

Comprehensive Annual Financial Report



**Fiscal Year Ended
September 30, 2012**

COMPREHENSIVE ANNUAL FINANCIAL REPORT

TOWN OF JUNO BEACH, FLORIDA

Fiscal Year Ended September 30, 2012

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 18, 2013

Mayor Morton J. Levine
Vice-Mayor William J. Greene
Vice-Mayor Pro Tem Ellen D. 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 nine months of the close of each fiscal year a complete set of financial statements presented in conformity with U.S. Generally Accepted Accounting Principles (GAAP) and audited in accordance with U.S. generally accepted auditing standards and *Government 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, 2012.

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's 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, Cohen, 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, 2012 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, 2012 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 the 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. 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 September 2017.

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 staff meetings 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 tentative budget and adopts a final budget by no later than September 30. 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, work, 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 Marineline Center/ Turtle Nesting

The Town's coastline is one of the highest density nesting areas for sea turtles in the world. The Loggerhead Marineline 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, known as the Juno Dunes Natural Area, to serve as a beautiful nature walk and to educate the public about the importance of preservation. In 2011, the County made additional improvements including a light vessel boat dock, erosion control and other amenities along the intracoastal waterway.

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 in excess of 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

Juno Beach is a seasonal, residential community with a permanent population of 3,233. The 2010 census resulted in a 13% decrease in the Town’s population, supporting the notion that more property owners are choosing Juno Beach as their seasonal residence as opposed to their permanent residence. 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 stabilization of real estate-related activity appears to be underway and the County’s persuasion of The Scripps Research

Institute and bioscience industry spin-offs appear to be materializing with the addition of the Max Planck Florida Institute to the life sciences cluster at the expanding Florida Atlantic University campus.

The Town had the following projects that were started or were being completed during 2011/2012: a variety of new single family homes throughout Town; renovated Florida Power & Light parking area and retaining walls along the central and southeastern portion of their site, on their development of regional impact (DRI) campus; the completion of a new boat park in the Juno Dunes Natural Area (state-owned, County maintained and operated - includes walking trails with periodic bridge and decking, observation tower, picnic area, light vessel docks and landing area, as well as light intracoastal waterway entry stabilization); Florida Department of Transportation is in mid-construction of their project that is scheduled for completion in 2014 which includes drainage improvements, new sidewalks throughout the Town's jurisdictional boundaries along both the east and west sides of the US Highway One right-of-way, various retaining walls and curbing, and new overlay of pavement along US Highway One with enhanced crosswalks at four major intersections in Town (Donald Ross Road, Universe Boulevard, Juno Ocean Walk and Juno Isles Boulevard); 121 new condos were approved for an existing site development along the intracoastal waterway, Bay Colony, scheduled for completion in 2014; Plaza La Mer completed improvements of grease trap systems for restaurant tenants. Extensions were granted for the following projects during this period: a 29-lot single family home subdivision (Estates at Juno Beach).

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 more than 2,500 employees at this location and more than 15,000 in 28 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 had 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 \$1,104,153,474 for Fiscal Year 2013, representing a 29.7% decrease over that time period. 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 trying economic times and tight budgets for the coming years.

While the State has been imposing various legislation and the Town's property values decreased 29.7%, millage rates have remained relatively stable. This millage rate policy has resulted in a property tax savings of \$1,203,346 to Juno Beach property owners since 2007. 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 changes 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 speed program is currently under pending litigation. In 2011, the state enacted legislation related to automated red light violations. Currently, the Town utilizes the technology at seven intersection approaches and has issued 13,303 red light violations since December 2010.

Long-term Financial Planning

The Town's minimum fund balance policy for unassigned fund balance 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 50% 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 of maintaining a minimum unassigned fund balance of 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.

Major Initiatives

The Town's initiative, along with two neighboring agencies, to consolidate and regionalize police dispatch services was realized in May 2011. The project has helped to reduce and eliminate duplicate operating and capital costs and instituted cost sharing that will benefit all three agencies for years to come.

The Town's police department converted its radio system, records management software and computer aided dispatch to the same systems as our regional dispatch partners during 2011 and 2012. This change was initiated to provide a more cohesive communication and recording system and thereby enhance officer safety for all agencies.

The Town completed negotiations and entered into a contract with Waste Management, Inc. for refuse, recycling and vegetative waste collections. The five-year contract includes a provision to keep residential rates stable for the entire period while commercial rates may fluctuate with the consumer price index each year, the contract term is through September 30, 2017.

Relevant Financial Policies

The Town has several financial policies including, operating policies, revenue policies, investment policies, contingency policies, budgetary control, debt management and fund balance policies within which it operates. The establishment of specific fund balance policies is an important part of prudent

financial management. A fund balance policy reduces ambiguity and guides 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, money market accounts, Florida Prime fund and the Florida Municipal Investment Trust, which is administered by the Florida League of Cities. The average yield on all investments was 0.93 percent for the 12-month period ending September 30, 2012. 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 \$94,759 as of September 30, 2012. 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 January 1, 2013 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, 2011. 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 thirty-one 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, 2011

