

**COMPREHENSIVE ANNUAL FINANCIAL REPORT  
OF THE  
TOWN OF JUPITER, FLORIDA  
FOR THE FISCAL YEAR ENDED  
SEPTEMBER 30, 2011**



**Prepared By:  
Finance Department**

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## **INTRODUCTORY SECTION**



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# TOWN OF JUPITER

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March 27, 2012

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, 2011, 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, 2011 identified no instances of material weaknesses in internal controls or material violations of applicable laws and regulations.

Under the terms of grant agreements with the Federal government, the Town is required to undergo an annual Single Audit of the grant programs in conformity with the provisions of the grant agreements. As such, the Town is responsible for ensuring that adequate internal controls are in place to ensure compliance with applicable laws and regulations related to those programs. Information related to the grants includes the Schedule of Expenditures of Federal Awards and the auditor's report thereon and the auditor's report on compliance and on internal control over financial reporting.

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 55,000 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 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 a variety of services including 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 US Census Bureau indicates that the current population of the Town exceeds 55,000 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 8.8% to 9.9%. The key measures of employment are job growth and the unemployment rate. While Florida led the nation on the good-side of these measures during the boom, the state was worse than the national averages on both measures until October 2010 when Florida experienced its first year over year increase in jobs since June 2007.

The Town’s major challenges are to provide the infrastructure and services required to continue with Jupiter’s quality of life its residents and visitors have grown accustomed to and to create growth opportunities for the Town in the future and position itself to be ready when the current recession subsides. It is important to point out that the Town has placed an emphasis on maintaining and constructing support systems such as transportation, stormwater management, potable drinking water and solid waste collections while maintaining a balance with the quality of life amenities which include parks, recreation, natural preservation, sports and cultural opportunities within the community.

Major Industries: The Town's primary focus in relation to future job creation centers on the target industry of biotechnical science. With the 2007 creation of the Town's Economic Development Advisory Board, which has recently been renamed the Biotech Advisory Board, the Town has created, in conjunction with its strategic partners, a financial mechanism that allows fledgling biotech businesses to capitalize on new technology, some of which were spun from The Scripps Research Institute at Florida Atlantic University's Jupiter campus, and encouraging long-term job creation opportunities. Since the inception of the Biotech Advisory Board and Jupiter's proactive approach to industry recruitment and expansion it has created in excess of 1,000 high skill / high wage positions within its target industry. Jupiter's efforts to create a more diversified economy in relation to its traditional base of support, which centers on tourism, healthcare, retail and housing activities, has shown positive growth over the last year but still is weak compared to prerecession comparatives.

Future Outlook: Unlike many jurisdictions around the country, the Town took a proactive approach in dealing with the realities of the recession and positioned itself for financial stability during the economic downturn. With slow growth and a weaker tax base from the decline of home valuations and sales taxes, the Town continues to address significant operational expenditures, such as pension and health care costs, is realigning its priorities and is implementing process improvement activities in order to continue the delivery of quality services expected by the community. The future outlook for Jupiter, the surrounding area and the state as a whole still indicates minimal growth in job creation and economic activity well into 2015.

Relevant Financial Policies: The Town has an "informal" unwritten policy in place that the unassigned fund balance in the General Fund should equal or exceed twenty-five percent (25%) of the subsequent year's budget. Historically speaking the Town has always maintained a healthy fund balance to protect its interest in the event of natural disasters such as major hurricanes, loans to other funds, and large projects that have required the use of fund balance to successfully complete the project. In order to maintain this balance and allow the Town to continue its obligation to its residents as a first responder in the face of nature disasters and other unforeseen circumstances, the Town has implemented the following cost strategies to reduce operating cost and allow for a healthy unassigned fund balance:

- Reduce the size of government - 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 responded by reducing expenditures within the building department by eliminating vacant and other existing positions to coincide with the slowdown in development and construction activity. Since 2007 the Town has reduced its workforce from approximately 420 full time equivalent positions (FTE) to 342 FTE's in an effort to reduce on-going operational cost in light of recessionary pressures.
- Engaged employee groups, shifting healthcare options and costs to allow for sustained viability of the overall health plan while reducing continued operating cost to the Town.
- Successfully negotiated with the Police Pension Board an annual net savings to the Town of approximately \$1 million.

Budgetary estimates indicated that the Town would require the use of only approximately \$390,000 from its unassigned fund balance going into the FY 2012 budget year. This reduced impact to the fund balance was due in large part from the Town being proactive in diligently seeking alternatives to reductions in revenue from sales and ad valorem tax as well as sustaining its current millage and utility rates as well as not imposing new or increased user fees.

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.

During the fiscal year, the Town introduces or continues various initiatives/capital programs, each of which integrates the current activity of the Town into a five year forward looking Community Investment Program.

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 following initiatives, some new and some on-going are briefly outlined to illustrate the commitment by the Town and the challenges it faces in meeting current and future service delivery expectations.

- **Street Resurfacing** - The Town has over 116 miles of neighborhood streets and roads that fall within its jurisdiction for repair and maintenance responsibility. In order for the Town to maintain its desirable place to live will be investing through its neighborhood repaving program approximately \$2.4 million over the next four years.
- **Neighborhood Improvement Program** - The Neighborhood Improvement Program is designed to address the aesthetics and exterior appearance of homes in neighborhoods as well as the upkeep of common, highly visible areas which is directly related to the desirability and market value of Jupiter neighborhoods.
- **Financial Management System** - The Town, in an effort to keep up with technology, will begin a conversion from its current legacy financial management and reporting system to a more up-to-date, user friendly Microsoft based system. This conversion began in early 2012.
- **Open Space** - The Town will continue to purchase additional land for open space which will be funded in part from proceeds of the 2005 General Obligation bonds and will augment these dollars with the use of grant funds when available.
- **Riverwalk** - The Town, along with strategic partners, will continue development of the Riverwalk and Inlet Village. One of the most significant investments will be 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 Town's tax base.
- **Tri-Rail** - Thinking longer-term, the Town is working with other governmental agencies to bring Tri-Rail commuter train service to Jupiter.
- **Water Utilities** - The Utilities department will continue to maintain the water treatment plant to ensure that quality potable water delivery is uninterrupted and expand the distribution systems to reach the Utility's service area limits.
- **Economic Development** - With The Scripps Research Institute and the Max Planck Society located in 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 an enhanced tax base.

## 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* and Federal awards are included in the Compliance Reports Section.

New Accounting Standards: In February 2009, the Government Accounting Standards Board (GASB) issued Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. The Town has implemented the requirements of GASB Statement 54 in the 2010/2011 fiscal year (see Notes on page 30).

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, 2010, the twenty-sixth 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 Villella, 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, 2010

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.



*Linda C. Dandison*

President

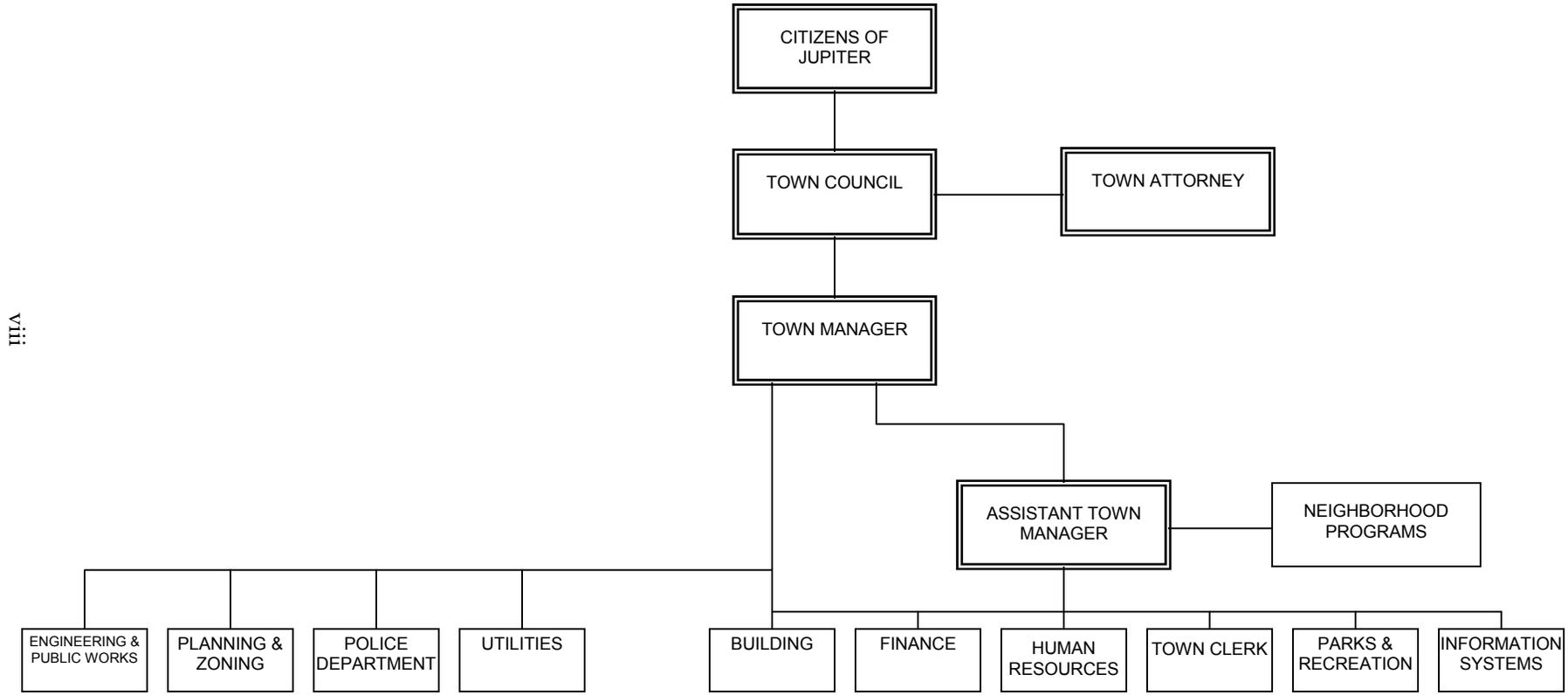
*Jeffrey R. Emer*

Executive Director

**TOWN OF JUPITER  
LIST OF PRINCIPAL OFFICIALS  
SEPTEMBER 30, 2011**

Mayor	Karen J. Golonka
Vice-Mayor	Jim J. Kuretski, Jr.
Councilor	Robert M. Friedman
Councilor	Wendy Harrison
Councilor	Todd R. Wodraska
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



III.A

## **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, 2011, 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 80%, 80% and 33%, 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, 2011, 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 26, 2012 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 61 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 basic financial statements of the Town of Jupiter, Florida as a whole. The introductory section, the combining and individual fund financial statements and schedules, the statistical section and the other supplementary information listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements. The combining and individual fund financial statements and schedules, the Schedule of Expenditures of Federal Awards, and the other supplementary information are the responsibility of management and were derived from and directly related 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 basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

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

March 26, 2012

# 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, 2011.

## Financial Highlights

- The assets of the Town exceeded its liabilities at the close of the most recent fiscal year by \$307,814,342 (*net assets*). Of this amount, \$66,430,450 (*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 \$7,419,334. Approximately 35% of this increase is attributable to governmental activities and 65% 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 \$36,477,948, a decrease of \$7,221,855 from the prior year fund balance. Approximately 28% of the total fund balance amount is *available for spending* at the Town's discretion (*unassigned fund balance*).
- At the end of the fiscal year, unassigned fund balance for the General Fund was \$15,189,275, or 38% of total general fund expenditures for the current fiscal year.
- The Town's total debt, excluding compensated absences, decreased by approximately \$4,136,000 (6%) 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 and Community Redevelopment Fund. Budgetary comparison schedules for both funds are included as *required supplementary information* on pages 56-61 to demonstrate compliance with the adopted budget. The Town also adopts an annual budget for the Capital Improvements 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 62-68 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 \$307,814,342 at the close of the most recent fiscal year. The Town's net assets at September 30, 2011 and 2010 are summarized as follows:

	<b>Net Assets</b>					
	(Amounts in Thousands)					
	Governmental Activities		Business-type Activities		Total	
	2011	2010	2011	2010	2011	2010
<b>Assets</b>						
Current and other assets	\$ 43,012	\$ 50,485	\$ 55,976	\$ 53,562	\$ 98,988	\$ 104,047
Capital assets	<u>88,632</u>	<u>80,864</u>	<u>205,452</u>	<u>205,106</u>	<u>294,084</u>	<u>285,970</u>
Total assets	<u>\$ 131,644</u>	<u>\$ 131,349</u>	<u>\$ 261,428</u>	<u>\$ 258,668</u>	<u>\$ 393,072</u>	<u>\$ 390,017</u>
<b>Liabilities</b>						
Long-term liabilities						
outstanding	\$ 30,749	\$ 32,820	\$ 39,106	\$ 41,077	\$ 69,855	\$ 73,897
Other liabilities	<u>6,371</u>	<u>6,628</u>	<u>9,032</u>	<u>9,097</u>	<u>15,403</u>	<u>15,725</u>
Total liabilities	<u>\$ 37,120</u>	<u>\$ 39,448</u>	<u>\$ 48,138</u>	<u>\$ 50,174</u>	<u>\$ 85,258</u>	<u>\$ 89,622</u>
<b>Net assets</b>						
Invested in capital assets, net of related debt						
Restricted	\$ 62,008	\$ 56,460	\$ 172,380	\$ 169,056	\$ 234,388	\$ 225,516
Unrestricted	<u>3,849</u>	<u>3,890</u>	<u>3,147</u>	<u>5,034</u>	<u>6,996</u>	<u>8,924</u>
Total net assets	<u>\$ 94,524</u>	<u>\$ 91,901</u>	<u>\$ 213,290</u>	<u>\$ 208,494</u>	<u>\$ 307,814</u>	<u>\$ 300,395</u>

The largest portion of the Town's net assets (76%) 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 (2%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets (\$66.4 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 \$7.4 million during 2011. Approximately 34% 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, 2011 and 2010 are summarized as follows:

	<b>Changes in Net Assets</b> (Amounts in Thousands)					
	Governmental Activities		Business-type Activities		Total	
	2011	2010	2011	2010	2011	2010
<b>Revenues</b>						
Program revenues						
Charges for services	\$ 7,306	\$ 7,050	\$ 26,636	\$ 25,442	\$ 33,942	\$ 32,492
Operating grants and contributions	2,183	2,155	-	-	2,183	2,155
Capital grants and contributions	938	911	2,779	1,950	3,717	2,861
General revenues						
Property taxes	19,904	21,459	-	-	19,904	21,459
Other taxes	15,396	15,389	-	-	15,396	15,389
Intergovernmental not restricted to specific programs	1,077	1,024	-	-	1,077	1,024
Investment earnings	430	707	322	564	752	1,271
Gain on sale of capital assets	28	-	-	-	28	-
<b>Total revenues</b>	<b>47,262</b>	<b>48,695</b>	<b>29,737</b>	<b>27,956</b>	<b>76,999</b>	<b>76,651</b>
<b>Expenses</b>						
General governmental	14,323	14,372	-	-	14,323	14,372
Public safety	19,674	18,955	-	-	19,674	18,955
Engineering and public works	6,528	5,123	-	-	6,528	5,123
Culture and recreation	2,653	4,758	-	-	2,653	4,758
Interest on debt	1,500	1,594	-	-	1,500	1,594
Water System	-	-	20,990	19,395	20,990	19,395
Stormwater	-	-	1,813	1,705	1,813	1,705
Building	-	-	2,099	2,443	2,099	2,443
<b>Total expenses</b>	<b>44,678</b>	<b>44,802</b>	<b>24,902</b>	<b>23,543</b>	<b>69,580</b>	<b>68,345</b>
Increase in net assets before transfers	2,584	3,893	4,835	4,413	7,419	8,306
Transfers	39	518	(39)	(518)	-	-
Increase in net assets	2,623	4,411	4,796	3,895	7,419	8,306
Net assets - beginning of year	91,901	87,490	208,494	204,599	300,395	292,089
<b>Net assets - end of year</b>	<b>\$ 94,524</b>	<b>\$ 91,901</b>	<b>\$ 213,290</b>	<b>\$ 208,494</b>	<b>\$ 307,814</b>	<b>\$ 300,395</b>

**Governmental activities.** Governmental activities increased the Town's net assets by \$2,622,533, thereby accounting for 35% of the total growth in the net assets of the Town. Revenues were approximately \$1,433,000 less than the prior year. The key elements of this decrease were a decrease in property tax revenues of approximately \$1.55 million due to the continuing decrease in taxable property values, and a \$277,000 decrease in investment earnings due to a reduction in interest rates. These decreases were partially offset by a \$256,000 increase in charges for services and minor increases in several other categories.

**Business-type activities.** Business-type activities increased the Town’s net assets by \$4,796,801, accounting for 65% of the total growth in the government’s net assets. Key elements of this change were as follows.

- Water service charge revenue increased approximately \$1.77 million due to increased consumption and an increase in revenues on guaranteed contracts.
- Building permit revenues increased by \$618,000 as construction activity continued to increase.
- Investment earnings decreased by approximately \$242,000 due to a decrease in the available rates, which was partially offset by an increase in the market value of investments.
- Operating expenses increased by approximately \$1,359,000 due to a variety of reasons, as follows:
  - Expenses of the Water System were up approximately \$1,595,000 due to the demolition of the old lime softening treatment plant, which was obsolete given emerging regulatory requirements for water quality, in favor of the new nanofiltration plant (\$1,150,000), which is a more power-intensive treatment process, as well as increased miscellaneous operating costs at the water treatment plant (\$180,000) and depreciation expense (\$810,000) which were partially offset by a \$530,000 decrease in interest expenses.
  - Stormwater expenses were up approximately \$110,000 mainly due to an increase in grants awarded to homeowner and property owner associations for upgrades to private stormwater systems.
  - Expenses in the Building Fund were down by approximately \$340,000 due to reductions in staffing levels.

### Financial Analysis of the Town’s Funds

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

**Governmental funds.** The 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 \$36,477,948, a decrease of \$7,221,855 from the prior year. Approximately 26.5% of the total fund balance at September 30, 2011 (\$9,674,589) constitutes *unassigned fund balance*, which is available for spending at the Town’s discretion. The remainder of the fund balance is not available for new spending and is broken down into the following categories:

Nonspendable	\$ 7,596,320	20.8%
Restricted	4,940,160	13.6%
Assigned	14,266,879	39.1%

The General Fund is the chief operating fund of the Town. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$15,189,275, while total fund balance totaled \$23,698,898. As a measure of the General Fund’s liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total General Fund expenditures. Unassigned fund balance represents 38% of total General Fund expenditures, while total fund balance represents 59% of that same amount. The fund balance of the Town’s General Fund decreased by \$499,581 during the current fiscal year. The key factor contributing to this decrease was a planned transfer of \$700,000 to the Capital Improvements Fund to help fund the CAD RMS Field Reporting software replacement for the police department.

The Community Redevelopment Fund had an unassigned fund balance deficit of \$5,514,686, substantially all of which is attributable to a new note receivable of approximately \$1.26 million for funds advanced to the Northern Riverwalk Community Development District for construction of the Riverwalk at Harbourside and costs on various construction projects funded in part by grant dollars which were not received by fiscal year end. The Community Redevelopment Fund had a net increase in the unassigned fund balance deficit during the current year of \$1,537,653, primarily due to the loan to the Northern Riverwalk Community Development District.

The Capital Improvements Fund has a total fund balance of \$13,876,916, which is intended for the Town's current and future capital projects. The net decrease in fund balance during the current year in the Capital Improvements Fund was \$6,883,389. The key factors contributing to this decrease were approximately \$5,000,000 for the purchase of a parcel of land utilizing Open Space Bond funds which are maintained in the Capital Improvement Fund.

**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 \$27,070,146, \$5,000,147, and \$5,692,763, respectively. The total growth in net assets of the Water System Fund, Stormwater Fund and Building Fund was \$2,293,328, \$1,744,019 and \$759,454, 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 \$1,035,000 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 purchase new police vehicles funded by an advance from the Water system. The significant increases in appropriations are summarized as follows:

- Approximately \$505,000 was appropriated to purchase police patrol vehicles.
- Approximately \$234,000 was appropriated for program revenues in excess of amounts budgeted.
- Approximately \$151,000 was appropriated from forfeiture funds for approved police expenditures.
- Approximately \$110,000 was re-appropriated for open contracts.
- Approximately \$35,000 was for an increase in the Town's required contribution to the police pension due to a change in Florida Statutes.

During the year, actual revenues and other sources were less than budgetary estimates by approximately \$1.17 million due to the budgeted use of designated fund balance which is not considered "actual" revenue. Expenditures were less than the budgetary estimates by approximately \$1.37 million due to a reduction in staffing levels resulting in a savings of approximately \$707,000 and operating expenses being reduced by approximately \$663,000 due to process improvements, a reduction in certain service levels and programs, and an increased use of technology to improve efficiencies.

