

Comprehensive Annual Financial Report



**Fiscal Year Ended
September 30, 2018**

COMPREHENSIVE ANNUAL FINANCIAL REPORT

TOWN OF JUNO BEACH, FLORIDA

Fiscal Year Ended September 30, 2018

Prepared by the Finance Department

TOWN OF JUNO BEACH, FLORIDA

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INTRODUCTORY SECTION



TOWN OF JUNO BEACH

340 OCEAN DRIVE

JUNO BEACH, FL 33408

PHONE (561) 626-1122 • FAX (561) 775-0812

WEBSITE: www.juno-beach.fl.us

E-MAIL: junobeach@juno-beach.fl.us

March 18, 2019

Mayor Jason S. Haselkorn
Vice-Mayor James R. Lyons
Vice-Mayor Pro Tem Frank P. Fahy
Councilmember Peggy L. Wheeler
Councilmember Stuart Katz, MD

The Honorable Mayor, Town Council and Citizens:

State law requires that all general-purpose local governments publish 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, 2018.

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, 2018 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 unmodified opinion that the Town of Juno Beach's financial statements for the fiscal year ended September 30, 2018 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 4 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 for among other things, 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 collection services are currently contracted with Waste Management, Inc. until September 2022. The Town contracts with M.T. Causely, Inc. for building official, plan review and inspection services for our building and permitting department needs through September 2020.

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 proposed budget and must adopt a final budget as required by the Florida Property Tax Truth in Millage (TRIM) Process. The budgetary process is very valuable in communicating with the Town Council and citizens of the Town.

Town-Wide Amenities: The Town has many special features that contribute to its wonderful quality of life. 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 (seven Town owned) dune walkovers provide beach access for the public that include a variety of structures, showers, parking, gazebo and chickee huts among other amenities. |
| Juno Beach Pier | The Town has a County owned and operated 990-foot pier at its northern edge. It is visited and enjoyed by sightseers and fishermen from all over. |
| Loggerhead Marinelife Center/ Turtle Nesting | The Town's coastline is one of the highest density nesting areas for sea turtles in the world. The Loggerhead Marinelife Center (LMC), a not-for-profit organization, monitors the nests and is dedicated to promoting the conservation of Florida's coastal ecosystem through education, research and rehabilitation with a special focus on threatened and endangered sea turtles. The LMC is located in the County owned Loggerhead Park. |
| Environmentally Sensitive Lands | Approximately 594 acres of land or 43% of the Town's total land area has been purchased by the County for preservation. The County has installed trails throughout these parcels, known as the Juno Dunes Natural Area, |

to serve as a beautiful nature walk and to educate the public about the importance of preservation. Additional improvements include a light vessel boat dock, erosion control and other amenities along the intracoastal waterway.

Town Parks

Pelican Lake Park includes a 12-acre lake adjacent to the Town Center Property with lush landscaping and a $\frac{3}{4}$ mile – 8 feet wide public concrete and paver brick sidewalk, covered gazebos and fountains is the setting for Town events and leisure strolls. South of Pelican Lake the Town owns and operates Kagan Park, which has playground equipment, bocci, basketball, and adult exercise stations. Town Hall Park is our newest park completed in 2018, it is the site of the Town’s first Town Hall from 1961-1991. The park includes gazebo, sidewalk, paver bricks, seating and lush landscape.

County Parks in Town

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.

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 “Juno Beach Historical Society” collects items linked to the history of the Town, preserves them for future generations, and shares this history with the public. 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 in Juno Beach,” 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, condominium units and single-family homes 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 3,427. This is a 6.3% decrease in the Town’s population from the 2010 census, 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 April) 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.

The Town and surrounding communities experience a stable economy and real estate market. The Town benefits from the County’s persuasion and initiative to foster job creation by targeting the industries of biotechnical science and aerospace engineering. The Scripps Research Institute and bioscience industry

spin-offs are materializing with the addition of the Max Planck Florida Institute to the life sciences cluster at the expanding Florida Atlantic University campus which is located west of town in the Town of Jupiter. This diversification of the local economy in relation to its long-standing economic base of tourism, retail, healthcare and housing activities will positively influence the Town for the coming years.

The Town had the following projects that were completed during 2017/2018:

- Seminole Golf Club – Renovation of their water treatment facility;
- Ocean Breeze - a four (4) building 24-unit townhouse project was approved on December 11, 2013, construction began in 2014. All of the four (4) proposed buildings have been completed, the Cabana and pool are completed;
- Beach House Center for Recovery – an on-going renovation project of the former Seminole Plaza, was approved in 2015; and
- Several new single-family homes throughout Town.

The Town had the following projects that were in progress or started during 2018/2019:

- NextEra Energy, Inc. – Interior renovations of conference room(s) and offices;
- New Palm Beach Heights sewerage project (35 homes), operated by Loxahatchee River Environmental Control District;
- Water distribution improvements to 89 single-family homes located on the ridge, operated by Jupiter Water Utilities Department;
- 461 Venus Drive (Two-Family Dwelling) in Development Review Committee process; and
- The start of several new single-family homes throughout Town.

Juno Beach is fortunate to have three major corporate headquarters located here:

NextEra Energy, Inc., encompassing approximately one million square feet of office space in Juno Beach, is a leading clean energy company with consolidated revenues of approximately \$17.5 billion, more than 46,000 megawatts of generating capacity, and approximately 14,300 employees in 27 states and Canada as of year-end 2016. Nearly two-thousand employees work in the Juno Beach headquarters.

NextEra Energy has been ranked No. 1 in the electric and gas utilities industry in Fortune's 2016 list of "World's Most Admired Companies." NextEra Energy is the parent company of Florida Power & Light Company (FPL) and NextEra Energy Resources, LLC. FPL serves approximately 4.8 million customer accounts in Florida and is one of the largest rate-regulated electric utilities in the United States.

NextEra Energy Resources, LLC, which together with its affiliated entities, is the world's largest generator of renewable energy from the wind and sun. NextEra Energy Resources co-owns and operates seven solar plants in California's Mojave Desert. In all, the business operates 360 megawatts of solar power, which is capable of meeting the energy needs of more than 230,000 homes at peak production.

Through its subsidiaries, NextEra Energy, Inc. generates clean, emissions-free electricity from eight commercial nuclear power units in Florida, New Hampshire, Iowa and Wisconsin.

TBC Retail Group operates nearly 800 tire and automotive service centers under the brands: Tire Kingdom, NTB - National Tire and Battery, and Merchant's Tire and Auto Centers. Approximately 350 employees work at the Juno Beach headquarters.

Founded at a Farmer's Market in 1972, Tire Kingdom rapidly outgrew its West Palm Beach location and now operates throughout Florida as well as NC, SC, LA, GA, VT and NH. National Tire & Battery (NTB) was created in 1997 through the merger of two highly regarded tire retailers. Merchant's Tire & Automotive Centers was founded in downtown Manassas, VA in 1943 and has locations spanning from York, PA to Myrtle Beach, SC, encompassing Baltimore and the Northern VA/Metro D.C. area.

Document Storage Systems (DSS), Inc. was founded in 1991 and is an internationally recognized health information technology (HIT) company headquartered in Juno Beach. DSS specializes in the integration, development and innovation of healthcare technology to promote interoperable information exchange throughout the industry. The company serves both federal and commercial spaces, with a heavy focus on serving the Veterans Health Administration (VHA). DSS acquired Sage Health Management Solutions (Sage HMS) in 2007 and Informatix Laboratories Corporation (ILC) in 2009. Sage HMS is the developer of RadWise, a radiology decision support system. ILC specializes in billing and accounts receivables software for Native American healthcare facilities.

Future Economic Outlook

The United States economy is experiencing strong domestic growth and unemployment is very low. The consensus of many economists is that the U.S. will continue experiencing moderate growth with rising wages, stable energy prices and higher inflation. Economic risks continue with some more significant than others, higher inflation, the potential of global trade issues, the burden of our very high national debt, political unrest and domestic political stalemates. Florida's employment and sales tax receipts are healthy, tourism is back and the Florida housing sector is stable.

The Town of Juno Beach's property values have increased seven years in a row, including the 2019 fiscal year. The Town's residential values and sales are strong. The Town is experiencing healthy new residential construction and building permit activity is doing very well. The Town's commercial properties are stable and experiencing some growth. The Town's future growth could be jeopardized if the projected rise in interest rates materializes as higher rates could affect the housing sector and risk an overall slowdown to our local economy. On the positive side, the Town's ocean views are beautiful with healthy, sandy beaches. Our weather is very pleasant and our traffic and density are not too demanding.

Major Initiatives

The Town's Police Department has utilized a mobile Automatic License Plate Reader (ALPR) system since 2010, the system has assisted with the apprehension of numerous violators of State traffic and criminal law. ALPR systems are used by many police agencies to enhance their enforcement and investigative capabilities; by identifying stolen vehicles, wanted persons, drivers with suspended licenses, missing children, and missing seniors. In addition, an ALPR system is an important tool to investigate past crimes, by utilizing its license plate database. During 2018, the Town approved a replacement for its aging mobile unit and appropriated additional funding for the purchase of two stationary systems and infrastructure to enhance the Town's coverage. In addition, the Police Department is deploying the SaferWatch App, it is designed to allow users to directly contact the police department with tips on suspicious activity. This app allows users to send texts and pictures to local law enforcement while providing a GPS location of the sender for a quicker response. By providing this app to the Juno Beach community, the Police Department is promoting a joint effort with the community, to help keep Juno Beach one of the safest towns in Florida.

The Town owns a parcel of land at 841 Ocean Drive. This location was the site of the original Town Hall building that was utilized for decades to house all of the Town's administrative, planning and zoning, and police departments. The site was a former Standard Oil Gas Station and remained the Town Hall until late 1991. The parcel has remained vacant since the building was razed. In 2016, a survey was sent out to Town residents and the survey results came back with overwhelming support to formally designate the parcel for public use. In January 2017, the Planning and Zoning Board made a recommendation to the Town Council that the parcel be designated a neighborhood park and in February 2017, the Town Council approved a motion to proceed with changing the zoning of the site from residential, transient and multiple family moderate density to public recreation. A fundraising campaign was developed and rolled out simultaneously as the park project was put out for bid. Construction on the new Town Hall Park started in early 2018 and a formal dedication of the new park was held November 30, 2018. A fundraising campaign was successful in raising \$98,700 towards the \$188,564 cost of Phase I for this neighborhood pocket park. Phase I is complete and included installation of a gazebo, paver bricks, benches, landscaping, sidewalk

improvements, irrigation and decorative lighting; Phase II is proposed to include personalized paver bricks and additional sidewalk.

On February 28, 2018, the Town Council authorized the Town Manager and staff to negotiate and complete a new five (5) year contract with South Central Planning and Development Commission for building permits, inspections, code enforcement and business tax receipt software and hardware solution for the Planning and Zoning Department. The contract was completed and the new software has been implemented and in-service since October 1, 2018. The online software infrastructure includes features, such as but not limited to, online inspection status, online inspection request, real-time notifications (update) on building inspections and building permits, cloud hosting and more. The program not only provides an up-to-date system, it also provides functional elements that increase the quality of service provided to our residents and contractors.

In December 2016, the Town was awarded two Florida Recreation Development Assistance Program grants in the amount of \$50,000 each for improvements to Kagan Park and a beach access dune walkover. The projects were completed during calendar year 2018 and included new and rehabilitated playground equipment with rubber mulch fall zone improvements, basketball court resurfacing and park amenities and a renovated dune walkover structure for the Town's southernmost public beach access. The Town has been fortunate to be the recipient of a number of FRDAP grants in the past. These grants not only enhance the beauty of our Town, they provide functional elements that increase the quality of life for residents and visitors alike.

