

**COMPREHENSIVE ANNUAL FINANCIAL REPORT
OF THE
TOWN OF JUPITER, FLORIDA
FOR THE FISCAL YEAR ENDED
SEPTEMBER 30, 2012**



**Prepared By:
Finance Department**

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INTRODUCTORY SECTION



TOWN OF JUPITER

March 27, 2013

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, 2012, 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, 2012 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 the 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 56,000 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 “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. The Council consists 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 established and approved by 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, water and stormwater utilities as well as general administrative 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 1st). 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 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 56,000 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 when comparing these measures during the boom, the state’s performance fell below the national averages on both measures until October 2010 when Florida experienced its first increase in jobs since June 2007.

The Town’s major challenges are to provide the infrastructure and services required to maintain the quality of life to which Jupiter’s residents and visitors have grown accustomed, to create future economic growth opportunities for the community and to position Jupiter to be ready to capitalize on those opportunities when the current recession subsides.

Major Industries: The Town's primary focus in relation to future job creation is on the target industries of biotechnical science and aerospace engineering. Since 2007, the Town has utilized the resources of its Biotech Advisory Board, in conjunction with its strategic partners, to provide financial assistance to growing biotech businesses which allowed them to develop on new technologies and create jobs in our community. Often times, these new technologies are discovered or nurtured at The Scripps Research Institute and Max Planck Florida Institute for Neuroscience, both located in Jupiter at the Florida Atlantic University campus. Since the inception of the Biotech Advisory Board and Jupiter's proactive approach to industry recruitment and expansion, in excess of 1,000 high skilled, high wage positions have been created by the target industries in the Town. Jupiter's efforts to create a diversified economy in relation to its current economic base, which has traditionally centered on tourism, healthcare, retail and housing activities, has shown positive growth over the last year and provides the Town with a realistic opportunity to grow the local economy in the coming years.

Future Outlook: The future outlook for Jupiter, the surrounding area and the state as a whole, however, still indicates minimal growth in job creation and economic activity well into 2015. However, 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 returning and a still weak tax base from home valuations and sales taxes, the Town realigned its priorities, instituted training to encourage process improvement initiatives and focused efforts on quality service delivery.

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 fund balance targeted to protect its interest in the event of natural disasters such as major hurricanes, to provide loans to other funds, and to ensure that large projects that have required the use of fund balance are completed successfully. 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 an appropriately sized 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 and ad valorem tax revenues below previous years. The Town responded by reducing the size of the organization to better ensure long-term financial sustainability. Since 2007, the Town has reduced its workforce from approximately 420 FTE's to 345 FTE's in an effort to reduce on-going operational cost in light of the recessionary pressures and, again, to create a financially sustainable organization.
- Engaged employee groups in problem solving and decision-making and implemented more affordable healthcare options to allow for sustained viability of the overall health plan while reducing the Town's operating costs.
- Collaborated with sworn police officers to create a more sustainable pension model which resulted in a net annual savings of approximately \$1 million to the Town.

The fiscal year 2012 budget included an estimate of \$390,000 to be used from fund balance, but Town management was successful in reducing operating costs and avoided utilization of any fund balances amounts for fiscal year 2012.

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 budget planning process, 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 to a number of projects that will 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 falls within its jurisdiction of responsibility 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.
- **Quiet Zone Establishment** - In response to enhancing the Town of Jupiter as a desirable place to live, this program will construct the necessary supplemental safety measures (SSM) or alternative safety measure’s (ASM) to establish a quiet zone corridor along the FEC railroad within the Town.
- **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, began a conversion from its current legacy financial management and reporting system to a more up to date, user friendly, Microsoft based system. This conversion will continue with the implementation of a new community development software system in 2013 and a customer service, billing and cashiering system in 2014.
- **Community Broadband** - Through the Town’s planned installation of a community broadband network, the community will have the opportunity to exert greater control over its economic future. Businesses are increasingly reliant on broadband access to be competitive in their day-to-day activities. The Town’s community broadband system will allow current and prospective businesses to access the latest communication technology available to ensure their competitive advantage now and into the future.
- **Expansion of South Jupiter Community Park** - To keep pace with the community’s demand for recreational opportunities, the Town will initiate planning for a new park that will also provide parking opportunities for visitors attending Cardinals and Marlins Spring Training games.
- **Riverwalk** - The Town, along with strategic partners, will continue development of the Riverwalk and Inlet Village. The most significant investment will be the construction of the Harbourside project, which is located adjacent to the Riverwalk. Included will be 100,000+ square feet of office, retail and commercial space, a hotel, a public parking garage and other public amenities. Upon completion, the development is expected to provide an additional \$125 million to the tax base.
- **Tri-Rail** - Thinking longer-term, the Town is working with other governmental agencies to bring Tri-Rail service to Jupiter.
- **Water Utilities** - The Utilities department will continue their work on expanding the water distribution systems to provide potable drinking water to neighborhoods within the Town’s service delivery area that have yet to obtain services.

- **Economic Development** - With the Scripps Research Institute and the Max Planck Florida Institute for Neuroscience located in Jupiter, 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 northern Palm Beach County to promote job creation, diversification of the local economy and an increased 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.

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, 2011, the twenty-seventh consecutive year the Town has received this prestigious award. In order to be awarded a Certificate of Achievement, the Town published an easily readable and efficiently organized comprehensive annual financial report. This report satisfied both generally accepted accounting principles and applicable legal requirements.

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

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

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

Respectfully Submitted,



Andrew D. Lukasik
Town Manager



Michael Vilella, C.P.A.
Finance Director

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Town of Jupiter
Florida

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
September 30, 2011

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.



Christopher P. Moir

President

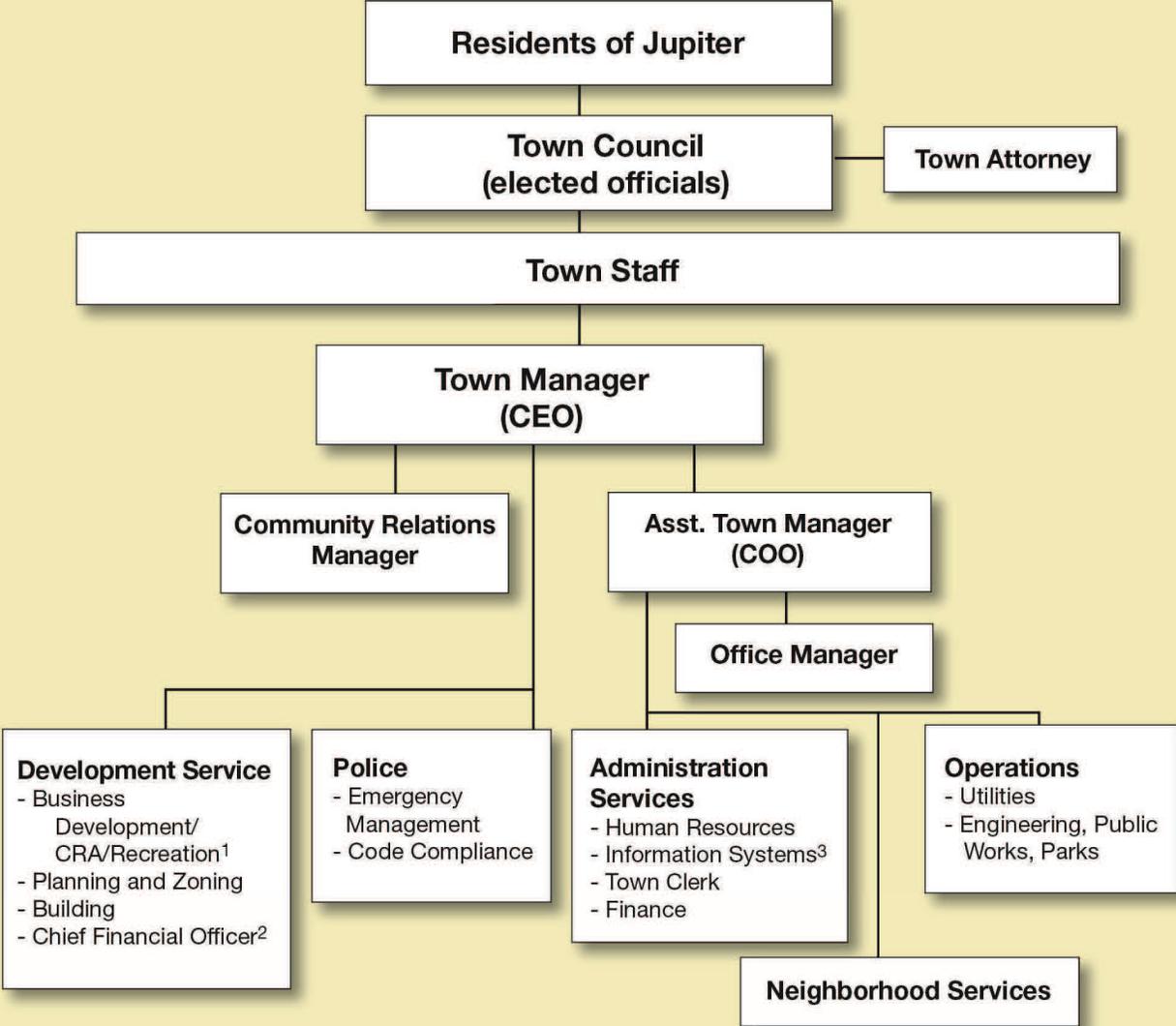
Jeffrey R. Emer

Executive Director

**TOWN OF JUPITER
LIST OF PRINCIPAL OFFICIALS
SEPTEMBER 30, 2012**

Mayor	Karen J. Golonka
Vice-mayor	Todd R. Wodraska
Councilor	Jim J. Kuretski, Jr.
Councilor	Thomas J. McCarthy
Councilor	Wendy Harrison
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.
Information Systems Director	Melinda S. Miller
Building Department Director	Roger D. Held
Business Development Director	Russell A. Ruskay
Human Resources Manager	Timothy J. McPherson

Town of Jupiter Organizational Chart



¹ Business Development Director supervises Senior Project Manager (CRA) and Recreation Superintendent.
² Chief Financial Officer and Financial Director is filled by one person.
³ Information Systems Director serves as the Chief Business Analyst to improve town business practices.

FINANCIAL SECTION



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

CERTIFIED PUBLIC ACCOUNTANTS

WILLIAM K. CALER, JR., CPA
LOUIS M. COHEN, CPA
JOHN C. COURTNEY, CPA, JD
DAVID S. DONTEN, CPA
JAMES B. HUTCHISON, CPA
JOEL H. LEVINE, CPA
JAMES F. MULLEN, IV, CPA
THOMAS A. PENCE, JR., CPA
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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, 2012, 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 79%, 79% and 49%, 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, 2012, 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, 2013 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 *management's discussion and analysis* on pages 3 through 10 and the budgetary comparison information on pages 58 through 63 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, and the statistical section listed in the table of contents are presented for purposes of additional analysis and are not a required part of the 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, and the Schedule of Expenditures of Federal Awards 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.

*Cale, Dauter, Levine,
Cohen, Porter & Veil, P.A.*

March 26, 2013

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, 2012.

Financial Highlights

- The assets of the Town exceeded its liabilities at the close of the most recent fiscal year by \$320,415,409 (*net assets*). Of this amount, \$70,081,890 (*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 \$12,601,067. Approximately 41% of this increase is attributable to governmental activities and 59% 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 \$39,372,462, an increase of \$2,894,514 from the prior year fund balance. Approximately 26% 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 \$16,197,279, or 44% of total general fund expenditures for the current fiscal year.
- The Town's total debt, excluding compensated absences, decreased by approximately \$4,868,000 (7.3%) 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 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 thirteen 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, Community Redevelopment 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 Fund. 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 25-57 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 included as *required supplementary information* on pages 58-63 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 64-70 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 \$320,415,409 at the close of the most recent fiscal year. The Town's net assets at September 30, 2012 and 2011 are summarized as follows:

Net Assets						
(Amounts in Thousands)						
	Governmental activities		Business-type activities		Total	
	2012	2011	2012	2011	2012	2011
Assets						
Current and other assets	\$ 46,166	\$ 43,012	\$ 57,677	\$ 55,976	\$ 103,843	\$ 98,988
Capital assets	<u>88,897</u>	<u>88,632</u>	<u>206,818</u>	<u>205,452</u>	<u>295,715</u>	<u>294,084</u>
Total assets	<u>\$ 135,063</u>	<u>\$ 131,644</u>	<u>\$ 264,495</u>	<u>\$ 261,428</u>	<u>\$ 399,558</u>	<u>\$ 393,072</u>
Liabilities						
Long-term liabilities outstanding	\$ 28,859	\$ 30,749	\$ 36,366	\$ 39,106	\$ 65,225	\$ 69,855
Other liabilities	<u>6,470</u>	<u>6,371</u>	<u>7,448</u>	<u>9,032</u>	<u>13,918</u>	<u>15,403</u>
Total liabilities	<u>\$ 35,329</u>	<u>\$ 37,120</u>	<u>\$ 43,814</u>	<u>\$ 48,138</u>	<u>\$ 79,143</u>	<u>\$ 85,258</u>
Net assets						
Invested in capital assets, net of related debt	\$ 64,293	\$ 62,008	\$ 176,555	\$ 172,380	\$ 240,848	\$ 234,388
Restricted	4,860	3,849	4,625	3,147	9,485	6,996
Unrestricted	<u>30,581</u>	<u>28,667</u>	<u>39,501</u>	<u>37,763</u>	<u>70,082</u>	<u>66,430</u>
Total net assets	<u>\$ 99,734</u>	<u>\$ 94,524</u>	<u>\$ 220,681</u>	<u>\$ 213,290</u>	<u>\$ 320,415</u>	<u>\$ 307,814</u>

The largest portion of the Town's net assets (75%) reflects its investment in capital assets (e.g., land, buildings, improvements, machinery and equipment and infrastructure), less any related debt used to acquire those assets that is still outstanding. The Town uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the Town's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the Town's net assets (3%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets (\$70.1 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 \$12.6 million during 2012. Approximately 79% 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, 2012 and 2011 are summarized as follows:

Changes in Net Assets
(Amounts in Thousands)

	Governmental Activities		Business-type Activities		Total	
	2012	2011	2012	2011	2012	2011
Revenues						
Program revenues						
Charges for services	\$ 9,143	\$ 7,306	\$ 26,803	\$ 26,636	\$ 35,946	\$ 33,942
Operating grants and contributions	1,932	2,183	18	-	1,950	2,183
Capital grants and contributions	1,158	938	2,362	2,779	3,520	3,717
General revenues						
Property taxes	19,920	19,904	-	-	19,920	19,904
Other taxes	15,807	15,396	-	-	15,807	15,396
Intergovernmental not restricted to specific programs	1,158	1,077	-	-	1,158	1,077
Investment earnings	469	430	381	322	850	752
Gain on sale of capital assets	<u>41</u>	<u>28</u>	<u>7</u>	<u>-</u>	<u>48</u>	<u>28</u>
Total revenues	<u>49,628</u>	<u>47,262</u>	<u>29,571</u>	<u>29,737</u>	<u>79,199</u>	<u>76,999</u>
Expenses						
General governmental	16,091	14,323	-	-	16,091	14,323
Public safety	17,730	19,674	-	-	17,730	19,674
Engineering and public works	6,443	6,528	-	-	6,443	6,528
Culture and recreation	3,016	2,653	-	-	3,016	2,653
Interest on debt	1,239	1,500	-	-	1,239	1,500
Water System	-	-	18,403	20,990	18,403	20,990
Stormwater	-	-	1,718	1,813	1,718	1,813
Building	-	-	1,958	2,099	1,958	2,099
Total expenses	<u>44,519</u>	<u>44,678</u>	<u>22,079</u>	<u>24,902</u>	<u>66,598</u>	<u>69,580</u>
Increase in net assets before transfers	5,109	2,584	7,492	4,835	12,601	7,419
Transfers	<u>101</u>	<u>39</u>	<u>(101)</u>	<u>(39)</u>	<u>-</u>	<u>-</u>
Increase in net assets	5,210	2,623	7,391	4,796	12,601	7,419
Net assets - beginning of year	<u>94,524</u>	<u>91,901</u>	<u>213,290</u>	<u>208,494</u>	<u>307,814</u>	<u>300,395</u>
Net assets - end of year	<u>\$ 99,734</u>	<u>\$ 94,524</u>	<u>\$ 220,681</u>	<u>\$ 213,290</u>	<u>\$ 320,415</u>	<u>\$ 307,814</u>

Governmental activities. Governmental activities increased the Town's net assets by \$5,209,785, thereby accounting for 41% of the total growth in the net assets of the Town. Revenues were approximately \$2,366,000 more than the prior year. The key elements of this increase were a \$1,837,000 increase in revenue from service charges from general government activities and a \$411,000 increase in franchise fees, public service taxes and sales tax.

Business-type activities. Business-type activities increased the Town's net assets by \$7,391,282, accounting for 59% of the total growth in the government's net assets. Key elements of this change were as follows:

- Water service charge revenue decreased approximately \$378,000 due to decreased consumption and revenues on guaranteed contracts.

- Building permit revenues increased by \$643,000 as construction activity continued to increase.
- Stormwater revenues from capital contribution and grants decreased by \$819,000 due to a reduction in private systems being turned over to the Town.
- Investment earnings increased by approximately \$60,000 due to increases in the fair value of investments.
- Expenses decreased by approximately \$2,823,000 due to a variety of reasons as follows:
 - Expenses of the Water System were down approximately \$2,587,000 primarily due to a \$2,196,000 decrease in depreciation associated with the demolition of the old lime softening treatment plant and changes in the useful lives of property and equipment.
 - Stormwater expenses were down approximately \$95,000 mainly due to an \$118,000 decrease in depreciation expense. Operating expenses for the utility remained fairly stable when compared with the previous year.
 - Expenses in the Building Fund were down by approximately \$141,000 due to a \$109,000 reduction in staffing levels and a \$32,000 decrease in depreciation expense.

Financial Analysis of the Government's Funds

As noted earlier, the Town uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The significant financial activities of the Town's funds are described below.

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 \$39,372,462, an increase of \$2,894,514 from the prior year. Approximately 26.0% of the total fund balance at September 30, 2012 (\$10,220,069) 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	\$ 9,228,343	23.4%
Restricted	5,954,710	15.1%
Assigned	13,969,340	35.5%

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 \$16,197,279, while total fund balance was \$26,257,803. 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 fund expenditures. Unassigned fund balance represents 44% of total General Fund expenditures, while total fund balance represents 71% of that same amount. The fund balance of the Town's General Fund increased by \$2,558,905 during the current fiscal year. The key factors contributing to this increase were a \$2.2 million decrease in public safety expenses primarily due to changes in the calculation of the Town's contribution to the police pension and approximately \$680,000 decrease in general operating expenses due to an increased emphasis on technology instead of additional personnel and continuing improvements to our work processes. These decreases in expenses were partially offset by an \$880,000 decrease in revenues received from taxes and investment earnings due to lower interest rates.

The Community Redevelopment Fund had an unassigned fund balance deficit of \$5,975,469, substantially all of which is attributable to a note receivable of approximately \$1.86 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 by advances from the General Fund. The General Fund advances will be repaid from future tax increment funds received by the Community Redevelopment Fund as commercial and redevelopment projects increase taxable property values in the CRA district. The Community Redevelopment Fund had a net increase in the unassigned fund balance deficit during the current year of \$460,783, primarily due to the increase in the loan receivable from the Northern Riverwalk Community Development District.

The Capital Improvements Fund has a total fund balance of \$13,182,091 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 \$694,825. The key factor contributing to this decrease was due to the timing of costs incurred on a number of projects included in the Town's Adopted Community Investment Program.

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 \$26,342,658, \$5,760,236, and \$7,398,163, respectively. The total growth in net assets of the Water System Fund, Stormwater Fund and Building Fund was \$4,785,412, \$921,640 and \$1,684,230, 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 \$322,000 in appropriations and were generally attributable to the re-appropriation of open contracts from the previous fiscal year and appropriated revenues received but not budgeted. The increases in appropriations are summarized as follows:

- Approximately \$136,000 was appropriated from excess service charge revenues generated from various recreation programs to fund related program costs.
- Approximately \$64,000 was appropriated to fund neighborhood improvement programs.
- Approximately \$48,000 was re-appropriated for business façade grants.
- Approximately \$33,000 was appropriated for "wellness" programs.
- Approximately \$25,000 was appropriated for a new police vehicle.
- Approximately \$10,000 was appropriated for a labor attorney.

During the year, actual revenues and other sources were within \$1,238 of budgetary estimates. Expenditures were less than the budgetary estimates by approximately \$2.56 million due to a change in the method of calculating the Town's required contribution to the police pension (\$1,000,000) and a reduction of over \$1,000,000 in operating expenses through a reorganization of the Town and the increased use of technology to improve operational efficiencies.

Community Redevelopment Fund. Differences between the original budget and the final amended budget resulted in a net increase of approximately \$6,506,000 in appropriations and were generally attributable to the re-appropriation of budgeted but unexpended funds for various capital projects approved but not completed in 2011 and previous years and the appropriation of approximately \$2.5 million in grant revenues. Revenues were under budget by approximately \$427,000 due to a time lag in the receipt of a grant.

Capital Asset and Debt Administration

Capital assets. The Town's investment in capital assets for its governmental and business activities as of September 30, 2012, amounts to \$295,715,470 (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 0.6% (almost all of which came from business activities).

The Town's capital assets at September 30, 2012 and 2011 are summarized as follows:

Capital Assets

(Amounts in Thousands, net of depreciation)

	Governmental Activities		Business-type Activities		Total	
	2012	2011	2012	2011	2012	2011
Land	\$ 42,323	\$ 42,304	\$ 569	\$ 569	\$ 42,892	\$ 42,873
Construction in progress	-	-	3,195	3,174	3,195	3,174
Buildings	9,408	9,089	77,634	79,576	87,042	88,665
Improvements	22,949	22,217	119,511	117,483	142,460	139,700
Machinery and equipment	2,665	2,813	5,909	4,650	8,574	7,463
Infrastructure	<u>11,552</u>	<u>12,209</u>	<u>-</u>	<u>-</u>	<u>11,552</u>	<u>12,209</u>
Total assets	<u>\$ 88,897</u>	<u>\$ 88,632</u>	<u>\$ 206,818</u>	<u>\$ 205,452</u>	<u>\$ 295,715</u>	<u>\$ 294,084</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.
- Continuation of a Microsoft enterprise agreement and costs in the replacement of the Town's financial management system.
- 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 38-39 of this report.