**Community Redevelopment Fund.** Differences between the original budget and the final amended budget resulted in a net increase of approximately \$4,661,000 in appropriations and were generally attributable to the re-appropriation of budgeted but unexpended funds for various capital projects approved but not completed in 2010 and previous years. Revenues were under budget by approximately \$7.6 million largely because \$5.1 million budgeted from fund balance was not recognized as "actual" revenue. Additionally, approximately \$2.5 million reflects three grants that were anticipated but not received.

### **Capital Asset and Debt Administration**

**Capital assets.** The Town's investment in capital assets for its governmental and business type activities as of September 30, 2011, amounts to \$294,084,104 (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 3% (almost all of which came from governmental activities).

The Town's capital assets at September 30, 2011 and 2010 are summarized as follows:

**Capital Assets**

(Amounts in Thousands, net of depreciation)

	Governmental Activities		Business-type Activities		Total	
	2011	2010	2011	2010	2011	2010
Land	\$ 42,304	\$ 37,263	\$ 569	\$ 569	\$ 42,873	\$ 37,832
Construction in progress	-	-	3,174	43,238	3,174	43,238
Buildings	9,089	9,027	79,576	39,781	88,665	48,808
Improvements	22,217	19,763	117,483	117,949	139,700	137,712
Machinery and equipment	2,813	2,132	4,650	3,569	7,463	5,701
Infrastructure	<u>12,209</u>	<u>12,679</u>	<u>-</u>	<u>-</u>	<u>12,209</u>	<u>12,679</u>
Total assets	<u>\$ 88,632</u>	<u>\$ 80,864</u>	<u>\$ 205,452</u>	<u>\$ 205,106</u>	<u>\$ 294,084</u>	<u>\$ 285,970</u>

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.
- Entered into a Microsoft enterprise agreement and preliminary costs in the replacement of the Town's financial management system.
- The purchase of land for open space and environmental/historical purposes.
- The completion 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 37-38 of this report.

**Outstanding debt.** At the end of the current fiscal year, the Town had total bonded debt and loans outstanding of approximately \$66,888,000. Of this amount, \$19,920,000 comprises general obligation bonded debt, \$7,865,000 is revenue bonded debt for which the Town has pledged sales taxes and \$29,000 is for capital leases. The remainder of the Town's debt of \$39,074,000 represents loans and bonds secured solely by the net revenues of the Enterprise Funds. The Town's total debt decreased by approximately \$4,136,000 (6%) during the current fiscal year, due to the retirement of maturing debt.

**Outstanding Debt**

General Obligation and Revenue Bonds and Loans  
(Amounts in Thousands)

	Governmental Activities		Business-type Activities		Total	
	2011	2010	2011	2010	2011	2010
Capital leases	\$ 29	\$ 141	\$ -	\$ -	\$ 29	\$ 141
General obligation bonds	19,920	21,155	-	-	19,920	21,155
Sales tax revenue bonds	7,865	8,555	-	-	7,865	8,555
Water System revenue						
Bonds/Notes	-	-	38,750	40,795	38,750	40,795
Stormwater loan	<u>-</u>	<u>-</u>	<u>324</u>	<u>378</u>	<u>324</u>	<u>378</u>
Total debt	<u>\$ 27,814</u>	<u>\$ 29,851</u>	<u>\$ 39,074</u>	<u>\$ 41,173</u>	<u>\$ 66,888</u>	<u>\$ 71,024</u>

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 \$1.3 billion, which is significantly in excess of the Town’s outstanding general obligation debt.

Additional information on the Town’s long-term debt can be found in Note F on pages 38-46 of this report.

### **Economic Factors and Next Year’s Budgets and Rates**

During the current fiscal year, unassigned fund balance in the general fund decreased by \$74,340 to \$15,579,238. The Town has appropriated \$389,963 of this amount for spending in the 2012 fiscal year budget. In addition, the following factors were considered in preparing the Town’s budget for the 2012 fiscal year:

- Property tax reform passed by the voters of Florida and the stabilization of property values will limit the Town’s ability to generate future ad valorem tax revenues.
- The stabilization in the real estate market, construction and development will result in slightly increasing 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 slowly strengthen and are expected to continue this slow growth 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 Villella, C.P.A.  
Finance Director

## **BASIC FINANCIAL STATEMENTS**

TOWN OF JUPITER, FLORIDA

STATEMENT OF NET ASSETS

September 30, 2011

	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
Cash and cash equivalents	\$ 26,513,982	\$ 23,600,941	\$ 50,114,923
Investments	10,456,380	15,068,378	25,524,758
Accounts receivable, net	1,506,366	1,528,531	3,034,897
Grants receivable	100,953	85,117	186,070
Inventory	74,900	-	74,900
Internal balances	(532,175)	532,175	-
Prepaid expenses	97,049	462,395	559,444
Restricted investments	2,776,857	9,802,823	12,579,680
Notes receivable	1,607,125	-	1,607,125
Noncurrent receivables	-	4,714,152	4,714,152
Net pension asset	248,330	-	248,330
Unamortized debt issue costs	163,029	181,213	344,242
Capital assets, not being depreciated			
Land	42,304,315	569,123	42,873,438
Construction in progress	-	3,173,537	3,173,537
Capital assets, net of accumulated depreciation			
Buildings and plant	9,088,816	79,576,404	88,665,220
Improvements	22,217,203	117,483,334	139,700,537
Machinery and equipment	2,812,985	4,649,957	7,462,942
Infrastructure	12,208,430	-	12,208,430
Total Assets	<u>131,644,545</u>	<u>261,428,080</u>	<u>393,072,625</u>
<b>LIABILITIES</b>			
Accounts payable	1,469,801	925,582	2,395,383
Accrued expenses	854,525	294,983	1,149,508
Deposits	3,710,878	1,442,682	5,153,560
Unearned revenue	335,699	4,832,972	5,168,671
Liabilities payable from restricted assets	-	1,535,978	1,535,978
Noncurrent liabilities			
Due within one year			
Compensated absences	157,000	44,345	201,345
Bonds, notes, and capital leases	2,023,714	684,000	2,707,714
Due in more than one year			
Compensated absences	2,667,478	810,143	3,477,621
Bonds, notes and capital leases	25,691,557	37,507,946	63,199,503
Net other postemployment benefits obligation	209,861	59,139	269,000
Total Liabilities	<u>37,120,513</u>	<u>48,137,770</u>	<u>85,258,283</u>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	62,008,335	172,379,676	234,388,011
Restricted for:			
Debt retirement	1,016,875	1,376,479	2,393,354
Capital projects	582,657	1,771,099	2,353,756
Law enforcement	559,164	-	559,164
Special projects	1,689,607	-	1,689,607
Unrestricted	28,667,394	37,763,056	66,430,450
Total Net Assets	<u>\$ 94,524,032</u>	<u>\$ 213,290,310</u>	<u>\$ 307,814,342</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, 2011

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Contributions and Grants	Capital Contributions and Grants
<b>GOVERNMENTAL ACTIVITIES</b>				
General government	\$ 14,323,669	\$ 1,809,671	\$ 492,366	\$ 28,692
Public safety	19,673,761	439,169	1,124,759	96,531
Engineering and public works	6,528,027	3,903,793	564,822	407,317
Culture and recreation	2,652,672	1,153,067	850	405,680
Interest on long-term debt	1,500,093	-	-	-
Total Governmental Activities	44,678,222	7,305,700	2,182,797	938,220
<b>BUSINESS-TYPE ACTIVITIES</b>				
Water system	20,990,063	21,417,375	-	1,608,599
Stormwater	1,813,180	2,372,383	-	1,170,358
Building	2,098,838	2,846,776	-	-
Total Business-type Activities	24,902,081	26,636,534	-	2,778,957
Total	\$ 69,580,303	\$ 33,942,234	\$ 2,182,797	\$ 3,717,177

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

Gain on sale of capital assets

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
\$ (11,992,940)	\$ -	\$ (11,992,940)
(18,013,302)	-	(18,013,302)
(1,652,095)	-	(1,652,095)
(1,093,075)	-	(1,093,075)
(1,500,093)	-	(1,500,093)
(34,251,505)	-	(34,251,505)
-	2,035,911	2,035,911
-	1,729,561	1,729,561
-	747,938	747,938
-	4,513,410	4,513,410
(34,251,505)	4,513,410	(29,738,095)
19,904,132	-	19,904,132
4,348,334	-	4,348,334
3,678,961	-	3,678,961
3,070,359	-	3,070,359
3,224,952	-	3,224,952
1,073,744	-	1,073,744
1,077,577	-	1,077,577
429,981	321,779	751,760
27,610	-	27,610
38,388	(38,388)	-
36,874,038	283,391	37,157,429
2,622,533	4,796,801	7,419,334
91,901,499	208,493,509	300,395,008
\$ 94,524,032	\$ 213,290,310	\$ 307,814,342

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

TOWN OF JUPITER, FLORIDA

BALANCE SHEET - GOVERNMENTAL FUNDS

September 30, 2011

	Major Governmental Funds				
	General Fund	Community Redevelopment Fund	Capital Improvements Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>ASSETS</b>					
Cash and cash equivalents	\$ 12,254,946	\$ 631,562	\$ 11,652,824	\$ 1,974,650	\$ 26,513,982
Investments	4,626,402	-	4,643,725	1,186,253	10,456,380
Accounts receivable, net	1,461,801	44,565	-	-	1,506,366
Grants receivable	454	-	100,499	-	100,953
Due from other funds	5,817,246	-	-	-	5,817,246
Inventory	74,900	-	-	-	74,900
Prepaid items	96,754	295	-	-	97,049
Restricted investments	1,685,000	-	1,091,857	-	2,776,857
Note receivable	350,000	1,257,125	-	-	1,607,125
	<u>\$ 26,367,503</u>	<u>\$ 1,933,547</u>	<u>\$ 17,488,905</u>	<u>\$ 3,160,903</u>	<u>\$ 48,950,858</u>
Total Assets					
<b>LIABILITIES AND FUND BALANCES</b>					
<b>LIABILITIES</b>					
Accounts payable	\$ 758,579	\$ 313,329	\$ 396,390	\$ 1,503	\$ 1,469,801
Accrued liabilities	607,111	-	-	-	607,111
Due to other funds	532,175	5,817,246	-	-	6,349,421
Deposits	435,041	60,238	3,215,599	-	3,710,878
Deferred revenue	335,699	-	-	-	335,699
Total Liabilities	<u>2,668,605</u>	<u>6,190,813</u>	<u>3,611,989</u>	<u>1,503</u>	<u>12,472,910</u>
<b>FUND BALANCES</b>					
Nonspendable:					
Inventory	74,900	-	-	-	74,900
Prepaid items	96,754	295	-	-	97,049
Advance due from other fund	5,817,246	-	-	-	5,817,246
Note receivable	350,000	1,257,125	-	-	1,607,125
Restricted for:					
Debt service	-	-	-	1,016,875	1,016,875
Capital projects	-	-	-	1,674,514	1,674,514
Law enforcement	95,760	-	-	463,404	559,164
Special projects	1,685,000	-	-	4,607	1,689,607
Assigned to:					
Capital projects	-	-	13,876,916	-	13,876,916
Subsequent year's budget	389,963	-	-	-	389,963
Unassigned:					
General Fund	15,189,275	-	-	-	15,189,275
Special Revenue Fund (deficit)	-	(5,514,686)	-	-	(5,514,686)
Total Fund Balances	<u>23,698,898</u>	<u>(4,257,266)</u>	<u>13,876,916</u>	<u>3,159,400</u>	<u>36,477,948</u>
Total Liabilities and Fund Balances	<u>\$ 26,367,503</u>	<u>\$ 1,933,547</u>	<u>\$ 17,488,905</u>	<u>\$ 3,160,903</u>	<u>\$ 48,950,858</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, 2011

Total governmental fund balances		\$	36,477,948
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.			88,631,749
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.			248,330
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	\$	163,029	
Bond discount		<u>98,443</u>	
			261,472
Accrued interest on bonds payable is not due and payable in the current period and, therefore, is not reported in the funds.			(247,414)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.			
Capital leases		(28,714)	
Bonds and note payable		(27,785,000)	
Compensated absences		(2,824,478)	
Net other postemployment benefits obligation		<u>(209,861)</u>	
			<u>(30,848,053)</u>
Total net assets	\$		<u><u>94,524,032</u></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, 2011

	Major Governmental Funds			Nonmajor Governmental Funds	Total Governmental Funds
	General Fund	Community Redevelopment Fund	Capital Improvements Fund		
<b>REVENUES</b>					
Taxes	\$ 23,588,969	\$ 738,791	\$ 1,239,573	\$ 2,159,863	\$ 27,727,196
Franchise fees	4,348,334	-	-	-	4,348,334
Licenses and permits	675,721	-	-	458,474	1,134,195
Intergovernmental	2,146,563	-	181,645	3,332,923	5,661,131
Charges for services	6,232,682	7,400	-	-	6,240,082
Fines and forfeitures	269,358	-	-	-	269,358
Investment earnings	379,598	2,391	18,496	29,496	429,981
Donations	18,232	-	-	-	18,232
Miscellaneous	319,658	208,880	499,832	354,957	1,383,327
Total Revenues	<u>37,979,115</u>	<u>957,462</u>	<u>1,939,546</u>	<u>6,335,713</u>	<u>47,211,836</u>
<b>EXPENDITURES</b>					
Current					
General government	12,883,932	312,167	-	92,417	13,288,516
Public safety	19,419,799	-	-	1,114	19,420,913
Engineering and public works	4,946,916	-	364,243	-	5,311,159
Culture and recreation	1,862,338	-	202,068	-	2,064,406
Capital outlay	646,988	610,067	9,546,952	108,487	10,912,494
Debt service					
Principal	112,128	-	-	1,925,000	2,037,128
Interest	3,838	182,500	-	1,308,368	1,494,706
Total Expenditures	<u>39,875,939</u>	<u>1,104,734</u>	<u>10,113,263</u>	<u>3,435,386</u>	<u>54,529,322</u>
Revenues Over (Under) Expenditures	(1,896,824)	(147,272)	(8,173,717)	2,900,327	(7,317,486)
<b>OTHER FINANCING SOURCES (USES)</b>					
Insurance recoveries	22,920	-	-	-	22,920
Transfers in	2,040,000	-	1,446,126	155,798	3,641,924
Proceeds from sale of capital assets	34,323	-	-	-	34,323
Transfers out	(700,000)	(140,000)	(155,798)	(2,607,738)	(3,603,536)
	<u>1,397,243</u>	<u>(140,000)</u>	<u>1,290,328</u>	<u>(2,451,940)</u>	<u>95,631</u>
Net Change in Fund Balances	(499,581)	(287,272)	(6,883,389)	448,387	(7,221,855)
Fund balances at beginning 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>
Fund balances at end of year	<u>\$ 23,698,898</u>	<u>\$ (4,257,266)</u>	<u>\$ 13,876,916</u>	<u>\$ 3,159,400</u>	<u>\$ 36,477,948</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, 2011

Net change in fund balance - total governmental funds	\$ (7,221,855)
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 outlay	10,912,494
Depreciation expense	(3,137,977)
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.	
	(6,713)
Payment of accrued interest is an expenditure in the Governmental funds, but is a reduction of accrued liabilities in the statement of net assets.	
	13,631
Debt issuance provides current financial resources to governmental funds, but issuing debt increases liabilities in the statement of net assets. 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	2,037,128
Amortization of debt issue costs and discount	(19,017)
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	4,514
Change in compensated absences	69,508
Change in net other postemployment benefits obligation	(29,180)
Change in net assets of governmental activities	<u>\$ 2,622,533</u>

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, 2011

	Major Enterprise Funds		Nonmajor Enterprise	Total Enterprise Funds
	Water System Fund	Stormwater Fund	Fund - Building Fund	
<b>ASSETS</b>				
<b>CURRENT ASSETS</b>				
Cash and cash equivalents	\$ 13,457,172	\$ 4,577,720	\$ 5,566,049	\$ 23,600,941
Investments	14,118,668	379,072	570,638	15,068,378
Accounts receivable, net	1,292,656	235,875	-	1,528,531
Grants receivable	85,117	-	-	85,117
Due from other funds	532,175	-	-	532,175
Prepaid expenses	462,326	69	-	462,395
Restricted assets				
Investments	9,802,823	-	-	9,802,823
Total Current Assets	<u>39,750,937</u>	<u>5,192,736</u>	<u>6,136,687</u>	<u>51,080,360</u>
<b>NONCURRENT ASSETS</b>				
Noncurrent receivables	4,714,152	-	-	4,714,152
Unamortized debt issue costs	181,213	-	-	181,213
Capital assets				
Land and improvements	458,616	110,507	-	569,123
Construction in progress	3,107,225	66,312	-	3,173,537
Water treatment systems	88,700,650	-	-	88,700,650
Buildings and improvements	7,685,517	38,079,764	580,103	46,345,384
Juno plant	1,737,622	-	-	1,737,622
Water distribution systems	125,280,821	-	-	125,280,821
Wells	26,923,602	-	-	26,923,602
Equipment and pumps	6,847,181	438,604	-	7,285,785
Meters	16,946,311	-	-	16,946,311
	<u>277,687,545</u>	<u>38,695,187</u>	<u>580,103</u>	<u>316,962,835</u>
Less accumulated depreciation	<u>(98,281,720)</u>	<u>(12,677,598)</u>	<u>(551,162)</u>	<u>(111,510,480)</u>
Total Capital Assets, net	<u>179,405,825</u>	<u>26,017,589</u>	<u>28,941</u>	<u>205,452,355</u>
Total Noncurrent Assets	<u>184,301,190</u>	<u>26,017,589</u>	<u>28,941</u>	<u>210,347,720</u>
Total Assets	<u>\$ 224,052,127</u>	<u>\$ 31,210,325</u>	<u>\$ 6,165,628</u>	<u>\$ 261,428,080</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	\$ 841,727	\$ 80,449	\$ 3,406	\$ 925,582
Accrued expenses	239,728	11,744	43,511	294,983
Compensated absences payable	29,738	3,964	10,643	44,345
Current maturities on loans and bonds	630,000	54,000	-	684,000
	<u>1,741,193</u>	<u>150,157</u>	<u>57,560</u>	<u>1,948,910</u>
<b>CURRENT LIABILITIES PAYABLE FROM RESTRICTED ASSETS</b>				
Accounts and contracts payable	1,535,978	-	-	1,535,978
Total Current Liabilities	<u>3,277,171</u>	<u>150,157</u>	<u>57,560</u>	<u>3,484,888</u>
<b>NONCURRENT LIABILITIES</b>				
Customer deposits	1,204,879	-	-	1,204,879
Other deposits	33,883	23,479	180,441	237,803
Unearned revenue	4,832,972	-	-	4,832,972
Net other postemployment benefits obligation	35,271	3,751	20,117	59,139
Compensated absences payable	555,135	69,202	185,806	810,143
Loan payable, net of current portion	-	270,000	-	270,000
Revenue bonds payable, net of unamortized discount and refunding loss	37,237,946	-	-	37,237,946
Total Noncurrent Liabilities	<u>43,900,086</u>	<u>366,432</u>	<u>386,364</u>	<u>44,652,882</u>
Total Liabilities	<u>47,177,257</u>	<u>516,589</u>	<u>443,924</u>	<u>48,137,770</u>
<b>NET ASSETS</b>				
Invested in capital assets, net of related debt	146,657,146	25,693,589	28,941	172,379,676
Restricted				
Debt retirement	1,376,479	-	-	1,376,479
Capital projects	1,771,099	-	-	1,771,099
Unrestricted	27,070,146	5,000,147	5,692,763	37,763,056
Total Net Assets	<u>176,874,870</u>	<u>30,693,736</u>	<u>5,721,704</u>	<u>213,290,310</u>
Total Liabilities and Net Assets	<u>\$ 224,052,127</u>	<u>\$ 31,210,325</u>	<u>\$ 6,165,628</u>	<u>\$ 261,428,080</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, 2011

