in capital assets for the current fiscal year was 1% (a 1% decrease for governmental activities and a 2% increase for business-type activities).

Major capital asset events during the current fiscal year included the following:

- A variety of roadway and landscape improvements throughout the Town.
- Replaced the telephone system, police radio system, and made various improvements to Town Hall and other Town structures.
- The continuing construction of the new nanofiltration water treatment plant.
- Improvements to various Town parks.
- Improvements to the water distribution system in targeted neighborhoods.
- A continuing well rehabilitation program in the water utility.
- Continuation of an ongoing meter replacement program.
- Continuation of an ongoing swale rehabilitation program to improve the quality of stormwater runoff.

Additional information on the Town's capital assets can be found in Note E on pages 36-37 of this report.

**Long-term debt.** At the end of the current fiscal year, the Town had total bonded debt and loans outstanding of approximately \$71,024,000. Of this amount, \$21,155,000 comprises general obligation bonded debt, \$8,555,000 is revenue bonded debt for which the Town has pledged sales taxes and \$141,000 is for capital leases. The remainder of the Town's debt of \$41,173,000 represents loans and bonds secured solely by the net revenues of the Enterprise Funds. The Town's total debt decreased, by approximately \$3,556,000 (5%) during the current fiscal year, due to the retirement of maturing debt.

The Town's outstanding debt at September 30, 2010 and 2009 is summarized as follows:

**Outstanding Debt**  
General Obligation and Revenue Bonds and Loans  
(Amounts in Thousands)

	Governmental activities		Business-type activities		Total	
	2010	2009	2010	2009	2010	2009
Capital leases	\$ 141	\$ 403	\$ -	\$ -	\$ 141	\$ 403
General obligation bonds	21,155	22,340	-	-	21,155	22,340
Sales tax revenue bonds	8,555	9,220	-	-	8,555	9,220
Water System revenue						
Bonds/Notes	-	-	40,795	42,185	40,795	42,185
Stormwater loan	-	-	378	432	378	432
<b>Total debt</b>	<b>\$ 29,851</b>	<b>\$ 31,963</b>	<b>\$ 41,173</b>	<b>\$ 42,617</b>	<b>\$ 71,024</b>	<b>\$ 74,580</b>

The Town and its Water System Utility both have a "AAA" rating from Standard & Poor's and Fitch and a "Aaa" rating from Moody's on their outstanding bonded debt. Town ordinances limit the amount of general obligation debt the Town may issue to 15% of the total assessed valuations of property located in the Town. The current debt limitation for the Town is approximately \$1.4 billion, which is significantly in excess of the Town's outstanding general obligations debt.

Additional information on the Town's long-term debt can be found in Note F on pages 37-45 of this report.

## Economic Factors and Next Year's Budgets and Rates

During the current fiscal year, unreserved fund balance in the general fund increased by \$1,036,558 to \$15,653,578. The Town has not appropriated any of this amount for spending in the 2010 fiscal year budget. In addition, the following factors were considered in preparing the Town's budget for the 2010 fiscal year.

- Property tax reform passed by the voters of Florida and the continued decline of property values will limit the Town's ability to generate future ad valorem tax revenues.
- The recession in the real estate market, construction and development will result in continued low revenues from building permit fees in comparison to previous years.
- Minimal increases in available interest rates for investments.
- Sales tax revenues and franchise fees will continue to be depressed due to the effects of the national recession, but are expected to bottom out in the near future.

Water Utility revenues are constricted, even with rates being increased based upon the Florida Public Service Commission's Water and Wastewater index, due to water restrictions imposed by the South Florida Water Management District.

### Requests for Information

This financial report is designed to provide a general overview of the Town's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Office of the Finance Director at 210 Military Trail, Jupiter, Florida 33458.



Andrew D. Lukasik  
Town Manager



Michael Vilella, C.P.A.  
Finance Director

## **BASIC FINANCIAL STATEMENTS**

TOWN OF JUPITER, FLORIDA

STATEMENT OF NET ASSETS

September 30, 2010

	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
Cash and cash equivalents	\$ 31,099,718	\$ 8,489,618	\$ 39,589,336
Investments	9,649,430	27,427,165	37,076,595
Accounts receivable, net	1,856,685	1,456,543	3,313,228
Grants receivable	78,442	78,094	156,536
Accrued interest receivable	-	22,735	22,735
Inventory	56,935	-	56,935
Internal balances	(170,942)	170,942	-
Prepaid expenses	120,004	384,933	504,937
Restricted assets - investments	7,026,460	10,168,503	17,194,963
Notes receivable	350,000	-	350,000
Noncurrent receivables	-	5,168,652	5,168,652
Net pension asset	243,816	-	243,816
Unamortized debt issue costs	174,886	195,174	370,060
Capital assets, not being depreciated			
Land	37,263,472	569,123	37,832,595
Construction in progress	-	43,237,784	43,237,784
Capital assets, net of accumulated depreciation			
Buildings and plant	9,027,427	39,781,019	48,808,446
Improvements	19,762,627	117,949,076	137,711,703
Machinery and equipment	2,131,921	3,568,449	5,700,370
Infrastructure	12,678,498	-	12,678,498
Total Assets	<u>131,349,379</u>	<u>258,667,810</u>	<u>390,017,189</u>
<b>LIABILITIES</b>			
Accounts payable	402,099	1,164,926	1,567,025
Accrued expenses	1,609,263	508,041	2,117,304
Deposits	4,386,558	1,239,389	5,625,947
Unearned revenue	230,054	5,152,588	5,382,642
Liabilities payable from restricted assets	-	1,032,054	1,032,054
Noncurrent liabilities			
Due within one year			
Compensated absences	175,400	44,345	219,745
Bonds, notes, and capital leases	2,037,128	659,000	2,696,128
Due in more than one year			
Compensated absences	2,718,586	829,976	3,548,562
Bonds, notes and capital leases	27,708,111	39,492,663	67,200,774
Net other postemployment benefits obligation	180,681	51,319	232,000
Total Liabilities	<u>39,447,880</u>	<u>50,174,301</u>	<u>89,622,181</u>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	56,460,166	169,056,109	225,516,275
Restricted for:			
Capital projects	3,447,508	3,672,258	7,119,766
Debt retirement	261,706	1,361,868	1,623,574
Law enforcement	180,608	-	180,608
Unrestricted	31,551,511	34,403,274	65,954,785
Total Net Assets	<u>\$ 91,901,499</u>	<u>\$ 208,493,509</u>	<u>\$ 300,395,008</u>

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

TOWN OF JUPITER, FLORIDA

STATEMENT OF ACTIVITIES

For the Year Ended September 30, 2010

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Contributions and Grants	Capital Contributions and Grants
<b>GOVERNMENTAL ACTIVITIES</b>				
General government	\$ 14,371,564	\$ 1,769,386	\$ 391,624	\$ 37,744
Public safety	18,954,687	458,345	724,085	47,604
Engineering and public works	5,122,616	3,757,434	1,037,859	252,033
Culture and recreation	4,758,188	1,065,101	1,600	573,311
Interest on long-term debt	1,593,818	-	-	-
Total Governmental Activities	44,800,873	7,050,266	2,155,168	910,692
<b>BUSINESS-TYPE ACTIVITIES</b>				
Water System	19,396,117	20,523,135	-	1,631,587
Building	1,705,144	2,228,147	-	-
Stormwater	2,442,584	2,690,966	-	317,984
Total Business-type Activities	23,543,845	25,442,248	-	1,949,571
Total	\$ 68,344,718	\$ 32,492,514	\$ 2,155,168	\$ 2,860,263

General revenues

Taxes

Property taxes

Franchise fees

Public service taxes

Communications services taxes

Sales taxes

Gas taxes

Intergovernmental not restricted to specific programs

Investment earnings

Transfers

Total general revenues and transfers

Change in net assets

Net assets at beginning of year

Net assets at end of year

Net Revenues (Expenses) and  
Changes in Net Assets

Governmental Activities	Business-type Activities	Total
\$ (12,172,810)	\$ -	\$ (12,172,810)
(17,724,653)	-	(17,724,653)
(75,290)	-	(75,290)
(3,118,176)	-	(3,118,176)
(1,593,818)	-	(1,593,818)
(34,684,747)	-	(34,684,747)
-	2,758,605	2,758,605
-	523,003	523,003
-	566,366	566,366
-	3,847,974	3,847,974
(34,684,747)	3,847,974	(30,836,773)
21,458,933	-	21,458,933
4,479,142	-	4,479,142
3,612,409	-	3,612,409
3,246,760	-	3,246,760
3,064,115	-	3,064,115
986,051	-	986,051
1,023,881	-	1,023,881
706,744	564,341	1,271,085
518,013	(518,013)	-
39,096,048	46,328	39,142,376
4,411,301	3,894,302	8,305,603
87,490,198	204,599,207	292,089,405
\$ 91,901,499	\$ 208,493,509	\$ 300,395,008

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

TOWN OF JUPITER, FLORIDA

BALANCE SHEET - GOVERNMENTAL FUNDS

September 30, 2010

	Major Governmental Funds				
	General Fund	Community Redevelopment Fund	Capital Improvements Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>ASSETS</b>					
Cash and cash equivalents	\$ 8,935,994	\$ 2,186,597	\$ 18,451,409	\$ 1,525,718	\$ 31,099,718
Investments	8,070,505	-	415,176	1,163,749	9,649,430
Accounts receivable, net	1,597,426	199,675	-	59,584	1,856,685
Grants receivable	18,594	-	59,848	-	78,442
Due from other funds	6,172,833	-	-	-	6,172,833
Inventory	56,935	-	-	-	56,935
Prepaid items	112,965	7,039	-	-	120,004
Restricted assets					
Investments	1,685,000	-	5,341,460	-	7,026,460
Note receivable	350,000	-	-	-	350,000
Total Assets	<u>\$ 27,000,252</u>	<u>\$ 2,393,311</u>	<u>\$ 24,267,893</u>	<u>\$ 2,749,051</u>	<u>\$ 56,410,507</u>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>LIABILITIES</b>					
Accounts payable	\$ 229,600	78,160	\$ 94,227	\$ 112	\$ 402,099
Accrued liabilities	1,348,218	-	-	-	1,348,218
Due to other funds	170,942	6,134,907	-	37,926	6,343,775
Deposits	822,959	150,238	3,413,361	-	4,386,558
Deferred revenue	230,054	-	-	-	230,054
Total Liabilities	<u>2,801,773</u>	<u>6,363,305</u>	<u>3,507,588</u>	<u>38,038</u>	<u>12,710,704</u>
<b>FUND BALANCES</b>					
Reserved	8,544,901	7,039	5,716,196	2,204,822	16,472,958
Unreserved					
Designated for subsequent year's budget	1,071,105	-	-	-	1,071,105
Undesignated reported in:					
General Fund	14,582,473	-	-	-	14,582,473
Special Revenue Funds	-	(3,977,033)	-	8,184	(3,968,849)
Capital Projects Fund	-	-	15,044,109	-	15,044,109
Debt Service Funds	-	-	-	498,007	498,007
Total Fund Balances	<u>24,198,479</u>	<u>(3,969,994)</u>	<u>20,760,305</u>	<u>2,711,013</u>	<u>43,699,803</u>
Total Liabilities and Fund Balances	<u>\$ 27,000,252</u>	<u>\$ 2,393,311</u>	<u>\$ 24,267,893</u>	<u>\$ 2,749,051</u>	<u>\$ 56,410,507</u>

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

TOWN OF JUPITER, FLORIDA

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
TO THE STATEMENT OF NET ASSETS

September 30, 2010

Total governmental fund balances		\$ 43,699,803
Amounts reported for governmental activities in the statement of net assets are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		80,863,945
Net pension assets of a defined benefit pension plan are reported in the statement of net assets. Because this does not represent available, spendable resources, it is not reported in governmental funds.		243,816
Discounts on the issuance of long-term debt are reported as "Other Financing Sources and Uses" and debt issue costs are charged to expenditures when debt is issued in the governmental funds. These items are deferred and amortized over the life of the debt in the government-wide statements.		
Bond issue costs	\$ 174,886	
Bond discount	<u>105,603</u>	
		280,489
Accrued interest on bonds payable is not due and payable in the current period and, therefore, is not reported in the funds.		(261,045)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.		
Capital leases	(140,842)	
Bonds and note payable	(29,710,000)	
Compensated absences	(2,893,986)	
Net other postemployment benefits obligation	<u>(180,681)</u>	
		<u>(32,925,509)</u>
Total net assets		<u>\$ 91,901,499</u>

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

TOWN OF JUPITER, FLORIDA

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCES - GOVERNMENTAL FUNDS

For the Year Ended September 30, 2010

	Major Governmental Funds			Nonmajor Governmental Funds	Total Governmental Funds
	General Fund	Community Redevelopment Fund	Capital Improvements Fund		
<b>REVENUES</b>					
Taxes	\$ 24,595,077	\$ 969,339	\$ 1,597,638	\$ 2,142,099	\$ 29,304,153
Franchise fees	4,479,142	-	-	-	4,479,142
Licenses and permits	611,957	-	-	482,723	1,094,680
Intergovernmental	1,964,881	-	371,300	3,120,784	5,456,965
Charges for services	6,055,850	-	-	-	6,055,850
Fines and forfeitures	327,460	-	-	-	327,460
Investment earnings	421,996	8,344	215,823	60,581	706,744
Donations	17,539	-	-	-	17,539
Miscellaneous	241,675	56,205	847,476	68,981	1,214,337
Total Revenues	<u>38,715,577</u>	<u>1,033,888</u>	<u>3,032,237</u>	<u>5,875,168</u>	<u>48,656,870</u>
<b>EXPENDITURES</b>					
Current					
General government	12,798,997	328,127	110	37,744	13,164,978
Public safety	18,393,974	-	-	46,736	18,440,710
Engineering and public works	3,827,402	-	242,691	-	4,070,093
Culture and recreation	3,430,220	-	247,727	-	3,677,947
Capital outlay	253,976	249,064	1,558,790	15,000	2,076,830
Debt service					
Principal	261,705	-	-	1,850,000	2,111,705
Interest	12,229	197,500	-	1,377,897	1,587,626
Total Expenditures	<u>38,978,503</u>	<u>774,691</u>	<u>2,049,318</u>	<u>3,327,377</u>	<u>45,129,889</u>
Revenues Over (Under) Expenditures	(262,926)	259,197	982,919	2,547,791	3,526,981
<b>OTHER FINANCING SOURCES (USES)</b>					
Insurance recoveries	37,291	-	-	-	37,291
Transfers in	6,088,000	-	1,022,943	-	7,110,943
Proceeds from sale of capital assets	8,174	-	-	-	8,174
Transfers out	(595,000)	(4,043,200)	(39,730)	(1,915,000)	(6,592,930)
	<u>5,538,465</u>	<u>(4,043,200)</u>	<u>983,213</u>	<u>(1,915,000)</u>	<u>563,478</u>
Net Change in Fund Balances	5,275,539	(3,784,003)	1,966,132	632,791	4,090,459
Fund balances at beginning of year	<u>18,922,940</u>	<u>(185,991)</u>	<u>18,794,173</u>	<u>2,078,222</u>	<u>39,609,344</u>
Fund balances at end of year	<u>\$ 24,198,479</u>	<u>\$ (3,969,994)</u>	<u>\$ 20,760,305</u>	<u>\$ 2,711,013</u>	<u>\$ 43,699,803</u>

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

TOWN OF JUPITER, FLORIDA

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES

For the Year Ended September 30, 2010

Net change in fund balance - total governmental funds \$ 4,090,459

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 costs of those assets is allocated over their estimated useful lives as depreciation expense. Capital outlays and depreciation expense were as follows in the current period.

Capital outlays	2,076,830
Depreciation expense	(3,560,052)

In the statement of activities, only the gain or loss on the sale of capital assets is reported, whereas in the governmental funds the proceeds from the sale increases financial resources. The change in net assets differs from the change in fund balances by the net book value of the assets retired. (15,954)

Payment of accrued interest is an expenditure in the Governmental funds, but is a reduction of accrued liabilities in the statement of net assets. 12,828

Debt issuance provides current financial resources to governmental funds, but issuing debt increases liabilities in the statement of net sssets. Governmental funds report the effect of debt issue costs and discount when debt is issued, whereas these amounts are deferred and amortized in the statement of activities.

Debt retirement - principal paid	2,111,705
Amortization of debt issue costs and discount	(19,020)

Some expenses reported in the statement of activities are not reported in the funds because they have no effect on current financial resources.

Change in net pension asset	4,720
Change in compensated absences	(198,452)
Change in net other postemployment benefits obligation	(91,763)

Change in net assets of governmental activities \$ 4,411,301

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

TOWN OF JUPITER, FLORIDA

STATEMENT OF NET ASSETS - ENTERPRISE FUNDS

September 30, 2010

	Major Enterprise Funds		Nonmajor Enterprise Fund - Building Fund	Total Enterprise Funds
	Water System Fund	Stormwater Fund		
<b>ASSETS</b>				
<b>CURRENT ASSETS</b>				
Cash and cash equivalents	\$ 3,993,618	\$ 2,817,083	\$ 1,678,917	\$ 8,489,618
Investments	22,487,315	1,376,225	3,563,625	27,427,165
Accounts receivable, net	1,335,190	121,353	-	1,456,543
Grants receivable	-	78,094	-	78,094
Due from other funds	170,942	-	-	170,942
Accrued interest receivable	22,735	-	-	22,735
Prepaid expenses	379,885	1,334	3,714	384,933
Restricted assets				
Investments	10,168,503	-	-	10,168,503
Total Current Assets	<u>38,558,188</u>	<u>4,394,089</u>	<u>5,246,256</u>	<u>48,198,533</u>
<b>NONCURRENT ASSETS</b>				
Noncurrent receivables	5,168,652	-	-	5,168,652
Unamortized debt issue costs	195,174	-	-	195,174
Capital assets				
Land and improvements	458,616	110,507	-	569,123
Construction in progress	43,232,244	5,542	-	43,237,786
Water treatment systems	54,154,749	2,180,296	13,029	56,348,074
Buildings and improvements	7,555,588	34,378,605	584,305	42,518,498
Juno plant	1,737,622	-	-	1,737,622
Water distribution systems	124,335,056	-	-	124,335,056
Wells	26,017,078	-	-	26,017,078
Equipment and pumps	6,116,280	402,724	-	6,519,004
Meters	16,300,103	-	-	16,300,103
	<u>279,907,336</u>	<u>37,077,674</u>	<u>597,334</u>	<u>317,582,344</u>
Less accumulated depreciation	<u>(99,963,769)</u>	<u>(11,993,019)</u>	<u>(520,105)</u>	<u>(112,476,893)</u>
Total Capital Assets, net	<u>179,943,567</u>	<u>25,084,655</u>	<u>77,229</u>	<u>205,105,451</u>
Total Noncurrent Assets	<u>185,307,393</u>	<u>25,084,655</u>	<u>77,229</u>	<u>210,469,277</u>
Total Assets	<u>\$ 223,865,581</u>	<u>\$ 29,478,744</u>	<u>\$ 5,323,485</u>	<u>\$ 258,667,810</u>

	Major Enterprise Funds		Nonmajor Enterprise	Total Enterprise Funds
	Water System Fund	Stormwater Fund	Fund - Building Fund	
<b>LIABILITIES AND NET ASSETS</b>				
<b>CURRENT LIABILITIES</b>				
Accounts payable	\$ 1,130,922	\$ 27,454	\$ 6,550	\$ 1,164,926
Accrued expenses	390,351	24,421	93,269	508,041
Compensated absences payable	31,065	3,677	9,603	44,345
Current maturities on loans and bonds	605,000	54,000	-	659,000
	<u>2,157,338</u>	<u>109,552</u>	<u>109,422</u>	<u>2,376,312</u>
<b>CURRENT LIABILITIES PAYABLE FROM RESTRICTED ASSETS</b>				
Accounts and contracts payable	1,032,054	-	-	1,032,054
Total Current Liabilities	<u>3,189,392</u>	<u>109,552</u>	<u>109,422</u>	<u>3,408,366</u>
<b>LONG-TERM LIABILITIES</b>				
Customer deposits	1,136,781	-	-	1,136,781
Other deposits	25,050	23,479	54,079	102,608
Unearned revenue	5,152,588	-	-	5,152,588
Net other postemployment benefits obligation	30,145	3,174	18,000	51,319
Compensated absences payable	581,418	68,822	179,734	829,974
Loan payable, net of current portion	-	324,000	-	324,000
Revenue bonds payable, net of unamortized discount and refunding loss	39,168,665	-	-	39,168,665
Total Long-Term Liabilities	<u>46,094,647</u>	<u>419,475</u>	<u>251,813</u>	<u>46,765,935</u>
Total Liabilities	<u>49,284,039</u>	<u>529,027</u>	<u>361,235</u>	<u>50,174,301</u>
<b>NET ASSETS</b>				
Invested in capital assets, net of related debt	144,272,225	24,706,655	77,229	169,056,109
Restricted				
Capital projects	3,672,258	-	-	3,672,258
Debt retirement	1,361,868	-	-	1,361,868
Unrestricted	25,275,191	4,243,062	4,885,021	34,403,274
Total Net Assets	<u>174,581,542</u>	<u>28,949,717</u>	<u>4,962,250</u>	<u>208,493,509</u>
Total Liabilities and Net Assets	<u>\$ 223,865,581</u>	<u>\$ 29,478,744</u>	<u>\$ 5,323,485</u>	<u>\$ 258,667,810</u>

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

TOWN OF JUPITER, FLORIDA

STATEMENT OF REVENUES, EXPENSES AND CHANGES  
IN FUND NET ASSETS - ENTERPRISE FUNDS

For the Year Ended September 30, 2010

	Major Enterprise Funds		Nonmajor Enterprise	Total Enterprise Funds
	Water System Fund	Stormwater Fund	Fund - Building Fund	
<b>OPERATING REVENUES</b>				
Charges for services	\$ 20,202,659	\$ 2,226,057	\$ 7,517	\$ 22,436,233
Licenses and permits	-	-	2,683,245	2,683,245
Other fees and charges	320,476	2,090	204	322,770
Total Operating Revenues	<u>20,523,135</u>	<u>2,228,147</u>	<u>2,690,966</u>	<u>25,442,248</u>
<b>OPERATING EXPENSES</b>				
Personal services	4,428,157	465,802	2,152,080	7,046,039
General operating expenses	6,986,300	566,897	234,121	7,787,318
Depreciation	6,800,437	671,622	56,383	7,528,442
Total Operating Expenses	<u>18,214,894</u>	<u>1,704,321</u>	<u>2,442,584</u>	<u>22,361,799</u>
Operating Income	<u>2,308,241</u>	<u>523,826</u>	<u>248,382</u>	<u>3,080,449</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Investment earnings	708,281	54,335	68,379	830,995
Net change in fair value of investments	(219,831)	(18,689)	(28,134)	(266,654)
Insurance reimbursements	19,750	-	-	19,750
Loss on the sale of capital assets	(178,770)	-	-	(178,770)
Interest expense	(835,588)	(823)	-	(836,411)
Other debt service expense	(34,890)	-	-	(34,890)
Amortization expense	(151,725)	-	-	(151,725)
	<u>(692,773)</u>	<u>34,823</u>	<u>40,245</u>	<u>(617,705)</u>
Income Before Capital Contributions and Transfers	1,615,468	558,649	288,627	2,462,744
<b>CAPITAL CONTRIBUTIONS</b>	1,631,587	317,984	-	1,949,571
<b>TRANSFERS</b>	<u>548,599</u>	<u>(926,800)</u>	<u>(139,812)</u>	<u>(518,013)</u>
Change in Net Assets	3,795,654	(50,167)	148,815	3,894,302
Net assets at beginning of year	<u>170,785,888</u>	<u>28,999,884</u>	<u>4,813,435</u>	<u>204,599,207</u>
Net assets at end of year	<u>\$ 174,581,542</u>	<u>\$ 28,949,717</u>	<u>\$ 4,962,250</u>	<u>\$ 208,493,509</u>

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

TOWN OF JUPITER, FLORIDA

STATEMENT OF CASH FLOWS - ENTERPRISE FUNDS

For the Year Ended September 30, 2010

	Major Enterprise Funds		Nonmajor Enterprise Fund - Building Fund	Total Enterprise Funds
	Water System Fund	Stormwater Fund		
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Cash received from customers	\$ 20,116,058	\$ 2,147,219	\$ 2,672,505	\$ 24,935,782
Cash paid to suppliers and contractors	(8,446,556)	(557,893)	(225,283)	(9,229,732)
Cash paid to employees	(4,282,985)	(457,840)	(2,326,315)	(7,067,140)
Cash received from others	320,476	2,090	204	322,770
Net Cash Provided By Operating Activities	7,706,993	1,133,576	121,111	8,961,680
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITY</b>				
Transfers	548,599	(926,800)	(139,812)	(518,013)
Net Cash Provided By (Used In) Noncapital Financing Activity	548,599	(926,800)	(139,812)	(518,013)
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Capital contributions	1,218,560	317,984	-	1,536,544
Principal paid on revenue bonds	(1,390,000)	-	-	(1,390,000)
Principal paid on loan payable	-	(54,000)	-	(54,000)
Acquisition and construction of capital assets	(10,232,542)	(740,133)	-	(10,972,675)
Insurance reimbursements	19,750	-	-	19,750
Interest and other debt service charges paid on long-term debt	(1,954,041)	(823)	-	(1,954,864)
Net Cash Used In Capital and Related Financing Activities	(12,338,273)	(476,972)	-	(12,815,245)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Interest received	685,546	54,335	68,379	808,260
Purchases of investments	(2,610,068)	(38,260)	(59,841)	(2,708,169)
Net Cash Provided By (Used In) Investing Activities	(1,924,522)	16,075	8,538	(1,899,909)
Net Decrease in Cash and Cash Equivalents	(6,007,203)	(254,121)	(10,163)	(6,271,487)
Cash and cash equivalents at beginning of year	10,000,821	3,071,204	1,689,080	14,761,105
Cash and cash equivalents at end of year	\$ 3,993,618	\$ 2,817,083	\$ 1,678,917	\$ 8,489,618

	Major Enterprise Funds		Nonmajor Enterprise Fund - Building Fund	Total Enterprise Funds
	Water System Fund	Stormwater Fund		
<b>NONCASH FINANCING AND INVESTING ACTIVITIES</b>				
Developer contributions	\$ 190,531	\$ -	\$ -	\$ 190,531
Change in fair value of investments	\$ (219,831)	\$ (18,689)	\$ (28,134)	\$ (266,654)
Loss on advance refunding of bonds	\$ 206,078	\$ -	\$ -	\$ 206,078
Amortization of debt issue costs	\$ 17,648	\$ -	\$ -	\$ 17,648
Amortization of bond discount	\$ 10,607	\$ -	\$ -	\$ 10,607
Amortization of refunding loss	\$ 123,470	\$ -	\$ -	\$ 123,470

**RECONCILIATION OF OPERATING INCOME  
TO NET CASH PROVIDED BY  
OPERATING ACTIVITIES**

Operating income	\$ 2,308,241	\$ 523,826	\$ 248,382	\$ 3,080,449
Adjustments to reconcile operating income to net cash provided by operating activities				
Depreciation	6,800,437	671,622	56,383	7,528,442
Provision for doubtful accounts	66,246	7,848	-	74,094
Changes in operating assets and liabilities				
Accounts receivable	(172,627)	(86,686)	-	(259,313)
Due from other funds	(132,942)	-	-	(132,942)
Prepaid expenses	72,308	(282)	3,695	75,721
Accounts payable	(1,399,622)	9,286	5,143	(1,385,193)
Accrued expenses	123,443	2,153	(94,495)	31,101
Net OPEB obligation	15,485	1,620	8,132	25,237
Compensated absences	6,244	4,189	(87,872)	(77,439)
Deposits	(40,456)	-	(18,257)	(58,713)
Unearned revenue	60,236	-	-	60,236
<b>Net Cash Provided By Operating Activities</b>	<b>\$ 7,706,993</b>	<b>\$ 1,133,576</b>	<b>\$ 121,111</b>	<b>\$ 8,961,680</b>

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

TOWN OF JUPITER, FLORIDA

STATEMENT OF FIDUCIARY NET ASSETS - FIDUCIARY FUND

September 30, 2010

	Municipal Police Officers' Retirement Trust Fund
<b>ASSETS</b>	
Cash and cash equivalents	\$ 2,072
Receivables	
Accrued interest and dividends	106,984
Investments	
Money market mutual funds	2,285,675
U.S. government securities	4,534,165
U.S. government bonds and notes	4,857,436
Corporate obligations	3,334,193
Asset-backed bonds	307,213
Build America bonds	147,817
Foreign bonds	208,896
Equity mutual funds	10,237,757
International equity funds	3,802,737
Equity common trust funds	4,703,093
Total Investments	<u>34,418,982</u>
Total Assets	34,528,038
<b>LIABILITIES</b>	
Accounts payable and accrued expenses	8,625
Due to broker	610,354
Total Liabilities	<u>618,979</u>
<b>NET ASSETS</b>	
Held in trust for pension benefits	<u>\$ 33,909,059</u>

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

TOWN OF JUPITER, FLORIDA

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS - FIDUCIARY FUND

For the Year Ended September 30, 2010

	Municipal Police Officers' Retirement Trust Fund
<b>ADDITIONS</b>	
Contributions	
Town	\$ 2,945,801
State	571,647
Employee	613,253
Buyback	9,931
	<u>4,140,632</u>
Investment earnings	
Net appreciation in fair value of investments	1,636,501
Interest and dividends	776,985
Other	436
	<u>2,413,922</u>
Less investment expense	103,979
Net investment earnings	<u>2,309,943</u>
Other income	12,321
	<u>12,321</u>
Total Additions	<u>6,462,896</u>
<b>DEDUCTIONS</b>	
Pension benefits	1,512,558
Contribution refunds	1,325
Administrative expenses	134,670
	<u>1,648,553</u>
Total Deductions	<u>1,648,553</u>
Change in Net Assets	4,814,343
Net Assets at Beginning of Year	<u>29,094,716</u>
Net Assets at End of Year	<u><u>\$ 33,909,059</u></u>

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

TOWN OF JUPITER, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2010

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity: The Town of Jupiter, Florida, (the "Town") is a political subdivision incorporated on February 9, 1925, under the authority of Chapter 165, Florida Statutes, and was established by House Bill 698, Laws of Florida, 1925. The Town is governed by five Councilors elected by residents of the Town. The accompanying financial statements present the Town and its blended component unit, a legally separate entity for which the Town is considered financially accountable.