Outstanding debt. At the end of the current fiscal year, the Town had total bonded debt and loans outstanding of approximately \$62,020,000. Of this amount, \$18,645,000 comprises general obligation bonded debt, and \$7,145,000 is revenue bonded debt for which the Town has pledged sales taxes. The remainder of the Town's debt of \$36,230,000 represents loans and bonds secured solely by the net revenues of the Enterprise Funds. The Town's total debt decreased, by approximately \$4,868,000 (7%) 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	
	2012	2011	2012	2011	2012	2011
Capital leases	\$ -	\$ 29	\$ -	\$ -	\$ -	\$ 29
General obligation bonds	18,645	19,920	-	-	18,645	19,920
Sales tax revenue bonds	7,145	7,865	-	-	7,145	7,865
Water System revenue Bonds/Notes	-	-	35,960	38,750	35,960	38,750
Stormwater loan	<u>-</u>	<u>-</u>	<u>270</u>	<u>324</u>	<u>270</u>	<u>324</u>
Total debt	<u>\$ 25,790</u>	<u>\$ 27,814</u>	<u>\$ 36,230</u>	<u>\$ 39,074</u>	<u>\$ 62,020</u>	<u>\$ 66,888</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 obligations debt.

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

Economic Factors and Next Year’s Budgets and Rates

During the current fiscal year, unassigned fund balance in the general fund increased by \$1,008,004 to \$16,197,279. The Town has appropriated \$437,249 of this amount for spending in the 2013 fiscal year budget. In addition, the following factors were considered in preparing the Town’s budget for the 2013 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 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, 2012

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 18,192,065	\$ 24,252,972	\$ 42,445,037
Investments	20,748,786	15,303,769	36,052,555
Accounts receivable, net	1,488,865	1,977,679	3,466,544
Grants receivable	675,488	18,679	694,167
Interest receivable	117,284	-	117,284
Other receivable	-	293,845	293,845
Inventory	55,682	-	55,682
Internal balances	(433,094)	433,094	-
Prepaid expenses	99,758	577,965	677,723
Restricted assets:			
Restricted cash and cash equivalents	-	9,913,545	9,913,545
Restricted investments	2,919,386	-	2,919,386
Notes receivable	1,862,725	-	1,862,725
Noncurrent receivables	-	4,738,604	4,738,604
Net pension asset	287,473	-	287,473
Unamortized debt issue costs	151,172	167,250	318,422
Capital assets, not being depreciated			
Land	42,323,473	569,123	42,892,596
Construction in progress	-	3,195,047	3,195,047
Capital assets, net of accumulated depreciation			
Buildings and plant	9,407,954	77,634,501	87,042,455
Improvements	22,948,695	119,511,193	142,459,888
Machinery and equipment	2,664,725	5,908,615	8,573,340
Infrastructure	11,552,144	-	11,552,144
Total Assets	<u>135,062,581</u>	<u>264,495,881</u>	<u>399,558,462</u>
LIABILITIES			
Accounts payable	1,564,125	911,307	2,475,432
Accrued expenses	795,766	129,354	925,120
Deposits	3,919,391	1,682,496	5,601,887
Unearned revenue	190,664	4,648,674	4,839,338
Liabilities payable from restricted assets	-	76,179	76,179
Noncurrent liabilities			
Due within one year			
Compensated absences	172,000	60,000	232,000
Bonds and notes	2,080,000	54,000	2,134,000
Due in more than one year			
Compensated absences	2,750,321	763,749	3,514,070
Bonds and notes	23,618,717	35,421,310	59,040,027
Net other postemployment benefits obligation	237,780	67,220	305,000
Total Liabilities	<u>35,328,764</u>	<u>43,814,289</u>	<u>79,143,053</u>
NET ASSETS			
Invested in capital assets, net of related debt	64,292,660	176,555,586	240,848,246
Restricted for:			
Debt retirement	1,351,853	1,379,337	2,731,190
Capital projects	1,045,403	3,245,612	4,291,015
Law enforcement	638,068	-	638,068
Economic development	1,825,000	-	1,825,000
Unrestricted	30,580,833	39,501,057	70,081,890
Total Net Assets	<u>\$ 99,733,817</u>	<u>\$ 220,681,592</u>	<u>\$ 320,415,409</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, 2012

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Contributions and Grants	Capital Contributions and Grants
GOVERNMENTAL ACTIVITIES				
General government	\$ 16,091,515	\$ 3,628,914	\$ 542,843	\$ 47,489
Public safety	17,729,810	411,540	774,117	145,885
Engineering and public works	6,442,702	3,834,291	615,530	315,544
Culture and recreation	3,016,009	1,268,445	-	648,609
Interest on long-term debt	1,239,033	-	-	-
Total Governmental Activities	44,519,069	9,143,190	1,932,490	1,157,527
BUSINESS-TYPE ACTIVITIES				
Water system	18,403,380	21,000,147	-	2,029,850
Stormwater	1,718,311	2,312,723	18,679	332,642
Building	1,957,962	3,489,761	-	-
Total Business-type Activities	22,079,653	26,802,631	18,679	2,362,492
Total	\$ 66,598,722	\$ 35,945,821	\$ 1,951,169	\$ 3,520,019

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
\$ (11,872,269)	\$ -	\$ (11,872,269)
(16,398,268)	-	(16,398,268)
(1,677,337)	-	(1,677,337)
(1,098,955)	-	(1,098,955)
(1,239,033)	-	(1,239,033)
(32,285,862)	-	(32,285,862)
-	4,626,617	4,626,617
-	945,733	945,733
-	1,531,799	1,531,799
-	7,104,149	7,104,149
(32,285,862)	7,104,149	(25,181,713)
19,919,566	-	19,919,566
4,273,931	-	4,273,931
3,751,163	-	3,751,163
3,051,291	-	3,051,291
3,596,953	-	3,596,953
1,133,849	-	1,133,849
1,157,751	-	1,157,751
469,158	380,824	849,982
41,102	7,192	48,294
100,883	(100,883)	-
37,495,647	287,133	37,782,780
5,209,785	7,391,282	12,601,067
94,524,032	213,290,310	307,814,342
\$ 99,733,817	\$ 220,681,592	\$ 320,415,409

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

TOWN OF JUPITER, FLORIDA

BALANCE SHEET - GOVERNMENTAL FUNDS

September 30, 2012

	Major Governmental Funds			Nonmajor Governmental Funds	Total Governmental Funds
	General Fund	Community Redevelopment Fund	Capital Improvements Fund		
ASSETS					
Cash and cash equivalents	\$ 4,297,114	\$ 1,027,919	\$ 10,027,995	\$ 2,839,037	\$ 18,192,065
Investments	14,045,727	-	5,496,691	1,206,368	20,748,786
Accounts receivable, net	1,450,265	3,600	35,000	-	1,488,865
Grants receivable	5,438	374,431	295,193	426	675,488
Interest receivable	-	117,284	-	-	117,284
Due from other funds	7,210,498	-	-	-	7,210,498
Inventory	55,682	-	-	-	55,682
Prepaid items	74,758	25,000	-	-	99,758
Restricted investments	1,825,000	-	1,094,386	-	2,919,386
Notes receivable	4,795	1,857,930	-	-	1,862,725
Total Assets	<u>\$ 28,969,277</u>	<u>\$ 3,406,164</u>	<u>\$ 16,949,265</u>	<u>\$ 4,045,831</u>	<u>\$ 53,370,537</u>
LIABILITIES AND FUND BALANCES					
LIABILITIES					
Accounts payable	\$ 810,612	\$ 111,003	\$ 622,106	\$ 20,404	\$ 1,564,125
Accrued liabilities	563,019	-	-	-	563,019
Due to other funds	433,094	7,210,178	-	320	7,643,592
Deposits	714,085	60,238	3,145,068	-	3,919,391
Deferred revenue	190,664	117,284	-	-	307,948
Total Liabilities	<u>2,711,474</u>	<u>7,498,703</u>	<u>3,767,174</u>	<u>20,724</u>	<u>13,998,075</u>
FUND BALANCES					
Nonspendable:					
Inventory	55,682	-	-	-	55,682
Prepaid items	74,758	25,000	-	-	99,758
Advance due from other fund	7,210,178	-	-	-	7,210,178
Notes receivable	4,795	1,857,930	-	-	1,862,725
Restricted for:					
Debt service	-	-	-	1,351,853	1,351,853
Capital projects	-	-	-	2,139,789	2,139,789
Law enforcement	102,862	-	-	535,206	638,068
Economic development	1,825,000	-	-	-	1,825,000
Assigned to:					
Capital projects	-	-	13,182,091	-	13,182,091
Subsequent year's budget	437,249	-	-	-	437,249
Health insurance	350,000	-	-	-	350,000
Unassigned:					
General Fund	16,197,279	-	-	-	16,197,279
Special Revenue Funds (deficit)	-	(5,975,469)	-	(1,741)	(5,977,210)
Total Fund Balances	<u>26,257,803</u>	<u>(4,092,539)</u>	<u>13,182,091</u>	<u>4,025,107</u>	<u>39,372,462</u>
Total Liabilities and Fund Balances	<u>\$ 28,969,277</u>	<u>\$ 3,406,164</u>	<u>\$ 16,949,265</u>	<u>\$ 4,045,831</u>	<u>\$ 53,370,537</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, 2012

Total governmental fund balances		\$	39,372,462
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.			88,896,991
Some revenues reported in the statement of activities do not generate current financial resources and, therefore, are deferred in the funds			117,284
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.			287,473
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	\$	151,172
	Bond discount		91,283
			<u>242,455</u>
Accrued interest on bonds payable is not due and payable in the current period and, therefore, is not reported in the funds.			(232,747)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.			
	Bonds and note payable		(25,790,000)
	Compensated absences		(2,922,321)
	Net other postemployment benefits obligation		(237,780)
			<u>(28,950,101)</u>
Total net assets		\$	<u><u>99,733,817</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, 2012

	Major Governmental Funds				Total Governmental Funds
	General Fund	Community Redevelopment Fund	Capital Improvements Fund	Nonmajor Governmental Funds	
REVENUES					
Taxes	\$ 23,070,366	\$ 627,737	\$ 1,995,457	\$ 2,162,309	\$ 27,855,869
Franchise fees	4,273,931	-	-	-	4,273,931
Licenses and permits	654,350	-	-	584,798	1,239,148
Intergovernmental	2,159,131	2,019,076	295,193	3,724,774	8,198,174
Charges for services	6,194,038	31,005	-	-	6,225,043
Fines and forfeitures	244,539	-	-	-	244,539
Investment earnings	156,143	3	170,511	25,217	351,874
Donations	17,539	-	35,000	-	52,539
Miscellaneous	325,971	75,172	360,509	219,393	981,045
Total Revenues	<u>37,096,008</u>	<u>2,752,993</u>	<u>2,856,670</u>	<u>6,716,491</u>	<u>49,422,162</u>
EXPENDITURES					
Current					
General government	12,759,596	1,681,301	188,427	118,330	14,747,654
Public safety	17,200,189	-	-	138,319	17,338,508
Engineering and public works	4,876,593	-	218,348	-	5,094,941
Culture and recreation	1,865,544	-	226,102	-	2,091,646
Capital outlay	245,581	766,965	3,184,231	-	4,196,777
Debt service					
Principal	28,714	-	-	1,995,000	2,023,714
Interest	278	-	-	1,234,405	1,234,683
Total Expenditures	<u>36,976,495</u>	<u>2,448,266</u>	<u>3,817,108</u>	<u>3,486,054</u>	<u>46,727,923</u>
Revenues Over (Under) Expenditures	119,513	304,727	(960,438)	3,230,437	2,694,239
OTHER FINANCING SOURCES (USES)					
Insurance recoveries	47,423	-	-	-	47,423
Proceeds from sale of capital assets	51,969	-	-	-	51,969
Transfers in	2,340,000	-	367,113	-	2,707,113
Transfers out	-	(140,000)	(101,500)	(2,364,730)	(2,606,230)
Total Other Financing Sources (Uses)	<u>2,439,392</u>	<u>(140,000)</u>	<u>265,613</u>	<u>(2,364,730)</u>	<u>200,275</u>
Net Change in Fund Balances	2,558,905	164,727	(694,825)	865,707	2,894,514
Fund balances (deficit) at beginning 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>
Fund balances (deficit) at end of year	<u>\$ 26,257,803</u>	<u>\$ (4,092,539)</u>	<u>\$ 13,182,091</u>	<u>\$ 4,025,107</u>	<u>\$ 39,372,462</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, 2012

Net change in fund balance - total governmental funds	\$ 2,894,514
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	4,196,777
Depreciation expense	(3,920,668)
Certain long-term assets are not available to pay for current period expenditures and are therefore deferred in the funds.	
Interest on note receivable due at maturity	117,284
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.	
	(10,867)
Payment of accrued interest is an expenditure in the Governmental funds, but is a reduction of accrued liabilities in the statement of net assets.	
	14,667
Debt issuance provides current financial resources to governmental funds, but issuing debt increases liabilities in the statement of net sssets. Governmental funds report the effect of debt issue costs and discount when debt is issued, whereas these amounts are deferred and amortized in the statement of activities.	
Debt retirement - principal paid	2,023,714
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	39,143
Change in compensated absences	(97,843)
Change in net other postemployment benefits obligation	(27,919)
Change in net assets of governmental activities	<u>\$ 5,209,785</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, 2012

	Major Enterprise Funds		Nonmajor Enterprise	Total Enterprise Funds
	Water System Fund	Stormwater Fund	Fund - Building Fund	
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents	\$ 11,610,148	\$ 5,253,671	\$ 7,389,153	\$ 24,252,972
Investments	14,335,160	386,616	581,993	15,303,769
Accounts receivable, net	1,722,954	254,725	-	1,977,679
Grants receivable	-	18,679	-	18,679
Other receivable	293,845	-	-	293,845
Due from other funds	400,924	9,361	22,809	433,094
Prepaid expenses	577,965	-	-	577,965
Restricted assets				
Cash and cash equivalents	9,913,545	-	-	9,913,545
Total Current Assets	<u>38,854,541</u>	<u>5,923,052</u>	<u>7,993,955</u>	<u>52,771,548</u>
NONCURRENT ASSETS				
Noncurrent receivables	4,738,604	-	-	4,738,604
Unamortized debt issue costs	167,250	-	-	167,250
Capital assets				
Land and improvements	458,616	110,507	-	569,123
Construction in progress	3,189,181	5,866	-	3,195,047
Water treatment systems	92,231,711	-	-	92,231,711
Buildings and improvements	5,926,117	38,807,673	503,074	45,236,864
Water distribution systems	128,584,311	-	-	128,584,311
Wells	27,508,881	-	-	27,508,881
Equipment and pumps	8,687,043	445,068	-	9,132,111
Meters	17,786,626	-	-	17,786,626
	<u>284,372,486</u>	<u>39,369,114</u>	<u>503,074</u>	<u>324,244,674</u>
Less accumulated depreciation	(103,686,918)	(13,243,974)	(495,303)	(117,426,195)
Total Capital Assets, net	<u>180,685,568</u>	<u>26,125,140</u>	<u>7,771</u>	<u>206,818,479</u>
Total Noncurrent Assets	<u>185,591,422</u>	<u>26,125,140</u>	<u>7,771</u>	<u>211,724,333</u>
Total Assets	<u>\$ 224,445,963</u>	<u>\$ 32,048,192</u>	<u>\$ 8,001,726</u>	<u>\$ 264,495,881</u>

	Major Enterprise Funds		Nonmajor Enterprise Fund -	Total Enterprise Funds
	Water System Fund	Stormwater Fund	Building Fund	
LIABILITIES AND NET ASSETS				
CURRENT LIABILITIES				
Accounts payable	\$ 843,673	\$ 47,440	\$ 20,194	\$ 911,307
Accrued expenses	90,990	10,552	27,812	129,354
Compensated absences payable	42,434	5,601	11,965	60,000
Current maturities on loans and bonds	-	54,000	-	54,000
	<u>977,097</u>	<u>117,593</u>	<u>59,971</u>	<u>1,154,661</u>
CURRENT LIABILITIES PAYABLE FROM RESTRICTED ASSETS				
Accounts and contracts payable	76,179	-	-	76,179
Total Current Liabilities	<u>1,053,276</u>	<u>117,593</u>	<u>59,971</u>	<u>1,230,840</u>
NONCURRENT LIABILITIES				
Customer deposits	1,278,770	-	-	1,278,770
Other deposits	18,994	23,479	361,253	403,726
Unearned revenue	4,648,674	-	-	4,648,674
Net other postemployment benefits obligation	40,501	4,453	22,266	67,220
Compensated absences payable	540,156	71,291	152,302	763,749
Loan payable, net of current portion	-	216,000	-	216,000
Revenue bonds payable, net of unamortized discount and refunding loss	35,205,310	-	-	35,205,310
Total Noncurrent Liabilities	<u>41,732,405</u>	<u>315,223</u>	<u>535,821</u>	<u>42,583,449</u>
Total Liabilities	<u>42,785,681</u>	<u>432,816</u>	<u>595,792</u>	<u>43,814,289</u>
NET ASSETS				
Invested in capital assets, net of related debt	150,692,675	25,855,140	7,771	176,555,586
Restricted				
Debt retirement	1,379,337	-	-	1,379,337
Capital projects	3,245,612	-	-	3,245,612
Unrestricted	26,342,658	5,760,236	7,398,163	39,501,057
Total Net Assets	<u>181,660,282</u>	<u>31,615,376</u>	<u>7,405,934</u>	<u>220,681,592</u>
Total Liabilities and Net Assets	<u>\$ 224,445,963</u>	<u>\$ 32,048,192</u>	<u>\$ 8,001,726</u>	<u>\$ 264,495,881</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, 2012

	Major Enterprise Funds		Nonmajor Enterprise	Total Enterprise Funds
	Water System Fund	Stormwater Fund	Fund - Building Fund	
OPERATING REVENUES				
Charges for services	\$ 20,659,521	\$ 2,311,903	\$ 112	\$ 22,971,536
Licenses and permits	-	-	3,487,255	3,487,255
Other fees and charges	331,264	820	2,394	334,478
Total Operating Revenues	<u>20,990,785</u>	<u>2,312,723</u>	<u>3,489,761</u>	<u>26,793,269</u>
OPERATING EXPENSES				
Personal services	4,305,648	593,388	1,706,517	6,605,553
General operating expenses	7,025,704	557,991	236,141	7,819,836
Depreciation	5,413,068	566,375	15,304	5,994,747
Total Operating Expenses	<u>16,744,420</u>	<u>1,717,754</u>	<u>1,957,962</u>	<u>20,420,136</u>
Operating Income	<u>4,246,365</u>	<u>594,969</u>	<u>1,531,799</u>	<u>6,373,133</u>
NONOPERATING REVENUES (EXPENSES)				
Intergovernmental	-	18,679	-	18,679
Investment earnings	223,047	6,132	8,215	237,394
Miscellaneous revenues	9,362	-	-	9,362
Gain (loss) on the sale of capital assets	13,058	-	(5,866)	7,192
Net change in fair value of investments	127,290	6,442	9,698	143,430
Interest expense	(1,516,017)	(557)	-	(1,516,574)
Other debt service expense	(1,616)	-	-	(1,616)
Amortization expense	(141,327)	-	-	(141,327)
Total Nonoperating Revenues (Expenses)	<u>(1,286,203)</u>	<u>30,696</u>	<u>12,047</u>	<u>(1,243,460)</u>
Income Before Capital Contributions and Transfers	2,960,162	625,665	1,543,846	5,129,673
CAPITAL CONTRIBUTIONS	2,029,850	332,642	-	2,362,492
TRANSFERS	<u>(204,600)</u>	<u>(36,667)</u>	<u>140,384</u>	<u>(100,883)</u>
Change in Net Assets	4,785,412	921,640	1,684,230	7,391,282
Net assets at beginning of year	<u>176,874,870</u>	<u>30,693,736</u>	<u>5,721,704</u>	<u>213,290,310</u>
Net assets at end of year	<u>\$ 181,660,282</u>	<u>\$ 31,615,376</u>	<u>\$ 7,405,934</u>	<u>\$ 220,681,592</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, 2012

	Major Enterprise Funds		Nonmajor Enterprise Fund - Building Fund	Total Enterprise Funds
	Water System Fund	Stormwater Fund		
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received from customers	\$ 20,030,535	\$ 2,274,374	\$ 3,668,179	\$ 25,973,088
Cash paid to suppliers and contractors	(7,008,146)	(600,292)	(242,162)	(7,850,600)
Cash paid to employees	(4,451,439)	(590,152)	(1,752,249)	(6,793,840)
Cash received from others	340,626	820	2,394	343,840
Net Cash Provided By Operating Activities	8,911,576	1,084,750	1,676,162	11,672,488
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Operating grants received	-	18,679	-	18,679
Transfers	(204,600)	(36,667)	140,384	(100,883)
Net Cash Provided By (Used In) Noncapital Financing Activities	(204,600)	(17,988)	140,384	(82,204)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Capital contributions	1,719,341	332,642	-	2,051,983
Proceeds from disposal of capital assets	13,058	-	-	13,058
Principal paid on revenue bonds	(2,790,000)	-	-	(2,790,000)
Principal paid on loan payable	-	(54,000)	-	(54,000)
Acquisition and construction of capital assets	(7,852,712)	(673,927)	-	(8,526,639)
Interest and other debt service charges paid on long-term debt	(1,666,810)	(557)	-	(1,667,367)
Net Cash Used In Capital and Related Financing Activities	(10,577,123)	(395,842)	-	(10,972,965)
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchases of investments	(89,202)	(1,101)	(1,657)	(91,960)
Interest received	223,047	6,132	8,215	237,394
Net Cash Provided By Investing Activities	133,845	5,031	6,558	145,434
Net Increase (Decrease) in Cash and Cash Equivalents	(1,736,302)	675,951	1,823,104	762,753
Cash and cash equivalents at beginning of year	23,259,995	4,577,720	5,566,049	33,403,764
Cash and cash equivalents at end of year	\$ 21,523,693	\$ 5,253,671	\$ 7,389,153	\$ 34,166,517
Cash and Cash Equivalents Reconciliation				
Unrestricted	\$ 11,610,148	\$ 5,253,671	\$ 7,389,153	\$ 24,252,972
Restricted	9,913,545	-	-	9,913,545
Cash and cash equivalents at end of year	\$ 21,523,693	\$ 5,253,671	\$ 7,389,153	\$ 34,166,517

	Major Enterprise Funds		Nonmajor Enterprise Fund - Building Fund	Total Enterprise Funds
	Water System Fund	Stormwater Fund		
NONCASH FINANCING AND INVESTING ACTIVITIES				
Capital contributions	\$ 1,408,237	\$ -	\$ -	\$ 1,408,237
Change in fair value of investments	\$ 127,290	\$ 6,442	\$ 9,698	\$ 143,430
Amortization of debt issue costs	\$ 13,963	\$ -	\$ -	\$ 13,963
Amortization of bond discount/premium	\$ (1,563)	\$ -	\$ -	\$ (1,563)
Amortization of refunding loss	\$ 128,927	\$ -	\$ -	\$ 128,927
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES				
Operating income	\$ 4,246,365	\$ 594,969	\$ 1,531,799	\$ 6,373,133
Adjustments to reconcile operating income to net cash provided by operating activities				
Depreciation	5,413,068	566,375	15,304	5,994,747
Provision for doubtful accounts	29,493	2,323	-	31,816
Miscellaneous revenues	9,362	-	-	9,362
Changes in operating assets and liabilities				
Accounts receivable	(459,791)	(39,852)	-	(499,643)
Other receivable	(293,845)	-	-	(293,845)
Due from other funds	131,251	(9,361)	(22,809)	99,081
Prepaid expenses	(115,639)	69	-	(115,570)
Accounts payable	1,946	(33,009)	16,788	(14,275)
Accrued expenses	(148,738)	(1,192)	(15,699)	(165,629)
Compensated absences	(2,283)	3,726	(32,182)	(30,739)
Deposits	59,002	-	180,812	239,814
Unearned revenue	36,155	-	-	36,155
Net OPEB obligation	5,230	702	2,149	8,081
Net Cash Provided By Operating Activities	\$ 8,911,576	\$ 1,084,750	\$ 1,676,162	\$ 11,672,488

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, 2012

	Municipal Police Officers' Retirement Trust Fund
ASSETS	
Cash and cash equivalents	\$ 2,214,045
Investments	
Certificates of deposit	3,860,487
U.S. Government bonds and notes	1,466,052
U.S. Government Agency securities	3,795,233
Corporate obligations	6,539,943
Asset-backed bonds	1,560,305
Build America bonds	200,974
Foreign bonds	386,489
Equity securities	5,183,008
Preferred stock	621,730
Equity mutual funds	5,207,442
Real estate investment trust index funds	1,673,286
Commingled real estate funds	639,410
International equity funds	5,501,719
Equity common trust funds	4,924,696
Total Investments	<u>41,560,774</u>
Receivables	
Accrued interest and dividends	159,030
Employer contributions	71,649
Police Officers	2,716
Total Receivables	<u>233,395</u>
Total Assets	44,008,214
LIABILITIES	
Accounts payable and accrued expenses	24,517
Pending trades payable	23,071
Total Liabilities	<u>47,588</u>
NET ASSETS	
Held in trust for pension benefits	<u>\$ 43,960,626</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, 2012

	Municipal Police Officers' Retirement Trust Fund
ADDITIONS	
Contributions	
Town	\$ 2,082,682
State	523,095
Employee	759,010
	<u>3,364,787</u>
Investment earnings	
Net appreciation in fair value of investments	5,472,340
Interest and dividends	987,146
Other	511
	<u>6,459,997</u>
Less investment expenses	172,303
Net investment earnings	<u>6,287,694</u>
Total Additions	9,652,481
DEDUCTIONS	
Pension benefits	1,842,362
Contribution refunds	79,267
Administrative expenses	128,220
	<u>2,049,849</u>
Total Deductions	<u>2,049,849</u>
Change in Net Assets	7,602,632
Net Assets at Beginning of Year	<u>36,357,994</u>
Net Assets at End of Year	<u>\$ 43,960,626</u>

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

TOWN OF JUPITER, FLORIDA
NOTES TO FINANCIAL STATEMENTS

September 30, 2012

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.