	Major Enterprise Funds		Nonmajor Enterprise	Total Enterprise Funds
	Water System Fund	Stormwater Fund	Fund - Building Fund	
<b>OPERATING REVENUES</b>				
Charges for services	\$ 21,053,854	\$ 2,249,941	\$ 463	\$ 23,304,258
Licenses and permits	-	-	2,846,146	2,846,146
Other fees and charges	315,340	1,399	167	316,906
Total Operating Revenues	<u>21,369,194</u>	<u>2,251,340</u>	<u>2,846,776</u>	<u>26,467,310</u>
<b>OPERATING EXPENSES</b>				
Personal services	4,426,844	501,474	1,815,557	6,743,875
General operating expenses	7,167,762	627,553	234,992	8,030,307
Depreciation	7,609,429	684,580	48,289	8,342,298
Total Operating Expenses	<u>19,204,035</u>	<u>1,813,607</u>	<u>2,098,838</u>	<u>23,116,480</u>
Operating Income	<u>2,165,159</u>	<u>437,733</u>	<u>747,938</u>	<u>3,350,830</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Investment earnings	125,311	9,984	9,436	144,731
Net change in fair value of investments	158,811	7,279	10,958	177,048
Miscellaneous revenues	48,181	121,043	-	169,224
Intergovernmental	240,932	-	-	240,932
Gain (loss) on the sale of capital assets	(1,329,063)	-	1,138	(1,327,925)
Interest expense	(302,106)	(711)	-	(302,817)
Other debt service expense	(1,616)	-	-	(1,616)
Amortization expense	(153,243)	-	-	(153,243)
	<u>(1,212,793)</u>	<u>137,595</u>	<u>21,532</u>	<u>(1,053,666)</u>
Income Before Capital Contributions and Transfers	952,366	575,328	769,470	2,297,164
<b>CAPITAL CONTRIBUTIONS</b>	1,367,667	1,170,358	-	2,538,025
<b>TRANSFERS</b>	<u>(26,705)</u>	<u>(1,667)</u>	<u>(10,016)</u>	<u>(38,388)</u>
Change in Net Assets	2,293,328	1,744,019	759,454	4,796,801
Net assets at beginning of year	<u>174,581,542</u>	<u>28,949,717</u>	<u>4,962,250</u>	<u>208,493,509</u>
Net assets at end of year	<u>\$ 176,874,870</u>	<u>\$ 30,693,736</u>	<u>\$ 5,721,704</u>	<u>\$ 213,290,310</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, 2011

	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	\$ 21,118,356	\$ 2,213,513	\$ 2,972,971	\$ 26,304,840
Cash paid to suppliers and contractors	(7,900,631)	(573,293)	(234,422)	(8,708,346)
Cash paid to employees	(4,599,951)	(512,907)	(1,856,086)	(6,968,944)
Cash received from others	315,340	1,399	167	316,906
Net Cash Provided By Operating Activities	8,933,114	1,128,712	882,630	10,944,456
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITY</b>				
Transfers	(26,705)	(1,667)	(10,016)	(38,388)
Net Cash Used In Noncapital Financing Activity	(26,705)	(1,667)	(10,016)	(38,388)
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Capital contributions	1,274,729	1,170,358	-	2,445,087
Proceeds from disposal of capital assets	-	-	1,138	1,138
Principal paid on revenue bonds	(2,045,000)	-	-	(2,045,000)
Principal paid on loan payable	-	(54,000)	-	(54,000)
Acquisition and construction of capital assets	(6,016,806)	(1,617,513)	-	(7,634,319)
Miscellaneous revenues	48,181	121,043	-	169,224
Interest and other debt service charges paid on long-term debt	(1,745,143)	(711)	-	(1,745,854)
Net Cash Provided By (Used In) Capital and Related Financing Activities	(8,484,039)	(380,823)	1,138	(8,863,724)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Proceeds from sales of investments	8,893,138	1,004,431	3,003,944	12,901,513
Interest received	148,046	9,984	9,436	167,466
Net Cash Provided By Investing Activities	9,041,184	1,014,415	3,013,380	13,068,979
Net Increase in Cash and Cash Equivalents	9,463,554	1,760,637	3,887,132	15,111,323
Cash and cash equivalents at beginning of year	3,993,618	2,817,083	1,678,917	8,489,618
Cash and cash equivalents at end of year	\$ 13,457,172	\$ 4,577,720	\$ 5,566,049	\$ 23,600,941

	Major Enterprise Funds		Nonmajor Enterprise Fund - Building Fund	Total Enterprise Funds
	Water System Fund	Stormwater Fund		
<b>NONCASH FINANCING AND INVESTING ACTIVITIES</b>				
Capital contributions	\$ 438,600	\$ -	\$ -	\$ 438,600
Change in fair value of investments	\$ 158,811	\$ 7,279	\$ 10,958	\$ 177,048
Amortization of debt issue costs	\$ 13,962	\$ -	\$ -	\$ 13,962
Amortization of bond discount/premium	\$ 26,484	\$ -	\$ -	\$ 26,484
Amortization of refunding loss	\$ 112,797	\$ -	\$ -	\$ 112,797
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>				
Operating income	\$ 2,165,159	\$ 437,733	\$ 747,938	\$ 3,350,830
Adjustments to reconcile operating income to net cash provided by operating activities				
Depreciation	7,609,429	684,580	48,289	8,342,298
Provision for doubtful accounts	36,157	2,604	-	38,761
Changes in operating assets and liabilities				
Accounts receivable	6,377	(39,032)	-	(32,655)
Due from other funds	(361,233)	-	-	(361,233)
Prepaid expenses	(82,441)	1,265	3,714	(77,462)
Accounts payable	(289,195)	52,995	(3,144)	(239,344)
Accrued expenses	(150,623)	(12,677)	(49,758)	(213,058)
Net OPEB obligation	5,126	577	2,117	7,820
Compensated absences	(27,610)	667	7,112	(19,831)
Deposits	76,931	-	126,362	203,293
Unearned revenue	(54,963)	-	-	(54,963)
Net Cash Provided By Operating Activities	\$ 8,933,114	\$ 1,128,712	\$ 882,630	\$ 10,944,456

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, 2011

	Municipal Police Officers' Retirement Trust Fund
<b>ASSETS</b>	
Receivables	
Accrued interest and dividends	\$ 95,007
Employer contributions	34,910
Other	250
	<u>130,167</u>
Investments	
Money market mutual funds	2,361,786
U.S. government securities	5,316,034
U.S. government bonds and notes	2,886,284
Corporate obligations	3,425,857
Asset-backed bonds	1,271,793
Build America bonds	191,667
Foreign bonds	159,507
Equity securities	5,550,733
Equity mutual funds	5,433,364
International equity funds	4,458,698
Equity common trust funds	5,290,921
Total Investments	<u>36,346,644</u>
Total Assets	36,476,811
<b>LIABILITIES</b>	
Accounts payable and accrued expenses	12,865
Pending trades payable	105,952
	<u>118,817</u>
Total Liabilities	118,817
<b>NET ASSETS</b>	
Held in trust for pension benefits	<u>\$ 36,357,994</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, 2011

	Municipal Police Officers' Retirement Trust Fund
<b>ADDITIONS</b>	
Contributions	
Town	\$ 3,176,637
State	611,245
Employee	618,945
Buyback	27,017
	<u>4,433,844</u>
Investment earnings	
Net depreciation in fair value of investments	(639,879)
Interest and dividends	753,035
Other	14,594
	<u>127,750</u>
Less investment expense	113,045
Net investment earnings	<u>14,705</u>
Total Additions	4,448,549
<b>DEDUCTIONS</b>	
Pension benefits	1,867,025
Administrative expenses	132,589
	<u>1,999,614</u>
Total Deductions	1,999,614
Change in Net Assets	2,448,935
Net Assets at Beginning of Year	<u>33,909,059</u>
Net Assets at End of Year	<u>\$ 36,357,994</u>

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

TOWN OF JUPITER, FLORIDA  
NOTES TO FINANCIAL STATEMENTS

September 30, 2011

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

TOWN OF JUPITER, FLORIDA  
NOTES TO FINANCIAL STATEMENTS

September 30, 2011

NOTE A - SIGNIFICANT ACCOUNTING POLICIES (Continued)

privileges provided by a given function or segment; (2) operating grants and contributions; and, (3) capital grants and contributions. Taxes and other items not meeting the definition of program revenue are reported as *general revenue*. The Town does not allocate indirect costs, however, an administrative service fee is charged by the General Fund to 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.

TOWN OF JUPITER, FLORIDA  
NOTES TO FINANCIAL STATEMENTS

September 30, 2011

NOTE A - SIGNIFICANT ACCOUNTING POLICIES (Continued)

**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 (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.

TOWN OF JUPITER, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2011

NOTE A – SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 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, 2011, 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, 2011 the Town adopted a total millage rate of 2.830, which is less than the maximum tax rate permitted. This millage rate resulted in a total tax levy of \$20,240,381 for 2011, representing a 7.1% reduction from the property tax levy for 2010. 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.

TOWN OF JUPITER, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2011

NOTE A - SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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 cash equivalents and 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.

TOWN OF JUPITER, FLORIDA  
NOTES TO FINANCIAL STATEMENTS

September 30, 2011

NOTE A - SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 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 \$611,245 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, 2011, 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*.

*Fund Balance*

*Change in Accounting* - The GASB issued Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, which establishes accounting and financial reporting requirements for all governmental funds and establishes criteria for classifying fund balances. The Town implemented Statement No. 54 for the fiscal year ended September 30, 2011.

*Nature and Purpose of Fund Equity Classifications* - In the fund financial statements, governmental funds report fund equity classifications that comprise a hierarchy based primarily on the extent to which the Town is legally bound to honor the specific purposes for which amounts in fund balance may be spent. The fund balance classifications are summarized as follows:

TOWN OF JUPITER, FLORIDA  
NOTES TO FINANCIAL STATEMENTS

September 30, 2011

NOTE A - SIGNIFICANT ACCOUNTING POLICIES (Continued)

- ❖ Nonspendable - Nonspendable fund balances include amounts that cannot be spent because they are either 1) not in spendable form; or, 2) legally or contractually required to be maintained intact.
- ❖ Restricted - Restricted fund balances include amounts that are restricted to specific purposes either by 1) constraints placed on the use of resources by creditors, grantors, contributors, or laws or regulations of other governments; or, 2) imposed by law through constitutional provisions or enabling legislation.
- ❖ Committed - Committed fund balances include amounts that can only be used for specific purposes pursuant to constraints imposed by the Town Council through an ordinance or resolution. The Town had no committed fund balances.
- ❖ Assigned - Assigned fund balances include amounts that are constrained by the Town's intent to be used for specific purposes but are neither restricted nor committed. Assignments of fund balance are made by Town management based upon direction by the Town Council.
- ❖ Unassigned - Unassigned fund balances include amounts that are not assigned to other funds and have not been restricted, committed, or assigned to specific purposes.

The Town considers restricted fund balances to be spent when an expenditure is incurred for the restricted purpose. The Town considers committed, assigned or unassigned fund balances to be spent when an expenditure is incurred for purposes for which amounts in any of those fund balance classifications could be used.

*Minimum Fund Balance Policy* - The Town Council has not adopted a formal minimum fund balance policy. Generally, the Town strives to maintain sufficient General Fund fund balance to provide liquidity in the event of a budget shortfall or natural disaster.

Risk Management: The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Town purchases commercial insurance for the risks of losses to which it is exposed. Policy limits and deductibles are reviewed annually by management and established at amounts to provide reasonable protection from significant financial loss. 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.

TOWN OF JUPITER, FLORIDA  
NOTES TO FINANCIAL STATEMENTS

September 30, 2011

NOTE A - SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 GASB has issued Statement No. 61, *The Financial Reporting Entity: Omnibus-an amendment of GASB Statements 14 and 34*, which modifies certain requirements for including of component units in the financial reporting entity. The requirements of this statement will be effective for the Town for the fiscal year ending September 30, 2013.

GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, which incorporates into GASB authoritative literature certain accounting and financial reporting guidance included in pronouncements of the Financial Accounting Standards Board (FASB) and American Institute of Certified Public Accountants (AICPA). The requirements of this statement will be effective for the Town for the fiscal year ending September 30, 2013.

GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, provides financial reporting guidance for deferred outflows and deferred inflows of resources, which relate to the consumption of net assets by the government that is applicable to a future reporting period, and an acquisition of net assets by the government that is applicable to a future reporting period, respectively. The requirements of this statement will be effective for the Town for the fiscal year ending September 30, 2013.

Management has not completed its analysis of the effects, if any, of these GASB statements on the financial statements of the Town.

NOTE B - CASH, CASH EQUIVALENTS, AND INVESTMENTS

Cash and Cash Equivalents: At September 30, 2011, cash and cash equivalents included petty cash of \$4,930, and deposits in demand and money market accounts of \$33,562,265 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.

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

TOWN OF JUPITER, FLORIDA  
NOTES TO FINANCIAL STATEMENTS

September 30, 2011

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

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, 2011 are summarized as follows:

	Primary Government	Fiduciary Fund Pension Trust	Total
Florida Prime	\$ 23,118,848	\$ -	\$ 23,118,848
LGIP Fund B	1,345,513	-	1,345,513
Money market mutual funds	26,350,550	2,361,786	28,712,336
Certificates of deposit (\$1,685,000 pledged - see Note L)	3,802,841	-	3,802,841
U.S. Government securities	-	5,316,034	5,316,034
U.S. Government backed bonds and notes	34,414	2,886,284	2,920,698
Corporate obligations	-	3,425,857	3,425,857
Asset-backed bonds	-	1,271,793	1,271,793
Build America bonds	-	191,667	191,667
Foreign bonds	-	159,507	159,507
Equity securities	-	5,550,733	5,550,733
Equity mutual funds	-	5,433,364	5,433,364
International equity funds	-	4,458,698	4,458,698
Equity common trust funds	-	5,290,921	5,290,921
Total investments	<u>\$ 54,652,166</u>	<u>\$ 36,346,644</u>	<u>\$ 90,998,810</u>

TOWN OF JUPITER, FLORIDA  
NOTES TO FINANCIAL STATEMENTS

September 30, 2011

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

	Primary Government	Fiduciary Fund Pension Trust	Total
Reported in the financial statements as:			
Cash equivalents	\$ 16,547,728	\$ -	\$ 16,547,728
Investments	25,524,758	36,346,644	61,871,402
Restricted cash equivalents and investments	12,579,680	-	12,579,680
Total investments	\$ 54,652,166	\$ 36,346,644	\$ 90,998,810

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, 2011 the Fund B investments had a net asset value approximating 76% 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, 2011, 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 4.82 years.

TOWN OF JUPITER, FLORIDA  
NOTES TO FINANCIAL STATEMENTS

September 30, 2011

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

The following table summarizes the scheduled maturities of debt securities at September 30, 2011.

	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	\$ -	\$ 1,568,383	\$ 496,624	\$ 3,251,027
U.S. Government backed bonds and notes	-	1,898,596	151,786	870,316
Corporate obligations	-	489,570	2,539,964	396,323
Asset-backed bonds	-	-	230,460	1,041,333
Build America bonds	-	-	-	191,667
Foreign bonds	-	159,507	-	-
	<u>\$ -</u>	<u>\$ 4,116,056</u>	<u>\$ 3,418,834</u>	<u>\$ 5,750,666</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, 2011, are summarized as follows:

	NRSRO Rating	Fair Value
Florida Prime	AAAm	\$ 23,118,848
Pension Fund money market mutual fund	AAAm	2,361,786
U.S. Government securities	AA+	5,316,034
U.S. Government backed bonds and notes	AA+	2,920,698
Corporate obligations	AAA - BBB	3,425,857
Asset-backed bonds	AAA - A+	1,271,793
Build America bonds	AA	191,667
Foreign bonds	A	159,507

**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, 2011, 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, 2011

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 \$159,507 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, 2011 consist of the following:

	Gross Accounts Receivable	Allowance For Doubtful Accounts	Net Receivable
<b>Governmental Funds</b>			
General Fund	\$ 1,841,025	\$ (379,224)	\$ 1,461,801
Community Redevelopment Fund	44,565	-	44,565
<b>Proprietary Funds</b>			
Water System Fund	1,657,678	(365,022)	1,292,656
Stormwater Fund	282,123	(46,248)	235,875
	<b>\$ 3,825,391</b>	<b>\$ (790,494)</b>	<b>\$ 3,034,897</b>

Noncurrent receivables in the Proprietary Funds of \$4,714,152 have no allowance for doubtful accounts at September 30, 2011.

TOWN OF JUPITER, FLORIDA  
NOTES TO FINANCIAL STATEMENTS

September 30, 2011

NOTE D - NOTES 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.

In May 2011, the CRA entered into an agreement with a private company whereby the CRA agreed to loan the company \$3,660,908 to be used for expenses related to the completion of engineering and the construction of certain capital projects specified in the agreement. Repayments are to be made annually over a four year period, beginning May 1, 2012, with interest accruing monthly at a rate of 4.5% for the first year and increasing 1% for each of the remaining three years of the period. The note is unsecured and matures on May 3, 2015, at which time all remaining principal and interest are due and payable in full. At September 30, 2011, the Town has advanced \$1,257,125 to the company on the promissory note.

NOTE E - CAPITAL ASSETS

The Town's capital asset activity for the year ended September 30, 2011 is summarized as follows:

<b>Governmental Activities</b>	Balance at Beginning of Year	Increases	Decreases	Balance at End of Year
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Capital assets not being depreciated				
Land	\$ 37,263,472	\$ 5,040,843	\$ -	\$ 42,304,315
Depreciable capital assets				
Buildings	20,832,283	511,250	-	21,343,533
Improvements	32,687,988	3,378,706	-	36,066,694
Machinery and equipment	10,107,044	1,602,180	(309,142)	11,400,082
Infrastructure	<u>22,051,366</u>	<u>379,515</u>	<u>-</u>	<u>22,430,881</u>
Total depreciable capital assets	85,678,681	5,871,651	(309,142)	91,241,190
Less accumulated depreciation				
Buildings	(11,804,856)	(449,861)	-	(12,254,717)
Improvements	(12,925,361)	(924,130)	-	(13,849,491)
Machinery and equipment	(7,975,123)	(914,403)	302,429	(8,587,097)
Infrastructure	<u>(9,372,868)</u>	<u>(849,583)</u>	<u>-</u>	<u>(10,222,451)</u>
	<u>(42,078,208)</u>	<u>(3,137,977)</u>	<u>302,429</u>	<u>(44,913,756)</u>
Depreciable capital assets, net of accumulated depreciation	<u>43,600,473</u>	<u>2,733,674</u>	<u>(6,713)</u>	<u>46,327,434</u>
Total capital assets, net	<u>\$ 80,863,945</u>	<u>\$ 7,774,517</u>	<u>\$ (6,713)</u>	<u>\$ 88,631,749</u>

TOWN OF JUPITER, FLORIDA  
NOTES TO FINANCIAL STATEMENTS

September 30, 2011

NOTE E - CAPITAL ASSETS (Continued)

Depreciation expense charged to governmental activities functions for the year ended September 30, 2011 is summarized as follows:

General government		\$	1,045,838
Public safety			321,915
Engineering and public works			983,480
Culture and recreation			<u>786,744</u>
Total Governmental Activities			
Depreciation Expense		\$	<u><u>3,137,977</u></u>

<b>Business-type Activities</b>	Balance at Beginning of Year	Increases	Decreases	Balance at End of Year
Capital assets not being depreciated				
Land	\$ 569,123	\$ -	\$ -	\$ 569,123
Construction in progress	<u>43,237,784</u>	<u>2,350,256</u>	<u>(42,414,503)</u>	<u>3,173,537</u>
Total capital assets not being depreciated	43,806,907	2,350,256	(42,414,503)	3,742,660
Depreciable capital assets				
Buildings and plant	62,287,003	43,557,461	(9,011,560)	96,832,904
Improvements	188,085,920	3,688,081	(185,900)	191,588,101
Machinery and equipment	<u>23,403,412</u>	<u>2,836,970</u>	<u>(1,441,212)</u>	<u>24,799,170</u>
Total depreciable capital assets	273,776,335	50,082,512	(10,638,672)	313,220,175
Less accumulated depreciation				
Buildings and plant	(22,505,984)	(2,434,151)	(7,683,635)	(17,256,500)
Improvements	(70,136,844)	(4,153,823)	(185,900)	(74,104,767)
Machinery and equipment	<u>(19,834,963)</u>	<u>(1,754,324)</u>	<u>(1,440,074)</u>	<u>(20,149,213)</u>
	<u>(112,477,791)</u>	<u>(8,342,298)</u>	<u>(9,309,609)</u>	<u>(111,510,480)</u>
Depreciable capital assets, net of accumulated depreciation	<u>161,298,544</u>	<u>41,740,214</u>	<u>(1,329,063)</u>	<u>201,709,695</u>
Total capital assets, net	<u>\$ 205,105,451</u>	<u>\$ 44,090,470</u>	<u>\$ (43,743,566)</u>	<u>\$ 205,452,355</u>

NOTE F - LONG-TERM DEBT

**Governmental Activities**

Changes in governmental activities long-term debt for the year ended September 30, 2011 are summarized as follows:

TOWN OF JUPITER, FLORIDA  
NOTES TO FINANCIAL STATEMENTS

September 30, 2011

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	\$ 140,842	\$ -	\$ (112,128)	\$ 28,714	\$ 28,714
General Obligation Bonds					
Series 2001	7,430,000	-	(525,000)	6,905,000	545,000
Series 2005	13,725,000	-	(710,000)	13,015,000	730,000
Sales Tax Revenue					
Refunding Bonds/Note					
Series 2002	7,020,000	-	(570,000)	6,450,000	590,000
Series 2008	1,535,000	-	(120,000)	1,415,000	130,000
Compensated absences	<u>2,893,986</u>	<u>102,468</u>	<u>(171,976)</u>	<u>2,824,478</u>	<u>157,000</u>
Total long-term debt	32,744,828	<u>\$ 102,468</u>	<u>\$ (2,209,104)</u>	30,638,192	<u>\$ 2,180,714</u>
Current maturities	(2,212,528)			(2,180,714)	
Unamortized bond discount	<u>(105,603)</u>			<u>(98,443)</u>	
Net long-term debt	<u>\$ 30,426,697</u>			<u>\$ 28,359,035</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, 2011. The future minimum lease payments and the net present value of the minimum lease payments as of September 30, 2011 is as follows:

Year Ending <u>September 30,</u>	<u>Amount</u>
2012	\$ <u>28,992</u>
Total minimum lease payments	28,992
Less amount representing interest	<u>(278)</u>
Present value of minimum future lease payments	<u>\$ 28,714</u>

TOWN OF JUPITER, FLORIDA  
NOTES TO FINANCIAL STATEMENTS

September 30, 2011

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>
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	660,000	250,800	910,800
2017 - 2021	<u>3,900,000</u>	<u>666,325</u>	<u>4,566,325</u>
	<u>\$ 6,905,000</u>	<u>\$ 2,225,200</u>	<u>\$ 9,130,200</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>
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	835,000	396,375	1,231,375
2017 - 2021	4,660,000	1,492,313	6,152,313
2022 - 2025	<u>4,450,000</u>	<u>476,978</u>	<u>4,926,978</u>
	<u>\$ 13,015,000</u>	<u>\$ 4,217,611</u>	<u>\$ 17,232,611</u>

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

TOWN OF JUPITER, FLORIDA  
NOTES TO FINANCIAL STATEMENTS

September 30, 2011

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>
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	710,000	194,225	904,225
2017 - 2020	<u>3,210,000</u>	<u>410,750</u>	<u>3,620,750</u>
	<u>\$ 6,450,000</u>	<u>\$ 1,684,662</u>	<u>\$ 8,134,662</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>
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	155,000	31,132	186,132
2017 - 2020	<u>705,000</u>	<u>65,341</u>	<u>770,341</u>
	<u>\$ 1,415,000</u>	<u>\$ 272,405</u>	<u>\$ 1,687,405</u>

TOWN OF JUPITER, FLORIDA  
NOTES TO FINANCIAL STATEMENTS

September 30, 2011

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 \$9,822,067 at September 30, 2011. Principal and interest paid and sales tax revenues received for 2011 were \$1,083,757 and \$3,224,952, respectively.

