

Comprehensive Annual Financial Report



**Fiscal Year Ended
September 30, 2010**

COMPREHENSIVE ANNUAL FINANCIAL REPORT

TOWN OF JUNO BEACH, FLORIDA

Fiscal Year Ended September 30, 2010

Prepared by the Finance Department

TOWN OF JUNO BEACH, FLORIDA

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TOWN OF JUNO BEACH, FLORIDA

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INTRODUCTORY SECTION



TOWN OF JUNO BEACH
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March 17, 2011

Mayor Morton J. Levine
Vice-Mayor William J. Greene
Vice-Mayor Pro Tem Ellen Andel
Councilmember John T. Callaghan
Councilmember James R. Lyons

The Honorable Mayor, Town Council and Citizens:

State law requires that all general-purpose local governments publish within six months of the close of each fiscal year a complete set of financial statements presented in conformity with United States Generally Accepted Accounting Principles (GAAP) and audited in accordance with U.S. generally accepted auditing standards by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the comprehensive annual financial report of the Town of Juno Beach for the fiscal year ended September 30, 2010.

This report consists of management's representations concerning the finances of the Town of Juno Beach. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of the Town of Juno Beach has established a comprehensive internal control framework that is designed both to protect the Town assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the Town of Juno Beach's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the Town of Juno Beach's comprehensive framework of internal controls has been designed to provide reasonable, rather than absolute, assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The Town of Juno Beach's financial statements have been audited by Caler, Donten, Levine, Porter & Veil, P.A., a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the Town of Juno Beach for the fiscal year ended September 30, 2010 are free of material misstatement. The independent audit involved 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; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the Town of Juno Beach's financial statements for the fiscal year ended September 30, 2010 are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

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

Profile of the Government

The Town of Juno Beach was incorporated in 1953 and is located approximately 14 miles north of West Palm Beach, which is the county seat of Palm Beach County. Juno Beach is a seasonal, residential community with a permanent population of 3,656. Since 2000 the population has increased 12%. The Town encompasses an area of 2.65 square miles. This special and unique Town is an island with the Intracoastal Waterway to the west, the Atlantic Ocean to the east, Jupiter Inlet to the north and Palm Beach Inlet to the south.

The Town has operated under the Council-Manager form of government since 1985. Policy-making and legislative authority are vested in a five member Town Council. The Council is elected on a non-partisan basis. Councilmembers serve three-year staggered terms. The Councilmembers are elected at large and every year they select a mayor, vice mayor and vice mayor pro-tem. The Town Council is responsible, among other things, for passing ordinances, adopting the budget, appointing committees, and hiring both the Town Manager and Town Attorney. The Town Manager is responsible for carrying out the policies and ordinances of the Town Council, for overseeing the day-to-day operations of the government, and for appointing the heads of the various departments.

The Town of Juno Beach is empowered to levy a property tax on both real and personal properties located within its boundaries. It also is empowered by state statute to extend its corporate limits by annexation, which occurs periodically when deemed appropriate by the Town Council.

The Town provides general municipal services such as police protection, planning, zoning and building, code enforcement, parks, public works, stormwater utilities and cultural events. Fire Services are provided by Palm Beach County. Utility services, such as water and wastewater are provided by neighboring jurisdictions. Sanitation services are currently contracted with Waste Management, Inc. until 2012.

The annual budget serves as the foundation for the Town of Juno Beach's financial planning and control. The Town of Juno Beach's budget process begins in May with a staff meeting between the Town Manager and Department Directors to review budget philosophy and develop overall goals and objectives. The Council is required to hold public hearings on the proposed budget and must adopt a final budget by no later than September 30, the close of the Town of Juno Beach's fiscal year. The budgetary process is very valuable in communicating with the Council and citizens of the Town.

Town-Wide Amenities: The Town has many special features that contribute to this wonderful place to live, recreate and visit. The following is a list of some of these special features:

- | | |
|---|--|
| Beach | The Town has 2.4 miles of wonderful beaches along a spectacular blue ocean. Eleven (eight Town owned) dune walkovers provide beach access for the public that include a variety of structures, showers, parking, gazebo and chickee huts among other amenities. |
| Juno Beach Pier | The Town has a county owned and operated 990-foot pier at its northern edge. It is visited and enjoyed by sightseers and fishermen from all over. |
| Loggerhead Marinelife Center/ Turtle Nesting | The Town's coastline is one of the highest density nesting areas for sea turtles in the world. The Loggerhead Marinelife Center (LMC), a not-for-profit organization, monitors the nests and is dedicated to promoting the conservation of Florida's coastal ecosystem through education, research and rehabilitation with a special focus on threatened and endangered sea turtles. The LMC is located in the county owned Loggerhead Park. |

Environmentally Sensitive Lands	Approximately 594 acres of land or 43% of the Town’s total land area has been purchased by the County for preservation. The County has installed trails throughout these parcels to serve as a beautiful nature walk and to educate the public about the importance of preservation.
Pelican Lake Park	A 12-acre lake adjacent to the Town Center Property with lush landscaping and a ¾ mile – 8 feet wide public concrete and paver brick sidewalk, covered gazebos and fountains is the setting for Town events and leisure strolls.
County and Town Parks	The Town benefits from two beachfront County parks. Loggerhead Park has covered picnic areas and a playground and houses the Loggerhead Marinelife Center. Juno Beach Park, at the northern edge of Town, serves as a large parking lot for beach goers and the County owned and operated pier. South of Pelican Lake the Town owns and operates Kagan Park, which has playground equipment, bocci, basketball, and adult exercise stations.
Cultural Resources	The Town hosts and takes part in many cultural activities. Many local history, art and civic organizations utilize the Town’s resources for their activities. The “Friends of the Arts” organizes art shows for local artists; artwork is displayed year round in the Town Center Council Chambers. “Artfest by the Sea,” which draws some 30,000 visitors is held along A1A and the Ocean at the north end of Town.
Diverse Housing	The Town has assisted living facility units, mobile home parks, townhouses, single-family homes and condominium units with values over several million dollars.
Seminole Golf Club	A prestigious private oceanfront golf course designed by Donald Ross and opened in 1929.
Town Center	This complex was designed to house all of the Town’s government operational needs and also function as a cultural center to facilitate social activities, host events and serve as a meeting place for homeowners associations, businesses, social groups, etc.

Local Economy

During the seasonal months (November through May) the population of the Town increases dramatically, nearly tripling. This influx of residents also brings an increase in tourists that seek the wonderful temperate climate that is south Florida. Neighboring cities and towns also experience significant increases in resident and tourist traffic during the winter and early spring months which help support many local businesses.

Recent years have been scarred by a disruption of the economic growth and expansion that the Town and the surrounding communities had prospered under during the past several decades. A stabilizing free fall of all things real estate-related appears to be underway while the county’s persuasion of The Scripps Research Institute and hopeful bioscience industry spin-offs appear to be materializing, along with an expanding Florida Atlantic University campus.

The Town had several projects that were started or were being completed during 2009/2010; A major improvement to an adult living facility (The Waterford) included an addition of a new hospital wing that has been completed and closed out; although scaled back from the original proposal, Holiday Inn on the SE corner of US 1 and Donald Ross Road, completed and closed out a major renovation including a new

pool and recreation area with covered walkways connecting all structures on the hotel's site; a variety of new single family homes, primarily in the Saturn Lane Historic District, as well as other locations in Town; renovated FPL parking lots on their development of regional impact (DRI) campus, as well as some perimeter site improvements were completed and closed out; and new public recreational improvements to sidewalks in Town, as well as a new recreational improvement along the intracoastal waterway in the Juno Dunes Natural Area (state-owned, county maintained and includes an observation tower, new picnic area, light vessel docks and landing area - significant earthwork to create the alcove entry to the park area); The status of other developments that are proposed for 2010/2011 generally include; an approval extension to a 29-lot single family home subdivision (Estates at Juno Beach); and a 20,152 square-foot commercial plaza (Shoppes of Juno Beach) along the east side of US 1. These descriptions do not include single-family dwelling improvements/expansions and other minor development activities within the Town for this period.

Juno Beach is fortunate to have two major corporate headquarters located in Town. NextEra Energy, Inc., parent company of Florida Power and Light, one of the nation's largest providers of electricity-related services, has its corporate offices located in Town and encompasses approximately one million square feet of office space. FPL has approximately 2,500 employees at this location and more than 15,000 in 27 states and Canada. Juno Beach is also home to Tire Kingdom, Inc. a subsidiary of TBC Corporation. TBC operates more than 730 company-owned stores under the brands: Tire Kingdom, NTB - National Tire and Battery, and Merchant's Tire and Auto Centers. TBC employs nearly 350 associates at its Tire Kingdom-Juno Beach headquarters and approximately 8,400 associates nationally.

Future Economic Outlook

In April of 2009, the State of Florida reported its first net population decrease since 1946 and Palm Beach County and Juno Beach followed suit. Southeast Florida benefited tremendously from the predictable supply and demand migration to Florida over the past decades. However, the recent real estate construction and valuation bubble fallout is dictating a cautious approach to the consumption of the excess capacity and fallen prices of residential property. The new norm in the real estate construction industry may not be known for several years. Overall, the property value of the Town decreased from \$1,570,464,168 in 2008 to \$1,125,455,280 for Fiscal Year 2011, representing a 28.3% decrease over three years. Signs of economic stabilization appear to be materializing in various reporting models however, unemployment is still an issue.

The real estate and economic issues of recent years have caused changes at various levels of government. The passing of several very costly constitutional amendments in recent years threatens future Revenue Sharing dollars for the Town and other local governments. This situation has been exacerbated by the State Government's action to reduce the property tax burden on Florida residential and commercial properties and to restrict the growth of local government spending. These conditions and the State's tendency to shift costs to the local governments will continue to impose difficult economic times and tight budgets for the coming years.

While the State has been imposing various legislation and the Town's property values decreased 28%, millage rates have remained relatively stable. This policy has resulted in a property tax savings of \$1,160,000 to Juno Beach property owners. The loss of this ad valorem property tax and other shared revenues has caused considerable cuts to expenditures. Some of the reduced revenue base has been supported by a designed shift away from asset based revenues (Ad Valorem Property Taxes) to user based revenues (Utility Services). This policy was developed to help ensure a wider revenue base for the Town. In 2009 and 2010, the Town Council approved ordinances that established and subsequently increased a public service tax on water service to 10%; approved an increase in the utility tax on electricity, gas and fuel oil from 8% to 10%; and increased the solid waste franchise fee from 2% to 10%. These revenue changes will potentially add \$205,000 to future budgets. These changes also provide users the potential or incentive to alter their usage and thereby have more control over some of their costs.

The police department implemented a Safe Streets Program in 2009 that utilizes automated traffic enforcement camera systems. The Town contracted with a third party that specializes in laser and photo technology to perform enforcement of speed and red light violations. The program was remarkably successful in its initiative; speeding was reduced by more than 50%. The speed program issued approximately 6,300 infractions and imposed \$786,000 in fines and penalties from late March 2009 through March 10, 2010 when the Town suspended the program and subsequently ended the program. The speed program is currently under pending litigation. The state enacted legislation related to automated red light violations. As of December 2010 the Town utilized the technology at two intersection approaches.

Long-term Financial Planning

The Town's unreserved, undesignated fund balance reserve policy has remained stable over the years at 50% of the operating budget. This is mainly due to the small size of our budget, the high percentage of our budgeted revenues derived from property taxes, (about 52% excluding grants and non-cash revenues) and the location of our Town along the Atlantic Ocean. Reserve funds are intended to smooth out economic downturns, deal with unexpected situations, and purchase major capital items without incurring debt. The most important reason for adequate reserves for the Town of Juno Beach is the potential problems that could arise from the advent of a catastrophe such as a major hurricane. A major storm could substantially reduce the Town's tax base for several years and during this "rebuilding period" after a storm, demands for service will be substantially higher.

Reserves are also supplementing the budget with investment income. These investments are consistently out-performing the three-month U.S. Treasury Bill rate.

Keeping the goal for funding the reserve account to 50% of the Town's operating budget can be accomplished by keeping with the current philosophy of managing the Town's fiscal activities as efficiently as possible and funding the reserve with any unusual, non-repeating revenue source, such as the sale of Town property.

The current reserve balance is estimated at 85.7% of total general fund expenditures. The high current amount of reserves over the goal has been attained over the past few years, mainly from the unexpected high number of citations issued from the Safe Streets Program.