Related Organization: The Northern Riverwalk Community Development District (the "NRCDD") was created on May 19, 2009 by Ordinance 1-09 of the Town of Jupiter, Florida, pursuant to the Florida Uniform Community Development District Act of 1980. The NRCDD was established for the purposes of financing and managing the acquisition, construction, maintenance and operation of a portion of the infrastructure necessary for development within the NRCDD. The NRCDD is governed by the Board of Supervisors (the "Board"), which is composed of five members elected by the owners of the property within the NRCDD. The Town does not approve budgets, retain any financial interest or have any obligation for debt and cannot impose its will on the NRCDD. Accordingly, the NRCDD is not included in the Town's financial reporting entity. See Note L - Commitment and Contingencies.

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

TOWN OF JUPITER, FLORIDA
NOTES TO FINANCIAL STATEMENTS

September 30, 2012

NOTE A - SIGNIFICANT ACCOUNTING POLICIES (Continued)

eliminated, except those representing balances between the governmental activities and business-type activities, which are presented as internal balances and eliminated in the Total Column. In the Statement of Activities, all interfund transactions have been eliminated, except for charges between the Town's governmental activities and business-type activities.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or identifiable activity is offset by program revenue. *Direct expenses* are those that are clearly identifiable with a specific function or identifiable activity. *Program revenue* includes three categories of transactions: (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment; (2) operating grants and contributions; and, (3) 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 Community Investment 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.

TOWN OF JUPITER, FLORIDA
NOTES TO FINANCIAL STATEMENTS

September 30, 2012

NOTE A - SIGNIFICANT ACCOUNTING POLICIES (Continued)

The Town reports the following major proprietary funds:

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

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

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

TOWN OF JUPITER, FLORIDA
NOTES TO FINANCIAL STATEMENTS

September 30, 2012

NOTE A - SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Property Taxes: Ad valorem property taxes are assessed on property valuations as of January 1st and levied the following October 1st. Taxes are due by March 31st and become delinquent on April 1st, when liens are filed against the subject property. Ad valorem taxes are assessed by the 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, 2012, taxes receivable were \$238,765 and were offset by an allowance of \$238,765 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, 2012, the Town adopted a total millage rate of 2.8295, which was less than the maximum tax rate permitted. This millage rate resulted in a total tax levy of \$18,195,931 for 2012, representing a 10.1% reduction from the property tax levy for 2011. 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 certificates of deposits, 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, certificate of deposits 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

TOWN OF JUPITER, FLORIDA
NOTES TO FINANCIAL STATEMENTS

September 30, 2012

NOTE A - SIGNIFICANT ACCOUNTING POLICIES (Continued)

that are payable when connections are made to the utility system. Utility customers pay a cash deposit to the Town as collateral for future charges for services. The Town does not require collateral for other accounts receivable. Accounts receivable are reported net of an allowance for doubtful accounts determined based on the age of the individual receivable, with age categories ranging from 30 days past due to several years past due. Generally, the allowance includes accounts over 120 days past due. Accounts receivable are written off on an individual basis in the year the Town deems them uncollectible.

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

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 under the consumption method. Reported amounts in governmental funds are equally offset by non-spendable fund balance, in the fund financial statements, which indicates that these amounts do not constitute "available spendable resources" even though they are a component of current assets.

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. Costs for professional services and interest associated with the acquisition and construction of enterprise fund capital assets are capitalized. The cost of capital assets sold or retired is removed from the 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 categories of assets are as follows:

Buildings and plant	5-70 years
Improvements	15-70 years
Equipment and vehicles	5-20 years
Infrastructure	7-25 years

The estimated useful lives of capital assets of the Water System Fund were changed in 2012 as a result of an independent consultant's study. The effect of the change reduced depreciation expense for 2012 and future years by approximately \$800,000 annually.

TOWN OF JUPITER, FLORIDA
NOTES TO FINANCIAL STATEMENTS

September 30, 2012

NOTE A - SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 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 Enterprise Funds includes utility payments from customers and other amounts received in advance of the related services being provided by the Town.

Compensated Absences: The Town records accumulated, unpaid vacation, sick and compensatory pay in proprietary funds as a fund liability. The liability for compensated absences attributable to the Town's governmental funds is recorded in the government-wide financial statements. The liability for compensated absences of both the governmental and proprietary funds includes related payroll taxes and 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 \$523,095 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, 2012, 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*.

TOWN OF JUPITER, FLORIDA
NOTES TO FINANCIAL STATEMENTS

September 30, 2012

NOTE A - SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Balance - In the fund financial statements, governmental funds report fund balance 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:

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 in the Town's annual budget.

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.

TOWN OF JUPITER, FLORIDA
NOTES TO FINANCIAL STATEMENTS

September 30, 2012

NOTE A - SIGNIFICANT ACCOUNTING POLICIES (Continued)

Services, deemed to be reasonably equivalent in value, are treated as revenue and expenditures/expenses. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are presented as transfers. Transfers between the governmental and business-type activities are eliminated in the government-wide financial statements.

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

Recent Accounting Pronouncements: The GASB has issued the following Statements effective in future years. Management has not completed its analysis of the effects, if any, of these GASB statements on the financial statements of the Town.

GASB 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.

GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, provides accounting and financial reporting standards for deferred outflows of resources or deferred inflows of resources and certain items that were previously reported as assets and liabilities and recognizes these items as outflows of resources or inflows of resources that were previously reported as assets and liabilities. The requirements of this statement will be effective for the Town for the fiscal year ending September 30, 2014.

GASB Statement No. 66, *Technical Corrections - 2012 - An Amendment of GASB Statements No. 10 and No. 62*, amends Statement No. 10, *Accounting and Financial Reporting for Risk Financing and Related Insurance Issues*, by removing the provision that limits fund-based reporting of an entity's risk financing activities to the general fund and the internal service fund type. This Statement also amends Statement No. 62 by modifying the specific guidance on accounting for (1) operating lease payments that vary from a straight-

TOWN OF JUPITER, FLORIDA
NOTES TO FINANCIAL STATEMENTS

September 30, 2012

NOTE A - SIGNIFICANT ACCOUNTING POLICIES (Continued)

line basis, (2) the difference between the initial investment (purchase price) and the principal amount of a purchased loan or group of loans, and (3) servicing fees related to mortgage loans that are sold when the stated service fee rate differs significantly from a current (normal) servicing fee rate. The requirements of this statement will be effective for the Town for the fiscal year ending September 30, 2014.

GASB Statement No. 67, *Financial Reporting for Pension Plans – An Amendment of GASB Statement No. 25*, provides accounting and financial reporting requirements related to pensions for governments whose employees are provided with pensions through pension plans. The Statement establishes a definition for pension arrangements and determining pension obligations and requirements for accumulating and managing assets dedicated for pensions, and paying benefits to plan members as they come due. The requirements of this statement will be effective for the Town for the fiscal year ending September 30, 2014.

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – An Amendment of GASB Statement No. 27*, provides accounting and financial reporting requirements related to pensions for governments whose employees are provided with pensions through pension plans. The Statement establishes standards for measuring and recognizing liabilities, deferred outflows of resources, and deferred inflows of resources, and expenses/expenditures. For defined benefit pensions, this Statement identifies methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. The requirements of this statement will be effective for the Town for the fiscal year ending September 30, 2015.

GASB Statement No. 69, *Government Combinations and Disposals of Government Operations*, establishes accounting and financial reporting standards related to government combinations and disposals of government operations. This Statement distinguishes between a government merger and a government acquisition and also provides guidance for transfers of operations that do not constitute entire legally separate entities and in which no significant consideration is exchanged. The requirements of this statement will be effective for the Town for the fiscal year ending September 30, 2015.

NOTE B – CASH, CASH EQUIVALENTS, AND INVESTMENTS

Cash and Cash Equivalents: At September 30, 2012, cash and cash equivalents included petty cash of \$5,141, deposits in checking and demand deposit accounts of \$25,982,494, and investments in money market mutual funds accounts of \$26,370,947. The checking and demand deposit accounts are 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 GASB Statement No. 3. Cash and cash equivalents of the Municipal Police Officers' Retirement Trust Fund (MPORT) includes \$2,214,045 invested in money market mutual funds.

TOWN OF JUPITER, FLORIDA
NOTES TO FINANCIAL STATEMENTS

September 30, 2012

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

Investments: Town ordinances authorize the Town to invest in external investment pools administered by the State Board of Administration (SBA), including Florida Prime and Local Government Investment Pool (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, investments specifically authorized by Town ordinance or resolution. The Town's investment policy prohibits investing in 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 twenty five 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 seventy percent of the fund's assets.

The Town's investments at September 30, 2012, are summarized as follows:

	Primary Government	Fiduciary Fund Pension Trust	Total
Florida Prime	\$ 33,522,219	\$ -	\$ 33,522,219
LGIP Fund B	1,386,685	-	1,386,685
Certificates of deposit (\$1,825,000 pledged - Note L)	4,026,612	3,860,487	7,887,099
U.S. Government bonds and notes	-	1,466,052	1,466,052
U.S. Government Agency securities	36,425	3,795,233	3,831,658
Corporate obligations	-	6,539,943	6,539,943
Asset-backed bonds	-	1,560,305	1,560,305
Build America bonds	-	200,974	200,974
Foreign bonds	-	386,489	386,489
Equity securities	-	5,183,008	5,183,008
Preferred stock	-	621,730	621,730
Equity mutual funds	-	5,207,442	5,207,442
REIT index funds	-	1,673,286	1,673,286
Commingled real estate funds	-	639,410	639,410
International equity funds	-	5,501,719	5,501,719
Equity common trust funds	-	4,924,696	4,924,696
	<u>\$ 38,971,941</u>	<u>\$ 41,560,774</u>	<u>\$ 80,532,715</u>
Total investments	<u>\$ 38,971,941</u>	<u>\$ 41,560,774</u>	<u>\$ 80,532,715</u>

TOWN OF JUPITER, FLORIDA
NOTES TO FINANCIAL STATEMENTS

September 30, 2012

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

Reported in the financial statements as:

Cash and cash equivalents	\$ 42,445,037	\$ 2,214,045	\$ 44,659,082
Restricted cash and cash equivalents	<u>9,913,545</u>	<u>-</u>	<u>9,913,545</u>
Total cash and cash equivalents	52,358,582	2,214,045	54,572,627
Investments	36,052,555	41,560,774	77,613,329
Restricted investments	<u>2,919,386</u>	<u>-</u>	<u>2,919,386</u>
Total investments	<u>38,971,941</u>	<u>41,560,774</u>	<u>80,532,715</u>
Total cash, cash equivalents and investments	<u>\$ 91,330,523</u>	<u>\$ 43,774,819</u>	<u>\$ 135,105,342</u>

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 SEC 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.

The LGIP Fund B is a closed investment pool administered by the State of Florida SBA and resulting from the restructuring of the original LGIP in 2008 following substantial withdrawals due to reported liquidity issues. The restructuring plan 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 as 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, 2012 the Fund B investments had a net asset value approximating 95% 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 financial position of the Town. Additional information on the current status of LGIP Fund B may be obtained from the SBA.

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, 2012, 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 4.08 years.

TOWN OF JUPITER, FLORIDA
NOTES TO FINANCIAL STATEMENTS

September 30, 2012

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

The following table summarizes the scheduled maturities of debt securities at September 30, 2012.

	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	\$ 106,592	\$ 1,359,460	\$ -	\$ -
U.S. Government backed bonds and notes	-	918,568	55,172	2,857,918
Corporate obligations	180,650	2,160,724	2,656,185	1,542,384
Asset-backed bonds	-	153,503	166,300	1,240,502
Build America bonds	-	-	-	200,974
Foreign bonds	-	386,489	-	-
	<u>\$ 287,242</u>	<u>\$ 4,978,744</u>	<u>\$ 2,877,657</u>	<u>\$ 5,841,778</u>

Credit Risk: Credit risk is the risk that a debt issuer will not fulfill its obligations. The Pension Trust Fund's investment policy requires that investments in debt securities must be rated in one of the top three investment grades by a Nationally Recognized Statistical Rating Organization (NRSRO). The Pension Trust Fund utilizes ratings from Standard and Poor's and Moody's Investor Services for its investments. LGIP 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, 2012, are summarized as follows:

	NRSRO Rating	Fair Value
Florida Prime	AAAm	\$ 33,522,219
Pension Fund money market mutual fund	AAAm	2,214,045
U.S. Government securities	AA	1,466,052
U.S. Government backed bonds and notes	AA	3,831,658
Corporate obligations	AAA - CCC	6,539,943
Asset-backed bonds	AAA - AA	1,560,305
Build America bonds	AA	200,974
Foreign bonds	A - BBB	386,489

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, 2012, all Town 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. In the Pension Trust Fund, securities are held in custodial accounts but not in the name of the Pension Trust Fund.

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, excluding securities held under a third party safekeeping agreement. In the Pension Trust Fund,

TOWN OF JUPITER, FLORIDA
NOTES TO FINANCIAL STATEMENTS

September 30, 2012

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

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 \$386,489 of foreign currency denominated bonds.

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 real estate funds or pooled 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, 2012, consist of the following:

	<u>Gross Accounts Receivable</u>	<u>Allowance For Doubtful Accounts</u>	<u>Net Receivable</u>
Governmental Funds			
General Fund	\$ 1,829,489	\$ (379,224)	\$ 1,450,265
Community Redevelopment Fund	3,600	-	3,600
Capital Improvements Fund	<u>35,000</u>	<u>-</u>	<u>35,000</u>
Total Governmental Funds	1,868,089	(379,224)	1,488,865
Proprietary Funds			
Water System Fund	2,117,469	(394,515)	1,722,954
Stormwater Fund	<u>303,296</u>	<u>(48,571)</u>	<u>254,725</u>
Total Proprietary Funds	<u>2,420,765</u>	<u>(443,086)</u>	<u>1,977,679</u>
	<u>\$ 4,288,854</u>	<u>\$ (822,310)</u>	<u>\$ 3,466,544</u>

Noncurrent receivables in the Proprietary Funds of \$4,738,604 have no allowance for doubtful accounts at September 30, 2012.

TOWN OF JUPITER, FLORIDA
NOTES TO FINANCIAL STATEMENTS

September 30, 2012

NOTE D - NOTES RECEIVABLE

The Town had the following notes receivable at September 30, 2012:

General Fund - Economic Development Loan	\$	4,795
Community Redevelopment Fund - NRCDD Loan		<u>1,857,930</u>
Total notes receivable	\$	<u>1,862,725</u>

Economic Development Loan: In July 2010, the Town provided a loan guarantee of \$250,000 to a private company as part of the Town's economic development initiative. The loan guarantee was restructured and \$4,795 of interest was paid by the Town and has been recorded as a note receivable at September 30, 2012.

Northern Riverwalk Community Development District: In May 2011, the Community Redevelopment Fund (the "CRA") entered into an agreement with the Northern Riverwalk Community Development District (the "NRCDD") whereby the CRA agreed to loan the NRCDD \$3,660,908 to be used for engineering and construction of certain capital projects. The CRA advanced the NRCDD \$1,257,125 during 2011. Repayments are due 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. The note is unsecured and matures on May 3, 2015, at which time all remaining principal and interest are due and payable in full. During the year ended September 30, 2012 the CRA advanced \$2,420,481 to the NRCDD. In conjunction with the loan to NRCDD, the CRA applied for and was awarded a grant from the Florida Inland Navigation District ("FIND") for funding certain capital projects of the NRCDD. During 2012, the CRA received \$1,419,676 from the FIND grant and applied those funds to repayment of the note principal. The CRA also received a principal payment of \$400,000 from the NRCDD during 2012. The remaining principal balance owed by the NRCDD to the CRA at September 30, 2012, was \$1,857,930 plus accrued interest of \$117,284, which is due at maturity and is recorded as deferred revenue in the CRA Fund at September 30, 2012. See Note L - Commitments and Contingencies.

NOTE E - CAPITAL ASSETS

The Town's capital asset activity for the year ended September 30, 2012, is summarized as follows:

Governmental Activities	Balance at Beginning of Year	Increases	Decreases	Balance at End of Year
Capital assets not being depreciated				
Land	\$ 42,304,315	\$ 19,158	\$ -	\$ 42,323,473
Depreciable capital assets				
Buildings	21,343,533	806,321	-	22,149,854
Improvements	36,066,694	1,819,080	-	37,885,774
Machinery and equipment	11,400,082	891,466	(257,656)	12,033,892
Infrastructure	<u>22,430,881</u>	<u>660,752</u>	<u>-</u>	<u>23,091,633</u>
Total depreciable capital assets	91,241,190	4,177,619	(257,656)	95,161,153

TOWN OF JUPITER, FLORIDA
NOTES TO FINANCIAL STATEMENTS

September 30, 2012

NOTE E - CAPITAL ASSETS (Continued)

Governmental Activities (Continued)	Balance at Beginning of Year	Increases	Decreases	Balance at End of Year
Less accumulated depreciation				
Buildings	\$ (12,254,717)	\$ (487,183)	\$ -	\$ (12,741,900)
Improvements	(13,849,491)	(1,087,588)	-	(14,937,079)
Machinery and equipment	(8,587,097)	(1,028,859)	246,789	(9,369,167)
Infrastructure	<u>(10,222,451)</u>	<u>(1,317,038)</u>	<u>-</u>	<u>(11,539,489)</u>
	<u>(44,913,756)</u>	<u>(3,920,668)</u>	<u>246,789</u>	<u>(48,587,635)</u>
Depreciable capital assets, net of accumulated depreciation	<u>46,327,434</u>	<u>256,951</u>	<u>(10,867)</u>	<u>46,573,518</u>
Total capital assets, net	<u>\$ 88,631,749</u>	<u>\$ 276,109</u>	<u>\$ (10,867)</u>	<u>\$ 88,896,991</u>

Depreciation expense charged to governmental activities for the year ended September 30, 2012 was as follows:

General government	\$ 1,310,556
Public safety	342,604
Engineering and public works	1,399,801
Culture and recreation	<u>867,707</u>
Total Governmental Activities Depreciation Expense	<u>\$ 3,920,668</u>

Business-type Activities	Balance at Beginning of Year	Increases	Decreases	Transfers	Balance at End of Year
Capital assets not being depreciated					
Land	\$ 569,123	\$ -	\$ -	\$ -	\$ 569,123
Construction in progress	<u>3,173,537</u>	<u>1,984,134</u>	<u>(1,962,624)</u>	<u>-</u>	<u>3,195,047</u>
Total capital assets not being depreciated	3,742,660	1,984,134	(1,962,624)	-	3,764,170
Depreciable capital assets					
Buildings and plant	96,832,904	1,793,438	(8,404)	(1,759,400)	96,858,538
Improvements	191,588,101	4,616,679	(4,625)	-	196,200,155
Machinery and equipment	<u>24,799,170</u>	<u>935,111</u>	<u>(71,870)</u>	<u>1,759,400</u>	<u>27,421,811</u>
Total depreciable capital assets	313,220,175	7,345,228	(84,899)	-	320,480,504
Less accumulated depreciation					
Buildings and plant	(17,256,500)	(2,841,266)	3,723	870,006	(19,224,037)
Improvements	(74,104,767)	(2,587,635)	3,440	-	(76,688,962)
Machinery and equipment	<u>(20,149,213)</u>	<u>(565,846)</u>	<u>71,869</u>	<u>(870,006)</u>	<u>(21,513,196)</u>
	<u>(111,510,480)</u>	<u>(5,994,747)</u>	<u>79,032</u>	<u>-</u>	<u>(117,426,195)</u>
Depreciable capital assets, net of accumulated depreciation	<u>201,709,695</u>	<u>1,350,481</u>	<u>(5,867)</u>	<u>-</u>	<u>203,054,309</u>
Total capital assets, net	<u>\$ 205,452,355</u>	<u>\$ 3,334,615</u>	<u>\$ (1,968,491)</u>	<u>\$ -</u>	<u>\$ 206,818,479</u>

TOWN OF JUPITER, FLORIDA
NOTES TO FINANCIAL STATEMENTS

September 30, 2012

NOTE F - NONCURRENT LIABILITIES

Governmental Activities

Changes in governmental activities noncurrent liabilities for the year ended September 30, 2012, are summarized as follows:

	Balance at Beginning of Year	Additions	Retirements	Balance at End of Year	Amounts Due Within One Year
Capital Leases	\$ 28,714	\$ -	\$ (28,714)	\$ -	\$ -
General Obligation Bonds					
Series 2001	6,905,000	-	(545,000)	6,360,000	570,000
Series 2005	13,015,000	-	(730,000)	12,285,000	755,000
Sales Tax Revenue Refunding Bonds/Note					
Series 2002	6,450,000	-	(590,000)	5,860,000	620,000
Series 2008	1,415,000	-	(130,000)	1,285,000	135,000
Compensated absences	<u>2,824,478</u>	<u>242,025</u>	<u>(144,182)</u>	<u>2,922,321</u>	<u>172,000</u>
Total long-term debt	30,638,192	<u>\$ 242,025</u>	<u>\$ (2,167,896)</u>	28,712,321	<u>\$ 2,252,000</u>
Current maturities	(2,170,714)			(2,252,000)	
Unamortized bond discount	<u>(98,443)</u>			<u>(91,283)</u>	
Net long-term debt	<u>\$ 28,369,035</u>			<u>\$ 26,369,038</u>	

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

Capital Leases: The Town leased 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 noncurrent liabilities, 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, 2012. The capital leasing obligation was fully paid in December 2011.