**Business-type Activities**

Changes in business-type activities long-term debt for the year ended September 30, 2011 are summarized as follows:

	Balance at Beginning of Year	Additions	Retirements	Balance at End of Year	Amounts Due Within One Year
Water Revenue Refunding Bonds - Series 2002	\$ 7,870,000	\$ -	\$ (840,000)	\$ 7,030,000	\$ -
Water Revenue Bonds - Series 2003	23,155,000	-	(600,000)	22,555,000	-
Water Revenue Refunding Note - Series 2010	9,770,000	-	(605,000)	9,165,000	630,000
Stormwater loan	378,000	-	(54,000)	324,000	54,000
Compensated absences	<u>874,321</u>	<u>46,756</u>	<u>(66,591)</u>	<u>854,486</u>	<u>44,345</u>
Total long-term debt	42,047,321	<u>\$ 46,756</u>	<u>\$ (2,165,591)</u>	39,928,486	<u>\$ 728,345</u>
Unamortized discount	(170,672)			(172,235)	
Unamortized refunding loss	(646,997)			(534,198)	
Deferred charges	(203,668)			(175,621)	
Current maturities	<u>(2,143,345)</u>			<u>(728,345)</u>	
Net long-term debt	<u>\$ 38,882,639</u>			<u>\$ 38,318,087</u>	

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, 2011, 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

TOWN OF JUPITER, FLORIDA  
NOTES TO FINANCIAL STATEMENTS

September 30, 2011

NOTE F - LONG-TERM DEBT (Continued)

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:

Year Ending September 30	Principal	Interest	Total
2012 (*)	\$ -	\$ 173,677	\$ 173,677
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	1,000,000	203,625	1,203,625
2017 - 2019	<u>3,300,000</u>	<u>272,513</u>	<u>3,572,513</u>
	<u>\$ 7,030,000</u>	<u>\$ 1,520,460</u>	<u>\$ 8,550,460</u>

(\*) Payment was made in September 2011 for principal and interest due on October 1, 2011.

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

Year Ending September 30	Principal	Interest	Total
2012 (*)	\$ -	\$ 524,134	\$ 524,134
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	700,000	961,068	1,661,068
2017 - 2021	3,960,000	4,322,165	8,282,165
2022 - 2026	5,015,000	3,235,069	8,250,069
2027 - 2031	6,350,000	1,869,837	8,219,837
2032 - 2034	<u>4,580,000</u>	<u>333,213</u>	<u>4,913,213</u>
	<u>\$ 22,555,000</u>	<u>\$ 14,284,314</u>	<u>\$ 36,839,314</u>

(\*) Payment was made in September 2011 for principal and interest due on October 1, 2011.

TOWN OF JUPITER, FLORIDA  
NOTES TO FINANCIAL STATEMENTS

September 30, 2011

NOTE F - LONG-TERM DEBT (Continued)

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:

<u>Year Ending September 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	\$ 630,000	\$ 271,275	\$ 901,275
2013	660,000	250,844	910,844
2014	685,000	230,288	915,288
2015	720,000	208,815	928,815
2016	760,000	186,674	946,674
2017 - 2021	3,695,000	571,628	4,266,628
2022 - 2024	<u>2,015,000</u>	<u>94,465</u>	<u>2,109,465</u>
	<u>\$ 9,165,000</u>	<u>\$ 1,813,989</u>	<u>\$ 10,978,989</u>

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, 2011). 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).

TOWN OF JUPITER, FLORIDA  
NOTES TO FINANCIAL STATEMENTS

September 30, 2011

NOTE F - LONG-TERM DEBT (Continued)

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
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	54,000	153	54,153
2017	54,000	77	54,077
	<u>\$ 324,000</u>	<u>\$ 1,610</u>	<u>\$ 325,610</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 2002 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 \$57,096,150 at September 30, 2011. Principal and interest paid and net revenues of the System for 2011 were \$3,790,143 and \$10,347,823, 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 \$325,610 at September 30, 2011. Principal and interest paid and stormwater utility net revenues for 2011 were \$54,711 and \$1,260,619, respectively.

Defeased Bonds: At September 30, 2011 \$6,065,000 Sales Tax Revenue Bonds - Series 1992; \$6,410,000 Water Revenue Refunding Bonds - Series 1994; and, \$8,535,000 Water Revenue Refunding Bonds - Series 1998 were outstanding and considered defeased.

TOWN OF JUPITER, FLORIDA  
NOTES TO FINANCIAL STATEMENTS

September 30, 2011

NOTE F - LONG-TERM DEBT (Continued)

Annual Maturities: The aggregate maturities for all long-term debt of the Town at September 30, 2011 are as follows:

Year Ending September 30	Principal	Interest	Total
2012	\$ 2,707,714	\$ 2,201,410	\$ 4,909,124
2013	4,294,000	2,769,284	7,063,284
2014	4,464,000	2,598,274	7,062,274
2015	4,654,000	2,416,835	7,070,835
2016	4,874,000	2,224,052	7,098,052
2017 - 2021	23,484,000	7,801,112	31,285,112
2022 - 2026	11,480,000	3,806,512	15,286,512
2027 - 2031	6,350,000	1,869,837	8,219,837
2032 - 2034	<u>4,580,000</u>	<u>333,213</u>	<u>4,913,213</u>
	<u>\$ 66,887,714</u>	<u>\$ 26,020,529</u>	<u>\$ 92,908,243</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, 2011, the Town incurred total interest charges of \$1,744,238 of which \$1,441,421 was capitalized in the Proprietary Funds.

NOTE G - RESTRICTED ASSETS

Cash and investments held by the Town that are subject to externally imposed restrictions on their withdrawal and use for other than current operations are reported as restricted assets. Net assets are restricted to the extent that restricted assets exceed the respective liabilities payable from restricted assets and any unspent bond proceeds. Restricted investments and the related liabilities and restricted net assets of the governmental funds at September 30, 2011 are summarized as follows:

	Restricted Investments	Liabilities Payable From Restricted Assets	Unspent Debt Proceeds	Restricted Net Assets
<b>Governmental Funds</b>				
General obligation bond proceeds restricted for land acquisition	\$ 1,091,857	\$ -	\$ 1,091,857	\$ -
Special projects-Economic development	<u>1,685,000</u>	<u>-</u>	<u>-</u>	<u>1,685,000</u>
Total Governmental Funds	<u>\$ 2,776,857</u>	<u>\$ -</u>	<u>\$ 1,091,857</u>	<u>\$ 1,685,000</u>

TOWN OF JUPITER, FLORIDA  
NOTES TO FINANCIAL STATEMENTS

September 30, 2011

NOTE G - RESTRICTED ASSETS (Continued)

Restricted investments and the related liabilities and restricted net assets of the enterprise funds at September 30, 2011 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>Enterprise Funds</b>				
Debt Service Reserve Accounts	\$ 1,376,479	\$ -	\$ -	\$ 1,376,479
Connection Fees Account	2,683,676	1,486,368	-	1,197,308
Construction Account	5,168,877	49,610	5,119,267	-
Renewal and Replacement Account	<u>573,791</u>	<u>-</u>	<u>-</u>	<u>573,791</u>
Total Enterprise Funds	<u>\$ 9,802,823</u>	<u>\$ 1,535,978</u>	<u>\$ 5,119,267</u>	<u>\$ 3,147,578</u>

NOTE H - INTERFUND TRANSACTIONS

Interfund receivables and payables at September 30, 2011 are summarized as follows:

<b>Receivable Fund</b>	<b>Payable Fund</b>	<u>Amount</u>
General Fund	Community Redevelopment Fund	\$ 5,817,246
Water System Fund	General Fund	<u>532,175</u>
		<u>\$ 6,349,421</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. Interfund transfer activity for the year ended September 30, 2011 is summarized as follows:

<b>Transfer To</b>	<b>Transfer From</b>	<u>Amount</u>
General Fund	Community Redevelopment Fund	\$ 140,000
General Fund	Nonmajor Governmental Funds	1,900,000
Capital Improvements Fund	General Fund	700,000
Capital Improvements Fund	Water System Fund	26,705
Capital Improvements Fund	Stormwater Fund	1,667
Capital Improvements Fund	Nonmajor Governmental Funds	707,738
Capital Improvements Fund	Nonmajor Enterprise Fund	10,016
Nonmajor Governmental Funds	Capital Improvements Fund	<u>155,798</u>
		<u>\$ 3,641,924</u>

TOWN OF JUPITER, FLORIDA  
NOTES TO FINANCIAL STATEMENTS

September 30, 2011

NOTE H - INTERFUND TRANSACTIONS (Continued)

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.

NOTE I - 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. Membership in the MPORT was comprised of the following at October 1, 2010, the date of the latest actuarial valuation:

Retirees and beneficiaries receiving benefits	39
Vested current employees	101
DROP participants	3
Terminated vested employees not receiving benefits	2
Total	145

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

TOWN OF JUPITER, FLORIDA  
NOTES TO FINANCIAL STATEMENTS

September 30, 2011

NOTE I - EMPLOYEE RETIREMENT PLANS (Continued)

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.

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.

TOWN OF JUPITER, FLORIDA  
NOTES TO FINANCIAL STATEMENTS

September 30, 2011

NOTE I - EMPLOYEE RETIREMENT PLANS (Continued)

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 Asset: The annual pension cost, net pension asset and required contribution for the year ended September 30, 2011, were determined as part of the actuarial valuation of the Plan as of October 1, 2010, 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) of the MPORT based on the most recent actuarial valuation as of October 1, 2010, were as follows:

Annual required contribution	\$ 2,945,799
Interest on net pension obligation	(18,286)
Amortization on net pension obligation	<u>13,774</u>
Annual pension cost	2,941,287
Contributions made	<u>2,945,801</u>
Increase in net pension obligation (asset)	(4,514)
Net pension obligation (asset), beginning of year	<u>(243,816)</u>
 Net pension obligation (asset), end of year	 <u><u>\$ (248,330)</u></u>

Total contributions by the Town to the Plan in 2011 amounted to \$3,176,637, which exceeded the annual required contribution from the Town determined by the actuarial valuation as of October 1, 2010. The total required contribution (Town and State) for 2011 was 39.2% of covered payroll (\$8,105,374), of which the State contribution was 7.7% and the Town's contribution was 31.5% of covered payroll.

Actuarial Assumptions: Significant actuarial assumptions used in the actuarial valuation of the MPORT as of October 1, 2010, were used for funding the MPORT for the fiscal year ended September 30, 2011, and are summarized as follows:

Valuation date	October 1, 2010
Actuarial cost method	Entry Age Normal Method
Amortization method	Level Percent - Closed Amortization
Amortization period	26 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	5.00% - 12.27%
Inflation	4.0%
Cost of living adjustments	None

TOWN OF JUPITER, FLORIDA  
NOTES TO FINANCIAL STATEMENTS

September 30, 2011

NOTE I - EMPLOYEE RETIREMENT PLANS (Continued)

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>	Annual Pension Cost (APC)	Actual Contribution	Percentage of APC Contributed	Net Pension Asset
September 30, 2009	\$ 2,928,133	\$ 2,932,853	100.2%	\$ (239,096)
September 30, 2010	2,941,287	2,945,801	100.2	(243,816)
September 30, 2011	3,137,494	3,141,755	100.1	(248,330)

**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, 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
October 1, 2010	34,393,316	49,402,193	15,008,877	69.6	8,105,374	185.2

**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. That report may be obtained by writing to the Florida Department of Management Services, Division of Retirement, 1317 Winewood Boulevard, Building 8, Tallahassee, Florida 32399-1560, by calling the Division of Retirement at 1-850-488-6491, or on-line at [http://www.dms.myflorida.com/human\\_resource\\_support/retirement](http://www.dms.myflorida.com/human_resource_support/retirement).

Funding Policy: Plan members are required to contribute 3.0% to the System. The Town is required to contribute at an actuarially determined rate which is presently 4.91% of annual covered payroll for employees covered in the regular class, 9.04% for senior management class, and 4.42% 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, 2011, 2010, and 2009, were \$1,376,420, \$1,634,676, and \$1,569,594, respectively, and were equal to the required contributions for each year.

TOWN OF JUPITER, FLORIDA  
NOTES TO FINANCIAL STATEMENTS

September 30, 2011

NOTE J - 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 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, 2011 were based on an actuarial valuation as of September 30, 2011, and are summarized as follows:

Annual required contribution	\$	82,000
Interest on net OPEB obligation		12,000
Adjustment to annual required contribution		<u>(21,000)</u>
Annual OPEB cost		73,000
Employer contributions made		(35,000)
Interest on employer contributions		<u>(1,000)</u>
Increase in net OPEB obligation		37,000
Net OPEB obligation, beginning of year		<u>232,000</u>
 Net OPEB obligation, end of year	 \$	 <u>269,000</u>

TOWN OF JUPITER, FLORIDA  
NOTES TO FINANCIAL STATEMENTS

September 30, 2011

NOTE J - OTHER POSTEMPLOYMENT BENEFITS (Continued)

The Town's annual OPEB cost, employer contribution, the percentage of annual OPEB cost contributed, and the net OPEB obligation for 2011 and the prior two years 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
September 30, 2011	73,000	36,000	49.3	269,000

**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 2011 and the two prior 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
September 30, 2011	-	1,135,000	1,135,000	0.0	22,089,627	5.1

**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 most recent actuarial valuation for the Plan as of September 30, 2011, 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. The investment rate includes 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

TOWN OF JUPITER, FLORIDA  
NOTES TO FINANCIAL STATEMENTS

September 30, 2011

NOTE J - OTHER POSTEMPLOYMENT BENEFITS (Continued)

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 K - FUND DEFICIT

The Community Redevelopment Fund had a deficit fund balance of \$4,257,266 at September 30, 2011. The majority of this amount represents a loan to reimburse the General Fund 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 L - 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, 2011, the remaining commitments on all uncompleted contracts were \$1,835,389. The outstanding contract commitments at September 30, 2011 are summarized as follows:

	Contract Amount	Approved Payments	Retainage Payable	Remaining Contract Commitment
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	4,366,874	2,392,615	175,291	1,798,968
	\$ 6,117,768	\$ 4,014,304	\$ 268,075	\$ 1,835,389

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. At September 30, 2011, the Town had loan guarantees and pledged certificates of deposit totaling approximately \$1,685,000 to financial institution as collateral for outstanding loans under the economic development program and approved loan

TOWN OF JUPITER, FLORIDA  
NOTES TO FINANCIAL STATEMENTS

September 30, 2011

NOTE L - COMMITMENTS AND CONTINGENCIES (Continued)

commitments totaling \$400,000 to two companies that were not yet funded. The outstanding loan guarantees expire from June 2013 through July 2015, 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 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, 2011. The Bonds outstanding at September 30, 2011 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.

**REQUIRED SUPPLEMENTARY INFORMATION**

TOWN OF JUPITER, FLORIDA  
 BUDGETARY COMPARISON SCHEDULE -  
 GENERAL FUND - GAAP BASIS

For the Year Ended September 30, 2011

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Taxes	\$ 23,556,606	\$ 23,556,606	\$ 23,588,969	\$ 32,363
Franchise fees	4,400,000	4,400,000	4,348,334	(51,666)
Licenses and permits	525,850	525,850	675,721	149,871
Intergovernmental revenue	1,800,000	1,964,648	2,146,563	181,915
Charges for services	4,955,550	4,984,141	5,145,932	161,791
Cost allocation	1,108,873	1,108,873	1,086,750	(22,123)
Fines and forfeitures	239,000	255,235	269,358	14,123
Investment earnings	300,000	300,000	379,598	79,598
Donations	1,600	21,600	18,232	(3,368)
Miscellaneous	970,600	987,325	319,658	(667,667)
<b>Total Revenues</b>	37,858,079	38,104,278	37,979,115	(125,163)
<b>Other Financing Sources</b>				
Insurance recoveries	-	-	22,920	22,920
Sale of capital assets	-	-	34,323	34,323
Designated fund balance	311,105	1,294,258	-	(1,294,258)
Transfers	2,040,000	1,845,450	2,040,000	194,550
<b>Total Other Financing Sources</b>	2,351,105	3,139,708	2,097,243	(1,042,465)
<b>Total Revenues and Other Financing Sources</b>	<u>\$ 40,209,184</u>	<u>\$ 41,243,986</u>	<u>\$ 40,076,358</u>	<u>\$ (1,167,628)</u>

(Continued)

TOWN OF JUPITER, FLORIDA

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

For the Year Ended September 30, 2011

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>GENERAL GOVERNMENT</b>				
<b>Town Council</b>				
Personal services	\$ 24,300	\$ 22,800	\$ 13,752	\$ 9,048
Operating expenditures	143,404	144,904	123,198	21,706
Donations	35,000	35,000	21,000	14,000
	<u>202,704</u>	<u>202,704</u>	<u>157,950</u>	<u>44,754</u>
<b>Town Manager</b>				
Personal services	505,606	505,606	505,811	(205)
Operating expenditures	27,700	27,700	22,249	5,451
	<u>533,306</u>	<u>533,306</u>	<u>528,060</u>	<u>5,246</u>
<b>Town Clerk</b>				
Personal services	475,905	475,905	449,729	26,176
Operating expenditures	109,337	75,992	45,066	30,926
	<u>585,242</u>	<u>551,897</u>	<u>494,795</u>	<u>57,102</u>
<b>Neighborhood</b>				
Personal services	256,160	256,160	185,889	70,271
Operating expenditures	100,400	159,776	80,273	79,503
	<u>356,560</u>	<u>415,936</u>	<u>266,162</u>	<u>149,774</u>
<b>External Affairs</b>				
Personal services	206,495	206,495	209,825	(3,330)
Operating expenditures	77,650	77,650	61,265	16,385
	<u>284,145</u>	<u>284,145</u>	<u>271,090</u>	<u>13,055</u>
<b>Finance</b>				
Personal services	837,602	837,602	833,229	4,373
Operating expenditures	77,150	77,150	52,843	24,307
	<u>914,752</u>	<u>914,752</u>	<u>886,072</u>	<u>28,680</u>
<b>Business Registration</b>				
Personal services	390,629	389,769	384,195	5,574
Operating expenditures	34,147	64,432	13,081	51,351
	<u>424,776</u>	<u>454,201</u>	<u>397,276</u>	<u>56,925</u>
<b>Town Attorney</b>				
Operating expenditures	<u>338,250</u>	<u>338,250</u>	<u>327,246</u>	<u>11,004</u>