On November 8, 2016, the voters of Palm Beach County approved a one-cent sales surtax. The approval effectively raised the sales tax from 6 cents to 7 cents on the dollar, giving the county government, its public schools and municipal governments funding intended primarily for repairing infrastructure and public facilities, and purchasing capital equipment needs. The surtax commenced on January 1, 2017 and automatically sunsets on December 31, 2026, unless sunsetted earlier because the intended funds are achieved sooner, pursuant to the terms of County Ordinance No. 2016-032. The County Ordinance requires an oversight committee, the Town partners with the Palm Beach County League of Cities to satisfy this requirement. The Town has received \$404,780 in Surtax revenue through fiscal year 2018. The Town has several notable parks and building related improvement projects and equipment budgeted for 2019, and planned for future years.

Relevant Financial Policies

The establishment of financial policies is an important part of prudent financial management. The Town maintains various financial policies within which it operates to reduce ambiguity and guide the creation, maintenance and use of resources for financial consistency and stability.

Long-term Financial Planning: The Town's unassigned fund balance policy is to maintain a minimum balance of 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.

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 1.30 percent for the 12-month period ending September 30, 2018. 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 no outstanding long-term debt. The Town became debt-free as of April 1, 2013. The Town has no legal debt margin.

Risk management: Management and staff are committed to a comprehensive risk management program. Risk management topics, issues and incidents are consistently discussed at monthly staff meetings and quarterly safety committee meetings. The Town purchases insurance for property, 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, 2019, is through Blue Cross and Blue Shield of Florida-Florida Blue. Insurance coverages are evaluated annually by management 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, 2017. 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-seven 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



Government Finance Officers Association

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

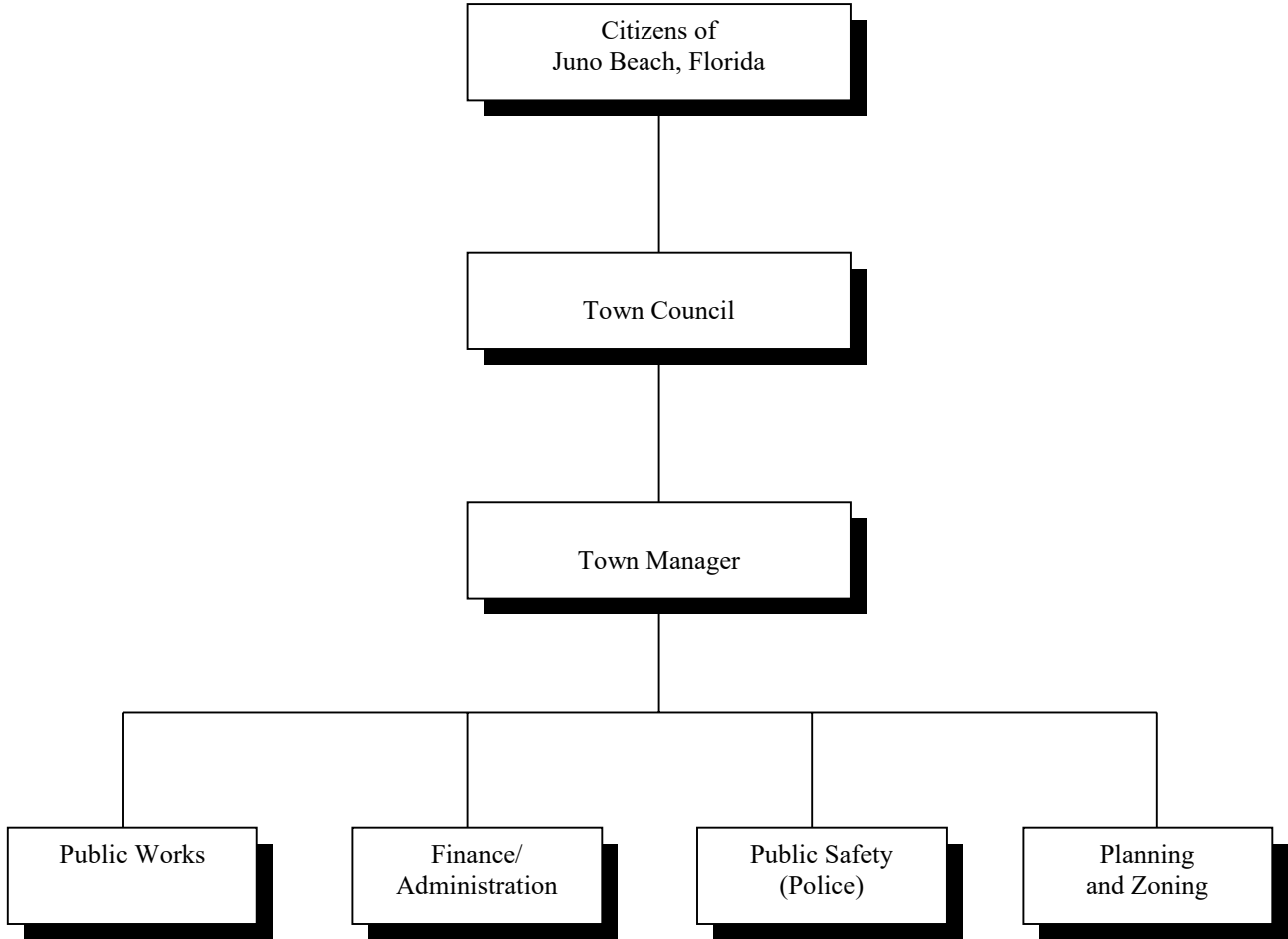
September 30, 2017

Christopher P. Morrill

Executive Director/CEO

TOWN OF JUNO BEACH, FLORIDA

ORGANIZATIONAL CHART





**LIST OF PRINCIPAL OFFICIALS
COUNCIL - MANAGER FORM OF GOVERNMENT**

TOWN COUNCIL

Jason S. Haselkorn.....Mayor
 James R. Lyons.....Vice Mayor
 Frank P. Fahy.....Vice Mayor Pro Tem
 Peggy L. WheelerCouncilmember
 Stuart Katz, MDCouncilmember

ADMINISTRATIVE STAFF

Joseph F. Lo Bello.....Town Manager
 Brian J. Smith.....Police Chief
 Matthew A. Pazanski.....Finance Director
 Anthony R. Meriano.....Public Works Director
 Caitlin E. Copeland.....Town Clerk
 Frank M. Davila.....Acting Director of Planning and Zoning
 Andrea L. Dobbins.....Project Coordinator/Risk Manager

PROFESSIONAL ADVISORS

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

FINANCIAL SECTION



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

WILLIAM K. CALER, JR., CPA
LAURA E. CLARK, CPA
LOUIS M. COHEN, CPA
JOHN C. COURTNEY, CPA, JD
DAVID S. DONTEN, CPA
JAMES B. HUTCHISON, CPA
JOEL H. LEVINE, CPA
JAMES F. MULLEN, IV, CPA
MICHAEL J. NALEZYTY, CPA
THOMAS A. PENCE, JR., CPA
SCOTT L. PORTER, CPA
MARK D. VEIL, CPA

CERTIFIED PUBLIC ACCOUNTANTS

505 SOUTH FLAGLER DRIVE, SUITE 900
WEST PALM BEACH, FL 33401-5948
TELEPHONE: (561) 832-9292

850 NW FEDERAL HIGHWAY, SUITE 121
STUART, FL 34994-1019
TELEPHONE: (772) 872-2123

info@cdlcpa.com

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

Report on the Financial Statements

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, 2018, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with U.S. generally accepted accounting principles; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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, 2018, and the respective changes in financial position for the year then ended in accordance with U.S. generally accepted accounting principles.

Accounting Change

As discussed in Note A to the financial statements, the Town adopted the recognition and disclosure requirements of Governmental Accounting Standards Board Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, during the year ended September 30, 2018. The net position of the governmental activities at October 1, 2017, has been restated for this change in accounting. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

U.S. generally accepted accounting principles require that the management's discussion and analysis on pages 4 through 9; the budgetary comparison information on pages 42 through 44; and the pension and other postemployments benefit information on pages 45 through 52, 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The introductory section and the statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The introductory and statistical sections 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 18, 2019, 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 solely 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 effectiveness of the Town of Juno Beach, Florida's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control over financial reporting and compliance.

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

West Palm Beach, Florida
March 18, 2019

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, 2018. 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 one 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, 2018, by \$8,421,570. Of this amount, unrestricted net position of \$3,027,601 may be used to meet the government's ongoing obligations to citizens and creditors.
- The total net position increased by \$156,036 (page 11) before the restatement of \$135,863 related to the implementation of GASB Statement No. 75. 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 \$6,567,562 an increase of \$529,858. Of this amount \$5,024,907 is unassigned and available for spending, \$750,000 has been assigned for the subsequent year's budget, and \$49,700 is assigned for a specific project. The remainder is either non-spendable or restricted.
- At the end of the current fiscal year, the unassigned and assigned fund balance (page 12) for the general fund represented 111% of total general fund expenditures (page 14) or 406 days of available funding.

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 position* (page 10) presents information on all of the Town's assets and liabilities, with the difference between the two reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating.

The *statement of activities* (page 11) presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position 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 administrative, 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 12 through 15.

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 (pages 42 through 44) to demonstrate compliance with the fiscal year 2018 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 fund consists of the general employee's retirement plan and trust fund. The fiduciary fund financial statements are presented on pages 16 and 17.

Notes to the financial statements. The notes begin on page 18 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 information. This includes the budgetary comparison for the general fund referred to earlier in connection with governmental funds and various schedules of pension and other postemployment benefits information which is presented immediately after the basic financial statements on pages 42 through 52.

Government-Wide Financial Analysis

Net position. On the following page is a summary of the Statement of Net Position at September 30, 2018 and 2017.

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. At September 30, 2018, the Town's assets exceeded liabilities by \$8,421,570. The largest portion

of the Town's net position (56 percent) reflects its investment in capital assets. Capital assets are used to provide services to citizens and they are not available for future spending.

A portion of the net position, \$672,972 or 8 percent, represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position, \$3,027,601 or 36 percent, may be used to meet the government's ongoing obligations to citizens and creditors.