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.

TOWN OF JUPITER, FLORIDA
NOTES TO FINANCIAL STATEMENTS

September 30, 2012

NOTE F - NONCURRENT LIABILITIES (Continued)

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

Year Ending September 30	Principal	Interest	Total
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	700,000	214,500	914,500
2018 - 2021	<u>3,200,000</u>	<u>451,825</u>	<u>3,651,825</u>
	<u>\$ 6,360,000</u>	<u>\$ 1,856,950</u>	<u>\$ 8,216,950</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:

Year Ending September 30	Principal	Interest	Total
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	865,000	367,150	1,232,150
2018 - 2022	4,840,000	1,310,313	6,150,313
2023 - 2025	<u>3,405,000</u>	<u>291,828</u>	<u>3,696,828</u>
	<u>\$ 12,285,000</u>	<u>\$ 3,717,171</u>	<u>\$ 16,002,171</u>

Bond Ratings: In November 2010, Standards & Poor's Rating Services raised its rating on the Town's outstanding general obligation bonds from AA+ to AAA. In September 2012, Moody's Investor Service upgraded its rating on the Town's outstanding general obligation bonds from Aa1 to Aaa.

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.

TOWN OF JUPITER, FLORIDA
NOTES TO FINANCIAL STATEMENTS

September 30, 2012

NOTE F - NONCURRENT LIABILITIES (Continued)

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:

Year Ending September 30	Principal	Interest	Total
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	745,000	160,500	905,500
2018 - 2020	<u>2,465,000</u>	<u>250,250</u>	<u>2,715,250</u>
	<u>\$ 5,860,000</u>	<u>\$ 1,372,989</u>	<u>\$ 7,232,989</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:

Year Ending September 30	Principal	Interest	Total
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	165,000	25,521	190,521
2018 - 2020	<u>540,000</u>	<u>39,820</u>	<u>579,820</u>
	<u>\$ 1,285,000</u>	<u>\$ 221,182</u>	<u>\$ 1,506,182</u>

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 \$8,739,171 at September 30, 2012. Principal and interest paid and sales tax revenues received for 2012 were \$1,084,557 and \$3,596,953, respectively.

TOWN OF JUPITER, FLORIDA
NOTES TO FINANCIAL STATEMENTS

September 30, 2012

NOTE F - NONCURRENT LIABILITIES (Continued)

Business-type Activities

Changes in business-type activities noncurrent liabilities for the year ended September 30, 2012, are summarized as follows:

	Balance at Beginning of Year	Additions	Retirements	Balance at End of Year	Amounts Due Within One Year
Water Revenue Bonds/Note					
Series 2002	\$ 7,030,000	\$ -	\$ (875,000)	\$ 6,155,000	\$ -
Series 2003	22,555,000	-	(625,000)	21,930,000	-
Series 2010	9,165,000	-	(1,290,000)	7,875,000	-
Stormwater loan	324,000	-	(54,000)	270,000	54,000
Compensated absences	<u>854,486</u>	<u>18,628</u>	<u>(49,365)</u>	<u>823,749</u>	<u>60,000</u>
Total long-term debt	39,928,486	<u>\$ 18,628</u>	<u>\$ (2,893,365)</u>	37,053,749	<u>\$ 114,000</u>
Unamortized discount/ premium	(172,235)			(173,798)	
Unamortized refunding loss	(709,819)			(580,892)	
Current maturities	<u>(728,345)</u>			<u>(114,000)</u>	
Net long-term debt	<u>\$ 38,318,087</u>			<u>\$ 36,334,462</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, 2012, there were no defeased bonds still outstanding. The refunding resulted in an economic gain (the difference between the present value of the debt service payments of the refunding and refunded bonds) of \$1,608,683 and reduced the total debt service payments by \$1,805,484. The Series 2002 Bonds are payable from and secured by the 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:

TOWN OF JUPITER, FLORIDA
NOTES TO FINANCIAL STATEMENTS

September 30, 2012

NOTE F - NONCURRENT LIABILITIES (Continued)

Year Ending September 30	Principal	Interest	Total
2013 (*)	\$ -	\$ 328,960	\$ 328,960
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	1,040,000	149,425	1,189,425
2018 - 2019	<u>2,260,000</u>	<u>123,088</u>	<u>2,383,088</u>
	<u>\$ 6,155,000</u>	<u>\$ 1,346,783</u>	<u>\$ 7,501,783</u>

(*) Payment was made in September 2012 for principal and interest due on October 1, 2012.

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 collateralized 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
2013 (*)	\$ -	\$ 1,037,018	\$ 1,037,018
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	725,000	932,205	1,657,205
2018 - 2022	4,140,000	4,134,498	8,274,498
2023 - 2027	5,265,000	2,982,275	8,247,275
2028 - 2032	6,650,000	1,561,087	8,211,087
2033 - 2034	<u>3,125,000</u>	<u>150,219</u>	<u>3,275,219</u>
	<u>\$ 21,930,000</u>	<u>\$ 13,760,180</u>	<u>\$ 35,690,180</u>

(*) Payment was made in September 2012 for principal and interest due on October 1, 2012.

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 collateralized by the proceeds from pledged net revenues of the water system (as defined in the note agreement) and connection charges.

TOWN OF JUPITER, FLORIDA
NOTES TO FINANCIAL STATEMENTS

September 30, 2012

NOTE F - NONCURRENT LIABILITIES (Continued)

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

Year Ending September 30	Principal	Interest	Total
2013 (*)	\$ -	\$ 250,844	\$ 250,844
2014	685,000	230,288	915,288
2015	720,000	208,815	928,815
2016	760,000	186,674	946,674
2017	795,000	162,430	957,430
2018 - 2022	3,540,000	461,039	4,001,039
2023 - 2024	1,375,000	42,625	1,417,625
	<u>\$ 7,875,000</u>	<u>\$ 1,542,715</u>	<u>\$ 9,417,715</u>

(*) Payment was made in September 2012 for principal and interest due on October 1, 2012.

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 (0.16% at September 30, 2012). The Stormwater Loan is payable from and collateralized by the proceeds from pledged net revenues of the stormwater system (as defined in the loan agreement). Principal and interest are payable January 1 and July 1 through 2017. The debt service requirements of the Stormwater Loan are as follows:

Year Ending September 30	Principal	Interest	Total
2013	\$ 54,000	\$ 442	\$ 54,442
2014	54,000	354	54,354
2015	54,000	265	54,265
2016	54,000	177	54,177
2017	54,000	88	54,088
	<u>\$ 270,000</u>	<u>\$ 1,326</u>	<u>\$ 271,326</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. Annual principal and interest payments on the bonds and note are expected to require less than 45 percent of utility net revenues. Total principal and interest remaining to be paid on the water revenue bonds and note is \$52,609,678 at September 30, 2012. Principal and interest paid and net revenues of the System for 2012 were \$4,456,810 and \$9,904,900, respectively.

TOWN OF JUPITER, FLORIDA
NOTES TO FINANCIAL STATEMENTS

September 30, 2012

NOTE F - NONCURRENT LIABILITIES (Continued)

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 \$271,326 at September 30, 2012. Principal and interest paid and stormwater utility net revenues for 2012 were \$54,557 and \$1,186,155, respectively.

Defeased Bonds: At September 30, 2012 \$5,545,000 Sales Tax Revenue Bonds - Series 1992; \$6,025,000 Water Revenue Refunding Bonds - Series 1994; and, \$7,875,000 Water Revenue Refunding Bonds - Series 1998 were outstanding and considered defeased.

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, 2012, the Town's Proprietary Funds incurred total interest charges of \$1,665,751 of which \$149,177 was capitalized.

Annual Maturities: The aggregate maturities for all long-term debt of the Town at September 30, 2012, are as follows:

Year Ending September 30	Principal	Interest	Total
2013	\$ 2,134,000	\$ 2,769,343	\$ 4,903,343
2014	4,464,000	2,598,321	7,062,321
2015	4,654,000	2,416,870	7,070,870
2016	4,874,000	2,224,076	7,098,076
2017	5,089,000	2,011,819	7,100,819
2018 - 2022	20,985,000	6,770,833	27,755,833
2023 - 2027	10,045,000	3,316,728	13,361,728
2028 - 2032	6,650,000	1,561,087	8,211,087
2033 - 2034	<u>3,125,000</u>	<u>150,219</u>	<u>3,275,219</u>
	<u>\$ 62,020,000</u>	<u>\$ 23,819,296</u>	<u>\$ 85,839,296</u>

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, 2012, are summarized as follows:

TOWN OF JUPITER, FLORIDA
NOTES TO FINANCIAL STATEMENTS

September 30, 2012

NOTE G - RESTRICTED ASSETS (Continued)

Governmental Funds	<u>Restricted Investments</u>	<u>Liabilities Payable From Restricted Assets</u>	<u>Unspent Debt Proceeds</u>	<u>Restricted Net Assets</u>
General obligation bond proceeds restricted for land acquisition	\$ 1,094,386	\$ -	\$ 1,094,386	\$ -
Special projects - Economic development	<u>1,825,000</u>	<u>-</u>	<u>-</u>	<u>1,825,000</u>
Total Governmental Funds	<u>\$ 2,919,386</u>	<u>\$ -</u>	<u>\$ 1,094,386</u>	<u>\$ 1,825,000</u>

Restricted cash and cash equivalents and the related liabilities and restricted net assets of the enterprise funds at September 30, 2012 are summarized as follows:

Enterprise Funds	<u>Restricted Cash and Cash Equivalents</u>	<u>Liabilities Payable From Restricted Assets</u>	<u>Unspent Debt Proceeds</u>	<u>Restricted Net Assets</u>
Debt Service Reserve Accounts	\$ 1,379,337	\$ -	\$ -	\$ 1,379,337
Connection Fees Account	2,737,081	-	-	2,737,081
Construction Account	5,219,050	6,633	5,212,417	-
Renewal and Replacement Account	<u>578,077</u>	<u>69,546</u>	<u>-</u>	<u>508,531</u>
Total Enterprise Funds	<u>\$ 9,913,545</u>	<u>\$ 76,179</u>	<u>\$ 5,212,417</u>	<u>\$ 4,624,949</u>

NOTE H - INTERFUND TRANSACTIONS

Interfund receivables and payables at September 30, 2012 are summarized as follows:

Receivable Fund	Payable Fund	<u>Amount</u>
General Fund	Community Redevelopment Fund	\$ 7,210,178
General Fund	Law Enforcement Fund	320
Water System Fund	General Fund	400,924
Stormwater Fund	General Fund	9,361
Building Fund	General Fund	<u>22,809</u>
		<u>\$ 7,643,592</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, 2012, is summarized as follows:

TOWN OF JUPITER, FLORIDA
NOTES TO FINANCIAL STATEMENTS

September 30, 2012

NOTE H - INTERFUND TRANSACTIONS (Continued)

Transfer To	Transfer From	<u>Amount</u>
General Fund	Community Redevelopment Fund	\$ 140,000
General Fund	Nonmajor Governmental Funds	2,200,000
Capital Improvements Fund	Water System Fund	190,700
Capital Improvements Fund	Stormwater Fund	1,667
Capital Improvements Fund	Nonmajor Governmental Funds	164,730
Capital Improvements Fund	Nonmajor Enterprise Fund	10,016
Water System Fund	Stormwater Fund	35,000
Nonmajor Enterprise Fund	Capital Improvements Fund	101,500
Nonmajor Enterprise Fund	Water System Fund	<u>48,900</u>
		<u>\$ 2,892,513</u>

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

NOTE I - EMPLOYEE RETIREMENT PLANS

The Town of Jupiter administers one single-employer, defined benefit pension plan, the 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, defined benefit public employee retirement 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, 2011, the date of the latest actuarial valuation:

Retirees and beneficiaries receiving benefits	40
Vested current employees	97
DROP participants	9
Terminated vested employees not receiving benefits	<u>2</u>
Total	<u>148</u>

TOWN OF JUPITER, FLORIDA
NOTES TO FINANCIAL STATEMENTS

September 30, 2012

NOTE I - EMPLOYEE RETIREMENT PLANS (Continued)

Benefits: The Fund provides retirement, death, and disability benefits for its members. Members hired prior to March 6, 2012, are referred to as "Tier One" employees and members hired on or after March 6, 2012, are referred to as "Tier Two" employees. Tier One employees may retire with normal benefits after: (1) the earlier of age 60; (2) age 55 with 10 years of credited service; or (3) when the total of the member's age, computed in terms of full months, plus the member's credited service, computed in terms of full months, equals 780 months. Tier Two employees may retire with normal benefits after: (1) the earlier of age 55 with 10 years of credited service; or (2) when the total of the member's age, computed in terms of full months, plus the member's credited service, computed in terms of full months, equals 840 months, with 25 years of credited service.

Normal retirement benefits are 3.0% (2.75% for Tier Two employees) of the member's average monthly salary multiplied by credited service at the normal retirement date (limited to 25 years for Tier Two employees). Average monthly salary for purposes of calculating benefits is the average of covered salary over the highest three years out of the last ten years of credited service. Reduced early retirement benefits are available once a member reaches age 50 and accumulates 10 years of credited service.

The early retirement benefit for Tier One employees is equal to the accrued benefit reduced by 3.0%, multiplied by the number of years by which the starting date of the benefit precedes age 55. For Tier Two employees, the early retirement benefit is equal to the accrued benefit reduced by 3.0% for every 2 months by which the starting date of the benefit precedes 840 months. The accrued benefit is that portion of a member's normal retirement benefit earned at any point in time.

A supplemental benefit of \$100 per month is available for members, plus for members who retire on or after October 1, 2001, a monthly benefit equal to the lesser of (1) \$150 or (2) the greater of (a) \$30 or (b) \$5 multiplied by credited service. The supplemental benefit is reduced for early retirement. Members in DROP are not eligible to receive supplemental benefits until their DROP participation ends.

Eligibility for disability benefits begins from the member's date of hire. The amount of the monthly benefit due to a total and permanent disability is: (1) the greater of (a) 60% of the covered salary at the time of member's disability or (b) the monthly income payable for ten years certain and life that can be provided by the single sum value of his/her accrued benefit; plus (2) the supplemental benefit. This benefit is payable until the member's death or recovery. Effective March 6, 2012, members with disability incurred not in the line of duty are eligible for Disability Retirement benefits after completion of 10 years of service.

Deferred Retirement Option Plan (DROP): Tier One Members are eligible to enter the DROP at the Tier One Normal Retirement Date. Tier Two Members are eligible to enter the DROP the first of the month coincident with or next following the earlier of: (1) the Tier Two Normal Retirement Date or (2) 22 years of Credited Service regardless of age with no reduction in the Tier Two Accrued Benefit for DROP entry prior to the Tier Two Normal Retirement Date.

The Accrued Benefit is frozen at DROP entry and accumulates in the DROP. DROP participants are not eligible for death or disability benefits. The Supplemental Benefit is not payable while a Member is in the DROP.

TOWN OF JUPITER, FLORIDA
NOTES TO FINANCIAL STATEMENTS

September 30, 2012

NOTE I - EMPLOYEE RETIREMENT PLANS (Continued)

The maximum DROP participation duration was extended from 5 years to 8 years effective March 6, 2012. Members in the DROP on March 6, 2012 were allowed to elect the 8 year DROP by agreeing to pay contributions at the employee contribution rate in effect at DROP entry for the remainder of the initial 5 years of DROP participation with 1/3 of these contributions credited to the members' DROP account. None of the members in DROP on March 6, 2012 exercised this option.

For Tier One members who enter the DROP after March 6, 2012, employee contributions continue at the rate in effect on the date of entry into the DROP for the first four years of DROP participation with 1/3 of these contributions credited to the members' DROP account.

For Tier Two DROP entrants, employee contributions continue for all years of DROP participation with 1/4 of these contributions credited to the members' DROP account. Tier Two maximum DROP participation is based on creditable years of service.

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: 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. Tier One employees, are required to contribute 7.56% of salary prior to October 1, 2012, 8.78% of salary effective October 1, 2012, 9.25% of salary effective October 1, 2014, and 10.00% of salary effective October 1, 2015. Tier Two employees are required to contribute 10.00% of 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. Contribution requirements by the State are established and may only be amended by State statute. Administrative costs of the MPORT are financed through investment earnings.

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

Annual Pension Cost and Net Pension Asset: The annual pension cost, net pension asset and required contribution for the year ended September 30, 2012, were determined as part of the actuarial valuation of the Plan as of October 1, 2011, 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.

TOWN OF JUPITER, FLORIDA
NOTES TO FINANCIAL STATEMENTS

September 30, 2012

NOTE I - EMPLOYEE RETIREMENT PLANS (Continued)

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, 2011, were as follows:

Annual required contribution	\$ 3,141,755
Interest on net pension obligation	(18,625)
Amortization of net pension obligation	<u>14,364</u>
Annual pension cost	3,137,494
Contributions made	<u>3,176,637</u>
Increase in net pension obligation (asset)	(39,143)
Net pension obligation (asset), beginning of year	<u>(248,330)</u>
 Net pension obligation (asset), end of year	 <u><u>\$ (287,473)</u></u>

Total contributions by the Town to the Plan in 2012 amounted to \$2,082,682, which equaled the annual required contribution from the Town determined by the actuarial valuation at October 1, 2011. The total required contribution for 2012 was 32.3% of covered payroll at October 1, 2011 (\$8,074,317), of which the State contribution was 6.5% and the Town's contribution was 25.8% of actual covered payroll for 2012.

Actuarial Assumptions: Significant actuarial assumptions used in the actuarial valuation of the MPORT as of October 1, 2011, were used for funding the MPORT for the fiscal year ended September 30, 2012, and are summarized as follows:

Valuation date	October 1, 2011
Actuarial cost method	Entry Age Normal Method
Amortization method	Level Percent - Closed Amortization
Amortization period	25 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

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:

Schedule of Employer Contributions

<u>Fiscal Year Ended</u>	<u>Annual Pension Cost (APC)</u>	<u>Actual Contribution</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Asset</u>
September 30, 2010	\$ 2,941,286	\$ 2,945,801	100.0%	\$ (243,815)
September 30, 2011	3,137,494	3,176,637	101.1	(248,330)
September 30, 2012	2,082,682	2,082,682	100.0	(287,473)

TOWN OF JUPITER, FLORIDA
NOTES TO FINANCIAL STATEMENTS

September 30, 2012

NOTE I - EMPLOYEE RETIREMENT PLANS (Continued)

Schedule of Funding Progress

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability (AAL)</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, 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
October 1, 2011	39,670,189	52,225,278	12,555,089	76.0	8,074,317	155.5

The schedule of funding progress presents multiyear trend information about whether the actuarial values of plan assets are increasing or decreasing over time relative to the AAL for benefits.

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.

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 5.18% of annual covered payroll for employees covered in the regular class, 8.53% for senior management class, and 5.44% 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, 2012, 2011, and 2010, were \$701,733, \$1,376,420 and \$1,634,676, respectively, and were equal to the required contributions for each year.

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

TOWN OF JUPITER, FLORIDA
NOTES TO FINANCIAL STATEMENTS

September 30, 2012

NOTE J – OTHER POSTEMPLOYMENT BENEFITS (Continued)

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 applied 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 \$519 to a maximum of \$1,433.

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, 2012 were based on an actuarial valuation as of September 30, 2012, and are summarized as follows:

Annual required contribution	\$	84,000
Interest on net OPEB obligation		13,000
Adjustment to annual required contribution		<u>(25,000)</u>
Annual OPEB cost		72,000
Employer contributions made		(35,000)
Interest on employer contributions		<u>(1,000)</u>
Increase in net OPEB obligation		36,000
Net OPEB obligation, beginning of year		<u>269,000</u>
 Net OPEB obligation, end of year	 \$	 <u>305,000</u>

The Town’s annual OPEB cost, employer contribution, the percentage of annual OPEB cost contributed, and the net OPEB obligation for 2012 and the prior two years are as follows:

TOWN OF JUPITER, FLORIDA
NOTES TO FINANCIAL STATEMENTS

September 30, 2012

NOTE J - OTHER POSTEMPLOYMENT BENEFITS (Continued)

<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, 2010	\$ 197,000	\$ 80,000	40.6%	\$ 232,000
September 30, 2011	73,000	36,000	49.3	269,000
September 30, 2012	72,000	36,000	50.0	305,000

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 2012 and the two prior years is presented as follows:

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability (AAL)</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, 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
September 30, 2012	-	518,000	518,000	0.0	22,120,527	2.3

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, 2012, 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 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

TOWN OF JUPITER, FLORIDA
NOTES TO FINANCIAL STATEMENTS

September 30, 2012

NOTE J - OTHER POSTEMPLOYMENT BENEFITS (Continued)

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 \$4,092,539 at September 30, 2012. The majority of this amount represents a loan from the General Fund used to fund expenditures for property acquired in the CRA district. The loan 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.

The ARRA Recovery Fund had a deficit fund balance of \$1,741 at September 30, 2012. 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, general improvements and infrastructure improvements. 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, 2012, the remaining commitments on all uncompleted contracts were \$1,185,293. The outstanding contract commitments at September 30, 2012, are summarized as follows:

	<u>Contract Amount</u>	<u>Approved Payments</u>	<u>Retainage Payable</u>	<u>Remaining Contract Commitment</u>
Community Redevelopment Fund	\$ 61,266	\$ 52,290	\$ 2,752	\$ 6,224
Capital Improvements Fund	741,995	658,292	35,332	48,371
Water System Fund	1,782,357	752,046	76,179	954,132
Stormwater Fund	<u>197,320</u>	<u>18,679</u>	<u>2,075</u>	<u>176,566</u>
	<u>\$ 2,782,938</u>	<u>\$ 1,481,307</u>	<u>\$ 116,338</u>	<u>\$ 1,185,293</u>

Cost Sharing Agreement: The Town entered into an Interlocal Agreement ("Agreement") with the City of Palm Beach Gardens, Florida, ("PBG") and the Town of Juno Beach, Florida, ("Juno") for the sharing of costs related to public safety dispatch services. The Agreement is for a five-year period commencing on October 1, 2011, through September 30, 2016. The Agreement automatically renews for an additional five year term unless one of the parties gives notice of termination. The Dispatch Services are performed by PBG employees who operate the dispatch center. Each contracting municipality's share of the costs of operating the dispatch center are based upon the percentage of each municipality's population as compared to the total population of all the contracting municipalities being served. The Town's total costs related to this Agreement were approximately \$1,424,000 for the year ended September 30, 2012.