(Continued)

TOWN OF JUPITER, FLORIDA

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

For the Year Ended September 30, 2011

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Information Systems</b>				
Personal services	\$ 1,240,438	\$ 1,224,948	\$ 1,223,263	\$ 1,685
Operating expenditures	639,059	622,128	515,465	106,663
Capital outlay	98,217	107,828	107,801	27
	<u>1,977,714</u>	<u>1,954,904</u>	<u>1,846,529</u>	<u>108,375</u>
<b>Human Resources</b>				
Personal services	638,977	638,977	648,598	(9,621)
Operating expenditures	177,586	219,459	191,815	27,644
	<u>816,563</u>	<u>858,436</u>	<u>840,413</u>	<u>18,023</u>
<b>Planning and Zoning</b>				
Personal services	1,177,838	1,177,838	1,146,260	31,578
Operating expenditures	38,375	42,375	28,917	13,458
	<u>1,216,213</u>	<u>1,220,213</u>	<u>1,175,177</u>	<u>45,036</u>
<b>Other General Government</b>				
Personal services	53,625	53,625	24,190	29,435
Operating expenditures	6,457,501	6,255,746	5,776,773	478,973
	<u>6,511,126</u>	<u>6,309,371</u>	<u>5,800,963</u>	<u>508,408</u>
<b>Total General Government</b>	<u>14,161,351</u>	<u>14,038,115</u>	<u>12,991,733</u>	<u>1,046,382</u>
<b>PUBLIC SAFETY</b>				
<b>Code Compliance</b>				
Personal services	473,921	473,921	489,657	(15,736)
Operating expenditures	69,620	69,620	42,595	27,025
	<u>543,541</u>	<u>543,541</u>	<u>532,252</u>	<u>11,289</u>

(Continued)

TOWN OF JUPITER, FLORIDA

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

For the Year Ended September 30, 2011

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>PUBLIC SAFETY</b>				
<b>Police</b>				
Personal services	\$ 16,868,720	\$ 17,104,695	\$ 16,737,487	\$ 367,208
Operating expenditures	1,205,412	1,557,527	2,150,060	(592,533)
Capital outlay	-	528,148	526,443	1,705
Debt service	345,041	345,041	115,966	229,075
	<u>18,419,173</u>	<u>19,535,411</u>	<u>19,529,956</u>	<u>5,455</u>
<b>Total Public Safety</b>	<u>18,962,714</u>	<u>20,078,952</u>	<u>20,062,208</u>	<u>16,744</u>
<b>ENGINEERING AND PUBLIC WORKS</b>				
<b>Engineering</b>				
Personal services	1,026,478	1,026,478	1,011,833	14,645
Operating expenditures	54,050	55,250	40,686	14,564
	<u>1,080,528</u>	<u>1,081,728</u>	<u>1,052,519</u>	<u>29,209</u>
<b>Public Works</b>				
Personal services	2,524,741	2,515,741	2,472,742	42,999
Operating expenditures	1,472,440	1,502,796	1,421,655	81,141
Capital outlay	18,000	17,244	12,744	4,500
	<u>4,015,181</u>	<u>4,035,781</u>	<u>3,907,141</u>	<u>128,640</u>
<b>Total Engineering and Public Works</b>	<u>5,095,709</u>	<u>5,117,509</u>	<u>4,959,660</u>	<u>157,849</u>
<b>CULTURE AND RECREATION</b>				
<b>Parks and Recreation</b>				
Personal services	1,210,860	1,210,860	1,077,329	133,531
Operating expenditures	778,550	798,550	785,009	13,541
<b>Total Culture and Recreation</b>	<u>1,989,410</u>	<u>2,009,410</u>	<u>1,862,338</u>	<u>147,072</u>
<b>Total Expenditures</b>	40,209,184	41,243,986	39,875,939	1,368,047
<b>Other Financing Uses</b>				
Transfers out	-	700,000	700,000	-
<b>Total Expenditures and Other Financing Uses</b>	<u>40,209,184</u>	<u>41,943,986</u>	<u>40,575,939</u>	<u>1,368,047</u>
<b>Net Change in Fund Balance</b>	<u>\$ -</u>	<u>\$ (700,000)</u>	<u>\$ (499,581)</u>	<u>\$ 200,419</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, 2011

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Taxes	\$ 732,949	\$ 732,949	\$ 738,791	\$ 5,842
Charges for services	-	-	7,400	7,400
Investment earnings	10,000	10,000	2,391	(7,609)
Miscellaneous	3,138,114	7,797,421	208,880	(7,588,541)
Total Revenues	3,881,063	8,540,370	957,462	(7,582,908)
<b>EXPENDITURES</b>				
General government				
Personal services	181,033	181,033	181,023	10
Operating expenditures	332,512	335,218	131,144	204,074
Capital outlay	2,685,018	7,343,300	610,067	6,733,233
Interest and fiscal charges	182,500	182,500	182,500	-
Total Expenditures	3,381,063	8,042,051	1,104,734	6,937,317
Revenues Over (Under) Expenditures	500,000	498,319	(147,272)	(645,591)
<b>OTHER FINANCING USES</b>				
Transfers out	(500,000)	(500,000)	(140,000)	360,000
Revenues Over (Under) Expenditures and Other Financing Uses	\$ -	\$ (1,681)	\$ (287,272)	\$ (285,591)

See notes to budgetary comparison schedules.

TOWN OF JUPITER, FLORIDA

NOTES TO BUDGETARY COMPARISON SCHEDULES

SEPTEMBER 30, 2011

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, 2011, supplemental budget appropriations of approximately \$1,034,000 for the General Fund and \$4,661,000 for the Community Redevelopment Fund were approved by the Town Council during the year. Total expenditures may not legally exceed total fund 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, 2011, the Town had commitments related to unperformed contracts, which have been re-appropriated in the 2011-2012 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).

*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, 2011

	Special Revenue			
	Road Impact Fee Fund	Recreation Impact Fee Fund	Police Impact Fee Fund	Juvenile First Offender Fund
<b>ASSETS</b>				
Cash and cash equivalents	\$ 446,096	\$ 344,681	\$ 68,826	\$ 3,332
Investments	716,179	167,558	19,084	-
Total Assets	<u>\$ 1,162,275</u>	<u>\$ 512,239</u>	<u>\$ 87,910</u>	<u>\$ 3,332</u>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>LIABILITIES</b>				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCES</b>				
Restricted for:				
Debt service	-	-	-	-
Capital projects	1,162,275	512,239	-	-
Law enforcement	-	-	87,910	3,332
Special projects	-	-	-	-
Total Fund Balances	<u>1,162,275</u>	<u>512,239</u>	<u>87,910</u>	<u>3,332</u>
Total Liabilities and Fund Balances	<u>\$ 1,162,275</u>	<u>\$ 512,239</u>	<u>\$ 87,910</u>	<u>\$ 3,332</u>

Special Revenue		Debt Service		Total Nonmajor Governmental Funds
Law Enforcement Fund	Maplewood Park Development Fund	Sales Tax Revenue Bond Debt Service Fund	Community Center Debt Service Fund	
\$ 372,083	\$ 3,897	\$ 642,632	\$ 93,103	\$ 1,974,650
<u>1,582</u>	<u>710</u>	<u>99,045</u>	<u>182,095</u>	<u>1,186,253</u>
<u>\$ 373,665</u>	<u>\$ 4,607</u>	<u>\$ 741,677</u>	<u>\$ 275,198</u>	<u>\$ 3,160,903</u>
\$ 1,503	\$ -	\$ -	\$ -	\$ 1,503
<u>1,503</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,503</u>
-	-	741,677	275,198	1,016,875
-	-	-	-	1,674,514
372,162	-	-	-	463,404
<u>-</u>	<u>4,607</u>	<u>-</u>	<u>-</u>	<u>4,607</u>
<u>372,162</u>	<u>4,607</u>	<u>741,677</u>	<u>275,198</u>	<u>3,159,400</u>
<u>\$ 373,665</u>	<u>\$ 4,607</u>	<u>\$ 741,677</u>	<u>\$ 275,198</u>	<u>\$ 3,160,903</u>

TOWN OF JUPITER, FLORIDA

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

For the Year Ended September 30, 2011

	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	210,288	230,934	17,252	-	-	-
Intergovernmental	-	-	-	225	-	107,746
Investment earnings	17,550	5,174	590	-	8	-
Miscellaneous	-	-	-	-	509	-
Total Revenues	<u>227,838</u>	<u>236,108</u>	<u>17,842</u>	<u>225</u>	<u>517</u>	<u>107,746</u>
<b>EXPENDITURES</b>						
Current						
General government	-	-	-	-	-	92,417
Public safety	-	-	-	225	-	-
Capital outlay	-	-	-	-	-	15,329
Debt service						
Principal	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>225</u>	<u>-</u>	<u>107,746</u>
Revenues Over (Under) Expenditures	227,838	236,108	17,842	-	517	-
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	-	155,798	-	-	-	-
Transfers out	(96,000)	(611,738)	-	-	-	-
Total Other Financing Uses	<u>(96,000)</u>	<u>(455,940)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	131,838	(219,832)	17,842	-	517	-
Fund balances at beginning of year	<u>1,030,437</u>	<u>732,071</u>	<u>70,068</u>	<u>-</u>	<u>2,815</u>	<u>-</u>
Fund balances at end of year	<u>\$ 1,162,275</u>	<u>\$ 512,239</u>	<u>\$ 87,910</u>	<u>\$ -</u>	<u>\$ 3,332</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	
\$ -	\$ -	\$ -	\$ -	\$ 2,159,863	\$ 2,159,863
-	-	-	-	-	458,474
-	-	-	3,224,952	-	3,332,923
432	-	27	2,475	3,240	29,496
354,348	-	100	-	-	354,957
<u>354,780</u>	<u>-</u>	<u>127</u>	<u>3,227,427</u>	<u>2,163,103</u>	<u>6,335,713</u>
-	-	-	-	-	92,417
-	889	-	-	-	1,114
93,158	-	-	-	-	108,487
-	-	-	690,000	1,235,000	1,925,000
-	-	-	393,757	914,611	1,308,368
<u>93,158</u>	<u>889</u>	<u>-</u>	<u>1,083,757</u>	<u>2,149,611</u>	<u>3,435,386</u>
261,622	(889)	127	2,143,670	13,492	2,900,327
-	-	-	-	-	155,798
-	-	-	(1,900,000)	-	(2,607,738)
-	-	-	(1,900,000)	-	(2,451,940)
261,622	(889)	127	243,670	13,492	448,387
110,540	889	4,480	498,007	261,706	2,711,013
<u>\$ 372,162</u>	<u>\$ -</u>	<u>\$ 4,607</u>	<u>\$ 741,677</u>	<u>\$ 275,198</u>	<u>\$ 3,159,400</u>

## **BUDGETARY COMPARISON SCHEDULES**

TOWN OF JUPITER, FLORIDA

BUDGETARY COMPARISON SCHEDULE -  
SALES TAX REVENUE BOND DEBT SERVICE FUND

For the Year Ended September 30, 2011

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Intergovernmental	\$ 3,000,000	\$ 3,000,000	\$ 3,224,952	\$ 224,952
Investment earnings	5,750	5,750	2,475	(3,275)
Total Revenues	<u>3,005,750</u>	<u>3,005,750</u>	<u>3,227,427</u>	<u>221,677</u>
<b>EXPENDITURES</b>				
Principal retirement	690,000	690,000	690,000	-
Interest and fiscal charges	394,177	394,177	393,757	420
Contingency	21,573	21,573	-	21,573
Total Expenditures	<u>1,105,750</u>	<u>1,105,750</u>	<u>1,083,757</u>	<u>21,993</u>
Revenues Over Expenditures	1,900,000	1,900,000	2,143,670	243,670
<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>\$ 243,670</u>	<u>\$ 243,670</u>

TOWN OF JUPITER, FLORIDA

BUDGETARY COMPARISON SCHEDULE -  
COMMUNITY CENTER DEBT SERVICE FUND

For the Year Ended September 30, 2011

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Taxes	\$ 2,145,953	\$ 2,145,953	\$ 2,159,863	\$ 13,910
Investment earnings	4,000	4,000	3,240	(760)
Total Revenues	<u>2,149,953</u>	<u>2,149,953</u>	<u>2,163,103</u>	<u>13,150</u>
<b>EXPENDITURES</b>				
Principal retirement	1,235,000	1,235,000	1,235,000	-
Interest and fiscal charges	914,953	914,953	914,611	342
Total Expenditures	<u>2,149,953</u>	<u>2,149,953</u>	<u>2,149,611</u>	<u>342</u>
Revenues Over Expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 13,492</u>	<u>\$ 13,492</u>

TOWN OF JUPITER, FLORIDA

BUDGETARY COMPARISON SCHEDULE -  
CAPITAL IMPROVEMENTS FUND

For the Year Ended September 30, 2011

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Taxes	\$ 1,250,899	\$ 1,250,899	\$ 1,239,573	\$ (11,326)
Intergovernmental	2,114,000	3,073,593	181,645	(2,891,948)
Fines and forfeitures	350,000	450,000	-	(450,000)
Investment earnings	-	-	18,496	18,496
Donations	550,000	1,838,528	-	(1,838,528)
Miscellaneous	-	426,324	499,832	73,508
Designation from fund balance	898,418	15,091,771	-	(15,091,771)
Total Revenues	5,163,317	22,131,115	1,939,546	(20,191,569)
<b>EXPENDITURES</b>				
<b>General Government</b>				
<b>Town Council</b>				
Aid to private organizations	-	50,000	-	50,000
Contingency	-	3,077,055	-	3,077,055
	-	3,127,055	-	3,127,055
<b>Other General Government</b>				
Capital outlay	4,060,000	14,544,784	8,426,258	6,118,526
	4,060,000	14,544,784	8,426,258	6,118,526
<b>Engineering and Public Works</b>				
Operating expenditures	820,000	1,365,743	364,243	1,001,500
Capital outlay	145,000	2,437,047	719,372	1,717,675
	965,000	3,802,790	1,083,615	2,719,175
<b>Culture and Recreation</b>				
Operating expenditures	180,800	232,688	202,068	30,620
Capital outlay	175,000	547,221	401,322	145,899
	355,800	779,909	603,390	176,519
Total Expenditures	5,380,800	22,254,538	10,113,263	12,141,275
Revenues Over (Under) Expenditures	(217,483)	(123,423)	(8,173,717)	(8,050,294)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	884,388	1,446,126	1,446,126	-
Transfers out	-	(155,798)	(155,798)	-
	884,388	1,290,328	1,290,328	-
Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	\$ 666,905	\$ 1,166,905	\$ (6,883,389)	\$ (8,050,294)

## **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 Eight Fiscal Years  
Accrual Basis of Accounting

TABLE 1

	Fiscal Year							
	2004	2005	2006	2007	2008	2009	2010	2011
<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	\$ 62,008,335
Restricted	4,180,853	2,373,819	4,738,207	3,404,901	3,299,313	6,994,602	3,889,822	3,848,303
Unrestricted	14,234,521	19,780,034	16,640,910	27,659,125	29,199,631	24,642,751	31,551,511	28,667,394
<b>Total governmental activities net assets</b>	<b>\$ 44,140,780</b>	<b>\$ 50,008,424</b>	<b>\$ 59,710,321</b>	<b>\$ 74,030,117</b>	<b>\$ 83,098,883</b>	<b>\$ 87,490,198</b>	<b>\$ 91,901,499</b>	<b>\$ 94,524,032</b>
<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	\$ 172,379,676
Restricted	9,652,612	9,283,546	10,205,368	11,264,500	4,938,862	8,903,665	5,034,126	3,147,578
Unrestricted	43,686,923	50,360,148	57,064,251	56,702,705	55,878,064	32,584,898	34,403,274	37,763,056
<b>Total business-type activities net assets</b>	<b>\$ 95,562,764</b>	<b>\$ 102,058,914</b>	<b>\$ 111,563,101</b>	<b>\$ 176,129,545</b>	<b>\$ 202,787,443</b>	<b>\$ 204,599,207</b>	<b>\$ 208,493,509</b>	<b>\$ 213,290,310</b>
<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	\$ 234,388,011
Restricted	13,833,465	11,657,365	14,943,575	14,669,401	8,238,175	15,898,267	8,923,948	6,995,881
Unrestricted	57,921,444	70,140,182	73,705,161	84,361,830	85,077,695	57,227,649	65,954,785	66,430,450
<b>Total primary government net assets</b>	<b>\$ 139,703,544</b>	<b>\$ 152,067,338</b>	<b>\$ 171,273,422</b>	<b>\$ 250,159,662</b>	<b>\$ 285,886,326</b>	<b>\$ 292,089,405</b>	<b>\$ 300,395,008</b>	<b>\$ 307,814,342</b>

Information prior to fiscal year 2004 is not available

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

	Fiscal Year							
	2004	2005	2006	2007	2008	2009	2010	2011
<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	\$ 14,323,669
Public safety	13,372,340	14,046,805	16,149,448	16,731,886	18,147,797	18,486,726	18,954,687	19,673,761
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	6,528,027
Culture and recreation	3,932,765	4,237,218	4,501,017	4,949,779	5,228,172	4,821,268	4,758,188	2,652,672
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	1,500,093
<b>Total governmental activities expenses</b>	<u>33,819,226</u>	<u>42,964,188</u>	<u>41,210,904</u>	<u>43,154,827</u>	<u>45,237,946</u>	<u>45,406,943</u>	<u>44,800,873</u>	<u>44,678,222</u>
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	20,990,063
Stormwater	1,469,587	1,285,287	1,487,843	1,643,878	1,615,971	3,508,053	2,442,584	2,098,838
Building	3,279,871	3,745,764	4,226,029	4,141,495	4,120,508	1,595,607	1,705,144	1,813,180
<b>Total business-type activities expenses</b>	<u>18,273,624</u>	<u>19,677,463</u>	<u>22,425,493</u>	<u>24,918,757</u>	<u>24,032,509</u>	<u>24,177,448</u>	<u>23,543,845</u>	<u>24,902,081</u>
<b>Total primary government expenses</b>	<u>\$ 52,092,850</u>	<u>\$ 62,641,651</u>	<u>\$ 63,636,397</u>	<u>\$ 68,073,584</u>	<u>\$ 69,270,455</u>	<u>\$ 69,584,391</u>	<u>\$ 68,344,718</u>	<u>\$ 69,580,303</u>
<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	\$ 1,809,671
Public safety	505,473	415,958	287,212	328,739	407,682	495,734	458,345	439,169
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	3,903,793
Culture and recreation	668,866	849,193	928,904	1,092,519	1,398,494	1,046,308	1,065,101	1,153,067
Operating contributions and grants:								
General government	611,041	8,619,299	2,058,310	258,545	261,519	528,545	391,624	492,366
Public safety	400,924	513,506	1,675,355	929,931	801,600	1,792,267	724,085	1,124,759
Engineering and public works	919,493	-	-	483,282	123,908	66,270	1,037,859	564,822
Culture and recreation	-	-	250	1,750	107,984	1,252	1,600	850
Capital contributions and grants:								
General government	22,660	171,826	1,427,694	3,055,523	-	-	37,744	28,692
Public safety	127,851	104,259	80,307	25,594	26,533	14,611	47,604	96,531
Engineering and public works	900,540	880,619	1,281,634	1,101,957	2,777,552	211,386	252,033	407,317
Culture and recreation	824,502	1,084,124	506,773	2,246,989	1,527,418	231,106	573,311	405,680
<b>Total governmental activities program revenues</b>	<u>8,616,009</u>	<u>16,319,033</u>	<u>12,181,466</u>	<u>13,842,190</u>	<u>12,285,643</u>	<u>10,087,476</u>	<u>10,116,126</u>	<u>10,426,717</u>
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	21,417,375
Stormwater	1,837,063	1,857,169	1,953,393	2,034,160	2,168,975	2,197,749	2,690,966	2,846,776
Building	3,261,620	4,051,018	3,353,980	2,394,234	3,093,660	2,199,206	2,228,147	2,372,383
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	2,778,957
<b>Total business-type activities program revenues</b>	<u>24,064,219</u>	<u>25,500,638</u>	<u>29,672,417</u>	<u>32,516,117</u>	<u>33,279,305</u>	<u>25,839,836</u>	<u>27,391,819</u>	<u>29,415,491</u>
<b>Total primary government program revenues</b>	<u>\$ 32,680,228</u>	<u>\$ 41,819,671</u>	<u>\$ 41,853,883</u>	<u>\$ 46,358,307</u>	<u>\$ 45,564,948</u>	<u>\$ 35,927,312</u>	<u>\$ 37,507,945</u>	<u>\$ 39,842,208</u>