Major Initiatives

The Town's initiative, along with two neighboring agencies, to consolidate and regionalize police dispatch services is nearing reality. The project will help reduce and eliminate operating and capital costs and provide cost sharing that will benefit all three agencies. All of the agencies have approved interlocal agreements and the consolidation is scheduled to begin May 1, 2011.

Staff completed an audit of the communications service tax that resulted in several positive adjustments to this revenue stream. Audits of other utility revenues provided minimal changes.

The Town's innovative venture into town-wide wi-fi internet connectivity for residents and businesses has been terminated. The Town is working to divest the assets to a local government agency that utilizes wi-fi for government programs and services.

Relevant Financial Policies

The Town has several financial policies including, operating policies, revenue policies, investment policies, contingency policies, budgetary control, debt management and reserve policies within which it operates. The establishment of specific reserve policies is an important part of prudent financial management. Reserve policies reduce ambiguity and guide the creation, maintenance and use of resources for financial stabilization purposes.

Cash management policies and practices: Cash temporarily idle during the year is invested in various instruments including certificates of deposit, the Florida Prime Fund (formerly known as the Local Government Surplus Funds Trust Fund (SBA), an investment pool administered by the State of Florida), and the Florida Municipal Investment Trust, which is administered by the Florida League of Cities. The average yield on all investments was 1.85 percent for the 12-month period ending September 30, 2010. The Town of Juno Beach's investment policy places first priority upon security of the investment and secondary priority on investment yield.

Debt administration: The Town currently has one outstanding long-term debt instrument. The Town borrowed \$816,988 under a 10 year promissory note, Series 2003, on April 14, 2003 at an interest rate of 3.49%. The outstanding balance on the Series 2003 note was \$274,799 as of September 30, 2010. The Town has no legal debt margin.

Risk management: The Town purchases insurance coverage for property damage, general liability, automobile, and workers compensation coverage through the Florida League of Cities insurance programs. The Town's employee health insurance coverage as of October 1, 2010 is through Blue Cross Blue Shield. Insurance coverage is evaluated annually by the management of the Town and adjusted as necessary to provide the most cost effective protection for the Town.

Awards and Acknowledgements

Awards: The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Town of Juno Beach for its comprehensive annual financial report for the fiscal year ended September 30, 2009. The Certificate of Achievement is a prestigious national award recognizing achievement of the highest standards for preparation of state and local government financial reports.

In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report, whose contents conform to program standards. Such a comprehensive annual financial report must satisfy both U.S. generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. The Town of Juno Beach has received a Certificate of Achievement for the last twenty-nine consecutive fiscal years. We believe our current report continues to conform to the Certificate of Achievement program requirements and we are submitting it to GFOA.

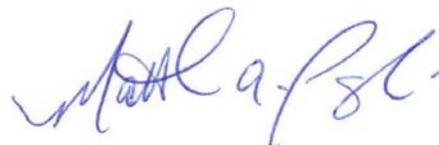
Acknowledgements: The preparation of this report on a timely basis could not have been accomplished without the cooperation and dedicated service of the entire staff of the Town and the efficient assistance of the independent auditors.

We wish to express our sincere appreciation to the members of the Town Council for their interest and support in conducting the financial operations of the Town in a sound and progressive manner, thus assuring the citizens a high level of financial stability.

Respectfully submitted,



Joseph F. Lo Bello
Town Manager



Matthew A. Pazanski
Finance Director

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Town of Juno Beach Florida

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

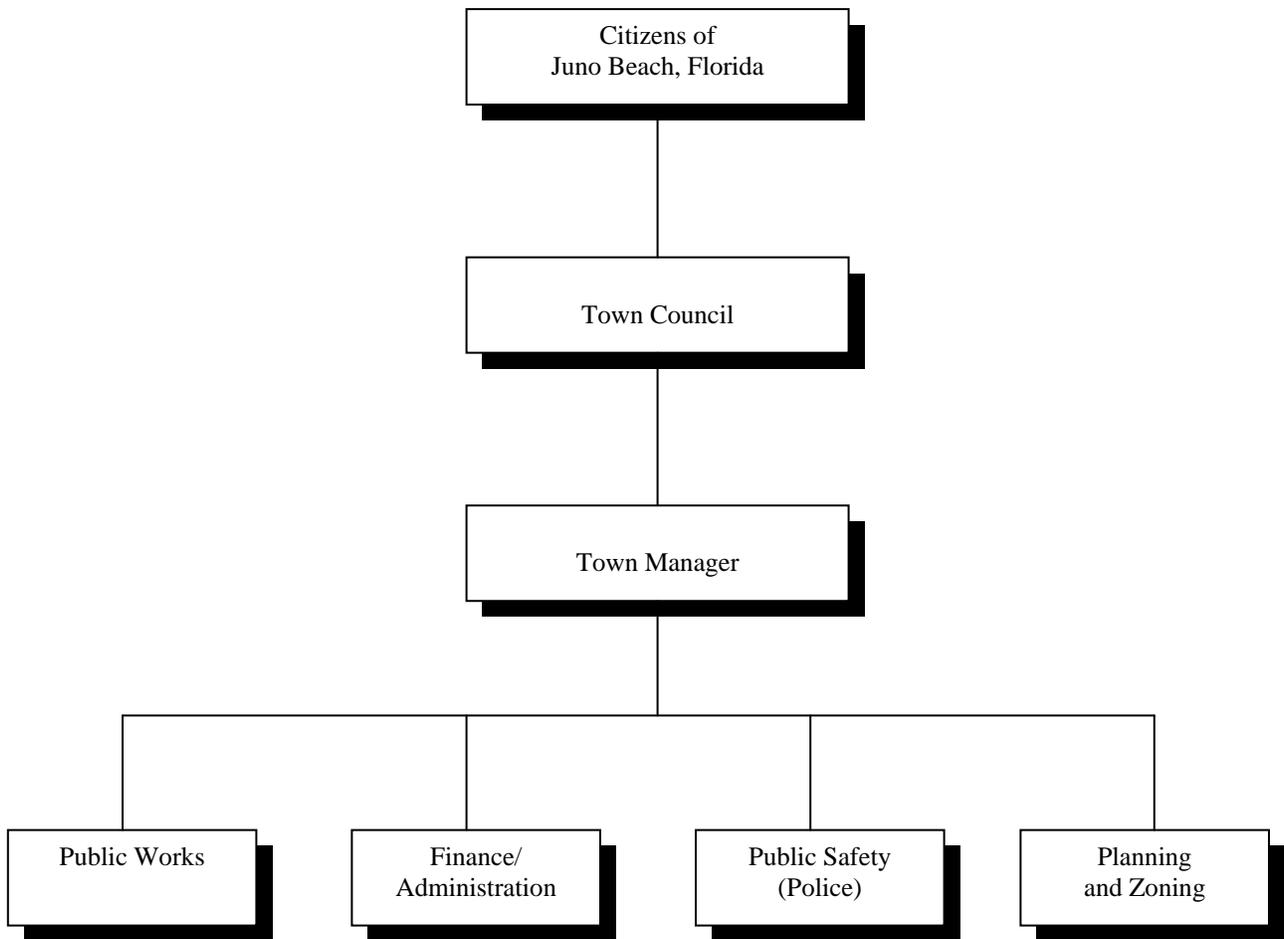
A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards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



President

Executive Director

TOWN OF JUNO BEACH, FLORIDA
ORGANIZATIONAL CHART





LIST OF PRINCIPAL OFFICIALS
COUNCIL - MANAGER FORM OF GOVERNMENT

TOWN COUNCIL

Morton J. Levine Mayor
 William J. Greene Vice Mayor
 Ellen D. Andel Vice-Mayor Pro Tem
 John T. Callaghan..... Councilmember
 James R. Lyons Councilmember

ADMINISTRATIVE STAFF

Joseph F. Lo Bello..... Town Manager
 Dennis L. Weiner Police Chief
 Matthew A. Pazanski Finance Director
 Anthony R. Meriano Public Works Director
 Vanessa Dunham Town Clerk
 Damian Peduto Director of Planning and Zoning
 Andrea L. Dobbins Project Coordinator

PROFESSIONAL ADVISORS

Leonard G. Rubin, P.A. Attorney
 Robert Rennebaum, P.E.
 Simmons & White, Inc. Consulting Engineer
 Mark D. Veil, CPA
 Caler, Donten, Levine,
 Porter & Veil, P.A. Independent Auditors

FINANCIAL SECTION



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

CERTIFIED PUBLIC ACCOUNTANTS

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MARK D. VEIL, CPA

MEMBERS
AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS

FLORIDA INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditor's Report

To the Honorable Mayor and
Town Council
Town of Juno Beach
Juno Beach, Florida

We have audited the accompanying financial statements of the governmental activities, the major fund and the aggregate remaining fund information of the Town of Juno Beach, Florida, as of and for the year ended September 30, 2010, which collectively comprise the Town's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the management of the Town of Juno Beach, Florida. Our responsibility is to express opinions on these financial statements based on our audit.

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, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the major fund and the aggregate remaining fund information of the Town of Juno Beach, Florida, as of September 30, 2010, and the respective changes in financial position 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 14, 2011, on our consideration of the internal control over financial reporting of the Town of Juno Beach, Florida, and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

U.S. generally accepted accounting principles require that the *management's discussion and analysis* on pages 3 through 8 and the budgetary comparison information on pages 31 through 33 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 Juno Beach, Florida. The introductory section 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 of the Town of Juno Beach, Florida. The introductory section and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

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

March 14, 2011

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the Town of Juno Beach, we offer readers of the Town's financial statements this narrative overview and analysis of the financial activities of the Town of Juno Beach for the fiscal year ended September 30, 2010. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal.

The information contained within this Management's Discussion and Analysis (MD&A) is only a component of the entire financial statement report. Readers should take time to read and evaluate all sections of the report, including the footnotes and the other Required Supplementary Information that is provided in addition to this MD&A.

Financial Highlights

- The assets of the Town of Juno Beach exceeded its liabilities at September 30, 2010 by \$10,654,356. Of this amount, unrestricted net assets of \$4,086,721 may be used to meet the government's ongoing obligations to citizens and creditors.
- The total net assets decreased by \$338,703. This entire amount was associated with governmental activities.
- As of the close of the current fiscal year, the Town of Juno Beach's general fund reported ending fund balance of \$4,351,348 an increase of \$23,423 in comparison with the prior year. Of this amount \$4,205,376 is unreserved and available for spending; however, \$571,371 has been designated for the subsequent year's budget by the Town Council.
- At the end of the current fiscal year, the unreserved fund balance (page 11) for the general fund represented 85.7% of total general fund expenditures (page 13) or 313 days of available funding.
- The Town of Juno Beach's total debt obligations decreased by \$56,561. The decrease was attributable to repayments of the Town's 2003 promissory note and an increase in compensated absences.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Town of Juno Beach's basic financial statements. The Town of Juno Beach's basic financial statements are comprised of 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 of Juno Beach's finances, in a manner similar to a private-sector business.

The *statement of net assets* (page 9) 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* (page 10) 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 flows. Thus,

revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

Both of the government-wide financial statements focus on functions of the Town that are principally supported by taxes and intergovernmental revenues (*governmental activities*), since the Town does not have any business-type activities. The governmental activities of the Town of Juno Beach include general government, planning and zoning, public safety, and public works.

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 of Juno Beach can be divided into two categories: governmental 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 government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between the two. The Town's only governmental fund is the general fund. The governmental fund financial statements are presented on pages 11 through 14.

The Town of Juno Beach adopts an annual budget for its general fund. A budgetary comparison schedule has been provided as required supplementary information for the general fund to demonstrate compliance with the fiscal year 2010 budget.

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 statement 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 funds consisted of the general employee's retirement plan and trust fund. The fiduciary fund financial statements are presented on pages 15 and 16.

Notes to the financial statements. The notes begin on page 17 and provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain other required supplementary budgetary comparison information. The budgetary comparisons for the General Fund referred to earlier in connection with governmental funds are presented immediately after the basic financial statements on pages 31 through 33.

Government-Wide Financial Analysis

Net assets. Below is a summary of the Statement of Net Assets at September 30, 2010 and 2009.

As noted earlier, net assets may serve over time as a useful indicator of a government’s financial position. At September 30, 2010, the Town’s assets exceeded liabilities by \$10,654,356. The largest portion of the Town’s net assets (61 percent) reflects its investment in capital assets, less any related debt used to acquire those assets that is still outstanding. Capital assets are used to provide services to citizens and they are not available for future spending. Although the investment in 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 net assets (.3 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets (\$4,086,721) may be used to meet the government’s ongoing obligations to citizens and creditors.