**Town of Juno Beach
Statements of Net Position - Governmental Activities
September 30, 2018 and 2017**

| | <u>2018</u> | <u>2017</u> |
|---|---------------------|---------------------|
| ASSETS | | |
| Current and other assets | \$ 6,819,301 | \$ 6,394,647 |
| Capital assets, net | <u>4,720,997</u> | <u>4,812,522</u> |
| Total Assets | 11,540,298 | 11,207,169 |
| DEFERRED OUTFLOWS OF RESOURCES | | |
| | 1,658,949 | 1,722,848 |
| LIABILITIES | | |
| Long-term liabilities outstanding | 4,169,405 | 3,997,244 |
| Other liabilities | <u>251,739</u> | <u>340,700</u> |
| Total Liabilities | 4,421,144 | 4,337,944 |
| DEFERRED INFLOWS OF RESOURCES | | |
| | 356,533 | 190,676 |
| NET POSITION | | |
| Investment in capital assets | 4,720,997 | 4,812,522 |
| Restricted | 672,972 | 414,336 |
| Unrestricted | <u>3,027,601</u> | <u>3,174,539</u> |
| Total Net Position | <u>\$ 8,421,570</u> | <u>\$ 8,401,397</u> |

Change in Net Position: The table below is a comparative summary of the changes in net position for the years ended September 30, 2018 and 2017:

**Town of Juno Beach
Statements of Activities - Governmental Activities
Years Ended September 30, 2018 and 2017**

| | <u>2018</u> | <u>2017</u> |
|------------------------------------|--------------|--------------|
| REVENUES | | |
| Program revenues: | | |
| Charges for services | \$ 765,403 | \$ 1,095,706 |
| Operating grants and contributions | 183,149 | 48,847 |
| Capital grants and contributions | 152,369 | 90,176 |
| General revenues: | | |
| Property taxes | 2,810,876 | 2,779,013 |
| Other taxes | 1,092,402 | 1,023,252 |
| State shared revenue | 672,294 | 579,243 |
| Investment earnings | 85,018 | 48,995 |
| Gain on disposal of capital assets | <u>5,893</u> | <u>-</u> |
| Total Revenues | 5,767,404 | 5,665,232 |

EXPENSES

| | | |
|---|---------------------|---------------------|
| Administrative | 1,254,622 | 1,215,956 |
| Planning and zoning | 747,004 | 854,999 |
| Public safety | 2,611,871 | 2,553,105 |
| Public works | <u>997,871</u> | <u>1,072,383</u> |
| Total Expenses | <u>5,611,368</u> | <u>5,696,443</u> |
| Change in net position | 156,036 | (31,211) |
| Net position at beginning of year | 8,401,397 | 8,432,608 |
| Restatement for implementation of GASB 75 | <u>(135,863)</u> | <u>-</u> |
| Net position at end of year | <u>\$ 8,421,570</u> | <u>\$ 8,401,397</u> |

The Town's net position increased by \$156,036 for 2018. Total revenues increased approximately \$102,000 or 1.8% from the prior year which is mainly attributed to the following:

- a \$330,000 decrease in charges for services that is mainly attributable to a decrease in building related activities;
- a \$134,000 increase in operating grants and contributions mainly related to forfeitures associated with police activity;
- a \$63,000 increase in capital grants and contributions mainly related to project fund raising activity for a new park;
- a \$32,000 increase in property taxes associated with new construction;
- a \$69,000 increase in other taxes mainly attributed to communication service taxes collected and disbursed by the state;
- a \$93,000 increase in state shared revenue mainly attributed to the local government discretionary infrastructure surtax; and,
- a \$36,000 increase in investment earnings generated from the rising interest rate environment.

Expenses decreased approximately \$85,000 or 1.5%. The decrease in expenses is primarily due to the following:

- decreases in planning and zoning building related activity;
- decrease associated with prior year hurricane related activities; and,
- increases in salaries and benefits for planning and zoning and the police department that was close to being fully staffed.

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, unassigned 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, 2018, the Town's General Fund reported ending fund balance of \$6,567,562, which was an increase of \$529,858 in comparison to the prior year. Of this amount, \$5,024,907 (77%) is unassigned fund balance, which is available for spending at the government's discretion. In addition, the Town Council has assigned \$750,000 to be used for subsequent year's expenditures and \$49,700 to be used for a specific project. The remainder of fund balance is non-spendable (\$69,983) or restricted for specific

purposes (\$672,972). 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 96 percent of total general fund expenditures, while total fund balance represents 125 percent of that same amount.

The fund balance of the Town's general fund increased by \$529,858 during the current fiscal year. The key factors in this increase were a combination of higher than expected revenues from several sources including, the local government discretionary infrastructure surtax, utility taxes, and a forfeiture associated with police activity, in addition to the deferral of projects to future budgets.

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 by an ordinance, two public hearings and approval by the Town Council. The original general fund appropriation was not changed during 2018. 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 on pages 42 and 43, the following variances are considered noteworthy:

- The Town's actual revenues of \$5,772,597 were \$183,685 over budgeted revenue. Licenses, permits and fees were over budget \$90,835, although down from the prior year, building permit fee revenue exceeded the budgeted figure; Intergovernmental was over budget by \$36,775, sales tax activity related to the local government discretionary infrastructure surtax included a full year of revenue in 2018; Franchise fees and utility taxes were over budget by \$71,684, prior period building related activity assisted with this increase; fines were under budget by \$290,350, due to the safe streets automated traffic enforcement program suspension; Miscellaneous revenues were over budget by \$291,300 and included among other items, forfeitures which were unexpected and netted \$120,602, contributions of \$80,805, as a new park fund raising campaign was successful, and a \$57,612 tax settlement.
- Administrative expenditures were \$164,912 under budget which was attributed to personnel turnover, contingency excess and several other accounts across the department.
- Planning and zoning expenditures were \$83,091 under budget which was mainly due to unspent engineering and consultant related activities, capital funding, and several other accounts.
- Public safety expenditures were \$607,437 under budget which was mainly due to the safe streets automated traffic enforcement program suspension and personnel and benefits.
- Public works expenditures were \$383,033 under budget which was mainly due to capital outlay related to delayed projects and other improvements.

Capital Assets and Debt

Capital assets. The Town's investment in capital assets for its governmental activities at September 30, 2018, amounts to \$4,720,997 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements other than buildings, equipment, vehicles and infrastructure.

Capital asset additions during the fiscal year totaled \$394,479 and included the following:

- Buildings and Improvements – Construction on Town Hall Park was completed which included a gazebo, sidewalks, pavers, curbing, landscape and decorative lighting; Kagan Park playground, basketball court and other amenities were improved with grant funding; installation of automated accessible doors at the Town Center; improvements to various roads, parks, grounds, landscapes, irrigation, and beach accesses were completed.
- Equipment and Vehicles – Various computer network hardware, software and workstation replacements and/or upgrades and equipment purchases were completed in several departments. The Police department purchased two patrol vehicles and equipment. The Public Works department replaced one truck.
- Streets and Lighting – Resurfacing of a portion of North and South Lyra Circle was completed.

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

Debt. The Town has no debt outstanding at September 30, 2018.

Economic Factors and Next Year’s Budgets and Rates

For fiscal year 2019, the Town Council adopted a General Fund budget of \$6,449,982 representing a 1.24% decrease from the 2018 fiscal year budget.

- The 2019 fiscal year budget improvement items include: infrastructure and equipment associated with the local government discretionary infrastructure surtax including: the Town Center second floor library area, lobby, restrooms, building department and garage renovations; a beach access improvement grant; various Town Center and amenity improvements; three patrol and one administrative vehicles for the Police department and various equipment; and other miscellaneous equipment and improvements. Other items include various computer network hardware and software needs.

The Town has a relatively stable property tax base. Property taxes represent approximately 45% of the 2019 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, fines, reserves, 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 the 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 POSITION

September 30, 2018

| | Governmental Activities |
|--|----------------------------|
| ASSETS | |
| Cash and cash equivalents | \$ 1,354,358 |
| Investments | 5,182,317 |
| Accounts receivable | 62,983 |
| Accrued interest receivable | 28,565 |
| Due from other governments | 121,095 |
| Prepaid expenses | 69,983 |
| Capital assets | |
| Capital assets not being depreciated | 1,080,260 |
| Capital assets being depreciated, net of accumulated depreciation | <u>3,640,737</u> |
| Total Assets | 11,540,298 |
| DEFERRED OUTFLOWS OF RESOURCES | |
| Deferred amounts related to pensions | 1,658,949 |
| LIABILITIES | |
| Accounts payable | 89,165 |
| Accrued liabilities | 123,665 |
| Unearned revenue | 38,909 |
| Noncurrent liabilities | |
| Due within one year | 20,370 |
| Due in more than one year | 205,170 |
| Net pension liability | 3,825,059 |
| Other postemployment benefits liability | <u>118,806</u> |
| Total Liabilities | <u>4,421,144</u> |
| DEFERRED INFLOWS OF RESOURCES | |
| Deferred amounts related to pensions | 354,816 |
| Deferred amounts related to other postemployment benefits | <u>1,717</u> |
| | <u>356,533</u> |
| NET POSITION | |
| Investment in capital assets | 4,720,997 |
| Restricted for: | |
| Capital projects | 494,104 |
| Law enforcement | 178,868 |
| Unrestricted | <u>3,027,601</u> |
| Total Net Position | <u>\$ 8,421,570</u> |

See notes to financial statements.

TOWN OF JUNO BEACH, FLORIDA

STATEMENT OF ACTIVITIES

Year Ended September 30, 2018

| Functions/Programs | Expenses | Program Revenues | | | Governmental Activities |
|--------------------------------------|---------------------|----------------------|------------------------------------|----------------------------------|-------------------------|
| | | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | |
| Governmental Activities | | | | | |
| Administrative | \$ 1,254,622 | \$ 79,750 | \$ 12,709 | \$ 1,736 | \$ (1,160,427) |
| Planning and zoning | 747,004 | 570,812 | - | - | (176,192) |
| Public safety | 2,611,871 | 46,865 | 126,107 | 10,833 | (2,428,066) |
| Public works | 997,871 | 67,976 | 44,333 | 139,800 | (745,762) |
| Total Governmental Activities | \$ 5,611,368 | \$ 765,403 | \$ 183,149 | \$ 152,369 | (4,510,447) |

General revenues

Taxes

| | |
|------------------------------------|-----------|
| Property taxes | 2,810,876 |
| Franchise fees | 65,601 |
| Utility service taxes | 962,455 |
| Local business taxes | 64,346 |
| State shared revenue, unrestricted | 672,294 |
| Investment earnings | 85,018 |
| Gain on disposal of capital assets | 5,893 |

Total General Revenues 4,666,483

Change in Net Position 156,036

| | |
|---|------------------|
| Net Position at October 1, 2017, as originally reported | 8,401,397 |
| Restatement for implementation of GASB 75 | <u>(135,863)</u> |
| Net position at October 1, 2017, as restated | <u>8,265,534</u> |

Net Position at September 30, 2018 \$ 8,421,570

See notes to financial statements.

TOWN OF JUNO BEACH, FLORIDA
BALANCE SHEET - GENERAL FUND

September 30, 2018

ASSETS

| | | |
|-----------------------------|--|---------------|
| Cash and cash equivalents | | \$ 1,354,358 |
| Investments | | 5,182,317 |
| Accounts receivable | | 62,983 |
| Accrued interest receivable | | 28,565 |
| Due from other governments | | 121,095 |
| Prepaid items | | <u>69,983</u> |

Total Assets \$ 6,819,301

LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE

LIABILITIES

| | | |
|---------------------|--|----------------|
| Accounts payable | | \$ 89,165 |
| Accrued liabilities | | <u>123,665</u> |

Total Liabilities 212,830

DEFERRED INFLOWS OF RESOURCES

| | | |
|---------------------|--|--------|
| Unavailable revenue | | 38,909 |
|---------------------|--|--------|

FUND BALANCE

| | | |
|--------------------------|--|------------------|
| Nonspendable: | | |
| Prepaid items | | 69,983 |
| Restricted for: | | |
| Capital projects | | 494,104 |
| Law enforcement | | 178,868 |
| Assigned to: | | |
| Subsequent year's budget | | 750,000 |
| Specific project | | 49,700 |
| Unassigned | | <u>5,024,907</u> |

Total Fund Balance 6,567,562

Total Liabilities, Deferred Inflows of Resources and Fund Balance \$ 6,819,301

See notes to financial statements.