TOWN OF JUPITER, FLORIDA
NOTES TO FINANCIAL STATEMENTS

September 30, 2012

NOTE L - COMMITMENTS AND CONTINGENCIES (Continued)

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, 2012, the Town had loan guarantees and pledged certificates of deposit totaling approximately \$1,825,000 to a financial institution as collateral for outstanding loans under the economic development program. The outstanding loan guarantees expire from June 2013 through February 2017, at which time the pledged certificates of deposit mature and the funds will be released to the Town.

Harbourside Development Project: The Harbourside Development Project ("Harbourside") is a new, Town Center project located on approximately 10 acres of waterfront property along the Intracoastal Waterway within the boundaries of the Town's Community Redevelopment Agency (CRA). Harbourside, as planned, includes a four-star hotel plus approximately 100,000 square feet of offices, restaurants, retail shops, a marina, spa, an amphitheater and a large parking garage. Harbourside is a quasi-public/private partnership between the Town and a private developer, Harbourside Place, LLC (the "Developer"). The total projected cost of the development of Harbourside is approximately \$144 million. The Developer, through a number of affiliated companies, currently owns the waterfront property and is obtaining private financing to build Harbourside and will subsequently manage the property. Construction of Harbourside began in 2012 and completion is expected in 2014.

With the Town's assistance, the Developer formed the Northern Riverwalk Community Development District (the "NRCDD"), an independent special district under Florida law, with the power to borrow money, issue bonds and levy non-ad valorem assessments for the financing and maintenance of capital infrastructure improvements. The Developer owns the majority of the land within the NRCDD and at September 30, 2012, four of the five members of the NRCDD governing body were affiliated with the Developer. Accordingly, the future operations of the NRCDD and the repayment of the note receivable owed to the Town by the NRCDD, are economically dependent on the Developer and the successful financing of Harbourside.

The Town's CRA has also entered into an agreement with the Developer to provide a rebate of the tax increment funds received by the CRA in future years. The tax increment rebate to the Developer will be equal to 50% of the tax increment revenue from the Harbourside property, up to \$350,000 annually, for a period of 15 years following completion.

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.

TOWN OF JUPITER, FLORIDA
NOTES TO FINANCIAL STATEMENTS

September 30, 2012

NOTE L - COMMITMENTS AND CONTINGENCIES (Continued)

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, 2012. The Bonds outstanding at September 30, 2012, 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, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Taxes	\$ 22,788,657	\$ 22,788,657	\$ 23,070,366	\$ 281,709
Franchise fees	4,370,000	4,370,000	4,273,931	(96,069)
Licenses and permits	576,850	576,850	654,350	77,500
Intergovernmental revenue	1,950,000	1,950,000	2,159,131	209,131
Charges for services	5,080,800	5,222,929	5,226,289	3,360
Cost allocation	967,749	967,749	967,749	-
Fines and forfeitures	249,800	249,800	244,539	(5,261)
Investment earnings	271,000	271,000	156,143	(114,857)
Donations	16,600	16,600	17,539	939
Miscellaneous	210,600	243,600	325,971	82,371
Total Revenues	36,482,056	36,657,185	37,096,008	438,823
Other Financing Sources				
Insurance recoveries	-	-	47,423	47,423
Sale of capital assets	-	24,729	51,969	27,240
Designated fund balance	389,963	512,248	-	(512,248)
Transfers	2,340,000	2,340,000	2,340,000	-
Total Other Financing Sources	2,729,963	2,876,977	2,439,392	(437,585)
Total Revenues and Other Financing Sources	\$ 39,212,019	\$ 39,534,162	\$ 39,535,400	\$ 1,238

(Continued)

TOWN OF JUPITER, FLORIDA

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

For the Year Ended September 30, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
GENERAL GOVERNMENT				
Town Council				
Personal services	\$ 13,314	\$ 13,314	\$ 12,837	\$ 477
Operating expenditures	152,250	149,250	115,235	34,015
Donations	25,000	25,000	16,000	9,000
	<u>190,564</u>	<u>187,564</u>	<u>144,072</u>	<u>43,492</u>
Town Manager				
Personal services	508,817	508,817	502,250	6,567
Operating expenditures	27,784	27,784	19,649	8,135
	<u>536,601</u>	<u>536,601</u>	<u>521,899</u>	<u>14,702</u>
Town Clerk				
Personal services	406,336	428,136	434,340	(6,204)
Operating expenditures	46,452	46,452	30,716	15,736
	<u>452,788</u>	<u>474,588</u>	<u>465,056</u>	<u>9,532</u>
Neighborhood				
Personal services	208,460	208,460	191,500	16,960
Operating expenditures	117,528	181,613	104,869	76,744
	<u>325,988</u>	<u>390,073</u>	<u>296,369</u>	<u>93,704</u>
External Affairs				
Personal services	206,905	204,105	205,781	(1,676)
Operating expenditures	85,550	91,350	76,210	15,140
	<u>292,455</u>	<u>295,455</u>	<u>281,991</u>	<u>13,464</u>
Finance				
Personal services	866,579	867,079	846,618	20,461
Operating expenditures	38,798	38,298	20,521	17,777
	<u>905,377</u>	<u>905,377</u>	<u>867,139</u>	<u>38,238</u>
Business Development				
Personal services	377,925	377,925	391,478	(13,553)
Operating expenditures	34,537	82,737	26,687	56,050
	<u>412,462</u>	<u>460,662</u>	<u>418,165</u>	<u>42,497</u>
Town Attorney				
Operating expenditures	316,000	368,910	365,879	3,031

(Continued)

TOWN OF JUPITER, FLORIDA

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

For the Year Ended September 30, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Information Systems				
Personal services	\$ 1,238,121	\$ 1,236,321	\$ 1,187,817	\$ 48,504
Operating expenditures	708,415	682,069	598,445	83,624
Capital outlay	70,207	98,353	84,673	13,680
	<u>2,016,743</u>	<u>2,016,743</u>	<u>1,870,935</u>	<u>145,808</u>
Human Resources				
Personal services	584,828	615,978	576,214	39,764
Operating expenditures	<u>165,600</u>	<u>197,450</u>	<u>177,911</u>	<u>19,539</u>
	<u>750,428</u>	<u>813,428</u>	<u>754,125</u>	<u>59,303</u>
Planning and Zoning				
Personal services	1,089,360	1,083,360	1,080,608	2,752
Operating expenditures	<u>44,500</u>	<u>73,500</u>	<u>57,762</u>	<u>15,738</u>
	<u>1,133,860</u>	<u>1,156,860</u>	<u>1,138,370</u>	<u>18,490</u>
Other General Government				
Personal services	53,625	22,025	13,657	8,368
Operating expenditures	<u>6,405,204</u>	<u>6,238,710</u>	<u>5,706,612</u>	<u>532,098</u>
	<u>6,458,829</u>	<u>6,260,735</u>	<u>5,720,269</u>	<u>540,466</u>
Total General Government	<u>13,792,095</u>	<u>13,866,996</u>	<u>12,844,269</u>	<u>1,022,727</u>
PUBLIC SAFETY				
Code Compliance				
Personal services	494,175	494,175	413,376	80,799
Operating expenditures	<u>69,045</u>	<u>69,045</u>	<u>38,046</u>	<u>30,999</u>
	<u>563,220</u>	<u>563,220</u>	<u>451,422</u>	<u>111,798</u>

(Continued)

TOWN OF JUPITER, FLORIDA

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

For the Year Ended September 30, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
PUBLIC SAFETY				
Police				
Personal services	\$ 15,036,529	\$ 15,028,989	\$ 13,995,085	\$ 1,033,904
Operating expenditures	2,675,513	2,674,096	2,753,682	(79,586)
Capital outlay	-	168,997	160,908	8,089
Debt service	264,353	135,071	28,992	106,079
	<u>17,976,395</u>	<u>18,007,153</u>	<u>16,938,667</u>	<u>1,068,486</u>
Total Public Safety	<u>18,539,615</u>	<u>18,570,373</u>	<u>17,390,089</u>	<u>1,180,284</u>
ENGINEERING AND PUBLIC WORKS				
Engineering				
Personal services	1,000,454	1,025,954	1,013,568	12,386
Operating expenditures	54,050	54,050	46,637	7,413
	<u>1,054,504</u>	<u>1,080,004</u>	<u>1,060,205</u>	<u>19,799</u>
Public Works				
Personal services	2,487,152	2,481,852	2,407,677	74,175
Operating expenditures	1,505,578	1,528,724	1,408,711	120,013
	<u>3,992,730</u>	<u>4,010,576</u>	<u>3,816,388</u>	<u>194,188</u>
Total Engineering and Public Works	<u>5,047,234</u>	<u>5,090,580</u>	<u>4,876,593</u>	<u>213,987</u>
CULTURE AND RECREATION				
Parks and Recreation				
Personal services	1,112,375	1,112,375	1,042,026	70,349
Operating expenditures	716,700	893,838	823,518	70,320
Capital outlay	4,000	-	-	-
Total Culture and Recreation	<u>1,833,075</u>	<u>2,006,213</u>	<u>1,865,544</u>	<u>140,669</u>
Total Expenditures	<u>39,212,019</u>	<u>39,534,162</u>	<u>36,976,495</u>	<u>2,557,667</u>
Other Financing Uses				
Transfers out	-	-	-	-
Total Expenditures and Other Financing Uses	<u>39,212,019</u>	<u>39,534,162</u>	<u>36,976,495</u>	<u>2,557,667</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,558,905</u>	<u>\$ 2,558,905</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, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 641,728	\$ 641,728	\$ 627,737	\$ (13,991)
Intergovernmental	-	2,510,453	2,019,076	(491,377)
Charges for services	22,825	22,825	31,005	8,180
Investment earnings	5,000	5,000	3	(4,997)
Miscellaneous	-	-	75,172	75,172
Total Revenues	<u>669,553</u>	<u>3,180,006</u>	<u>2,752,993</u>	<u>(427,013)</u>
EXPENDITURES				
General government				
Personal services	175,365	175,365	180,254	(4,889)
Operating expenditures	149,406	149,406	81,371	68,035
Northern Riverwalk Community				
Development District	-	-	1,419,676	(1,419,676)
Capital outlay	465,908	6,971,755	766,965	6,204,790
Interest and fiscal charges	167,517	167,517	-	167,517
Total Expenditures	<u>958,196</u>	<u>7,464,043</u>	<u>2,448,266</u>	<u>5,015,777</u>
Revenues Over (Under) Expenditures	(288,643)	(4,284,037)	304,727	4,588,764
OTHER FINANCING USES				
Transfers out	(75,000)	(75,000)	(140,000)	(65,000)
Designated fund balance	363,643	4,359,037	-	(4,359,037)
Total Other Financing Sources	<u>288,643</u>	<u>4,284,037</u>	<u>(140,000)</u>	<u>(4,424,037)</u>
Revenues Over (Under) Expenditures and Other Financing Uses	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 164,727</u>	<u>\$ 164,727</u>

See notes to budgetary comparison schedules.

TOWN OF JUPITER, FLORIDA

NOTES TO BUDGETARY COMPARISON SCHEDULES

SEPTEMBER 30, 2012

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 Town 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, 2012, supplemental budget appropriations of approximately \$322,143 for the General Fund and \$6,505,847 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, 2012, the Town had commitments related to unperformed contracts, which have been re-appropriated in the 2012-2013 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.

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, 2012

	Special Revenue				
	Road Impact Fee Fund	Recreation Impact Fee Fund	Police Impact Fee Fund	Law Enforcement Grant Fund	Juvenile First Offender Fund
ASSETS					
Cash and cash equivalents	\$ 535,082	\$ 698,757	\$ 86,992	\$ -	\$ 3,336
Investments	730,432	170,892	19,465	-	-
Grants receivable	-	-	-	426	-
Total Assets	<u>\$ 1,265,514</u>	<u>\$ 869,649</u>	<u>\$ 106,457</u>	<u>\$ 426</u>	<u>\$ 3,336</u>
LIABILITIES AND FUND BALANCES					
LIABILITIES					
Accounts payable	\$ -	\$ -	\$ -	\$ 106	\$ -
Due to other funds	-	-	-	320	-
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>426</u>	<u>-</u>
FUND BALANCES					
Restricted for:					
Debt service	-	-	-	-	-
Capital projects	1,265,514	869,649	-	-	-
Law enforcement	-	-	106,457	-	3,336
Unassigned (deficit)	-	-	-	-	-
Total Fund Balances	<u>1,265,514</u>	<u>869,649</u>	<u>106,457</u>	<u>-</u>	<u>3,336</u>
Total Liabilities and Fund Balances	<u>\$ 1,265,514</u>	<u>\$ 869,649</u>	<u>\$ 106,457</u>	<u>\$ 426</u>	<u>\$ 3,336</u>

Special Revenue			Debt Service		Total Nonmajor Governmental Funds
ARRA Recovery Fund	Law Enforcement Fund	Maplewood Park Development Fund	Sales Tax Revenue Bond Debt Service Fund	Community Center Debt Service Fund	
\$ -	\$ 442,356	\$ 3,902	\$ 956,539	\$ 112,073	\$ 2,839,037
-	1,614	724	99,785	183,456	1,206,368
-	-	-	-	-	426
<u>\$ -</u>	<u>\$ 443,970</u>	<u>\$ 4,626</u>	<u>\$ 1,056,324</u>	<u>\$ 295,529</u>	<u>\$ 4,045,831</u>
\$ 1,741	\$ 18,557	\$ -	\$ -	\$ -	\$ 20,404
-	-	-	-	-	320
<u>1,741</u>	<u>18,557</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>20,724</u>
-	-	-	1,056,324	295,529	1,351,853
-	-	4,626	-	-	2,139,789
-	425,413	-	-	-	535,206
(1,741)	-	-	-	-	(1,741)
<u>(1,741)</u>	<u>425,413</u>	<u>4,626</u>	<u>1,056,324</u>	<u>295,529</u>	<u>4,025,107</u>
<u>\$ -</u>	<u>\$ 443,970</u>	<u>\$ 4,626</u>	<u>\$ 1,056,324</u>	<u>\$ 295,529</u>	<u>\$ 4,045,831</u>

TOWN OF JUPITER, FLORIDA

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

For the Year Ended September 30, 2012

	Special Revenue				
	Road Impact Fee Fund	Recreation Impact Fee Fund	Police Impact Fee Fund	Law Enforcement Grant Fund	Juvenile First Offender Fund
REVENUES					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Impact fees	213,318	353,416	18,064	-	-
Intergovernmental	-	-	-	11,232	-
Investment earnings	14,921	3,994	483	-	4
Miscellaneous	-	-	-	-	-
Total Revenues	<u>228,239</u>	<u>357,410</u>	<u>18,547</u>	<u>11,232</u>	<u>4</u>
EXPENDITURES					
Current					
General government	-	-	-	-	-
Public safety	-	-	-	11,232	-
Debt service					
Principal	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>11,232</u>	<u>-</u>
Revenues Over (Under) Expenditures	228,239	357,410	18,547	-	4
OTHER FINANCING USES					
Transfers out	(125,000)	-	-	-	-
Total Other Financing Uses	<u>(125,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	103,239	357,410	18,547	-	4
Fund balances at beginning of year	<u>1,162,275</u>	<u>512,239</u>	<u>87,910</u>	<u>-</u>	<u>3,332</u>
Fund balances (deficit) at end of year	<u>\$ 1,265,514</u>	<u>\$ 869,649</u>	<u>\$ 106,457</u>	<u>\$ -</u>	<u>\$ 3,336</u>

Special Revenue			Debt Service		Total Nonmajor Governmental Funds
ARRA Recovery Fund	Law Enforcement Fund	Maplewood Park Development Fund	Sales Tax Revenue Bond Debt Service Fund	Community Center Debt Service Fund	
\$ -	\$ -	\$ -	\$ -	\$ 2,162,309	\$ 2,162,309
-	-	-	-	-	584,798
116,589	-	-	3,596,953	-	3,724,774
-	675	19	2,251	2,870	25,217
-	219,393	-	-	-	219,393
<u>116,589</u>	<u>220,068</u>	<u>19</u>	<u>3,599,204</u>	<u>2,165,179</u>	<u>6,716,491</u>
118,330	-	-	-	-	118,330
-	127,087	-	-	-	138,319
-	-	-	720,000	1,275,000	1,995,000
-	-	-	364,557	869,848	1,234,405
<u>118,330</u>	<u>127,087</u>	<u>-</u>	<u>1,084,557</u>	<u>2,144,848</u>	<u>3,486,054</u>
(1,741)	92,981	19	2,514,647	20,331	3,230,437
-	(39,730)	-	(2,200,000)	-	(2,364,730)
-	(39,730)	-	(2,200,000)	-	(2,364,730)
(1,741)	53,251	19	314,647	20,331	865,707
-	372,162	4,607	741,677	275,198	3,159,400
<u>\$ (1,741)</u>	<u>\$ 425,413</u>	<u>\$ 4,626</u>	<u>\$ 1,056,324</u>	<u>\$ 295,529</u>	<u>\$ 4,025,107</u>

BUDGETARY COMPARISON SCHEDULES

TOWN OF JUPITER, FLORIDA

BUDGETARY COMPARISON SCHEDULE -
SALES TAX REVENUE BOND DEBT SERVICE FUND

For the Year Ended September 30, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ 3,300,000	\$ 3,300,000	\$ 3,596,953	\$ 296,953
Investment earnings	7,000	7,000	2,251	(4,749)
Total Revenues	<u>3,307,000</u>	<u>3,307,000</u>	<u>3,599,204</u>	<u>292,204</u>
EXPENDITURES				
Principal retirement	720,000	720,000	720,000	-
Interest and fiscal charges	364,896	364,896	364,557	339
Contingency	22,104	22,104	-	22,104
Total Expenditures	<u>1,107,000</u>	<u>1,107,000</u>	<u>1,084,557</u>	<u>22,443</u>
Revenues Over Expenditures	2,200,000	2,200,000	2,514,647	314,647
OTHER FINANCING USES				
Transfers out	<u>(2,200,000)</u>	<u>(2,200,000)</u>	<u>(2,200,000)</u>	<u>-</u>
Revenues Over Expenditures and Other Financing Uses	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 314,647</u>	<u>\$ 314,647</u>

TOWN OF JUPITER, FLORIDA

BUDGETARY COMPARISON SCHEDULE -
COMMUNITY CENTER DEBT SERVICE FUND

For the Year Ended September 30, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 2,143,690	\$ 2,143,690	\$ 2,162,309	\$ 18,619
Investment earnings	1,500	1,500	2,870	1,370
Total Revenues	<u>2,145,190</u>	<u>2,145,190</u>	<u>2,165,179</u>	<u>19,989</u>
EXPENDITURES				
Principal retirement	1,275,000	1,275,000	1,275,000	-
Interest and fiscal charges	870,190	870,190	869,848	342
Total Expenditures	<u>2,145,190</u>	<u>2,145,190</u>	<u>2,144,848</u>	<u>342</u>
Revenues Over Expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 20,331</u>	<u>\$ 20,331</u>

TOWN OF JUPITER, FLORIDA

BUDGETARY COMPARISON SCHEDULE -
CAPITAL IMPROVEMENTS FUND

For the Year Ended September 30, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 2,003,791	\$ 2,003,791	\$ 1,995,457	\$ (8,334)
Intergovernmental	2,090,145	2,999,119	295,193	(2,703,926)
Fines and forfeitures	50,000	200,000	-	(200,000)
Investment earnings	-	-	170,511	170,511
Donations	250,000	317,500	35,000	(282,500)
Miscellaneous	80,000	287,849	360,509	72,660
Designation from fund balance	584,344	9,251,983	-	(9,251,983)
	<u>5,058,280</u>	<u>15,060,242</u>	<u>2,856,670</u>	<u>(12,203,572)</u>
Total Revenues				
EXPENDITURES				
General Government				
Town Council				
Aid to private organizations	-	50,000	-	50,000
Contingency	-	3,077,055	-	3,077,055
	<u>-</u>	<u>3,127,055</u>	<u>-</u>	<u>3,127,055</u>
Other General Government				
Operating expenditures	60,000	210,000	188,427	21,573
Capital outlay	2,149,000	5,788,299	1,711,832	4,076,467
	<u>2,209,000</u>	<u>5,998,299</u>	<u>1,900,259</u>	<u>4,098,040</u>
Engineering and Public Works				
Operating expenditures	500,000	949,765	218,348	731,417
Capital outlay	740,000	1,139,759	29,777	1,109,982
	<u>1,240,000</u>	<u>2,089,524</u>	<u>248,125</u>	<u>1,841,399</u>
Culture and Recreation				
Operating expenditures	157,600	382,446	226,102	156,344
Capital outlay	999,145	2,195,052	1,442,622	752,430
	<u>1,156,745</u>	<u>2,577,498</u>	<u>1,668,724</u>	<u>908,774</u>
Total Expenditures	<u>4,605,745</u>	<u>13,792,376</u>	<u>3,817,108</u>	<u>9,975,268</u>
Revenues Over (Under) Expenditures	<u>452,535</u>	<u>1,267,866</u>	<u>(960,438)</u>	<u>(2,228,304)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	325,863	367,113	367,113	-
Transfers out	-	(101,500)	(101,500)	-
Total Other Financing Sources (Uses)	<u>325,863</u>	<u>265,613</u>	<u>265,613</u>	<u>-</u>
Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	<u>\$ 778,398</u>	<u>\$ 1,533,479</u>	<u>\$ (694,825)</u>	<u>\$ (2,228,304)</u>

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.

Contents	Page
Financial Trends	72
<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	87
<i>These schedules contain information to help the reader assess the Town’s most significant local revenue source, the property tax.</i>	
Debt Capacity	93
<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	99
<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	101
<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 Nine Fiscal Years
Accrual Basis of Accounting

	Fiscal Year		
	2004	2005	2006
Governmental activities			
Invested in capital assets, net of related debt	\$ 25,725,406	\$ 27,854,571	\$ 38,331,204
Restricted	4,180,853	2,373,819	4,738,207
Unrestricted	14,234,521	19,780,034	16,640,910
Total governmental activities net assets	\$ 44,140,780	\$ 50,008,424	\$ 59,710,321
Business-type activities			
Invested in capital assets, net of related debt	\$ 42,223,229	\$ 42,415,220	\$ 44,293,482
Restricted	9,652,612	9,283,546	10,205,368
Unrestricted	43,686,923	50,360,148	57,064,251
Total business-type activities net assets	\$ 95,562,764	\$ 102,058,914	\$ 111,563,101
Primary government			
Invested in capital assets, net of related debt	\$ 67,948,635	\$ 70,269,791	\$ 82,624,686
Restricted	13,833,465	11,657,365	14,943,575
Unrestricted	57,921,444	70,140,182	73,705,161
Total primary government net assets	\$ 139,703,544	\$ 152,067,338	\$ 171,273,422

Information prior to fiscal year 2004 is not available.