**Town of Juno Beach
Statements of Net Assets – Governmental Activities
September 30, 2010 and 2009**

	2010	2009
ASSETS		
Current and other assets	\$ 4,600,725	\$ 4,657,834
Capital assets, net	6,809,484	7,218,171
Total Assets	11,410,209	11,876,005
 LIABILITIES		
Long-term liabilities outstanding	506,476	553,037
Other liabilities	249,377	329,909
Total Liabilities	755,853	882,946
 NET ASSETS		
Invested in capital assets, net of related debt	6,534,685	6,857,879
Restricted	32,950	64,789
Unrestricted	4,086,721	4,070,391
Total Net Assets	\$ 10,654,356	\$ 10,993,059

Change in Net Assets: The table on the following page is a comparative summary of the changes in net assets for the years ended September 30, 2010 and 2009:

Town of Juno Beach
Statements of Activities - Governmental Activities
Years Ended September 30, 2010 and 2009

	2010	2009
REVENUE		
Program revenues:		
Charges for services	\$ 741,004	\$ 986,550
Operating grants and contributions	50,573	135,307
Capital grants and contributions	23,079	24,774
General revenues:		
Property taxes	2,771,192	3,138,682
Other taxes	874,965	702,157
State shared revenue	363,950	354,138
Investment earnings	107,224	163,989
Total Revenues	4,931,987	5,505,597
 EXPENSES		
Administrative	1,121,479	1,121,538
Planning and zoning	546,681	646,044
Public safety	2,572,704	2,377,361
Public works	1,018,693	1,015,757
Interest on long-term debt	11,133	14,016
Total Expenses	5,270,690	5,174,716
Change in net assets	(338,703)	330,881
Net assets at beginning of year	10,993,059	10,662,178
Net assets at end of year	\$ 10,654,356	\$ 10,993,059

The Town's net assets decreased by \$338,703 or 3.1%. The significant change from the prior fiscal year can be primarily attributed to a 24.9% decrease in charges for services attributed to a reduction in the Police Department's Safe Street Program activity and a reduction in building and construction activity through the Planning and Zoning Department; a 62.6% decrease in operating grants and contributions mainly due to non-recurring Police Department dispatch and software installation grants; a continuing theme of property tax revenue reductions, supplemented with franchise and utility tax (other taxes) percentage rate increases; and a decrease in investment earnings based on the current interest rate environment.

Financial Analysis of the Government's Funds

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

Governmental Funds. The purpose of the Town's governmental fund financial statements 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 September 30, 2010, the Town's general fund reported ending fund balance of \$4,351,348, an increase of \$23,423 in comparison to the prior year. Of this amount, \$4,205,376 (97%) is unreserved fund balance, which is available for spending at the government's discretion. Of the unreserved fund balance, \$571,371

has been designated by the Town Council for subsequent year's expenditures and other uses leaving an unreserved, undesignated amount of \$3,634,005. The remainder of fund balance is reserved to indicate that it is not available for new spending because it has already been committed. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 85.7 percent of total general fund expenditures, while total fund balance represents 88.6 percent of that same amount.

The fund balance of the Town's general fund increased by \$23,423 during the current fiscal year. The key factor in this increase is higher than expected activity in local ordinance revenues from the Police Department's Safe Street Program.

General Fund Budgetary Highlights

The annual General Fund budget is adopted after two public hearings and approval of the Town Council. Any amendments that would exceed the original budget at the fund level or would require funds to be transferred from contingency would require a formal budget amendment requiring an ordinance, two public hearings and an approval by the Town Council. The original general fund appropriation was increased by \$17,783 related to the use of forfeiture funds. Funds were also transferred from an appropriated general fund contingency account to department/program accounts in the budget to provide for unanticipated expenditures in accordance with Town Council authorizations.

In comparing budget to actual revenues and expenditures, the following variances are considered noteworthy and are presented on pages 31 and 32:

- The Town's actual revenues of \$4,931,987 were \$23,569 under budgeted revenues of \$4,955,556. Violation of local ordinance revenues stemming from the new Safe Street Program generated approximately \$211,000 in unbudgeted revenues, while other fee based programs including building permit and zoning fees were down approximately \$294,000. State shared revenues as a whole netted close to budget, while utility and communication service taxes exceeded budget by approximately \$77,000.
- Administrative expenditures were \$395,703 under budget which was mainly due to unexpended contingency funds.
- Planning and zoning expenditures were \$249,404 under budget which was due to a reduction in building service activities and personnel related expenditures.
- Public safety expenditures were \$19,830 under budget which was mainly due to the utilization of temporary workers creating additional savings in benefit costs.
- Public works expenditures were \$118,808 under budget which was mainly due to the downsizing and/or delay of various capital improvement projects including sidewalks, landscape enhancements and others items.

Capital Asset and Debt Administration

Capital assets. The Town's investment in capital assets for its governmental activities at September 30, 2010 amounts to \$6,809,484 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements other than buildings, equipment, vehicles and infrastructure.

Capital items and projects completed during the current fiscal year included the following:

- Computers and Equipment - Various computer network hardware, software and workstation replacements and/or upgrades and office equipment purchases were completed in various

departments. The Police department added or replaced seven in-car camera units, three laptop and seven desktop computers, replaced four patrol vehicle light-bars, and outfitted a patrol vehicle with license plate reading cameras and technology.

- Vehicles – One all-terrain vehicle was purchased for the Public Works department.
- Public Amenities – Improvements to various roads, parks, grounds, landscapes and beach accesses were completed. Improvements to the Town Center included new flooring in the Police department administrative offices. Kagan Park’s basketball court was resurfaced and preliminary work on a drainage improvement project through the park was completed.

Additional information on the Town’s capital assets can be found in Note C on page 25 of this report.

Long-term debt. At the end of the current fiscal year, the Town had \$496,476 in outstanding long-term debt consisting of a note payable of \$274,799 and compensated absences of \$221,677. The Town’s note payable decreased by \$85,493 during the current fiscal year which is attributable to the annual required principal repayments of this debt obligation.

Additional information on the Town’s long-term debt can be found in Note D on pages 26 to 27 of this report.

Economic Factors and Next Year’s Budgets and Rates

For fiscal year 2011 the Town Council adopted a General Fund budget of \$5,778,441 representing a 1.83% increase from the original budget for fiscal year 2010. The increased budget is mainly due to increases in capital items and operating costs. Increases for capital items include two replacement police vehicles and a large (\$143,500) energy grant to upgrade efficiencies in lighting and cooling for the Town Center facility. Operating cost increases are mainly due to the Safe Streets red light enforcement program that is administered by a third party vendor and also generates revenue.

The 2011 fiscal year budget improvement items include the energy grant, sidewalks, pavers, and landscape enhancements. Other items include vehicles, a copier, in-car video equipment, and various computer network hardware and software needs.

The Town has a relatively stable property tax base. Property taxes represent approximately 50% of the budgeted operating revenues of the Town. The balance of revenues comes from sales and use taxes, intergovernmental revenues, utility taxes, charges for Town services, licenses, permits and fines.

Requests for Information

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the Town’s finances and to demonstrate the Town’s accountability. Questions concerning information provided in this report or requests for additional financial information should be directed to Finance Department, Town of Juno Beach, 340 Ocean Drive, Juno Beach, FL 33408, (561) 626-1122.

BASIC FINANCIAL STATEMENTS

TOWN OF JUNO BEACH, FLORIDA

STATEMENT OF NET ASSETS

September 30, 2010

	<u>Governmental Activities</u>
ASSETS	
Cash and cash equivalents	\$ 3,347,036
Investments	1,042,531
Accounts receivable	62,927
Due from other governments	91,765
Prepaid items	56,466
Capital assets	
Capital assets not being depreciated	1,080,260
Capital assets being depreciated, net of accumulated depreciation	<u>5,729,224</u>
Total Assets	11,410,209
LIABILITIES	
Accounts payable	105,077
Accrued liabilities	97,154
Unearned revenue	47,146
Other postemployment benefits payable	10,000
Noncurrent liabilities	
Due within one year	93,872
Due in more than one year	<u>402,604</u>
Total Liabilities	<u>755,853</u>
NET ASSETS	
Invested in capital assets, net of related debt	6,534,685
Restricted for capital projects	32,950
Unrestricted	<u>4,086,721</u>
Total Net Asssets	<u>\$ 10,654,356</u>

See notes to financial statements.

TOWN OF JUNO BEACH, FLORIDA

STATEMENT OF ACTIVITIES

Year Ended September 30, 2010

Functions/Programs	Expenses	Program Revenues			Governmental Activities
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental Activities					
Administrative	\$ 1,121,479	\$ 38,152	\$ 4,109	\$ 464	\$ (1,078,754)
Planning and zoning	546,681	254,588			(292,093)
Public safety	2,572,704	371,507	32,997	18,964	(2,149,236)
Public works	1,018,693	76,757	13,467	3,651	(924,818)
Interest on long-term debt	11,133				(11,133)
Total Governmental Activities	\$ 5,270,690	\$ 741,004	\$ 50,573	\$ 23,079	(4,456,034)

General revenues

Taxes

Property taxes	2,771,192
Franchise fees	57,452
Utility service taxes	760,821
Local business taxes	56,692
State shared revenue, unrestricted	363,950
Investment earnings	107,224

Total General Revenues 4,117,331

Change in Net Assets (338,703)

Net Assets at October 1, 2009 10,993,059

Net Assets at September 30, 2010 \$ 10,654,356

See notes to financial statements.

TOWN OF JUNO BEACH, FLORIDA
BALANCE SHEET - GENERAL FUND
September 30, 2010

ASSETS

Cash and cash equivalents	\$	3,347,036
Investments		1,042,531
Accounts receivable		62,927
Due from other governments		91,765
Prepaid items		<u>56,466</u>
Total Assets		<u><u>\$ 4,600,725</u></u>

LIABILITIES AND FUND BALANCE

LIABILITIES

Accounts payable	\$	105,077
Accrued liabilities		97,154
Deferred revenue		<u>47,146</u>
Total Liabilities		<u>249,377</u>

FUND BALANCE

Fund balance		
Reserved for prepaid items		56,466
Reserved for specific purposes		89,506
Unreserved		
Designated for subsequent year's budget		571,371
Undesignated		<u>3,634,005</u>
Total Fund Balance		<u><u>4,351,348</u></u>

	\$	<u><u>4,600,725</u></u>
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See notes to financial statements.

TOWN OF JUNO BEACH, FLORIDA

RECONCILIATION OF TOTAL GENERAL FUND FUND BALANCE
TO NET ASSETS OF GOVERNMENTAL ACTIVITIES

September 30, 2010

Total General Fund Fund Balance	\$ 4,351,348
<i>Amounts reported for governmental activities in the statement of net assets are different because:</i>	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	
Governmental capital assets	11,430,067
Less accumulated depreciation	(4,620,583)
Long-term liabilities, including notes payable, are not due and payable in the current period and therefore are not reported in the governmental funds.	
Compensated absences	(221,677)
Promissory note payable	(274,799)
Other postemployment benefits payable	(10,000)
	<hr/>
Net Assets of Governmental Activities	\$ 10,654,356
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See notes to financial statements.

TOWN OF JUNO BEACH, FLORIDA

STATEMENT OF REVENUE, EXPENDITURES AND CHANGES
IN FUND BALANCE - GENERAL FUND

Year Ended September 30, 2010

Revenue

Ad Valorem taxes	\$ 2,771,192
Local business taxes	56,692
Licenses, permits and fees	246,942
Intergovernmental	363,950
Franchise fees and utility taxes	818,273
Fines	348,147
Investment earnings	107,224
Impact fees	514
Grants	26,000
Water and sewer improvement fees	1,400
Miscellaneous	191,653
	<u>4,931,987</u>

Expenditures

Current	
Administrative	989,440
Planning and zoning	534,958
Public safety	2,390,887
Public works	765,327
Capital outlay	131,326
Debt service	
Principal	85,493
Interest	11,133
	<u>4,908,564</u>

Net Change in Fund Balance 23,423

Fund balance at October 1, 2009 4,327,925

Fund balance at September 30, 2010 \$ 4,351,348

See notes to financial statements.