TABLE 2

	Fiscal Year							
	2004	2005	2006	2007	2008	2009	2010	2011
<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)	\$ (34,251,505)
Business-type activities	5,790,595	5,823,175	7,246,924	7,597,360	9,246,796	1,662,388	3,847,974	4,513,410
<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>	<u>\$ (29,738,095)</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	\$ 19,904,132
Franchise fees	2,939,662	3,277,836	3,988,849	3,553,452	4,776,445	4,715,332	4,479,142	4,348,334
Public service taxes	2,646,147	3,022,429	3,244,311	4,029,560	3,182,084	3,337,851	3,612,409	3,678,961
Communications services taxes	2,684,471	2,760,079	2,868,015	2,978,156	3,055,157	3,697,912	3,246,760	3,070,359
Sales taxes	3,213,758	3,403,193	3,651,102	3,601,718	3,482,757	3,077,029	3,064,115	3,224,952
Gas taxes	947,193	1,041,816	1,129,143	1,086,857	1,039,154	990,923	986,051	1,073,744
Intergovernmental, unrestricted	1,266,461	1,469,757	587,889	1,237,424	1,155,681	991,315	1,023,881	1,077,577
Investment earnings	361,422	307,771	2,013,212	2,557,537	1,153,427	31,685	706,744	429,981
Other	-	-	-	42,047	-	-	-	27,610
Transfers	963,010	1,156,524	1,256,771	1,034,594	1,344,529	118,250	518,013	38,388
<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>	<u>36,874,038</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	321,779
Transfers	(963,010)	(1,156,524)	(1,256,771)	(1,034,594)	(1,344,529)	(118,250)	(518,013)	(38,388)
<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>	<u>283,391</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>	<u>\$ 37,157,429</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	\$ 2,622,533
Business-type activities	6,312,936	6,496,150	9,504,187	11,070,844	9,850,985	1,811,764	3,894,302	4,796,801
<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>	<u>\$ 7,419,334</u>

Information prior to fiscal year 2004 is not available

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

TABLE 3

<b>Fiscal Year</b>	<b>Property Taxes</b>	<b>Franchise Fees</b>	<b>Public Service Taxes</b>	<b>Communi- cations Services Taxes</b>	<b>Sales Taxes</b>	<b>Gas Taxes</b>	<b>Total</b>
<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
<b>2011</b>	19,904,132	4,348,334	3,678,961	3,070,359	3,224,952	1,073,744	35,300,482

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			
	2002	2003	2004	2005
<b>General Fund</b>				
Reserved	\$ 104,560	\$ 108,369	\$ 121,816	\$ 2,970,011
Unreserved				
Designated for subsequent year's budget	-	-	-	-
Undesignated	7,365,547	8,614,206	8,186,685	7,194,624
Nonspendable:				
Inventory	-	-	-	-
Prepaid items	-	-	-	-
Advance due from other fund	-	-	-	-
Note receivable	-	-	-	-
Restricted for:				
Law enforcement	-	-	-	-
Special projects	-	-	-	-
Assigned to:				
Subsequent year's budget	-	-	-	-
Unassigned	-	-	-	-
<b>Total General Fund</b>	<u>\$ 7,470,107</u>	<u>\$ 8,722,575</u>	<u>\$ 8,308,501</u>	<u>\$ 10,164,635</u>
<b>All other governmental funds</b>				
Reserved	\$ 702,212	\$ 695,055	\$ 891,338	\$ 12,080,484
Unreserved				
Designated for subsequent year's budget	4,814,849	5,454,346	5,129,888	5,467,999
Undesignated (deficit), reported in:				
Special revenue funds	3,011,808	(384,066)	(862,947)	(619,040)
Capital projects fund	923,210	1,227,392	1,876,123	3,223,098
Debt service funds	1,589,503	2,331,469	3,043,631	3,499,130
Nonspendable:				
Prepaid items	-	-	-	-
Note receivable	-	-	-	-
Restricted for:				
Debt service	-	-	-	-
Capital projects	-	-	-	-
Law enforcement	-	-	-	-
Special projects	-	-	-	-
Assigned to:				
Capital projects	-	-	-	-
Unassigned Special Revenue Funds (deficit)	-	-	-	-
<b>Total all other governmental funds</b>	<u>\$ 11,041,582</u>	<u>\$ 9,324,196</u>	<u>\$ 10,078,033</u>	<u>\$ 23,651,671</u>

Note: GASB Statement No. 54 was adopted for 2011 resulting in reclassification of the Governmental Funds fund balances.

TABLE 4

Fiscal Year						
2006	2007	2008	2009	2010	2011	
\$ 3,189,594	\$ 3,309,636	\$ 3,081,360	\$ 4,305,920	\$ 8,544,901	\$ -	
-	-	-	-	1,071,105	-	
5,348,814	10,221,918	13,283,983	14,617,020	14,582,473	-	
-	-	-	-	-	-	74,900
-	-	-	-	-	-	96,754
-	-	-	-	-	-	5,817,246
-	-	-	-	-	-	350,000
-	-	-	-	-	-	95,760
-	-	-	-	-	-	1,685,000
-	-	-	-	-	-	389,963
-	-	-	-	-	-	15,189,275
<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>	<u>\$ 23,698,898</u>	
\$ 10,636,873	\$ 16,215,408	\$ 7,955,537	\$ 7,062,834	\$ 7,928,057	\$ -	
5,049,860	917,547	353,350	114,576	-	-	
2,923,176	(867,202)	(101,569)	(179,513)	(3,968,849)	-	
-	9,467,459	11,361,738	13,273,299	15,044,109	-	
4,761,992	92,653	96,172	415,208	498,007	-	
-	-	-	-	-	-	295
-	-	-	-	-	-	1,257,125
-	-	-	-	-	-	1,016,875
-	-	-	-	-	-	1,674,514
-	-	-	-	-	-	463,404
-	-	-	-	-	-	4,607
-	-	-	-	-	-	13,876,916
-	-	-	-	-	-	(5,514,686)
<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>	<u>\$ 12,779,050</u>	

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

	Fiscal Year			
	2002	2003	2004	2005
<b>Revenues</b>				
Taxes	\$ 16,072,980	\$ 18,146,815	\$ 20,022,089	\$ 22,897,718
Franchise fees	2,672,536	2,600,915	2,939,662	3,277,836
Licenses and permits	1,735,363	1,977,627	1,768,177	2,235,488
Intergovernmental	6,587,466	4,994,028	6,495,099	13,690,998
Charges for services	3,439,602	3,278,998	3,730,931	3,954,719
Fines and forfeitures	418,542	533,029	493,517	397,795
Investment earnings	639,721	373,036	361,422	307,771
Special assessments	21,047	1,205	2,066	2,560
Donations	6,764	65,967	420,734	50,226
Miscellaneous	943,670	302,956	185,704	860,197
<b>Total revenues</b>	<u>32,537,691</u>	<u>32,274,576</u>	<u>36,419,401</u>	<u>47,675,308</u>
<b>Expenditures</b>				
General government	7,494,194	8,449,685	10,441,817	18,018,587
Public safety	9,855,770	11,444,115	13,247,849	13,749,592
Engineering and public works	2,290,499	2,856,670	3,424,110	3,687,092
Culture and recreation	2,178,766	2,590,803	2,998,344	3,254,441
Capital outlay	15,775,042	6,320,284	4,569,866	8,766,383
Debt service				
Principal	1,330,743	900,000	1,170,000	4,930,000
Interest	1,368,248	1,235,212	1,190,662	1,165,640
Bond issue costs	-	-	-	237,132
<b>Total expenditures</b>	<u>40,293,262</u>	<u>33,796,769</u>	<u>37,042,648</u>	<u>53,808,867</u>
Excess of revenues over (under) expenditures	(7,755,571)	(1,522,193)	(623,247)	(6,133,559)
<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	-	-	-	17,000,000
Discount on bonds issued	-	-	-	(143,193)
Issuance of capital leases	-	-	-	-
Issuance of notes payable	-	-	-	3,550,000
Proceeds from sale of assets	-	-	-	-
Insurance recoveries	-	-	-	-
Transfers in	6,439,385	8,986,529	6,265,873	6,461,055
Transfers out	(5,488,132)	(8,028,564)	(5,302,863)	(5,304,531)
<b>Total other financing sources (uses)</b>	<u>845,979</u>	<u>957,965</u>	<u>963,010</u>	<u>21,563,331</u>
Net change in fund balances	<u>\$ (6,909,592)</u>	<u>\$ (564,228)</u>	<u>\$ 339,763</u>	<u>\$ 15,429,772</u>
Debt service as a percentage of non-capital expenditures	<u>11.01%</u>	<u>7.77%</u>	<u>7.27%</u>	<u>14.06%</u>

TABLE 5

Fiscal Year					
2006	2007	2008	2009	2010	2011
\$ 27,233,512	\$ 31,605,661	\$ 30,108,230	\$ 30,777,171	\$ 29,304,153	\$ 27,727,196
3,988,849	3,553,452	4,776,445	4,715,332	4,479,142	4,348,334
2,013,526	1,150,111	1,074,540	789,633	1,094,680	1,134,195
8,706,371	8,966,522	8,750,671	6,106,837	5,456,965	5,661,131
4,221,509	4,870,921	5,564,771	6,041,646	6,055,850	6,240,082
257,664	279,881	351,550	377,895	327,460	269,358
2,013,212	2,557,537	1,153,427	31,685	706,744	429,981
1,800	-	-	-	-	-
739,888	30,339	3,979	2,875	17,539	18,232
479,699	1,326,190	2,178,570	1,825,569	1,214,337	1,383,327
<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>	<u>47,211,836</u>
12,697,680	12,432,411	13,265,444	14,206,005	13,164,978	13,288,516
15,719,488	16,314,103	17,609,602	17,917,896	18,440,710	19,420,913
4,513,451	5,453,774	5,007,263	4,239,970	4,070,093	5,311,159
3,545,490	3,906,004	4,165,230	3,740,508	3,677,947	2,064,406
13,141,268	5,878,760	15,422,757	3,585,235	2,076,830	10,912,494
2,354,757	2,294,690	2,033,147	2,041,092	2,111,705	2,037,128
1,675,079	1,765,224	1,557,935	1,498,777	1,587,626	1,494,706
-	-	-	-	-	-
<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>	<u>54,529,322</u>
(3,991,183)	6,295,648	(5,099,195)	3,439,160	3,526,981	(7,317,486)
-	-	-	1,770,000	-	-
-	-	-	-	-	-
-	-	-	(1,760,000)	-	-
-	-	-	-	-	-
-	-	-	-	-	-
828,415	-	427,818	-	-	-
-	-	-	-	-	-
-	59,500	-	-	8,174	34,323
-	57,368	-	11,364	37,291	22,920
8,470,447	13,752,663	5,418,470	3,612,125	7,110,943	3,641,924
<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>(3,603,536)</u>
2,085,186	1,151,462	1,772,347	139,614	563,478	95,631
<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>\$ (7,221,855)</u>
<u>9.95%</u>	<u>9.63%</u>	<u>8.23%</u>	<u>8.11%</u>	<u>8.59%</u>	<u>8.10%</u>

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

TABLE 6

<u>Fiscal Year</u>	<u>Property Taxes</u>	<u>Public Service Taxes</u>	<u>Communi- cations Services Taxes</u>	<u>Gas Taxes</u>	<u>Total Taxes</u>	<u>Franchise Fees</u>	<u>Total</u>
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
2011	19,904,132	3,678,961	3,070,359	1,073,744	27,727,196	4,348,334	32,075,530

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

Fiscal Year	Taxes and Franchise Fees	Licenses and Permits	Intergovernmental	Charges for Services	Fines and Forfeitures	Investment Earnings
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
2011	32,075,530	1,134,195	5,661,131	6,240,082	269,358	429,981

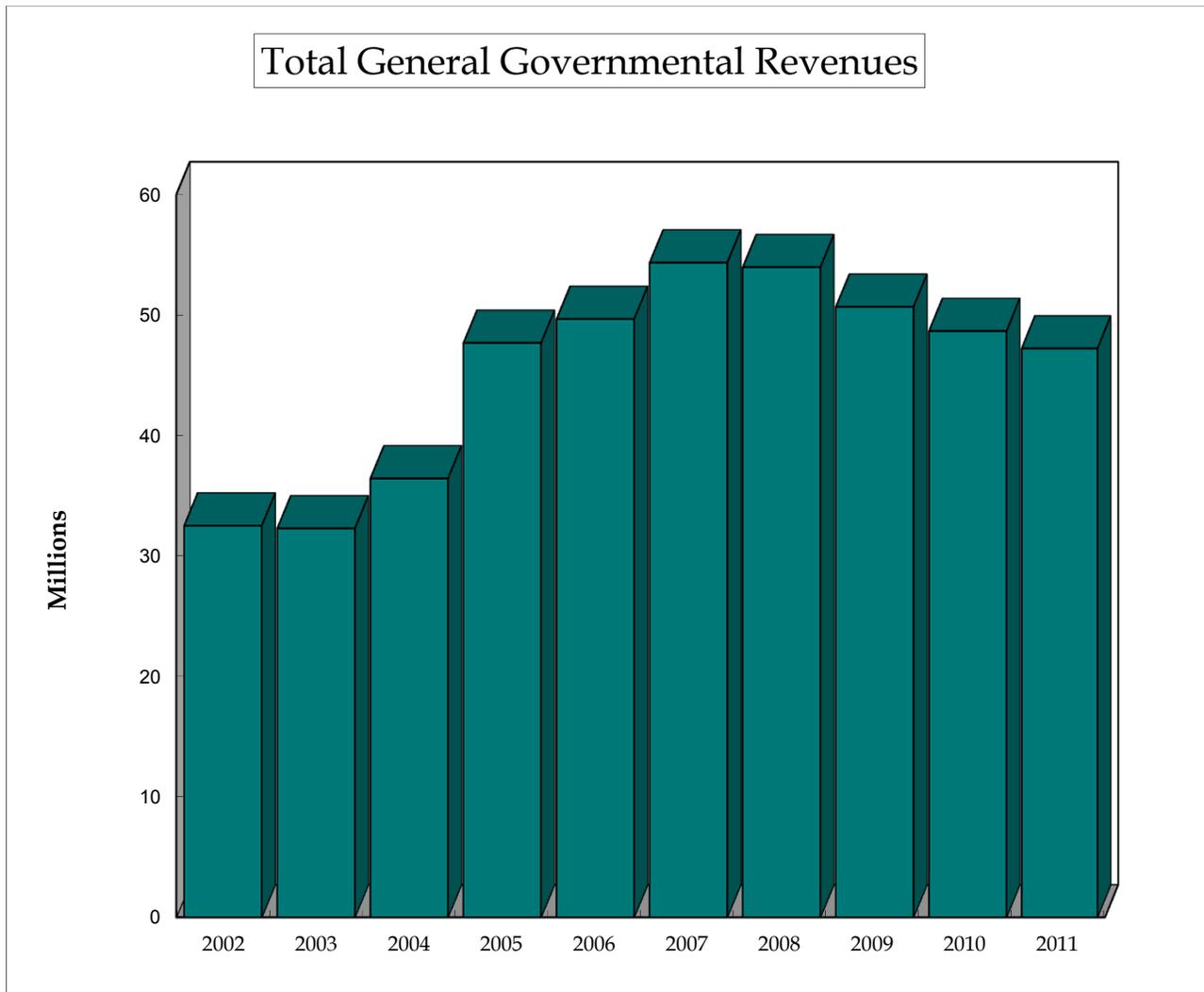


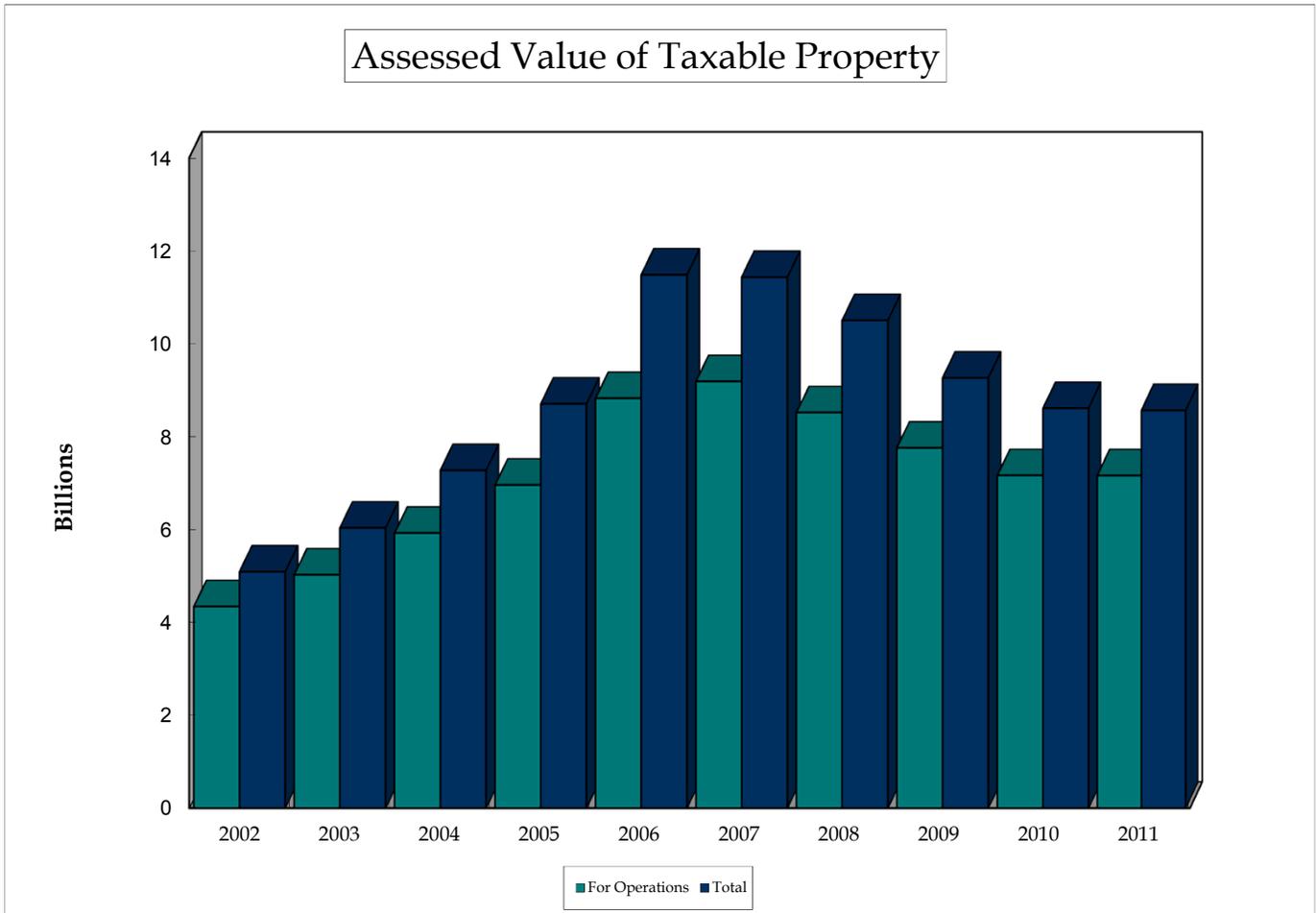
TABLE 7

<u>Special Assessments</u>	<u>Miscellaneous</u>	<u>Total</u>
\$ 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
-	1,401,559	47,211,836

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)
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
2011	8,184,221,022	374,965,850	1,305,738	1,405,491,305	7,155,001,305	2.8300	8,560,492,610

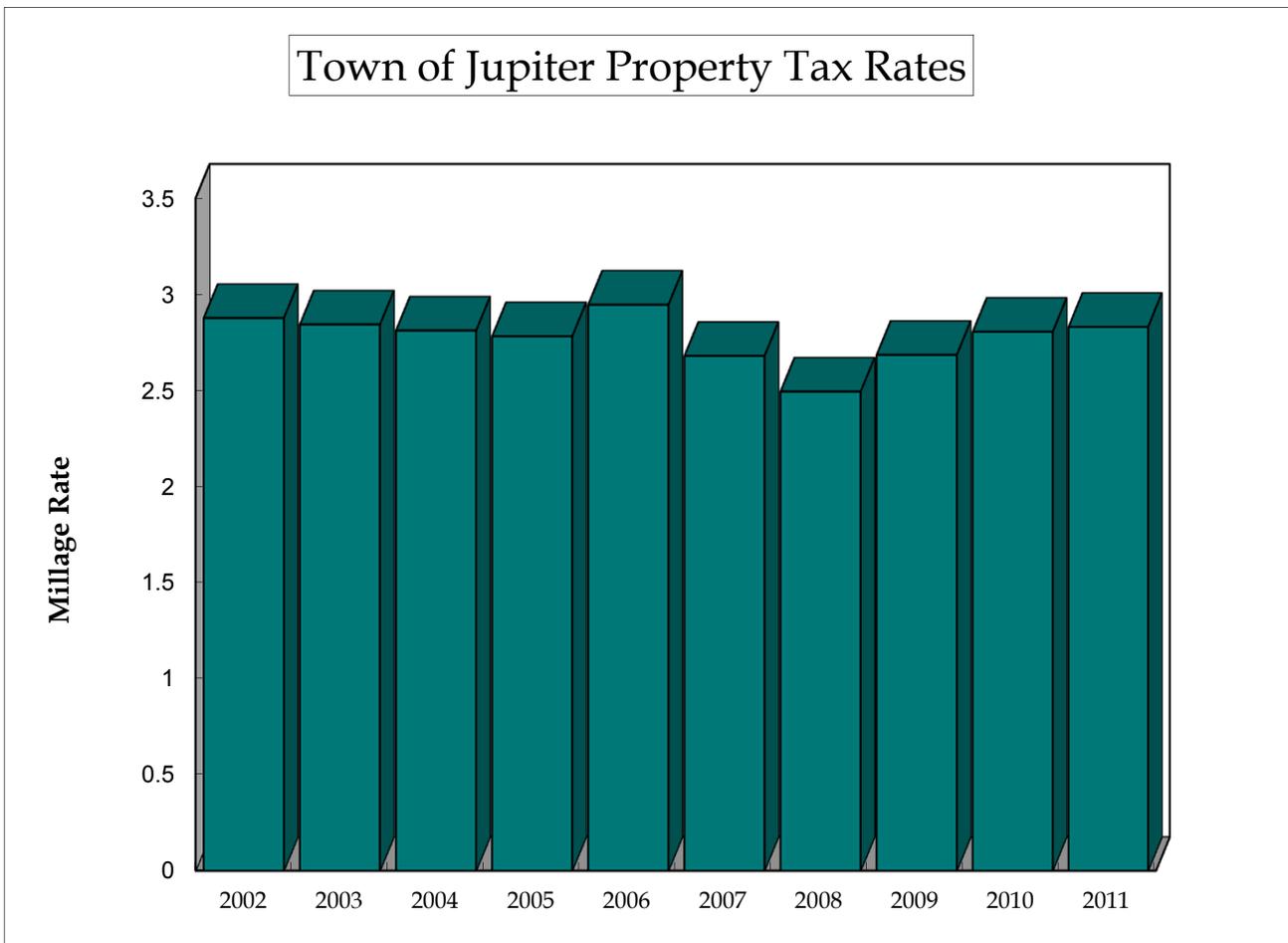


(1) Florida state law requires all property to be assessed at current fair market value.