TOWN OF JUNO BEACH, FLORIDA

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

September 30, 2018

| | |
|--|---------------------|
| Total General Fund Fund Balance | \$ 6,567,562 |
| <i>Amounts reported for governmental activities in the statement of net position 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 | 11,724,654 |
| Less accumulated depreciation | (7,003,657) |
| Deferred outflows/inflows of resources related to pensions for defined benefit pension plans and other postemployment benefits are reported in the statement of net position but are not reported in the governmental funds. | |
| Deferred outflows related to pensions | 1,658,949 |
| Deferred inflows related to pensions | (354,816) |
| Deferred inflows related to other postemployment benefits liability | (1,717) |
| Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds. | |
| Compensated absences | (225,540) |
| Net pension liability | (3,825,059) |
| Other postemployment benefits liability | (118,806) |
| | <hr/> |
| Net Position of Governmental Activities | \$ 8,421,570 |
| | <hr/> <hr/> |

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, 2018

Revenue

| | |
|----------------------------------|------------------|
| Ad valorem taxes | \$ 2,810,876 |
| Local business taxes | 64,346 |
| Licenses, permits and fees | 525,335 |
| Intergovernmental | 672,294 |
| Franchise fees and utility taxes | 1,028,056 |
| Fines | 48,150 |
| Investment earnings | 85,018 |
| Impact fees | 1,924 |
| Grants | 89,994 |
| Water and sewer improvement fees | 5,575 |
| Miscellaneous | 423,325 |
| | <u>5,754,893</u> |

Expenditures

| | |
|---------------------|------------------|
| Current | |
| Administrative | 1,105,663 |
| Planning and zoning | 737,962 |
| Public safety | 2,254,390 |
| Public works | 750,245 |
| Capital outlay | 394,479 |
| | <u>5,242,739</u> |

Revenue in excess of expenditures 512,154

Other Financing Sources

| | |
|--------------------------------------|---------------|
| Insurance proceeds | 6,618 |
| Proceeds from sale of capital assets | 11,086 |
| | <u>17,704</u> |

Total other financing sources

Net change in fund balance 529,858

Fund balance at October 1, 2017 6,037,704

Fund balance at September 30, 2018 \$ 6,567,562

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, 2018

Net change in fund balance - General Fund \$ 529,858

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.

| | |
|---------------------------------|-----------|
| Expenditures for capital assets | 394,479 |
| Less current year depreciation | (480,811) |

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.

(5,193)

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 | 31,772 |
| Pension expense | (313,166) |
| Other postemployment benefits | (903) |

Change in net position of governmental activities \$ 156,036

TOWN OF JUNO BEACH, FLORIDA

STATEMENT OF FIDUCIARY NET POSITION - FIDUCIARY FUND

September 30, 2018

| | <u>Pension Trust</u> |
|--|--------------------------|
| ASSETS | |
| Investments in mutual funds | <u>\$ 643,764</u> |
| NET POSITION | |
| Net position restricted for pension benefits | <u>\$ 643,764</u> |

See notes to financial statements.

TOWN OF JUNO BEACH, FLORIDA

STATEMENT OF CHANGES IN
FIDUCIARY NET POSITION - FIDUCIARY FUND

Year Ended September 30, 2018

| | <u>Pension Trust</u> |
|---|-------------------------------------|
| ADDITIONS | |
| Contributions | |
| Town | \$ 61,904 |
| Participants | 15,476 |
| | <u>77,380</u> |
| | Total contributions |
| Investment earnings | |
| Net appreciation in fair value of plan assets | 28,611 |
| Dividend income | 21,358 |
| | <u>49,969</u> |
| | Net investment earnings |
| | Total additions |
| | 127,349 |
| DEDUCTIONS | |
| General and administrative | 2,983 |
| Distributions | 73,838 |
| | <u>76,821</u> |
| | Total deductions |
| | Net increase |
| | 50,528 |
| Net position restricted for pension | |
| benefits at October 1, 2017 | <u>593,236</u> |
| | Net position restricted for pension |
| | benefits at September 30, 2018 |
| | <u>\$ 643,764</u> |

See notes to financial statements.

TOWN OF JUNO BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2018

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 Position 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, 2018

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, deferred inflows of resources, 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 Position and a Statement of Changes in Fiduciary Net Position. 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, 2018, the maximum tax levy allowed by a majority vote of the governing body is generally based on a percentage adjustment applied to the prior year (2016/2017) property tax revenue.

TOWN OF JUNO BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2018

NOTE A - SIGNIFICANT ACCOUNTING POLICIES (Continued)

The percentage adjustment is calculated based on the compound annual growth rate in the per capita property taxes levied for the five preceding fiscal years.

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, 2018, the Town adopted a 2.1337 millage rate (\$2.1337 per \$1,000 of assessed value). This millage rate resulted in a tax levy of \$2,922,582 for 2018, representing an increase of 1.6% from the property tax levy of \$2,876,384 in 2017. Future property tax growth is limited to the annual growth rate of per capita personal income plus the value of new construction. State Statutes permit municipalities to levy property taxes at a rate of up to 10 mills. Since Palm Beach County provides fire rescue services to the Town, the Palm Beach County Fire Rescue MSTU (municipal services taxing unit) taxes Town property owners 3.4581 mills. This millage rate is deducted from the Town's legal millage rate limit of 10 mills, thereby limiting the 2017/2018 Town millage rate to 6.5419.

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. Unearned/unavailable revenue consists primarily of local business taxes collected in advance of the year to which they relate. 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. 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.

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, certificates of deposit, and mutual funds held in the pension trust fund which are traded on a national stock exchange. Certificates of deposit are stated at cost plus accrued interest which approximates fair value. Mutual fund 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.

TOWN OF JUNO BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2018

NOTE A - SIGNIFICANT ACCOUNTING POLICIES (Continued)

The Town also invests in the Florida Prime fund, 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 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 stormwater repairs, insurance, 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 position. Capital assets are defined by the Town as assets with an initial, individual cost of more than \$1,000 and an estimated useful life in excess of one year. Capital assets are recorded at cost or, if donated, acquisition 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 |

Unearned/Unavailable Revenue: Unearned revenue in the Governmental Activities and unavailable revenue in the general fund includes amounts received in advance by the Town for local business taxes applicable to the following year.

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, 2018. 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 position.

Deferred Outflows/Inflows of Resources: In addition to assets and liabilities, the government-wide Statement of Net Position and the general fund Balance Sheet report a separate section for deferred outflows or deferred inflows of resources. The separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until that time. The Town’s deferred outflows of resources are related to its pension obligations.

TOWN OF JUNO BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2018

NOTE A - SIGNIFICANT ACCOUNTING POLICIES (Continued)

The separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenues) until that time. The Town's deferred inflows are related to its pension and other postemployment benefit obligations, which are reported as deferred inflows of resources on the government-wide Statement of Net Position. In addition the Town has another item, unavailable revenue, which arises only under the modified accrual basis of accounting and is reported as a deferred inflow of resources on the general fund Balance Sheet. The unavailable revenue results from local business taxes received by the Town in advance of the year for which they were levied. These amounts are deferred and recognized as an inflow of resources in the year that the amounts become available.

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 Position/Fund Balances: The government-wide financial statements utilize a net position presentation. Net position is categorized as follows:

Investment in Capital Assets - This component of net position consists of capital assets, net of accumulated depreciation and reduced by the outstanding balance of bonds, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets, if any. 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 net investment in capital assets. Rather, that portion of the debt is included in the same net position component as the unspent proceeds. At September 30, 2018, the Town had no outstanding debt.

Restricted - This component of net position consists of constraints placed on the use of net position 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. Of the Town's total net position, \$672,972 is restricted by laws and regulations.

Unrestricted - This component of net position consists of the net position that does not meet the definition of *Investment in Capital Assets* 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 balance. 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 balance includes amounts that cannot be spent because they are either (a) not in spendable form, or (b) legally or contractually required to remain intact.

TOWN OF JUNO BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2018

NOTE A - SIGNIFICANT ACCOUNTING POLICIES (Continued)

Restricted - Restricted fund balance includes 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. Of the Town's total fund balance, \$672,972 is restricted by laws and regulations.

Committed - Committed fund balance includes 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 - The General Fund reports a positive, unassigned fund balance that includes amounts that have not been restricted, committed or assigned to specific purposes.

Net Position Flow Assumption - Sometimes the Town will fund outlays for a particular purpose from both restricted and unrestricted resources. In order to calculate the amounts to report as restricted net position in the government-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the Town's policy to consider restricted net position to have been used before unrestricted net position is applied.

Fund Balance Flow Assumption - Sometimes the Town will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the general fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the Town's policy to consider restricted fund balance to have been used before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is used first, followed by assigned fund balance. Unassigned fund balance is applied last.

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.

TOWN OF JUNO BEACH, FLORIDA
NOTES TO FINANCIAL STATEMENTS

September 30, 2018

NOTE A - SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

Implementation of GASB Statements: The following GASB Statements were effective for the Town for the fiscal year ended September 30, 2018:

GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, establishes new accounting and financial reporting requirements for governments whose employees are provided with other postemployment benefits (OPEB), as well as certain nonemployer governments that have a legal obligation to provide financial support for OPEB provided to employees of other entities.

GASB Statement No. 81, *Irrevocable Split-Interest Agreements*, addresses accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. Specifically, Statement No. 81 requires that a government recognize assets representing its beneficial interests in irrevocable split-interest agreements that are administered by a third party, if the government controls the present service capacity of the beneficial interests.

GASB Statement No. 85, *Omnibus 2017*, addresses practice issues that have been identified during implementation and application of certain GASB Statements including topics related to blending component units, goodwill, fair value measurement and application, and postemployment benefits.

GASB Statement No. 86, *Certain Debt Extinguishment Issues*, establishes accounting and financial reporting for in-substance defeasance of debt for transactions in which only existing resources, other than the proceeds of refunding debt, are placed in an irrevocable trust for the sole purpose of extinguishing debt. This statement also addresses accounting and financial reporting for prepaid insurance on debt that is extinguished and disclosures for debt that is defeased in-substance.

Restatement for Implementation of GASB Statements: The implementation of GASB Statement No. 75 resulted in a restatement that decreased the beginning net position of the governmental activities of the Town's government-wide financial statements by \$135,863 to record the total OPEB liability for the Town's defined benefit OPEB plan at October 1, 2017. The implementation of other GASB Statements effective for

TOWN OF JUNO BEACH, FLORIDA
NOTES TO FINANCIAL STATEMENTS

September 30, 2018

NOTE A - SIGNIFICANT ACCOUNTING POLICIES (Continued)

the year ended September 30, 2018 had no effect on the previously reported amounts in the Town's financial statements.

Recent Accounting Pronouncements: The GASB has issued the following Statements effective in future years that may impact the Town. 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. 83, *Certain Asset Retirement Obligations*, addresses accounting and financial reporting for certain asset retirement obligations (AROs). Statement No. 83 establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for AROs. Statement No. 83 also requires disclosure of information about the government's AROs, including the methods and assumptions used for estimating liabilities and the estimated remaining useful life of the associated tangible capital assets. The requirements of this statement will be effective for the Town for the fiscal year ending September 30, 2019.

GASB Statement No. 84, *Fiduciary Activities*, establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria is on (1) whether a government is controlling the assets of the fiduciary activity, and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefits arrangements that are fiduciary activities. The requirements of this statement will be effective for the Town for the fiscal year ending September 30, 2020.

GASB Statement No. 87, *Leases*, addresses accounting and financial reporting for leases by governments. The statement requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. The requirements of this statement will be effective for the Town for the fiscal year ending September 30, 2021.

GASB Statement No. 90, *Majority Equity Interests - an Amendment of GASB Statements No. 14 and No. 61*, defines a majority equity interest and specifies the basis for measurement of a majority equity interest in a legally separate organization. The requirements of this statement will be effective for the Town for the fiscal year ending September 30, 2020.