TOWN OF JUNO BEACH, FLORIDA

RECONCILIATION OF THE STATEMENT OF REVENUE, EXPENDITURES AND CHANGES
IN FUND BALANCE OF THE GENERAL FUND TO THE STATEMENT OF ACTIVITIES

Year Ended September 30, 2010

Net change in fund balance - General Fund	\$ 23,423
<i>Amounts reported for governmental activities in the statement of activities are different because:</i>	
The General Fund reports capital outlays as expenditures, however, in the statement of activities, the cost of those assets is depreciated over their estimated useful lives.	
Expenditure for capital assets	131,326
Less current year depreciation	(532,277)
Losses on disposal of capital assets are reported in the statement of activities but not in the General Fund.	
	(7,736)
The repayment of long-term debt consumes the current financial resources of the General Fund. However, these transactions do not have any effect on net assets of the governmental activities.	
Long-term debt repayments:	
Promissory note payable	85,493
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the General Fund.	
Compensated absences	(28,932)
Other postemployment benefits	(10,000)
	<u>(38,932)</u>
Change in net assets of governmental activities	\$ <u>(338,703)</u>

See notes to financial statements.

TOWN OF JUNO BEACH, FLORIDA

STATEMENT OF FIDUCIARY NET ASSETS - FIDUCIARY FUND

September 30, 2010

	<u>Pension Trust</u>
ASSETS	
Investments	
Florida Municipal Investment Trust	\$ 304,935
LIABILITIES	
	<u>0</u>
NET ASSETS	
Net assets held in trust for pension benefits	<u>\$ 304,935</u>

See notes to financial statements.

TOWN OF JUNO BEACH, FLORIDA

STATEMENT OF CHANGES IN
FIDUCIARY NET ASSETS - FIDUCIARY FUND

Year Ended September 30, 2010

	<u>Pension Trust</u>
ADDITIONS	
Contributions	
Town	\$ 22,935
Investment earnings	
Net appreciation in fair value of plan assets	22,139
	<u>22,139</u>
Net investment earnings	
	<u>22,139</u>
Total additions	45,074
DEDUCTIONS	
General and administrative	<u>0</u>
	45,074
Net increase	
Net assets held in trust for pension benefits at October 1, 2009	<u>259,861</u>
Net assets held in trust for pension benefits at September 30, 2010	<u><u>\$ 304,935</u></u>

See notes to financial statements.

TOWN OF JUNO BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2010

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

Financial Reporting Entity: The Town of Juno Beach, Florida, (the "Town") is a municipal corporation established on June 4, 1953. Pursuant to authority granted by the Florida Constitution and Florida Statutes Chapter 165 the Town enacted its current Charter by Town Ordinance No. 280, adopted on March 6, 1985, and approved by referendum on March 12, 1985. The Town is governed by a five member, elected Town Council and provides a range of municipal services including police protection, planning and zoning, roads and streets, recreation and park facilities, public improvements and general administration functions.

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. Based upon the application of these criteria, the following discusses Seacoast Utility Authority (a jointly governed organization) as a potential component unit in defining the Town's financial reporting entity.

Seacoast Utility Authority: The Seacoast Utility Authority (the "Authority") was formed in August 1988. The Town signed an interlocal agreement with four other local governments to create the Authority to provide water and sewer services to its residents. The Authority is governed by a five-member board with one representative from each participating local government. The Town is not financially accountable for the Authority and does not hold title to any of the Authority's assets, nor does it have any right to the Authority's surpluses or any ongoing financial interest and/or responsibility for the Authority. Accordingly, the Authority was not a component unit required to be included in the Town's financial statements.

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. These statements include the general fund as the sole governmental fund to be accounted for as *governmental activities*. Such activities are normally supported by taxes and intergovernmental revenue. The Town does not have any *business-type activities*.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or identifiable activity are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or identifiable activity. *Program revenues* include 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 revenues are reported as *general revenues*.

TOWN OF JUNO BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2010

NOTE A - SIGNIFICANT ACCOUNTING POLICIES (Continued)

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, revenue 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 two categories: *governmental* and *fiduciary*. Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements.

Governmental Fund Financial Statements – Governmental Fund Financial Statements include a Balance Sheet and a Statement of Revenue, Expenditures and Changes in Fund Balance for the general fund, the Town’s only governmental fund. An accompanying schedule is presented to reconcile and explain the differences in fund balance and changes in fund balance as presented in these statements, to the net assets and changes in net assets presented in the government-wide financial statements. The Town’s only governmental fund is as follows:

General Fund – This fund is used to account for all financial transactions not accounted for in another fund. Revenue is derived primarily from property taxes, state distributions, and other intergovernmental revenue.

Fiduciary Fund Financial Statements – Fiduciary Fund Financial Statements include a Statement of Fiduciary Net Assets and a Statement of Changes in Fiduciary Net Assets. 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 Town’s only fiduciary fund is as follows:

General Employees Retirement Plan and Trust Fund – This fund was established to receive and invest Town and general employees’ contributions in a defined contribution pension plan and to disburse them to employees in accordance with the Pension Plan Resolution.

Property Tax Calendar: 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.

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 and increasing the homestead exemption. 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. For the fiscal year ending September 30, 2010, the maximum tax levy allowed by a majority vote of the governing body is generally based on a percentage reduction applied to the prior year (2008/2009) property tax revenue.

TOWN OF JUNO BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2010

NOTE A - SIGNIFICANT ACCOUNTING POLICIES (Continued)

The percentage reduction was calculated based on the compound annual growth rate in the per capita property taxes levied for fiscal years ended September 30, 2004 through 2009.

The State law allows local governments to adopt a higher 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 "rolled-back" millage rate plus 10%; or 3) any millage rate approved by unanimous vote or referendum. For the fiscal year ended September 30, 2010 the Town adopted a 2.800 millage rate which was 11.99% lower than the rolled back rate. This millage rate resulted in a budgeted tax levy of \$2,778,810 for 2010, representing a reduction of 11.43% from the budgeted property tax levy in 2009. Future property tax growth is limited to the annual growth rate of per capita personal income plus the value of new construction.

Measurement Focus and Basis of Accounting: The government-wide financial statements are reported using the *economic resources measurement* focus and the *accrual basis of accounting*, as are the 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 60 days of the end of the current fiscal year. Expenditures are generally recognized in the accounting period in which the fund liability is incurred, except for principal and interest on general long-term debt, which is recognized when due. Property taxes, intergovernmental revenue, franchise fees, charges for services and investment income are all considered susceptible to accrual and 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.

When both restricted and unrestricted resources are available for use, it is the Town's policy to use restricted resources first, then unrestricted resources as they are needed.

Cash and Cash Equivalents: Cash and cash equivalents consist of petty cash, checking accounts, and money market accounts.

Investments: Investments consist of participation in external investment pools. All investments are stated at fair value. The fair value of the Town's investment in the Florida Municipal Investment Trust external investment pool is based on the fair value of the underlying portfolio assets of the Trust.

The Town also invests in the Florida Prime Fund (formerly known as the Local Government Investment Pool (LGIP)), an external investment pool administered by the State of Florida and operating as a "2a7-like"

TOWN OF JUNO BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2010

NOTE A - SIGNIFICANT ACCOUNTING POLICIES (Continued)

pool under Governmental Accounting Standards Board (GASB) Statement No. 31. As such, the Florida Prime fund uses amortized cost for valuation of the pool shares and the fair value of the shares in the pool is the same as the Town's investment in the shares.

Accounts Receivable: Accounts receivable represent amounts due from local businesses for franchise and utility taxes. Receivables are not collateralized.

Prepaid Items: Expenditures for various administrative expenses extending over more than one accounting period are accounted for as prepaid items under the consumption method and allocated between accounting periods.

Capital Assets: The Town has reported all capital assets, including infrastructure (roads, sidewalks, lighting 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 \$750 and an estimated useful life in excess of one year. Capital assets are recorded at cost or, if donated, fair value at the date of donation. Expenses, which materially extend the useful life of existing assets, are capitalized. Certain costs for professional services associated with the acquisition and construction of capital assets have been capitalized. The cost of capital assets sold or retired is removed from the appropriate accounts and any resulting gain or loss is included in the change in net assets. Depreciation is computed using the straight-line method over the estimated useful lives of all reported capital assets, except land. Estimated useful lives assigned to the various categories of assets are as follows:

Streets and lighting	20-30 years
Buildings and improvements	10-30 years
Equipment and vehicles	5-20 years

Compensated Absences: Accumulated unpaid annual leave amounts are accrued when earned. Benefits that were earned but not used during the current year were accrued at the employees' pay rate in effect at September 30, 2010. This accrual also includes salary related payments such as the Town's share of social security taxes and medicare taxes, as well as the Town's pension plan contributions. A liability for these amounts is reported in governmental funds only if they have matured. The remainder of the liability is reported in the government-wide statement of net assets.

Postemployment Benefits: As required by Florida Statutes, the Town offers retired employees the option of participating in the health insurance plan provided to Town employees. Premiums for insurance coverage of retirees are paid by the retirees.

Net Assets/Fund Balances: The government-wide 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, net of accumulated depreciation and reduced by the outstanding balance of any bonds, 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 is not included in the calculation of invested in

TOWN OF JUNO BEACH, FLORIDA
NOTES TO FINANCIAL STATEMENTS

September 30, 2010

NOTE A - SIGNIFICANT ACCOUNTING POLICIES (Continued)

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, if any.

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

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

Fund balance reserves signify that a portion of the fund balance is legally restricted or not considered available for subsequent expenditure other than for the specific purpose for which the reserve was established. The following is a list of the reserves used by the Town and a description of each:

Reserved for prepaid items - An account used to segregate a portion of fund balance to indicate that prepaid items do not represent available, spendable resources even though they are a component of assets.

Reserved for encumbrances - Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of funds are recorded in order to reserve that portion of the applicable appropriation. Encumbrances outstanding at year-end, if any, are reported as reservations of fund balance since they do not constitute expenditures or liabilities for GAAP purposes.

Reserved for specific purposes - An account used to segregate the portion of fund balance that is legally restricted by contract, Town Ordinance or Florida Statutes for specific purposes and projects.

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

Revenue Recognition: Ad valorem tax revenue is recognized in the fiscal year for which the taxes are levied. At September 30, 2010, unpaid delinquent taxes of \$678 are reflected as a receivable on the balance sheet and are offset in full by an allowance for estimated uncollectibility.

Interfund Transactions: The only interfund transactions made during the year were transactions for services rendered. These transactions are recorded as revenue in the receiving fund and expenditures/expenses in the disbursing fund.

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

TOWN OF JUNO BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2010

NOTE A - SIGNIFICANT ACCOUNTING POLICIES (Continued)

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. There were no significant reductions in insurance coverage from the prior year. Insurance settlements have not exceeded the Town's coverage in any of the prior three fiscal years.

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.

Recent Accounting Pronouncements: The GASB has issued Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, which establishes accounting and financial reporting requirements for all governmental funds and establishes criteria for classifying fund balances. The requirements of this statement will be effective for the Town for the fiscal year ending September 30, 2011. Management has not completed its analysis of the effects of this statement, if any, on the financial statements of the Town.

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 revenue and expenditures/expenses. Actual results could vary from the estimates that were used.

NOTE B - CASH AND CASH EQUIVALENTS AND INVESTMENTS

Cash and Cash Equivalents: Cash and cash equivalents at September 30, 2010, include \$1,350 of petty cash and deposits with financial institutions with a bank balance of \$3,517,524 and a carrying amount of \$3,345,686. The deposits with financial institutions were entirely covered by federal depository insurance and a collateral pool pledged to the State Treasurer of Florida by financial institutions which comply with the requirements of Florida Statutes and have been designated as a qualified public depository by the State Treasurer. 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, the amount of public funds would be covered by 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 or collateralized in accordance with the provisions of GASB Statement No. 3.

Investments: Florida Statutes authorize the Town to invest in the Florida Prime fund, an external investment pool administered by the State of Florida; negotiable direct obligations of or obligations unconditionally guaranteed by the U.S. Government; interest-bearing time deposits or savings accounts in financial institutions located in Florida and organized under federal or Florida laws; obligations of the Federal Farm Credit Banks, Fannie Mae, the Federal Home Loan Bank or its district banks; obligations guaranteed by the Government National Mortgage Association and obligations of Freddie Mac; and, any additional investments specifically authorized by Town Ordinance. The Town has adopted ordinances

TOWN OF JUNO BEACH, FLORIDA
NOTES TO FINANCIAL STATEMENTS

September 30, 2010

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

permitting investment in the Florida Municipal Investment Trust, an external, government investment pool administered by the Florida League of Cities.