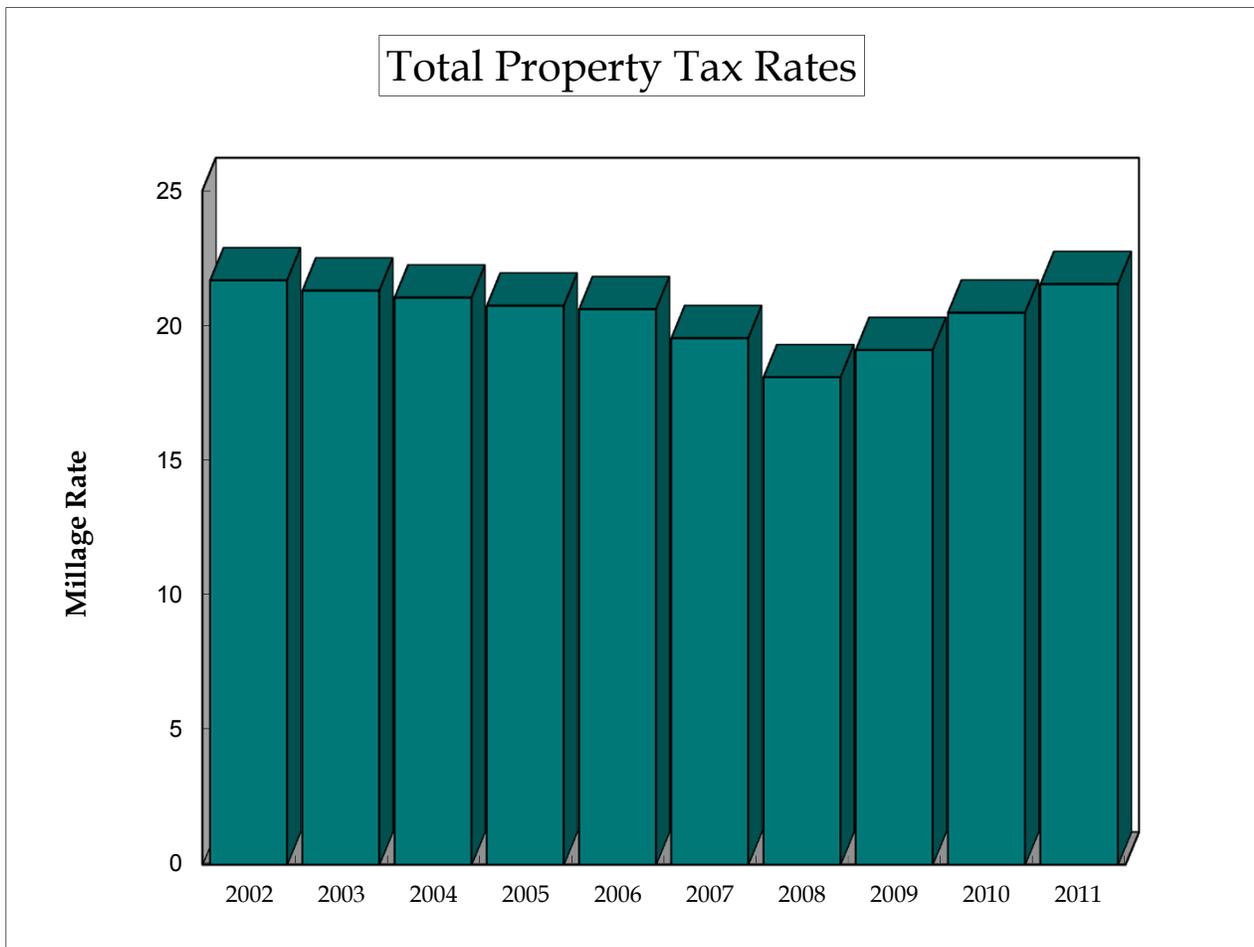
Source: Palm Beach County Property Appraiser

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
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
2011	2.5142	0.3158	2.8300	4.7500	0.2460	4.9960



Overlapping Property Tax Rates -				
Palm Beach County School District			Palm Beach	
Operating Millage	Debt Service	Total School Millage	County Special Districts	Total
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
8.154	-	8.154	5.5471	21.5271



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

	2011		
	<u>Taxable Assessed Valuation</u>	<u>Rank</u>	<u>Percentage of Assessed Value for Operations</u>
Florida Power & Light	\$ 89,934,751	1	1.26%
RBF LLC	52,502,000	2	0.73%
TGM Abacoa LLC	39,234,368	3	0.55%
TGM Floresta LLC	33,429,653	4	0.47%
Holiday Jupiter LLC	20,509,957	5	0.29%
Regency Centers LP	16,796,523	6	0.23%
Donross Associates	11,562,860	7	0.16%
Bears Club Founding Partners, Ltd	9,791,637	8	0.14%
Divosta Homes LP	6,407,149	9	0.09%
Workplace Florida Ltd	4,808,731	10	0.07%
Bears Club Development Co	-	-	-
Town Center I Commercial Ltd	-	-	-
John D & Catherine MacArthur	-	-	-
Regency Centers LP	-	-	-
Bluffs Shopping Center Corp Inc	-	-	-
Riviera Trading & Marketing	-	-	-
Aries Land Acquisition LLC	-	-	-
	<hr/>		<hr/>
Totals	<u>\$ 284,977,629</u>		<u>3.99%</u>

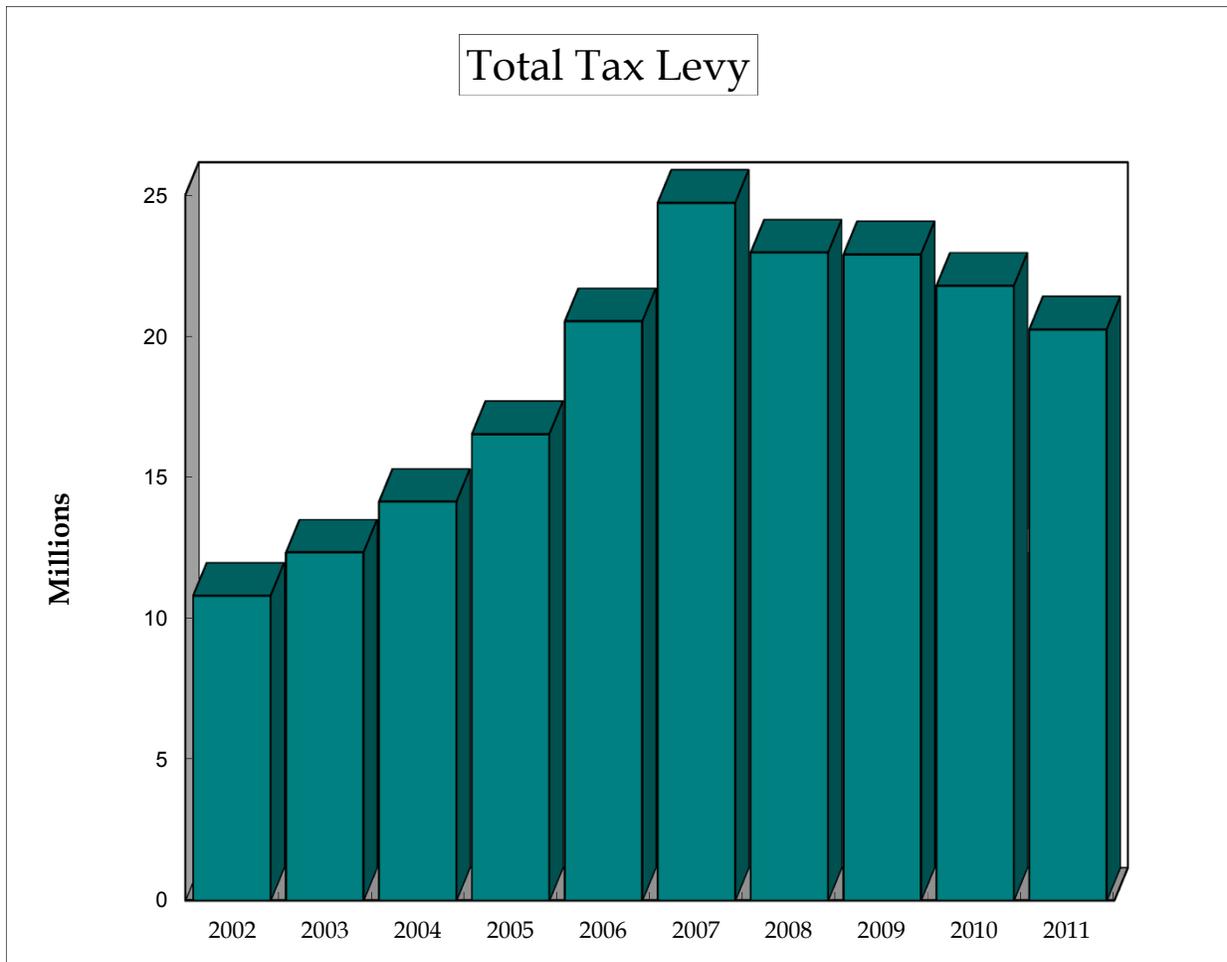
**Source:** Palm Beach County Property Appraiser.

TABLE 10

2002		
<u>Taxable Assessed Valuation</u>	<u>Rank</u>	<u>Percentage of Assessed Value for Operations</u>
\$ -	-	-
24,034,787	1	0.55%
-	-	-
-	-	-
-	-	-
-	-	-
5,857,184	10	0.14%
-	-	-
10,611,872	8	0.24%
23,794,329	2	0.55%
22,650,100	3	0.52%
19,973,500	4	0.46%
14,707,629	5	0.34%
14,000,000	6	0.32%
13,705,175	7	0.32%
6,184,228	9	0.14%
\$ 155,518,804		3.58%

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

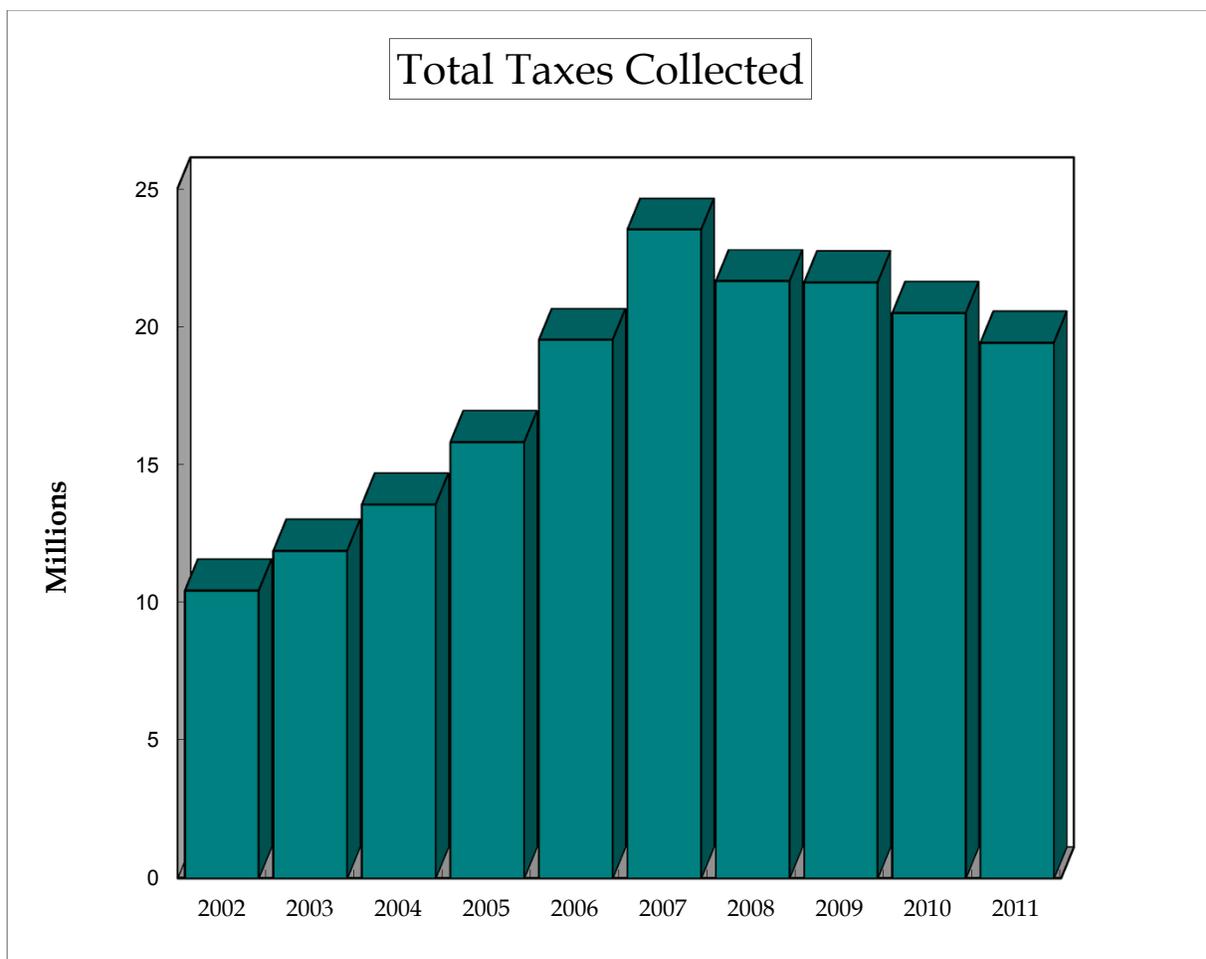
<b>Fiscal Year</b>	<b>Total Tax Levy</b>	<b>Amount of Current Taxes Collected (1)</b>	<b>Percent of Total Tax Levy Collected</b>	<b>Amount of Delinquent Taxes Collected</b>	<b>Total Collected for the Year</b>
2002	\$ 10,807,223	\$ 10,365,604	95.9 %	\$ 61,390	\$ 10,426,994
2003	12,342,172	11,839,433	95.9	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
2011	20,240,381	19,335,797	95.5	76,986	19,412,783



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

TABLE 11

<u>Ratio of Total Taxes Collected to Current Levy</u>	<u>Accumulated Delinquent Taxes</u>	<u>Ratio of Delinquent Taxes to Current Levy</u>
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
95.9	315,827	1.6



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>							
<b>2002</b>	\$ 10,955	0.22	%	\$ 259.01	\$ 12,560	\$ 2,355	\$ -	\$ -		
<b>2003</b>	10,565	0.18		243.52	12,475	1,930	-	-		
<b>2004</b>	10,165	0.14		220.63	12,150	1,485	-	-		
<b>2005</b>	26,750	0.31		554.19	11,605	1,015	50	-		
<b>2006</b>	25,675	0.22		519.89	11,045	520	50	-	604	
<b>2007</b>	24,600	0.22		494.73	10,460	-	-	-	539	
<b>2008</b>	23,485	0.22		471.75	9,850	-	-	-	659	
<b>2009</b>	22,340	0.24		444.36	9,220	-	-	-	403	
<b>2010</b>	21,155	0.25		380.88	8,555	-	-	-	141	
<b>2011</b>	19,920	0.23		358.65	7,865	-	-	-	29	

**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

<b>Business-type Activities</b>				<b>Primary Government</b>			
<b>Total Governmental Activities</b>	<b>Water Revenue Bonds</b>	<b>Stormwater Loan</b>	<b>Total Business-type Activities</b>	<b>Total Primary Government</b>	<b>Percentage of Total Taxable Value <sup>(1)</sup> of Property</b>	<b>Percentage of Personal Income <sup>(2)</sup></b>	<b>Per Capita <sup>(2)</sup></b>
\$ 25,870	\$ 27,709	\$ 810	\$ 28,519	\$ 54,389	1.07 %	104.02 %	\$ 1,285.91
24,970	25,880	756	26,636	51,606	0.86	97.40	1,189.49
23,800	51,145	702	51,847	75,647	1.04	126.82	1,641.93
39,420	49,465	648	50,113	89,533	1.03	140.51	1,854.88
37,894	47,735	594	48,329	86,223	0.75	123.10	1,745.94
35,599	45,950	540	46,490	82,089	0.72	108.60	1,650.89
33,994	44,095	486	44,581	78,575	0.75	101.60	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	1,412.71
27,814	38,750	324	39,074	66,888	0.78	N/A	1,204.28

TOWN OF JUPITER, FLORIDA  
Direct and Overlapping Governmental Activities Debt  
As of September 30, 2011

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>			
Town of Jupiter	\$ 27,785,000	100.00%	\$ 27,785,000
<b>Overlapping Debt:</b>			
<b>Debt repaid with property taxes</b>			
Palm Beach County	226,545,000	6.87%	15,563,642
<b>Other debt</b>			
Palm Beach County <sup>(2)</sup>	884,215,157	6.87%	60,745,581
Palm Beach County School Board <sup>(3)</sup>	1,932,923,000	6.87%	132,791,810
<b>Total Overlapping Debt</b>			209,101,033
<b>Total Direct and Overlapping Debt</b>			\$ 236,886,033
<b>Estimated Population</b>			55,542
<b>Total Direct and Overlapping Debt per Capita</b>			\$ 4,264.99

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

<sup>(2)</sup> Includes Non Ad Valorem Revenue Bonds (\$848,086,272) and Other Notes and Loans (\$36,128,885).

<sup>(3)</sup> Includes Captial Outlay Bonds (\$37,215,000) and Certificates of Participation (\$1,895,708,000).

**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	
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
2011	7,155,001	1,405,491	8,560,493	1,284,074	19,920	1,264,154	1.55

<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>
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	-	-
2011	3,224,952	1,085,243	2.97	4,348,334	-	-

<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.