TABLE 1

Fiscal Year					
2007	2008	2009	2010	2011	2012
\$ 42,966,091	\$ 50,599,939	\$ 55,852,845	\$ 56,460,166	\$ 62,008,335	\$ 64,292,660
3,404,901	3,299,313	6,994,602	3,889,822	3,848,303	4,860,324
27,659,125	29,199,631	24,642,751	31,551,511	28,667,394	30,580,833
<u>\$ 74,030,117</u>	<u>\$ 83,098,883</u>	<u>\$ 87,490,198</u>	<u>\$ 91,901,499</u>	<u>\$ 94,524,032</u>	<u>\$ 99,733,817</u>
\$ 108,162,340	\$ 141,970,517	\$ 163,110,644	\$ 169,056,109	\$ 172,379,676	\$ 176,555,586
11,264,500	4,938,862	8,903,665	5,034,126	3,147,578	4,624,949
56,702,705	55,878,064	32,584,898	34,403,274	37,763,056	39,501,057
<u>\$ 176,129,545</u>	<u>\$ 202,787,443</u>	<u>\$ 204,599,207</u>	<u>\$ 208,493,509</u>	<u>\$ 213,290,310</u>	<u>\$ 220,681,592</u>
\$ 151,128,431	\$ 192,570,456	\$ 218,963,489	\$ 225,516,275	\$ 234,388,011	\$ 240,848,246
14,669,401	8,238,175	15,898,267	8,923,948	6,995,881	9,485,273
84,361,830	85,077,695	57,227,649	65,954,785	66,430,450	70,081,890
<u>\$ 250,159,662</u>	<u>\$ 285,886,326</u>	<u>\$ 292,089,405</u>	<u>\$ 300,395,008</u>	<u>\$ 307,814,342</u>	<u>\$ 320,415,409</u>

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

	Fiscal Year		
	2004	2005	2006
Expenses			
Governmental activities:			
General government	\$ 11,237,293	\$ 18,946,778	\$ 13,584,322
Public safety	13,372,340	14,046,805	16,149,448
Engineering and public works	4,092,513	4,423,542	5,286,228
Culture and recreation	3,932,765	4,237,218	4,501,017
Interest on long-term debt	1,184,315	1,309,845	1,689,889
Total governmental activities expenses	33,819,226	42,964,188	41,210,904
Business-type activities:			
Water system	13,524,166	14,646,412	16,711,621
Stormwater	1,469,587	1,285,287	1,487,843
Building	3,279,871	3,745,764	4,226,029
Total business-type activities expenses	18,273,624	19,677,463	22,425,493
Total primary government expenses	\$ 52,092,850	\$ 62,641,651	\$ 63,636,397
Program Revenues			
Governmental activities:			
Charges for services:			
General government	\$ 1,918,887	\$ 1,773,144	\$ 2,120,590
Public safety	505,473	415,958	287,212
Engineering and public works	1,715,772	1,907,105	1,814,437
Culture and recreation	668,866	849,193	928,904
Operating contributions and grants:			
General government	611,041	8,619,299	2,058,310
Public safety	400,924	513,506	1,675,355
Engineering and public works	919,493	-	-
Culture and recreation	-	-	250
Capital contributions and grants:			
General government	22,660	171,826	1,427,694
Public safety	127,851	104,259	80,307
Engineering and public works	900,540	880,619	1,281,634
Culture and recreation	824,502	1,084,124	506,773
Total governmental activities program revenues	8,616,009	16,319,033	12,181,466
Business-type activities:			
Charges for services:			
Water system	15,316,852	15,617,642	18,025,713
Stormwater	1,837,063	1,857,169	1,953,393
Building	3,261,620	4,051,018	3,353,980
Operating contributions and grants	-	119,592	1,000,820
Capital contributions and grants	3,648,684	3,855,217	5,338,511
Total business-type activities program revenues	24,064,219	25,500,638	29,672,417
Total primary government program revenues	\$ 32,680,228	\$ 41,819,671	\$ 41,853,883

TABLE 2

Fiscal Year					
2007	2008	2009	2010	2011	2012
\$ 13,408,122	\$ 14,287,223	\$ 15,353,666	\$ 14,371,564	\$ 14,323,669	\$ 16,091,515
16,731,886	18,147,797	18,486,726	18,954,687	19,673,761	17,729,810
6,294,232	6,009,427	5,241,771	5,122,616	6,528,027	6,442,702
4,949,779	5,228,172	4,821,268	4,758,188	2,652,672	3,016,009
1,770,808	1,565,327	1,503,512	1,593,818	1,500,093	1,239,033
<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>	<u>44,519,069</u>
19,133,384	18,296,030	19,073,788	19,396,117	20,990,063	18,403,380
1,643,878	1,615,971	3,508,053	2,442,584	2,098,838	1,718,311
4,141,495	4,120,508	1,595,607	1,705,144	1,813,180	1,957,962
<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>	<u>22,079,653</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>	<u>\$ 66,598,722</u>
\$ 1,895,476	\$ 1,974,686	\$ 1,967,052	\$ 1,769,386	\$ 1,809,671	\$ 3,628,914
328,739	407,682	495,734	458,345	439,169	411,540
2,421,885	2,878,267	3,732,945	3,757,434	3,903,793	3,834,291
1,092,519	1,398,494	1,046,308	1,065,101	1,153,067	1,268,445
258,545	261,519	528,545	391,624	492,366	542,843
929,931	801,600	1,792,267	724,085	1,124,759	774,117
483,282	123,908	66,270	1,037,859	564,822	615,530
1,750	107,984	1,252	1,600	850	-
3,055,523	-	-	37,744	28,692	47,489
25,594	26,533	14,611	47,604	96,531	145,885
1,101,957	2,777,552	211,386	252,033	407,317	315,544
2,246,989	1,527,418	231,106	573,311	405,680	648,609
<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>	<u>12,233,207</u>
18,492,083	17,290,394	19,315,320	20,523,135	21,417,375	21,000,147
2,034,160	2,168,975	2,197,749	2,690,966	2,846,776	2,312,723
2,394,234	3,093,660	2,199,206	2,228,147	2,372,383	3,489,761
708,493	1,189,612	-	-	-	18,679
8,887,147	9,536,664	2,127,561	1,949,571	2,778,957	2,362,492
<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>	<u>29,183,802</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>	<u>\$ 41,417,009</u>

TOWN OF JUPITER, FLORIDA
Changes in Net Assets (Continued)
Last Nine Fiscal Years
Accrual Basis of Accounting

	Fiscal Year		
	2004	2005	2006
Net (expense)/revenue			
Governmental activities	\$ (25,203,217)	\$ (26,645,155)	\$ (29,029,438)
Business-type activities	5,790,595	5,823,175	7,246,924
	Total primary government net expense	\$ (20,821,980)	\$ (21,782,514)
General Revenues and Other Changes in Net Assets			
Governmental activities:			
Taxes:			
Property taxes	\$ 13,744,278	\$ 16,073,394	\$ 19,992,043
Franchise fees	2,939,662	3,277,836	3,988,849
Public service taxes	2,646,147	3,022,429	3,244,311
Communications services taxes	2,684,471	2,760,079	2,868,015
Sales taxes	3,213,758	3,403,193	3,651,102
Gas taxes	947,193	1,041,816	1,129,143
Intergovernmental, unrestricted	1,266,461	1,469,757	587,889
Investment earnings	361,422	307,771	2,013,212
Other	-	-	-
Transfers	963,010	1,156,524	1,256,771
	Total governmental activities	32,512,799	38,731,335
Business-type activities:			
Intergovernmental, unrestricted	-	-	-
Gain on sale of capital assets	-	-	-
Investment earnings	1,485,351	1,829,499	3,514,034
Transfers	(963,010)	(1,156,524)	(1,256,771)
	Total business-type activities	672,975	2,257,263
	Total primary government	\$ 33,185,774	\$ 40,988,598
Changes in Net Assets			
Governmental activities	\$ 3,563,185	\$ 5,867,644	\$ 9,701,897
Business-type activities	6,312,936	6,496,150	9,504,187
	Total primary government	\$ 12,363,794	\$ 19,206,084

Information prior to fiscal year 2004 is not available.

TABLE 2

Fiscal Year					
2007	2008	2009	2010	2011	2012
\$ (29,312,637)	\$ (32,952,303)	\$ (35,319,467)	\$ (34,684,747)	\$ (34,251,505)	\$ (32,285,862)
7,597,360	9,246,796	1,662,388	3,847,974	4,513,410	7,104,149
<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>	<u>\$ (25,181,713)</u>
\$ 23,511,088	\$ 22,831,835	\$ 22,750,485	\$ 21,458,933	\$ 19,904,132	\$ 19,919,566
3,553,452	4,776,445	4,715,332	4,479,142	4,348,334	4,273,931
4,029,560	3,182,084	3,337,851	3,612,409	3,678,961	3,751,163
2,978,156	3,055,157	3,697,912	3,246,760	3,070,359	3,051,291
3,601,718	3,482,757	3,077,029	3,064,115	3,224,952	3,596,953
1,086,857	1,039,154	990,923	986,051	1,073,744	1,133,849
1,237,424	1,155,681	991,315	1,023,881	1,077,577	1,157,751
2,557,537	1,153,427	31,685	706,744	429,981	469,158
42,047	-	-	-	27,610	41,102
1,034,594	1,344,529	118,250	518,013	38,388	100,883
<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>	<u>37,495,647</u>
-	-	71,747	-	-	-
-	-	-	-	-	7,192
4,508,078	1,948,718	195,879	564,341	321,779	380,824
(1,034,594)	(1,344,529)	(118,250)	(518,013)	(38,388)	(100,883)
<u>3,473,484</u>	<u>604,189</u>	<u>149,376</u>	<u>46,328</u>	<u>283,391</u>	<u>287,133</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>	<u>\$ 37,782,780</u>
\$ 14,319,796	\$ 9,068,766	\$ 4,391,315	\$ 4,411,301	\$ 2,622,533	\$ 5,209,785
<u>11,070,844</u>	<u>9,850,985</u>	<u>1,811,764</u>	<u>3,894,302</u>	<u>4,796,801</u>	<u>7,391,282</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>	<u>\$ 12,601,067</u>

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

TABLE 3

Fiscal Year	Property Taxes	Franchise Fees	Public Service Taxes	Communi- cations Services Taxes	Sales Taxes	Gas Taxes	Total
2004	\$ 13,744,278	\$ 2,939,662	\$ 2,646,147	\$ 2,684,471	\$ 3,213,758	\$ 947,193	\$ 26,175,509
2005	16,073,394	3,277,836	3,022,429	2,760,079	3,403,193	1,041,816	29,578,747
2006	19,992,043	3,988,849	3,244,311	2,868,015	3,651,102	1,129,143	34,873,463
2007	23,511,088	3,553,452	4,029,560	2,978,156	3,601,718	1,086,857	38,760,831
2008	22,831,835	4,776,445	3,182,084	3,055,157	3,482,757	1,039,154	38,367,432
2009	22,750,835	4,715,332	3,337,851	3,697,912	3,077,029	990,923	38,569,882
2010	21,458,933	4,479,142	3,612,409	3,246,760	3,064,115	986,051	36,847,410
2011	19,904,132	4,348,334	3,678,961	3,070,359	3,224,952	1,073,744	35,300,482
2012	19,919,566	4,273,931	3,751,163	3,051,291	3,596,953	1,133,849	35,726,753

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			
	2003	2004	2005	2006
General Fund				
Reserved	\$ 108,369	\$ 121,816	\$ 2,970,011	\$ 3,189,594
Unreserved				
Designated for subsequent year's budget	-	-	-	-
Undesignated	8,614,206	8,186,685	7,194,624	5,348,814
Nonspendable:				
Inventory	-	-	-	-
Prepaid items	-	-	-	-
Advance due from other fund	-	-	-	-
Note receivable	-	-	-	-
Restricted for:				
Law enforcement	-	-	-	-
Special projects	-	-	-	-
Assigned to:				
Subsequent year's budget	-	-	-	-
Health insurance premium	-	-	-	-
Unassigned	-	-	-	-
Total General Fund	\$ 8,722,575	\$ 8,308,501	\$ 10,164,635	\$ 8,538,408
All other governmental funds				
Reserved	\$ 695,055	\$ 891,338	\$ 12,080,484	\$ 10,636,873
Unreserved				
Designated for subsequent year's budget	5,454,346	5,129,888	5,467,999	5,049,860
Undesignated (deficit), reported in:				
Special revenue funds	(384,066)	(862,947)	(619,040)	2,923,176
Capital projects fund	1,227,392	1,876,123	3,223,098	-
Debt service funds	2,331,469	3,043,631	3,499,130	4,761,992
Nonspendable:				
Prepaid items	-	-	-	-
Note receivable	-	-	-	-
Restricted for:				
Debt service	-	-	-	-
Capital projects	-	-	-	-
Law enforcement	-	-	-	-
Special projects	-	-	-	-
Assigned to:				
Capital projects	-	-	-	-
Unassigned Special Revenue Funds (deficit)	-	-	-	-
Total all other governmental funds	\$ 9,324,196	\$ 10,078,033	\$ 23,651,671	\$ 23,371,901

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

TABLE 4

		Fiscal Year									
		2007	2008	2009	2010	2011	2012				
\$	3,309,636	\$	3,081,360	\$	4,305,920	\$	8,544,901	\$	-	\$	-
	-		-		-		1,071,105		-		-
	10,221,918		13,283,983		14,617,020		14,582,473		-		-
	-		-		-		74,900		55,682		
	-		-		-		96,754		74,758		
	-		-		-		5,817,246		7,210,178		
	-		-		-		350,000		4,795		
	-		-		-		95,760		102,862		
	-		-		-		1,685,000		1,825,000		
	-		-		-		389,963		437,249		
	-		-		-		-		350,000		
	-		-		-		15,189,275		16,197,279		
<u>\$</u>	<u>13,531,554</u>	<u>\$</u>	<u>16,365,343</u>	<u>\$</u>	<u>18,922,940</u>	<u>\$</u>	<u>24,198,479</u>	<u>\$</u>	<u>23,698,898</u>	<u>\$</u>	<u>26,257,803</u>
\$	16,215,408	\$	7,955,537	\$	7,062,834	\$	7,928,057	\$	-	\$	-
	917,547		353,350		114,576		-		-		-
	(867,202)		(101,569)		(179,513)		(3,968,849)		-		-
	9,467,459		11,361,738		13,273,299		15,044,109		-		-
	92,653		96,172		415,208		498,007		-		-
	-		-		-		295		25,000		
	-		-		-		1,257,125		1,857,930		
	-		-		-		1,016,875		1,351,853		
	-		-		-		1,674,514		2,139,789		
	-		-		-		463,404		535,206		
	-		-		-		4,607		-		
	-		-		-		13,876,916		13,182,091		
	-		-		-		(5,514,686)		(5,977,210)		
<u>\$</u>	<u>25,825,865</u>	<u>\$</u>	<u>19,665,228</u>	<u>\$</u>	<u>20,686,404</u>	<u>\$</u>	<u>19,501,324</u>	<u>\$</u>	<u>12,779,050</u>	<u>\$</u>	<u>13,114,659</u>

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

	Fiscal Year			
	2003	2004	2005	2006
Revenues				
Taxes	\$ 18,146,815	\$ 20,022,089	\$ 22,897,718	\$ 27,233,512
Franchise fees	2,600,915	2,939,662	3,277,836	3,988,849
Licenses and permits	1,977,627	1,768,177	2,235,488	2,013,526
Intergovernmental	4,994,028	6,495,099	13,690,998	8,706,371
Charges for services	3,278,998	3,730,931	3,954,719	4,221,509
Fines and forfeitures	533,029	493,517	397,795	257,664
Investment earnings	373,036	361,422	307,771	2,013,212
Special assessments	1,205	2,066	2,560	1,800
Donations	65,967	420,734	50,226	739,888
Miscellaneous	302,956	185,704	860,197	479,699
Total revenues	<u>32,274,576</u>	<u>36,419,401</u>	<u>47,675,308</u>	<u>49,656,030</u>
Expenditures				
General government	8,449,685	10,441,817	18,018,587	12,697,680
Public safety	11,444,115	13,247,849	13,749,592	15,719,488
Engineering and public works	2,856,670	3,424,110	3,687,092	4,513,451
Culture and recreation	2,590,803	2,998,344	3,254,441	3,545,490
Capital outlay	6,320,284	4,569,866	8,766,383	13,141,268
Debt service				
Principal	900,000	1,170,000	4,930,000	2,354,757
Interest	1,235,212	1,190,662	1,165,640	1,675,079
Bond issue costs	-	-	237,132	-
Total expenditures	<u>33,796,769</u>	<u>37,042,648</u>	<u>53,808,867</u>	<u>53,647,213</u>
Excess of revenues over (under) expenditures	(1,522,193)	(623,247)	(6,133,559)	(3,991,183)
Other financing sources (uses)				
Issuance of refunding debt	-	-	-	-
Payment to refunding escrow agent	-	-	-	-
Payment of refunded bonds	-	-	-	-
Bonds issued	-	-	17,000,000	-
Discount on bonds issued	-	-	(143,193)	-
Issuance of capital leases	-	-	-	828,415
Issuance of notes payable	-	-	3,550,000	-
Proceeds from sale of assets	-	-	-	-
Insurance recoveries	-	-	-	-
Transfers in	8,986,529	6,265,873	6,461,055	8,470,447
Transfers out	(8,028,564)	(5,302,863)	(5,304,531)	(7,213,676)
Total other financing sources	<u>957,965</u>	<u>963,010</u>	<u>21,563,331</u>	<u>2,085,186</u>
Net change in fund balances	<u>\$ (564,228)</u>	<u>\$ 339,763</u>	<u>\$ 15,429,772</u>	<u>\$ (1,905,997)</u>
Debt service as a percentage of non-capital expenditures	<u>7.77%</u>	<u>7.27%</u>	<u>14.06%</u>	<u>9.95%</u>

TABLE 5

Fiscal Year					
2007	2008	2009	2010	2011	2012
\$ 31,605,661	\$ 30,108,230	\$ 30,777,171	\$ 29,304,153	\$ 27,727,196	\$ 27,855,869
3,553,452	4,776,445	4,715,332	4,479,142	4,348,334	4,273,931
1,150,111	1,074,540	789,633	1,094,680	1,134,195	1,239,148
8,966,522	8,750,671	6,106,837	5,456,965	5,661,131	8,198,174
4,870,921	5,564,771	6,041,646	6,055,850	6,240,082	6,225,043
279,881	351,550	377,895	327,460	269,358	244,539
2,557,537	1,153,427	31,685	706,744	429,981	351,874
-	-	-	-	-	-
30,339	3,979	2,875	17,539	18,232	52,539
1,326,190	2,178,570	1,825,569	1,214,337	1,383,327	981,045
<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>	<u>49,422,162</u>
12,432,411	13,265,444	14,206,005	13,164,978	13,288,516	14,747,654
16,314,103	17,609,602	17,917,896	18,440,710	19,420,913	17,338,508
5,453,774	5,007,263	4,239,970	4,070,093	5,311,159	5,094,941
3,906,004	4,165,230	3,740,508	3,677,947	2,064,406	2,091,646
5,878,760	15,422,757	3,585,235	2,076,830	10,912,494	4,196,777
2,294,690	2,033,147	2,041,092	2,111,705	2,037,128	2,023,714
1,765,224	1,557,935	1,498,777	1,587,626	1,494,706	1,234,683
-	-	-	-	-	-
<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>	<u>46,727,923</u>
6,295,648	(5,099,195)	3,439,160	3,526,981	(7,317,486)	2,694,239
-	-	1,770,000	-	-	-
-	-	-	-	-	-
-	-	(1,760,000)	-	-	-
-	-	-	-	-	-
-	427,818	-	-	-	-
-	-	-	-	-	-
59,500	-	-	8,174	34,323	51,969
57,368	-	11,364	37,291	22,920	47,423
13,752,663	5,418,470	3,612,125	7,110,943	3,641,924	2,707,113
<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>	<u>(2,606,230)</u>
<u>1,151,462</u>	<u>1,772,347</u>	<u>139,614</u>	<u>563,478</u>	<u>95,631</u>	<u>200,275</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>\$ 2,894,514</u>
<u>9.63%</u>	<u>8.23%</u>	<u>8.11%</u>	<u>8.59%</u>	<u>8.10%</u>	<u>7.66%</u>

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

TABLE 6

Fiscal Year	Property Taxes	Public Service Taxes	Communi- cations Services Taxes	Gas Taxes	Total Taxes	Franchise Fees	Total
2004	\$ 13,744,278	\$ 2,646,147	\$ 2,684,471	\$ 947,193	\$ 20,022,089	\$ 2,939,662	\$ 22,961,751
2005	16,073,394	3,022,429	2,760,079	1,041,816	22,897,718	3,277,836	26,175,554
2006	19,992,043	3,244,311	2,868,015	1,129,143	27,233,512	3,988,849	31,222,361
2007	23,511,088	4,029,560	2,978,156	1,086,857	31,605,661	3,553,452	35,159,113
2008	22,831,835	3,182,084	3,055,157	1,039,154	30,108,230	4,776,445	34,884,675
2009	22,750,485	3,337,851	3,697,912	990,923	30,777,171	4,715,332	35,492,503
2010	21,458,933	3,612,409	3,246,760	986,051	29,304,153	4,479,142	33,783,295
2011	19,904,132	3,678,961	3,070,359	1,073,744	27,727,196	4,348,334	32,075,530
2012	19,919,566	3,751,163	3,051,291	1,133,849	27,855,869	4,273,931	32,129,800

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
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
2012	32,129,800	1,239,148	8,198,174	6,225,043	244,539	351,874