The fair value of investments held by the Town at September 30, 2010, is as follows:

	Fair Value
Florida Prime fund	\$ 1,016
Investments in Florida Municipal Investment Trust	
0-2 Year High Quality Bond Fund	203,949
1-3 Year High Quality Bond Fund	388,726
Intermediate High Quality Bond Fund	448,840
	\$ 1,042,531
Pension trust fund investments in the Florida Municipal Investment Trust	\$ 304,935

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

The Florida Municipal Investment Trust (the “Trust”) is an external investment pool established in 1993 and administered by the Florida League of Cities, Inc. pursuant to the laws of the State of Florida. The Trust is exempt from registration under the Securities Act of 1933, the Investment Company Act of 1940 and the Florida Securities and Investors Protection Act. Participants in the Trust are limited to governmental entities in the State of Florida. The Trust operates four portfolios with differing investment goals. The Town invests in two Short Term Bond Portfolios and one Intermediate Term Bond Portfolio designed to provide an investment horizon and yield greater than that of money market instruments. The Trust has adopted GASB Statement No. 31 and the fair value of the Town’s position in the Trust is the same as the fair value of the Trust shares. Purchases and redemption of shares in the Trust may only be made on or about the end of each month and the Town must maintain an account balance of at least \$50,000.

TOWN OF JUNO BEACH, FLORIDA
NOTES TO FINANCIAL STATEMENTS

September 30, 2010

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

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. The Town's investment policy limits the maturities of its investments to shorter term securities, money market funds or similar investment pools. However, the policy does not limit maturities to a specific number of years. The weighted average maturity of the Florida Prime fund at September 30, 2010 is 52 days. The weighted average maturity of the Town's fixed income funds with the Florida Municipal Investment Trust is as follows:

0-2 Year High Quality Bond Fund	0.78 years
1-3 Year High Quality Bond Fund	1.50 years
Intermediate High Quality Bond Fund	3.10 years

Credit Risk: Credit risk is the risk that a debt issuer will not fulfill its obligations. The security rating by a Nationally Recognized Statistical Rating Organization (NRSRO) is an indication of credit risk. The Town does not have a policy requiring that investments in debt securities be rated in certain investment grades by a NRSRO. The Florida Prime fund had a credit rating of AAAM at September 30, 2010.

The NRSRO ratings (Standard & Poor's and Fitch) for the Florida Municipal Investment Trust at September 30, 2010 are as follows:

0-2 Year High Quality Bond Fund	AAAf
1-3 Year High Quality Bond Fund	AAA
Intermediate High Quality Bond Fund	AAA

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 investments in the Florida Prime fund and the Florida Municipal Investment Trust are considered *unclassified* pursuant to the custodial credit risk categories of GASB Statement No. 3, because they are not evidenced by securities that exist in physical or book-entry form.

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 has no specific policy for concentration of credit risk. Investments in mutual funds and external investment pools 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. There was no exposure to foreign currency risk in the Town's investments at September 30, 2010.

TOWN OF JUNO BEACH, FLORIDA
NOTES TO FINANCIAL STATEMENTS

September 30, 2010

NOTE C - CAPITAL ASSETS

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

<u>Governmental Activities</u>	<u>Balance at Beginning of Year</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance at End of Year</u>
Capital assets not being depreciated				
Land	\$ 1,080,260	\$	\$	\$ 1,080,260
Capital assets being depreciated				
Buildings and improvements	4,690,699	23,022	(5,227)	4,708,494
Equipment	2,321,134	108,304	(39,902)	2,389,536
Streets and lighting	<u>3,251,777</u>			<u>3,251,777</u>
Total capital assets being depreciated	10,263,610	131,326	(45,129)	10,349,807
Less accumulated depreciation for				
Buildings and improvements	(1,846,831)	(199,919)	2,305	(2,044,445)
Equipment	(1,234,060)	(210,707)	35,088	(1,409,679)
Streets and lighting	<u>(1,044,808)</u>	<u>(121,651)</u>		<u>(1,166,459)</u>
Total accumulated depreciation	<u>(4,125,699)</u>	<u>(532,277)</u>	<u>37,393</u>	<u>(4,620,583)</u>
Total capital assets being depreciated, net	<u>6,137,911</u>	<u>(400,951)</u>	<u>(7,736)</u>	<u>5,729,224</u>
Governmental activities capital assets, net	<u>\$ 7,218,171</u>	<u>\$ (400,951)</u>	<u>\$ (7,736)</u>	<u>\$ 6,809,484</u>

Depreciation expense was charged to functions/programs as follows:

<u>Governmental Activities</u>	
General government	\$ 117,087
Planning and zoning	10,590
Public safety	155,077
Public works	<u>249,523</u>
Total depreciation expense - governmental activities	<u>\$ 532,277</u>

TOWN OF JUNO BEACH, FLORIDA
NOTES TO FINANCIAL STATEMENTS

September 30, 2010

NOTE D - LONG-TERM DEBT

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

<u>Governmental Activities</u>	<u>Balance at Beginning of Year</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance at End of Year</u>	<u>Amounts Due Within One Year</u>
Compensated absences	\$ 192,745	\$ 221,116	\$ 192,184	\$ 221,677	\$ 5,396
Promissory Note, Series 2003	<u>360,292</u>	<u> </u>	<u>85,493</u>	<u>274,799</u>	<u>88,476</u>
Total long-term debt	553,037	<u>\$ 221,116</u>	<u>\$ 277,677</u>	496,476	<u>\$ 93,872</u>
Current maturities	<u>89,538</u>			<u>93,872</u>	
Net long-term debt		<u>\$ 463,499</u>		<u>\$ 402,604</u>	

Promissory Note, Series 2003

On April 14, 2003, the Town borrowed \$816,988 under a promissory note, Series 2003, at an interest rate of 3.49%, to currently refund the Town's Public Improvement Revenue Refunding Bonds, Series 1993. In addition to the proceeds of the promissory note, the Town also used approximately \$116,000 of Series 1993 sinking fund monies to complete the refunding. The advance refunding of the Series 1993 bonds decreased the aggregate debt service payments of the Town by approximately \$135,000 over the life of the bonds and produced an economic loss (the difference between the present value of the old and new debt service payments) of approximately \$15,000. The Series 2003 note is secured by a pledge of revenue from the Local Government Half-Cent Sales Tax. Principal payments are due each April 1 and interest payments are due each April 1 and October 1 through April 1, 2013. Since the Town must transfer the October 1 interest on the day before (September 30) in order for the payment to be made timely, the debt service schedule below has been adjusted to show these payments being made on September 30 of the preceding fiscal year. Annual debt service requirements of this note are as follows:

<u>Year Ending September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	\$ 88,476	\$ 8,105	\$ 96,581
2012	91,564	4,941	96,505
2013	<u>94,759</u>	<u>1,666</u>	<u>96,425</u>
	<u>\$ 274,799</u>	<u>\$ 14,712</u>	<u>\$ 289,511</u>

Total interest costs paid and expensed during the fiscal year ended September 30, 2010 totaled \$11,133.

The Town of Juno Beach has no legal debt margin.

TOWN OF JUNO BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2010

NOTE D - LONG-TERM DEBT (Continued)

The Town has pledged future Local Government Half-Cent Sales Tax revenues to repay the \$816,988 Series 2003 promissory note issued in April 2003. The note is payable solely from Local Government Half-Cent Sales Tax revenues and is payable through April 1, 2013. Annual principal and interest payments on the note are expected to require less than 45 percent of such revenues. The total principal and interest remaining to be paid on the note is \$289,511. Principal and interest paid for the current year and Local Government Half-Cent Sales Tax revenues were \$96,626 and \$225,407, respectively.

NOTE E - PENSION PLANS

Prior to December 31, 1995, all full-time Town employees were required to participate in the State administered Florida Retirement System (the "System"). In December 1995, the Town Council revoked its election to participate in the System for new employees hired on or after January 1, 1996. Effective January 1, 1996, new general employee hires participate in the Town's defined contribution pension plan.

The Town administered a single-employer, defined benefit pension plan that covered substantially all full-time police officers hired after January 1, 1996, and employed through November 30, 2005, at which time the plan was terminated. Thereafter, all full-time police officers are required to participate in the Florida Retirement System.

Florida Retirement System

Plan Description: As of September 30, 2010, all full-time Town employees hired before January 1, 1996, and all Town police officers are required to participate in the Florida Retirement System (the "System") administered by the Florida Department of Management Services, Division of Retirement. The System is a cost-sharing, multiple-employer, defined benefit, public employee retirement system that provides retirement, death and disability benefits to plan members and beneficiaries. Pension benefits of the System are established by Florida Statutes, Chapter 121, and may be amended by the Florida Legislature. The System issues a publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to Florida Department of Management Services, Division of Retirement, 1317 Winewood Boulevard, Building 8, Tallahassee, Florida 32399-1560, or by calling 1-850-488-5706.

Funding Policy: Plan members are not required to contribute to the System. The Town is currently required to contribute 10.77 percent of regular participants' salaries, 14.57 percent of the Town Manager's salary and 23.25 percent of police officers' salaries to the System. The contribution requirement for plan members and participating governments is established by State statutes. The Town's contributions to the System for the years ended September 30, 2010, 2009, and 2008 were \$284,168, \$253,462, and \$247,938, respectively, and were equal to the required contributions for each year.

General Employees Retirement Plan and Trust Fund

The Town provides pension benefits for all full-time and eligible part-time, general employees hired after January 1, 1996, through a defined contribution pension plan administered by the Town through the Florida League of Cities, Inc. At September 30, 2010, there were 14 plan members. Plan members are not

TOWN OF JUNO BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2010

NOTE E - PENSION PLANS (Continued)

required to contribute. The Town is required to contribute 6% of annual covered payroll. The total required contribution for 2010 was \$22,935. Plan provisions and contribution requirements are established and may be amended by the Town Council. The Town's pension trust fund uses the accrual basis of accounting. Employer and plan member contributions are recognized in the period that the contributions are due. Plan investments are reported at fair value, based on the Town's ratable share of the fair value of the investments held by the external investment pool managed by the Florida League of Cities. The fair value of investments of the Plan at September 30, 2010 was \$304,935.

NOTE F - OTHER POSTEMPLOYMENT BENEFITS

The Town adopted GASB Statement No. 45 ("Statement 45"), *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, for the fiscal year ended September 30, 2010. Statement 45 establishes the financial reporting and disclosure requirements by employers for 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, 2010 and will apply the measurement and recognition requirements of Statement 45 on a prospective basis.

Plan Description

The Town offers a single-employer defined benefit health care plan (the "Plan") that provides optional health care coverage to eligible retired employees and their dependents. Retirees have a one-time option to continue coverage upon retirement and premiums for coverage are paid 100% by the retiree. The Town Council has the authority to establish and amend the premiums for and the benefit provisions of the Plan. The Plan is financed on a "pay-as-you-go" basis and is not administered as a formal qualifying trust. The Plan does not issue a publicly available financial report.

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 \$382 to a maximum of \$1,069.

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

TOWN OF JUNO BEACH, FLORIDA
NOTES TO FINANCIAL STATEMENTS

September 30, 2010

NOTE F - OTHER POSTEMPLOYMENT BENEFITS (Continued)

normal cost each year and the amortization of any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

The Town's annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan, and the net OPEB obligation for the year ended September 30, 2010 (transition year) were based on an actuarial valuation as of October 1, 2010, and are summarized as follows:

Annual required contribution	\$	10,000
Interest on net OPEB obligation		0
Adjustment to annual required contribution		<u>0</u>
Annual OPEB cost		10,000
Contributions made		<u>0</u>
Increase in net OPEB obligation		10,000
Net OPEB obligation, beginning of year		<u>0</u>
 Net OPEB obligation, end of year	 \$	 <u>10,000</u>

The year ended September 30, 2010 was the year of implementation of Statement 45 and the Town has elected to implement prospectively, therefore, prior year comparative data is not available.

<u>Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Actual Employer Contribution</u>	<u>Percentage Contributed</u>	<u>Net OPEB Obligation</u>
9-30-10	\$ 10,000	\$ 0	0.0%	\$ 10,000

Funded Status and Funding Progress

The Plan is financed on a pay-as-you-go basis. The Plan was not funded for the year ended September 30, 2010 (transition year). A schedule of funding progress based on an actuarial valuation as of October 1, 2010, is presented below.