TOWN OF JUNO BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2018

NOTE A - SIGNIFICANT ACCOUNTING POLICIES (Continued)

Estimates: Management uses estimates and assumptions in preparing financial statements in accordance with U.S. generally accepted accounting principles. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported 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, 2018, include \$2,857 of petty cash and deposits with financial institutions with a bank balance of \$1,395,667 and a carrying amount of \$1,351,501. The deposits with financial institutions were covered by a combination of 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 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 Ginnie Mae 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 investments held by the Town at September 30, 2018, consist of the following:

| | |
|---|---------------------|
| <u>General Fund</u> | |
| Certificates of deposit | \$ 3,016,362 |
| Florida Prime fund | 1,035,019 |
| Investments in Florida Municipal Investment Trust | |
| 0-2 Year High Quality Bond Fund | 212,156 |
| 1-3 Year High Quality Bond Fund | 408,409 |
| Intermediate High Quality Bond Fund | <u>510,371</u> |
| | <u>\$ 5,182,317</u> |

TOWN OF JUNO BEACH, FLORIDA
NOTES TO FINANCIAL STATEMENTS

September 30, 2018

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

| <u>General Employees Retirement Plan and Trust Fund</u> | |
|---|-------------------|
| <u>Mutual Funds</u> | |
| Equity funds | \$ 444,760 |
| Fixed income funds | 43,172 |
| Stable value fund | 53,025 |
| Money market mutual funds | <u>102,807</u> |
| | <u>\$ 643,764</u> |

The certificates of deposit are considered to be deposits with financial institutions that are covered by a combination of federal deposit insurance and the collateral pool pledged to the State Treasurer of Florida as discussed under cash and cash equivalents.

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 SEC Rule 2a7 of the Investment Company Act of 1940. Rule 2a7 allows SEC-registered mutual funds to use amortized cost rather than fair value to report net assets used to compute share prices if certain conditions are met. Those conditions include restrictions on the types of investments held, restrictions on the term-to-maturity of individual investments and the dollar-weighted average of the portfolio, requirements for portfolio diversification, 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 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 once or twice a month, depending upon the pool, and the Town must maintain an account balance of at least \$50,000.

Fair Value of Investments: The Town follows the provisions of GASB Statement No. 72, *Fair Value Measurement and Application*, which establishes a framework for measuring the fair value of investments in a hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives highest priority to unadjusted quoted prices in active markets for identical assets (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under GASB Statement No. 72 are described below:

Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets in active markets that the Town has the ability to access at the measurement date.

TOWN OF JUNO BEACH, FLORIDA
NOTES TO FINANCIAL STATEMENTS

September 30, 2018

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

Level 2: Inputs to the valuation methodology include the following :

- Quoted prices for similar assets in active markets.
- Quoted prices for identical or similar assets in inactive markets.
- Inputs other than quoted prices that are observable for the assets.
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement. These unobservable inputs reflect the entity's own estimates for assumptions that market participants would use in pricing the asset or liability. Valuation techniques would typically include discounted cash flow models and similar techniques, but may also include the use of market prices of assets that are not directly comparable to the subject asset.

The fair value measurement of an asset within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. The categorization of an investment does not necessarily correspond to the Town's perceived risk of that investment.

Valuation Methodologies: The following valuation methods and assumptions were used by the Town in estimating the fair value of financial instruments that are measured at fair value on a recurring basis under GASB Statement No. 72.

Mutual funds: Valued at the net asset value reported on the active exchange on which the funds are traded.

Florida Municipal Investment Trust bond funds: Valued at the net asset value of the fund based on the underlying securities that are actively traded or using security prices obtained from a pricing service, Interactive Data Corporation (IDC). Securities that are not actively traded are valued by IDC using a matrix pricing technique based on the securities' relationship to quoted benchmark prices.

The methods and assumptions described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Town believes its valuation methodologies are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine fair value of certain financial instruments could result in a different fair value measurement at the reporting date. There were no changes in the methods and assumptions used for the year ended September 30, 2018.

The financial assets measured at fair value on a recurring basis include the Town's investments. There are no liabilities measured at fair value on a recurring basis at September 30, 2018. The fair value of the Town's investments at September 30, 2018 is summarized as follows:

TOWN OF JUNO BEACH, FLORIDA
NOTES TO FINANCIAL STATEMENTS

September 30, 2018

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

| | <u>Level 1</u> | <u>Level 2</u> | <u>Level 3</u> | <u>Total</u> |
|-------------------------------------|-------------------|---------------------|----------------|---------------------|
| General Fund | | | | |
| Florida Municipal Investment Trust | | | | |
| 0-2 year High Quality Bond Fund | \$ - | \$ 212,156 | \$ - | \$ 212,156 |
| 1-3 year High Quality Bond Fund | - | 408,409 | - | 408,409 |
| Intermediate High Quality Bond Fund | - | <u>510,371</u> | - | <u>510,371</u> |
| Total governmental activities | <u>-</u> | <u>1,130,936</u> | <u>-</u> | <u>1,130,936</u> |
| Pension Plan | | | | |
| Mutual Funds | | | | |
| Equity funds | 444,760 | - | - | 444,760 |
| Fixed income funds | 43,172 | - | - | 43,172 |
| Stable value fund | - | 53,025 | - | 53,025 |
| Money market mutual funds | <u>102,807</u> | <u>-</u> | <u>-</u> | <u>102,807</u> |
| Total pension plan | <u>590,739</u> | <u>53,025</u> | <u>-</u> | <u>643,764</u> |
| Total investments | <u>\$ 590,739</u> | <u>\$ 1,183,961</u> | <u>\$ -</u> | <u>\$ 1,774,700</u> |

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 mutual 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, 2018, is 33 days. The table below summarizes the weighted average maturity of the Town's other fixed income investments at September 30, 2018.

| | <u>Weighted Average Maturity</u> | <u>Fair Value</u> |
|--|--------------------------------------|---------------------|
| <u>General Fund Investments</u> | | |
| 0-2 Year High Quality Bond Fund | 0.70 years | \$ 212,156 |
| 1-3 Year High Quality Bond Fund | 1.50 years | 408,409 |
| Intermediate High Quality Bond Fund | 4.30 years | 510,371 |
| <u>Pension Trust Fund Investments</u> | | |
| Vanguard Total Bond Market Index Fund | 8.60 years | 15,162 |
| Vanguard Intermediate Term Bond Index Fund | 7.30 years | <u>28,010</u> |
| | | <u>\$ 1,189,270</u> |

TOWN OF JUNO BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2018

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

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, 2018.

The NRSRO ratings (Fitch) for the general fund investments at September 30, 2018, are listed below. The fixed income and money market mutual funds included in the pension trust fund investments were unrated.

| <u>General Fund</u> | <u>NRSRO Rating</u> | <u>Fair Value</u> |
|-------------------------------------|-------------------------|---------------------|
| 0-2 Year High Quality Bond Fund | AAAf | \$ 212,156 |
| 1-3 Year High Quality Bond Fund | AAAf | 408,409 |
| Intermediate High Quality Bond Fund | AAAf | <u>510,371</u> |
| | | <u>\$ 1,130,936</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, 2018.

TOWN OF JUNO BEACH, FLORIDA
NOTES TO FINANCIAL STATEMENTS

September 30, 2018

NOTE C - CAPITAL ASSETS

The Town's capital asset activity for the year ended September 30, 2018, 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 | 4,875,097 | 257,180 | (21,402) | 5,110,875 |
| Equipment and vehicles | 1,981,331 | 129,802 | (82,084) | 2,029,049 |
| Streets and lighting | <u>3,502,891</u> | <u>7,497</u> | <u>(5,918)</u> | <u>3,504,470</u> |
| Total capital assets being depreciated | 10,359,319 | 394,479 | (109,404) | 10,644,394 |
| Less accumulated depreciation for | | | | |
| Buildings and improvements | (3,299,886) | (188,936) | 19,271 | (3,469,551) |
| Equipment and vehicles | (1,297,301) | (163,205) | 79,022 | (1,381,484) |
| Streets and lighting | <u>(2,029,870)</u> | <u>(128,670)</u> | <u>5,918</u> | <u>(2,152,622)</u> |
| Total accumulated depreciation | <u>(6,627,057)</u> | <u>(480,811)</u> | <u>104,211</u> | <u>(7,003,657)</u> |
| Total capital assets being depreciated, net | <u>3,732,262</u> | <u>(86,332)</u> | <u>(5,193)</u> | <u>3,640,737</u> |
| Governmental activities capital assets, net | <u>\$ 4,812,522</u> | <u>\$ (86,332)</u> | <u>\$ (5,193)</u> | <u>\$ 4,720,997</u> |

Depreciation expense was charged to functions/programs as follows:

Governmental Activities

| | |
|--|-------------------|
| Administrative | \$ 109,055 |
| Planning and zoning | 5,004 |
| Public safety | 124,352 |
| Public works | <u>242,400</u> |
| Total depreciation expense - governmental activities | <u>\$ 480,811</u> |

TOWN OF JUNO BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2018

NOTE D - NONCURRENT LIABILITIES

As of September 30, 2018, the Town's noncurrent liabilities consist of compensated absences payable. The following is a summary of changes in the Town's noncurrent liabilities for the year ended September 30, 2018:

| <u>Governmental Activities</u> | <u>Balance at Beginning of Year</u> | <u>Additions</u> | <u>Deductions</u> | <u>Balance at End of Year</u> | <u>Amounts Due Within One Year</u> |
|--------------------------------|-------------------------------------|------------------|-------------------|-------------------------------|------------------------------------|
| Compensated absences | \$ 257,312 | \$ 312,564 | \$ (344,336) | \$ 225,540 | \$ 20,370 |
| Current maturities | 12,600 | | | 20,370 | |
| Net long-term debt | \$ 244,712 | | | \$ 205,170 | |

NOTE E - PENSION PLANS

All full-time Town employees hired before January 1, 1996, and all Town police officers are required to participate in the Florida Retirement System Pension Plan (FRS) and the Retiree Health Insurance Subsidy Program (HIS), administered by the Florida Department of Management Services' Division of Retirement. All full-time and eligible part-time, general employees hired after January 1, 1996, are required to participate in the Town's defined contribution pension plan administered by the Town through the Florida League of Cities, Inc.

Florida Retirement System

Plan Description: FRS and HIS are cost-sharing, multiple-employer, defined benefit, public employee retirement systems that provide retirement, death and disability benefits to approximately 1,000 participating employers consisting of the State of Florida, counties, municipalities, school boards, state colleges, independent hospitals, special districts, and other governmental entities in the State of Florida. FRS and HIS were established and are administered in accordance with Chapter 121 and Section 112.363, respectively, of the Florida Statutes.

FRS offers members a choice between the Pension Plan (a defined benefit plan) and the Investment Plan (a defined contribution plan). FRS includes a Deferred Retirement Option Program (DROP) available for eligible employees. Retirees receive a pension benefit with joint and survivor payment options. FRS membership is compulsory for employees filling regularly established positions in a state agency, county agency, state university, state college, or district school board, unless restricted from FRS membership under sections 121.053 and 121.122, Florida Statutes, or allowed to participate in a defined contribution plan in lieu of FRS membership. Participation is generally optional for cities, municipalities, special districts, charter schools and metropolitan planning organizations.

HIS membership is optional and available to all retirees under a state-administered retirement system, provided the retiree provides proof of health insurance coverage, which can include Medicare.

TOWN OF JUNO BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2018

NOTE E - PENSION PLANS (Continued)

Participation is compulsory for cities, municipalities, special districts, charter schools and metropolitan planning organizations that participate in FRS.

Benefits Provided: FRS provides retirement, survivor and disability benefits to plan members and beneficiaries. Pension benefits of FRS are established by Florida Statutes, Chapter 121, and may be amended by the Florida Legislature. Retirement benefits are computed on the basis of age and/or years of service, average final compensation and service credit. Members initially enrolled on or after July 1, 2001 through June 30, 2011, vest after six years of service. Members initially enrolled on or after July 1, 2011, vest after eight years of creditable service. HIS provides retirees and beneficiaries a monthly benefit equal to the number of years of creditable service completed at the time of retirement multiplied by \$5. The monthly benefit payment is established by Section 112.363, Florida Statutes and is at least \$30, but not more than \$150.