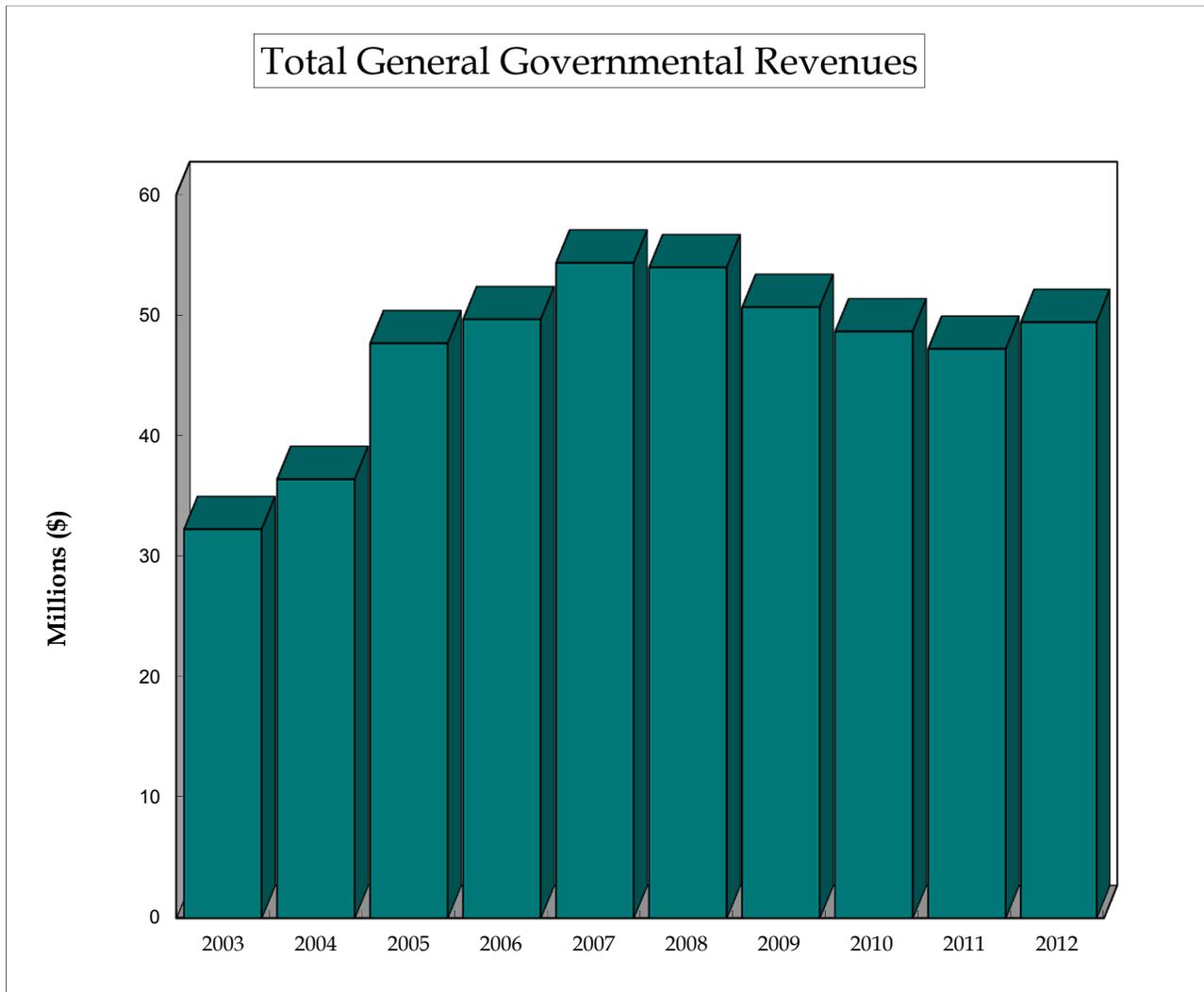


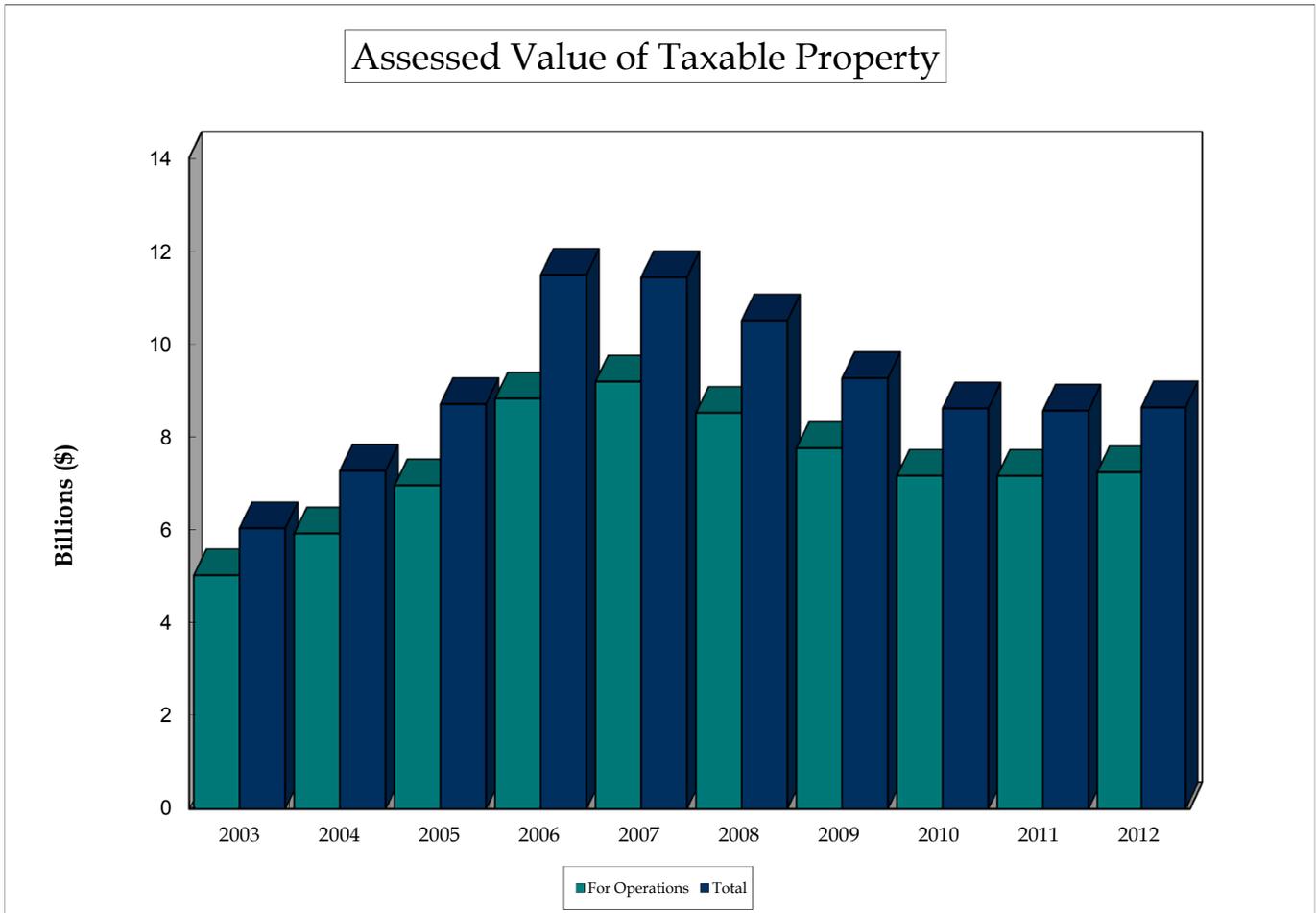
TABLE 7

	<u>Special Assessments</u>	<u>Miscellaneous</u>	<u>Total</u>
\$	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
	-	1,033,584	49,422,162

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)
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	2.8046	8,560,492,610
2012	8,264,332,304	366,002,938	1,049,441	1,397,862,365	7,233,522,318	2.8295	8,631,384,683



(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
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
2012	2.5142	0.3153	2.8295	4.7815	0.2110	4.9925

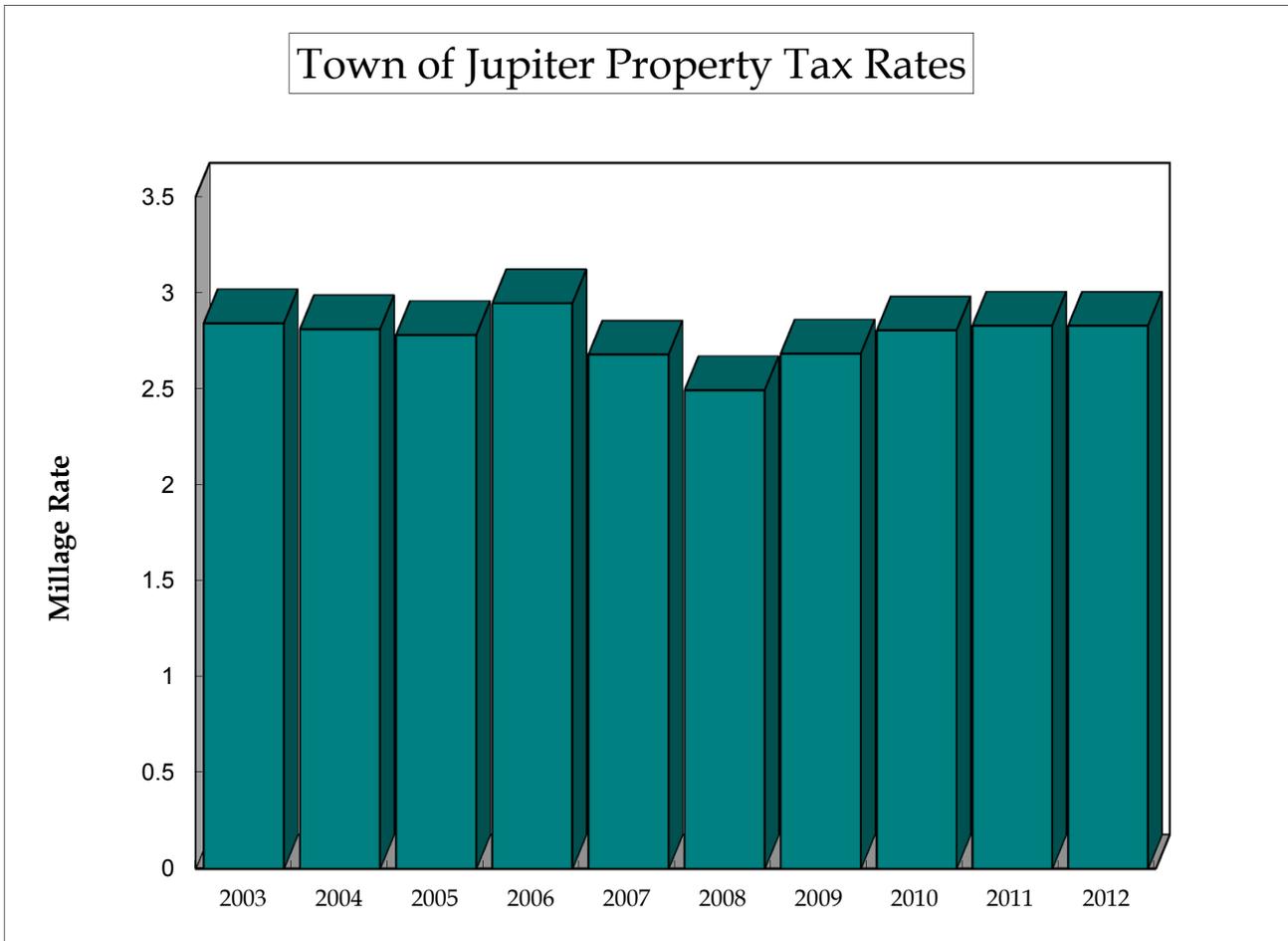
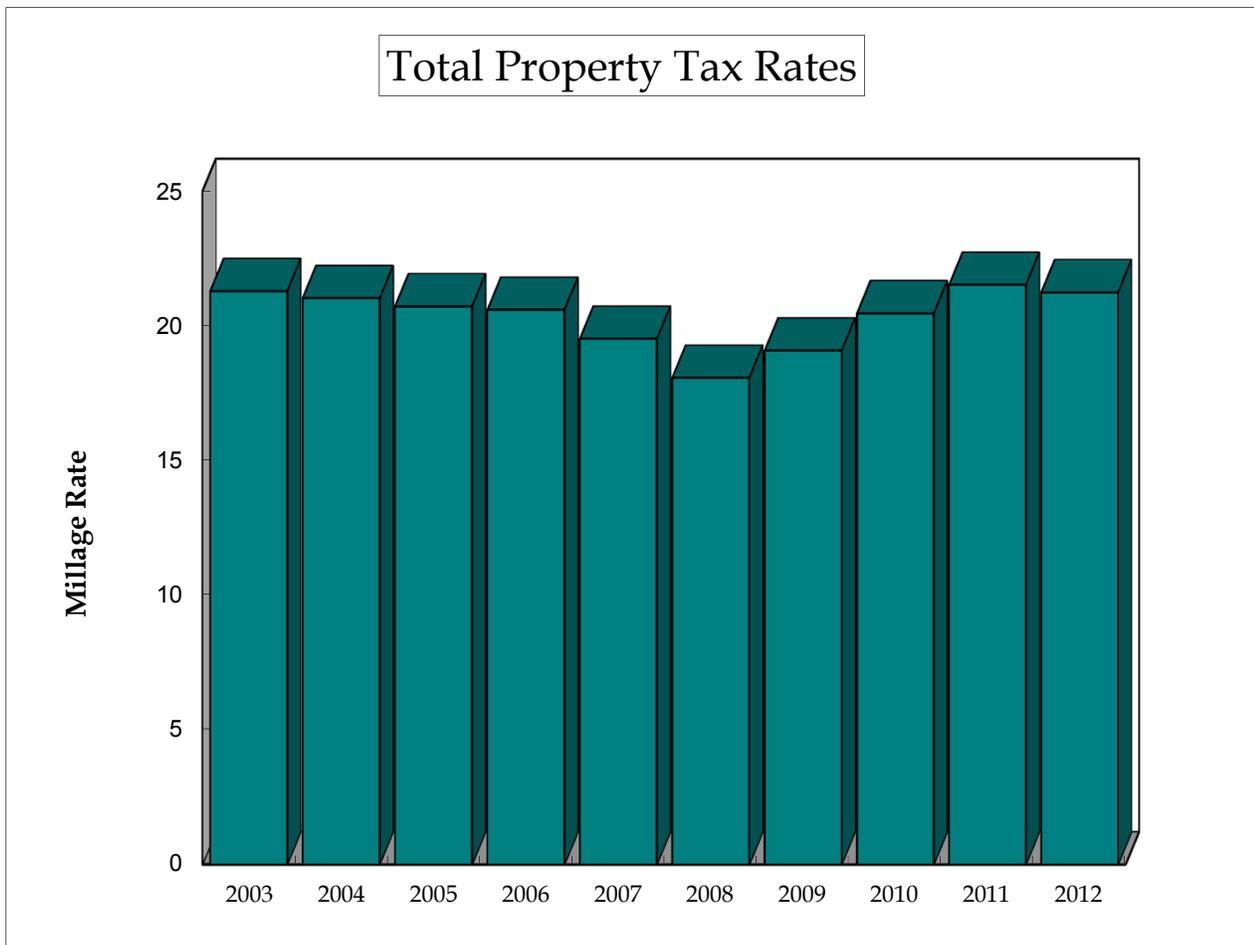


TABLE 9

Overlapping Property Tax Rates -

Palm Beach County School District			Palm Beach	
Operating Millage	Debt Service	Total School Millage	County Special Districts	Total
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
8.180	-	8.180	5.2478	21.2498



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

	2012		
	<u>Taxable Assessed Valuation</u>	<u>Rank</u>	<u>Percentage of Assessed Value for Operations</u>
Florida Power & Light Co	\$ 94,987,241	1	1.31%
TGM Abacoa LLC	41,369,619	2	0.57%
RBF LLC	39,154,000	3	0.54%
TGM Floresta LLC	36,364,492	4	0.50%
Holdiay Jupiter LLC	20,880,733	5	0.29%
Jupiter CC LLC	20,551,848	6	0.28%
Regency Centers LP	19,940,048	7	0.28%
Donross Associates	13,789,579	8	0.19%
Divosta Homes LP	10,631,280	9	0.15%
Bears Club Founding	9,758,489	10	0.13%
John D & Catherine MacArthur	-	-	-
Guardian Jupiter Partners LTD	-	-	-
Town Center I Commercial Ltd	-	-	-
Senior Lifestyle Jupiter	-	-	-
Bears Club Dev Co.	-	-	-
John D. MacArthur	-	-	-
Jupiter Woods	-	-	-
Workplace Florida, LTD	-	-	-
Totals	<u><u>\$ 307,427,329</u></u>		<u><u>4.24%</u></u>

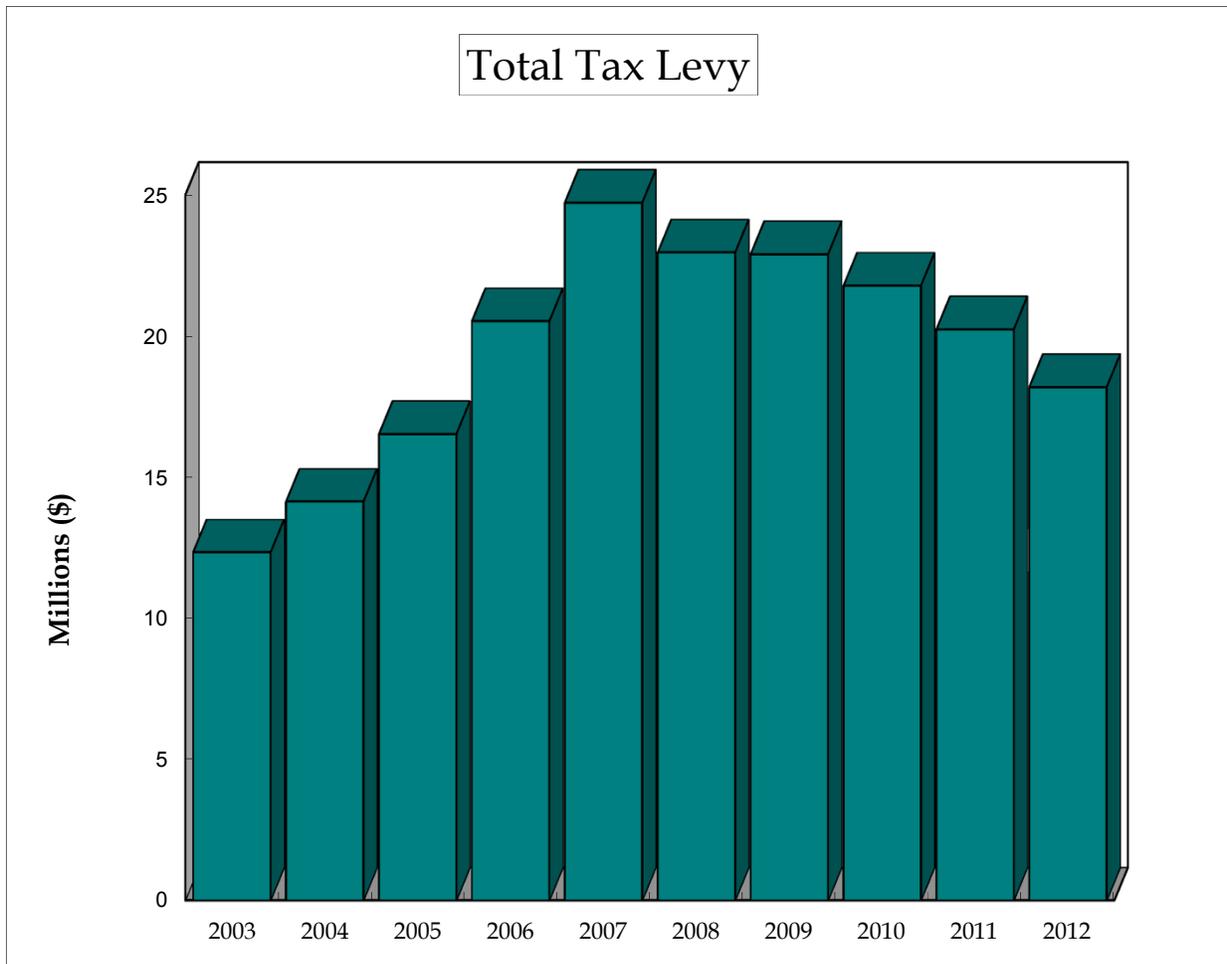
Source: Palm Beach County Property Appraiser.

TABLE 10

2003		
<u>Taxable Assessed Valuation</u>	<u>Rank</u>	<u>Percentage of Assessed Value for Operations</u>
\$ -	-	-
-	-	-
30,900,922	1	0.62%
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
9,654,810	8	0.19%
27,383,160	2	0.55%
26,320,000	3	0.52%
22,650,100	4	0.45%
18,109,474	5	0.36%
17,686,465	6	0.35%
9,998,450	7	0.20%
8,404,073	9	0.17%
2,619,836	10	0.05%
\$ 173,727,290		3.46%

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

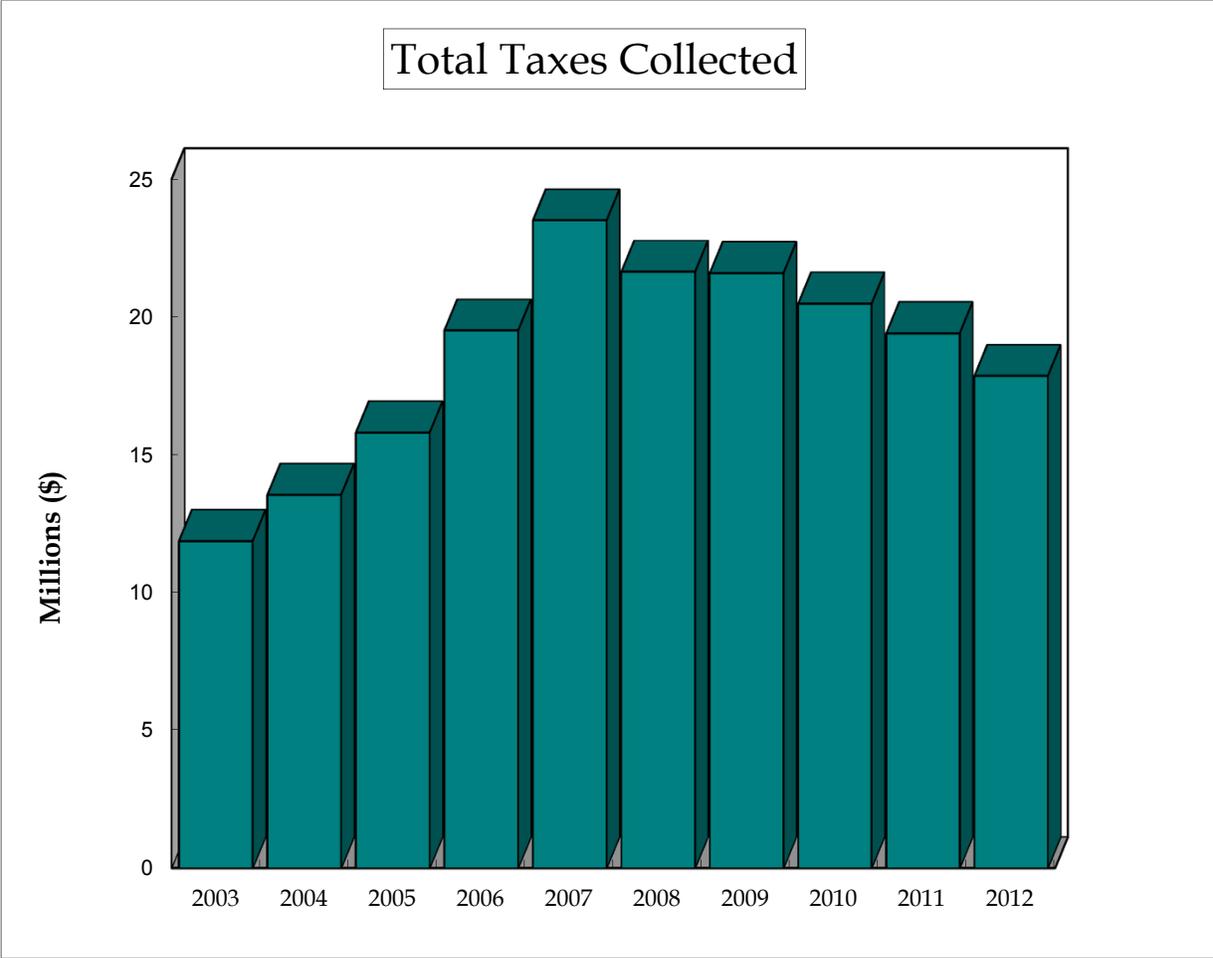
Fiscal Year	Total Tax Levy	Amount of Current Taxes Collected (1)	Percent of Total Tax Levy Collected	Amount of Delinquent Taxes Collected	Total Collected for the Year
2003	\$ 12,342,172	\$ 11,839,433	95.9 %	\$ 29,571	\$ 11,869,004
2004	14,138,163	13,539,520	95.8	8,126	13,547,646
2005	16,532,894	15,754,677	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
2012	18,195,931	17,757,247	97.6	105,575	17,862,822



(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>
96.2 %	\$ 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
98.2	238,765	1.3



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)

Governmental Activities								
Fiscal Year	General Bonded Debt			Per Capita ⁽³⁾	Sales Tax Revenue Bonds, Net ⁽¹⁾	Public Improvement Revenue Bonds	Disaster Relief Note Payable	Capital Lease Obligations
	General Obligation Bonds, Net ⁽¹⁾	Percentage of Total Taxable Value ⁽²⁾ of Property	%					
2003	\$ 10,565	0.18	%	\$ 243.52	\$ 12,475	\$ 1,930	\$ -	\$ -
2004	10,165	0.14		220.63	12,150	1,485	-	-
2005	26,750	0.31		554.19	11,605	1,015	50	-
2006	25,675	0.22		519.89	11,045	520	50	604
2007	24,600	0.22		494.73	10,460	-	-	539
2008	23,485	0.22		471.75	9,850	-	-	659
2009	22,340	0.24		444.36	9,220	-	-	403
2010	21,155	0.25		383.55	8,555	-	-	141
2011	19,920	0.23		353.59	7,865	-	-	29
2012	18,349	0.21		325.70	6,089	-	-	-

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

- ⁽¹⁾ Debt is net of amounts available in debt service funds.
- ⁽²⁾ See Table 8 for property value data.
- ⁽³⁾ See Table 16 for personal income and population data.