TABLE 15

<b>Water Revenue Bonds</b>					
<b>Gross Revenue</b> <sup>(1)</sup>	<b>Operating Expense</b> <sup>(2)</sup>	<b>Net Revenue Available for Debt Service</b>		<b>Debt Service</b> <sup>(3)</sup>	<b>Coverage</b> <sup>(4)</sup>
\$ 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
21,942,429	11,594,606	10,347,823	3,788,527		2.73

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 millions)</u>	<u>Per Capita Personal Income<sup>(2)</sup></u>	<u>Unemployment Rate<sup>(3)</sup></u>	<u>School Enrollment<sup>(4)</sup></u>
2002	42,296	\$ 52,288	\$ 44,041	6.2%	7,922
2003	43,385	52,981	43,261	5.9%	8,792
2004	46,072	59,651	44,518	5.5%	9,530
2005	48,269	63,718	50,371	4.1%	9,681
2006	49,385	70,044	54,086	3.7%	9,589
2007	49,724	75,586	59,147	4.8%	9,589
2008	49,783	77,339	60,909	7.6%	9,464
2009	50,275	73,547	57,461	11.4%	9,558
2010	55,156	N/A	N/A	11.7%	9,610
2011	55,542	N/A	N/A	10.3%	9,588

**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	2011 <sup>(1)</sup>			2002 <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	21,495	1	N/A	-	-	-
Palm Beach County	11,381	2	N/A	-	-	-
Tenet Healthcare Corp.	6,100	3	N/A	-	-	-
Florida Power & Light (Headquarters)	3,632	4	N/A	2,800	1	N/A
G4S (Headquarters)	3,000	5	N/A	-	-	-
Hospital Corporation of America	2,714	6	N/A	-	-	-
Florida Atlantic University	2,706	7	N/A	-	-	-
Bethesda Memorial Hospital	2,391	8	N/A	-	-	-
Office Depot (Headquarters)	2,250	9	N/A	1,500	4	N/A
Boca Raton Regional Hospital	2,250	10	N/A	-	-	-
Boca Raton Resort & Club	-	-	-	2,380	2	N/A
Applied Card Systems	-	-	-	1,800	3	N/A
The Breakers	-	-	-	1,500	5	N/A
Siemens Companies	-	-	-	1,500	6	N/A
Palm Beach Newspapers	-	-	-	1,350	7	N/A
Rexall Sundown	-	-	-	1,350	8	N/A
Pratt & Whitney	-	-	-	1,300	9	N/A
BellSouth	-	-	-	1,200	10	N/A
<b>Totals</b>	<u>57,919</u>		<u>N/A</u>	<u>16,680</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									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
<b>General Government</b>										
Town Manager	5	5	5	5	5	3	3	3.5	3.5	3.5
Town Clerk	7	7	8	8	8	7	7	6.25	6	6
Finance	12	12	12	12	11	11	11	10	9	9
Human Resources	6	6	6	6	7	7	7	6.5	6.5	6
Information Systems	11	11	12	13	14	15	15	14	13	13
Neighborhoods	-	-	-	-	2	2.5	3	2.75	2.75	3.25
External Affairs	-	-	-	-	4	3.5	3.5	2.5	2.5	2.5
Special Projects	-	-	-	-	-	-	2.5	2	2	-
<b>Public Safety</b>										
Police Officers	101	103	104	106	108	110	110	110	110	110
Civilian Police	47	50	52	34	36	37	37	35	33.25	34
<b>Engineering/Public Works</b>										
Engineering	10	13	12	12	12	12.5	12	11	11	10
Public Works	24	24	26	27	27	27.5	27.5	25.5	24	21
Parks maintenance	-	-	-	-	-	-	-	-	-	15
<b>Culture and Recreation</b>										
Parks and Recreation	27	37	37	37	38	40	35.5	35	34.5	17.75
<b>Water System</b>										
Plant	25	25	26	26	26	26	26	25	25	27
Field	14	17	17	13	13	14	14	13	13	14
Administration	14	16	16	22	23	24	24	25	22	20
<b>Building Department</b>										
Building	40	41	43	44	48	41	38	34	25	24
Planning	12	12	12	13	13	16.5	17	15.25	14.25	13.25
Business Registration	-	-	-	-	-	2	3	3	2	2
Code Enforcement	5	6	6	7	8	8	8	7	7	7
Community Development	8	9	9	9	-	-	-	-	-	-
<b>Stormwater System</b>										
Field	4	4	4	4	4	5	4	3	3	5
Administration	3	3	4	4	4	5	3	3	3	2
<b>Total</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>	<b>365.25</b>

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

TABLE 19

Function	Fiscal Year									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
<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	1,146
Parking violations	1,244	1,698	1,318	1,208	1,054	1,475	1,588	1,288	1,114	1,347
Traffic violations	18,300	22,173	16,391	18,850	13,357	16,283	8,785	9,010	8,912	6,989
<b>Code Compliance</b>										
Code violations	2,929	3,556	3,626	3,584	4,823	4,250	3,730	4,022	3,455	3,738
<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	6.28
Pot holes repaired	N/A	N/A	186	230	309	172	130	99	25	9
<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	611
Recreation program participants (1)	N/A	N/A	N/A	N/A	5,554	2,540	2,849	15,051	18,235	19,710
Youth athletic participants (JTAA)	N/A	N/A	N/A	N/A	6,332	6,300	6,100	7,220	7,259	7,650
Camp program participants	N/A	N/A	N/A	N/A	847	839	878	741	978	929
Athletic camp participants	N/A	N/A	N/A	N/A	1,180	1,182	1,175	1,053	917	967
Skate park participants	N/A	N/A	N/A	N/A	17,020	14,191	12,354	13,242	14,040	12,477
<b>Water System</b>										
Water customers	21,584	23,396	23,713	24,754	25,272	25,875	26,541	27,061	27,343	27,597
Permitted Capacity per day (million gallons)	27.30	27.30	27.30	27.30	29.00	29.00	29.00	29.00	30.00	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	14.97
<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	5,659
Value of permits (in thousands)	\$ 243,819	\$ 301,288	\$ 266,114	\$ 348,166	\$ 290,434	\$ 182,508	\$ 147,165	\$ 92,896	\$ 133,352	\$ 126,173
<b>Stormwater System</b>										
Stormwater customers	N/A	N/A	N/A	20,336	20,676	20,913	21,065	21,175	21,224	21,625

Sources: Town departments

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 Ten Fiscal Years

TABLE 20

Function/Program	Fiscal Year									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
<b>Public Safety</b>										
<b>Police</b>										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units	84	86	89	87	85	126	146	135	154	149
<b>Code Compliance</b>										
Vehicles	N/A	4	4	5	6	7	7	6	7	6
<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	118 59
<b>Culture and Recreation</b>										
<b>Parks and Recreation</b>										
Community Center	1	1	1	1	1	1	1	1	1	1
Civic Center	1	1	1	1	1	1	1	1	1	1
Ballfields - lighted	N/A	N/A	N/A	N/A	19	22	22	22	22	22
Basketball courts	N/A	N/A	N/A	N/A	12	12	12	12	12	12
Multi-purpose fields	N/A	N/A	N/A	N/A	9	12	12	12	12	12
Tennis courts	N/A	N/A	N/A	N/A	14	14	14	14	14	14
Parks	11	13	13	13	15	15	15	17	17	17
Parks (acres)	237	262	262	262	265	265	265	265	265	265
<b>Water System</b>										
Water mains (miles)	315	333	356	361	378	406	442	444	444	447
Plants	1	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	3,428
<b>Building Department</b>										
Vehicles	N/A	18	18	20	22	21	21	26	13	13
<b>Stormwater System</b>										
Stormwater sewers (miles)	N/A	N/A	N/A	N/A	68	74	74	76	76	80

Sources: Town departments

N/A: Not available

TOWN OF JUPITER, FLORIDA  
Schedule of Insurance in Force  
As of September 30, 2011

TABLE 21

<u>Type of Coverage</u>	<u>Coverage Amount</u>	
Property and Inland Marine, including equipment breakdowns	\$ 106,644,976	(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	190,000 65,000 65,000	(1, 5) (1, 5) (1, 5)
Life Insurance	11,000 - 200,000	(3)
Medical - HMO	Unlimited	(4)
Medical - HSA	Unlimited	(4)
Medical	Unlimited	(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 Ace American Insurance Company.

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

TOWN OF JUPITER, FLORIDA  
Salaries of Principal Officials  
For the Year Ended September 30, 2011

TABLE 22

<u>Official</u>	<u>Annual Salary</u>
Mayor	\$ 22,200
Council (4 members)	18,600 (per member)
Town Manager	170,980
Assistant Town Manager	128,906
Utilities Director	127,111
Engineering and Public Works Director	127,111
Information Systems Director	123,780
Business Development Director	123,780
Human Resources and Risk Management Director	123,780
Chief of Police	123,409
Planning and Zoning Director	121,299
Finance Director	115,671
Building Department Director	113,300
Town Clerk	111,944

**COMPLIANCE REPORTS AND  
MANAGEMENT LETTER**



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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, 2011, which collectively comprise the basic financial statements of the Town of Jupiter, Florida, and have issued our report thereon dated March 26, 2012. 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, a fiduciary fund of the Town, 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 26, 2012.

This report is intended solely for the information and use of the Town Council and management of the Town of Jupiter, Florida, federal and state awarding agencies and pass-through entities, 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, Danten, Levine,  
Porter & Veil, P.A.*

March 26, 2012

## TOWN OF JUPITER, FLORIDA

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended September 30, 2011

Grantor/Pass-Through Grantor/ Program Title	Federal CFDA Number	Grant Number/ Contract Number	2011 Program Expenditures	Transfers to Subrecipients
<b>FEDERAL AWARDS</b>				
<b>U.S. Department of Justice</b>				
Direct Awards				
Bulletproof Vest Partnership Program	16.607	None	\$ 1,814	\$ 0
Public Safety Partnership & Policing Program	16.710	2009-CK-WX-0077	100,000	0
Edward Byrne Memorial Justice Assistance Grant	16.738	2009-DJ-BX-0181	225	0
ARRA - Justice Assistance Grant Program Local Solicitations	16.804	2009-SB-B9-1848	79,054	0
Total U.S. Department of Justice			<u>181,093</u>	<u>0</u>
<b>U.S. Department of Transportation</b>				
Pass-through Awards from the State of Florida				
Department of Transportation				
Highway Planning and Construction	20.205	420322-2-58-01	174,745	0
Highway Planning and Construction	20.205	423811-1-58-01	44,565	0
Total U.S. Department of Transportation			<u>219,310</u>	<u>0</u>
<b>U.S. Department of Treasury</b>				
Direct Awards				
Asset Forfeiture Fund	21.000	None	149,333	0
<b>U.S. Environmental Protection Agency</b>				
Direct Awards				
Congressionally Mandated Projects	66.202	XP-95436111	240,932	0
<b>U.S. Department of Energy</b>				
Direct Awards				
ARRA - Energy Efficiency and Conservation Block Grant	81.128	DE-EE0002398	28,692	0
<b>U.S. Department of Homeland Security</b>				
Pass-through Awards from the State of Florida				
Department of Community Affairs				
Homeland Security Grant Program	97.067	12-CI-A6-10-60-02-169	1,589	0
<b>Total Federal Awards</b>			<u>\$ 820,949</u>	<u>\$ 0</u>

See notes to schedule of expenditures of federal awards.

TOWN OF JUPITER, FLORIDA

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

September 30, 2011

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

The accompanying Schedule of Expenditures of Federal Awards is presented in accordance with the provisions of the U.S. Office of Management and Budget (OMB) Circular A-133. The Schedule of Expenditures of Federal Awards presents the federal awards expended by the Town of Jupiter, Florida, for the year ended September 30, 2011 on the modified accrual basis of accounting. Because the schedule presents only a selected portion of the operations of the Town of Jupiter, Florida, it is not intended to and does not present the financial position or changes in net assets of the Town of Jupiter, Florida.

NOTE B - CONTINGENCY

Amounts received or receivable from grantor agencies are subject to audit and adjustment by those agencies. Any disallowed claims, including amounts already received, might constitute a liability of the Town for the return of those funds. In the opinion of management, all grant expenditures were in compliance with the terms of the grant agreements and applicable federal and state laws and regulations.



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Independent Auditor's Report on Compliance With Requirements That Could  
Have a Direct and Material Effect on Each Major Federal Program and on  
Internal Control Over Compliance in Accordance with OMB Circular A-133

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

***Compliance***

We have audited the compliance of the Town of Jupiter, Florida, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major Federal programs for the year ended September 30, 2011. The major Federal programs of the Town of Jupiter, Florida, are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major Federal programs is the responsibility of the management of the Town of Jupiter, Florida. Our responsibility is to express an opinion on compliance by the Town of Jupiter, Florida, based on our audit.

We conducted our audit of compliance in accordance with U.S. generally accepted auditing standards; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major Federal program occurred. An audit includes examining, on a test basis, evidence about compliance by the Town of Jupiter, Florida, with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on compliance by the Town of Jupiter, Florida, with those requirements.

In our opinion, the Town of Jupiter, Florida, complied, in all material respects, with the requirements referred to above that are applicable to each of its major Federal programs for the year ended September 30, 2011.

***Internal Control Over Compliance***

The management of the Town of Jupiter, Florida, is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to Federal programs. In planning and performing our audit, we considered the Town's internal control over compliance with requirements that could have a direct and material effect on a major Federal program in order to determine our auditing procedures for the purpose of expressing our opinion on

compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of internal control over compliance of the Town of Jupiter, Florida.

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

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

This report is intended solely for the information and use of the Town Council and management of the Town of Jupiter, Florida, federal and state awarding agencies and pass-through entities, 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, Donten, Levine,  
Porter & Veil, P.A.*

March 26, 2012

TOWN OF JUPITER, FLORIDA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS -  
FEDERAL AWARD PROGRAMS

For the Year Ended September 30, 2011

**SECTION I - SUMMARY OF AUDITOR'S RESULTS**

**Financial Statements**

Type of auditor's report issued: *Unqualified Opinion*  
Internal control over financial reporting:  
Material weakness(es) identified?  Yes  No  
Significant deficiency (ies) identified that are not  
considered to be material weakness?  Yes  None reported  
Noncompliance material to financial statements noted?  Yes  No

**Federal Award Programs**

Internal control over major Federal Award Programs:  
Material weakness(es) identified?  Yes  No  
Significant deficiency (ies) identified that are not  
considered to be material weakness?  Yes  None reported  
Type of auditor's report issued on compliance for major Federal  
Award Programs *Unqualified Opinion*  
Any audit findings disclosed that are required to be reported in  
accordance with Section 510(a) of OMB Circular A-133?  Yes  No

**Identification of major Federal Award Programs**

<b><u>Federal Award Programs</u></b>	<b><u>CFDA No.</u></b>
U.S. Department of Transportation Highway Planning and Construction	20.205
U.S. Environmental Protection Agency Congressionally Mandated Projects	66.202
Dollar threshold used to distinguish between Type A and Type B programs:	<u>\$ 300,000</u>
Auditee qualified as low-risk auditee?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No

**SECTION II - FINANCIAL STATEMENT FINDING**

None

TOWN OF JUPITER, FLORIDA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS -  
FEDERAL AWARD PROGRAMS (Continued)

For the Year Ended September 30, 2011

**SECTION III - FEDERAL AWARD PROGRAMS FINDINGS AND QUESTIONED COSTS**

None

**SECTION IV - OTHER MATTERS**

1. A Summary Schedule of Prior Audit Findings is not required because there were no prior audit findings related to Federal programs.
2. A Corrective Action Plan is not required because there were no findings required to be reported for Federal programs.



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Management Letter

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

We have audited the financial statements of the Town of Jupiter, Florida, as of and for the year ended September 30, 2011, and have issued our report thereon dated March 26, 2012. Our report was modified to include a reference to other auditors.

We conducted our audit in accordance with U.S. generally accepted auditing standards; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and, OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*; Independent Auditor's Report on Compliance with Requirements That Could Have a Direct and Material Effect on Each Major Federal Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133; and, Schedule of Findings and Questioned Costs. Disclosures in those reports and schedule, which are dated March 12, 2012, should be considered in conjunction with this management letter.

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 reports or schedule:

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 our recommendations to comments (2010-1) *Budget Over-Expenditures* and (2008-6) *Information Systems* were resolved or no longer apply. We noted our prior year recommendations for the following comments require further consideration.

**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. The Town also had a substantial cash balance in the broker accounts (\$26.3 million) at September 30, 2010.

Current Year Status: The Town continues to have substantial cash balances in the money market mutual funds (\$16.1 million with one institution and \$10.2 million with another) at September 30, 2011. The money market mutual funds are not rated by a nationally recognized statistical rating organization and are not collateralized.

We recommend that the Town review the current money market mutual fund investment products in relation to the investment policy and determine that the investments are in compliance and satisfy the Town's credit risk requirements. 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.

#### **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.

Current Year Status: Approximately 57% of the MPORT investments at September 30, 2011 were held in mutual funds or commingled funds.

We recommend that Town management 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 Approvals**

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.

Current Year Status: During our fiscal 2011 testing, we noted the following deviations from the Town's purchasing policies:

- One purchase order for \$8,200 did not have any quotes documented in the AS-400 system. The Town's Purchasing Policy requires that purchases greater than \$2,500 have three verbal quotes.
- For five purchases the requisition or approval documentation was approved after the transaction occurred. The purchase order/requisition should be approved or authorized prior to the purchase being made.
- One purchase was made by a field purchase order which requires the invoice to be signed by someone in the originating department to document that the goods were received. There was no signature or other documentation that the goods were received.

We recommend that Town management review the requirements of the Town's purchasing policy with the originating departments to improve compliance with the Town's purchasing requirements.

We also noted that the Town's Purchasing Policy Section III. requires that the Town Manager approve purchases over \$25,000, however, Section IV. B. indicates that Town Manager approval is required for requisitions in excess of \$10,000. The AS-400 system is programmed to require Town Manager approval for purchases over \$25,000 and it appears that the \$10,000 requirement was not updated to \$25,000 for the most recent purchasing policy amendment. Our testing disclosed one purchase requisition for

\$23,808 that was not approved by the Town Manager. We recommend that the Town review the purchasing policy and adjust the \$10,000 approval limit consistent with the intent of the Town Council.

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 have the following recommendations.

#### **2011-1 Capital Assets**

For 2011 and prior years, the Town utilized excel spreadsheets for depreciation calculations. These calculations resulted in the depreciation of certain capital assets in excess of their initial cost basis. While the depreciation was corrected in 2011, we recommend that the Town incorporate the tracking and depreciation of all capital assets into its new financial management software and automate all calculations for tracking individual asset cost, useful life, depreciation expense and accumulated depreciation. We also recommend that all final calculations be reviewed for accuracy by management or supervisory personnel and that the review be documented by initialing a printout or by electronic approval.

#### **2011-2 Travel**

The Town's Travel Policy requires that all travel advances must be reconciled within ten business days after returning from the trip. Out of 15 items selected for testing, we noted two employees did not submit the travel reimbursements within ten business days after returning from travel.

We recommend the departments comply with the Town's travel policy for submission of travel invoices or update the policy for current practice.

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 for the current year.
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. In connection with our audit, we did not have any such matters for the current year.
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, 2011.

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, 2011, 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, 2011. 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, 2011. 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 114. 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, federal and state awarding agencies and pass-through entities, 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.

*Cole, Danton, Levine,  
Porter & Veil, P.A.*

March 26, 2012



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# TOWN OF JUPITER

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March 27, 2012

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, Porter and Veil, P.A. who performed the audit of the Town's Comprehensive Annual Financial Report for the year ended September 30, 2011. The following are the responses by management to those comments and recommendations.

#### 2009-4 Investment Policy

The money market funds held by two national brokerage firms were reallocated for fiscal year ended September 30, 2011. Town management is in process of preparing a revised investment policy to allow for the investments as currently held in these national brokerage firm accounts.

#### 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.

##### *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.

Management's Response to Auditor's Management Letter  
March 27, 2012

*User Accounts*

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

2010-2 Police Pension Investments

Town management is in the process of revising the Town's investment policy to allow for the investments held in the MPORT investment accounts.

2010-3 Purchasing Approval

A review of the Town of Jupiter's purchasing policy is ongoing in light of the new financial management system currently being implemented. The conflict that was highlighted in the Town Manager approval for purchases over \$10,000 will be corrected in the next version of the purchasing policy that is adopted. Continued training efforts will be implemented to secure compliance with existing purchasing policy and procedures, however, the cost/benefit of gaining full compliance for de minimus variances in protocol needs to be evaluated and considered in making changes to existing procedures.

2011-1 Capital Assets

All fixed asset depreciation schedules are being incorporated into the new financial management system to avoid the inconsistencies found in maintaining depreciation records in the current excel spreadsheets. Upon the successful completion of the conversion of these excel spreadsheets to the new financial management system, these inconsistencies should be eliminated.

2011-2 Travel

All fiscal requirements for reviewing, approving and authorizing travel expenses are handled in compliance with the existing town policy. Some delays are experienced in submitting and approving this information as the Town continues to struggle with limited resources due to the challenging current economic environment. Provided the delayed submissions are not impacting the budgeted funds available in any fiscal year, there is no negative impact on the Town for these delayed submittals. As resources become more readily available staff will work to maintain the timely filing of these requests.

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.

Management's Response to Auditor's Management Letter  
March 27, 2012

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Andrew D. Lukasik". The signature is fluid and cursive, with a large initial "A" and "L".

Andrew D. Lukasik  
Town Manager

A handwritten signature in black ink, appearing to read "Michael Vilella". The signature is cursive and includes a long horizontal line extending to the right.

Michael Vilella, C.P.A.  
Finance Director