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



Christopher P. Moirill

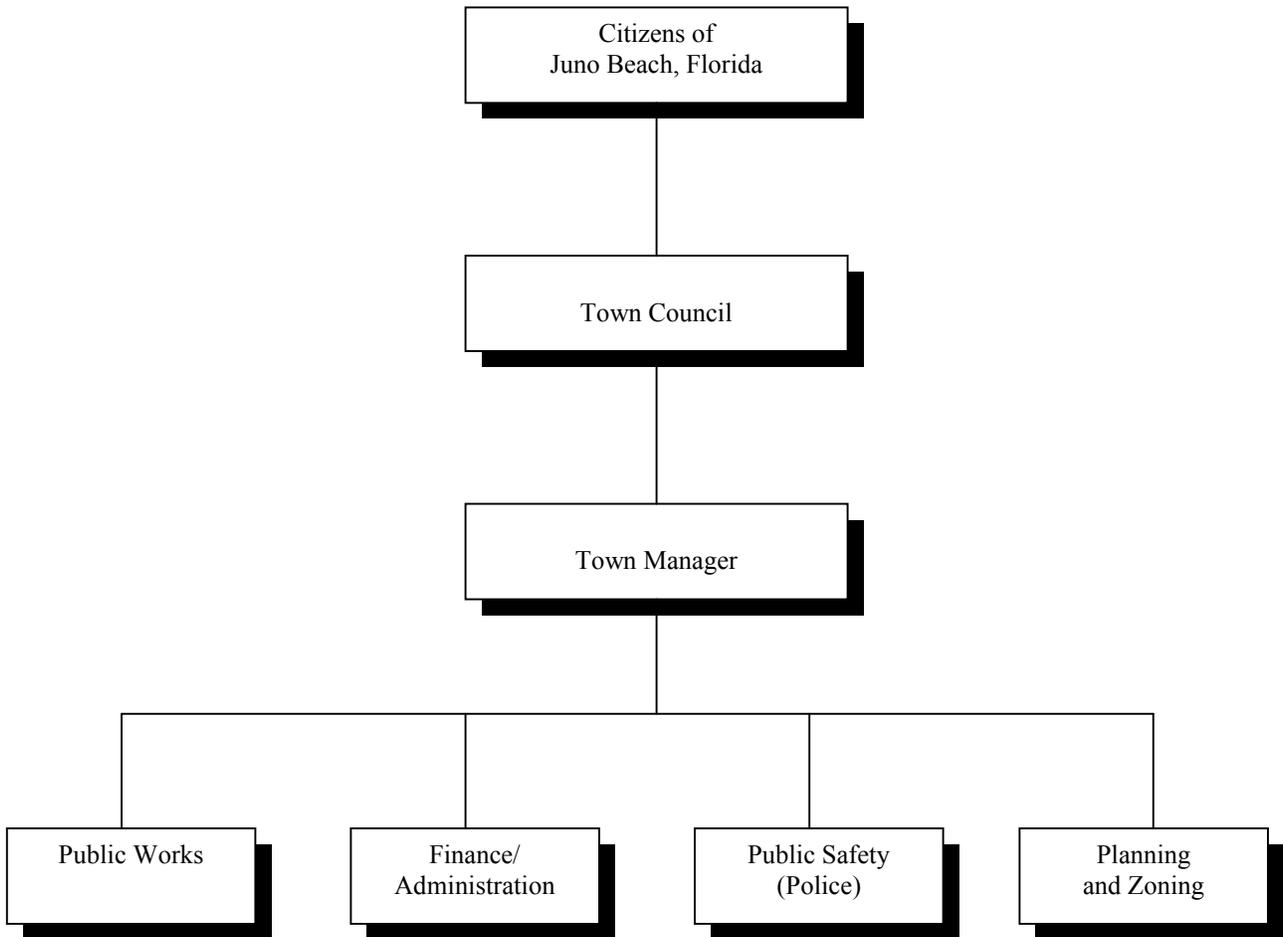
President

Jeffrey R. Enow

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
 Brian J. Smith Police Chief
 Matthew A. Pazanski Finance Director
 Anthony R. Meriano Public Works Director
 Vanessa Dunham Town Clerk
 Ruben Cruz, Jr 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,
 Cohen, Porter & Veil, P.A. Independent Auditors

FINANCIAL SECTION



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

CERTIFIED PUBLIC ACCOUNTANTS

WILLIAM K. CALER, JR., CPA
LOUIS M. COHEN, CPA
JOHN C. COURTNEY, CPA, JD
DAVID S. DONTEN, CPA
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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, 2012, which collectively comprise the Town's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the management of the Town of 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, 2012, 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 13, 2013, 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 *management's discussion and analysis* on pages 3 through 8 and the budgetary comparison information on pages 33 through 35 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, as a whole. 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.

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

March 13, 2013

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, 2012. We encourage readers to consider the information presented in the MD&A 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, 2012 by \$9,525,571. Of this amount, unrestricted net assets of \$3,483,745 may be used to meet the government's ongoing obligations to citizens and creditors.
- The total net assets decreased by \$385,964 (page 6). 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 \$3,794,629 a decrease of \$102,321 in comparison with the prior year. Of this amount \$2,703,862 is unassigned and available for spending and \$970,000 has been assigned for the subsequent year's budget. The remainder is either nonspendable or restricted.
- At the end of the current fiscal year, the unassigned and assigned fund balance (page 11) for the general fund represented 73.4% of total general fund expenditures (page 13) or 268 days of available funding.
- The Town of Juno Beach's total debt obligations decreased by \$86,152. 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 2012 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 comparison for the general fund referred to earlier in connection with governmental funds is presented immediately after the basic financial statements on pages 33 through 35.

Government-Wide Financial Analysis

Net assets. Below is a summary of the Statement of Net Assets at September 30, 2012 and 2011.

As noted earlier, net assets may serve over time as a useful indicator of a government’s financial position. At September 30, 2012, the Town’s assets exceeded liabilities by \$9,525,571. The largest portion of the Town’s net assets (62.6 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.

A portion of the net assets, \$74,947 or 0.8 percent, represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets, \$3,483,745 or 36.6 percent, 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, 2012 and 2011**

	2012	2011
ASSETS		
Current and other assets	\$ 4,096,064	\$ 4,182,100
Capital assets, net	6,061,638	6,427,039
Total Assets	10,157,702	10,609,139
 LIABILITIES		
Long-term liabilities outstanding	330,696	412,454
Other liabilities	301,435	285,150
Total Liabilities	632,131	697,604
 NET ASSETS		
Invested in capital assets, net of related debt	5,966,879	6,240,716
Restricted	74,947	78,370
Unrestricted	3,483,745	3,592,449
Total Net Assets	\$ 9,525,571	\$ 9,911,535

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, 2012 and 2011:

Town of Juno Beach
Statements of Activities - Governmental Activities
Years Ended September 30, 2012 and 2011

	2012	2011
REVENUES		
Program revenues:		
Charges for services	\$ 879,781	\$ 620,139
Operating grants and contributions	40,868	50,418
Capital grants and contributions	56,499	115,218
General revenues:		
Property taxes	2,560,031	2,612,852
Other taxes	960,609	934,789
State shared revenue	351,969	382,536
Investment earnings	50,445	57,828
Total Revenues	4,900,202	4,773,780
EXPENSES		
Administrative	1,154,942	1,223,815
Planning and zoning	521,451	563,692
Public safety	2,634,853	2,701,459
Public works	970,024	1,019,597
Interest on long-term debt	4,896	8,038
Total Expenses	5,286,166	5,516,601
Change in net assets	(385,964)	(742,821)
Net assets at beginning of year	9,911,535	10,654,356
Net assets at end of year	\$ 9,525,571	\$ 9,911,535

The Town's net assets decreased by \$385,964 or 3.9%. The significant changes from the prior fiscal year can be primarily attributed to the following: a 41.9% increase in charges for services is mainly attributed to an increase in the Police department's Safe Street Program activity, capital grants included a notable decrease as the prior year's energy efficiency related project for the Town Center building came to a close, other revenues are continuing a theme of property tax revenue reductions and supplemented with franchise and utility tax (other taxes) percentage rate increases, the State's continued tightening of revenue sharing, and a decrease in investment earnings based on the current interest rate environment. The year over year expense changes were influenced by a stabilizing asset base and replacement program, the consolidation of the Police department's radio dispatch system, and a general tightening across all departmental expenses.

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, 2012, the Town's General Fund reported ending fund balance of \$3,794,629, was a decrease of \$102,321 in comparison to the prior year. Of this amount, \$2,703,862 (71%) is unassigned fund balance, which is available for spending at the government's discretion. In addition, the Town Council has assigned \$970,000 to be used for subsequent year's expenditures. The remainder of fund balance is nonspendable (\$45,820) or restricted for specific purposes (\$74,947). As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 54.0 percent of total general fund expenditures, while total fund balance represents 75.8 percent of that same amount.

The fund balance of the Town's general fund decreased by \$102,321 during the current fiscal year. The key factor in this decrease was a contribution towards a joint project with a neighboring agency to install a radio system antennae to strengthen both police department's communications coverage.

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 not changed during 2012. However, funds were 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 33 and 34:

- The Town's actual revenues of \$4,904,402 were \$392,682 under budgeted revenues of \$5,297,084. Building permit fees were under budget approximately \$312,000; and investment earnings were under by approximately \$62,000.
- Administrative expenditures were \$822,170 under budget which was mainly due to unused contingency funds and a delayed grant project for a local flood plain management plan.
- Planning and zoning expenditures were \$219,972 under budget which was due to a reduction in building service activities and unexpended capital outlay.
- Public safety expenditures were \$131,873 under budget which was mainly due to personnel turnover, the utilization of temporary workers creating additional savings in benefit costs, and reduced operating expenses in vehicle maintenance and training, among others.
- Public works expenditures were \$110,074 under budget which was mainly due to the deferral of a grant project for beach access improvements and a monument sign replacement, and operating expense reductions in maintenance outlays and utility costs.