TABLE 12

Business-type Activities				Primary Government			
Total Governmental Activities	Water Revenue Bonds	Stormwater Loan	Total Business-type Activities	Total Primary Government	Percentage of Total Taxable Value ⁽¹⁾ of Property	Percentage of Personal Income ⁽²⁾	Per Capita ⁽²⁾
\$ 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	1,287.69
27,814	38,750	324	39,074	66,888	0.78	N/A	1,204.28
24,438	35,960	270	36,230	60,668	0.70	N/A	1,076.88

TOWN OF JUPITER, FLORIDA
Direct and Overlapping Governmental Activities Debt
As of September 30, 2012

TABLE 13

	Debt Outstanding	Estimated ⁽¹⁾ Percentage Applicable to Town of Jupiter	Estimated ⁽¹⁾ Share of Direct and Overlapping Debt
Direct Debt:			
Town of Jupiter	\$ 25,790,000	100.00%	\$ 25,790,000
Overlapping Debt:			
Debt repaid with property taxes			
Palm Beach County	207,340,000	6.89%	14,285,726
Other debt			
Palm Beach County ⁽²⁾	815,850,509	6.89%	56,212,100
Palm Beach County School Board ⁽³⁾	1,862,653,000	6.89%	<u>128,336,792</u>
Total Overlapping Debt			<u>198,834,618</u>
Total Direct and Overlapping Debt			<u><u>\$ 224,624,618</u></u>
Estimated Population			<u><u>56,337</u></u>
Total Direct and Overlapping Debt per Capita			<u><u>\$ 3,987.16</u></u>

⁽¹⁾ Estimates based on ratio of assessed taxable values.

⁽²⁾ Includes Non Ad Valorem Revenue Bonds (\$793,276,168) and Other Notes and Loans (\$22,574,341).

⁽³⁾ Includes Captial Outlay Bonds (\$30,650,000) and Certificates of Participation (\$1,832,003,000).

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 ⁽¹⁾	Net Debt Applicable to Limit	Legal Debt Margin	
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
2012	7,233,522	1,397,862	8,631,385	1,294,708	18,645	1,276,063	1.44

⁽¹⁾ 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 ⁽³⁾	Coverage ⁽⁴⁾	Utilities Tax Revenue	Debt Service ⁽³⁾	Coverage ⁽⁴⁾
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	-	-
2012	3,596,953	1,084,557	3.32	4,273,931	-	-

⁽¹⁾ Revenue excludes change in fair value of investments.

⁽²⁾ Expense excludes depreciation.

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

⁽⁴⁾ Required coverage is 1.10.

TABLE 15

Water Revenue Bonds				
Gross Revenue ⁽¹⁾	Operating Expense ⁽²⁾	Net Revenue Available for Debt Service	Debt Service ⁽³⁾	Coverage ⁽⁴⁾
\$ 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
21,236,252	11,331,352	9,904,900	4,456,810	2.22

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

TABLE 16

Fiscal Year	Population ⁽¹⁾	Personal Income ⁽²⁾ (in millions)	Per Capita Personal Income ⁽²⁾	Unemploy- ment Rate ⁽³⁾	School Enrollment ⁽⁴⁾
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
2012	56,337	N/A	N/A	8.6%	9,659

Data Sources:

- ⁽¹⁾ Source: University of Florida, Bureau of Economic and Business Research.
- ⁽²⁾ Source: University of Florida, Bureau of Economic and Business Research. Data for Palm Beach County.
- ⁽³⁾ Source: U.S. Department of Labor, Bureau of Labor Statistics. Data for Palm Beach County.
- ⁽⁴⁾ 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	2012 ⁽¹⁾			2003 ⁽¹⁾		
	Employees	Rank	Percentage of Total Town Employment	Employees	Rank	Percentage of Total Town Employment
Palm Beach County School District	21,495	1	N/A	18,677	1	N/A
Palm Beach County	11,381	2	N/A	9,000	2	N/A
Tenet Healthcare Corp.	6,100	3	N/A	3,040	4	N/A
Florida Power & Light (Headquarters)	3,635	4	N/A	2,800	5	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	-	-	-
Boca Raton Regional Hospital	2,250	10	N/A	-	-	-
Columbia Palm Beach Health Care	-	-	-	4,000	3	N/A
Boca Raton Resort & Club	-	-	-	2,380	6	N/A
U.S. Sugar Corporation	-	-	-	2,200	7	N/A
Florida Crystals	-	-	-	2,000	8	N/A
The Breakers	-	-	-	1,800	9	N/A
Bethesda Memorial Hospital	-	-	-	1,800	10	N/A
Totals	<u>57,922</u>		<u>N/A</u>	<u>47,697</u>		<u>N/A</u>

⁽¹⁾ 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									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
General Government										
Town Manager	5	5	5	5	3	3	3.5	3.5	3.5	3.5
Town Clerk	7	8	8	8	7	7	6.25	6	6	5
Finance	12	12	12	11	11	11	10	9	9	9.5
Human Resources	6	6	6	7	7	7	6.5	6.5	6	5.5
Information Systems	11	12	13	14	15	15	14	13	13	13
Neighborhoods	-	-	-	2	2.5	3	2.75	2.75	3.25	2.75
External Affairs	-	-	-	4	3.5	3.5	2.5	2.5	2.5	2.5
Special Projects	-	-	-	-	-	2.5	2	2	-	-
Public Safety										
Police Officers	103	104	106	108	110	110	110	110	110	110
Civilian Police	50	52	34	36	37	37	35	33.25	34	18
Engineering/Public Works										
Engineering	13	12	12	12	12.5	12	11	11	10	10
Public Works	24	26	27	27	27.5	27.5	25.5	24	21	21
Parks maintenance	-	-	-	-	-	-	-	-	15	15
Culture and Recreation										
Parks and Recreation	37	37	37	38	40	35.5	35	34.5	17.75	17.75
Water System										
Plant	25	26	26	26	26	26	25	25	27	28
Field	17	17	13	13	14	14	13	13	14	11
Administration	16	16	22	23	24	24	25	22	20	18
Building Department										
Building	41	43	44	48	41	38	34	25	24	21.5
Planning	12	12	13	13	16.5	17	15.25	14.25	13.25	13.25
Business Registration	-	-	-	-	2	3	3	2	2	2
Code Enforcement	6	6	7	8	8	8	7	7	7	7
Community Development	9	9	9	-	-	-	-	-	-	-
Stormwater System										
Field	4	4	4	4	5	4	3	3	5	4
Administration	3	4	4	4	5	3	3	3	2	4
Total	401	411	402	411	417.5	411	392	372	365.25	342.25

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

TABLE 19

Function	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Public Safety										
Police										
Physical arrests	1,636	1,390	1,608	1,747	2,265	1,793	1,403	1,197	1,146	1,102
Parking violations	1,698	1,318	1,208	1,054	1,475	1,588	1,288	1,114	1,347	1,655
Traffic violations	22,173	16,391	18,850	13,357	16,283	19,807	20,525	17,390	12,976	13,175
Code Compliance										
Code violations	3,556	3,626	3,584	4,823	4,250	3,730	4,022	3,455	3,738	3,516
Public Works										
Street resurfacing (lane miles)	N/A	N/A	N/A	12	4.5	3.84	10.77	2.5	6.28	1.14
Pot holes repaired	N/A	186	230	309	172	130	99	25	9	40
Culture and Recreation										
Parks and Recreation										
Recreation programs offered (1)	N/A	N/A	N/A	93	253	248	483	517	611	642
Recreation program participants (1)	N/A	N/A	N/A	5,554	2,540	2,849	15,051	18,235	19,710	29,066
Youth athletic participants (JTAA)	N/A	N/A	N/A	6,332	6,300	6,100	7,220	7,259	7,650	6,869
Camp program participants	N/A	N/A	N/A	847	839	878	741	978	929	929
Athletic camp participants	N/A	N/A	N/A	1,180	1,182	1,175	1,053	917	967	967
Skate park participants	N/A	N/A	N/A	17,020	14,191	12,354	13,242	14,040	12,477	13,582
Water System										
Water customers	23,396	23,713	24,754	25,272	25,875	26,541	27,061	27,343	27,597	27,924
Permitted Capacity per day (million gallons)	27.30	27.30	27.30	29.00	29.00	29.00	29.00	30.00	30.00	30.00
Average daily water consumption (million gallons)	18.10	16.76	17.34	17.59	14.00	12.32	13.64	14.09	14.97	14.74
Building Department										
Building permits issued	11,404	11,389	16,101	11,313	7,334	6,233	5,317	5,442	5,659	6,199
Value of permits (in thousands)	\$ 301,288	\$ 266,114	\$ 348,166	\$ 290,434	\$ 182,508	\$ 147,165	\$ 92,896	\$ 133,352	\$126,173	\$147,459
Stormwater System										
Stormwater customers	N/A	N/A	20,336	20,676	20,913	21,065	21,175	21,224	21,625	21,709

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									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Public Safety										
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units	86	89	87	85	126	146	135	154	149	147
Code Compliance										
Vehicles	4	4	5	6	7	7	6	7	6	8
Engineering and Public Works										
Centerline road miles	107.36	107.36	113.75	114.17	114.74	115.12	115.30	116.21	118.59	119.08
Culture and Recreation										
Parks and Recreation										
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	19	22	22	22	22	22	22
Basketball courts	N/A	N/A	N/A	12	12	12	12	12	12	12
Multi-purpose fields	N/A	N/A	N/A	9	12	12	12	12	12	12
Tennis courts	N/A	N/A	N/A	14	14	14	14	14	14	14
Parks	13	13	13	15	15	15	17	17	17	17
Parks (acres)	262	262	262	265	265	265	265	265	265	265
Water System										
Water mains (miles)	333	356	361	378	406	442	444	444	447	454
Plants	1	1	1	1	1	1	1	1	1	1
Fire hydrants	2,275	2,550	2,590	2,727	2,973	3,328	3,356	3,414	3,428	3,502
Building Department										
Vehicles	18	18	20	22	21	21	26	13	13	11
Stormwater System										
Stormwater sewers (miles)	N/A	N/A	N/A	68	74	74	76	76	80	80

Sources: Town departments.

N/A: Not available.

TOWN OF JUPITER, FLORIDA
Schedule of Insurance in Force
As of September 30, 2012

TABLE 21

Type of Coverage	Coverage Amount	
Property, including equipment breakdowns	\$ 112,891,671	(1, 10)
Inland Marine	3,597,076	(1,10)
Ocean Marine	135,768	(13,17)
Crime/Employee Dishonesty	100,000	(1, 9)
General Liability	2,000,000 per claim/no aggregate	(1, 6, 9)
Law Enforcement Liability	1,000,000/1,000,000	(1, 2, 7)
Automobile Liability	1,000,000	(1)
Automobile Physical Damage	ACV or repair	(1, 15)
Public Officials & Employment Practices Liability	1,000,000/1,000,000	(1, 7)
Workers' Compensation	Statutory	(1)
Employers' Liability Limit for WC	1,000,000	(1, 7)
Environmental Insurance (Pollution)	1,000,000/1,000,000	(7, 12)
Rail Road Protective Liability	2,000,000/6,000,000	(8, 14)
Police - Statutory Accidental Death and Dismemberment	195,000 65,000 65,000	(5, 11) (5, 11) (5, 11)
CRA (Director & Officers including Employment Practices)	1,000,000/1,000,000	(7, 16)
Life Insurance	200,000	(3)
Medical - HMO	Unlimited	(4)
Medical - HSA	Unlimited	(4)

- (1) Coverage is through Preferred Governmental Insurance Trust.
- (2) Coverage is per person/per occurrence.
- (3) Coverage is based on class of eligible employee and salary to a maximum of \$200,000.
- (4) Lifetime maximum per individual.
- (5) Coverage is mandated by Florida Statute and adjusted for cost of living based upon a formula.
- (6) Coverage applicable to claims \$2,000,000 per occurrence, \$4,000,000. Note: No aggregate on Bodily Injury, Property Damage or Employee benefits liability.
- (7) Coverage applicable to claims \$1,000,000 per occurrence, \$1,000,000 aggregate.
- (8) Coverage applicable to claims \$2,000,000 per occurrence, \$6,000,000 aggregate for annual maintenance and upkeep of land in right of way of railroad.
- (9) Coverage is per occurrence.
- (10) Coverage is based upon property schedule.
- (11) Coverage is through Ace American Insurance Company.
- (12) Coverage is through Indian Harbor Insurance Company.
- (13) Coverage is through Star Insurance.
- (14) Coverage is through Lexington Insurance Company.
- (15) Actual Cash Value at the time of loss
- (16) Coverage is through Chubb Group of Insurance Companies.
- (17) Coverage based on Ocean Marine Application.

TOWN OF JUPITER, FLORIDA
Salaries of Principal Officials
For the Year Ended September 30, 2012

TABLE 22

<u>Official</u>	<u>Annual Salary</u>
Mayor	\$ 22,200
Council (4 members)	18,600 (per member)
Town Manager	170,980
Chief of Police	135,478
Utilities Director	133,466
Assistant Town Manager	128,906
Engineering and Public Works Director	127,111
Information Systems Director	123,780
Business Development Director	123,780
Finance Director	123,768
Planning and Zoning Director	121,299
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, 2012, which collectively comprise the basic financial statements of the Town of Jupiter, Florida, and have issued our report thereon dated March 26, 2013. 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

Management of the Town of Jupiter, Florida, is responsible for establishing and maintaining effecting 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, 2013.

This report is intended solely for the information and use of the Town Council and management of the Town of Jupiter, Florida, federal 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.

*Caleb, Dauter, Levine,
Cohen, Porter & Veil, P.A.*

March 26, 2013

TOWN OF JUPITER, FLORIDA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended September 30, 2012

Grantor/Pass-Through Grantor/ Program Title	Federal CFDA Number	Grant Number/ Contract Number	2012 Program Expenditures	Transfers to Subrecipients
FEDERAL AWARDS				
U.S. Department of Housing and Urban Development				
Direct Award				
Community Development Block Grants/Entitlement Grants	14.218	10-BD-K-10-60-01-K29	\$ 18,679	\$ 0
U.S. Department of Justice				
Direct Awards				
Bulletproof Vest Partnership Program	16.607	None	5,438	0
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2011-DJ-BX-2161	11,232	0
Total U.S. Department of Justice			<u>16,670</u>	<u>0</u>
U.S. Department of Transportation				
Pass-through Award from the State of Florida		Contract No. AQ-741		
Department of Transportation		FPN 423811-1-58-01		
Highway Planning and Construction	20.205	FAN 8887-855 A	599,400	0
U.S. Department of Treasury				
Direct Award				
Asset Forfeiture Fund	21.000	None	38,940	0
U.S. Environmental Protection Agency				
Direct Award				
Congressionally Mandated Projects	66.202	XP-95436111	196,204	0
U.S. Department of Energy				
Direct Award				
ARRA - Energy Efficiency and Conservation Block Grant Program (EECBG)	81.128	DE-EE0002398	116,589	0
Total Federal Awards			<u>\$ 986,482</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, 2012

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, 2012 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, 2012. 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 compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2012.

Internal Control Over Compliance

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 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.

*Calver, Dauter, Levine,
Cohen, Porter & Veil, P.A.*

March 26, 2013

TOWN OF JUPITER, FLORIDA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS -
FEDERAL AWARD PROGRAMS

For the Year Ended September 30, 2012

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

Federal Award Programs

CFDA No.

U.S. Department of Transportation
Pass-through award from the State of Florida
Department of Transportation
Highway Planning and Construction 20.205
U.S. Department of Energy
Direct award
ARRA - Energy Efficiency and Conservation
Block Grant Program (EECBG) 81.128

Dollar threshold used to distinguish between Type A
and Type B programs: \$ 300,000

Auditee qualified as low-risk auditee? Yes 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, 2012

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, 2012, and have issued our report thereon dated March 26, 2013. 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 26, 2013, 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 findings related to comments (2011-1) *Capital Assets*, (2011-2) *Travel*, (2010-2) *Police Pension Investments*, and (2009-4) *Investment Policy* were resolved or no longer apply. We also noted that our findings related to comments (2009-5) *Information Systems* and (2010-3) *Purchase Approvals* were partially resolved but require further consideration as noted below.

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 recommendations are presented to improve security and safeguard the Town's computer systems and data.

Protection and Recovery

Potential vulnerabilities in software are regularly identified and patched by software vendors. These vulnerabilities often allow system access to be compromised or even the remote capture of user names and passwords. Accordingly, the Town should consider an automatic patching system for all vulnerabilities and critical patches as they are released. Currently, the IS Department relies on a manual system to install software patches.

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 computer system. In addition, users should not be local administrators on workstations or laptops.

2010-3 Purchase Approvals

During our prior years testing of purchase approvals we noted purchases in 2010 and 2011 where the purchase requisition was not prepared until after the vendor invoice date. In 2011 we also noted one purchase in excess of \$2,500 that did not have three quotes documented in the purchasing system as required by the purchasing policy. During our testing of purchases in 2012 we noted the following deviations from the Town's purchasing policy:

- For five purchases, the requisition or approval documentation was approved after the invoice date of the transaction. The purchase order/requisition should be approved or authorized prior to the purchase being made.
- One blanket purchase order for \$4,147 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 and that blanket purchase orders be limited to amounts under \$2,500 per month.

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.

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.

2012-1 Police Officer's Retirement Fund Investments

Town Code Section 15-252 for the Police Officer's Retirement Fund (the "Fund") and the Fund's investment policy (Section 4.A.4.) require investments in corporate bonds to be rated *investment grade* by a Nationally Recognized Statistical Rating Agency, such as Standard and Poor's or Moody's Investor Services. The 2012 audit for the Police Officer's Retirement Fund indicated that investments at September 30, 2012 included corporate bonds with a rating of CCC, which is below investment grade. We recommend that the Town review the corporate bond investments that are below investment grade and

determine the appropriate method to bring the investments into compliance with the Town Code.

2012-2 Payroll

During our payroll control testing, we noted three instances of missing timesheet documentation for police department employees selected for pay periods during the months of January and February 2012. Maintaining approved timesheets is an important internal control and critically important in substantiating hours worked and sick, vacation and compensation that was deducted. All payroll documentation and support should be properly filed and retained. We recommend the Town review the current internal controls and procedures for record retention of payroll documentation.

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, 2012.
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, 2012, 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, 2012. 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, 2012. 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 118. We did not audit the Town's responses and, accordingly, we express no opinion on them.

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

*Cale, Dauter, Levine,
Cohen, Porter & Veil, P.A.*

March 26, 2013



TOWN OF JUPITER

March 27, 2013

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, Cohen, Porter and Veil, P.A. who performed the audit of the Town's Comprehensive Annual Financial Report for the year ended September 30, 2012. The following are the responses by management to those comments and recommendations.

2009-5 Information Systems

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 deemed a priority for funding. 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.

User Accounts

The renaming of all Administrator accounts is currently in our plans. As new servers are brought on line and regular server maintenance is conducted the Administrator account is disabled.

2010-3 Purchasing Approval

In our review of the items noted by the auditors, we found that the largest variance related to the \$4,147 item that was purchased under a blanket purchase order with a vendor that is approved to

provide items up to \$2,500 per month without prior authorization. While the preapproved monthly amount was exceeded, the annual amount of \$30,000 for this vendor was not. Additional training will be provided to ensure that the employees involved are clear that the \$2,500 per month limit cannot be aggregated into larger amounts if prior month allocations are not utilized.

Of the remaining five instances pointed out by the auditors as having received approval after the item was procured, we found the following:

- two items were related to water or stormwater purchases made in the field that were deemed emergencies by field personnel,
- one was for an invoice approved for a vendor to perform at a Town sponsored event and which was not paid until written approval was secured,
- one item was for temporary employment agency services that were ongoing for an employee that was out on leave. The services were approved by the department director and, although the time extended beyond the initial term, subsequent approval was delayed, and
- the final item was less than \$100 and deemed diminimus.

2012-1 Police Officer's Retirement Fund Investments

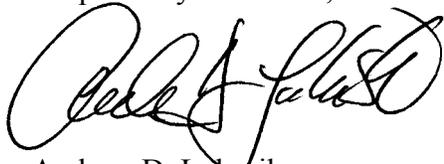
A revised Investment Policy for the Police Officer's Retirement Fund is in process and will be adopted by the Police Pension Board and submitted to the Town Council for their consideration.

2012-2 Payroll

Timesheets that were missing in the police department for the months of January and February were a direct result of a long time payroll employee retiring from service from the department and the backup person being out on extended sick leave during this time period. A temporary agency employee was used to complete the responsibilities of these Town employees, resulting in the timesheets being misplaced or destroyed. In the future, more care will be taken in instructing personnel on proper procedures in handling and storing timesheets.

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

Respectfully submitted,



Andrew D. Lukasik
Town Manager



Michael Vilella, C.P.A.
Finance Director