As defined by U.S. generally accepted accounting principles (GAAP), 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.

Blended Component Unit: The Jupiter Community Redevelopment Agency (the "CRA") is a dependent special district established by the Town of Jupiter, Florida, under authority granted by Florida Statute 163, Section III. The CRA is included in the Town's financial reporting entity as a blended component unit reported in a governmental (special revenue) fund, the *Community Redevelopment Fund*. The purpose of the CRA is to promote and guide the physical and economic development of approximately 400 acres along the Intracoastal Waterway in the Town of Jupiter. The CRA is a legally separate entity established by Ordinance number 60-01 of the Jupiter Town Council in December 2001. The governing body of the CRA consists of the Town Council and the Town handles the management and administration of the CRA's financial matters. Separate financial statements for the CRA are not prepared.

Government-wide Financial Statements: The government-wide financial statements consist of the Statement of Net Assets 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 *business-type activities*, which rely primarily on fees and charges for support. 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 funds 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 Assets have been eliminated, except those representing balances between the governmental activities and business-type activities, 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 charges between the Town's governmental activities and business-type activities.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or identifiable activity is offset by program revenue. *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)

TOWN OF JUPITER, FLORIDA  
NOTES TO FINANCIAL STATEMENTS

September 30, 2010

NOTE A - SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 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*, *proprietary* and *fiduciary*. Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. The Town's major governmental funds and enterprise funds 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 Revenues, Expenditures and Changes in Fund Balances for all major governmental funds and nonmajor funds in the aggregate. An accompanying schedule is presented to reconcile and explain the differences in fund balances and changes in fund balances as presented in these statements, to the net assets and changes in net assets presented in the government-wide financial statements. The Town reports the following major governmental funds:

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 *Community Redevelopment Fund* accounts for the economic development activities of the Jupiter Community Redevelopment Agency.

The *Capital Improvements Fund* accounts for the purchase and construction of major capital facilities and projects included in the Town's adopted five year Capital Improvement Program.

**Proprietary Fund Financial Statements** - Proprietary Fund Financial Statements include a Balance Sheet, a Statement of Revenues, Expenses and Changes in Net Assets, and a Statement of Cash Flows. The Town reports the following major proprietary funds:

The *Water System Fund* accounts for operations of the Town's water utility system.

The *Stormwater Fund* accounts for all activities and services related to the Town's stormwater collection, treatment and disposal system.

**Fiduciary Fund Financial Statements** - Fiduciary Fund Financial Statements include a Statement of Fiduciary Net Assets and a Statement of Changes in Fiduciary Net Assets. The Town's only Fiduciary Fund is a *pension trust fund*. Since by definition these assets are being held for the benefit of third parties

TOWN OF JUPITER, FLORIDA  
NOTES TO FINANCIAL STATEMENTS

September 30, 2010

NOTE A - SIGNIFICANT ACCOUNTING POLICIES (Continued)

(pension participants) and cannot be used to finance activities or obligations of the government, these funds are not included in the government-wide financial statements. The only Fiduciary Fund of the Town is as follows:

The *Municipal Police Officers' Retirement Trust Fund* (MPORT) is used to account for assets held in a trustee capacity for the retirement pensions of all permanent, full-time Town police officers.

Measurement Focus and Basis of Accounting: Financial reporting is based upon all pronouncements of the Governmental Accounting Standards Board (GASB), as well as the pronouncements of the Financial Accounting Standards Board (FASB) and its predecessors, including FASB Statements and Interpretations, APB Opinions, and Accounting Research Bulletins that were issued on or before November 30, 1989, that do not conflict with or contradict GASB pronouncements. FASB pronouncements issued after November 30, 1989 are not followed by the Town.

The government-wide financial statements are reported using the *economic resources measurement* focus and the *accrual basis of accounting*, as are the proprietary 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.

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 6 months of the end of the current fiscal year, except for property taxes, for which the period is 60 days. 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 so have been recognized as revenue in the current fiscal year. All other revenue items are considered to be measurable and available only when received in cash by the Town.

Proprietary 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 a proprietary fund's principal ongoing operations. The principal operating revenues of the proprietary funds are charges to customers for sales and services. The proprietary funds also recognize as operating revenue the portion of connection fees intended to recover the cost of connecting new customers to the water system. Operating expenses for the proprietary funds include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Property Taxes: 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 Palm Beach County

TOWN OF JUPITER, FLORIDA  
NOTES TO FINANCIAL STATEMENTS

September 30, 2010

NOTE A - SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property Appraiser and collected by the Palm Beach County Tax Collector, which remits the taxes to the Town. Taxes receivable are recorded for unpaid delinquent taxes based on the original tax roll. At September 30, 2010, taxes receivable were \$294,892 and were offset by an allowance of \$294,892 for uncollectible taxes resulting from errors, insolvencies and court appeals.

Property Tax Reform: During 2007, the Florida Legislature passed property tax reform legislation limiting the property tax levies of local governments in the State of Florida. Local governments that adopt a property tax levy in excess of the limit under State law will lose their Half-Cent Sales Tax distribution from the State for the succeeding twelve months. The State law allows local governments to adopt a millage rate based on the following approval of the governing body: 1) a majority 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 roll back millage rate plus 10%; or, 3) any millage rate approved by unanimous vote or referendum. For the fiscal year ending September 30, 2010 the Town adopted a millage rate of 2.5142, which is less than the maximum tax rate permitted. This millage rate resulted in a total tax levy of \$21,787,176 for 2010, representing a 4.9% reduction from the property tax levy for 2009. Future property tax growth is limited to the annual growth rate of per capita personal income plus the value of new construction.

Cash and Cash Equivalents: Cash and cash equivalents consist of petty cash, deposits with financial institutions in interest and non-interest bearing checking accounts and money market accounts and money market mutual funds. For purposes of the statement of cash flows and financial statement disclosures, cash equivalents also include short-term, highly liquid investments with original maturities of ninety days or less when purchased.

Investments: The Town's investments consist mainly of U.S. Government and Instrumentality securities reported at fair value, investments in Florida Prime, a 2a7-like external investment pool administered by the State Board of Administration (SBA), reported at amortized cost and Pension Trust Fund investments consisting of U.S. Government Agency and Instrumentality securities, corporate equity and debt securities and mutual funds reported at fair value.

Accounts Receivable: General government accounts receivable include State shared revenues and charges for miscellaneous services. Accounts receivable reported in the Proprietary Funds represent amounts due for water and stormwater services from utility customers and building related fees due from developers and individuals, generally all of whom are local businesses and residents. Noncurrent receivables in the Water System Fund include amounts due from developers for connection fees and guaranteed revenues that are payable when connections are made to the utility system. Utility customers pay a cash deposit to the Town as collateral for future charges for services. The Town does not require collateral for other 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 120 days past due. Accounts receivable are written off on an individual basis in the year the Town deems them uncollectible.

Internal Balances: Amounts reported in the fund financial statements as interfund receivables and payables are eliminated in the government-wide governmental and business-type activities columns of the statement of net assets, except for the residual amount, which is presented as internal balances.

TOWN OF JUPITER, FLORIDA  
NOTES TO FINANCIAL STATEMENTS

September 30, 2010

NOTE A - SIGNIFICANT ACCOUNTING POLICIES (Continued)

Inventories: Inventories recorded in the General Fund represent fuel, oil and transmission fluid in storage at year end. Inventories are valued at cost (first-in/first-out) which approximates fair value and are recorded under the consumption method which records inventories as expenditures when used.

Prepaid Items/Expenses: Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items/expenses.

Restricted Assets: Certain investments of the General Fund, Capital Improvements Fund and Proprietary Funds are restricted by debt covenants for land acquisition, 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.

Capital Assets: The Town has reported all capital assets, including infrastructure assets (roads, sidewalks and similar items), in the government-wide statement of net assets. Capital assets are defined by the Town as assets with an initial, individual cost of more than \$5,000, software with an individual cost of \$25,000, 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 increase in net assets. 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 summarized as follows:

Buildings and plant	7-60 years
Improvements	7-25 years
Equipment and vehicles	3-10 years
Infrastructure	25 years

Unamortized Debt Costs: Unamortized debt issue costs and unamortized bond discount in the Government-wide and Proprietary Fund financial statements are amortized on the straight-line basis and charged against operations over the term of the related debt. This method approximates the interest method of amortization. Unamortized debt issue costs are included in assets and unamortized bond discount is presented as a reduction of bonds payable.

Unearned/Deferred Revenue: Unearned revenue in the Governmental Activities and deferred revenue in the Governmental Funds includes amounts received in advance of the related services being provided by the Town. Unearned revenue in the Business-type Activities and Proprietary Funds is composed of advance utility payments from customers and other amounts received in advance of the related services being provided by the Town.

Compensated Absences: The Town records accumulated, unpaid vacation, sick and compensatory pay in proprietary funds as a fund liability. The liability for compensated absences attributable to the Town's governmental funds is recorded in the government-wide financial statements. The liability for compensated absences of both the governmental and proprietary funds includes related payroll taxes and

TOWN OF JUPITER, FLORIDA  
NOTES TO FINANCIAL STATEMENTS

September 30, 2010

NOTE A - SIGNIFICANT ACCOUNTING POLICIES (Continued)

benefits. Employees may accumulate up to forty days vacation leave. Employees accrue sick leave at the rate of eight hours per month until retirement or termination, at which time they are paid for up to 50% of their unused sick leave, subject to their length of service with the Town. Accordingly, the Town accrues up to 50% of eligible, unused sick leave and related payroll taxes and benefits in the year earned. The Town records compensatory time and related payroll taxes and benefits in the year earned.

On-behalf Payments: In accordance with U.S. generally accepted accounting principles, on-behalf payments of \$571,647 received by the Town from the State of Florida for the benefit of the Municipal Police Officers' Retirement Trust Fund (MPORT) for the year ended September 30, 2010, have been recognized as intergovernmental revenue in the General Fund. The expenditure for the MPORT pension was recorded in the General Fund under Police Department personal services.

Net Assets/Fund Balance: The government-wide and enterprise fund financial statements utilize a net asset presentation. Net assets are categorized as follows:

*Invested in Capital Assets, Net of Related Debt* - This component of net assets consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balance of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds are not included in the calculation of *Invested in Capital Assets, Net of Related Debt*. Rather, that portion of the debt is included in the same net assets component as the unspent proceeds.

*Restricted* - This component of net assets consists of constraints placed on the use of net assets 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 assets consists of net assets that do not meet the definition of *Invested in Capital Assets, Net of Related Debt* or *Restricted*.

The governmental fund financial statements utilize a fund balance presentation. Fund balance is categorized as follows:

*Fund balance reserves* indicate the portion of fund balance that is not available for subsequent expenditure, other than for the specific purpose for which the reserve was established.

*Fund balance designations* indicate tentative managerial plans or intent to use financial resources in a future period.

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

TOWN OF JUPITER, FLORIDA  
NOTES TO FINANCIAL STATEMENTS

September 30, 2010

NOTE A - SIGNIFICANT ACCOUNTING POLICIES (Continued)

protection from significant financial loss. Settlements have not exceeded insurance coverage for any of the prior three fiscal years. Insurance recoveries are for losses incurred in prior 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 between the governmental and business-type activities are eliminated in the government-wide financial statements.

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.

Recent Accounting Pronouncements: The Town implemented Statement No. 51, *Accounting and Financial Reporting for Intangible Assets*, during the fiscal year ending September 30, 2010, which establishes accounting and financial reporting requirements for intangible assets including easements, contractual rights and computer software. There were no significant changes as a result of adopting Statement No. 51.

The GASB has 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. The requirements of this statement will be effective for the Town for the fiscal year ending September 30, 2011. Management has not completed its analysis of the effects of this statement, if any, on the financial statements of the Town.

NOTE B - CASH, CASH EQUIVALENTS, AND INVESTMENTS

Cash and Cash Equivalents: At September 30, 2010, cash and cash equivalents included petty cash of \$4,989, and deposits in demand and money market accounts of \$39,584,347 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. 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, all deposits with financial institutions are considered fully insured in accordance with the provisions of Statement No. 3 of the Governmental Accounting Standards Board.

TOWN OF JUPITER, FLORIDA  
NOTES TO FINANCIAL STATEMENTS

September 30, 2010

NOTE B - CASH, CASH EQUIVALENTS, AND INVESTMENTS (Continued)

Investments: Town ordinances authorize the Town to invest in external investment pools administered by the State Board of Administration (SBA), including Florida Prime (formerly known as the Local Government Investment Pool (LGIP) or Local Government Surplus Funds Trust Fund) and LGIP Fund B; direct obligations of or obligations unconditionally guaranteed by the U.S. Government; obligations of U.S. Government agencies and instrumentalities; interest bearing time deposits or savings accounts in State qualified public depositories; obligations of the federal farm credit banks, Federal Home Loan Mortgage Corporation, Federal Home Loan Bank, or obligations guaranteed by the Government National Mortgage Association; obligations of Fannie Mae; the Florida Municipal Investment Trust; floating rate securities, money market mutual funds and repurchase agreements invested exclusively in obligations of the U.S. Government and its Agencies and Instrumentalities; and, any additional investments specifically authorized by Town ordinance or resolution. The Town's investment policy specifically prohibits investing in any form of corporate debt or equity securities or any derivative investment products.

The Municipal Police Officers' Retirement Trust Fund (MPORT) is also authorized to invest in bonds issued by the State of Israel and bonds, stocks or other evidence of equity or indebtedness issued or guaranteed by a corporation organized under the laws of the United States or organized territory of the United States, or the District of Columbia, provided that the corporation is listed on any one or more of the recognized national stock exchanges and, in the case of bonds only, holds a rating in one of the three highest classifications by a major rating service. Additionally, the MPORT Board of Trustees may not invest more than ten percent of MPORT assets in foreign securities, nor more than five percent of its assets in the common stock or capital stock of any one issuing company, nor shall the aggregate investment in any one issuing company exceed five percent of the outstanding capital stock of that company, nor shall the aggregate of these investments exceed sixty percent of the fund's assets.

The Town's investments at September 30, 2010 are summarized as follows:

	Primary Government	Fiduciary Fund Pension Trust	Total
Florida Prime	\$ 22,599,617	\$ -	\$ 22,599,617
LGIP Fund B	1,582,736	-	1,582,736
Money market mutual funds	26,329,270	2,285,675	28,614,945
Certificates of deposit (\$1,685,000 pledged - see Note M)	3,722,757	-	3,722,757
U.S. Government securities	-	4,534,165	4,534,165
U.S. Government backed bonds and notes	37,178	4,857,436	4,894,614
Corporate obligations	-	3,334,193	3,334,193
Asset-backed bonds	-	307,213	307,213
Build America bonds	-	147,817	147,817
Foreign bonds	-	208,896	208,896
Equity mutual funds	-	10,237,757	10,237,757
International equity funds	-	3,802,737	3,802,737
Equity common trust funds	-	4,703,093	4,703,093
Total investments	<u>\$ 54,271,558</u>	<u>\$ 34,418,982</u>	<u>\$ 88,690,540</u>

TOWN OF JUPITER, FLORIDA  
NOTES TO FINANCIAL STATEMENTS

September 30, 2010

NOTE B - CASH, CASH EQUIVALENTS, AND INVESTMENTS (Continued)

	Primary Government	Fiduciary Fund Pension Trust	Total
Reported in the financial statements as:			
Investments	\$ 33,318,981	\$ 34,418,982	\$ 67,737,963
Restricted investments	20,952,577	-	20,952,577
Total investments	\$ 54,271,558	\$ 34,418,982	\$ 88,690,540

Florida Prime consists of equity in an external investment pool administered by the State of Florida pursuant to statutory requirements and operated in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. Rule 2a7 allows SEC registered mutual funds to use amortized cost, rather than fair value, to report net assets used to compute share prices if certain conditions are met. Those conditions include restrictions on the types of investments held, restrictions on the term-to-maturity of individual investments and the dollar-weighted average of the portfolio, requirements for portfolio diversification, and requirements for divestiture considerations in the event of security downgrades and defaults, and required actions if the fair value of the portfolio deviates from amortized cost by a specified amount. The fair value of the position in the pool is considered to be the same as the Town's account balance (amortized cost) in the pool.

On November 29, 2007 the Board of Trustees of the SBA closed the LGIP to all redemptions by participants due to substantial withdrawals related to potential investment losses. On December 4, 2007 the Board of Trustees approved a restructuring plan that divided the LGIP into two separate pools, LGIP Fund A and Fund B. Fund A was designated as the ongoing fund consisting of only short-term, money market assets of the highest quality and re-opened to new participants. On July 1, 2009 the SBA changed the name of Fund A to Florida Prime.

Fund B retained all securities from the original LGIP that had defaulted, were in default or had extended payment terms or potentially elevated credit risk. Fund B is closed to deposits and withdrawals and is generally expected to hold all assets to their ultimate maturity and to distribute funds to participants as they become available. Accordingly, the Fund B investment is illiquid and is recorded at fair value based on the net asset value of the Fund B assets reported by the SBA. At September 30, 2010 the Fund B investments had a net asset value approximating 71% of amortized cost. The ultimate realizable value of the Fund B investment cannot be determined at this time, however, it is the opinion of management based upon consultation with the SBA that the amount of loss, if any, will not adversely affect the services provided by the Town. Additional information on the current status of LGIP Fund B may be obtained from the State Board of Administration.

Interest Rate Risk: Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment in debt securities. Generally, the longer the time to maturity, the greater the exposure to interest rate risk. Town policy requires at least 50% of the investment portfolio to mature within one year; no more than 10% may mature in more than five years; and, no investment may have a maturity of more than 15 years. The Pension Trust Fund investment policy does not limit investment maturities. At September 30, 2010, Florida Prime and the money market mutual funds had a weighted average maturity of less than one year. LGIP Fund B had a weighted average maturity of 7.49 years.

TOWN OF JUPITER, FLORIDA  
NOTES TO FINANCIAL STATEMENTS

September 30, 2010

NOTE B - CASH, CASH EQUIVALENTS, AND INVESTMENTS (Continued)

The following table summarizes the scheduled maturities of debt securities at September 30, 2010.

	Fair Value of Investment Maturities			
	Less Than One Year	One to Five Years	Six to Ten Years	More Than Ten Years
U.S. Government securities	\$ -	\$ 518,867	\$ 2,228,594	\$ 1,786,704
U.S. Government backed bonds and notes	651,331	2,908,686	504,977	829,620
Corporate obligations	-	121,661	2,846,991	365,541
Asset-backed bonds	-	-	-	307,213
Build America bonds	-	-	-	147,817
Foreign bonds	-	127,779	81,117	-
	<u>\$ 651,331</u>	<u>\$ 3,676,993</u>	<u>\$ 5,661,679</u>	<u>\$ 3,436,895</u>

**Credit Risk:** Credit risk is the risk that a debt issuer will not fulfill its obligations. The Town's investment policy requires that pension investments in debt securities must be rated in one of the top three investment grades by a Nationally Recognized Statistical Rating Organization (NRSRO). The Town utilizes ratings from Standard and Poor's and Moody's Investor Services for its investments. Fund B and the Town's money market mutual funds are not rated. The NRSRO ratings for the Town's rated investments at September 30, 2010, are summarized as follows:

	NRSRO Rating	Fair Value
Florida Prime	AAAm	\$ 22,599,617
Pension Fund money market mutual fund	Aaa	2,285,675
U.S. Government securities	Aaa	4,534,165
U.S. Government backed bonds and notes	Aaa	4,894,614
Corporate obligations	Aaa - Baa2	3,334,193
Asset-backed bonds	Aaa - Aa2	307,213
Build America bonds	Aa1	147,817
Foreign bonds	Aa2 - A2	208,896

**Custodial Credit Risk:** Custodial credit risk is defined as the risk that the Town may not recover cash and investments held by another party in the event of a financial failure. The Town's investment policy requires investments to be fully insured or collateralized, or held in third party custodial safekeeping accounts in the name of the Town. At September 30, 2010, all investments were insured or collateralized, except Florida Prime, LGIP Fund B and money market mutual funds which are considered *unclassified* pursuant to 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 limits investments held by any single financial institution to a maximum of 50% of the total cost of the investment portfolio,

TOWN OF JUPITER, FLORIDA  
NOTES TO FINANCIAL STATEMENTS

September 30, 2010

NOTE B - CASH, CASH EQUIVALENTS, AND INVESTMENTS (Continued)

excluding securities held under a third party safekeeping agreement. In the Pension Trust Fund, securities of a single issuer are limited to no more than 5% of the net assets of the pension fund invested in common stocks and debt securities. Investments in mutual funds and money market accounts are excluded from the concentration of credit risk disclosure requirement.

Foreign Currency Risk: Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment. The Pension Trust Fund has \$208,896 of foreign denominated bonds. There was no exposure to foreign currency risk in the Town's investments.

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.

The value, liquidity, and related income of certain securities with contractual cash flows, such as asset backed securities, collateralized mortgage obligations, commercial mortgage backed securities and alternative investments or mutual funds investing in these securities or entities, are particularly sensitive to changes in economic conditions, including real estate value, delinquencies or defaults, or both, and may be adversely affected by shifts in the market's perception of the issuers and changes in interest rates.

NOTE C - ACCOUNTS RECEIVABLE

Accounts receivable and allowance for doubtful accounts at September 30, 2010 consist of the following:

	Gross Accounts Receivable	Allowance For Doubtful Accounts	Net Receivable
	<u>                    </u>	<u>                    </u>	<u>                    </u>
<b>Governmental Funds</b>			
General Fund	\$ 1,936,165	\$ (338,739)	\$ 1,597,426
Community Redevelopment Fund	240,848	(41,173)	199,675
Law Enforcement Grant Fund	18,925	-	18,925
ARRA Recovery Fund	19,001	-	19,001
Law Enforcement Fund	21,658	-	21,658
<b>Proprietary Funds</b>			
Water System Fund	1,664,055	(328,865)	1,335,190
Stormwater Fund	<u>164,997</u>	<u>(43,644)</u>	<u>121,353</u>
	<u>\$ 4,065,649</u>	<u>\$ (752,421)</u>	<u>\$ 3,313,228</u>

Noncurrent receivables in the Proprietary Funds of \$5,168,652 have no allowance for doubtful accounts at September 30, 2010.

TOWN OF JUPITER, FLORIDA  
NOTES TO FINANCIAL STATEMENTS

September 30, 2010

NOTE D - NOTE RECEIVABLE

In November 2008, the Town loaned \$350,000 to a private company as part of the Town's economic development initiative to assist biotechnology businesses in relocating to or expanding in northern Palm Beach County. Interest only is payable monthly on the outstanding principal balance of the loan at the Federal Reserve prime rate plus 4%, beginning November 25, 2010 and continuing until maturity of the loan on November 24, 2013. The loan is secured by all business assets of the company, including accounts receivable, patents, inventory, contract rights, and other intangible rights. In addition, the Town received a common stock purchase warrant for the purchase of up to 27,170 shares of the common stock of the company, exercisable at a price of \$50 per share any time prior to November 24, 2015.

On October 1, 2009 the Town provided a \$350,000 loan to a private company which was repaid during the fiscal year ended September 30, 2010.