<u>Date of Actuarial Valuation</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability (AAL)</u>	<u>Unfunded AAL (UAAL)</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>UAAL as a Percentage of Covered Payroll</u>
10-1-10	\$ 0	\$ 38,000	\$ 38,000	0.0%	\$ 1,667,000	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

TOWN OF JUNO BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2010

NOTE F - OTHER POSTEMPLOYMENT BENEFITS (Continued)

designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the initial actuarial valuation for the Plan as of October 1, 2010, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 4.0% investment rate of return (net of administrative expenses), and an annual healthcare cost trend rate of 10% initially, reduced by decrements to an ultimate rate of 5.0% after nine years. Both rates included a 2.75% inflation assumption. The actuarial value of assets will be determined using fair value. The UAAL will be amortized as a level dollar payment on an open basis. The remaining amortization period is 15 years.

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

NOTE G - CONTINGENCIES

Litigation: The Town is a defendant in various lawsuits and an EEOC complaint arising in the ordinary course of normal operations. Although the outcome of these suits and complaints 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.

The Town is also a defendant in several lawsuits claiming that the Town's speed and traffic enforcement ordinance is pre-empted by Florida statutes and is unconstitutional. These suits request a return of the fines and penalties that have been paid by violators. As of September 30, 2010, the Town has collected approximately \$787,000 in such fines and penalties. To date, the Town has been unsuccessful in defending several of these claims. However, these individual claims are for amounts less than \$200 each. Legal counsel has indicated that it is too early to evaluate the likelihood of an unfavorable outcome if class action status were granted; however, the Town intends to vigorously defend these suits. The Town's maximum loss, in the event of an unfavorable outcome in a class action claim, is estimated to be the amount of the fines and penalties collected plus related legal fees.

REQUIRED SUPPLEMENTARY INFORMATION

TOWN OF JUNO BEACH, FLORIDA

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

Year Ended September 30, 2010

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenue				
Ad valorem taxes	\$ 2,778,810	\$ 2,778,810	\$ 2,771,192	\$ (7,618)
Local business taxes	64,000	64,000	56,692	(7,308)
Licenses, permits and fees				
Building permit fees	515,000	515,000	221,212	(293,788)
County occupational licenses	15,000	15,000	13,030	(1,970)
Zoning fees	27,500	27,500	12,700	(14,800)
	<u>557,500</u>	<u>557,500</u>	<u>246,942</u>	<u>(310,558)</u>
Intergovernmental				
Sales tax	214,280	214,280	225,407	11,127
State revenue sharing	67,712	67,712	71,175	3,463
Local option gas tax	45,195	45,195	47,501	2,306
Alcoholic beverage licenses	6,000	6,000	5,055	(945)
Other	4,550	4,550	14,812	10,262
	<u>337,737</u>	<u>337,737</u>	<u>363,950</u>	<u>26,213</u>
Franchise fees and utility taxes				
Franchise fees	55,000	55,000	57,452	2,452
Utility taxes	336,000	336,000	361,144	25,144
Communications service taxes	350,209	350,209	399,677	49,468
	<u>741,209</u>	<u>741,209</u>	<u>818,273</u>	<u>77,064</u>
Fines	137,000	137,000	348,147	211,147
Investment earnings	125,000	125,000	107,224	(17,776)
Impact fees	0	0	514	514
Grants	35,000	35,000	26,000	(9,000)
Water and sewer improvement fees	22,000	22,000	1,400	(20,600)
Miscellaneous	157,300	157,300	191,653	34,353
Total revenue	<u>\$ 4,955,556</u>	<u>\$ 4,955,556</u>	<u>\$ 4,931,987</u>	<u>\$ (23,569)</u>

See notes to budgetary comparison schedule.

TOWN OF JUNO BEACH, FLORIDA

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND (CONTINUED)

Year Ended September 30, 2010

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Expenditures				
Administrative				
Salaries	\$ 512,511	\$ 512,511	\$ 504,848	\$ 7,663
Employee benefits	125,297	125,297	116,147	9,150
Professional fees	49,300	63,797	57,305	6,492
Insurance	172,000	172,000	167,898	4,102
Operating	160,400	163,400	143,242	20,158
Contingency	520,052	342,200	0	342,200
Capital outlay	12,000	12,000	6,062	5,938
	<u>1,551,560</u>	<u>1,391,205</u>	<u>995,502</u>	<u>395,703</u>
Planning and zoning				
Salaries	307,881	307,881	279,842	28,039
Employee benefits	79,109	79,109	58,057	21,052
Professional fees	55,000	55,000	43,274	11,726
Operating	337,672	337,672	153,785	183,887
Capital outlay	6,000	6,000	1,300	4,700
	<u>785,662</u>	<u>785,662</u>	<u>536,258</u>	<u>249,404</u>
Public safety				
Police				
Salaries	1,440,832	1,440,832	1,442,557	(1,725)
Employee benefits	537,370	537,370	492,122	45,248
Professional fees	33,500	168,300	167,845	455
Operating	236,900	239,500	288,363	(48,863)
Capital outlay	87,000	110,988	86,273	24,715
	<u>2,335,602</u>	<u>2,496,990</u>	<u>2,477,160</u>	<u>19,830</u>
Public works				
Salaries	300,046	300,046	302,407	(2,361)
Employee benefits	83,383	83,383	78,361	5,022
Operating	387,147	391,397	384,559	6,838
Capital outlay	134,500	147,000	37,691	109,309
	<u>905,076</u>	<u>921,826</u>	<u>803,018</u>	<u>118,808</u>
Debt service				
Principal	85,493	85,493	85,493	0
Interest	11,163	11,163	11,133	30
	<u>96,656</u>	<u>96,656</u>	<u>96,626</u>	<u>30</u>
Total expenditures	<u>\$ 5,674,556</u>	<u>\$ 5,692,339</u>	<u>\$ 4,908,564</u>	<u>\$ 783,775</u>

See notes to budgetary comparison schedule.

TOWN OF JUNO BEACH, FLORIDA

NOTES TO BUDGETARY COMPARISON SCHEDULE

September 30, 2010

NOTE A - BUDGETARY ACCOUNTING

Budgets: The Town is legally required to adopt a budget for the General Fund. This budget is prepared on the modified accrual basis of accounting consistent with U.S. generally accepted accounting principles (GAAP), except that for budgetary purposes current year encumbrances, if any, are treated as expenditures. Unencumbered appropriations lapse at fiscal year end.

Changes or amendments to the total budgeted expenditures of the Town or total departmental expenditures must be approved by the Town Council; however, changes within a department, which do not affect the total departmental expenditures, may be approved by the Town Manager. Accordingly, the legal level of control is at the department level.

During the year, the Town made several administrative changes on the departmental level and also approved additional appropriations of \$17,783. The Town has complied with the Florida Statute requirement that budgets be in balance. The budgeted expenditures reflected in the accompanying financial statements exceed revenue by the amounts budgeted from beginning fund balance.

Encumbrances: Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of funds are recorded in order to reserve that portion of the applicable appropriation, is employed as part of the budgetary accounting system in the General Fund. Encumbrances outstanding at year end, if any, are reported as reservations of fund balance since they do not constitute expenditures or liabilities for GAAP purposes.

NOTE B - BUDGET AND ACTUAL COMPARISONS

The Budgetary Comparison Schedule for the General Fund is required to be prepared under the basis of accounting used in preparing the budget, which is the modified accrual basis of accounting. There were no differences between GAAP basis and budgetary basis expenditures for the year ended September 30, 2010.

STATISTICAL SECTION

STATISTICAL SECTION

This part of the Town of Juno Beach’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 of Juno Beach’s overall financial health.

Contents

Financial Trends 34

These schedules contain trend information to help the reader understand how the Town’s financial performance and well-being have changed over time.

Revenue Capacity 41

These schedules contain information to help the reader assess the Town’s most significant local revenue source, the property tax.

Debt Capacity 46

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.

Demographic and Economic Information 48

These schedules offer demographic and economic indicators to help the reader understand the environment within which the Town’s financial activities take place and to help make comparisons over time and with other governments.

Operating Information 50

These schedules contain information about the Town’s operations and resources to help the reader understand how the information in the Town’s financial report relates to the services the Town provides and the activities it performs.

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year. The Town implemented GASB Statement 34 in fiscal year 2004; schedules presenting government-wide information include information beginning in that year.

Town of Juno Beach, Florida

Net Assets by Component

Last Seven Fiscal Years

(Accrual Basis of Accounting)

	Fiscal Year						
	2004	2005	2006	2007	2008	2009	2010
Governmental activities							
Invested in capital assets, net of related debt	\$ 3,676,243	\$ 3,775,519	\$ 6,301,071	\$ 6,521,582	\$ 7,035,344	\$ 6,857,879	\$ 6,534,685
Restricted	124,925	132,837	91,973	84,839	96,598	64,789	32,950
Unrestricted	3,019,194	3,407,310	3,182,740	3,764,709	3,530,236	4,070,391	4,086,721
Total governmental activities net assets	<u>\$ 6,820,362</u>	<u>\$ 7,315,666</u>	<u>\$ 9,575,784</u>	<u>\$ 10,371,130</u>	<u>\$ 10,662,178</u>	<u>\$ 10,993,059</u>	<u>\$ 10,654,356</u>

Information prior to 2004 is not available.

Town of Juno Beach, Florida

Changes in Net Assets

Last Seven Fiscal Years

(Accrual Basis of Accounting)

	Fiscal Year						
	2004	2005	2006	2007	2008	2009	2010
Expenses							
Governmental activities:							
Administrative	\$ 968,533	\$ 1,093,837	\$ 1,219,721	\$ 1,337,342	\$ 1,387,894	\$ 1,121,538	\$ 1,121,479
Planning and zoning	300,530	387,411	439,946	859,743	799,238	646,044	546,681
Public safety	1,737,400	1,838,717	1,918,967	2,140,509	2,215,011	2,377,361	2,572,704
Public works	675,530	825,802	843,119	892,465	976,761	1,015,757	1,018,693
Interest on long-term debt	27,695	24,931	22,236	19,581	16,827	14,016	11,133
Total governmental activities expenses	<u>\$ 3,709,688</u>	<u>\$ 4,170,698</u>	<u>\$ 4,443,989</u>	<u>\$ 5,249,640</u>	<u>\$ 5,395,731</u>	<u>\$ 5,174,716</u>	<u>\$ 5,270,690</u>
Program Revenues							
Governmental activities:							
Charges for services:							
Administrative	\$ 87,261	\$ 114,314	\$ 111,268	\$ 116,656	\$ 118,666	\$ 32,474	\$ 38,152
Planning and zoning	45,904	33,036	29,140	508,203	445,992	334,683	254,588
Public safety	105,114	70,516	99,524	60,644	52,192	544,150	371,507
Public works	39,461	47,450	48,755	50,810	71,967	75,243	76,757
Operating grants and contributions:							
Administrative	28,850	24,300	1,925	4,850	600	5,055	4,109
Public safety	80,810	28,030	28,586	23,709	28,721	99,517	32,997
Public works		211,702	148,832	85,327	137,741	30,735	13,467
Capital grants and contributions:							
Administrative	22,372	24,669	2,649	3,298	8,263	873	464
Public safety	23,850	46,323	136,315	56,661	26,831	20,178	18,964
Public works	61,545	12,064	1,393,005	107,094	312,521	3,723	3,651
Total governmental activities program revenues	<u>\$ 495,167</u>	<u>\$ 612,404</u>	<u>\$ 1,999,999</u>	<u>\$ 1,017,252</u>	<u>\$ 1,203,494</u>	<u>\$ 1,146,631</u>	<u>\$ 814,656</u>
Net (expense)/revenue							
Governmental activities	<u>\$ (3,214,521)</u>	<u>\$ (3,558,294)</u>	<u>\$ (2,443,990)</u>	<u>\$ (4,232,388)</u>	<u>\$ (4,192,237)</u>	<u>\$ (4,028,085)</u>	<u>\$ (4,456,034)</u>

Town of Juno Beach, Florida

Changes in Net Assets (Continued)

Last Seven Fiscal Years

Accrual Basis of Accounting

	Fiscal Year						
	2004	2005	2006	2007	2008	2009	2010
General Revenues and Other Changes in Net Assets							
Governmental activities:							
Taxes:							
Property taxes	\$ 2,362,268	\$ 2,817,394	\$ 3,247,849	\$ 3,763,377	\$ 3,356,080	\$ 3,138,682	\$ 2,771,192
Franchise fees	9,966	6,444	8,433	9,744	13,294	13,596	57,452
Utility service taxes	586,143	661,739	606,054	580,503	553,411	634,945	760,821
Local business taxes						53,616	56,692
State shared revenue, unrestricted	388,681	449,101	435,539	413,902	390,735	354,138	363,950
Investment earnings	57,814	118,920	202,118	260,208	169,765	163,989	107,224
Special item - proceeds from termination of pension plan			204,115				
Total governmental activities	<u>\$ 3,404,872</u>	<u>\$ 4,053,598</u>	<u>\$ 4,704,108</u>	<u>\$ 5,027,734</u>	<u>\$ 4,483,285</u>	<u>\$ 4,358,966</u>	<u>\$ 4,117,331</u>
Changes in Net Assets							
Governmental activities	<u>\$ 190,351</u>	<u>\$ 495,304</u>	<u>\$ 2,260,118</u>	<u>\$ 795,346</u>	<u>\$ 291,048</u>	<u>\$ 330,881</u>	<u>\$ (338,703)</u>

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Information prior to 2004 is not available.