Contributions: FRS members are required to contribute 3.0% and no contribution is required for HIS members. Participating governments, including the Town, contribute to FRS at actuarially determined rates for various classes of employees, which are presently 8.26% of annual covered payroll for employees covered in the regular class, 24.06% for senior management class, 24.50% for employees covered in the special risk class, and 14.03% for those in DROP. These employer contribution rates include 1.66% for the HIS Plan. The Town's contributions to FRS (including the HIS subsidy) for the year ended September 30, 2018, were \$365,119 which was equal to 100% of the required contributions for the year.

Funding Policy: The FRS funding policy provides for monthly employer contributions at actuarially determined rates that, expressed as percentages of annual covered payroll, are adequate to accumulate sufficient assets to pay benefits when due based upon plan assumptions. HIS uses a pay-as-you-go funding policy based on monthly employer contributions at a flat percentage of gross compensation for all active FRS members. Employer and employee contribution rates are established by State law as a level percentage of payroll. Employer contribution rates are determined using the entry-age actuarial cost method. The consulting actuary recommends rates based on the annual valuation, but actual contribution rates are established by the Florida Legislature.

Publicly Available Financial Report: The State of Florida issues a publicly available financial report for FRS and HIS that includes financial statements and required supplementary information. The complete financial report is available on the Publications page of the Division of Retirement's website at www.frs.myflorida.com or by writing to the Research and Education Section at P.O. Box 9000, Tallahassee, Florida 32315-9000, or by calling toll free 877-377-1737 or 850-488-5706.

Summary of Significant Accounting Policies: The financial statements of FRS and HIS are prepared using the flow of economic resources measurement focus and the accrual basis of accounting. Employee contributions are recognized in the period of time for which the contributions are assessed. Employer contributions are recognized in the period in which employee services are performed. Benefit payments, including refunds of employee contributions, are recognized when due and payable in accordance with the terms of FRS and HIS. Other expenses are recognized when the corresponding liabilities are incurred. Investment income is recognized as revenue when earned. Investments are reported at fair value and are

TOWN OF JUNO BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2018

NOTE E - PENSION PLANS (Continued)

managed by external investment managers. The independent investment custodian for FRS and HIS determines the fair value of securities using various third-party pricing sources. For private market investments, where no readily ascertainable market value exists, fair values are based on net asset value (capital account balance) provided by investment managers at the closest available reporting period and adjusted for subsequent contributions and distributions. The net appreciation (depreciation) in fair value of investments is recorded as an increase (decrease) to investment income based on the valuation of investments. Investment earnings are net of investment related expenses, such as management fees, portfolio evaluation and custodial services. For purposes of measuring the net pension liability, deferred inflows/outflows of resources related to pensions, and pension expense, information about the fiduciary net position of FRS and HIS and the additions to/deductions from the fiduciary net position have been determined on the same basis as they are reported by FRS and HIS.

Pension Liabilities, Pension Expense, and Deferred Inflows/Outflows of Resources Related to Pensions

At September 30, 2018, the Town reported a liability of \$3,257,147 and \$567,912 for its proportionate share of the net pension liability of FRS and HIS, respectively. The net pension liability of each plan was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by actuarial valuations as of July 1, 2018. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of contributions to the pension plan relative to the projected contributions of all participating governments, as actuarially determined. At June 30, 2018, the Town's FRS proportion was 0.010813716 percent, which was an increase of 0.000058654 from its proportion measured as of June 30, 2017 and the HIS proportion was 0.005365704 percent, which was an increase of 0.000140931 from its proportion measured as of June 30, 2017.

For the year ended September 30, 2018, the Town recognized pension expense of \$640,797 for FRS and HIS. At September 30, 2018, the Town reported deferred outflows and inflows of resources related to FRS pensions from the following sources:

| | <u>Deferred Outflows</u> | <u>Deferred Inflows</u> |
|---|------------------------------|-----------------------------|
| Differences between expected and actual experience | \$ 275,929 | \$ 10,015 |
| Changes in assumptions | 1,064,277 | - |
| Net difference between projected and actual investment earnings on pension plan investments | - | 251,654 |
| Changes in proportion and differences between Town contributions and proportionate share of contributions | 146,118 | 8,087 |
| Town contributions subsequent to the measurement date | <u>65,391</u> | <u>-</u> |
| Total | <u>\$ 1,551,715</u> | <u>\$ 269,756</u> |

TOWN OF JUNO BEACH, FLORIDA
NOTES TO FINANCIAL STATEMENTS

September 30, 2018

NOTE E - PENSION PLANS (Continued)

At September 30, 2018, the Town reported deferred outflows and inflows of resources related to HIS pensions from the following sources:

| | Deferred Outflows | Deferred Inflows |
|---|----------------------|---------------------|
| Difference between expected and actual experience | \$ 8,694 | \$ 965 |
| Changes in assumptions | 63,159 | 60,044 |
| Net difference between projected and actual investment earnings on pension plan investments | 343 | - |
| Changes in proportion and differences between Town contributions and proportionate share of contributions | 28,746 | 24,051 |
| Town contributions subsequent to the measurement date | 6,292 | - |
| Total | \$ 107,234 | \$ 85,060 |

Deferred outflows of resources related to pensions of \$71,683 resulting from Town contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending September 30, 2019. Other amounts reported as deferred inflows/outflows of resources related to pensions will be recognized in pension expense as follows:

| Fiscal Year Ending <u>September 30,</u> | FRS Amount | HIS Amount |
|---|---------------|---------------|
| 2019 | \$ 457,704 | \$ 7,919 |
| 2020 | 325,012 | 7,890 |
| 2021 | 79,595 | 5,559 |
| 2022 | 208,424 | 1,331 |
| 2023 | 126,973 | (7,497) |
| Thereafter | 18,860 | 680 |

Actuarial Assumptions: The total pension liability for FRS and HIS in the most recent actuarial valuations was determined using the following actuarial assumptions, applied to all periods included in the measurement:

TOWN OF JUNO BEACH, FLORIDA
NOTES TO FINANCIAL STATEMENTS

September 30, 2018

NOTE E - PENSION PLANS (Continued)

| | FRS | HIS |
|--|---|---|
| Valuation date | July 1, 2018 | July 1, 2018 |
| Measurement date | June 30, 2018 | June 30, 2018 |
| Actuarial cost method | Entry Age Normal | Entry Age Normal |
| Amortization method | Level percent of pay, closed | Level percent of pay, closed |
| Equivalent single amortization period | 30 years | 15 years |
| Asset valuation method | 5 year smoothed | Market value |
| Discount rate | 7.00% | 3.87% |
| Inflation | 2.60% | 2.60% |
| Salary increases, including inflation | 3.25% | 3.25% |
| Long-term expected rate of return, net of investment expenses | 7.40% | N/A |
| Municipal bond rate | N/A | 3.58% |
| Cost of living adjustments | 3.00% for pre-July 2011 benefit service; 0% thereafter | N/A |
| Mortality rates | Mortality rates Generational RP-2000 with Projection Scale BB | Mortality rates Generational RP-2000 with Projection Scale BB |

The actuarial assumptions used in the July 1, 2018 actuarial valuation were based on the results of an actuarial experience study for the period July 1, 2008 to June 30, 2013.

The long-term expected rate of return on FRS investments was determined using a building block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Best estimates of arithmetic real rates of return for each major asset class are as follows:

| <u>Asset Class</u> | <u>Long-Term Expected Real Rate of Return</u> |
|-----------------------|---|
| Cash | 2.9% |
| Fixed income | 4.4 |
| Global equity | 7.6 |
| Private equity | 10.7 |
| Real estate | 6.6 |
| Strategic investments | 5.7 |

TOWN OF JUNO BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2018

NOTE E - PENSION PLANS (Continued)

Discount Rate: The discount rate used to measure the total pension liability of FRS at June 30, 2018 was 7.00% for FRS and 3.87% for HIS. The FRS discount rate was based on the expected rate of return on FRS investments. The HIS discount rate was based on the municipal bond rate. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rates and that member contributions will be made at rates equal to the difference between actuarially determined contribution rates and the employee rate. Based on those assumptions, the fiduciary net position of FRS was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on investments of FRS was applied to all periods of projected benefit payments to determine the projected total pension liability. Because HIS uses a pay-as-you-go funding structure, a municipal bond rate of 3.87% was used to determine the total pension liability.

Sensitivity of the Town's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate: The following table presents the Town's proportionate share of the net pension liability of FRS and HIS at September 30, 2018, calculated using the current discount rate, as well as what the Town's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

| FRS | | | HIS | | |
|-----------------------------|-------------------------------------|-----------------------------|-----------------------------|-------------------------------------|-----------------------------|
| 1.0% Decrease (6.00%) | Current Discount Rate (7.00%) | 1.0% Increase (8.00%) | 1.0% Decrease (2.87%) | Current Discount Rate (3.87%) | 1.0% Increase (4.87%) |
| \$ 5,944,430 | \$ 3,257,147 | \$ 1,025,200 | \$ 646,819 | \$ 567,912 | \$ 502,139 |

Payables to FRS

At September 30, 2018, the Town had a payable to FRS in the amount of \$39,691. This amount is a result of current payroll and will be paid to FRS in October 2018 in accordance with the Town's contractual arrangement with FRS.

General Employees Retirement Plan and Trust Fund

The Town also provides pension benefits through a defined contribution pension plan administered by the Town through the Florida League of Cities, Inc. At September 30, 2018, there were 17 plan members, including 14 active Plan members. Effective July 1, 2017, the Town amended its retirement policy such that plan members are required to contribute 2% and the Town is required to contribute 8% of Plan members' covered payroll. The Town's net pension expense recognized in 2018 was \$61,904. There were no forfeitures used to reduce the Town's contribution in 2018. Town contributions vest 50% after 5 years and 10% each year thereafter, until 10 years of service, at which time the contributions are fully vested. 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 members may invest their contributions in a variety of mutual funds selected by the Plan administrator. Plan investments are reported at fair value.

TOWN OF JUNO BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2018

NOTE E - PENSION PLANS (Continued)

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, 2018 was \$643,764.

NOTE F - POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS

Description of the Plan

The Town administers a single-employer defined benefit health care plan (the "Plan") that provides health care benefits to eligible retired employees and their beneficiaries. The Town Council has the authority to establish and amend the premiums for and the benefit provisions of the Plan. The Plan is financed on a "pay-as-you-go" basis and is not administered as a formal qualifying trust. The Plan does not issue a publicly available financial report.

The Town 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 the implicit rate subsidy into the actuarial accrued liability. Retirees participating in the Plan contribute 100% of the monthly premium ranging from a minimum of \$506 to a maximum of \$2,102.

Plan Membership

Membership in the Plan was comprised of the following at September 30, 2018, the date of the latest actuarial valuation:

| | |
|---|------------------|
| Active employees | 33 |
| Retirees and beneficiaries receiving benefits | 1 |
| Inactive employees not yet receiving benefits | <u>0</u> |
| Total | <u><u>34</u></u> |

Total OPEB Liability

The Town's total OPEB liability of \$118,806 was measured as of September 30, 2018, and was determined by an actuarial valuation as of that date.