NOTE E - CAPITAL ASSETS

The Town's capital asset activity for the year ended September 30, 2010 is summarized as follows:

**Governmental Activities**

	Balance at Beginning of Year	Increases	Decreases	Balance at End of Year
Capital assets not being depreciated				
Land	\$ 37,255,406	\$ 8,066	\$ -	\$ 37,263,472
Depreciable capital assets				
Buildings	20,798,704	33,579	-	20,832,283
Improvements	31,796,121	891,867	-	32,687,988
Machinery and equipment	10,281,952	257,622	(432,530)	10,107,044
Infrastructure	21,165,670	885,696	-	22,051,366
Total depreciable capital assets	84,042,447	2,068,764	(432,530)	85,678,681
Less accumulated depreciation				
Buildings	(11,111,006)	(693,850)	-	(11,804,856)
Improvements	(11,850,626)	(1,074,735)	-	(12,925,361)
Machinery and equipment	(7,461,333)	(930,366)	416,576	(7,975,123)
Infrastructure	(8,511,767)	(861,101)	-	(9,372,868)
	(38,934,732)	(3,560,052)	416,576	(42,078,208)
Depreciable capital assets, net of accumulated depreciation	45,107,715	(1,491,288)	(15,954)	43,600,473
Total capital assets, net	\$ 82,363,121	\$ (1,483,222)	\$ (15,954)	\$ 80,863,945

TOWN OF JUPITER, FLORIDA  
NOTES TO FINANCIAL STATEMENTS

September 30, 2010

NOTE E - CAPITAL ASSETS (Continued)

Depreciation expense charged to governmental activities functions for the year ended September 30, 2010 is summarized as follows:

General government		\$	1,119,905
Public safety			346,882
Engineering and public works			1,026,696
Culture and recreation			<u>1,066,569</u>
Total Governmental Activities			
Depreciation Expense		\$	<u><u>3,560,052</u></u>

**Business-type Activities**

	Balance at Beginning of Year	Increases	Decreases	Balance at End of Year
Capital assets not being depreciated				
Land	\$ 554,753	\$ 14,370	\$ -	\$ 569,123
Construction in progress	<u>34,240,718</u>	<u>9,272,124</u>	<u>(275,058)</u>	<u>43,237,784</u>
Total capital assets not being depreciated	34,795,471	9,286,494	(275,058)	43,806,907
Depreciable capital assets				
Buildings and plant	62,256,085	30,918	-	62,287,003
Improvements	185,567,012	2,830,038	(312,030)	188,085,920
Machinery and equipment	<u>23,235,453</u>	<u>373,476</u>	<u>(205,517)</u>	<u>23,403,412</u>
Total depreciable capital assets	271,058,550	3,235,332	(517,547)	273,776,335
Less accumulated depreciation				
Buildings and plant	(20,782,643)	(1,723,341)	-	(22,505,984)
Improvements	(66,232,870)	(4,074,261)	(170,287)	(70,136,844)
Machinery and equipment	<u>(18,272,613)</u>	<u>(1,730,840)</u>	<u>(168,490)</u>	<u>(19,834,963)</u>
	<u>(105,288,126)</u>	<u>(7,528,442)</u>	<u>(338,777)</u>	<u>(112,477,791)</u>
Depreciable capital assets, net of accumulated depreciation	<u>165,770,424</u>	<u>(4,293,110)</u>	<u>(178,770)</u>	<u>161,298,544</u>
Total capital assets, net	<u>\$ 200,565,895</u>	<u>\$ 4,993,384</u>	<u>\$ (453,828)</u>	<u>\$ 205,105,451</u>

NOTE F - LONG-TERM DEBT

**Governmental Activities**

Changes in governmental activities long-term debt for the year ended September 30, 2010 are summarized as follows:

TOWN OF JUPITER, FLORIDA  
NOTES TO FINANCIAL STATEMENTS

September 30, 2010

NOTE F - LONG-TERM DEBT (Continued)

	Balance at Beginning of Year	Additions	Retirements	Balance at End of Year	Amounts Due Within One Year
Capital Leases	\$ 402,547	\$ -	\$ (261,705)	\$ 140,842	\$ 112,128
General Obligation Bonds					
Series 2001	7,930,000	-	(500,000)	7,430,000	525,000
Series 2005	14,410,000	-	(685,000)	13,725,000	710,000
Sales Tax Revenue					
Refunding Bonds/Note					
Series 2002	7,565,000	-	(545,000)	7,020,000	570,000
Series 2008	1,655,000	-	(120,000)	1,535,000	120,000
Compensated absences	<u>2,695,534</u>	<u>264,896</u>	<u>(66,444)</u>	<u>2,893,986</u>	<u>175,400</u>
Total long-term debt	34,658,081	<u>\$ 264,896</u>	<u>\$ (2,178,149)</u>	32,744,828	<u>\$ 2,212,528</u>
Current maturities	(2,293,205)			(2,212,528)	
Unamortized bond discount	<u>(112,763)</u>			<u>(105,603)</u>	
Net long-term debt	<u>\$ 32,252,113</u>			<u>\$ 30,426,697</u>	

The debt service for sales tax revenue refunding bonds is payable from sales tax revenues. General obligation bonds are payable from ad valorem taxes. Capital lease obligations, compensated absences, net pension obligation and net other postemployment benefit obligation are generally liquidated by the General Fund from available non-ad valorem revenues.

Capital Leases: The Town leases vehicles and equipment through capital leasing arrangements in the General Fund. The assets and obligations for capital lease agreements of the General Fund are recorded as capital assets, net of accumulated amortization, and long-term debt, respectively, in the government-wide Statement of Net Assets. The assets acquired through capital leases consist of vehicles and equipment with an original cost of \$1,278,189, net of accumulated amortization of \$1,278,189 at September 30, 2010. The future minimum lease payments and the net present value of these minimum lease payments as of September 30, 2010 are as follows:

Year Ending <u>September 30,</u>	<u>Amount</u>
2011	\$ 115,967
2012	<u>28,992</u>
Total minimum lease payments	144,959
Less amount representing interest	<u>(4,117)</u>
Present value of minimum future lease payments	<u>\$ 140,842</u>

TOWN OF JUPITER, FLORIDA  
NOTES TO FINANCIAL STATEMENTS

September 30, 2010

NOTE F - LONG-TERM DEBT (Continued)

General Obligation Bonds - Series 2001: In July 2001, the Town issued \$11,330,000 in General Obligation Bonds - Series 2001 to finance the acquisition, construction, reconstruction, relocation and equipping of the Town's community center and associated recreational facilities, including incidental costs and bond issuance costs. Interest rates on the general obligation bonds range from 3.50% to 5.50% per annum. Principal and interest are payable January 1 and July 1 with a final maturity on July 1, 2021. The Town has pledged the proceeds of ad valorem tax revenue to secure payment of principal and interest.

The debt service requirements of the General Obligation Bonds - Series 2001 are as follows:

<u>Year Ending September 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	\$ 525,000	\$ 390,825	\$ 915,825
2012	545,000	368,250	913,250
2013	570,000	343,725	913,725
2014	600,000	313,800	913,800
2015	630,000	282,300	912,300
2016 - 2020	3,695,000	869,550	4,564,550
2021	<u>865,000</u>	<u>47,575</u>	<u>912,575</u>
	<u>\$ 7,430,000</u>	<u>\$ 2,616,025</u>	<u>\$ 10,046,025</u>

General Obligation Bonds - Series 2005: In July 2005, the Town issued \$17,000,000 in General Obligation Bonds - Series 2005 to finance the acquisition of environmentally sensitive lands, lands for open spaces and traffic mitigation, the cost of clearing exotic vegetation and creating public access to the lands acquired, including incidental costs and bond issuance costs.

Interest rates on the general obligation bonds range from 3.00% to 4.25% per annum. Principal and interest are payable July 1 with a final maturity on July 1, 2025. The debt service requirements of the General Obligation Bonds - Series 2005 are as follows:

<u>Year Ending September 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	\$ 710,000	\$ 522,628	\$ 1,232,628
2012	730,000	500,440	1,230,440
2013	755,000	476,714	1,231,714
2014	780,000	451,046	1,231,046
2015	805,000	423,745	1,228,745
2016 - 2020	4,490,000	1,663,338	6,153,338
2021 - 2025	<u>5,455,000</u>	<u>702,328</u>	<u>6,157,328</u>
	<u>\$ 13,725,000</u>	<u>\$ 4,740,239</u>	<u>\$ 18,465,239</u>

TOWN OF JUPITER, FLORIDA  
NOTES TO FINANCIAL STATEMENTS

September 30, 2010

NOTE F - LONG-TERM DEBT (Continued)

Sales Tax Revenue Refunding Bonds - Series 2002: In January 2002, the Town issued \$10,235,000 in Sales Tax Revenue Refunding Bonds - Series 2002 to refund all bonds still outstanding from the \$12,150,000 Sales Tax Revenue Bonds - Series 1992. The proceeds of the Series 2002 Bonds were placed in an irrevocable trust to provide resources to purchase U.S. Government securities which were used, along with all interest earnings, for the sole purpose of making all debt service payments on the refunded bonds. The refunding resulted in an economic gain (the difference between the present value of the refunded and refunding bonds) of \$886,459 and reduced the total debt service payments by \$1,334,500.

Interest rates range from 2.40% to 5.00% per annum. Principal and interest are payable March 1 and September 1 with a final maturity on September 1, 2020. The debt service requirements of the Sales Tax Revenue Refunding Bonds - Series 2002 are as follows:

<u>Year Ending September 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	\$ 570,000	\$ 336,610	\$ 906,610
2012	590,000	311,673	901,673
2013	620,000	285,123	905,123
2014	645,000	256,603	901,603
2015	675,000	226,288	901,288
2016 - 2020	<u>3,920,000</u>	<u>604,975</u>	<u>4,524,975</u>
	<u>\$ 7,020,000</u>	<u>\$ 2,021,272</u>	<u>\$ 9,041,272</u>

Sales Tax Revenue Refunding Note - Series 2008: In October 2008, the Town issued a \$1,770,000 Sales Tax Revenue Refunding Note - Series 2008 to currently refund the outstanding principal balance of \$1,760,000 for the Sales Tax Revenue Refunding Bonds - Series 1997. The refunding resulted in an economic gain (the difference between the present value of the debt service payments of the refunded and refunding bonds) of \$155,596 and reduced the total debt service payment by \$185,966.

Interest is payable at 3.62%. Principal and interest are payable March 1 and September 1 with a final maturity on September 1, 2020. The debt service requirements of the Sales Tax Revenue Refunding Note - Series 2008 are as follows:

<u>Year Ending September 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	\$ 120,000	\$ 55,567	\$ 175,567
2012	130,000	51,223	181,223
2013	135,000	46,517	181,517
2014	140,000	41,630	181,630
2015	150,000	36,562	186,562
2016 - 2020	<u>860,000</u>	<u>96,473</u>	<u>956,473</u>
	<u>\$ 1,535,000</u>	<u>\$ 327,972</u>	<u>\$ 1,862,972</u>

TOWN OF JUPITER, FLORIDA  
NOTES TO FINANCIAL STATEMENTS

September 30, 2010

NOTE F - LONG-TERM DEBT (Continued)

Pledged Governmental Revenues: The Town has pledged proceeds of the Local Government Half-Cent Sales Tax distributed to the Town from the State of Florida Half-Cent Sales Tax Clearing Trust fund to secure the payment of principal and interest on the Sales Tax Revenue Refunding Bonds and Note. The Sales Tax Revenue Refunding Bonds and Note are payable solely from the sales tax revenues received by the Town and are payable through 2020. Annual principal and interest payments on the Sales Tax Revenue Refunding Bonds and Note are expected to require less than 40 percent of sales tax revenues. Total principal and interest remaining to be paid on the Sales Tax Revenue Refunding Bonds and Note is \$10,904,244 at September 30, 2010. Principal and interest paid (excluding the current year refunding) and sales tax revenues received for 2010 were \$1,085,243 and \$3,064,115, respectively.

**Business-type Activities**

Changes in business-type activities long-term debt for the year ended September 30, 2010 are summarized as follows:

	Balance at Beginning of <u>Year</u>	<u>Additions</u>	<u>Retirements</u>	Balance at End of <u>Year</u>	Amounts Due Within <u>One Year</u>
Water Revenue Refunding Bonds - Series 1998	\$ 9,770,000	\$ -	\$ (9,770,000)	\$ -	\$ -
Water Revenue Refunding Bonds - Series 2002	8,680,000	-	(810,000)	7,870,000	-
Water Revenue Bonds - Series 2003	23,735,000	-	(580,000)	23,155,000	-
Water Revenue Refunding Note - Series 2010	-	9,770,000	-	9,770,000	605,000
Stormwater loan	432,000	-	(54,000)	378,000	54,000
Compensated absences	<u>951,758</u>	<u>31,384</u>	<u>(108,821)</u>	<u>874,321</u>	<u>44,345</u>
Total long-term debt	43,568,758	<u>\$ 9,801,384</u>	<u>\$ (11,322,821)</u>	42,047,321	<u>\$ 703,345</u>
Unamortized discount	(339,484)			(170,672)	
Unamortized refunding loss	(768,057)			(850,665)	
Current maturities	<u>(101,800)</u>			<u>(703,345)</u>	
Net long-term debt	<u>\$ 42,359,417</u>			<u>\$ 40,322,639</u>	

Water Revenue Refunding Bonds - Series 1998: In March 1998, the Town issued \$14,820,000 in Water Revenue Refunding Bonds to refund all outstanding bonds from the \$10,730,000 Water Revenue Bonds - Series 1994, and all outstanding bonds from the \$4,410,000 Water Revenue Bonds - Series 1992B with a maturity date after October 1, 2001. The proceeds of the Water Revenue Refunding Bonds were placed in an irrevocable trust to provide resources to purchase U. S. Government securities which were used, along with all interest earnings, for the sole purpose of making all debt service payments on the refunded bonds. At September 30, 2010, there were no defeased bonds still outstanding. The refunding resulted in an economic gain (the difference between the present value of the debt service payments of the refunded and refunding bonds) of \$404,646 and reduced the total debt service payments by \$909,418.

TOWN OF JUPITER, FLORIDA  
NOTES TO FINANCIAL STATEMENTS

September 30, 2010

NOTE F - LONG-TERM DEBT (Continued)

In January 2010, the Town issued a \$9,770,000 Water Revenue Refunding Note, Series 2010 (the "Series 2010 Note") to a financial institution to advance refund the outstanding principal balance of \$9,770,000 on the Water Revenue Refunding Bonds - Series 1998. The Town used the net proceeds from the Series 2010 Note to pay off all future debt service on the Water Revenue Refunding Series 1998 bonds. The advance refunding resulted in an economic gain (the difference between the present value of the debt service payments of the refunded and refunding bonds) of \$1,090,755 and reduced the total debt service payments by \$1,307,226.

Water Revenue Refunding Bonds - Series 2002: In February 2002, the Town issued \$13,920,000 Water Revenue Refunding Bonds - Series 2002 to refund the Water Revenue Refunding Bonds - Series 1992A. The proceeds of the Water Revenue Refunding Bonds were placed in an irrevocable trust to provide resources to purchase U.S. Government securities which were used, along with all interest earnings, for the sole purpose of making future debt service payments on the refunded bonds. At September 30, 2010, there were no defeased bonds still outstanding. The refunding resulted in an economic gain (the difference between the present value of the debt service payments of the refunding and refunded bonds) of \$1,608,683 and reduced the total debt service payments by \$1,805,484. The Series 2002 Bonds are payable from and secured by the proceeds from pledged net revenues of the water system (as defined in the bond resolution) and connection charges.

Interest rates range from 2.75% to 5.375% per annum. Principal and interest are payable October 1 and April 1 with a final maturity on October 1, 2018. The debt service requirements of the Water Revenue Refunding Bonds - Series 2002 are as follows:

<u>Year Ending September 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011 (*)	\$ -	\$ 190,888	\$ 190,888
2012	840,000	364,555	1,204,555
2013	875,000	328,960	1,203,960
2014	910,000	291,020	1,201,020
2015	945,000	250,665	1,195,665
2016 - 2019	<u>4,300,000</u>	<u>476,138</u>	<u>4,776,138</u>
	<u>\$ 7,870,000</u>	<u>\$ 1,902,226</u>	<u>\$ 9,772,226</u>

(\*) Payment was made in September 2010 for principal and interest due on October 1, 2010.

Water Revenue Bonds - Series 2003: In November 2003, the Town issued \$26,995,000 Water Revenue Bonds - Series 2003 to fund the cost of acquisition and construction of improvements and additions to the Town's Utility System. Interest rates range from 1.05% to 5.0% per annum. Principal and interest are payable October 1 with a final maturity date on October 1, 2033. The Series 2003 Bonds are payable from and secured by the proceeds from pledged net revenues of the water system (as defined in the bond resolution) and connection charges.

TOWN OF JUPITER, FLORIDA  
NOTES TO FINANCIAL STATEMENTS

September 30, 2010

NOTE F - LONG-TERM DEBT (Continued)

The debt service requirements of the Water Revenue Bonds - Series 2003 are as follows:

Year Ending September 30	Principal	Interest	Total
2011 (*)	\$ -	\$ 536,509	\$ 536,509
2012	600,000	1,060,643	1,660,643
2013	625,000	1,037,018	1,662,018
2014	650,000	1,013,580	1,663,580
2015	675,000	988,230	1,663,230
2016 - 2020	3,795,000	4,494,445	8,289,445
2021 - 2025	4,750,000	3,478,438	8,253,438
2026 - 2030	6,065,000	2,164,693	8,229,693
2031 - 2034	<u>5,970,000</u>	<u>583,775</u>	<u>6,553,775</u>
	<u>\$ 23,155,000</u>	<u>\$ 15,357,331</u>	<u>\$ 38,512,331</u>

(\*) Payment was made in September 2010 for principal and interest due on October 1, 2010.

Water Revenue Refunding Note, Series 2010: On January 20, 2010, the Town issued a \$9,770,000 Water Revenue Refunding Note, Series 2010 (the "Series 2010 Note") to a financial institution to currently refund the outstanding principal balance of \$9,770,000 on the Water Revenue Refunding Bonds - Series 1998. The refunding resulted in an economic gain (the difference between the present value of the debt service payments of the refunded and refunding bonds) of \$1,090,755 and reduced the total debt service payments by \$1,307,226. The Series 2010 Note is payable from and secured by the proceeds from pledged net revenues of the water system (as defined in the note agreement) and connection charges.

Interest on the Series 2010 Note is payable at 3.105% on each April 1<sup>st</sup> and October 1<sup>st</sup> beginning on April 1, 2010. Principal payments on the Series 2010 Note are due October 1, 2010 and each October 1<sup>st</sup> thereafter through maturity on October 1, 2023 and are summarized as follows:

Year Ending September 30	Principal	Interest	Total
2011	\$ 605,000	\$ 290,203	\$ 895,203
2012	630,000	271,275	901,275
2013	660,000	251,504	911,504
2014	685,000	230,890	915,890
2015	720,000	209,357	929,357
2016 - 2020	3,845,000	688,380	4,433,380
2021 - 2024	<u>2,625,000</u>	<u>165,754</u>	<u>2,790,754</u>
	<u>\$ 9,770,000</u>	<u>\$ 2,107,363</u>	<u>\$ 11,877,363</u>

TOWN OF JUPITER, FLORIDA  
NOTES TO FINANCIAL STATEMENTS

September 30, 2010

NOTE F - LONG-TERM DEBT (Continued)

Stormwater Loan: In January 1997, the Stormwater Utility obtained \$1,080,000 from a local financial institution through the issuance of a promissory note. The proceeds from this transaction were used to fund improvements to various drainage facilities throughout the Town. Interest is calculated at 74% of the one month LIBOR and is recalculated the first day of each month (0.19% at September 30, 2010). The Stormwater Loan is payable from and secured by the proceeds from pledged net revenues of the stormwater system (as defined in the loan agreement).

Principal and interest are payable January 1 and July 1 through 2017. The debt service requirements of the Stormwater Loan are as follows:

Year Ending September 30	Principal	Interest	Total
2011	\$ 54,000	\$ 537	\$ 54,537
2012	54,000	460	54,460
2013	54,000	383	54,383
2014	54,000	307	54,307
2015	54,000	230	54,230
2016 - 2017	<u>108,000</u>	<u>231</u>	<u>108,231</u>
	<u>\$ 378,000</u>	<u>\$ 2,148</u>	<u>\$ 380,148</u>

Pledged Utility Revenues: The Town has pledged the future net revenues (as defined in the bond resolutions, but generally customer revenues and connection charges, net of specified operating expenses) of the water and wastewater utility system (the "System") to repay the outstanding water revenue bonds and note issued from 1998 through 2010 to finance improvements to the System. The water revenue bonds and note are payable solely from the net revenues of the System and are payable through 2034. Total principal and interest remaining to be paid on the water revenue bonds and note is \$60,191,920 at September 30, 2010. Principal and interest paid and net revenues of the System for 2010 were \$3,309,151 and \$9,816,959, respectively.

The Town has also pledged the future net revenues (as defined in the loan agreement, but generally customer revenues, net of specified operating expenses) of the stormwater utility to repay the outstanding stormwater utility loan obtained in 1997 to finance improvements to the stormwater system. The stormwater utility loan is payable solely from the stormwater utility net revenues and is payable through 2017. Annual principal and interest payments on the loan are expected to require less than 5 percent of utility net revenues. Total principal and interest remaining to be paid on the stormwater utility loan is \$380,148 at September 30, 2010. Principal and interest paid and stormwater utility net revenues for 2010 were \$54,823 and \$1,249,783, respectively.

Defeased Bonds: At September 30, 2010 \$6,555,000 Sales Tax Revenue Bonds - Series 1992; \$6,775,000 Water Revenue Refunding Bonds - Series 1992A; and, \$9,165,000 Water Revenue Refunding Bonds - Series 1998 were outstanding and considered defeased.

TOWN OF JUPITER, FLORIDA  
NOTES TO FINANCIAL STATEMENTS

September 30, 2010

NOTE F - LONG-TERM DEBT (Continued)

Annual Maturities: The aggregate maturities for all long-term debt of the Town at September 30, 2010 are as follows:

Year Ending September 30	Principal	Interest	Total
2011	\$ 2,696,128	\$ 2,327,606	\$ 5,023,734
2012	4,147,714	2,928,797	7,076,511
2013	4,294,000	2,769,944	7,063,944
2014	4,464,000	2,598,876	7,062,876
2015	4,654,000	2,417,377	7,071,377
2016 - 2020	25,013,000	8,893,530	33,906,530
2021 - 2025	13,720,000	4,394,095	18,114,095
2026 - 2030	6,065,000	2,164,693	8,229,693
2031 - 2034	<u>5,970,000</u>	<u>583,775</u>	<u>6,553,775</u>
	<u>\$ 71,023,842</u>	<u>\$ 29,078,693</u>	<u>\$ 100,102,535</u>

Capitalized Interest: In accordance with GAAP the Town capitalizes net interest expense incurred in the acquisition and construction of enterprise fund capital assets financed with the proceeds of tax-exempt borrowings. During the year ended September 30, 2010, the Town incurred total interest charges of \$1,954,864 of which \$1,083,563 was capitalized in the Proprietary Funds.

NOTE G - FUND BALANCE RESERVES

	General Fund	Community Redevelopment Fund	Capital Improvements Fund	Nonmajor Funds	Total
<b>Fund Balance Reserved for:</b>					
Noncurrent receivable from CRA	\$ 6,134,907	\$ -	\$ -	\$ -	\$ 6,134,907
Economic development loan guarantees	1,685,000	-	-	-	1,685,000
Environmental land	-	-	5,341,460	-	5,341,460
Inventory	56,935	-	-	-	56,935
Prepaid items	112,965	7,039	-	-	120,004
Note receivable	350,000	-	-	-	350,000
Capital projects	-	-	-	1,762,508	1,762,508
Debt service	-	-	-	261,706	261,706
Law enforcement	205,094	-	-	180,608	385,702
Right-of-way acquisition	-	-	66,790	-	66,790
Environmental preservation	-	-	307,946	-	307,946
Total Reserved	<u>\$ 8,544,901</u>	<u>\$ 7,039</u>	<u>\$ 5,716,196</u>	<u>\$ 2,204,822</u>	<u>\$ 16,472,958</u>

TOWN OF JUPITER, FLORIDA  
NOTES TO FINANCIAL STATEMENTS

September 30, 2010

NOTE H - RESTRICTED NET ASSETS

Resources held by the Town that are subject to externally imposed restrictions on their expenditure, including restricted assets set aside for the Town's outstanding bonds, are reported as restricted net assets. Net assets are restricted to the extent that restricted assets exceed the respective liabilities payable from restricted assets. Restricted net assets at September 30, 2010 are summarized as follows:

	<u>Restricted Assets</u>	<u>Liabilities Payable From Restricted Assets</u>	<u>Unspent Debt Proceeds</u>	<u>Restricted Net Assets</u>
<b>Governmental Activities</b>				
General obligation bond proceeds restricted for land acquisition	\$ 5,341,460	\$ -	\$ 5,341,460	\$ -
Economic development loan guarantees	1,685,000	-	-	1,685,000
Impact fees and forfeitures	-	-	-	1,762,508
Law enforcement funds	-	-	-	180,608
General obligation bonds debt service	<u>-</u>	<u>-</u>	<u>-</u>	<u>261,706</u>
Total Governmental Activities	7,026,460	-	5,341,460	3,889,822
<b>Business-type Activities</b>				
Debt Service Reserve Accounts	1,361,868	-	-	1,361,868
Connection Fees Account	3,101,502	-	-	3,101,502
Construction Account	5,134,377	1,032,054	4,102,323	-
Renewal and Replacement Account	<u>570,756</u>	<u>-</u>	<u>-</u>	<u>570,756</u>
Total Business-type Activities	<u>10,168,503</u>	<u>1,032,054</u>	<u>4,102,323</u>	<u>5,034,126</u>
	<u>\$ 17,194,963</u>	<u>\$ 1,032,054</u>	<u>\$ 9,443,783</u>	<u>\$ 8,923,948</u>

NOTE I - INTERFUND TRANSACTIONS

Interfund receivables and payables at September 30, 2010 are summarized as follows:

<b>Receivable Fund</b>	<b>Payable Fund</b>	<u>Amount</u>
General Fund	Community Redevelopment Fund	\$ 6,134,907
General Fund	Nonmajor Governmental Funds	37,926
Water System Fund	General Fund	<u>170,942</u>
		<u>\$ 6,343,775</u>

The outstanding balances between funds generally result from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made. The amount payable by the Community Redevelopment Fund is for initial working capital and property received from the General Fund and none of the balance is scheduled to be collected in the subsequent year.