Capital Asset and Debt Administration

Capital assets. The Town's investment in capital assets for its governmental activities at September 30, 2012 amounts to \$6,061,638 (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 totaled \$223,691 and included the following:

- Computers and Equipment - Various computer network hardware, software and workstation replacements and/or upgrades and equipment purchases were completed in various departments. The Police department purchased 16 replacement Tasers for utilization by officers, 1-spare handheld radio, and 3 replacement speed enforcement radars. The Police department also upgraded their internal camera and recording system.
- Vehicles - The Police department replaced two patrol vehicles and purchased a T3 motorized personal vehicle and a bicycle for pedestrian friendly patrolling. The Public Works department purchased one new vehicle.
- Public Amenities - Improvements to various roads, parks, grounds, landscapes and beach accesses were completed. Improvements were completed to the Town Center for replacement and retro-fitting of energy efficient electrical lighting and components and air-conditioning systems.
- Training - The Police department completed upgrades to their firing range training facility. The facility is utilized to certify and train officers.

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

Long-term debt. At the end of the current fiscal year, the Town had \$307,302 in outstanding long-term debt consisting of a note payable of \$94,759 and compensated absences of \$212,543. The Town's note payable decreased by \$91,564 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 of this report.

Economic Factors and Next Year's Budgets and Rates

For fiscal year 2013 the Town Council adopted a General Fund budget of \$6,236,835 representing a 0.54% increase from the original budget for fiscal year 2012. The increased budget is mainly due to increases in contingency for potential capital improvement outlays.

The 2013 fiscal year budget improvement items include a potential grant for dune walkover improvements, one replacement Police patrol vehicle and one Police administrative vehicle and required equipment. Other items include a virtual server and various computer network hardware and software needs.

The Town has a relatively stable property tax base. Property taxes represent approximately 42% of the 2013 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, etc.

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, 2012

	<u>Governmental Activities</u>
ASSETS	
Cash and cash equivalents	\$ 2,805,859
Investments	1,083,996
Accounts receivable	61,749
Due from other governments	98,640
Prepaid expenses	45,820
Capital assets	
Capital assets not being depreciated	1,080,260
Capital assets being depreciated, net of accumulated depreciation	<u>4,981,378</u>
Total Assets	10,157,702
LIABILITIES	
Accounts payable	139,258
Accrued liabilities	113,228
Unearned revenue	48,949
Noncurrent liabilities	
Due within one year	102,920
Due in more than one year	204,382
Other postemployment benefits payable in more than one year	<u>23,394</u>
Total Liabilities	<u>632,131</u>
NET ASSETS	
Invested in capital assets, net of related debt	5,966,879
Restricted for:	
Capital projects	46,709
Law enforcement	28,238
Unrestricted	<u>3,483,745</u>
Total Net Assets	<u>\$ 9,525,571</u>

See notes to financial statements.

TOWN OF JUNO BEACH, FLORIDA

STATEMENT OF ACTIVITIES

Year Ended September 30, 2012

Functions/Programs	Expenses	Program Revenues			Governmental Activities
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental Activities					
Administrative	\$ 1,154,942	\$ 30,159	\$ 7,477	\$ 1,473	\$ (1,115,833)
Planning and zoning	521,451	220,981			(300,470)
Public safety	2,634,853	544,424	4,053	15,871	(2,070,505)
Public works	970,024	84,217	29,338	39,155	(817,314)
Interest on long-term debt	4,896				(4,896)
Total Governmental Activities	\$ 5,286,166	\$ 879,781	\$ 40,868	\$ 56,499	(4,309,018)

General revenues

Taxes

Property taxes	2,560,031
Franchise fees	59,072
Utility service taxes	843,025
Local business taxes	58,512
State shared revenue, unrestricted	351,969
Investment earnings	50,445

Total General Revenues 3,923,054

Change in Net Assets (385,964)

Net Assets at October 1, 2011 9,911,535

Net Assets at September 30, 2012 \$ 9,525,571

See notes to financial statements.

TOWN OF JUNO BEACH, FLORIDA
BALANCE SHEET - GENERAL FUND
September 30, 2012

ASSETS

Cash and cash equivalents	\$	2,805,859
Investments		1,083,996
Accounts receivable		61,749
Due from other governments		98,640
Prepaid items		<u>45,820</u>
Total Assets		<u>\$ 4,096,064</u>

LIABILITIES AND FUND BALANCE

LIABILITIES

Accounts payable	\$	139,258
Accrued liabilities		113,228
Deferred revenue		<u>48,949</u>
Total Liabilities		301,435

FUND BALANCE

Nonspendable:		
Prepaid items		45,820
Restricted for:		
Capital projects		46,709
Law enforcement		28,238
Assigned for:		
Subsequent year's budget		970,000
Unassigned		<u>2,703,862</u>
Total Fund Balance		<u>3,794,629</u>

		<u>\$ 4,096,064</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, 2012

Total General Fund Fund Balance	\$ 3,794,629
<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	11,110,656
Less accumulated depreciation	(5,049,018)
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	(212,543)
Promissory note payable	(94,759)
Other postemployment benefits payable	<u>(23,394)</u>
Net Assets of Governmental Activities	<u><u>\$ 9,525,571</u></u>

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, 2012

Revenue

Ad valorem taxes	\$ 2,560,031
Local business taxes	58,512
Licenses, permits and fees	219,518
Intergovernmental	351,969
Franchise fees and utility taxes	902,097
Fines	532,855
Investment earnings	50,445
Impact fees	1,633
Grants	38,070
Water and sewer improvement fees	2,350
Miscellaneous	153,384
	<u>4,870,864</u>

Expenditures

Current	
Administrative	936,567
Planning and zoning	526,130
Public safety	2,501,558
Public works	722,317
Capital outlay	223,691
Debt service	
Principal	91,564
Interest	4,896
	<u>5,006,723</u>

Expenditures in excess of revenues (135,859)

Other Financing Sources

Insurance proceeds	29,338
Sale of capital assets	4,200
	<u>33,538</u>

Total other financing sources 33,538

Net change in fund balance (102,321)

Fund balance at October 1, 2011 3,896,950

Fund balance at September 30, 2012 \$ 3,794,629

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, 2012

Net change in fund balance - General Fund \$ (102,321)

Amounts reported for governmental activities in the statement of activities are different because:

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	223,691
Less current year depreciation	(504,568)

In the statement of activities, only the gain or loss on the sale of capital assets is reported, whereas in the General Fund the proceeds from the sale increases financial resources. The change in net assets differs from the change in fund balance by the net book value of the assets retired. (84,524)

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	91,564

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	(5,412)
Other postemployment benefits	(4,394)

Change in net assets of governmental activities \$ (385,964)

See notes to financial statements.

TOWN OF JUNO BEACH, FLORIDA
STATEMENT OF FIDUCIARY NET ASSETS - FIDUCIARY FUND

September 30, 2012

	<u>Pension Trust</u>
ASSETS	
Investments in mutual funds	\$ 424,805
LIABILITIES	
	<u>0</u>
NET ASSETS	
Net assets held in trust for pension benefits	<u>\$ 424,805</u>

See notes to financial statements.

TOWN OF JUNO BEACH, FLORIDA

STATEMENT OF CHANGES IN
FIDUCIARY NET ASSETS - FIDUCIARY FUND

Year Ended September 30, 2012

	<u>Pension Trust</u>
ADDITIONS	
Contributions	
Town	\$ 23,666
Investment earnings	
Net appreciation in fair value of plan assets	48,645
Dividend income	8,648
	<u>57,293</u>
Net investment earnings	
	<u>57,293</u>
Total additions	80,959
DEDUCTIONS	
General and administrative	1,888
	<u>1,888</u>
	79,071
Net increase	
Net assets held in trust for pension benefits at October 1, 2011	345,734
	<u>345,734</u>
Net assets held in trust for pension benefits at September 30, 2012	<u>\$ 424,805</u>

See notes to financial statements.

TOWN OF JUNO BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2012

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, 2012

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 major 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, 2012, 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 (2010/2011) property tax revenue.

TOWN OF JUNO BEACH, FLORIDA
NOTES TO FINANCIAL STATEMENTS

September 30, 2012

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, 2006 through 2011.