Town of Juno Beach, Florida

Fund Balances of Governmental Funds

Last Ten Fiscal Years

(Modified Accrual Basis of Accounting)

	Fiscal Year			
	2001	2002	2003	2004
General Fund				
Reserved	\$ 268,778	\$ 388,789	\$ 277,276	\$ 263,619
Unreserved	2,503,233	2,839,908	2,996,888	3,039,120
Total General Fund	<u>\$ 2,772,011</u>	<u>\$ 3,228,697</u>	<u>\$ 3,274,164</u>	<u>\$ 3,302,739</u>
All other governmental funds				
Reserved for debt service	<u>\$ 210,536</u>	<u>\$ 207,962</u>	<u>\$ 0</u>	<u>\$ 0</u>

Note: No debt service reserve required for 2003-2010.

Fiscal Year					
2005	2006	2007	2008	2009	2010
\$ 442,685	\$ 294,915	\$ 710,235	\$ 255,424	\$ 210,592	\$ 145,972
3,373,836	3,229,402	3,352,418	3,560,924	4,117,333	4,205,376
<u>\$ 3,816,521</u>	<u>\$ 3,524,317</u>	<u>\$ 4,062,653</u>	<u>\$ 3,816,348</u>	<u>\$ 4,327,925</u>	<u>\$ 4,351,348</u>
<u>\$ 0</u>					

Town of Juno Beach, Florida

Changes in Fund Balances of Governmental Funds

Last Ten Fiscal Years

(Modified Accrual Basis of Accounting)

	Fiscal Year			
	2001	2002	2003	2004
Revenues				
Ad Valorem taxes	\$ 1,793,805	\$ 1,973,985	\$ 2,195,658	\$ 2,362,268
Local business taxes				
Licenses, permits, and fees	86,152	98,363	97,930	117,477
Intergovernmental	336,069	358,872	378,218	416,303
Franchise fees and utility taxes	527,386	584,240	569,149	586,143
Fines	67,990	120,578	123,769	105,114
Investment earnings	200,515	105,391	68,604	57,814
Impact fees	6,928	134,437	17,950	24,795
Grants	17,349	246,987	49,689	56,615
Water and sewer improvement fees	3,650	12,377	20,125	28,850
Miscellaneous	139,161	482,549	145,038	144,660
Total revenues	<u>3,179,005</u>	<u>4,117,779</u>	<u>3,666,130</u>	<u>3,900,039</u>
Expenditures				
Administrative	702,963	731,196	810,833	847,357
Planning and zoning	209,783	227,199	254,097	294,301
Public safety	1,238,738	1,396,830	1,590,903	1,649,265
Public works	450,586	477,798	511,051	589,098
Capital outlay	336,943	628,766	327,981	393,165
Debt service				
Principal	125,000	135,000	145,000	70,583
Interest	74,679	66,878	82,403	27,695
Bond issue costs			13,345	
Total expenditures	<u>3,138,692</u>	<u>3,663,667</u>	<u>3,735,613</u>	<u>3,871,464</u>
Revenues over (under) expenditures	40,313	454,112	(69,483)	28,575
Other financing sources (uses)				
Transfers in	196,094	193,070	338,140	
Transfers out	(196,094)	(193,070)	(338,140)	
Bonds issued			816,988	
Redemption of bonds			(910,000)	
Insurance recoveries				
Total other financing sources (uses)	<u>0</u>	<u>0</u>	<u>(93,012)</u>	<u>0</u>
Special item - proceeds from termination of pension plan				
Net change in fund balances	<u>\$ 40,313</u>	<u>\$ 454,112</u>	<u>\$ (162,495)</u>	<u>\$ 28,575</u>
Debt service as a percentage of non-capital expenditures	<u>7.13%</u>	<u>6.65%</u>	<u>6.67%</u>	<u>2.83%</u>

Fiscal Year					
2005	2006	2007	2008	2009	2010
\$ 2,817,394	\$ 3,247,849	\$ 3,763,377	\$ 3,356,080	\$ 3,138,682	\$ 2,771,192
				53,616	56,692
104,720	102,247	580,890	459,990	340,095	246,942
449,101	435,539	413,902	390,735	354,138	363,950
668,183	614,487	590,247	566,705	648,541	818,273
70,516	99,524	60,644	52,192	537,263	348,147
118,920	202,118	260,208	169,765	163,989	107,224
29,321	3,031	3,785	9,589	968	514
240,745	1,611,004	210,041	471,099	93,301	26,000
24,300	1,925	4,850	600	2,100	1,400
142,802	127,758	157,042	142,463	172,904	191,653
<u>4,666,002</u>	<u>6,445,482</u>	<u>6,044,986</u>	<u>5,619,218</u>	<u>5,505,597</u>	<u>4,931,987</u>
948,084	1,016,586	1,228,161	1,202,653	973,935	989,440
370,044	433,419	853,204	788,672	637,020	534,958
1,675,090	1,805,605	2,030,195	2,074,665	2,226,855	2,390,887
696,234	740,607	695,050	743,282	768,689	765,327
365,820	2,903,327	603,327	1,027,161	290,896	131,326
72,017	74,531	77,132	79,824	82,609	85,493
24,931	22,236	19,581	16,827	14,016	11,133
<u>4,152,220</u>	<u>6,996,311</u>	<u>5,506,650</u>	<u>5,933,084</u>	<u>4,994,020</u>	<u>4,908,564</u>
513,782	(550,829)	538,336	(313,866)	511,577	23,423
	54,510				
<u>0</u>	<u>54,510</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
	204,115				
<u>\$ 513,782</u>	<u>\$ (292,204)</u>	<u>\$ 538,336</u>	<u>\$ (313,866)</u>	<u>\$ 511,577</u>	<u>\$ 23,423</u>
<u>2.56%</u>	<u>2.36%</u>	<u>1.97%</u>	<u>1.97%</u>	<u>2.05%</u>	<u>2.02%</u>

Town of Juno Beach, Florida

Assessed Value and Estimated Actual Value of Taxable Property

Last Ten Fiscal Years

Fiscal Year	Real Property	Personal Property	Total	Total Direct Tax Rate	Estimated Actual Taxable Value	Assessed Value as a Percentage of Actual Value
2001	\$ 504,011,549	\$ 44,080,006	\$ 548,091,555	3.8608	\$ 576,938,479	95.0%
2002	576,124,420	45,395,871	621,520,291	3.7977	654,231,885	95.0%
2003	681,496,160	48,303,501	729,799,661	3.6530	768,210,170	95.0%
2004	780,992,479	48,101,544	829,094,023	3.5000	872,730,550	95.0%
2005	983,157,664	51,148,374	1,034,306,038	3.5000	1,088,743,198	95.0%
2006	1,195,665,029	56,401,663	1,252,066,692	3.4000	1,317,964,939	95.0%
2007	1,513,323,104	56,368,251	1,569,691,355	3.2000	1,652,306,689	95.0%
2008	1,514,735,416	55,728,752	1,570,464,168	2.8000	1,653,120,177	95.0%
2009	1,404,531,094	60,128,438	1,464,659,532	2.8000	1,541,746,876	95.0%
2010	1,194,984,013	63,989,959	1,258,973,972	2.8000	1,325,235,760	95.0%

Source: Palm Beach County Property Appraiser's Office

Town of Juno Beach, Florida

Assessed Value of Taxable Property and Tax Rates

Last Ten Fiscal Years

(Rate Per \$1,000 of Assessed Value)

Fiscal Year	Total Assessed Value	Exempt Value	Nonexempt Value	Total Millage	Operating Millage
2001	\$ 548,091,555	\$ 66,779,468	\$ 481,312,087	3.8608	3.8608
2002	621,520,291	82,360,256	539,160,035	3.7977	3.7977
2003	729,799,661	105,213,462	624,586,199	3.6530	3.6530
2004	829,094,023	128,622,887	700,471,136	3.5000	3.5000
2005	1,034,306,038	199,088,603	835,217,435	3.5000	3.5000
2006	1,252,066,692	259,329,294	992,737,398	3.4000	3.4000
2007	1,568,567,779	349,369,183	1,219,198,596	3.2000	3.2000
2008	1,570,464,168	327,253,729	1,243,210,439	2.8000	2.8000
2009	1,464,659,532	302,202,934	1,162,456,598	2.8000	2.8000
2010	1,258,973,972	234,908,784	1,024,065,188	2.8000	2.8000

Source: Palm Beach County Property Appraiser's Office

Town of Juno Beach, Florida

Direct and Overlapping Property Tax Rates

Last Ten Fiscal Years

(Rate Per \$1,000 of Assessed Value)

Fiscal Year Ending September 30,	Town Direct Rate		Overlapping Rates			Total All
	General Fund	School District	Palm Beach County	Fire/ Rescue MSTU #2	Special Taxing Districts	
2001	3.8608	9.0430	4.9456	2.9945	2.7780	23.6219
2002	3.7977	8.9180	4.9362	3.0500	3.1262	23.8281
2003	3.6530	8.9480	4.9351	3.0500	2.8245	23.4106
2004	3.5000	8.7790	4.8084	3.0500	3.0052	23.1426
2005	3.5000	8.5710	4.7910	3.1990	3.0357	23.0967
2006	3.4000	8.4320	4.7677	3.0990	2.8463	22.5450
2007	3.2000	7.8720	4.4775	2.9800	3.0159	21.5454
2008	2.8000	7.3560	3.9813	2.7794	2.7658	19.6825
2009	2.8000	7.2510	3.9656	2.9500	2.8996	19.8662
2010	2.8000	7.9830	4.5614	3.4581	3.1705	21.9730

- Tax rate limits - Ten mills per Florida Statute 200.81 (one mill equals \$1 per \$1,000 of assessed valuation).
- Scope of tax rate limit - No municipality shall levy ad valorem taxes for real and tangible personal property in excess of ten mills of the assessed value, except for special benefits and debt service on obligations issued with the approval of those taxpayers subject to ad valorem taxes.
- Taxes assessed - January 1
- Taxes due - March 31
- Taxes delinquent - April 1
- Discount allowed - 4% November; 3% December; 2% January; 1% February
- Delinquent penalties - 2.5% after April 1, increase .5% each ten days; maximum 5%
- Tax collector - Palm Beach County
- Tax collector's commission - None

Town of Juno Beach, Florida

Principal Property Taxpayers

Current Year and Nine Years Ago

	2010			2001		
	Taxable Assessed Value	Rank	Percentage of Town Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Town Taxable Assessed Value
Land Resources Investment Co. (Florida Power and Light)	\$ 77,518,908	1	7.57%	\$ 46,172,609	1	9.59%
Lifespace Communities, Inc. (The Waterford)	21,625,464	2	2.11%	8,405,184	3	1.75%
Juno Corp. (Villas of Juno Beach)	12,046,893	3	1.18%			
Delray Property Investment, Inc. (Plaza La Mer)	10,000,000	4	0.98%	6,600,000	5	1.37%
Seminole Golf Club (Golf Club)	6,993,733	5	0.68%	6,652,419	4	1.38%
Green Island Investors (Seminole Plaza)	6,491,936	6	0.63%	3,600,000	7	0.75%
Juno Square, LLP (Juno Square Plaza)	5,416,312	7	0.53%			0.00%
Loggerhead Associates, Ltd. (Loggerhead Plaza)	4,800,000	8	0.47%	3,200,000	9	
Framur Property, Inc. (Fran Murphy Interiors)	4,395,689	9	0.43%	4,000,000	6	0.83%
Loggerhead Associates, II (Loggerhead Plaza)	3,831,925	10	0.37%			
Uno Lago Community Development, Ltd. Co. (Uno Lago)				11,568,999	2	2.40%
Jagi Juno (Holiday Inn)				3,600,000	7	0.75%
Shivam Hospitality Group, Inc. (Hampton Inn)				3,100,000	10	0.64%
Totals	<u>\$ 153,120,860</u>		<u>14.95%</u>	<u>\$ 96,899,211</u>		<u>20.13%</u>

Source: Palm Beach County Property Appraiser's Office

Town of Juno Beach, Florida

Property Tax Levies and Collections

Last Ten Fiscal Years

Fiscal Year Ending September 30,	Net Tax Levy*	Current Tax Collections	Percent of Levy Collected	Delinquent Tax Collections	Total Property Tax Collections	Collections as a Percent of Current Levy
2001	\$ 1,797,915	\$ 1,789,636	99.54%	\$ 4,169	\$ 1,793,805	99.77%
2002	1,983,482	1,972,194	99.43%	1,791	1,973,985	99.52%
2003	2,194,112	2,194,112	100.00%	1,546	2,195,658	100.07%
2004	2,365,152	2,361,426	99.84%	842	2,362,268	99.88%
2005	2,834,125	2,816,960	99.39%	434	2,817,394	99.41%
2006	3,258,954	3,247,509	99.65%	340	3,247,849	99.66%
2007	3,773,331	3,761,625	99.69%	1,752	3,763,377	99.74%
2008	3,367,451	3,355,768	99.65%	312	3,356,080	99.66%
2009	3,151,970	3,132,773	99.39%	5,909	3,138,682	99.58%
2010	2,778,449	2,757,234	99.24%	13,958	2,771,192	99.74%

Note: All property taxes are assessed and collected by Palm Beach County without charge to the Town. Collections are distributed in full as collected.