TOWN OF JUPITER, FLORIDA  
NOTES TO FINANCIAL STATEMENTS

September 30, 2010

NOTE I - INTERFUND TRANSACTIONS (Continued)

Interfund transfer activity for the year ended September 30, 2010 is summarized as follows:

<b>Transfer To</b>	<b>Transfer From</b>	<u>Amount</u>
General Fund	Community Redevelopment Fund	\$ 4,043,200
General Fund	Nonmajor Governmental Funds	1,900,000
General Fund	Stormwater Fund	144,800
Capital Improvements Fund	General Fund	595,000
Capital Improvements Fund	Water System Fund	241,131
Capital Improvement Fund	Stormwater Fund	32,000
Capital Improvement Fund	Nonmajor Governmental Funds	15,000
Capital Improvement Fund	Nonmajor Enterprise Fund	139,812
Water System Fund	Capital Improvements Fund	39,730
Water System Fund	Stormwater Fund	<u>750,000</u>
		<u>\$ 7,900,673</u>

Transfers were used to: (1) move revenue from the fund that is required to collect it to the fund that is required or allowed to expend it; (2) move receipts restricted to or allowed for debt service from the funds collecting the receipts to the debt service funds as debt service payments become due; and, (3) use excess revenue collected in the debt service funds to finance various programs and projects accounted for in other funds in accordance with budgetary authorizations.

The transfers to General Fund from the Community Redevelopment Fund during 2010 included a one-time transfer of \$3,903,200 from the Community Redevelopment Fund (CRA) to reimburse the General Fund for a parcel of property purchased in the CRA district.

NOTE J - EMPLOYEE RETIREMENT PLANS

The Town of Jupiter administers one single-employer, defined benefit pension plan (Municipal Police Officers' Retirement Trust) which covers all sworn police officers. The Town also participates in the Florida Retirement System (FRS), a multiple-employer, cost-sharing public employee plan which covers Town employees, excluding sworn police officers.

**Municipal Police Officers' Retirement Trust (MPORT)**

Plan Description: The Municipal Police Officers' Retirement Trust (MPORT) is a single-employer, defined benefit pension plan. The plan is administered by the MPORT pension board. The Board has the ability to make recommendations on establishing and amending pension plan provisions which can only be authorized by the Town Council. When the Town Council adopted Ordinance 9-95 on March 21, 1995, participation in the plan became mandatory for all full-time police officers entering employment on or after April 1, 1995. The MPORT issues a publicly available, stand-alone financial report. The MPORT financial report may be obtained by writing to the Finance Department, Town of Jupiter, 210 Military Trail, Jupiter, Florida 33458 or by calling (561) 746-5134.

TOWN OF JUPITER, FLORIDA  
NOTES TO FINANCIAL STATEMENTS

September 30, 2010

NOTE J - EMPLOYEE RETIREMENT PLANS (Continued)

Membership in the MPORT was comprised of the following at October 1, 2009, the date of the latest actuarial valuation:

Retirees and beneficiaries receiving benefits	37
Vested current employees	104
DROP participants	1
Terminated vested employees not receiving benefits	<u>2</u>
Total	<u><u>144</u></u>

Benefits: Employees attaining the age of 60, or attaining the age of 55 and having completed 10 or more years of creditable service, or whose age plus years of creditable service equals 65 are entitled to monthly benefits in an amount equal to the number of years of credited service multiplied by 3% of their average monthly salary during the highest 3 of the last 10 years of credited service, regardless of when the years of service were rendered. In addition, monthly supplements of \$100 and \$5 per year of credited service are included. The MPORT permits early retirement if the participant has attained the age of 50 and has completed at least 10 years of creditable service. Any police officer who is participating in the MPORT and who is eligible for benefits may retire prior to their normal retirement date if they become totally and permanently disabled. The benefits payable under disability retirement shall be the greater of sixty percent of compensation at time of disability or the monthly income payable for ten years certain and which can be provided by the single-sum value of the deferred monthly retirement income beginning at normal retirement date which has accrued to the date of disability. The first disability payment will be made on the first day of the first month after the Board of Trustees determines such entitlement. The final payment will be:

- (1) If the officer recovers from disability prior to their normal retirement date, the payment due next preceding the date of recovery; or
- (2) If the officer dies, or reaches their normal retirement date while still disabled, the payment due following his death or the one hundred twentieth monthly payment, whichever is later; or
- (3) An officer may select an optional form of benefit as provided.

If any officer dies in the line of duty, the beneficiary is paid a benefit equal to the greater of sixty percent of average monthly salary or the accrued benefit. If any officer dies not in the line of duty prior to reaching normal retirement, the beneficiary receives a refund of 100% of the officer's contributions to the fund plus interest not to exceed 4% per annum; or if any annuity or life insurance contract has been purchased, then the death benefits payable under such a policy shall be payable to the beneficiary. If any officer terminates employment with the Jupiter Police Department and is not eligible for any other benefits under the system, the officer is entitled to the following:

- (1) With less than ten years of creditable service, a refund of member contributions plus interest not to exceed 4% per annum less any benefits previously paid.
- (2) With ten or more years of creditable service, upon attaining the age of fifty, the actuarial equivalent of the amount of such retirement income otherwise payable to the officer or a lump sum refund of member contributions plus interest not to exceed 4% per annum, payable at the time of termination.

TOWN OF JUPITER, FLORIDA  
NOTES TO FINANCIAL STATEMENTS

September 30, 2010

NOTE J - EMPLOYEE RETIREMENT PLANS (Continued)

Deferred Retirement Option Plan (DROP): MPORT members are eligible to enter the DROP at the normal retirement date. The maximum DROP participation is five years and participants are not eligible for death or disability benefits. The accrued benefit is frozen and no further employee contributions are payable at DROP entry. The accrued benefit accumulates with interest as adopted by the Pension Board.

Basis of Accounting: The MPORT financial statements are prepared using the accrual basis of accounting. Employee contributions are recognized in the period in which the contributions are due. Employer and State of Florida contributions are recognized when due and the employer has made a formal commitment to provide the contributions. Expenses are recognized in the period incurred. Benefits and refunds are recognized when due and payable in accordance with the terms of the Plan.

Funding Policy: Plan members are required to contribute 7.56% of their annual covered salary. Pursuant to Florida Statutes, Chapter 185, the State collects a tax on insurance premiums for property and casualty coverage and annually remits a contribution to the MPORT. The Town is required to contribute an actuarially determined amount necessary to pay the annual normal cost of the plan plus the additional amount needed to amortize any unfunded accrued liability. Contributions by Plan members and the Town are established and may be amended by Town ordinance. Contribution requirements by the State are established and may only be amended by State statute. Administrative costs of the MPORT are financed through investment earnings.

Investments: Investments are reported at fair value. Money market mutual funds are reported at amortized cost, which approximates fair value. Securities traded on a national exchange are valued at the last sales price. Net asset values of mutual funds and common trust funds are determined by the fund managers using the fair values of the underlying investments of the fund. Net appreciation or depreciation in the fair value of investments includes the difference between the fair value and cost of the investments held as well as the net realized and unrealized gains and losses for securities sold during the period. Interest and dividend income are recognized on the accrual basis when earned. Purchases and sales of investments are recorded on a trade date basis.

Annual Pension Cost and Net Pension Obligation: The annual pension cost, net pension obligation and required contribution for the year ended September 30, 2010, were determined as part of the actuarial valuation of the Plan as of October 1, 2009, using the entry age normal actuarial cost method. Normal cost is funded on a current basis. The funding of normal cost and amortization of the actuarial accrued liability is designed to provide sufficient resources to pay employee pension benefits when due. The Town's annual pension cost and net pension obligation (asset) to the MPORT based on the most recent actuarial valuation as of October 1, 2009, were as follows:

Annual required contribution	\$ 2,945,801
Interest on net pension obligation	(17,932)
Adjustment to annual required contribution	<u>13,212</u>
Annual pension cost	2,941,081
Contributions made	<u>2,945,801</u>
Increase in net pension obligation (asset)	(4,720)
Net pension obligation (asset), beginning of year	<u>(239,096)</u>
 Net pension obligation (asset), end of year	 <u><u>\$ (243,816)</u></u>

TOWN OF JUPITER, FLORIDA  
NOTES TO FINANCIAL STATEMENTS

September 30, 2010

NOTE J - EMPLOYEE RETIREMENT PLANS (Continued)

Total contributions by the Town to the Plan in 2010 amounted to \$2,945,801, which equaled the annual required contribution from the Town determined by the actuarial valuation as of October 1, 2009. The total required contribution (Town and State) for 2010 was 43.2% of covered payroll (\$8,142,853), of which the State contribution was 7.0% and the Town's contribution was 36.2% of covered payroll.

Actuarial Assumptions: Significant actuarial assumptions used in the actuarial valuation of the MPORT as of October 1, 2009, were used for funding the MPORT for the fiscal year ended September 30, 2010, and are summarized as follows:

Valuation date	October 1, 2009
Actuarial cost method	Entry Age Normal Method
Amortization method	Level Percent - Closed Amortization
Amortization period	30 years
Asset valuation method	5 year smoothed market value
Investment rate of return (includes inflation at 4.0%)	7.5%
Projected salary increases attributable to:	
Merit salary increases	7.00% - 14.27%
Inflation	4.0%

Trend Information: Trend information gives an indication of the progress made in accumulating sufficient assets to pay benefits when due. Trend information for the MPORT is as follows:

**Three-Year Trend Information**

<u>Fiscal Year Ended</u>	<u>Annual Pension Cost (APC)</u>	<u>Actual Contribution</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Asset</u>
September 30, 2008	\$ 2,645,867	\$ 2,651,307	100.2%	\$ (233,656)
September 30, 2009	2,928,133	2,932,853	100.2	(239,096)
September 30, 2010	2,941,081	2,945,801	100.2	(243,816)

**Schedule of Funding Progress**

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability</u>	<u>Unfunded Actuarial Accrued Liability (UAAL)</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>UAAL as a Percentage of Covered Payroll</u>
October 1, 2007	\$22,758,973	\$37,844,477	\$15,085,504	60.1	\$ 7,486,458	201.5%
October 1, 2008	28,067,685	41,715,139	13,647,454	67.3	7,713,220	176.9
October 1, 2009	31,215,326	45,632,863	14,417,537	68.4	8,142,853	177.1

TOWN OF JUPITER, FLORIDA  
NOTES TO FINANCIAL STATEMENTS

September 30, 2010

NOTE J - EMPLOYEE RETIREMENT PLANS (Continued)

**Florida Retirement System (FRS)**

Plan Description: Regular full-time general employees of the Town, including Town Councilors but excluding police officers covered by the MPORT, participate in the Florida Retirement System (the "System") administered by the Florida Department of Management Services, Division of Retirement. The System is a cost-sharing, multiple employer, defined benefit public employee retirement system that provides retirement, death and disability benefits to plan members and beneficiaries. Pension benefits of the System are established by Florida Statutes, Chapter 121, and may be amended by the Florida Legislature.

The System issues a publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to Florida Department of Management Services, Division of Retirement, 1317 Winewood Boulevard, Building 8, Tallahassee, Florida 32399-1560, or by calling 1-850-488-6491.

Funding Policy: Plan members are not required to contribute to the System. The Town is required to contribute at an actuarially determined rate which is presently 10.77% of annual covered payroll for employees covered in the regular class, 14.57% for senior management class, and 12.25% for employees covered in the DROP program. The contribution requirement for plan members and participating governments are established by State statute. The Town's contributions to the System for the years ended September 30, 2010, 2009, and 2008, were \$1,633,685, \$1,569,594, and \$1,607,272, respectively, and were equal to the required contributions for each year.

NOTE K - OTHER POSTEMPLOYMENT BENEFITS

**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 Council 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. The Town follows GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions* ("Statement 45"), for financial reporting and disclosure of other postemployment benefits ("OPEB"). In accordance with Statement 45, the Town set their net OPEB obligation at zero as of the beginning of its transition year ended September 30, 2009 and will apply the measurement and recognition requirements of Statement 45 on a prospective basis.

**Funding Policy**

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

TOWN OF JUPITER, FLORIDA  
NOTES TO FINANCIAL STATEMENTS

September 30, 2010

NOTE K - OTHER POSTEMPLOYMENT BENEFITS (Continued)

therefore charges both groups an equal, blended rate premium. Although both groups are charged the same blended rate premium, GAAP requires the actuarial figures to be calculated using age adjusted premiums approximating claim costs for retirees separate from active employees. The use of age adjusted premiums results in the addition of an implicit rate subsidy into the actuarial accrued liability. Plan members receiving benefits contribute 100% of the monthly premium ranging from a minimum of \$462 to a maximum of \$1,094.

**Annual OPEB Cost and Net OPEB Obligation**

The annual other postemployment benefit cost is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost each year and the amortization of any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

The Town's annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan, and the net OPEB obligation for the year ended September 30, 2010 were based on an actuarial valuation as of September 30, 2009, and are summarized as follows:

Annual required contribution	\$	202,000
Interest on net OPEB obligation		6,000
Adjustment to annual required contribution		<u>(11,000)</u>
Annual OPEB cost		197,000
Employer contributions made		(78,000)
Interest on employer contributions		<u>(2,000)</u>
Increase in net OPEB obligation		117,000
Net OPEB obligation, beginning of year		<u>115,000</u>
Net OPEB obligation, end of year	\$	<u><u>232,000</u></u>

The year ended September 30, 2009 was the year of implementation of Statement 45 and the Town has elected to implement prospectively. The Town's annual OPEB cost, employer contribution, the percentage of annual OPEB cost contributed, and the net OPEB obligation for 2010 and the prior year are as follows:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Actual Contribution (with Interest)</u>	<u>Percentage of OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
September 30, 2009	\$ 195,000	\$ 80,000	41.0%	\$ 115,000
September 30, 2010	197,000	80,000	40.6	232,000

TOWN OF JUPITER, FLORIDA  
NOTES TO FINANCIAL STATEMENTS

September 30, 2010

NOTE K - OTHER POSTEMPLOYMENT BENEFITS (Continued)

**Funded Status and Funding Progress**

The Plan is financed on a pay-as-you-go basis. A schedule of funding progress based on the actuarial results for the two available years, is presented below.

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability</u>	<u>Unfunded Actuarial Accrued Liability (UAAL)</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>UAAL as a Percentage of Covered Payroll</u>
September 30, 2009	\$ -	\$ 1,106,000	\$ 1,106,000	0.0%	\$23,203,605	4.8%
September 30, 2010	-	1,174,000	1,174,000	0.0	23,339,124	5.0

**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 actuarial 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.

In the initial actuarial valuation for the Plan as of September 30, 2009, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 5.0% investment rate of return (net of administrative expenses), and an annual healthcare cost trend rate of 10.0% initially, reduced by decrements to an ultimate rate of 5.0% after ten years. Both rates included a 2.75% inflation assumption. The actuarial value of assets will be determined using fair value. The UAAL will be amortized as a level dollar payment on an open basis. The remaining amortization period is 15 years.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. Although the valuation results are based on values the actuarial consultant believes are reasonable assumptions, the valuation result is only an estimate of what future costs may actually be and reflect a long-term perspective. Deviations in any of several factors, such as future interest rate discounts, medical cost inflation, Medicare coverage and changes in marital status, could result in actual costs being greater or less than estimated.

NOTE L - EXPENDITURES OVER APPROPRIATIONS AND FUND DEFICIT

For the year ended September 30, 2010, expenditures exceeded the budgeted appropriations for the following General Fund departments: Business Registration (\$2,707); Planning and Zoning (\$2,742); and, Police (\$63,065). The excess expenditures were offset by savings in other Town departments.

TOWN OF JUPITER, FLORIDA  
NOTES TO FINANCIAL STATEMENTS

September 30, 2010

NOTE L - EXPENDITURES OVER APPROPRIATIONS AND FUND DEFICIT (Continued)

The Community Redevelopment Fund had a deficit fund balance of \$3,969,994 at September 30, 2010. The majority of this amount represents a loan to reimburse the General for property acquired in the CRA district that will be paid from future tax increment revenues. In the event the future tax increment revenues are not sufficient, the Town plans to transfer funds from the General Fund to cover the deficit.

NOTE M - COMMITMENTS AND CONTINGENCIES

Contract Commitments: The Town has uncompleted construction contracts for improvements to the utility system and general improvements and infrastructure. The utility construction is funded primarily from bond proceeds and capital contributions. General revenues and impact fees fund the governmental fund improvements. At September 30, 2010, the remaining commitments on all uncompleted contracts were \$408,094. The outstanding contract commitments at September 30, 2010 are summarized as follows:

	<u>Contract Amount</u>	<u>Approved Payments</u>	<u>Retainage Payable</u>	<u>Remaining Contract Commitment</u>
Community Redevelopment Fund	\$ 1,540,159	\$ 1,458,467	\$ 74,648	\$ 7,044
Capital Improvements Fund	210,735	163,222	18,136	29,377
Water System Fund	<u>30,458,752</u>	<u>29,055,024</u>	<u>1,032,054</u>	<u>371,674</u>
	<u>\$ 32,209,646</u>	<u>\$ 30,676,713</u>	<u>\$ 1,124,838</u>	<u>\$ 408,095</u>

Economic Development Loan Guarantees: In 2006, the Town established a \$3 million economic development initiative to assist biotechnology businesses in relocating to or expanding in northern Palm Beach County and generating jobs for north county residents. The Town's program provides direct loans and loan guarantees to qualifying companies. Generally, the companies negotiate financing for their proposed project with a participating local financial institution and the Town provides a loan guarantee in the form of a certificate of deposit pledged by the Town to the financial institution. The lender has the right to immediately draw against the pledged certificate of deposit in the event of a default by the borrower with the covenants and obligations of the loan. During 2010, the Town provided loan guarantees totaling \$743,750 to three companies under the economic development program. At September 30, 2010, the Town had loan guarantees and pledged certificates of deposit totaling \$1,685,000 to a financial institution as collateral for those loans. The loan guarantees expire from June 2013 through July 2014, at which time the pledged certificates of deposit mature and the funds will be released to the Town.

Debt Service Reserve Surety Bonds: The Town's Sales Tax Revenue Refunding Bonds - Series 2002, Water Revenue Refunding Bonds - Series 2002 and Water Revenue Bonds - Series 2003, collectively the "Bonds", require the Town to maintain a debt service reserve equivalent to the maximum principal and interest due on the Bonds in any year through maturity. The Bonds' resolutions provide that the Town may purchase a credit facility for the debt service reserve requirement from an institution with the highest credit rating for municipal bonds insured or guaranteed by that institution. The Town purchased surety

TOWN OF JUPITER, FLORIDA  
NOTES TO FINANCIAL STATEMENTS

September 30, 2010

NOTE M - COMMITMENTS AND CONTINGENCIES (Continued)

bonds from Ambac Assurance Corporation (AMBAC) to satisfy the debt service reserve requirement for the Bonds at the date of issue. On November 8, 2010 AMBAC petitioned for bankruptcy and its credit ratings were withdrawn by Moody's Investor Service, Inc. (Moody's) and Standard and Poor's (S&P). Town management, in consultation with bond counsel, has determined that the Town is not required to obtain surety bonds or provide cash and investments to replace the sureties on hand at September 30, 2010. The Bonds outstanding at September 30, 2010 have a credit rating no lower than the Town's underlying credit rating.

Litigation: The Town is a defendant in lawsuits arising in the ordinary course of normal operations. Although the ultimate outcome of these lawsuits cannot be determined at the present time, it is the opinion of management based upon consultation with legal counsel, that the outcome of these actions will not materially affect the financial position of the Town.

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.

NOTE N - SUBSEQUENT EVENTS

Economic Development Loan Guarantee: The Town provided a loan guarantee of \$350,000 to a company pursuant to the Town's economic development initiative to assist biotechnology businesses in relocating to or expanding in northern Palm Beach County. On January 28, 2011, the company sold its stock to another entity and released the Town's pledged certificate of deposit. The Town received an \$80,000 premium on cancellation of the stock options it held as part of the loan guarantee.

Bond Ratings: In November 2010, Standards & Poor's Rating Services raised its rating on the Town's outstanding general obligations from AA+ to AAA.

**REQUIRED SUPPLEMENTARY INFORMATION**

TOWN OF JUPITER, FLORIDA

BUDGETARY COMPARISON SCHEDULE -  
GENERAL FUND - GAAP BASIS

For the Year Ended September 30, 2010

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Taxes	\$ 24,155,428	\$ 24,155,428	\$ 24,595,077	\$ 439,649
Franchise fees	4,470,000	4,470,000	4,479,142	9,142
Licenses and permits	472,350	472,350	611,957	139,607
Intergovernmental revenue	1,795,000	1,795,000	1,964,881	169,881
Charges for services	4,906,900	4,898,195	4,971,209	73,014
Cost allocation	1,084,641	1,084,641	1,084,641	-
Fines and forfeitures	199,800	199,800	327,460	127,660
Investment earnings	306,000	306,000	421,996	115,996
Donations	1,600	21,600	17,539	(4,061)
Miscellaneous	190,600	371,551	241,675	(129,876)
<b>Total Revenues</b>	<b>37,582,319</b>	<b>37,774,565</b>	<b>38,715,577</b>	<b>941,012</b>
<b>Other Financing Sources</b>				
Insurance recoveries	-	-	37,291	37,291
Sale of capital assets	-	-	8,174	8,174
Designated fund balance	-	480,550	-	(480,550)
Transfers	2,184,800	2,089,800	6,088,000	3,998,200
<b>Total Other Financing Sources</b>	<b>2,184,800</b>	<b>2,570,350</b>	<b>6,133,465</b>	<b>3,563,115</b>
<b>Total Revenues and Other Financing Sources</b>	<b>\$ 39,767,119</b>	<b>\$ 40,344,915</b>	<b>\$ 44,849,042</b>	<b>\$ 4,504,127</b>

(Continued)

TOWN OF JUPITER, FLORIDA

BUDGETARY COMPARISON SCHEDULE -  
GENERAL FUND - GAAP BASIS (Continued)

For the Year Ended September 30, 2010

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>GENERAL GOVERNMENT</b>				
<b>Town Council</b>				
Personal services	\$ 23,143	\$ 20,843	\$ 15,297	\$ 5,546
Operating expenditures	133,857	137,157	126,851	10,306
Donations	35,000	35,000	33,600	1,400
	<u>192,000</u>	<u>193,000</u>	<u>175,748</u>	<u>17,252</u>
<b>Town Manager</b>				
Personal services	558,360	558,360	508,373	49,987
Operating expenditures	27,700	27,700	22,357	5,343
	<u>586,060</u>	<u>586,060</u>	<u>530,730</u>	<u>55,330</u>
<b>Town Clerk</b>				
Personal services	478,014	478,014	492,566	(14,552)
Operating expenditures	102,327	112,601	95,122	17,479
	<u>580,341</u>	<u>590,615</u>	<u>587,688</u>	<u>2,927</u>
<b>Neighborhood</b>				
Personal services	206,330	206,230	182,443	23,787
Operating expenditures	114,500	194,275	87,537	106,738
	<u>320,830</u>	<u>400,505</u>	<u>269,980</u>	<u>130,525</u>
<b>External Affairs</b>				
Personal services	220,096	220,096	197,843	22,253
Operating expenditures	64,550	75,050	60,332	14,718
	<u>284,646</u>	<u>295,146</u>	<u>258,175</u>	<u>36,971</u>
<b>Finance</b>				
Personal services	856,948	856,948	844,895	12,053
Operating expenditures	78,450	78,450	50,613	27,837
	<u>935,398</u>	<u>935,398</u>	<u>895,508</u>	<u>39,890</u>
<b>Business Registration</b>				
Personal services	135,092	135,092	140,192	(5,100)
Operating expenditures	7,747	7,747	5,354	2,393
	<u>142,839</u>	<u>142,839</u>	<u>145,546</u>	<u>(2,707)</u>
<b>Town Attorney</b>				
Operating expenditures	338,250	338,250	314,164	24,086

(Continued)

TOWN OF JUPITER, FLORIDA

BUDGETARY COMPARISON SCHEDULE -  
GENERAL FUND - GAAP BASIS (Continued)

For the Year Ended September 30, 2010

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Information Systems</b>				
Personal services	\$ 1,240,971	\$ 1,241,312	\$ 1,301,314	\$ (60,002)
Operating expenditures	594,312	632,129	601,579	30,550
Capital outlay	66,538	123,380	54,664	68,716
Debt service	395,369	325,369	-	325,369
	<u>2,297,190</u>	<u>2,322,190</u>	<u>1,957,557</u>	<u>364,633</u>
<b>Human Resources</b>				
Personal services	660,312	660,312	664,479	(4,167)
Operating expenditures	213,564	213,564	78,449	135,115
	<u>873,876</u>	<u>873,876</u>	<u>742,928</u>	<u>130,948</u>
<b>Planning and Zoning</b>				
Personal services	1,177,169	1,196,169	1,212,409	(16,240)
Operating expenditures	39,015	39,015	25,517	13,498
	<u>1,216,184</u>	<u>1,235,184</u>	<u>1,237,926</u>	<u>(2,742)</u>
<b>Other General Government</b>				
Personal services	107,250	60,995	40,706	20,289
Operating expenditures	6,215,934	6,019,615	5,697,005	322,610
Debt service	-	2,300	-	2,300
	<u>6,323,184</u>	<u>6,082,910</u>	<u>5,737,711</u>	<u>345,199</u>
<b>Total General Government</b>	<u>14,090,798</u>	<u>13,995,973</u>	<u>12,853,661</u>	<u>1,142,312</u>
<b>PUBLIC SAFETY</b>				
<b>Code Compliance</b>				
Personal services	470,669	470,669	469,730	939
Operating expenditures	68,700	68,700	53,585	15,115
	<u>539,369</u>	<u>539,369</u>	<u>523,315</u>	<u>16,054</u>

(Continued)

TOWN OF JUPITER, FLORIDA

BUDGETARY COMPARISON SCHEDULE -  
GENERAL FUND - GAAP BASIS (Continued)

For the Year Ended September 30, 2010

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>PUBLIC SAFETY</b>				
<b>Police</b>				
Personal services	\$ 16,277,174	\$ 16,652,174	\$ 16,768,387	\$ (116,213)
Operating expenditures	1,222,650	1,261,388	1,102,272	159,116
Capital outlay	-	187,958	187,958	-
Debt service	167,966	167,966	273,934	(105,968)
	<u>17,667,790</u>	<u>18,269,486</u>	<u>18,332,551</u>	<u>(63,065)</u>
<b>Total Public Safety</b>	<u>18,207,159</u>	<u>18,808,855</u>	<u>18,855,866</u>	<u>(47,011)</u>
<b>ENGINEERING AND PUBLIC WORKS</b>				
<b>Engineering</b>				
Personal services	1,088,399	1,088,399	1,081,834	6,565
Operating expenditures	40,100	40,100	34,472	5,628
	<u>1,128,499</u>	<u>1,128,499</u>	<u>1,116,306</u>	<u>12,193</u>
<b>Public Works</b>				
Personal services	1,704,327	1,704,327	1,734,436	(30,109)
Operating expenditures	983,756	1,052,602	976,660	75,942
Capital outlay	14,200	11,354	11,354	-
	<u>2,702,283</u>	<u>2,768,283</u>	<u>2,722,450</u>	<u>45,833</u>
<b>Total Engineering and Public Works</b>	<u>3,830,782</u>	<u>3,896,782</u>	<u>3,838,756</u>	<u>58,026</u>
<b>CULTURE AND RECREATION</b>				
<b>Parks and Recreation</b>				
Personal services	2,486,256	2,440,106	2,291,993	148,113
Operating expenditures	1,152,124	1,203,199	1,138,227	64,972
<b>Total Culture and Recreation</b>	<u>3,638,380</u>	<u>3,643,305</u>	<u>3,430,220</u>	<u>213,085</u>
<b>Total Expenditures</b>	<u>\$ 39,767,119</u>	<u>\$ 40,344,915</u>	<u>\$ 38,978,503</u>	<u>\$ 1,366,412</u>

See notes to budgetary comparison schedules.