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, 2012 the Town adopted a 2.900 millage rate which was 2.00% lower than the rolled back rate. This millage rate resulted in a budgeted tax levy of \$2,573,793 for 2012, representing a reduction of 1.29% from the budgeted property tax levy in 2011. 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 and mutual funds held in the pension trust fund which are traded on a national stock exchange. 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" pool under Governmental Accounting Standards Board (GASB) Statement No. 31. As such, the

TOWN OF JUNO BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2012

NOTE A - SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 represents amounts due from local businesses for franchise and utility taxes. Receivables are not collateralized.

Prepaid Expenses/Items: Expenditures for various administrative expenses extending over more than one accounting period are accounted for as prepaid expenses/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, 2012. 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 capital assets, net of related debt. Rather, that portion of the debt is included in the same net

TOWN OF JUNO BEACH, FLORIDA
NOTES TO FINANCIAL STATEMENTS

September 30, 2012

NOTE A - SIGNIFICANT ACCOUNTING POLICIES (Continued)

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*.

Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, establishes accounting and financial reporting requirements for all governmental funds and establishes criteria for classifying fund balances. Accordingly, the general fund financial statements report fund equity classifications that comprise a hierarchy based primarily on the extent to which the Town is legally bound to honor the specific purposes for which amounts in fund balance may be spent. The fund balance classifications are summarized as follows:

Nonspendable – Nonspendable fund balances include amounts that cannot be spent because they are either (a) not in spendable form, or (b) legally or contractually required to remain intact.

Restricted – Restricted fund balances include amounts that are restricted to specific purposes either by (a) constraints placed on the use of resources by creditors, grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or through enabling legislation.

Committed – Committed fund balances include amounts that can only be used for specific purposes pursuant to constraints imposed by the Town Council through an ordinance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken to remove or revise the limitation.

Assigned – Assigned fund balance is intended to be used by the Town for specific purposes, but does not meet the criteria to be classified as committed. The Council has by resolution authorized Town management to assign fund balance. The Council may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's budget. Normally, additional action does not have to be taken for the removal of assignments.

Unassigned – Unassigned fund balances include amounts that are not assigned to other funds and have not been restricted, committed or assigned to specific purposes.

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

TOWN OF JUNO BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2012

NOTE A - SIGNIFICANT ACCOUNTING POLICIES (Continued)

Minimum Fund Balance Policy – The Town Council has adopted a formal minimum fund balance policy whereby the Town strives to maintain a minimum unassigned fund balance in the general fund of 50% of the following year’s budgeted expenditures less amounts funded by grants or committed fund balance. In the event that the unassigned fund balance exceeds the minimum amount, the excess may be utilized for any lawful purpose of the Town or for one-time costs including the establishment of or increase in commitments or assignments of fund balance.

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 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 Governmental Accounting Standards Board (GASB) has issued the following new Statements effective in future years. Management has not completed its analysis of the effects, if any, of these GASB statements on the financial statements of the Town.

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

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

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

TOWN OF JUNO BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2012

NOTE A - SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

GASB Statement No. 66, *Technical Corrections – 2012 – An Amendment of GASB Statements No. 10 and No. 62*, amends Statement No. 10, *Accounting and Financial Reporting for Risk Financing and Related Insurance Issues*, by removing the provision that limits fund-based reporting of an entity's risk financing activities to the general fund and the internal service fund type. This Statement also amends Statement No. 62 by modifying the specific guidance on accounting for (1) operating lease payments that vary from a straight-line basis, (2) the difference between the initial investment (purchase price) and the principal amount of a purchased loan or group of loans, and (3) servicing fees related to mortgage loans that are sold when the stated service fee rate differs significantly from a current (normal) servicing fee rate. The requirements of this statement will be effective for the Town for the fiscal year ending September 30, 2014.

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

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

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

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

TOWN OF JUNO BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2012

NOTE A - SIGNIFICANT ACCOUNTING POLICIES (Continued)

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, 2012, include \$1,350 of petty cash and deposits with financial institutions with a bank balance of \$2,814,793 and a carrying amount of \$2,804,509. 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 pronouncements of the GASB.

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 also adopted ordinances permitting investment in the Florida Municipal Investment Trust, an external, government investment pool administered by the Florida League of Cities. The General Employees Retirement Plan and Trust Fund allows employees to direct their contributions into any of the various mutual funds offered by the Plan.

The fair value of investments held by the Town at September 30, 2012, is as follows:

Florida Prime fund	\$	1,022
Investments in Florida Municipal Investment Trust		
0-2 Year High Quality Bond Fund		205,445
1-3 Year High Quality Bond Fund		395,635
Intermediate High Quality Bond Fund		<u>481,894</u>
	\$	<u>1,083,996</u>

TOWN OF JUNO BEACH, FLORIDA
 NOTES TO FINANCIAL STATEMENTS

September 30, 2012

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

General Employees Retirement Plan and Trust Fund

Mutual Funds	
Equity funds	\$ 327,000
Fixed income funds	32,273
Money market funds	60,692
Real estate fund	<u>4,840</u>
	<u>\$ 424,805</u>

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 several 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.

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. Money market mutual funds have a weighted average maturity of ninety days or less, resulting in minimal interest rate risk. The weighted average maturity of the Florida Prime fund at September 30, 2012 is 39 days. The table below summarizes the weighted average maturity of the Town's other fixed income investments at September 30, 2012.

TOWN OF JUNO BEACH, FLORIDA
NOTES TO FINANCIAL STATEMENTS

September 30, 2012

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

	Weighted Average Maturity	Fair Value
<u>Governmental Funds Investments</u>		
0-2 Year High Quality Bond Fund	0.83 years	\$ 205,445
1-3 Year High Quality Bond Fund	1.67 years	395,635
Intermediate High Quality Bond Fund	3.30 years	481,894
 <u>Pension Trust Funds Investments</u>		
Vanguard Total Bond Market Index Fund	7.20 years	11,124
Vanguard Intermediate Term Bond Index Fund	7.30 years	21,149
		<u>\$ 1,115,247</u>

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, 2012.

The NRSRO ratings (Fitch) for the governmental fund investments at September 30, 2012 are as listed below. The fixed income and money market mutual funds included in the pension trust fund investments were unrated.

	NRSRO Rating	Fair Value
<u>Governmental Funds</u>		
0-2 Year High Quality Bond Fund	AAA	\$ 205,445
1-3 Year High Quality Bond Fund	AAA	395,635
Intermediate High Quality Bond Fund	AAA	481,894
		<u>\$ 1,082,974</u>

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 mutual funds, 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, 2012.

TOWN OF JUNO BEACH, FLORIDA
NOTES TO FINANCIAL STATEMENTS

September 30, 2012

NOTE C - CAPITAL ASSETS

The Town's capital asset activity for the year ended September 30, 2012 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	4,654,839	49,120		4,703,959
Equipment and vehicles	2,178,862	174,571	(278,773)	2,074,660
Streets and lighting	<u>3,251,777</u>			<u>3,251,777</u>
Total capital assets being depreciated	10,085,478	<u>223,691</u>	<u>(278,773)</u>	10,030,396
Less accumulated depreciation for				
Buildings and improvements	(2,202,289)	(200,829)		(2,403,118)
Equipment and vehicles	(1,248,835)	(183,123)	194,249	(1,237,709)
Streets and lighting	<u>(1,287,575)</u>	<u>(120,616)</u>		<u>(1,408,191)</u>
Total accumulated depreciation	<u>(4,738,699)</u>	<u>(504,568)</u>	<u>194,249</u>	<u>(5,049,018)</u>
Total capital assets being depreciated, net	<u>5,346,779</u>	<u>(280,877)</u>	<u>(84,524)</u>	<u>4,981,378</u>
Governmental activities capital assets, net	<u>\$ 6,427,039</u>	<u>\$ (280,877)</u>	<u>\$ (84,524)</u>	<u>\$ 6,061,638</u>