* Tax levy, net of allowance for discounts.

Town of Juno Beach, Florida

Ratios of Outstanding Debt by Type

Last Ten Fiscal Years

Fiscal Year	Governmental Activities			Total Primary Government	Percentage of Personal Income	Per Capita
	2003 Promissory Note	Revenue Bonds				
		1993 Public Imp Rev Bonds	1991 Public Imp Rev Bonds			
2001	\$	\$ 1,035,000	\$ 155,000	\$ 1,190,000	N/A	\$ 354
2002		975,000	80,000	1,055,000	N/A	303
2003	816,988			816,988	N/A	233
2004	746,405			746,405	N/A	208
2005	674,388			674,388	N/A	188
2006	599,857			599,857	N/A	165
2007	522,725			522,725	N/A	143
2008	442,901			442,901	N/A	121
2009	360,292			360,292	N/A	99
2010	274,799			274,799	N/A	75

Note: Details about the Town's outstanding debt can be found in the notes to the financial statements. The Town does not have any general bonded debt.

N/A - Not Available

Town of Juno Beach, Florida

Direct and Overlapping Governmental Activities Debt

September 30, 2010

	Total Outstanding	Percentage Applicable to Town of Juno Beach ⁽¹⁾	Amount Applicable to Town of Juno Beach
Direct:			
Town of Juno Beach	\$ 274,799	100.00%	\$ 274,799
Overlapping			
Palm Beach County ⁽²⁾	250,470,000	0.43%	1,077,021
Palm Beach County School District ⁽³⁾	29,555,000	0.43%	127,087
Total overlapping debt	280,025,000		1,204,108
Total direct and overlapping debt payable from ad valorem taxes	\$ 280,299,799		1,478,907
Estimated population			3,656
Total direct and overlapping debt per capita			\$ 404.52

NOTES:

⁽¹⁾ Based on Ratio of Assessed Taxable Values

⁽²⁾ Source: Palm Beach County, Florida, Budget Office

⁽³⁾ Source: Palm Beach County School Board, Finance Department

The Town of Juno Beach has no legal debt margin

Town of Juno Beach, Florida

Demographic and Economic Statistics

Last Ten Fiscal Years

Fiscal Year	Town Population ⁽¹⁾	Town Median Age ⁽¹⁾	County Population ⁽²⁾	County Median Age ⁽²⁾	County Per Capita Personal Income ⁽²⁾	Estimated Total Personal Income ⁽⁵⁾	County School Enrollment ⁽⁴⁾	County Unemployment Rate ⁽³⁾
2001	3,363	60.1	1,154,464	N/A	\$ 41,907	\$ 140,933,241	153,800	5.9%
2002	3,484	60.1	1,183,197	N/A	42,430	147,826,120	160,145	6.4%
2003	3,506	60.1	1,211,448	41.8	43,626	152,952,756	164,827	6.2%
2004	3,591	60.1	1,242,270	41.8	43,830	157,393,530	170,217	5.7%
2005	3,596	60.1	1,265,900	41.8	44,050	158,403,800	174,102	4.1%
2006	3,637	60.1	1,287,967	41.7	44,518	161,911,966	174,861	3.7%
2007	3,644	60.1	1,295,033	42.6	46,630	169,919,720	171,429	4.8%
2008	3,674	60.1	1,294,654	42.9	55,311	203,212,614	170,745	7.4%
2009	3,656	60.1	1,287,344	N/A	59,147	216,241,432	173,025	11.7%
2010	3,656	60.1	1,286,461	N/A	58,358	213,356,848	172,893	12.4%

Note: Population and income data are per calendar year.
Labor Force and Unemployment data are for September of each year.

- (1) Source: University of Florida Bureau of Economic Business Administration and the Florida Estimates of Population.
- (2) Source: Florida Legislature, Office of Economic and Demographic Research.
- (3) Source: Florida Department of Labor and Employment Security and Bureau of Labor Market Unemployment Information Labor Statistics Department.
- (4) Source: Florida Department of Education, Education Information and Accountability Services (Fall Enrollment), <http://www.fldoe.org/eias/eiaspubs/default.asp>
- (5) Total personal income information estimated based on per capita personal income for Palm Beach County, Florida.

N/A - information not available.

Town of Juno Beach, Florida

Principal Employers - Palm Beach County

Current Year and Nine Years Ago

Employer	2009 ⁽¹⁾			2001 ⁽¹⁾		
	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
Palm Beach County School District	21,718	1	N/A	18,000	1	N/A
Palm Beach County	11,381	2	N/A	9,000	2	N/A
Tenet Healthcare Corp.	5,127	3	N/A			
Hospital Corporation of America	4,150	4	N/A			
Florida Power & Light	3,658	5	N/A	2,300	8	N/A
Wackenhut Corporation	3,000	6	N/A			
Florida Atlantic University	2,776	7	N/A			
Bethesda Memorial Hospital	2,300	8	N/A			
Veterans Health Administration	2,205	9	N/A			
Boca Raton Resort & Club	2,200	10	N/A	1,850	10	N/A
State Government				8,600	3	N/A
Federal Government				5,200	4	N/A
Columbia Palm Bch. Health Care Sys.				4,000	5	N/A
Intracoastal Health Systems, Inc.				3,200	6	N/A
Applied Cards				2,500	7	N/A
Florida Crystals				2,300	8	N/A
Totals	<u>58,515</u>		<u>N/A</u>	<u>56,950</u>		<u>N/A</u>

Note: Data is for Palm Beach County, Florida. Employment information for the Town is not available.

⁽¹⁾ Source: Business Development Board of Palm Beach County. Data is for Palm Beach County, Florida, for 2009. Data for 2010 is not available.

N/A - Data is not available.

Town of Juno Beach, Florida

Full-time Equivalent Town Government Employees by Function / Program

Last Eight Fiscal Years

	Full-time Equivalent Employees as of September 30,							
	2003	2004	2005	2006	2007	2008	2009	2010
Administrative								
Administration	3	3	3	4	4	4	4	4
Finance	3	3	3	3	3	2	2	2
Planning and Zoning	3.375	3.375	4.375	5.25	5.25	5.125	5.125	4.5
Public Safety								
Police officers	15	15	15	16	16	16	16	16
911 Dispatch	5	5	5	5	5	5	5	5
Administrative	1	1	1	1	1	1	1	1
Public Works	5	5	5	5	5	5	5	5
Total	35.375	35.375	36.375	39.250	39.250	38.125	38.125	37.500

Information prior to 2003 is not available.

Town of Juno Beach, Florida

Operating Indicators by Function / Program

Last Seven Fiscal Years

Function	Fiscal Year						
	2004	2005	2006	2007	2008	2009	2010
Public Safety							
Police							
Citations	3,122	3,855	3,623	3,084	2,049	3,036	1,719
Parking violations	224	124	106	95	75	140	156
House checks	2,199	1,974	2,152	2,738	3,750	1,956	808
Business checks	25,259	22,378	17,255	16,369	20,295	13,048	13,108
Reports	1,360	1,135	854	1,016	909	874	610
Crash reports	99	102	139	120	86	83	90
Arrests	139	233	218	271	175	186	292
Planning and Zoning							
Number of building permits	402	496	570	684	589	602	706
Value of building permits	\$ 15,026,024	\$ 19,164,977	\$ 12,134,637	\$ 23,846,562	\$ 18,560,269	\$ 10,766,732	\$ 6,378,658
Roads and Streets							
Street resurfacing (centerline miles)	0	0	0.9	0	1.2	0.3	0.0

Sources: Town departments

Information prior to 2004 is not available.

Town of Juno Beach, Florida

Capital Asset Statistics by Function / Program

Last Ten Fiscal Years

Function	Fiscal Year									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Administrative										
Facilities (Town Center)	1	1	1	1	1	1	1	1	1	1
Planning and Zoning										
Vehicles	1	1	1	2	1	2	2	2	2	2
Public Safety										
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Vehicles	10	11	10	10	12	13	15	15	17	20
Public Works										
Facilities	3	3	3	3	3	3	3	3	3	3
Vehicles	6	7	7	7	7	8	8	7	8	7
Basketball courts	1	1	1	1	1	1	1	1	1	1
Playgrounds	1	1	1	1	1	1	1	1	1	1
Parks	2	2	2	2	2	2	2	2	2	2
Dune walkovers	8	8	8	8	8	8	8	8	8	8
Roads and Streets										
Lane miles	7.8	7.8	7.8	7.8	7.8	7.8	8.0	8.0	8.0	8.0

Sources: Town departments

**COMPLIANCE REPORT AND
MANAGEMENT LETTER**



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

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Independent Auditor's Report on Internal Control Over Financial Reporting
and on Compliance and Other Matters Based on an Audit of Financial
Statements Performed in Accordance With *Government Auditing Standards*

To the Honorable Mayor and
Town Council
Town of Juno Beach
Juno Beach, Florida

We have audited the accompanying financial statements of the governmental activities, the major fund and the aggregate remaining fund information of the Town of Juno Beach, Florida, as of and for the year ended September 30, 2010, which collectively comprise the basic financial statements of the Town of Juno Beach, Florida, and have issued our report thereon dated March 14, 2011. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the internal control over financial reporting of the Town of Juno Beach, 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 Juno Beach, Florida. Accordingly, we do not express an opinion on the effectiveness of the internal control over financial reporting of the Town of Juno Beach, 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 Juno Beach, 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*.

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

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

March 14, 2011



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

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Management Letter

To the Honorable Mayor and
Town Council
Town of Juno Beach
Juno Beach, Florida

We have audited the financial statements of the Town of Juno Beach, Florida, as of and for the fiscal year ended September 30, 2010, and have issued our report thereon dated March 14, 2011.

We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. We have issued our Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*. Disclosures in that report, which is dated March 14, 2011, should be considered in assessing the results of our audit. Additionally, our audit was conducted in accordance with Chapter 10.550, Rules of the Auditor General, which governs the conduct of local governmental entity audits performed in the State of Florida. This letter includes the following information, which is not included in the aforementioned auditor's reports:

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. There were no findings and recommendations made in the preceding annual financial audit report.
2. Section 10.554(1)(i)2., Rules of the Auditor General, requires our audit to include a review of the provisions of Section 218.415, Florida Statutes, regarding the investment of public funds. In connection with our audit, we determined that the Town complied with Section 218.415, Florida Statutes.
3. Section 10.554(1)(i)3., Rules of the Auditor General, requires that we address in the management letter any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.
4. Section 10.554(1)(i)4., Rules of the Auditor General, requires that we address violations of provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but more than inconsequential. In connection with our audit, we did not have any such findings.
5. Section 10.554(1)(i)5., Rules of the Auditor General, provides that the auditor may, based on professional judgment, report the following matters that have an inconsequential effect on financial statements, considering both quantitative and qualitative factors: (1) violations of

provisions of contracts or grant agreements, fraud, illegal acts, or abuse, and (2) deficiencies in internal control that are not significant deficiencies. In connection with our audit, we did not have any such findings.

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

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

*Caleb, Dauten, Levine,
Porter & Veil, P.A.*

March 14, 2011