TOWN OF JUPITER, FLORIDA

BUDGETARY COMPARISON SCHEDULE -  
COMMUNITY REDEVELOPMENT FUND - GAAP BASIS

For the Year Ended September 30, 2010

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Taxes	\$ 897,914	\$ 897,914	\$ 969,339	\$ 71,425
Investment earnings	15,000	15,000	8,344	(6,656)
Miscellaneous	1,005,800	1,127,526	56,205	(1,071,321)
Total Revenues	<u>1,918,714</u>	<u>2,040,440</u>	<u>1,033,888</u>	<u>(1,006,552)</u>
<b>EXPENDITURES</b>				
General government				
Personal services	185,393	185,393	183,671	1,722
Operating expenditures	359,450	359,450	144,456	214,994
Capital outlay	3,687,482	5,972,450	249,064	5,723,386
Interest and fiscal charges	-	-	197,500	(197,500)
Total Expenditures	<u>4,232,325</u>	<u>6,517,293</u>	<u>774,691</u>	<u>5,742,602</u>
Revenues Over (Under) Expenditures	(2,313,611)	(4,476,853)	259,197	4,736,050
<b>OTHER FINANCING USES</b>				
Transfers out	<u>(500,000)</u>	<u>(500,000)</u>	<u>(4,043,200)</u>	<u>(3,543,200)</u>
Revenues Over (Under) Expenditures and Other Financing Uses	<u>\$ (2,813,611)</u>	<u>\$ (4,976,853)</u>	<u>\$ (3,784,003)</u>	<u>\$ 1,192,850</u>

See notes to budgetary comparison schedules.

TOWN OF JUPITER, FLORIDA

NOTES TO BUDGETARY COMPARISON SCHEDULES

SEPTEMBER 30, 2010

NOTE A - BUDGETARY ACCOUNTING

Annual budgets are adopted on the modified accrual basis of accounting consistent with U. S. generally accepted accounting principles for the General Fund, Community Redevelopment Fund, all debt service funds and the Capital Improvements Fund. The budgets represent departmental appropriations as authorized by ordinance. Expenditures may not legally exceed budgeted appropriations at the department level. The Town Manager has the authority to approve all budget transfers within a department. Budget transfers between departments and transfers involving appropriation of additional revenues require the approval of the Town Council. Accordingly, the Town's legal level of budgetary control is at the department level.

For the fiscal year ended September 30, 2010, supplemental budget appropriations of approximately \$578,000 for the General Fund and \$2,285,000 for the Community Redevelopment Fund were approved by the Town Council during the year. Total expenditures may not legally exceed total appropriations including any budgeted fund balance from prior years. All annual appropriations lapse at year end. The budget amounts presented reflect the original budget and the amended budget based on legally authorized revisions to the original budget during the year.

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriations, is employed as an extension of formal budgetary control in the General Fund. Encumbrances lapse at year end and become obligations of the subsequent year's budget. At September 30, 2010, the Town had commitments related to unperformed contracts, which have been re-appropriated in the 2010-2011 annual budget. These amounts are not included in the current year's expenditures as reported in the budgetary comparison schedules.

NOTE B - BUDGET AND ACTUAL COMPARISONS

The budgetary comparison schedules for the General Fund and the Community Redevelopment Fund are prepared under the GAAP basis of accounting used in preparing the appropriated budget. As a result, the revenue and expenditures reported in the budget and actual schedules agree with that reported on the GAAP basis.

**COMBINING AND INDIVIDUAL FUND  
FINANCIAL STATEMENTS AND SCHEDULES**

## NONMAJOR GOVERNMENTAL FUNDS

**Special Revenue Funds** - Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than major capital projects) requiring separate accounting because of legal or regulatory provisions or administrative action.

*Road Impact Fee Fund* - This fund accounts for all road impact fees collected, investment earnings and the expenditure of these funds, which are used solely for the purpose of constructing or improving roads, streets, highways and bridges in the Jupiter road network system.

*Recreation Impact Fee Fund* - This fund accounts for recreation impact fees collected, investment earnings and the expenditure of these funds, which are used solely for capital facility costs for parks and recreation facilities to serve new development.

*Police Impact Fee Fund* - This fund accounts for police impact fees collected, investment earnings and the expenditure of these funds, which are used solely for new police related capital improvement costs that add capacity to serve new development.

*Law Enforcement Grant Fund* - This fund accounts for Local Law Enforcement Block Grant funds, the related investment earnings and the expenditure of these funds, which are used solely for projects to reduce crime and improve public safety.

*Juvenile First Offender Fund* - This fund accounts for all donations, investment earnings and the expenditure of these funds, which are used solely for the Town's Juvenile First Offender Program.

*ARRA Recovery Fund* - This fund accounts for grants related to the American Recovery and Reinvestment Act of 2009 (ARRA).

*Community Redevelopment Fund* - This fund accounts for the operations of the Jupiter CRA, a blended component unit established to promote and guide the physical and economic development of approximately 400 acres along the Intracoastal Waterway in the Town of Jupiter

*Law Enforcement Fund* - This fund accounts for revenue received from confiscated and forfeited properties from cases involving the Town's police department. Expenditures from this fund are generally for police education and training programs and equipment.

*Police Investigative Fund* - This fund accounts for all donations, investment earnings and the expenditure of these funds, which are used solely for the Police Department criminal investigations.

*Maplewood Park Development Fund* - This fund accounts for monies received for the development of Maplewood Park.

**Debt Service Funds** - Debt Service Funds are used to account for assets held for the repayment of principal and interest on debt reported in the governmental fund financial statements.

*Sales Tax Revenue Bond Debt Service Fund* - This fund accounts for distributions received from the State of Florida for the Local Government Half-Cent Sales Tax that are pledged for payment of principal, interest and related fiscal charges on the \$10,235,000 Sales Tax Revenue Refunding Bonds, Series 2002 and \$1,770,000 Sales Tax Revenue Refunding Note, Series 2008.

*Community Center Debt Service Fund* - This fund accounts for dedicated property tax revenues and the related interest earnings that are used for payments of principal, interest and related fiscal charges on the \$11,330,000 General Obligation Bonds, Series 2001 used to finance the Town's Community Center and the \$17,000,000 General Obligation Bonds, Series 2005 used to finance the acquisition of environmentally sensitive lands.

TOWN OF JUPITER, FLORIDA

COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS

September 30, 2010

	Special Revenue					
	Road Impact Fee Fund	Recreation Impact Fee Fund	Police Impact Fee Fund	Law Enforcement Grant Fund	Juvenile First Offender Fund	ARRA Recovery Fund
<b>ASSETS</b>						
Cash and cash equivalents	\$ 330,888	\$ 568,404	\$ 51,426	\$ -	\$ 2,815	\$ -
Investments	699,549	163,667	18,642	-	-	-
Accounts receivable	-	-	-	18,925	-	19,001
<b>Total Assets</b>	<u>\$ 1,030,437</u>	<u>\$ 732,071</u>	<u>\$ 70,068</u>	<u>\$ 18,925</u>	<u>\$ 2,815</u>	<u>\$ 19,001</u>
<b>LIABILITIES AND FUND BALANCES</b>						
<b>LIABILITIES</b>						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	18,925	-	19,001
<b>Total Liabilities</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>18,925</u>	<u>-</u>	<u>19,001</u>
<b>FUND BALANCES</b>						
Reserved for debt service	-	-	-	-	-	-
Reserved for capital projects	1,030,437	732,071	-	-	-	-
Reserved for law enforcement	-	-	70,068	-	-	-
Unreserved						
Undesignated	-	-	-	-	2,815	-
<b>Total Fund Balances</b>	<u>1,030,437</u>	<u>732,071</u>	<u>70,068</u>	<u>-</u>	<u>2,815</u>	<u>-</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ 1,030,437</u>	<u>\$ 732,071</u>	<u>\$ 70,068</u>	<u>\$ 18,925</u>	<u>\$ 2,815</u>	<u>\$ 19,001</u>

Special Revenue			Debt Service		Total Nonmajor Governmental Funds
Law Enforcement Fund	Police Investigative Fund	Maplewood Park Development Fund	Sales Tax Revenue Bond Debt Service Fund	Community Center Debt Service Fund	
\$ 87,449	\$ 889	\$ 3,787	\$ 399,486	\$ 80,574	\$ 1,525,718
1,545	-	693	98,521	181,132	1,163,749
21,658	-	-	-	-	59,584
<u>\$ 110,652</u>	<u>\$ 889</u>	<u>\$ 4,480</u>	<u>\$ 498,007</u>	<u>\$ 261,706</u>	<u>\$ 2,749,051</u>
\$ 112	\$ -	\$ -	\$ -	\$ -	\$ 112
-	-	-	-	-	37,926
<u>112</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>38,038</u>
-	-	-	-	261,706	261,706
-	-	-	-	-	1,762,508
110,540	-	-	-	-	180,608
-	889	4,480	498,007	-	506,191
<u>110,540</u>	<u>889</u>	<u>4,480</u>	<u>498,007</u>	<u>261,706</u>	<u>2,711,013</u>
<u>\$ 110,652</u>	<u>\$ 889</u>	<u>\$ 4,480</u>	<u>\$ 498,007</u>	<u>\$ 261,706</u>	<u>\$ 2,749,051</u>

TOWN OF JUPITER, FLORIDA

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS

For the Year Ended September 30, 2010

	Special Revenue					
	Road Impact Fee Fund	Recreation Impact Fee Fund	Police Impact Fee Fund	Law Enforcement Grant Fund	Juvenile First Offender Fund	ARRA Recovery Fund
<b>REVENUES</b>						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Impact fees	252,033	202,011	28,679	-	-	-
Intergovernmental	-	-	-	18,925	-	37,744
Investment earnings	37,902	10,760	1,205	-	12	-
Miscellaneous	-	-	-	-	100	-
Total Revenues	<u>289,935</u>	<u>212,771</u>	<u>29,884</u>	<u>18,925</u>	<u>112</u>	<u>37,744</u>
<b>EXPENDITURES</b>						
Current						
General government	-	-	-	-	-	37,744
Public safety	-	-	-	3,925	-	-
Capital outlay	-	-	-	15,000	-	-
Debt service						
Principal	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>18,925</u>	<u>-</u>	<u>37,744</u>
Revenues Over Expenditures	289,935	212,771	29,884	-	112	-
<b>OTHER FINANCING USES</b>						
Transfers out	-	-	(15,000)	-	-	-
Total Other Financing Uses	<u>-</u>	<u>-</u>	<u>(15,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	289,935	212,771	14,884	-	112	-
Fund balances at beginning of year	<u>740,502</u>	<u>519,300</u>	<u>55,184</u>	<u>-</u>	<u>2,703</u>	<u>-</u>
Fund balances at end of year	<u>\$ 1,030,437</u>	<u>\$ 732,071</u>	<u>\$ 70,068</u>	<u>\$ -</u>	<u>\$ 2,815</u>	<u>\$ -</u>

Special Revenue			Debt Service		Total Nonmajor Governmental Funds
Law Enforcement Fund	Police Investigative Fund	Maplewood Park Development Fund	Sales Tax Revenue Bond Debt Service Fund	Community Center Debt Service Fund	
\$ -	\$ -	\$ -	\$ -	\$ 2,142,099	\$ 2,142,099
-	-	-	-	-	482,723
-	-	-	3,064,115	-	3,120,784
479	-	52	4,735	5,436	60,581
68,781	-	100	-	-	68,981
<u>69,260</u>	<u>-</u>	<u>152</u>	<u>3,068,850</u>	<u>2,147,535</u>	<u>5,875,168</u>
-	-	-	-	-	37,744
42,811	-	-	-	-	46,736
-	-	-	-	-	15,000
-	-	-	665,000	1,185,000	1,850,000
-	-	-	421,051	956,846	1,377,897
<u>42,811</u>	<u>-</u>	<u>-</u>	<u>1,086,051</u>	<u>2,141,846</u>	<u>3,327,377</u>
26,449	-	152	1,982,799	5,689	2,547,791
-	-	-	(1,900,000)	-	(1,915,000)
-	-	-	(1,900,000)	-	(1,915,000)
26,449	-	152	82,799	5,689	632,791
84,091	889	4,328	415,208	256,017	2,078,222
<u>\$ 110,540</u>	<u>\$ 889</u>	<u>\$ 4,480</u>	<u>\$ 498,007</u>	<u>\$ 261,706</u>	<u>\$ 2,711,013</u>

## **BUDGETARY COMPARISON SCHEDULES**

TOWN OF JUPITER, FLORIDA

BUDGETARY COMPARISON SCHEDULE -  
SALES TAX REVENUE BOND DEBT SERVICE FUND

For the Year Ended September 30, 2010

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Intergovernmental	\$ 3,000,000	\$ 3,000,000	\$ 3,064,115	\$ 64,115
Investment earnings	5,750	5,750	4,735	(1,015)
Total Revenues	<u>3,005,750</u>	<u>3,005,750</u>	<u>3,068,850</u>	<u>63,100</u>
<b>EXPENDITURES</b>				
Principal retirement	665,000	665,000	665,000	-
Interest and fiscal charges	421,411	421,411	421,051	360
Contingency	19,339	19,339	-	19,339
Total Expenditures	<u>1,105,750</u>	<u>1,105,750</u>	<u>1,086,051</u>	<u>19,699</u>
Revenues Over Expenditures	1,900,000	1,900,000	1,982,799	82,799
<b>OTHER FINANCING USES</b>				
Transfers out	(1,900,000)	(1,900,000)	(1,900,000)	-
	<u>(1,900,000)</u>	<u>(1,900,000)</u>	<u>(1,900,000)</u>	<u>-</u>
Revenues Over Expenditures and Other Financing Uses	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 82,799</u>	<u>\$ 82,799</u>

TOWN OF JUPITER, FLORIDA

BUDGETARY COMPARISON SCHEDULE -  
COMMUNITY CENTER DEBT SERVICE FUND

For the Year Ended September 30, 2010

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Taxes	\$ 2,138,188	\$ 2,138,188	\$ 2,142,099	\$ 3,911
Investment earnings	<u>4,000</u>	<u>4,000</u>	<u>5,436</u>	<u>1,436</u>
Total Revenues	<u>2,142,188</u>	<u>2,142,188</u>	<u>2,147,535</u>	<u>5,347</u>
<b>EXPENDITURES</b>				
Principal retirement	1,185,000	1,185,000	1,185,000	-
Interest and fiscal charges	<u>957,188</u>	<u>957,188</u>	<u>956,846</u>	<u>342</u>
Total Expenditures	<u>2,142,188</u>	<u>2,142,188</u>	<u>2,141,846</u>	<u>342</u>
Revenues Over Expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,689</u>	<u>\$ 5,689</u>

TOWN OF JUPITER, FLORIDA

BUDGETARY COMPARISON SCHEDULE -  
CAPITAL IMPROVEMENTS FUND

For the Year Ended September 30, 2010

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Taxes	\$ 1,626,424	\$ 1,626,424	\$ 1,597,638	\$ (28,786)
Intergovernmental	612,500	1,468,887	371,300	(1,097,587)
Fines and forfeitures	350,000	400,000	-	(400,000)
Investment earnings	-	-	215,823	215,823
Donations	250,000	1,288,528	-	(1,288,528)
Miscellaneous	702,000	834,338	847,476	13,138
Designation from fund balance	114,576	11,276,401	-	(11,276,401)
Total Revenues	3,655,500	16,894,578	3,032,237	(13,862,341)
<b>EXPENDITURES</b>				
<b>General Government</b>				
<b>Town Council</b>				
Aid to private organizations	-	100,000	-	100,000
Contingency	-	3,077,055	-	3,077,055
	-	3,177,055	-	3,177,055
<b>Other General Government</b>				
Operating expenditures	-	95,000	110	94,890
Capital outlay	2,776,000	10,328,759	525,625	9,803,134
	2,776,000	10,423,759	525,735	9,898,024
<b>Engineering and Public Works</b>				
Operating expenditures	150,000	779,578	242,691	536,887
Capital outlay	-	2,561,940	829,774	1,732,166
	150,000	3,341,518	1,072,465	2,269,053
<b>Culture and Recreation</b>				
Operating expenditures	178,000	310,334	247,727	62,607
Capital outlay	604,000	546,382	203,391	342,991
	782,000	856,716	451,118	405,598
Total Expenditures	3,708,000	17,799,048	2,049,318	15,749,730
Revenues Over (Under) Expenditures	(52,500)	(904,470)	982,919	1,887,389
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	52,500	1,099,998	1,022,943	(77,055)
Transfers out	-	(195,528)	(39,730)	155,798
	52,500	904,470	983,213	78,743
Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	\$ -	\$ -	\$ 1,966,132	\$ 1,966,132

## **STATISTICAL SECTION**

# STATISTICAL SECTION

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

<b>Contents</b>	<b>Page</b>
Financial Trends .....	70
<i>These schedules contain trend information to help the reader understand how the Town’s financial performance and well-being have changed over time.</i>	
Revenue Capacity .....	82
<i>These schedules contain information to help the reader assess the Town’s most significant local revenue source, the property tax.</i>	
Debt Capacity .....	88
<i>These schedules present information to help the reader assess the affordability of the Town’s current levels of outstanding debt and the Town’s ability to issue additional debt in the future.</i>	
Demographic and Economic Information.....	94
<i>These schedules offer demographic and economic indicators to help the reader understand the environment within which the Town’s financial activities take place.</i>	
Operating Information.....	96
<i>These schedules contain service and infrastructure data to help the reader understand how the information in the Town’s financial report relates to the services the Town of Jupiter provides and the activities it performs.</i>	

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

TOWN OF JUPITER, FLORIDA  
Net Assets by Component  
Last Seven Fiscal Years  
Accrual Basis of Accounting

TABLE 1

	Fiscal Year						
	2004	2005	2006	2007	2008	2009	2010
<b>Governmental activities</b>							
Invested in capital assets, net of related debt	\$ 25,725,406	\$ 27,854,571	\$ 38,331,204	\$ 42,966,091	\$ 50,599,939	\$ 55,852,845	\$ 56,460,166
Restricted	4,180,853	2,373,819	4,738,207	3,404,901	3,299,313	6,994,602	3,889,822
Unrestricted	14,234,521	19,780,034	16,640,910	27,659,125	29,199,631	24,642,751	31,551,511
<b>Total governmental activities net assets</b>	<u>\$ 44,140,780</u>	<u>\$ 50,008,424</u>	<u>\$ 59,710,321</u>	<u>\$ 74,030,117</u>	<u>\$ 83,098,883</u>	<u>\$ 87,490,198</u>	<u>\$ 91,901,499</u>
<b>Business-type activities</b>							
Invested in capital assets, net of related debt	\$ 42,223,229	\$ 42,415,220	\$ 44,293,482	\$ 108,162,340	\$ 141,970,517	\$ 163,110,644	\$ 169,056,109
Restricted	9,652,612	9,283,546	10,205,368	11,264,500	4,938,862	8,903,665	5,034,126
Unrestricted	43,686,923	50,360,148	57,064,251	56,702,705	55,878,064	32,584,898	34,403,274
<b>Total business-type activities net assets</b>	<u>\$ 95,562,764</u>	<u>\$ 102,058,914</u>	<u>\$ 111,563,101</u>	<u>\$ 176,129,545</u>	<u>\$ 202,787,443</u>	<u>\$ 204,599,207</u>	<u>\$ 208,493,509</u>
<b>Primary government</b>							
Invested in capital assets, net of related debt	\$ 67,948,635	\$ 70,269,791	\$ 82,624,686	\$ 151,128,431	\$ 192,570,456	\$ 218,963,489	\$ 225,516,275
Restricted	13,833,465	11,657,365	14,943,575	14,669,401	8,238,175	15,898,267	8,923,948
Unrestricted	57,921,444	70,140,182	73,705,161	84,361,830	85,077,695	57,227,649	65,954,785
<b>Total primary government net assets</b>	<u>\$ 139,703,544</u>	<u>\$ 152,067,338</u>	<u>\$ 171,273,422</u>	<u>\$ 250,159,662</u>	<u>\$ 285,886,326</u>	<u>\$ 292,089,405</u>	<u>\$ 300,395,008</u>

Information prior to fiscal year 2004 is not available

TOWN OF JUPITER, FLORIDA  
Changes in Net Assets  
Last Seven Fiscal Years  
Accrual Basis of Accounting

	Fiscal Year						
	2004	2005	2006	2007	2008	2009	2010
<b>Expenses</b>							
Governmental activities							
General government	\$ 11,237,293	\$ 18,946,778	\$ 13,584,322	\$ 13,408,122	\$ 14,287,223	\$ 15,353,666	\$ 14,371,564
Public safety	13,372,340	14,046,805	16,149,448	16,731,886	18,147,797	18,486,726	18,954,687
Engineering and public works	4,092,513	4,423,542	5,286,228	6,294,232	6,009,427	5,241,771	5,122,616
Culture and recreation	3,932,765	4,237,218	4,501,017	4,949,779	5,228,172	4,821,268	4,758,188
Interest on long-term debt	1,184,315	1,309,845	1,689,889	1,770,808	1,565,327	1,503,512	1,593,818
<b>Total governmental activities expenses</b>	<b>33,819,226</b>	<b>42,964,188</b>	<b>41,210,904</b>	<b>43,154,827</b>	<b>45,237,946</b>	<b>45,406,943</b>	<b>44,800,873</b>
Business-type activities							
Water system	13,524,166	14,646,412	16,711,621	19,133,384	18,296,030	19,073,788	19,396,117
Building	3,279,871	3,745,764	4,226,029	4,141,495	4,120,508	1,595,607	1,705,144
Stormwater	1,469,587	1,285,287	1,487,843	1,643,878	1,615,971	3,508,053	2,442,584
<b>Total business-type activities expenses</b>	<b>18,273,624</b>	<b>19,677,463</b>	<b>22,425,493</b>	<b>24,918,757</b>	<b>24,032,509</b>	<b>24,177,448</b>	<b>23,543,845</b>
<b>Total primary government expenses</b>	<b>\$ 52,092,850</b>	<b>\$ 62,641,651</b>	<b>\$ 63,636,397</b>	<b>\$ 68,073,584</b>	<b>\$ 69,270,455</b>	<b>\$ 69,584,391</b>	<b>\$ 68,344,718</b>
<b>Program Revenues</b>							
Governmental activities							
Charges for services							
General government	\$ 1,918,887	\$ 1,773,144	\$ 2,120,590	\$ 1,895,476	\$ 1,974,686	\$ 1,967,052	\$ 1,769,386
Public safety	505,473	415,958	287,212	328,739	407,682	495,734	458,345
Engineering and public works	1,715,772	1,907,105	1,814,437	2,421,885	2,878,267	3,732,945	3,757,434
Culture and recreation	668,866	849,193	928,904	1,092,519	1,398,494	1,046,308	1,065,101
Operating contributions and grants							
General government	611,041	8,619,299	2,058,310	258,545	261,519	528,545	391,624
Public safety	400,924	513,506	1,675,355	929,931	801,600	1,792,267	724,085
Engineering and public works	919,493	-	-	483,282	123,908	66,270	1,037,859
Culture and recreation	-	-	250	1,750	107,984	1,252	1,600
Capital contributions and grants							
General government	22,660	171,826	1,427,694	3,055,523	-	-	37,744
Public safety	127,851	104,259	80,307	25,594	26,533	14,611	47,604
Engineering and public works	900,540	880,619	1,281,634	1,101,957	2,777,552	211,386	252,033
Culture and recreation	824,502	1,084,124	506,773	2,246,989	1,527,418	231,106	573,311
<b>Total governmental activities program revenues</b>	<b>8,616,009</b>	<b>16,319,033</b>	<b>12,181,466</b>	<b>13,842,190</b>	<b>12,285,643</b>	<b>10,087,476</b>	<b>10,116,126</b>
Business-type activities							
Charges for services							
Water system	15,316,852	15,617,642	18,025,713	18,492,083	17,290,394	19,315,320	20,523,135
Building	3,261,620	4,051,018	3,353,980	2,394,234	3,093,660	2,199,206	2,228,147
Stormwater	1,837,063	1,857,169	1,953,393	2,034,160	2,168,975	2,197,749	2,690,966
Operating contributions and grants	-	119,592	1,000,820	708,493	1,189,612	-	-
Capital contributions and grants	3,648,684	3,855,217	5,338,511	8,887,147	9,536,664	2,127,561	1,949,571
<b>Total business-type activities program revenues</b>	<b>24,064,219</b>	<b>25,500,638</b>	<b>29,672,417</b>	<b>32,516,117</b>	<b>33,279,305</b>	<b>25,839,836</b>	<b>27,391,819</b>
<b>Total primary government program revenues</b>	<b>\$ 32,680,228</b>	<b>\$ 41,819,671</b>	<b>\$ 41,853,883</b>	<b>\$ 46,358,307</b>	<b>\$ 45,564,948</b>	<b>\$ 35,927,312</b>	<b>\$ 37,507,945</b>