Depreciation expense was charged to functions/programs as follows:

<u>Governmental Activities</u>	
General government	\$ 124,122
Planning and zoning	6,320
Public safety	130,695
Public works	<u>243,431</u>
Total depreciation expense - governmental activities	<u>\$ 504,568</u>

NOTE D - LONG-TERM DEBT

Changes in the Town's governmental activities long-term debt for the year ended September 30, 2012 are summarized as follows:

TOWN OF JUNO BEACH, FLORIDA
NOTES TO FINANCIAL STATEMENTS

September 30, 2012

NOTE D - LONG-TERM DEBT (Continued)

<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	\$ 207,131	\$ 221,395	\$ 215,983	\$ 212,543	\$ 8,161
Promissory Note, Series 2003	<u>186,323</u>	<u> </u>	<u>91,564</u>	<u>94,759</u>	<u>94,759</u>
Total long-term debt	393,454	<u>\$ 221,395</u>	<u>\$ 307,547</u>	307,302	<u>\$ 102,920</u>
Current maturities	<u>95,060</u>			<u>102,920</u>	
Net long-term debt		<u>\$ 298,394</u>		<u>\$ 204,382</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>
2013	<u>\$ 94,759</u>	<u>\$ 1,666</u>	<u>\$ 96,425</u>

Total interest costs paid and expensed during the fiscal year ended September 30, 2012 totaled \$4,896.

The Town of Juno Beach has no legal debt margin.

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 \$96,425. Principal and interest paid for the current year and Local Government Half-Cent Sales Tax revenues were \$96,460 and \$207,754, respectively.

TOWN OF JUNO BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2012

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 also 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 were required to participate in the Florida Retirement System.

Florida Retirement System

Plan Description: As of September 30, 2012, 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, P.O. Box 9000, Tallahassee, Florida 32315-9000, or by calling 1-850-488-5706.

Funding Policy: Plan members are required to contribute 3 percent to the System. The Town is currently required to contribute 5.18 percent of regular participants' salaries, 6.30 percent of the Town Manager's salary and 14.90 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, 2012, 2011, and 2010 were \$185,485, \$296,425, and \$284,168, 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, 2012, there were 12 plan members. Plan members do not contribute to the Plan. The Town is required to contribute 6% of annual covered payroll. The total required contribution for 2012 was \$23,666. 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 contributions are recognized in the period that the contributions are due.

Plan investments are reported at fair value. The investments are valued based on the last reported net asset value of mutual fund shares traded on a national exchange. The fair value of investments of the Plan at September 30, 2012 was \$424,805.

TOWN OF JUNO BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2012

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").

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 separate, publicly available, audited GAAP-basis 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 \$404 to a maximum of \$1,125.

Annual OPEB Cost and Net OPEB Obligation

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

The Town's annual OPEB cost and the net OPEB obligation for the year ended September 30, 2012 were based on an actuarial valuation as of October 1, 2010, and are summarized as follows:

TOWN OF JUNO BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2012

NOTE F - OTHER POSTEMPLOYMENT BENEFITS (Continued)

Annual required contribution	\$ 10,000
Interest on net OPEB obligation	0
Adjustment to annual required contribution	<u>(1,000)</u>
Annual OPEB cost	9,000
Contributions made	<u>(4,606)</u>
Increase in net OPEB obligation	4,394
Net OPEB obligation, beginning of year	<u>19,000</u>
 Net OPEB obligation, end of year	 <u><u>\$ 23,394</u></u>

The year ended September 30, 2010 was the year of implementation of Statement 45 and the Town elected to implement prospectively. The Town's annual OPEB cost, employer contribution, the percentage of annual OPEB cost contributed, and the net OPEB obligation for 2012 and the prior two years are as follows:

<u>Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Actual Employer Contribution</u>	<u>Percentage Contributed</u>	<u>Net OPEB Obligation</u>
9-30-12	\$ 9,000	\$ 4,606	51.2%	\$ 23,394
9-30-11	9,000	0	0.0%	19,000
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, so the Town has not contributed assets to the Plan. The latest actuarial valuation was done as of October 1, 2010 and the Town intends to obtain such valuations on a triennial basis in the future. The following schedule of funding progress is presented based upon available information and, in the future, will show multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits:

<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 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, 2012

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 - COMMITMENT AND 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, 2012, 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. The Town is in the process of proposing a settlement agreement to the Court, however, at the present time, it is uncertain whether such a settlement will be accepted. The Town's maximum loss, in the event of an unfavorable outcome, is estimated to be the amount of the fines and penalties collected plus related legal fees.

Cost Sharing Agreement: The Town entered into an Interlocal Agreement ("Agreement") with the City of Palm Beach Gardens, Florida ("PBG"), and the Town of Jupiter, Florida ("Jupiter"), for the sharing of costs related to public safety dispatch services. The Agreement is for a five-year period commencing on October 1, 2011, through September 30, 2016. The Agreement automatically renews for an additional five year term unless one of the parties gives notice of termination. The Dispatch Services are performed by PBG employees who operate the dispatch center. Each contracting municipality's share of the costs of operating the dispatch center are based upon the percentage of each municipality's population as compared to the total population of all the contracting municipalities being served. The Town's total costs related to this Agreement were \$103,532 for the year ended September 30, 2012.

REQUIRED SUPPLEMENTARY INFORMATION

TOWN OF JUNO BEACH, FLORIDA

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

Year Ended September 30, 2012

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenue				
Ad valorem taxes	\$ 2,573,793	\$ 2,573,793	\$ 2,560,031	\$ (13,762)
Local business taxes	63,000	63,000	58,512	(4,488)
Licenses, permits and fees				
Building permit fees	515,000	515,000	203,297	(311,703)
County occupational licenses	13,500	13,500	10,491	(3,009)
Zoning fees	17,500	17,500	5,730	(11,770)
	<u>546,000</u>	<u>546,000</u>	<u>219,518</u>	<u>(326,482)</u>
Intergovernmental				
Sales tax	206,962	206,962	207,754	792
State revenue sharing	72,530	72,530	69,868	(2,662)
Local option gas tax	46,371	46,371	51,374	5,003
Alcoholic beverage licenses	6,000	6,000	6,246	246
Other	16,200	16,200	16,727	527
	<u>348,063</u>	<u>348,063</u>	<u>351,969</u>	<u>3,906</u>
Franchise fees and utility taxes				
Franchise fees	71,000	71,000	59,072	(11,928)
Utility taxes	430,250	430,250	473,406	43,156
Communications service taxes	367,012	367,012	369,619	2,607
	<u>868,262</u>	<u>868,262</u>	<u>902,097</u>	<u>33,835</u>
Fines	510,000	510,000	532,855	22,855
Investment earnings	112,500	112,500	50,445	(62,055)
Impact fees	0	0	1,633	1,633
Grants	90,000	90,000	38,070	(51,930)
Water and sewer improvement fees	22,000	22,000	2,350	(19,650)
Miscellaneous	163,466	163,466	186,922	23,456
	<u>163,466</u>	<u>163,466</u>	<u>186,922</u>	<u>23,456</u>
Total revenue	<u>\$ 5,297,084</u>	<u>\$ 5,297,084</u>	<u>\$ 4,904,402</u>	<u>\$ (392,682)</u>

See notes to budgetary comparison schedule.