TOWN OF JUNO BEACH, FLORIDA
NOTES TO FINANCIAL STATEMENTS

September 30, 2018

NOTE F - POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (Continued)

Actuarial Methods and Significant Assumptions: The actuarial methods and significant assumptions used to determine the Town's total OPEB liability for the current year are summarized as follows:

| | |
|-----------------------------------|---|
| Valuation date | September 30, 2018 |
| Actuarial cost method | Entry Age Normal |
| Post-retirement benefit increases | None |
| Health care cost trend rates | 5.4% per year initially, increasing to 6.38% by 2035, then decreasing to 5.26% by 2050. The ultimate rate is anticipated to be 3.9% |
| Amortization method | Expected future working lifetime of all participants expected to receive benefits |
| Remaining amortization period | 6 years |
| Asset valuation method | N/A ⁽¹⁾ |
| Actuarial assumptions: | |
| Discount rate - beginning of year | 3.50% ⁽²⁾ |
| - end of year | 3.83% ⁽²⁾ |
| Projected salary increases* | 3.25% |
| * Includes inflation rate | 2.6% |
| Mortality rates | RP-2000 generational table using scale BB applied on a gender specific basis |

- (1) The plan is funded on a pay-as-you-go basis and is not administered as a formal qualifying trust. There were no plan assets as of September 30, 2018, the date of the most recent valuation.
- (2) Since there are currently no invested plan assets held in trust to finance the OPEB obligation, the discount rate is the long-term expected rate of return on tax-exempt, high quality municipal bonds based on the *Bond Buyer 20-Bond GO Index*.

Changes in the Total OPEB Liability

The changes in the total OPEB liability were as follows for the year ended September 30, 2018:

| | |
|---|--------------------------|
| Total OPEB liability at October 1, 2017 | \$ 119,620 |
| Changes for the Current Year | |
| Service cost | 4,385 |
| Interest | 4,061 |
| Changes in assumptions and other inputs | (2,060) |
| Benefit payments | (7,200) |
| Net Changes | <u>(814)</u> |
| Total OPEB liability at September 30, 2018 | <u>\$ 118,806</u> |

TOWN OF JUNO BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2018

NOTE F - POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (Continued)

Changes in assumptions and other inputs reflect the change in the discount rate from 3.50% to 3.83% for the year ended September 30, 2018.

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate: The following table presents the total OPEB liability of the Town calculated using the current discount rate of 3.83%, as well as what the total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (2.83%) or one percentage point higher (4.83%) than the current rate:

| <u>1.0% Decrease (2.83%)</u> | <u>Current Discount Rate (3.83%)</u> | <u>1.0% Increase (4.83%)</u> |
|--------------------------------------|--|--------------------------------------|
| \$ 125,056 | \$ 118,806 | \$ 112,622 |

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates: The following table presents the total OPEB liability of the Town, as well as what the total OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage point lower (4.4% decreasing to 2.9%) or one percentage point higher (6.4% decreasing to 4.9%) than the current healthcare cost trend rates:

| <u>1.0% Decrease (4.4% decreasing to 2.9%)</u> | <u>Healthcare Cost Trend Rates (5.4% decreasing to 3.9%)</u> | <u>1.0% Increase (6.4% decreasing to 4.9%)</u> |
|--|--|--|
| \$ 109,901 | \$ 118,806 | \$ 128,824 |

OPEB Expense and Deferred Inflows/Outflows of Resources Related to OPEB

For the year ended September 30, 2018, the Town recognized OPEB expense of \$8,103. At September 30, 2018, the Town reported deferred inflows/outflows of resources related to OPEB from the following sources:

| | <u>Deferred Outflows</u> | <u>Deferred Inflows</u> |
|------------------------|------------------------------|-----------------------------|
| Changes in assumptions | \$ - | \$ 1,717 |

TOWN OF JUNO BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2018

NOTE F - POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (Continued)

Amounts reported as deferred inflows/outflows of resources related to OPEB will be recognized in OPEB expense as follows:

| <u>Year Ending September 30,</u> | <u>Amount</u> |
|--------------------------------------|---------------|
| 2019 | \$ (343) |
| 2020 | (343) |
| 2021 | (343) |
| 2022 | (343) |
| 2023 | (345) |

NOTE G - COMMITMENTS AND CONTINGENCIES

Litigation: The Town is subject to a variety of lawsuits occurring in the normal course of business, the ultimate outcome of which is not presently determinable. In the opinion of management, after consultation with legal counsel, the resolution of any pending matters is not expected to have a significant impact on the financial condition of the Town.

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, for the sharing of costs related to public safety dispatch services. The Agreement was for a five-year period ending September 30, 2016, and was automatically renewed for an additional five year term. 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 the contracting municipalities being served. The Town’s total costs related to this Agreement were \$104,656 for the year ended September 30, 2018.

Contractual Commitment: At September 30, 2018, the Town had a contractual commitment for the construction of a dune walkover in the amount of \$49,700.

REQUIRED SUPPLEMENTARY INFORMATION

TOWN OF JUNO BEACH, FLORIDA

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

Year Ended September 30, 2018

| | Original Budget | Final Budget | Actual | Variance with Final Budget Positive (Negative) |
|----------------------------------|---------------------|---------------------|---------------------|---|
| Revenue | | | | |
| Ad valorem taxes | \$ 2,822,792 | \$ 2,822,792 | \$ 2,810,876 | \$ (11,916) |
| Local business taxes | 62,000 | 62,000 | 64,346 | 2,346 |
| Licenses, permits and fees | | | | |
| Building permit fees | 400,000 | 400,000 | 491,711 | 91,711 |
| County occupational licenses | 10,000 | 10,000 | 14,009 | 4,009 |
| Other fees | 24,500 | 24,500 | 19,615 | (4,885) |
| | <u>434,500</u> | <u>434,500</u> | <u>525,335</u> | <u>90,835</u> |
| Intergovernmental | | | | |
| Sales tax | 273,313 | 273,313 | 271,254 | (2,059) |
| State revenue sharing | 89,484 | 89,484 | 90,132 | 648 |
| Local one-cent sales surtax | 200,000 | 200,000 | 242,024 | 42,024 |
| Local option gas tax | 58,022 | 58,022 | 57,325 | (697) |
| Alcoholic beverage licenses | 5,500 | 5,500 | 6,833 | 1,333 |
| Other | 9,200 | 9,200 | 4,726 | (4,474) |
| | <u>635,519</u> | <u>635,519</u> | <u>672,294</u> | <u>36,775</u> |
| Franchise fees and utility taxes | | | | |
| Franchise fees | 62,000 | 62,000 | 65,601 | 3,601 |
| Utility taxes | 575,000 | 575,000 | 617,505 | 42,505 |
| Communications service taxes | 319,372 | 319,372 | 344,950 | 25,578 |
| | <u>956,372</u> | <u>956,372</u> | <u>1,028,056</u> | <u>71,684</u> |
| Fines | 338,500 | 338,500 | 48,150 | (290,350) |
| Investment earnings | 62,500 | 62,500 | 85,018 | 22,518 |
| Impact fees | - | - | 1,924 | 1,924 |
| Grants | 105,000 | 105,000 | 89,994 | (15,006) |
| Water and sewer improvement fees | 22,000 | 22,000 | 5,575 | (16,425) |
| Miscellaneous | 149,729 | 149,729 | 441,029 | 291,300 |
| Total revenue | <u>\$ 5,588,912</u> | <u>\$ 5,588,912</u> | <u>\$ 5,772,597</u> | <u>\$ 183,685</u> |

See notes to budgetary comparison schedule.

TOWN OF JUNO BEACH, FLORIDA

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND (CONTINUED)

Year Ended September 30, 2018

| | Original Budget | Final Budget | Actual | Variance with Final Budget Positive (Negative) |
|---------------------|---------------------|---------------------|---------------------|---|
| Expenditures | | | | |
| Administrative | | | | |
| Salaries | \$ 578,617 | \$ 567,617 | \$ 551,026 | \$ 16,591 |
| Employee benefits | 169,803 | 169,803 | 157,589 | 12,214 |
| Professional fees | 45,437 | 45,437 | 45,857 | (420) |
| Insurance | 214,236 | 214,236 | 216,033 | (1,797) |
| Operating | 135,757 | 140,757 | 135,158 | 5,599 |
| Contingency | 500,000 | 127,725 | - | 127,725 |
| Capital outlay | 5,000 | 5,000 | - | 5,000 |
| | <u>1,648,850</u> | <u>1,270,575</u> | <u>1,105,663</u> | <u>164,912</u> |
| Planning and zoning | | | | |
| Salaries | 286,555 | 305,555 | 303,390 | 2,165 |
| Employee benefits | 98,448 | 98,448 | 96,052 | 2,396 |
| Professional fees | 54,000 | 109,000 | 89,212 | 19,788 |
| Operating | 223,550 | 273,050 | 249,308 | 23,742 |
| Capital outlay | 35,000 | 35,000 | - | 35,000 |
| | <u>697,553</u> | <u>821,053</u> | <u>737,962</u> | <u>83,091</u> |
| Public safety | | | | |
| Police | | | | |
| Salaries | 1,474,609 | 1,474,609 | 1,373,921 | 100,688 |
| Employee benefits | 632,588 | 632,588 | 577,684 | 54,904 |
| Professional fees | 326,000 | 326,000 | 4,583 | 321,417 |
| Operating | 324,857 | 324,857 | 298,202 | 26,655 |
| Capital outlay | 142,000 | 205,110 | 101,337 | 103,773 |
| | <u>2,900,054</u> | <u>2,963,164</u> | <u>2,355,727</u> | <u>607,437</u> |
| Public works | | | | |
| Salaries | 355,340 | 355,340 | 329,579 | 25,761 |
| Employee benefits | 107,736 | 107,736 | 104,062 | 3,674 |
| Operating | 341,379 | 341,379 | 316,604 | 24,775 |
| Capital outlay | 480,000 | 671,665 | 342,842 | 328,823 |
| | <u>1,284,455</u> | <u>1,476,120</u> | <u>1,093,087</u> | <u>383,033</u> |
| Total expenditures | <u>\$ 6,530,912</u> | <u>\$ 6,530,912</u> | <u>\$ 5,292,439</u> | <u>\$ 1,238,473</u> |

See notes to budgetary comparison schedule.

TOWN OF JUNO BEACH, FLORIDA

NOTES TO BUDGETARY COMPARISON SCHEDULE

September 30, 2018

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 reported in the budget and actual statement differs from the corresponding amount 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 | \$ 5,754,893 | \$ 5,242,739 |
| Current year encumbrances | - | 49,700 |
| Insurance proceeds | 6,618 | - |
| Proceeds from sale of capital assets | <u>11,086</u> | <u>-</u> |
| Budgetary basis | <u>\$ 5,772,597</u> | <u>\$ 5,292,439</u> |

Town of Juno Beach, Florida

Required Supplementary Information

Schedule of the Town's Proportionate Share of the Net Pension Liability -

Florida Retirement System (FRS) Pension Plan

Last Five Fiscal Years

| | Measurement Date June 30, | |
|--|---------------------------|--------------|
| | 2018 | 2017 |
| Town's proportion of the net pension liability | 0.010813716% | 0.010755062% |
| Town's proportionate share of the net pension liability | \$ 3,257,147 | \$ 3,181,275 |
| Town covered payroll | \$ 1,759,923 | \$ 1,665,382 |
| Town's proportionate share of the net pension liability as a percentage of Town covered payroll | 185.07% | 191.02% |
| Plan fiduciary net position as a percentage of the total pension liability | 84.30% | 83.90% |

Notes to Schedule:

| | |
|---|--|
| Actuarial valuation date | 7/1/2018 |
| Actuarial measurement date | 6/30/2018 |
| Actuarial methods and assumptions used to determine contribution rates: | |
| Discount rate - 2018 | 7.00% |
| Discount rate - 2017 | 7.10% |
| Discount rate - 2016 | 7.60% |
| Discount rate - 2015, 2014 | 7.65% |
| Actuarial cost method | Entry Age Normal |
| Amortization method | Level Percent of Payroll, Closed |
| Amortization period: | |
| Gains and losses | 30 years |
| Assumption, method and plan changes | 30 years |
| Asset valuation method | Fair Market Value 5-year smoothed |
| Inflation, per year | 2.60% |
| Salary increases (with inflation), per year | 3.25% |
| Investment rate of return (net of expenses, with inflation), per year | 7.00% |
| Payroll growth | 3.25% |
| Cost of living adjustments | 3.0% pre-July 2011; 0% thereafter |
| Retirement age | Varies by tier and member class |
| Mortality | RP 2000 Mortality Table Scale BB |

Information prior to adoption of GASB Statement No. 67 by the Florida Retirement System in fiscal year 2014 is not available.