TABLE 2

	Fiscal Year						
	2004	2005	2006	2007	2008	2009	2010
<b>Net (expense)/revenue</b>							
Governmental activities	\$ (25,203,217)	\$ (26,645,155)	\$ (29,029,438)	\$ (29,312,637)	\$ (32,952,303)	\$ (35,319,467)	\$ (34,684,747)
Business-type activities	5,790,595	5,823,175	7,246,924	7,597,360	9,246,796	1,662,388	3,847,974
<b>Total primary government net expense</b>	<u>\$ (19,412,622)</u>	<u>\$ (20,821,980)</u>	<u>\$ (21,782,514)</u>	<u>\$ (21,715,277)</u>	<u>\$ (23,705,507)</u>	<u>\$ (33,657,079)</u>	<u>\$ (30,836,773)</u>
<b>General Revenues and Other Changes in Net Assets</b>							
Governmental activities							
Taxes							
Property taxes	\$ 13,744,278	\$ 16,073,394	\$ 19,992,043	\$ 23,511,088	\$ 22,831,835	\$ 22,750,485	\$ 21,458,933
Franchise fees	2,939,662	3,277,836	3,988,849	3,553,452	4,776,445	4,715,332	4,479,142
Public service taxes	2,646,147	3,022,429	3,244,311	4,029,560	3,182,084	3,337,851	3,612,409
Communications services taxes	2,684,471	2,760,079	2,868,015	2,978,156	3,055,157	3,697,912	3,246,760
Sales taxes	3,213,758	3,403,193	3,651,102	3,601,718	3,482,757	3,077,029	3,064,115
Gas taxes	947,193	1,041,816	1,129,143	1,086,857	1,039,154	990,923	986,051
Intergovernmental, unrestricted	1,266,461	1,469,757	587,889	1,237,424	1,155,681	991,315	1,023,881
Investment earnings	361,422	307,771	2,013,212	2,557,537	1,153,427	31,685	706,744
Other	-	-	-	42,047	-	-	-
Transfers	963,010	1,156,524	1,256,771	1,034,594	1,344,529	118,250	518,013
<b>Total governmental activities</b>	<u>28,766,402</u>	<u>32,512,799</u>	<u>38,731,335</u>	<u>43,632,433</u>	<u>42,021,069</u>	<u>39,710,782</u>	<u>39,096,048</u>
Business-type activities							
Intergovernmental, unrestricted	-	-	-	-	-	71,747	-
Investment earnings	1,485,351	1,829,499	3,514,034	4,508,078	1,948,718	195,879	564,341
Other	-	-	-	-	-	-	-
Transfers	(963,010)	(1,156,524)	(1,256,771)	(1,034,594)	(1,344,529)	(118,250)	(518,013)
<b>Total business-type activities</b>	<u>522,341</u>	<u>672,975</u>	<u>2,257,263</u>	<u>3,473,484</u>	<u>604,189</u>	<u>149,376</u>	<u>46,328</u>
<b>Total primary government</b>	<u>\$ 29,288,743</u>	<u>\$ 33,185,774</u>	<u>\$ 40,988,598</u>	<u>\$ 47,105,917</u>	<u>\$ 42,625,258</u>	<u>\$ 39,860,158</u>	<u>\$ 39,142,376</u>
<b>Changes in Net Assets</b>							
Governmental activities	\$ 3,563,185	\$ 5,867,644	\$ 9,701,897	\$ 14,319,796	\$ 9,068,766	\$ 4,391,315	\$ 4,411,301
Business-type activities	6,312,936	6,496,150	9,504,187	11,070,844	9,850,985	1,811,764	3,894,302
<b>Total primary government</b>	<u>\$ 9,876,121</u>	<u>\$ 12,363,794</u>	<u>\$ 19,206,084</u>	<u>\$ 25,390,640</u>	<u>\$ 18,919,751</u>	<u>\$ 6,203,079</u>	<u>\$ 8,305,603</u>

Information prior to fiscal year 2004 is not available

TOWN OF JUPITER, FLORIDA  
 Governmental Activities Tax Revenues by Source  
 Last Seven Fiscal Years  
 Accrual Basis of Accounting

TABLE 3

Fiscal Year	Property Taxes	Franchise Fees	Public Service Taxes	Communi- cations Services Taxes	Sales Taxes	Gas Taxes	Total
<b>2004</b>	\$ 13,744,278	\$ 2,939,662	\$ 2,646,147	\$ 2,684,471	\$ 3,213,758	\$ 947,193	\$ 26,175,509
<b>2005</b>	16,073,394	3,277,836	3,022,429	2,760,079	3,403,193	1,041,816	29,578,747
<b>2006</b>	19,992,043	3,988,849	3,244,311	2,868,015	3,651,102	1,129,143	34,873,463
<b>2007</b>	23,511,088	3,553,452	4,029,560	2,978,156	3,601,718	1,086,857	38,760,831
<b>2008</b>	22,831,835	4,776,445	3,182,084	3,055,157	3,482,757	1,039,154	38,367,432
<b>2009</b>	22,750,835	4,715,332	3,337,851	3,697,912	3,077,029	990,923	38,569,882
<b>2010</b>	21,458,933	4,479,142	3,612,409	3,246,760	3,064,115	986,051	36,847,410

Information prior to fiscal year 2004 is not available.

TOWN OF JUPITER, FLORIDA  
Fund Balances of Governmental Funds  
Last Ten Fiscal Years  
Modified Accrual Basis of Accounting

	Fiscal Year			
	2001	2002	2003	2004
<b>General Fund</b>				
Reserved	\$ 397,312	\$ 104,560	\$ 108,369	\$ 121,816
Unreserved				
Designated for subsequent year's budget	-	-	-	-
Undesignated	5,147,151	7,365,547	8,614,206	8,186,685
<b>Total General Fund</b>	<b>\$ 5,544,463</b>	<b>\$ 7,470,107</b>	<b>\$ 8,722,575</b>	<b>\$ 8,308,501</b>
 <b>All other governmental funds</b>				
Reserved	\$ 699,214	\$ 702,212	\$ 695,055	\$ 891,338
Unreserved				
Designated for subsequent year's budget	300,000	4,814,849	5,454,346	5,129,888
Undesignated (deficit), reported in:				
Special revenue funds	3,645,963	3,011,808	(384,066)	(862,947)
Capital projects fund	14,492,011	923,210	1,227,392	1,876,123
Debt service funds	737,816	1,589,503	2,331,469	3,043,631
<b>Total all other governmental funds</b>	<b>\$ 19,875,004</b>	<b>\$ 11,041,582</b>	<b>\$ 9,324,196</b>	<b>\$ 10,078,033</b>

TABLE 4

Fiscal Year					
2005	2006	2007	2008	2009	2010
\$ 2,970,011	\$ 3,189,594	\$ 3,309,636	\$ 3,081,360	\$ 4,305,920	\$ 8,544,901
-	-	-	-	-	1,071,105
<u>7,194,624</u>	<u>5,348,814</u>	<u>10,221,918</u>	<u>13,283,983</u>	<u>14,617,020</u>	<u>14,582,473</u>
<u>\$ 10,164,635</u>	<u>\$ 8,538,408</u>	<u>\$ 13,531,554</u>	<u>\$ 16,365,343</u>	<u>\$ 18,922,940</u>	<u>\$ 24,198,479</u>
\$ 12,080,484	\$ 10,636,873	\$ 16,215,408	\$ 7,955,537	\$ 7,062,834	\$ 7,928,057
5,467,999	5,049,860	917,547	353,350	114,576	-
(619,040)	2,923,176	(867,202)	(101,569)	(179,513)	(3,968,849)
3,223,098	-	9,467,459	11,361,738	13,273,299	15,044,109
<u>3,499,130</u>	<u>4,761,992</u>	<u>92,653</u>	<u>96,172</u>	<u>415,208</u>	<u>498,007</u>
<u>\$ 23,651,671</u>	<u>\$ 23,371,901</u>	<u>\$ 25,825,865</u>	<u>\$ 19,665,228</u>	<u>\$ 20,686,404</u>	<u>\$ 19,501,324</u>

TOWN OF JUPITER, FLORIDA  
Changes in Fund Balances of Governmental Funds  
Last Ten Fiscal Years  
Modified Accrual Basis of Accounting

	Fiscal Year			
	2001	2002	2003	2004
<b>Revenues</b>				
Taxes	\$ 13,591,829	\$ 16,072,980	\$ 18,146,815	\$ 20,022,089
Franchise fees	2,787,818	2,672,536	2,600,915	2,939,662
Licenses and permits	1,700,512	1,735,363	1,977,627	1,768,177
Intergovernmental	4,205,721	6,587,466	4,994,028	6,495,099
Charges for services	2,574,421	3,439,602	3,278,998	3,730,931
Fines and forfeitures	481,501	418,542	533,029	493,517
Investment earnings	1,066,781	639,721	373,036	361,422
Special assessments	11,390	21,047	1,205	2,066
Donations	4,031	6,764	65,967	420,734
Miscellaneous	541,045	943,670	302,956	185,704
<b>Total revenues</b>	<u>26,965,049</u>	<u>32,537,691</u>	<u>32,274,576</u>	<u>36,419,401</u>
<b>Expenditures</b>				
General government	6,633,442	7,494,194	8,449,685	10,441,817
Public safety	9,028,132	9,855,770	11,444,115	13,247,849
Engineering and public works	2,264,260	2,290,499	2,856,670	3,424,110
Culture and recreation	1,902,068	2,178,766	2,590,803	2,998,344
Capital outlay	3,299,773	15,775,042	6,320,284	4,569,866
Debt service				
Principal	1,177,402	1,330,743	900,000	1,170,000
Interest	1,114,673	1,368,248	1,235,212	1,190,662
Bond issue costs	-	-	-	-
<b>Total expenditures</b>	<u>25,419,750</u>	<u>40,293,262</u>	<u>33,796,769</u>	<u>37,042,648</u>
Excess of revenues over (under) expenditures	1,545,299	(7,755,571)	(1,522,193)	(623,247)
<b>Other financing sources (uses)</b>				
Issuance of refunding debt	-	10,235,000	-	-
Payment to refunding escrow agent	-	(10,340,274)	-	-
Payment of refunded bonds	-	-	-	-
Bonds issued	11,663,797	-	-	-
Discount on bonds issued	-	-	-	-
Issuance of capital leases	-	-	-	-
Issuance of notes payable	-	-	-	-
Proceeds from sale of assets	-	-	-	-
Insurance recoveries	-	-	-	-
Transfers in	6,134,672	6,439,385	8,986,529	6,265,873
Transfers out	(5,201,718)	(5,488,132)	(8,028,564)	(5,302,863)
<b>Total other financing sources (uses)</b>	<u>12,596,751</u>	<u>845,979</u>	<u>957,965</u>	<u>963,010</u>
Net change in fund balances	<u>\$ 14,142,050</u>	<u>\$ (6,909,592)</u>	<u>\$ (564,228)</u>	<u>\$ 339,763</u>
Debt service as a percentage of non-capital expenditures	<u>10.36%</u>	<u>11.01%</u>	<u>7.77%</u>	<u>7.27%</u>

TABLE 5

Fiscal Year						
2005	2006	2007	2008	2009	2010	
\$ 22,897,718	\$ 27,233,512	\$ 31,605,661	\$ 30,108,230	\$ 30,777,171	\$ 29,304,153	
3,277,836	3,988,849	3,553,452	4,776,445	4,715,332	4,479,142	
2,235,488	2,013,526	1,150,111	1,074,540	789,633	1,094,680	
13,690,998	8,706,371	8,966,522	8,750,671	6,106,837	5,456,965	
3,954,719	4,221,509	4,870,921	5,564,771	6,041,646	6,055,850	
397,795	257,664	279,881	351,550	377,895	327,460	
307,771	2,013,212	2,557,537	1,153,427	31,685	706,744	
2,560	1,800	-	-	-	-	
50,226	739,888	30,339	3,979	2,875	17,539	
860,197	479,699	1,326,190	2,178,570	1,825,569	1,214,337	
<u>47,675,308</u>	<u>49,656,030</u>	<u>54,340,614</u>	<u>53,962,183</u>	<u>50,668,643</u>	<u>48,656,870</u>	
18,018,587	12,697,680	12,432,411	13,265,444	14,206,005	13,164,978	
13,749,592	15,719,488	16,314,103	17,609,602	17,917,896	18,440,710	
3,687,092	4,513,451	5,453,774	5,007,263	4,239,970	4,070,093	
3,254,441	3,545,490	3,906,004	4,165,230	3,740,508	3,677,947	
8,766,383	13,141,268	5,878,760	15,422,757	3,585,235	2,076,830	
4,930,000	2,354,757	2,294,690	2,033,147	2,041,092	2,111,705	
1,165,640	1,675,079	1,765,224	1,557,935	1,498,777	1,587,626	
237,132	-	-	-	-	-	
<u>53,808,867</u>	<u>53,647,213</u>	<u>48,044,966</u>	<u>59,061,378</u>	<u>47,229,483</u>	<u>45,129,889</u>	
(6,133,559)	(3,991,183)	6,295,648	(5,099,195)	3,439,160	3,526,981	
-	-	-	-	1,770,000	-	
-	-	-	-	-	-	
-	-	-	-	(1,760,000)	-	
17,000,000	-	-	-	-	-	
(143,193)	-	-	-	-	-	
-	828,415	-	427,818	-	-	
3,550,000	-	-	-	-	-	
-	-	59,500	-	-	8,174	
-	-	57,368	-	11,364	37,291	
6,461,055	8,470,447	13,752,663	5,418,470	3,612,125	7,110,943	
<u>(5,304,531)</u>	<u>(7,213,676)</u>	<u>(12,718,069)</u>	<u>(4,073,941)</u>	<u>(3,493,875)</u>	<u>(6,592,930)</u>	
<u>21,563,331</u>	<u>2,085,186</u>	<u>1,151,462</u>	<u>1,772,347</u>	<u>139,614</u>	<u>563,478</u>	
<u>\$ 15,429,772</u>	<u>\$ (1,905,997)</u>	<u>\$ 7,447,110</u>	<u>\$ (3,326,848)</u>	<u>\$ 3,578,774</u>	<u>\$ 4,090,459</u>	
<u>14.06%</u>	<u>9.95%</u>	<u>9.63%</u>	<u>8.23%</u>	<u>8.11%</u>	<u>8.59%</u>	

TOWN OF JUPITER, FLORIDA  
 Governmental Funds Tax Revenues by Source  
 Last Seven Fiscal Years  
 Modified Accrual Basis of Accounting

TABLE 6

Fiscal Year	Property Taxes	Public Service Taxes	Communi- cation Services Taxes	Gas Taxes	Total Taxes	Franchise Fees	Total
2004	\$ 13,744,278	\$ 2,646,147	\$ 2,684,471	\$ 947,193	\$ 20,022,089	\$ 2,939,662	\$ 22,961,751
2005	16,073,394	3,022,429	2,760,079	1,041,816	22,897,718	3,277,836	26,175,554
2006	19,992,043	3,244,311	2,868,015	1,129,143	27,233,512	3,988,849	31,222,361
2007	23,511,088	4,029,560	2,978,156	1,086,857	31,605,661	3,553,452	35,159,113
2008	22,831,835	3,182,084	3,055,157	1,039,154	30,108,230	4,776,445	34,884,675
2009	22,750,485	3,337,851	3,697,912	990,923	30,777,171	4,715,332	35,492,503
2010	21,458,933	3,612,409	3,246,760	986,051	29,304,153	4,479,142	33,783,295

Information prior to fiscal year 2004 is not available.

TOWN OF JUPITER, FLORIDA  
 Total General Governmental Revenues by Source  
 Last Ten Fiscal Years  
 Modified Accrual Basis of Accounting

<u>Fiscal Year</u>	<u>Taxes and Franchise Fees</u>	<u>Licenses and Permits</u>	<u>Intergovernmental</u>	<u>Charges for Services</u>	<u>Fines and Forfeitures</u>	<u>Investment Earnings</u>
2001	\$ 16,379,647	\$ 1,700,512	\$ 4,205,721	\$ 2,573,821	\$ 452,820	\$ 1,060,662
2002	18,745,516	1,735,363	6,587,466	3,439,302	382,290	637,861
2003	20,747,730	1,977,627	4,994,028	3,278,998	533,029	373,036
2004	22,961,751	1,768,177	6,495,099	3,730,931	493,517	361,422
2005	26,175,554	2,235,488	13,690,998	3,954,719	397,795	307,771
2006	31,222,361	2,013,526	8,706,371	4,221,509	257,664	2,013,212
2007	35,159,113	1,150,111	8,966,522	4,870,921	279,881	2,557,537
2008	34,884,675	1,074,540	8,750,671	5,564,771	351,550	1,153,427
2009	35,492,503	789,633	6,106,837	6,041,646	377,895	31,685
2010	33,783,295	1,094,680	5,456,965	6,055,850	327,460	706,744

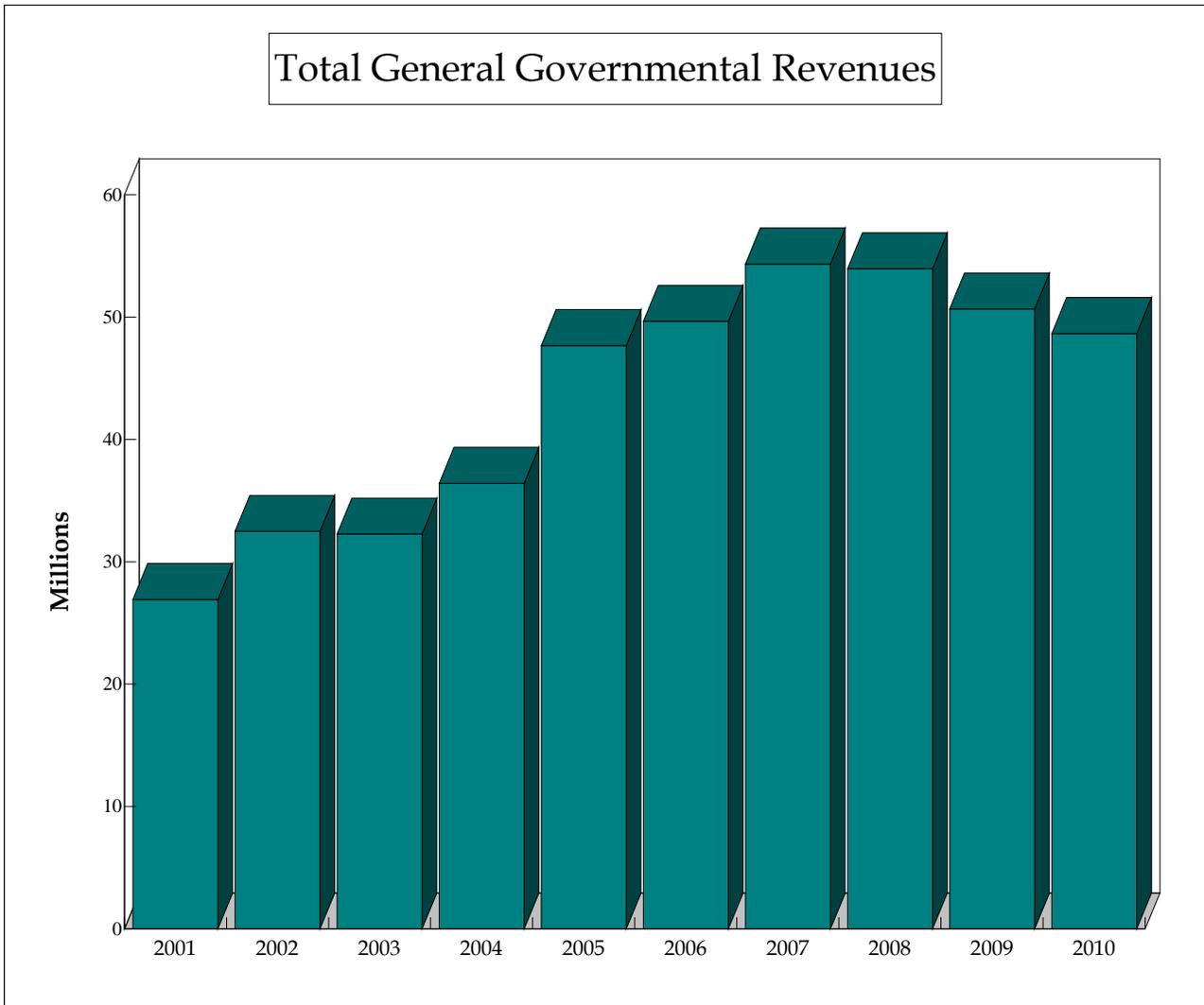


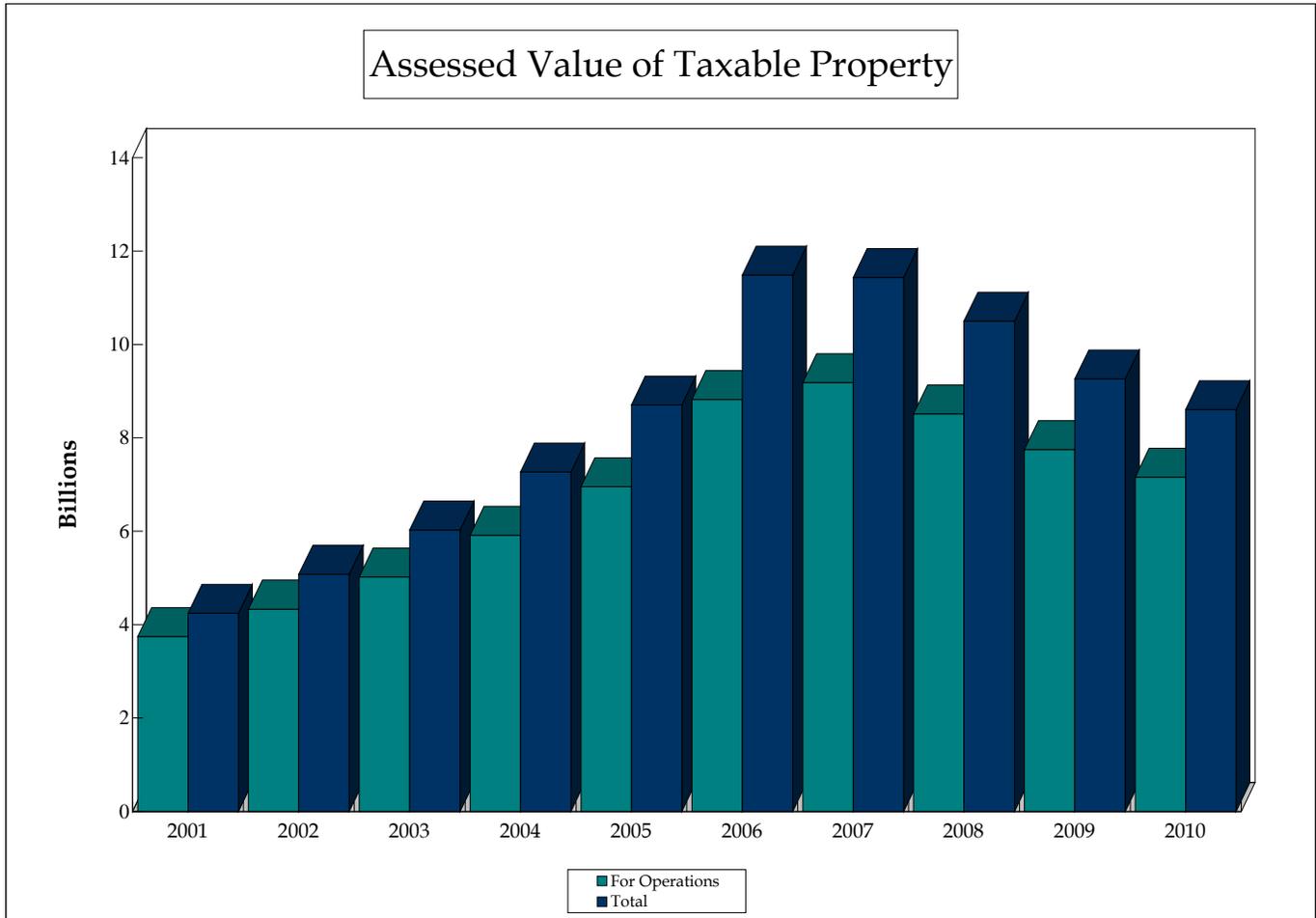
TABLE 7

<u>Special Assessments</u>	<u>Miscellaneous</u>	<u>Total</u>
\$ 11,390	\$ 544,886	\$ 26,929,459
21,047	950,434	32,499,279
1,205	368,923	32,274,576
2,066	606,438	36,419,401
2,560	910,423	47,675,308
1,800	1,219,587	49,656,030
-	1,356,529	54,340,614
-	2,182,549	53,962,183
-	1,828,444	50,668,643
-	1,231,876	48,656,870

TOWN OF JUPITER, FLORIDA  
Assessed Value of Taxable Property  
Last Ten Fiscal Years

TABLE 8

Year	Real Property	Personal Property	Centrally Assessed Property	Exemptions	Assessed Value for Operations	Total Town Tax Rate	Total Taxable Value (1)
2001	\$ 4,063,190,788	\$ 180,367,104	\$ 822,119	\$ 501,704,678	\$ 3,742,675,333	2.8347	\$ 4,244,380,011
2002	4,880,631,148	201,646,324	844,625	749,594,816	4,333,527,281	2.8757	5,083,122,097
2003	5,807,900,035	219,651,220	963,450	1,011,036,407	5,017,478,298	2.8424	6,028,514,705
2004	7,037,445,167	230,637,184	1,004,944	1,352,147,466	5,916,939,829	2.8109	7,269,087,295
2005	8,454,365,230	245,635,335	1,009,603	1,749,580,832	6,951,429,336	2.7814	8,701,010,168
2006	11,212,710,848	269,632,867	1,142,602	2,664,471,610	8,819,014,707	2.9451	11,483,486,317
2007	11,138,858,108	291,799,708	1,455,109	2,246,792,894	9,185,320,031	2.6790	11,432,112,925
2008	10,204,270,197	294,416,961	1,993,282	1,987,797,198	8,512,883,242	2.4939	10,500,680,440
2009	8,960,361,974	298,475,679	1,321,535	1,507,450,971	7,752,708,217	2.6844	9,260,159,188
2010	8,204,204,394	401,747,357	1,264,085	1,449,771,023	7,157,444,813	2.8046	8,607,215,836

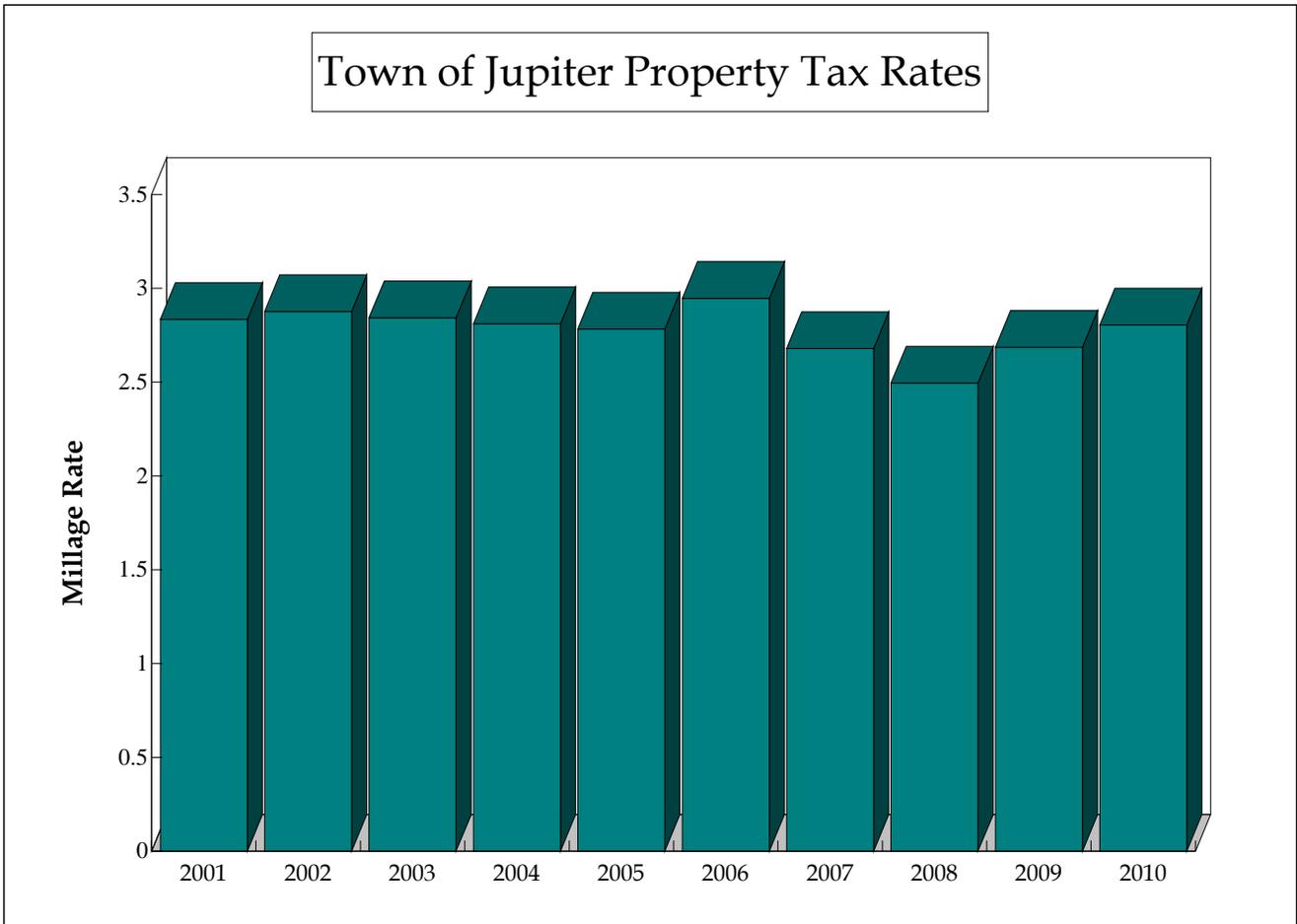


(1) Florida state law requires all property to be assessed at current fair market value.