TOWN OF JUNO BEACH, FLORIDA

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND (CONTINUED)

Year Ended September 30, 2012

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Expenditures				
Administrative				
Salaries	\$ 500,803	\$ 500,803	\$ 493,639	\$ 7,164
Employee benefits	115,942	115,942	100,725	15,217
Professional fees	84,500	84,500	43,965	40,535
Insurance	165,148	165,148	161,526	3,622
Operating	145,717	147,501	136,712	10,789
Contingency	900,000	743,453	0	743,453
Capital outlay	5,000	5,000	3,610	1,390
	<u>1,917,110</u>	<u>1,762,347</u>	<u>940,177</u>	<u>822,170</u>
Planning and zoning				
Salaries	285,353	285,353	289,484	(4,131)
Employee benefits	72,433	72,433	64,350	8,083
Professional fees	55,000	55,000	21,711	33,289
Operating	328,316	328,316	150,585	177,731
Capital outlay	5,000	5,000	0	5,000
	<u>746,102</u>	<u>746,102</u>	<u>526,130</u>	<u>219,972</u>
Public safety				
Police				
Salaries	1,290,548	1,290,548	1,248,950	41,598
Employee benefits	454,520	454,520	398,878	55,642
Professional fees	420,500	429,500	424,978	4,522
Operating	370,221	379,421	341,479	37,942
Capital outlay	16,000	118,878	126,709	(7,831)
	<u>2,551,789</u>	<u>2,672,867</u>	<u>2,540,994</u>	<u>131,873</u>
Public works				
Salaries	305,873	305,873	303,655	2,218
Employee benefits	83,441	83,441	78,614	4,827
Operating	376,984	376,984	340,048	36,936
Capital outlay	125,780	159,465	93,372	66,093
	<u>892,078</u>	<u>925,763</u>	<u>815,689</u>	<u>110,074</u>
Debt service				
Principal	91,564	91,564	91,564	0
Interest	4,941	4,941	4,896	45
	<u>96,505</u>	<u>96,505</u>	<u>96,460</u>	<u>45</u>
Total expenditures	<u>\$ 6,203,584</u>	<u>\$ 6,203,584</u>	<u>\$ 4,919,450</u>	<u>\$ 1,284,134</u>

See notes to budgetary comparison schedule.

TOWN OF JUNO BEACH, FLORIDA

NOTES TO BUDGETARY COMPARISON SCHEDULE

September 30, 2012

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. 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 committed or assigned fund balance since they do not constitute expenditures or liabilities.

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. Current year encumbrances are treated as expenditures for budgetary purposes. In addition, for budgetary purposes insurance proceeds and proceeds from the sale of capital assets are treated as miscellaneous revenue, whereas for GAAP purposes such items are treated as other financing sources. As a result, general fund revenue and expenditures reported in the budget and actual statement differ from the corresponding amounts reported on the basis of U.S. generally accepted accounting principles. The differences can be reconciled as follows:

	<u>Revenue</u>	<u>Expenditures</u>
GAAP basis	\$ 4,870,864	\$ 5,006,723
Prior year encumbrances paid		(87,273)
Insurance proceeds	29,338	
Proceeds from sale of capital assets	<u>4,200</u>	
Budgetary basis	<u>\$ 4,904,402</u>	<u>\$ 4,919,450</u>

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 36

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 43

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

Debt Capacity 48

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 50

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 52

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 Nine Fiscal Years

(Accrual Basis of Accounting)

	2004	2005	2006	2007	2008	2009	2010	2011	2012
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	\$ 6,240,716	\$ 5,966,879
Restricted	124,925	132,837	91,973	84,839	96,598	64,789	32,950	78,370	74,947
Unrestricted	3,019,194	3,407,310	3,182,740	3,764,709	3,530,236	4,070,391	4,086,721	3,592,449	3,483,745
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>	<u>\$ 9,911,535</u>	<u>\$ 9,525,571</u>

Information prior to 2004 is not available.

Town of Juno Beach, Florida

Changes in Net Assets

Last Nine Fiscal Years

(Accrual Basis of Accounting)

	2004	2005	2006	2007	2008	2009	2010	2011	2012
Expenses									
Governmental activities:									
Administrative	\$ 968,533	\$ 1,093,837	\$ 1,219,721	\$ 1,337,342	\$ 1,387,894	\$ 1,121,538	\$ 1,121,479	\$ 1,223,815	\$ 1,154,942
Planning and zoning	300,530	387,411	439,946	859,743	799,238	646,044	546,681	563,692	521,451
Public safety	1,737,400	1,838,717	1,918,967	2,140,509	2,215,011	2,377,361	2,572,704	2,701,459	2,634,853
Public works	675,530	825,802	843,119	892,465	976,761	1,015,757	1,018,693	1,019,597	970,024
Interest on long-term debt	27,695	24,931	22,236	19,581	16,827	14,016	11,133	8,038	4,896
Total governmental activities expenses	\$ 3,709,688	\$ 4,170,698	\$ 4,443,989	\$ 5,249,640	\$ 5,395,731	\$ 5,174,716	\$ 5,270,690	\$ 5,516,601	\$ 5,286,166
Program Revenues									
Governmental activities:									
Charges for services:									
Administrative	\$ 87,261	\$ 114,314	\$ 111,268	\$ 116,656	\$ 118,666	\$ 32,474	\$ 38,152	\$ 24,963	\$ 30,159
Planning and zoning	45,904	33,036	29,140	508,203	445,992	334,683	254,588	239,265	220,981
Public safety	105,114	70,516	99,524	60,644	52,192	544,150	371,507	276,737	544,424
Public works	39,461	47,450	48,755	50,810	71,967	75,243	76,757	79,174	84,217
Operating grants and contributions:									
Administrative	28,850	24,300	1,925	4,850	600	5,055	4,109	3,441	7,477
Public safety	80,810	28,030	28,586	23,709	28,721	99,517	32,997	21,445	4,053
Public works		211,702	148,832	85,327	137,741	30,735	13,467	25,532	29,338
Capital grants and contributions:									
Administrative	22,372	24,669	2,649	3,298	8,263	873	464		1,473
Public safety	23,850	46,323	136,315	56,661	26,831	20,178	18,964	15,025	15,871
Public works	61,545	12,064	1,393,005	107,094	312,521	3,723	3,651	100,193	39,155
Total governmental activities program revenues	\$ 495,167	\$ 612,404	\$ 1,999,999	\$ 1,017,252	\$ 1,203,494	\$ 1,146,631	\$ 814,656	\$ 785,775	\$ 977,148
Net (expense)/revenue									
Governmental activities	\$ (3,214,521)	\$ (3,558,294)	\$ (2,443,990)	\$ (4,232,388)	\$ (4,192,237)	\$ (4,028,085)	\$ (4,456,034)	\$ (4,730,826)	\$ (4,309,018)

Town of Juno Beach, Florida

Changes in Net Assets (Continued)

Last Nine Fiscal Years

Accrual Basis of Accounting

	2004	2005	2006	2007	2008	2009	2010	2011	2012
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	\$ 2,612,852	\$ 2,560,031
Franchise fees	9,966	6,444	8,433	9,744	13,294	13,596	57,452	56,331	59,072
Utility service taxes	586,143	661,739	606,054	580,503	553,411	634,945	760,821	821,086	843,025
Local business taxes						53,616	56,692	57,372	58,512
State shared revenue, unrestricted	388,681	449,101	435,539	413,902	390,735	354,138	363,950	382,536	351,969
Investment earnings	57,814	118,920	202,118	260,208	169,765	163,989	107,224	57,828	50,445
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>	<u>\$ 3,988,005</u>	<u>\$ 3,923,054</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>	<u>\$ (742,821)</u>	<u>\$ (385,964)</u>

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			
	2003	2004	2005	2006
General Fund				
Reserved	\$ 277,276	\$ 263,619	\$ 442,685	\$ 294,915
Unreserved	2,996,888	3,039,120	3,373,836	3,229,402
Nonspendable:				
Prepaid items				
Restricted for:				
Capital projects				
Law enforcement				
Assigned to:				
Subsequent year's budget				
Law enforcement				
Unassigned				
Total General Fund	<u>\$ 3,274,164</u>	<u>\$ 3,302,739</u>	<u>\$ 3,816,521</u>	<u>\$ 3,524,317</u>