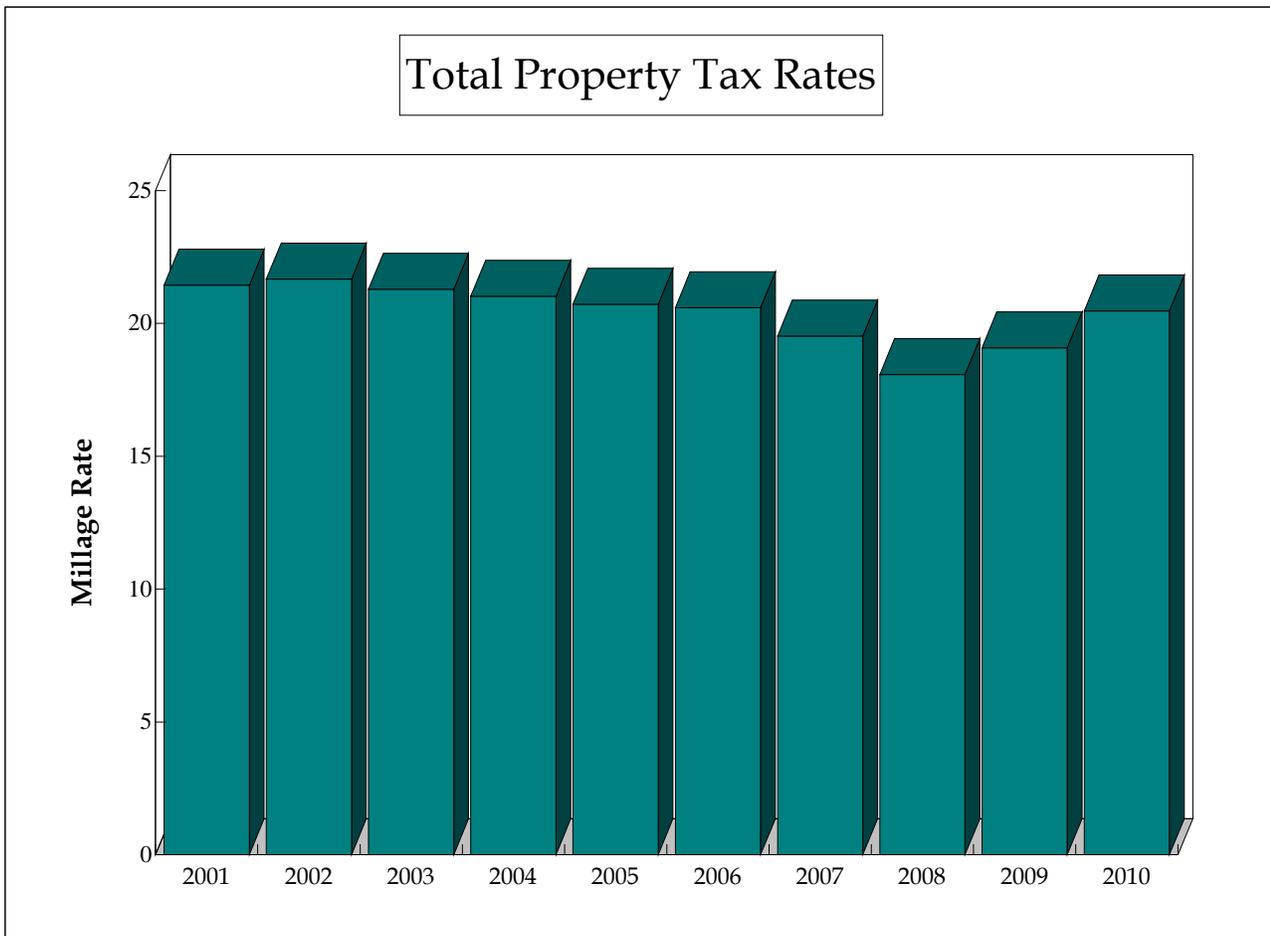
Source: Palm Beach County Property Appraiser

TOWN OF JUPITER, FLORIDA  
 Property Tax Rates - Direct and Overlapping Governments  
 Last Ten Fiscal Years  
 Rate per \$1,000 of assessed value

Fiscal Year	Town of Jupiter Property Tax Rates			Overlapping Property Tax Rates - Palm Beach County		
	Operating Millage	General Obligation Debt Service	Total Town Millage	Operating Millage	General Obligation Debt Service	Total County Millage
2001	2.6195	0.2152	2.8347	4.6000	0.3362	4.9362
2002	2.6195	0.2562	2.8757	4.5500	0.3851	4.9351
2003	2.6195	0.2229	2.8424	4.5000	0.3084	4.8084
2004	2.6195	0.1914	2.8109	4.5000	0.2910	4.7910
2005	2.6195	0.1619	2.7814	4.5000	0.2677	4.7677
2006	2.6195	0.3256	2.9451	4.4500	0.2692	4.7192
2007	2.4221	0.2569	2.6790	4.2800	0.1975	4.4775
2008	2.2497	0.2442	2.4939	3.7811	0.2002	3.9813
2009	2.4234	0.2610	2.6844	3.7811	0.1845	3.9656
2010	2.5142	0.2904	2.8046	4.3440	0.2174	4.5614



Overlapping Property Tax Rates -				
Palm Beach County School District			Palm Beach	
Operating Millage	Debt Service	Total School Millage	County Special Districts	Total
8.487	0.431	8.918	4.7569	21.4458
8.547	0.401	8.948	4.9098	21.6686
8.427	0.352	8.779	4.8575	21.2873
8.251	0.320	8.571	4.8558	21.0287
8.158	0.274	8.432	4.7471	20.7282
7.884	0.222	8.106	4.8274	20.5977
7.712	0.160	7.872	4.4968	19.5253
7.356	-	7.356	4.2467	18.0779
7.251	-	7.251	5.1854	19.0864
7.983	-	7.983	5.1206	20.4696



TOWN OF JUPITER, FLORIDA  
Principal Property Taxpayers  
Current Year and Nine Years Ago

	2009		
	<u>Taxable Assessed Valuation</u>	<u>Rank</u>	<u>Percentage of Assessed Value for Operations</u>
RBF LLC	\$ 74,650,033	1	0.96%
TGM Abacoa LLC	52,995,820	2	0.68%
TGM Floresta LLC	45,824,315	3	0.59%
Jupiter CC LLC	44,250,439	4	0.57%
Club at Admirals Cove Inc	27,468,231	5	0.35%
Holiday Jupiter LLC	26,554,589	6	0.34%
Divosta Homes LP	21,603,753	7	0.28%
Regency Centers LP	21,286,593	8	0.27%
Donross Associates	15,264,841	9	0.20%
Bears Club Founding	11,881,112	10	0.15%
Bears Club Dev Co	-	-	-
Jupiter Festival Ltd	-	-	-
JYC Holdings Inc	-	-	-
Treasure Coast Investors	-	-	-
Jupiter BSSC Inc	-	-	-
Riviera Trading & Marketing	-	-	-
Abacoa Homes Inc	-	-	-
North County Land Holdings	-	-	-
Workplace Florida Ltd	-	-	-
John D & Catherine MacArthur Foundation	-	-	-
Totals	<u>\$ 341,779,726</u>		<u>4.41%</u>

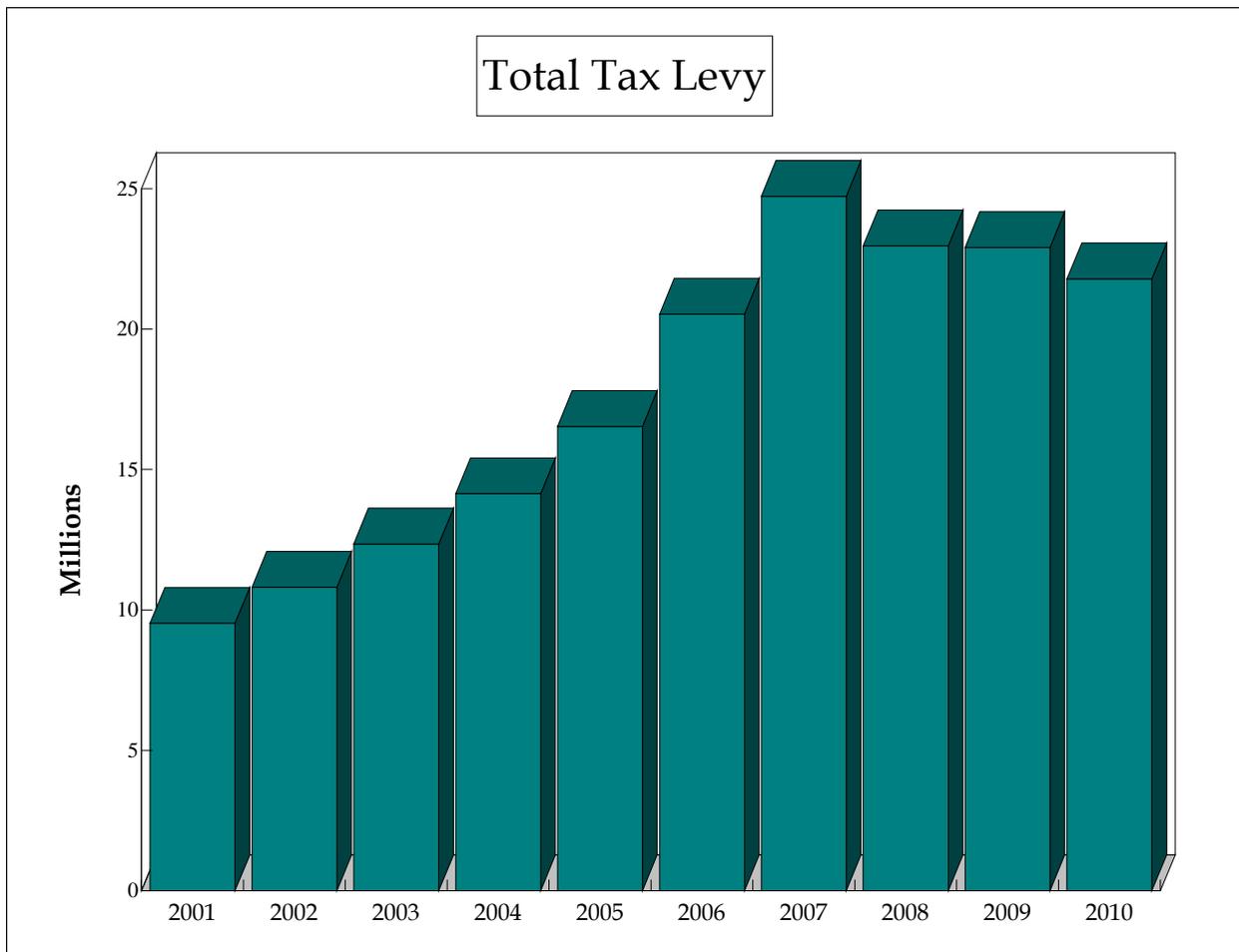
**Source:** Palm Beach County Property Appraiser. Information for 2010 was not available.

TABLE 10

2000		
<u>Taxable Assessed Valuation</u>	<u>Rank</u>	<u>Percentage of Assessed Value for Operations</u>
\$ -	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
34,435,837	1	1.03%
16,238,517	2	0.48%
15,724,632	3	0.47%
14,500,000	4	0.43%
14,000,000	5	0.42%
13,555,841	6	0.40%
9,675,016	7	0.29%
9,364,913	8	0.28%
7,828,891	9	0.23%
2,840,838	10	0.08%
\$ 138,164,485		4.11%

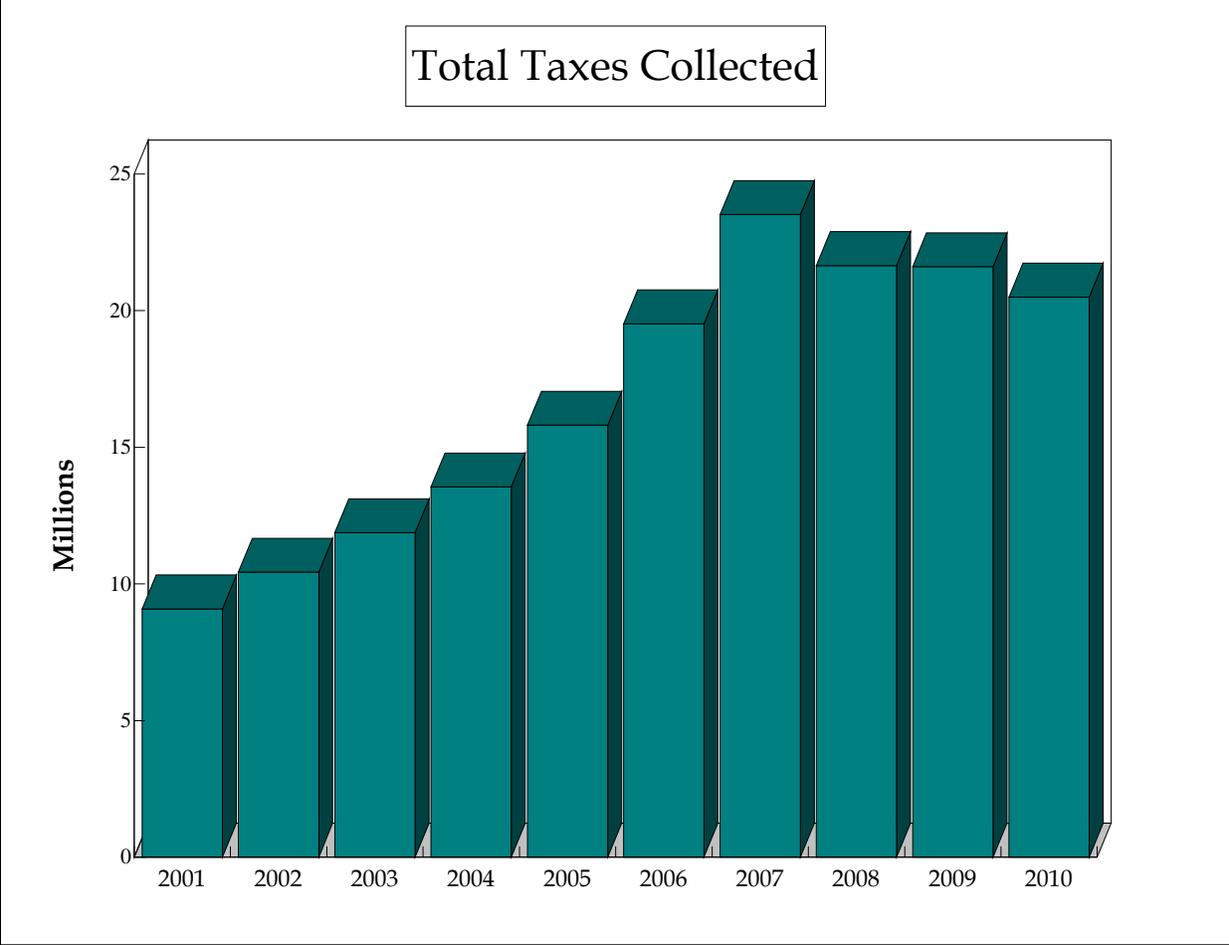
TOWN OF JUPITER, FLORIDA  
Property Tax Levies and Collections  
Last Ten Fiscal Years

<b>Fiscal Year</b>	<b>Total Tax Levy</b>	<b>Amount of Current Taxes Collected (1)</b>	<b>Percent of Total Tax Levy Collected (1)</b>	<b>Amount of Delinquent Taxes Collected</b>	<b>Total Collected for the Year</b>
2001	\$ 9,526,046	\$ 9,069,182	95.2 %	\$ 11,920	\$ 9,081,102
2002	10,807,223	10,365,604	95.9	61,390	10,426,994
2003	12,342,172	11,839,433	95.9	29,571	11,869,004
2004	14,138,163	13,539,520	95.8	8,126	13,547,646
2005	16,532,894	15,754,677	95.3	52,165	15,806,842
2006	20,530,232	19,499,489	95.0	15,319	19,514,808
2007	24,727,332	23,498,408	95.0	12,680	23,511,088
2008	22,964,339	21,615,164	94.1	29,732	21,644,896
2009	22,902,526	21,433,818	93.6	169,481	21,603,299
2010	21,787,176	20,325,926	93.3	163,669	20,489,595



(1) Includes discount taken for early payment of property taxes.

<u>Ratio of Total Taxes Collected to Current Levy</u>		<u>Accumulated Delinquent Taxes</u>	<u>Ratio of Delinquent Taxes to Current Levy</u>
95.3 %	\$	189,058	2.0 %
96.5		160,519	1.5
96.2		160,309	1.3
95.8		211,630	1.5
95.6		197,546	1.2
95.1		199,150	1.0
95.1		232,088	0.9
94.3		255,902	1.1
94.3		274,094	1.2
94.0		294,892	1.4



TOWN OF JUPITER, FLORIDA  
Ratios of General Bonded Debt Outstanding and Outstanding Debt by Type  
Last Ten Fiscal Years  
(Dollars in thousands, except per capita)

<b>Governmental Activities</b>								
<b>Fiscal Year</b>	<b>General Bonded Debt</b>			<b>Per Capita <sup>(2)</sup></b>	<b>Sales Tax Revenue Bonds</b>	<b>Public Improvement Revenue Bonds</b>	<b>Disaster Relief Note Payable</b>	<b>Capital Lease Obligations</b>
	<b>General Obligation Bonds</b>	<b>Percentage of Total Taxable Value <sup>(1)</sup> of Property</b>	<b>%</b>					
2001	\$ 11,330	0.27	%	\$ 278.89	\$ 12,255	\$ 2,755	\$ 335	\$ 141
2002	10,955	0.22		259.01	12,560	2,355	-	-
2003	10,565	0.18		243.52	12,475	1,930	-	-
2004	10,165	0.14		220.63	12,150	1,485	-	-
2005	26,750	0.31		554.19	11,605	1,015	50	-
2006	25,675	0.22		519.89	11,045	520	50	604
2007	24,600	0.22		494.73	10,460	-	-	539
2008	23,485	0.22		471.75	9,850	-	-	659
2009	22,340	0.24		444.36	9,220	-	-	403
2010	21,155	0.25		418.06	8,555	-	-	141

**Note:** Details about the Town's outstanding debt can be found in the notes to the financial statements.

<sup>(1)</sup> See Table 8 for property value data.

<sup>(2)</sup> See Table 16 for personal income and population data.

TABLE 12

Business-type Activities				Primary Government			
Total Governmental Activities	Water Revenue Bonds	Stormwater Loan	Total Business-type Activities	Total Primary Government	Percentage of Total Taxable Value <sup>(1)</sup> of Property	Percentage of Personal Income <sup>(2)</sup>	Per Capita <sup>(2)</sup>
\$ 26,816	\$ 29,734	\$ 864	\$ 30,598	\$ 57,414	1.35 %	0.11 %	\$ 1,413.27
25,870	27,709	810	28,519	54,389	1.07	0.10	1,285.91
24,970	25,880	756	26,636	51,606	0.86	0.10	1,189.49
23,800	51,145	702	51,847	75,647	1.04	0.14	1,641.93
39,420	49,465	648	50,113	89,533	1.03	0.14	1,854.88
37,894	47,735	594	48,329	86,223	0.75	0.12	1,745.94
35,599	45,950	540	46,490	82,089	0.72	0.11	1,650.89
33,994	44,095	486	44,581	78,575	0.75	0.11	1,578.35
31,963	42,185	432	42,617	74,580	0.81	N/A	1,483.44
29,851	40,795	378	41,173	71,024	0.83	N/A	1,403.55

TOWN OF JUPITER, FLORIDA  
Direct and Overlapping Governmental Activities Debt  
As of September 30, 2010

TABLE 13

	<b>Debt Outstanding</b>	<b>Estimated <sup>(1)</sup> Percentage Applicable to Town of Jupiter</b>	<b>Estimated <sup>(1)</sup> Share of Direct and Overlapping Debt</b>
<b>Direct Debt:</b>			
<b>Town of Jupiter</b>	\$ 29,710,000	100.00%	\$ 29,710,000
<b>Overlapping Debt:</b>			
<b>Debt repaid with property taxes</b>			
Palm Beach County	250,470,000	6.76%	16,931,772
<b>Other debt</b>			
Palm Beach County <sup>(2)</sup>	907,949,900	6.76%	61,377,413
Palm Beach County School Board <sup>(3)</sup>	1,915,848,634	6.76%	129,511,368
<b>Total Overlapping Debt</b>			207,820,553
<b>Total Direct and Overlapping Debt</b>			\$ 237,530,553
<b>Estimated Population</b>			50,603
<b>Total Direct and Overlapping Debt per Capita</b>			\$ 4,694.00

<sup>(1)</sup> Estimates based on ratio of assessed taxable values.

<sup>(2)</sup> Includes Non Ad Valorem Revenue Bonds (\$877,633,232) and Other Notes and Loans (\$30,316,668).

<sup>(3)</sup> Includes Captial Outlay Bonds (\$29,555,000) and Certificates of Participation (\$1,886,293,634).

**Source:** Finance Department, Town of Jupiter, Florida  
Palm Beach County Finance Department  
School Board of Palm Beach County

TOWN OF JUPITER, FLORIDA  
 Legal Debt Margin Information  
 Last Ten Fiscal Years  
 (Amounts in Thousands)

TABLE 14

Fiscal Year	Assessed Value for Legal Debt Margin			Legal Debt Margin			Total Net Debt Applicable to the Limit as a Percentage of Debt Limit
	Assessed Value for Operations	Exempt Real Property	Total Assessed Value	Debt Limit <sup>(1)</sup>	Net Debt Applicable to Limit	Legal Debt Margin	
2001	\$ 3,742,675	\$ 501,705	\$ 4,244,380	\$ 636,657	\$ 11,330	\$ 625,327	1.78
2002	4,333,527	749,595	5,083,122	762,468	10,955	751,513	1.44
2003	5,017,478	1,011,036	6,028,515	904,277	10,565	893,712	1.17
2004	5,916,940	1,352,147	7,269,087	1,090,363	10,165	1,080,198	0.93
2005	6,951,429	1,749,581	8,701,010	1,305,152	26,750	1,278,402	2.05
2006	8,819,015	2,664,472	11,483,486	1,722,523	25,675	1,696,848	1.49
2007	9,185,320	2,246,793	11,432,113	1,714,817	24,600	1,690,217	1.43
2008	8,512,883	1,987,797	10,500,680	1,575,102	23,485	1,551,617	1.49
2009	7,752,708	1,507,451	9,260,159	1,389,024	22,340	1,366,684	1.61
2010	7,157,445	1,449,771	8,607,216	1,291,082	21,155	1,269,927	1.64

<sup>(1)</sup> Debt limit is 15% of total assessed values based on Town ordinance.

TOWN OF JUPITER, FLORIDA  
Pledged Revenue Coverage  
Last Ten Fiscal Years

Fiscal Year	Sales Tax Revenue Bonds			Public Improvement Revenue Bonds		
	Sales Tax Revenue	Debt Service <sup>(3)</sup>	Coverage <sup>(4)</sup>	Utilities Tax Revenue	Debt Service <sup>(3)</sup>	Coverage <sup>(4)</sup>
2001	\$ 2,483,013	\$ 1,099,962	2.26	\$ 2,709,430	\$ 553,611	4.89
2002	2,777,313	744,274	3.73	2,586,676	562,677	4.60
2003	2,887,126	661,776	4.36	2,600,915	557,652	4.66
2004	3,213,758	893,819	3.60	2,939,662	554,709	5.30
2005	3,403,193	1,103,332	3.08	3,277,836	555,234	5.90
2006	3,651,102	1,101,370	3.32	3,988,849	553,375	7.21
2007	3,601,718	1,104,670	3.26	3,553,452	550,160	6.46
2008	3,482,757	1,107,075	3.15	4,776,445	-	-
2009	3,077,029	1,103,365	2.79	4,715,332	-	-
2010	3,064,115	1,085,243	2.82	4,479,142	-	-

<sup>(1)</sup> Revenue excludes change in fair value of investments.

<sup>(2)</sup> Expense excludes depreciation.

<sup>(3)</sup> Includes principal and interest of revenue bonds only.  
It does not include debt defeasance transactions.

<sup>(4)</sup> Required coverage is 1.10.

N/A - Not applicable

TABLE 15

Water Revenue Bonds					
Gross Revenue <sup>(1)</sup>	Operating Expense <sup>(2)</sup>	Net Revenue Available for Debt Service	Debt Service <sup>(3)</sup>	Coverage <sup>(4)</sup>	
\$ 14,778,689	\$ 5,404,139	\$ 9,374,550	\$ 2,617,730	3.58	
14,802,799	6,423,462	8,379,337	3,101,368	2.70	
14,813,657	7,169,683	7,643,974	3,031,352	2.52	
16,854,983	8,466,278	8,388,705	3,363,290	2.49	
17,902,208	9,258,421	8,643,787	3,419,403	2.53	
21,929,122	10,968,765	10,960,357	3,980,194	2.75	
22,383,340	11,231,704	11,151,636	3,953,318	2.82	
19,954,067	10,378,406	9,575,661	3,983,443	2.40	
19,759,741	11,244,068	8,515,673	3,976,421	2.14	
21,231,416	11,414,457	9,816,959	3,309,151	2.97	

TOWN OF JUPITER, FLORIDA  
Demographic and Economic Statistics  
Last Ten Fiscal Years

TABLE 16

<u>Fiscal Year</u>	<u>Population<sup>(1)</sup></u>	<u>Personal Income<sup>(2)</sup> (in thousands)</u>	<u>Per Capita Personal Income<sup>(2)</sup></u>	<u>Unemployment Rate<sup>(3)</sup></u>	<u>School Enrollment<sup>(4)</sup></u>
2001	40,625	\$ 50,843,978	\$ 43,884	5.0%	7,293
2002	42,296	52,287,552	44,041	6.2%	7,922
2003	43,385	52,443,588	43,261	5.9%	8,792
2004	46,072	55,389,121	44,518	5.5%	9,530
2005	48,269	63,717,587	50,371	4.1%	9,681
2006	49,385	70,043,565	54,086	3.7%	9,589
2007	49,724	74,548,299	59,147	4.8%	9,589
2008	49,783	74,099,427	58,358	7.6%	9,464
2009	50,275	N/A	N/A	11.4%	9,558
2010	50,603	N/A	N/A	11.7%	9,610

**Data Sources:**

<sup>(1)</sup> Source: University of Florida, Bureau of Economic and Business Research.

<sup>(2)</sup> Source: University of Florida, Bureau of Economic and Business Research. Data for Palm Beach County.

<sup>(3)</sup> Source: U.S. Department of Labor, Bureau of Labor Statistics. Data for Palm Beach County.

<sup>(4)</sup> Source: School District of Palm Beach County.

N/A: Not available.

TOWN OF JUPITER, FLORIDA  
Principal Employers  
Current Year and Nine Years Ago

TABLE 17

Employer	2010 <sup>(1)</sup>			2001 <sup>(1)</sup>		
	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total Town Employment</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total Town Employment</u>
Palm Beach County School District	21,718	1	N/A	18,000	1	N/A
Palm Beach County	11,381	2	N/A	9,000	2	N/A
Tenet Healthcare Corp.	5,127	3	N/A	-	-	-
Hospital Corporation of America	4,150	4	N/A	2,300	8	N/A
Florida Power & Light (Headquarters)	3,658	5	N/A	-	-	-
Wackenhut Corporation	3,000	6	N/A	-	-	-
Florida Atlantic University	2,776	7	N/A	-	-	-
Bethesda Memorial Hospital	2,300	8	N/A	-	-	-
Veterans Health Administration	2,205	9	N/A	-	-	-
Boca Raton Resort & Club	2,200	10	N/A	1,850	10	N/A
State Government	-	-	-	8,600	3	N/A
Federal Government	-	-	-	5,200	4	N/A
Columbia Palm Beach Health Care System	-	-	-	4,000	5	N/A
Intracoastal Health Systems, Inc.	-	-	-	3,200	6	N/A
Applied Cards	-	-	-	2,500	7	N/A
Florida Crystals	-	-	-	2,300	9	N/A
Totals	<u>58,515</u>		<u>N/A</u>	<u>56,950</u>		<u>N/A</u>

<sup>(1)</sup> Source: Business Development Board of Palm Beach County. Data is for Palm Beach County.

N/A - Not available

TOWN OF JUPITER, FLORIDA  
Full-time Equivalent Town Employees by Function/Program  
Last Ten Fiscal Years

TABLE 18

	Fiscal Year									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
<b>General Government</b>										
Town Manager	6	5	5	5	5	5	3	3	3.5	3.5
Town Clerk	5	7	7	8	8	8	7	7	6.25	6
Finance	12	12	12	12	12	11	11	11	10	9
Human Resources	5	6	6	6	6	7	7	7	6.5	6.5
Information Systems	11	11	11	12	13	14	15	15	14	13
Neighborhoods	-	-	-	-	-	2	2.5	3	2.75	2.75
External Affairs	-	-	-	-	-	4	3.5	3.5	2.5	2.5
Special Projects	-	-	-	-	-	-	-	2.5	2	2
<b>Public Safety</b>										
Police Officers	97	101	103	104	106	108	110	110	110	110
Civilian Police	45	47	50	52	34	36	37	37	35	33.25
<b>Engineering/Public Works</b>										
Engineering	10	10	13	12	12	12	12.5	12	11	11
Public Works	24	24	24	26	27	27	27.5	27.5	25.5	24
<b>Culture and Recreation</b>										
Parks and Recreation	25	27	37	37	37	38	40	35.5	35	34.5
<b>Water System</b>										
Plant	25	25	25	26	26	26	26	26	25	25
Field	14	14	17	17	13	13	14	14	13	13
Administration	13	14	16	16	22	23	24	24	25	22
<b>Building Department</b>										
Building	35	40	41	43	44	48	41	38	34	25
Planning	11	12	12	12	13	13	16.5	17	15.25	14.25
Business Registration	-	-	-	-	-	-	2	3	3	2
Code Enforcement	5	5	6	6	7	8	8	8	7	7
Community Development	7	8	9	9	9	-	-	-	-	-
<b>Stormwater System</b>										
Field	4	4	4	4	4	4	5	4	3	3
Administration	3	3	3	4	4	4	5	3	3	3
<b>Total</b>	<b>357</b>	<b>375</b>	<b>401</b>	<b>411</b>	<b>402</b>	<b>411</b>	<b>417.5</b>	<b>411</b>	<b>392</b>	<b>372</b>

TOWN OF JUPITER, FLORIDA  
Operating Indicators by Function/Program  
Last Nine Fiscal Years

TABLE 19

Function	Fiscal Year								
	2002	2003	2004	2005	2006	2007	2008	2009	2010
<b>Public Safety</b>									
<b>Police</b>									
Physical arrests	1,602	1,636	1,390	1,608	1,747	2,265	1,793	1,403	1,197
Parking violations	1,244	1,698	1,318	1,208	1,054	1,475	1,588	1,288	1,114
Traffic violations	18,300	22,173	16,391	18,850	13,357	16,283	8,785	9,010	8,912
<b>Code Compliance</b>									
Code violations	2,929	3,556	3,626	3,584	4,823	4,250	3,730	4,022	3,455
<b>Public Works</b>									
Street resurfacing (lane miles)	N/A	N/A	N/A	N/A	12	4.5	3.84	10.77	2.5
Pot holes repaired	N/A	N/A	186	230	309	172	130	99	25
<b>Culture and Recreation</b>									
<b>Parks and Recreation</b>									
Recreation programs offered (1)	N/A	N/A	N/A	N/A	93	253	248	483	517
Recreation program participants (1)	N/A	N/A	N/A	N/A	5,554	2,540	2,849	15,051	18,235
Youth athletic participants (JTAA)	N/A	N/A	N/A	N/A	6,332	6,300	6,100	7,220	7,259
Camp program participants	N/A	N/A	N/A	N/A	847	839	878	741	978
Athletic camp participants	N/A	N/A	N/A	N/A	1,180	1,182	1,175	1,053	917
Skate park participants	N/A	N/A	N/A	N/A	17,020	14,191	12,354	13,242	14,040
<b>Water System</b>									
Water customers	21,584	23,396	23,713	24,754	25,272	25,875	26,541	27,061	27,343
Permitted Capacity per day (million gallons)	27.30	27.30	27.30	27.30	29.00	29.00	29.00	29.00	30.00
Average daily water consumption (million gallons)	17.85	18.10	16.76	17.34	17.59	14.00	12.32	13.64	14.09
<b>Building Department</b>									
Building permits issued	8,646	11,404	11,389	16,101	11,313	7,334	6,233	5,317	5,442
Value of permits (in thousands)	\$ 243,819	\$ 301,288	\$ 266,114	\$ 348,166	\$ 290,434	\$ 182,508	\$ 147,165	\$ 92,896	\$ 133,352
<b>Stormwater System</b>									
Stormwater customers	N/A	N/A	N/A	20,336	20,676	20,913	21,065	21,175	21,224

Sources: Town departments

Note: Data is not available for fiscal years prior to 2002

N/A: Not available

(1) In 2008 and prior, only recreation classes were reported. Beginning in 2009, these numbers include all recreation programs

TOWN OF JUPITER, FLORIDA  
 Capital Asset Statistics by Function/Program  
 Last Nine Fiscal Years

TABLE 20

Function/Program	Fiscal Year								
	2002	2003	2004	2005	2006	2007	2008	2009	2010
<b>Public Safety</b>									
<b>Police</b>									
Stations	1	1	1	1	1	1	1	1	1
Patrol units	84	86	89	87	85	126	146	135	154
<b>Code Compliance</b>									
Vehicles	N/A	4	4	5	6	7	7	6	7
<b>Engineering and Public Works</b>									
Lane miles of roads	104 30	107 36	107 36	113 75	114 17	114 74	115 12	115 30	116 21
<b>Culture and Recreation</b>									
<b>Parks and Recreation</b>									
Community Center	1	1	1	1	1	1	1	1	1
Civic Center	1	1	1	1	1	1	1	1	1
Ballfields - lighted	N/A	N/A	N/A	N/A	19	22	22	22	22
Basketball courts	N/A	N/A	N/A	N/A	12	12	12	12	12
Multi-purpose fields	N/A	N/A	N/A	N/A	9	12	12	12	12
Tennis courts	N/A	N/A	N/A	N/A	14	14	14	14	14
Parks	11	13	13	13	15	15	15	17	17
Parks (acres)	237	262	262	262	265	265	265	265	265
<b>Water System</b>									
Water mains (miles)	315	333	356	361	378	406	442	444	444
Plants	1	1	1	1	1	1	1	1	1
Fire hydrants	2,200	2,275	2,550	2,590	2,727	2,973	3,328	3,356	3,414
<b>Building Department</b>									
Vehicles	N/A	18	18	20	22	21	21	26	13
<b>Stormwater System</b>									
Stormwater sewers (miles)	N/A	N/A	N/A	N/A	68	74	74	76	76

Sources: Town departments

Note: Data is not available for fiscal years prior to 2002

N/A: Not available

TOWN OF JUPITER, FLORIDA  
Schedule of Insurance in Force  
As of September 30, 2010

TABLE 21

<u>Type of Coverage</u>	<u>Coverage Amount</u>	
Property and Inland Marine, including equipment breakdowns	\$ 85,454,271	(1, 9)
Crime/Employee Dishonesty	100,000	(1, 8)
General Liability	2,000,000/4,000,000	(1, 6, 8)
Law Enforcement Liability	1,000,000/1,000,000	(1, 2, 7)
Automobile Liability & Physical Damage	1,000,000	(1, 7)
Public Officials & Employment Practices Liability	1,000,000	(1, 7)
Workers' Compensation	1,000,000	(1, 7)
Environmental Insurance	1,000,000	(10)
Police - Statutory Accidental Death and Dismemberment	179,083	(1, 5)
	59,694	(1, 5)
	59,694	(1, 5)
Life Insurance	11,000 - 200,000	(3)
Medical - HMO	Unlimited	(4)
Medical - HAS	1,000,000	(4)
Medical - HRA	1,000,000	(4)
CRA	1,000,000	(1)

- (1) Coverage is through Preferred Governmental Insurance Trust.
- (2) Coverage is per person/per occurrence.
- (3) Coverage is based on salary.
- (4) Lifetime maximum per individual.
- (5) Coverage is mandated by Florida Statute and is adjusted for cost of living based upon a formula.
- (6) Excess of statutory limit coverage applicable to claims bills, \$2,000,000 per occurrence, \$4,000,000 aggregate.
- (7) Excess of statutory limit coverage applicable to claims bills, \$1,000,000 per occurrence, \$1,000,000 aggregate.
- (8) Coverage is per occurrence.
- (9) Coverage is based upon property schedule.
- (10) Coverage is through Illinois Union Insurance Company.

The Town offers a variety of employee benefit insurances through CIGNA Healthcare, Prudential Insurance and AFLAC.

TOWN OF JUPITER, FLORIDA  
Salaries of Principal Officials  
For the Year Ended September 30, 2010

TABLE 22

<u>Official</u>	<u>Annual Salary</u>
Mayor	\$ 22,200
Council (4 members)	18,600 (per member)
Town Manager	166,000
Assistant Town Manager	125,151
Utilities Director	123,409
Chief of Police	123,409
Engineering and Public Works Director	123,409
Information Systems Director	120,174
Parks and Recreation Director	120,174
Human Resources and Risk Management Director	120,174
Building Department Director	119,688
Planning and Zoning Director	117,766
Finance Director	112,302
Town Clerk	108,683

**COMPLIANCE REPORTS AND  
MANAGEMENT LETTER**



CALER, DONTEN, LEVINE,  
PORTER & VEIL, P.A.

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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  
Members of the Town Council  
Town of Jupiter, Florida

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Jupiter, Florida, as of and for the year ended September 30, 2010, which collectively comprise the basic financial statements of the Town of Jupiter, Florida, and have issued our report thereon dated March 9, 2011. Our report was modified to include a reference to other auditors. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Other auditors audited the financial statements of the Police Officers' Retirement Trust Fund as described in our report on the financial statements of the Town of Jupiter, Florida. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

***Internal Control Over Financial Reporting***

In planning and performing our audit, we considered the internal control over financial reporting of the Town of Jupiter, Florida, as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of internal control over financial reporting of the Town of Jupiter, Florida. Accordingly, we do not express an opinion on the effectiveness of the internal control over financial reporting of the Town of Jupiter, Florida.

*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 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.

Our consideration of the internal control over financial reporting 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 financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

### *Compliance and Other Matters*

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

We also noted certain additional matters that we reported to management in a separate management letter dated March 9, 2011.

This report is intended solely for the information and use of the Town Council and management of the Town of Jupiter, Florida, and the Auditor General of the State of Florida and is not intended to be and should not be used by anyone other than these specified parties.

*Calder, Dauter, Levine,  
Porter & Veil, P.A.*

March 9, 2011



CALER, DONTEN, LEVINE,  
PORTER & VEIL, P.A.

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Management Letter

To the Honorable Mayor and  
Members of the Town Council  
Town of Jupiter, Florida

We have audited the accompanying financial statements of the Town of Jupiter, Florida, as of and for the year ended September 30, 2010, and have issued our report thereon dated March 9, 2011. Our report was modified to include a reference to other auditors.

We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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*. Disclosures in that report, which is dated March 9, 2011, should be considered in assessing the results of our audit. Additionally, our audit was conducted in accordance with Chapter 10.550, Rules of the Auditor General, which governs the conduct of local governmental entity audits performed in the State of Florida. This letter includes the following information, which is not included in the aforementioned auditor's report:

1. 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.

We noted that the following findings reported in our prior year management letter were adequately addressed by the Town or no longer apply: 2009-1 Purchasing; 2009-2 Payroll Approvals; 2009-3 Payroll; 2009-6 File Documentation; 2009-7 Employee Travel Reimbursements; 2009-8 Budget Over-Expenditures; 2008-2 Escrow Deposits; and, 2006-6 Information Systems. The following matters require further consideration by management:

**2009-4 Investment Policy**

In reviewing the Town's investments during 2009 we noted that substantial funds are invested in two money market mutual funds with different financial institutions. At September 30, 2009 the amount invested in these two money market mutual funds totaled approximately \$26.3 million. Based on our review of these two money market mutual funds it does not appear that they have been rated by either Moody's or Standard & Poor's. In addition, one of the funds includes investments in foreign securities which may not be in compliance with the Town's investment policy. The Town's existing investment policy was adopted in 1995 and has not been revised or updated since that time, although investment products and vehicles have changed considerably in that time.

Current Year Status: The Town still has substantial cash balances in the broker accounts (\$16.1 million with UBS and \$10.2 million with CITI) at September 30, 2010. The accounts are not rated and include foreign investments.

We recommend that the Town review the current money market mutual fund investment products in relation to the investment policy and determine that its investments are in compliance. The Town should also review and update the investment policy for changes in the financial marketplace since its original adoption.

## **2009-5 Information Systems**

During the audit, we reviewed the facilities, policies, and procedures followed by the Town's Information System (IS) department. The following comments and recommendations are presented to improve security and safeguard the Town's computer systems and data.

### *iSeries General*

A full test restore, using an offsite location, should be made on the iSeries at regularly scheduled intervals. Data should be randomly sampled from several different areas and tested. This test should be documented and a final report of the results should be kept on file for future audits.

The Town should consider making arrangements for a replacement iSeries server in the event of an emergency. Options for a replacement could include a disaster recovery contract or the purchase of a spare server.

### *Protection and Recovery*

Due to the vulnerabilities that allow a system to be compromised for access or even the capture of keyboard entry of user names and passwords, the Town should consider an automatic patching system for vulnerabilities and critical patches as they are released. There is a manual system in place currently.

### *User Accounts*

The "Administrator" account should be renamed and a bogus account put in its place that is locked down. This will help to prevent unauthorized access to critical information in the event someone was to gain unauthorized access to the Town's IT system. In addition, users should not be local administrators on workstations or laptops.

## **2008-6 Information Systems**

### *Credit Card Data*

The Town accepts and stores credit card information. Due to the highly sensitive nature of this type of personal information, we recommend that a separate and detailed plan be developed to address all security concerns in this area. At a minimum, this plan should include areas such as the locations and systems where the information is stored or passes through, details on the PCI and encryption compliance level of all software, hardware and vendors involved, patching and testing procedures for the systems involved, and the disposal of used equipment that could retain sensitive information. Any system that ever stored personal credit card information should be thoroughly cleaned with a Department of Defense certified wiping program. Tapes and other media storing backups should be fully encrypted.

2. Section 10.554(1)(i)2., Rules of the Auditor General, requires our audit to include a review of the provisions of Section 218.415, Florida Statutes, regarding the investment of public funds. In connection with our audit, we determined that the Town complied with Section 218.415, Florida Statutes.
3. Section 10.554(1)(i)3., Rules of the Auditor General, requires that we address in the management letter any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.
4. Section 10.554(1)(i)4., Rules of the Auditor General, requires that we address violations of provisions of contracts or grant agreements, or abuse, that have an effect on the financial statements that is less than material but more than inconsequential. In connection with our audit, we did not have any such findings.
5. Section 10.554(1)(i)5., Rules of the Auditor General, provides that the auditor may, based on professional judgment, report the following matters that have an inconsequential effect on financial statements, considering both quantitative and qualitative factors: (1) violations of provisions of contracts or grant agreements, fraud, illegal acts, or abuse, and (2) control deficiencies that are not significant deficiencies.

#### **2010-1 Budget Over-Expenditures**

Contrary to Section 166.241(3), Florida Statutes, expenditures exceeded the budgeted appropriations for the year ended September 30, 2010, for the following General Fund departments: Business Registration (\$2,707); Planning and Zoning (\$2,742); and, Police (\$63,065). We recommend that the Town review expenditures in relation to budgeted amounts during the year and amend the budget as necessary to prevent the over-expenditure of budgeted categories.

#### **2010-2 Police Pension Investments**

The Town's Municipal Police Officer's Retirement Trust Fund (MPORT) is audited by another auditor whose report was furnished to us and the financial information incorporated into the Town's Comprehensive Annual Financial Report. In reviewing this information we noted that Town Code Section 15-252 *Investments* authorizes the MPORT to invest in certain types of investments, however, the investments authorized by the Town Code do not specifically include mutual funds or commingled funds that comprise approximately 55% of the MPORT investments at September 30, 2010. The MPORT adopted an Investment Policy on August 24, 2009 that permits investments in *commingled stock, bond or money market funds*. Section 9 of the MPORT Investment Policy states that if the MPORT Investment Policy is found to be in conflict with applicable Town of Jupiter Ordinances or Florida Statutes, the Town's Ordinances and Florida Statutes shall prevail. Accordingly, at September 30, 2010 it appears that the MPORT investments do not comply with the applicable legal requirements. We recommend that the Town review Code Section 15-252 and the MPORT Investment Policy to conform the inconsistencies or conflicts consistent with the intent of the Town Council.

#### **2010-3 Purchase Approval**

During our testing of cash disbursements we noted 9 purchases out of our sample of 60, where the purchase requisition was not prepared until after the vendor invoice date, indicating that the order was placed prior to the purchase authorization. Of the nine items, eight were purchases of less than \$500, while the remaining item was approximately \$2,200. Currently the purchasing policy requires a purchase requisition to

be completed for all purchases. We recommend that the Town departments comply with the existing policy. The Town might also consider allowing low dollar purchases (such as items under \$100 or \$200) to be made by departments without purchase requisitions. The approval for these purchases could be documented by the department director's signature on the vendor invoice. This would enhance the efficiency for small purchases by eliminating preparation of a purchase requisition but still provide documentation of the purchase authorization.

6. Section 10.554(1)(i)6., 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 A to the financial statements.
7. Section 10.554(1)(i)7.a., Rules of the Auditor General, requires a statement be included as to whether or not the local governmental entity 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 did not meet any of the conditions described in Section 218.503(1), Florida Statutes, as of and for the year ended September 30, 2010.
8. Section 10.554(1)(i)7.b., Rules of the Auditor General, requires that we determine whether the annual financial report for the Town for the fiscal year ended September 30, 2010, filed with the Florida Department of Financial Services pursuant to Section 218.32(1)(a), Florida Statutes, is in agreement with the annual financial audit report for the fiscal year ended September 30, 2010. In connection with our audit, we determined that these two reports were in substantial agreement.
9. Pursuant to Sections 10.554(1)(i)7.c. and 10.556(7), Rules of the Auditor General, we applied financial condition assessment procedures as of September 30, 2010. It is management's responsibility to monitor the Town's financial condition, and our financial condition assessment was based in part on the representations made by management and the review of financial information provided by management. The results of our procedures disclosed no matters that are required to be reported.

The Town's responses to the findings identified in our audit are described in the accompanying letter on page 107. We did not audit the Town's responses and, accordingly, we express no opinion on them.

Pursuant to Chapter 119, Florida Statutes, this management letter is a public record and its distribution is not limited. U.S. generally accepted auditing standards require us to indicate that this report is intended solely for the information and use of the Town Council and management of the Town of Jupiter, Florida, and the Auditor General of the State of Florida and is not intended to be and should not be used by anyone other than these specified parties.

*Caler, Dauter, Levine,  
Porter & Veil, P.A.*

March 9, 2011



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# TOWN OF JUPITER

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March 22, 2011

Honorable William O. Monroe, C.P.A.  
Local Government Audits/342  
Claude Pepper Building, Room 401  
111 West Madison Street  
Tallahassee, FL 32399-1450

Dear Mr. Monroe:

The preceding pages represent the management letter submitted by the independent certified public accounting firm of Caler, Donten, Levine, Druker, Porter and Veil, P.A. who performed the audit of the Town's Comprehensive Annual Financial Report for the year ended September 30, 2010. The following are the responses by management to those comments and recommendations.

#### (2009-4) Investment Policy

A detailed review of both the UBS and CITI mutual funds has been completed. It has been determined that the UBS mutual funds hold more than 75% of their investments in domestic holdings. The balance of the UBS mutual fund holdings are allocated to highly rated foreign banking and financial institutions. The CITI mutual fund is predominately comprised of Certificates of Deposits from highly rated foreign banks and financial institutions. While both these mutual funds were made as a result of the 2008 collapse of the investment markets here in the United States and are deemed prudent investments, they have been replaced by domestic mutual fund portfolios that are in full compliance with our existing investment policy. A revision to the investment policy will be considered that provides for investment in mutual funds similar in nature to the holdings of the former UBS mutual fund portfolio.

#### (2009-5) Information Systems

##### *iSeries*

The Town does not own or lease a separate iSeries test environment for doing periodic full systems restores nor do we intend to pursue this strategy as we anticipate replacement of all iSeries systems within a 3-5 year time frame. Staff has, during system upgrades, completed full systems restores and is trained and experienced in these procedures.

Management's Response to Auditor's Management Letter  
March 22, 2011

*Protection and Recovery*

The Town agrees that a more automated patch management system is preferable, however, funding and resources for implementation of this in the past have not been made available. The Town is beginning to pursue, as part of IT strategic planning, ITIL processes and best practices. It is anticipated that an automated patch management system will be implemented as part of this process.

Currently, all credit card data is encrypted. The Town does not collect personal identification information such as social security numbers and drivers' license information within our billing systems. However, personal identification information is collected on town employees as required for generating payroll and taxes. The Town will consider a project to establish encryption for this information.

Locking down all removal media would hinder the Town's departments' abilities to be responsive to citizens and businesses. Several departments, including Police, Planning, Building, Engineering and Utilities, collect applications and customer information and submittals on removable media. The Town has selectively locked down devices where such media is unnecessary for service deliver to our customers.

*User Accounts*

The renaming of all administrator accounts is currently in our plans for completion this fiscal year.

We continue to work with Human Resources to get timely notification on all terminations. During the last year, notifications have been timely and user accounts have been terminated at the time the employees leave the Town's employment.

(2008-6) Information Systems

All credit card information collected by the Town is stored encrypted and never displayed in plain text for viewing of the full number on any display monitor. The last four digits are displayed for visual verification purposes only. Our systems are PCI compliant and are kept up-to-date on an ongoing basis. The Town will continue to monitor this issue and work to protect the information we store in our systems.

(2010-1) Budget Over-Expenditures

The finance department has implemented a policy to bring all department budget adjustments to the Town Council for approval. During fiscal year ended 2010, a few minor variances were generated after the Town Council approved the requested budget amendments. Additional reviews of department budgets will be undertaken to ensure in future years these budget variances are address prior to completion of the annual audit.

Management's Response to Auditor's Management Letter  
March 22, 2011

(2010-2) Police Pension Investments

A review of the MPORT investment will be made to determine if changes should be incorporated into the investment policy to permit these investments or if the investments in question should be eliminated from the MPORT portfolio of investments.

(2010-3) Purchasing Approval

A review of the purchasing policy will be conducted to determine if a more streamlined approval process recommended by the auditors is appropriate to eliminate the variances that developed in the procurement of de minimus purchases. Should a change in the purchasing policy not be incorporated, continued training efforts will be implemented to secure compliance with existing policy.

The Town appreciates the auditor's comments and will use them to improve our financial policies and procedures. As always, staff is always available to meet with and discuss these matters with Town Council.

Respectfully submitted,



Andrew D. Lukasik  
Town Manager



Michael Villella, C.P.A.  
Finance Director