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

Fiscal Year					
2007	2008	2009	2010	2011	2012
\$ 710,235	\$ 255,424	\$ 210,592	\$ 145,972	\$	\$
3,352,418	3,560,924	4,117,333	4,205,376		
				45,605	45,820
				45,076	46,709
				33,294	28,238
				900,000	970,000
				92,500	
				2,780,475	2,703,862
<u>\$ 4,062,653</u>	<u>\$ 3,816,348</u>	<u>\$ 4,327,925</u>	<u>\$ 4,351,348</u>	<u>\$ 3,896,950</u>	<u>\$ 3,794,629</u>

Town of Juno Beach, Florida

Changes in Fund Balances of Governmental Funds

Last Ten Fiscal Years

(Modified Accrual Basis of Accounting)

	Fiscal Year			
	2003	2004	2005	2006
Revenues				
Ad valorem taxes	\$ 2,195,658	\$ 2,362,268	\$ 2,817,394	\$ 3,247,849
Local business taxes				
Licenses, permits and fees	97,930	117,477	104,720	102,247
Intergovernmental	378,218	416,303	449,101	435,539
Franchise fees and utility taxes	569,149	586,143	668,183	614,487
Fines	123,769	105,114	70,516	99,524
Investment earnings	68,604	57,814	118,920	202,118
Impact fees	17,950	24,795	29,321	3,031
Grants	49,689	56,615	240,745	1,611,004
Water and sewer improvement fees	20,125	28,850	24,300	1,925
Miscellaneous	145,038	144,660	142,802	127,758
Total revenues	<u>3,666,130</u>	<u>3,900,039</u>	<u>4,666,002</u>	<u>6,445,482</u>
Expenditures				
Current				
Administrative	810,833	847,357	948,084	1,016,586
Planning and zoning	254,097	294,301	370,044	433,419
Public safety	1,590,903	1,649,265	1,675,090	1,805,605
Public works	511,051	589,098	696,234	740,607
Capital outlay	327,981	393,165	365,820	2,903,327
Debt service				
Principal	145,000	70,583	72,017	74,531
Interest	82,403	27,695	24,931	22,236
Bond issue costs	13,345			
Total expenditures	<u>3,735,613</u>	<u>3,871,464</u>	<u>4,152,220</u>	<u>6,996,311</u>
Revenues over (under) expenditures	(69,483)	28,575	513,782	(550,829)
Other financing sources (uses)				
Transfers in	338,140			
Transfers out	(338,140)			
Bonds issued	816,988			
Redemption of bonds	(910,000)			
Insurance recoveries				54,510
Sale of capital assets				
Total other financing sources (uses)	<u>(93,012)</u>	<u>0</u>	<u>0</u>	<u>54,510</u>
Special item - proceeds from termination of pension plan				204,115
Net change in fund balances	<u>\$ (162,495)</u>	<u>\$ 28,575</u>	<u>\$ 513,782</u>	<u>\$ (292,204)</u>
Debt service as a percentage of non-capital expenditures	<u>6.67%</u>	<u>2.83%</u>	<u>2.56%</u>	<u>2.36%</u>

Fiscal Year					
2007	2008	2009	2010	2011	2012
\$ 3,763,377	\$ 3,356,080	\$ 3,138,682	\$ 2,771,192	\$ 2,612,852	\$ 2,560,031
		53,616	56,692	57,372	58,512
580,890	459,990	340,095	246,942	239,473	219,518
413,902	390,735	354,138	363,950	382,536	351,969
590,247	566,705	648,541	818,273	877,417	902,097
60,644	52,192	537,263	348,147	268,499	532,855
260,208	169,765	163,989	107,224	57,828	50,445
3,785	9,589	968	514		1,633
210,041	471,099	93,301	26,000	117,711	38,070
4,850	600	2,100	1,400	500	2,350
157,042	142,463	172,904	191,653	134,110	153,384
<u>6,044,986</u>	<u>5,619,218</u>	<u>5,505,597</u>	<u>4,931,987</u>	<u>4,748,298</u>	<u>4,870,864</u>
1,228,161	1,202,653	973,935	989,440	974,177	936,567
853,204	788,672	637,020	534,958	554,060	526,130
2,030,195	2,074,665	2,226,855	2,390,887	2,554,653	2,501,558
695,050	743,282	768,689	765,327	764,203	722,317
603,327	1,027,161	290,896	131,326	337,267	223,691
77,132	79,824	82,609	85,493	88,476	91,564
19,581	16,827	14,016	11,133	8,038	4,896
<u>5,506,650</u>	<u>5,933,084</u>	<u>4,994,020</u>	<u>4,908,564</u>	<u>5,280,874</u>	<u>5,006,723</u>
538,336	(313,866)	511,577	23,423	(532,576)	(135,859)
				25,532	29,338
				52,646	4,200
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>78,178</u>	<u>33,538</u>
<u>\$ 538,336</u>	<u>\$ (313,866)</u>	<u>\$ 511,577</u>	<u>\$ 23,423</u>	<u>\$ (454,398)</u>	<u>\$ (102,321)</u>
<u>1.97%</u>	<u>1.97%</u>	<u>2.05%</u>	<u>2.02%</u>	<u>1.95%</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	Assessed Value			Total Direct Tax Rate	Estimated Actual Taxable Value	Assessed Value as a Percentage of Actual Value
	Real Property	Personal Property	Total			
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%
2011	1,059,292,768	66,162,512	1,125,455,280	2.9000	1,184,689,768	95.0%
2012	1,042,990,033	61,163,441	1,104,153,474	2.9000	1,162,266,815	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 Rate	Operating Millage Rate
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
2011	1,125,455,280	191,010,795	934,444,485	2.9000	2.9000
2012	1,104,153,474	184,721,632	919,431,842	2.9000	2.9000

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	
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
2011	2.9000	8.1540	4.9960	3.4581	3.2982	22.8063
2012	2.9000	8.1800	4.9925	3.4581	3.0878	22.6184

Tax rate limits	- Ten mills per Florida Statute 200.81 (one mill equals \$1 per \$1,000 of assessed valuation). For purposes of the ten mill cap, the Fire/Rescue MSTU #2 millage rate is included with the Town's direct rate.
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

	2012			2003		
	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)	\$ 119,875,545	1	13.04%	\$ 61,165,936	1	9.79%
Lifespace Communities, Inc. (The Waterford)	13,636,503	2	1.48%	9,720,484	3	1.56%
Juno Corp. (Villas of Juno Beach-North)	12,749,124	3	1.39%	7,814,415	4	1.25%
Delray Property Investment, Inc. (Plaza La Mer)	10,000,000	4	1.09%	6,600,000	5	1.06%
Seminole Golf Club (Golf Club)	6,702,978	5	0.73%	6,040,611	6	0.97%
46 Juno Square, LLP (Juno Square Plaza)	4,851,580	6	0.53%			
Jagi Juno (Holiday Inn)	4,310,866	7	0.47%	3,600,000	9	0.58%
Loggerhead Associates, Ltd. (Loggerhead Plaza)	4,124,450	8	0.45%			
Green Island Investors (Seminole Plaza)	4,000,000	9	0.42%	3,600,000	9	0.58%
Framur Property, Inc. (Fran Murphy Interiors)	3,894,263	10	0.42%	4,000,000	8	0.64%
Uno Lago Community Development, Ltd. Co. (Uno Lago)				14,135,308	2	2.26%
Olen Juno Corp. (Villas of Juno Beach-South)				5,229,328	7	0.84%
Totals	<u>\$ 184,145,309</u>		<u>20.04%</u>	<u>\$ 121,906,082</u>		<u>19.53%</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
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%
2011	2,604,906	2,608,360	100.13%	4,492	2,612,852	100.31%
2012	2,571,293	2,517,165	97.89%	42,866	2,560,031	99.56%

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

Governmental					
Activities					
Fiscal	2003	Total	Percentage	Per	
Year	Promissory	Primary	of Personal	Capita	
	Note	Government	Income		
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	
2011	186,323	186,323	N/A	59	
2012	94,759	94,759	N/A	29	

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, 2012

	Total Outstanding	Percentage Applicable to Town of Juno Beach ⁽¹⁾	Amount Applicable to Town of Juno Beach
Direct:			
Town of Juno Beach	\$ 94,759	100.00%	\$ 94,759
Overlapping			
Palm Beach County ⁽²⁾	207,340,000	0.73%	1,513,582
Palm Beach County School District ⁽³⁾	30,650,000	0.73%	223,745
Total overlapping debt	237,990,000		1,737,327
Total direct and overlapping debt payable from ad valorem taxes	\$ 238,084,759		\$ 1,832,086
Estimated population			3,233
Total direct and overlapping debt per capita			\$ 566.68

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⁾
2003	3,506	60.1	1,211,448	N/A	\$ 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	41.8	44,518	161,911,966	174,861	3.7%
2007	3,644	60.1	1,295,033	41.7	46,630	169,919,720	171,429	4.8%
2008	3,674	60.1	1,294,654	42.6	55,311	203,212,614	170,745	7.4%
2009	3,656	60.1	1,287,344	42.9	59,147	216,241,432	173,025	11.7%
2010	3,656	60.1	1,320,134	43.5	58,358	213,356,848	172,893	12.4%
2011	3,181	60.1	1,325,758	N/A	57,461	182,783,441	176,901	10.9%
2012	3,233	N/A	1,335,415	N/A	53,500	172,965,500	179,494	9.3%

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. 2010 reflects revised Census information from previous years.
- (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	2012 ⁽¹⁾			2003 ⁽¹⁾		
	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
Palm Beach County School District	21,495	1	N/A	18,677	1	N/A
Palm Beach County	11,381	2	N/A	9,000	2	N/A
Tenet Healthcare Corp.	6,100	3	N/A	3,040	4	N/A
NextEra Energy	3,365	4	N/A	2,800	5	N/A
G4S (Hdqtrs)	3,000	5	N/A			
Hospital Corporation of America - HCA	2,714	6	N/A			
Florida Atlantic University	2,706	7	N/A			
Bethesda Memorial Hospital	2,391	8	N/A	1,800	9	N/A
Office Depot (Hdqtrs)	2,250	9	N/A			
Boca Raton Regional Hospital	2,250	9	N/A			
Columbia Palm Bch. Health Care Sys.				4,000	3	N/A
Boca Raton Resort & Club				2,380	6	N/A
U.S. Sugar Corp.				2,200	7	N/A
Florida Crystals				2,000	8	N/A
The Breakers				1,800	9	N/A
Totals	<u>57,652</u>		<u>N/A</u>	<u>47,697</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 2012.

N/A - Data is not available.

Town of Juno Beach, Florida

Full-time Equivalent Town Government Employees by Function / Program

Last Ten Fiscal Years

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Administrative										
Administration	3	3	3	4	4	4	4	4	4	4
Finance	3	3	3	3	3	2	2	2	2	2
Planning and Zoning	3.375	3.375	4.375	5.25	5.25	5.125	5.125	4.5	4.5	4.5
Public Safety										
Police officers	15	15	15	16	16	16	16	16	16	16
911 Dispatch	5	5	5	5	5	5	5	5		
Administrative	1	1	1	1	1	1	1	1	2	2
Public Works	5	5	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	33.500	33.500

Town of Juno Beach, Florida

Operating Indicators by Function / Program

Last Nine Fiscal Years

Function	2004	2005	2006	2007	2008	2009	2010	2011	2012
Public Safety									
Police									
Citations	3,122	3,855	3,623	3,084	2,049	3,036	1,719	2,073	1,963
Parking violations	224	124	106	95	75	140	156	171	187
House checks	2,199	1,974	2,152	2,738	3,750	1,956	808	692	923
Business checks	25,259	22,378	17,255	16,369	20,295	13,048	13,108	13,984	16,224
Reports	1,360	1,135	854	1,016	909	874	610	664	537
Crash reports	99	102	139	120	86	83	90	109	128
Arrests	139	233	218	271	175	186	292	226	147
Planning and Zoning									
Number of building permits	402	496	570	684	589	602	706	641	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	\$ 7,369,411	\$ 6,709,544
Roads and Streets									
Street resurfacing (centerline miles)	0.0	0.0	0.9	0.0	1.2	0.3	0.0	0.0	0.0

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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									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Administrative										
Facilities (Town Center)	1	1	1	1	1	1	1	1	1	1
Planning and Zoning										
Vehicles	1	2	1	2	2	2	2	2	2	2
Public Safety										
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Vehicles	10	10	12	13	15	15	17	20	17	18
Public Works										
Facilities	3	3	3	3	3	3	3	3	3	3
Vehicles	7	7	7	8	8	7	8	7	6	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	8.0	8.0	8.0	8.0	8.0	8.0

Sources: Town departments

**COMPLIANCE REPORT AND
MANAGEMENT LETTER**



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

To the Honorable Mayor and
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, 2012, which collectively comprise the basic financial statements of the Town of Juno Beach, Florida, and have issued our report thereon dated March 13, 2013. 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

Management of the Town of Juno Beach, Florida, is responsible for establishing and maintaining effective 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.

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

March 13, 2013



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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, 2012, and have issued our report thereon dated March 13, 2013.

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 13, 2013, should be considered in conjunction with this management letter.

Additionally, our audit was conducted in accordance with Chapter 10.550, Rules of the Auditor General, which governs the conduct of local governmental entity audits performed in the State of Florida. This letter includes the following information, which is not included in the aforementioned auditor's reports:

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, fraud, illegal acts, 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 offer the following finding and recommendation:

2012-1 Review of Bank Reconciliations

Bank reconciliations are currently prepared by the Finance Director, however, there is no independent review of the completed reconciliations. The Town Manager currently reviews the unopened bank statements and the check registers and signs off on each as evidence of his review. We recommend that the Town Manager also review the completed bank reconciliations and sign and date them as evidence of his review. This will provide added internal control over the monthly bank reconciliation process.

6. Section 10.554(1)(i)6., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. This information is disclosed in Note A to the financial statements.
7. Section 10.554(1)(i)7.a., Rules of the Auditor General, requires a statement be included as to whether or not the local governmental entity has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identification of the specific condition(s) met. In connection with our audit, we determined that the Town did not meet any of the conditions described in Section 218.503(1), Florida Statutes, as of and for the year ended September 30, 2012.
8. Section 10.554(1)(i)7.b., Rules of the Auditor General, requires that we determine whether the annual financial report for the Town for the fiscal year ended September 30, 2012, filed with the Florida Department of Financial Services pursuant to Section 218.32(1)(a), Florida Statutes, is in agreement with the annual financial audit report for the fiscal year ended September 30, 2012. In connection with our audit, we determined that these two reports were in substantial agreement.
9. Pursuant to Sections 10.554(1)(i)7.c. and 10.556(7), Rules of the Auditor General, we applied financial condition assessment procedures. 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.

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

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

March 13, 2013



TOWN OF JUNO BEACH

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March 18, 2013

The Honorable Mayor and Members
Of the Town Council
Town of Juno Beach

Re: Response to Auditor's Management Letter Comment and Recommendations

We concur with the auditor's management letter comment 2012-1 Review of Bank Reconciliations and in the future the Town Manager will review the completed bank reconciliation and sign and date them as evidence of his review.

Sincerely,

Matthew A. Pazanski
Finance Director