Measurement Date June 30,

| <u>2016</u> | <u>2015</u> | <u>2014</u> |
|---------------------|---------------------|---------------------|
| <u>0.010697672%</u> | <u>0.009367271%</u> | <u>0.008812053%</u> |
| <u>\$ 2,701,171</u> | <u>\$ 1,209,909</u> | <u>\$ 537,665</u> |
| <u>\$ 1,691,469</u> | <u>\$ 1,611,892</u> | <u>\$ 1,519,791</u> |
| <u>159.69%</u> | <u>75.06%</u> | <u>35.38%</u> |
| <u>84.90%</u> | <u>92.00%</u> | <u>96.10%</u> |

Town of Juno Beach, Florida

Required Supplementary Information

Schedule of the Town's Proportionate Share of the Net Pension Liability -

Florida Retiree Health Insurance Subsidy (HIS) Trust Fund

Last Five Fiscal Years

| | Measurement Date June 30, | |
|---|---------------------------|--------------|
| | 2018 | 2017 |
| Town's proportion of the net pension liability | 0.005365704% | 0.005224773% |
| Town's proportionate share of the net pension liability | \$ 567,912 | \$ 558,657 |
| Town covered payroll | \$ 1,759,923 | \$ 1,665,382 |
| Town's proportionate share of the net pension liability as a percentage of Town covered payroll | 32.27% | 33.55% |
| Plan fiduciary net position as a percentage of the total pension liability | 2.20% | 1.60% |

Notes to Schedule:

| | |
|--|----------------------------------|
| Actuarial valuation date | 7/1/2018 |
| Actuarial measurement date | 6/30/2018 |
| Actuarial methods and assumptions used to determine contribution rates: | |
| Discount rate - 2017 | 3.87% |
| Discount rate - 2017 | 3.58% |
| Discount rate - 2016 | 2.85% |
| Discount rate - 2015 | 3.80% |
| Discount rate - 2014 | 4.29% |
| Actuarial cost method | Entry Age Normal |
| Amortization method | Level Percent of Payroll, Closed |
| Amortization period: | |
| Gains and losses | 15 years |
| Assumption, method and plan changes | 15 years |
| Asset valuation method | Fair Market Value |
| Inflation, per year | 2.60% |
| Salary increases (with inflation), per year | 3.25% |
| Investment rate of return (net of expenses, with inflation), per year | N/A |
| Payroll growth | N/A |
| Cost of living adjustments | N/A |
| Retirement age | N/A |
| Mortality | RP 2000 Mortality Table Scale BB |

Information prior to adoption of GASB Statement No. 67 by the Florida Retirement System in fiscal year 2014 is not available.

Measurement Date June 30,

| <u>2016</u> | <u>2015</u> | <u>2014</u> |
|---------------------|---------------------|---------------------|
| <u>0.005468672%</u> | <u>0.005313036%</u> | <u>0.005115156%</u> |
| <u>\$ 637,351</u> | <u>\$ 541,846</u> | <u>\$ 478,280</u> |
| <u>\$ 1,691,469</u> | <u>\$ 1,611,892</u> | <u>\$ 1,519,791</u> |
| <u>37.68%</u> | <u>33.62%</u> | <u>31.47%</u> |
| <u>1.00%</u> | <u>0.50%</u> | <u>1.00%</u> |

Town of Juno Beach, Florida

Required Supplementary Information

Schedule of Town Contributions - Florida Retirement System FRS and HIS Plans

Last Five Fiscal Years

| | Fiscal Year Ended September 30, | |
|---|---------------------------------|---------------------|
| | 2018 | 2017 |
| Florida Retirement System (FRS) Pension Plan | | |
| Contractually required Town contribution | \$ 333,619 | \$ 314,674 |
| Contributions in relation to the contractually required Town contribution | <u>333,619</u> | <u>314,674</u> |
| Contribution deficiency (excess) | <u>\$ -</u> | <u>\$ -</u> |
| Town covered payroll | <u>\$ 1,717,818</u> | <u>\$ 1,704,948</u> |
| Contributions as a percentage of Town covered payroll | <u>19.42%</u> | <u>18.46%</u> |
| Florida Retiree Health Insurance Subsidy (HIS) Trust Fund | | |
| Contractually required Town contribution | \$ 31,500 | \$ 28,302 |
| Contributions in relation to the contractually required Town contribution | <u>31,500</u> | <u>28,302</u> |
| Contribution deficiency (excess) | <u>\$ -</u> | <u>\$ -</u> |
| Town covered payroll | <u>\$ 1,717,818</u> | <u>\$ 1,704,948</u> |
| Contributions as a percentage of Town covered payroll | <u>1.83%</u> | <u>1.66%</u> |

Note to Schedule:

Information prior to adoption of GASB Statement No. 67 by FRS in fiscal year 2014 is not available.

| <u>2016</u> | <u>2015</u> | <u>2014</u> |
|---------------------|---------------------|---------------------|
| \$ 280,759 | \$ 255,181 | \$ 227,758 |
| <u>280,759</u> | <u>255,181</u> | <u>227,758</u> |
| <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| <u>\$ 1,597,630</u> | <u>\$ 1,658,127</u> | <u>\$ 1,540,107</u> |
| <u>17.57%</u> | <u>15.39%</u> | <u>14.79%</u> |
| | | |
| \$ 29,153 | \$ 40,031 | \$ 35,729 |
| <u>29,153</u> | <u>40,031</u> | <u>35,729</u> |
| <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| <u>\$ 1,597,630</u> | <u>\$ 1,658,127</u> | <u>\$ 1,540,107</u> |
| <u>1.82%</u> | <u>2.41%</u> | <u>2.32%</u> |

Town of Juno Beach, Florida

Required Supplementary Information

Schedule of Investment Returns - Florida Retirement System FRS and HIS Plans

Last Five Fiscal Years

| Fiscal Year Ended September 30, | Florida Retirement System (FRS) | Florida Retiree Health Insurance Subsidy (HIS) Trust Fund |
|------------------------------------|--|--|
| 2018 | 9.28% | 0.00% |
| 2017 | 13.59% | 0.00% |
| 2016 | 0.57% | 0.00% |
| 2015 | 3.77% | 0.00% |
| 2014 | 17.57% | 0.00% |

Note to Schedule:

Information prior to adoption of GASB Statement No. 67 in fiscal year 2014 is not available.

Town of Juno Beach, Florida

Required Supplementary Information

Schedule of Changes in the Total OPEB Liability and Related Ratios

Current Fiscal Year

| | Measurement Date September 30, 2018 |
|---|--|
| Total OPEB Liability | |
| Service cost | \$ 4,385 |
| Interest | 4,061 |
| Changes of assumptions | (2,060) |
| Benefit payments | (7,200) |
| Net change in total OPEB liability | (814) |
| Total OPEB liability, beginning of fiscal year | 119,620 |
| | Total OPEB liability, end of fiscal year \$ 118,806 |
| Covered-Employee Payroll | \$ 1,717,818 |
| Total OPEB Liability as a Percentage of Covered-Employee Payroll | 6.92% |

Notes to Schedule:

Information prior to adoption of GASB Statement No. 75 in fiscal year 2018 is not available.

The plan is funded on a pay-as-you-go basis and is not administered as a formal qualifying trust. There were no plan assets as of the date of the most recent valuation. Since there are currently no invested plan assets held in trust to finance the OPEB obligation, the discount rate is the long-term expected rate of return on tax-exempt, high quality municipal bonds based on the Bond Buyer 20-Bond GO Index.

Changes in actuarial assumptions:

Changes of assumptions and other inputs reflect the effects of changes in the discount rate each year. The discount rates used were as follows: 2018 - 3.83% and 2017 - 3.50%

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 Trends53

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

Revenue Capacity60

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

Debt Capacity65

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.....67

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.....69

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.

Town of Juno Beach, Florida

Net Position by Component

Last Ten Fiscal Years

(Accrual Basis of Accounting)

| | Fiscal Year | | | | | | | | | |
|---|----------------------|----------------------|---------------------|---------------------|---------------------|----------------------|---------------------|---------------------|---------------------|---------------------|
| | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 |
| Governmental activities | | | | | | | | | | |
| Net investment in capital assets | \$ 6,857,879 | \$ 6,534,685 | \$ 6,240,716 | \$ 5,966,879 | \$ 5,655,467 | \$ 5,471,388 | \$ 5,262,065 | \$ 5,041,308 | \$ 4,812,522 | \$ 4,720,997 |
| Restricted | 64,789 | 32,950 | 78,370 | 74,947 | 180,193 | 264,531 | 286,175 | 259,835 | 414,336 | 672,972 |
| Unrestricted | 4,070,391 | 4,086,721 | 3,592,449 | 3,483,745 | 3,837,766 | 4,268,384 | 3,027,994 | 3,131,465 | 3,174,539 | 3,027,601 |
| Total governmental activities net position | <u>\$ 10,993,059</u> | <u>\$ 10,654,356</u> | <u>\$ 9,911,535</u> | <u>\$ 9,525,571</u> | <u>\$ 9,673,426</u> | <u>\$ 10,004,303</u> | <u>\$ 8,576,234</u> | <u>\$ 8,432,608</u> | <u>\$ 8,401,397</u> | <u>\$ 8,421,570</u> |

Town of Juno Beach, Florida

Changes in Net Position

Last Ten Fiscal Years

(Accrual Basis of Accounting)

| | Fiscal Year | | | | | | | | | |
|---|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 |
| Expenses | | | | | | | | | | |
| Governmental activities: | | | | | | | | | | |
| Administrative | \$ 1,121,538 | \$ 1,121,479 | \$ 1,223,815 | \$ 1,154,942 | \$ 1,142,579 | \$ 1,286,067 | \$ 1,117,904 | \$ 1,150,037 | \$ 1,215,956 | \$ 1,254,622 |
| Planning and zoning | 646,044 | 546,681 | 563,692 | 521,451 | 793,315 | 975,094 | 1,048,073 | 689,144 | 854,999 | 747,004 |
| Public safety | 2,377,361 | 2,572,704 | 2,701,459 | 2,634,853 | 2,493,518 | 2,386,448 | 2,207,642 | 2,312,737 | 2,553,105 | 2,611,871 |
| Public works | 1,015,757 | 1,018,693 | 1,019,597 | 970,024 | 958,797 | 964,393 | 981,429 | 1,016,989 | 1,072,383 | 997,871 |
| Interest on long-term debt | 14,016 | 11,133 | 8,038 | 4,896 | 1,654 | - | - | - | - | - |
| Total governmental activities expenses | <u>\$ 5,174,716</u> | <u>\$ 5,270,690</u> | <u>\$ 5,516,601</u> | <u>\$ 5,286,166</u> | <u>\$ 5,389,863</u> | <u>\$ 5,612,002</u> | <u>\$ 5,355,048</u> | <u>\$ 5,168,907</u> | <u>\$ 5,696,443</u> | <u>\$ 5,611,368</u> |
| Program Revenues | | | | | | | | | | |
| Governmental activities: | | | | | | | | | | |
| Charges for services: | | | | | | | | | | |
| Administrative | \$ 46,070 | \$ 38,152 | \$ 24,963 | \$ 30,159 | \$ 41,801 | \$ 62,221 | \$ 32,512 | \$ 30,592 | \$ 25,928 | \$ 79,750 |
| Planning and zoning | 334,683 | 254,588 | 239,265 | 220,981 | 798,146 | 1,123,510 | 1,329,507 | 582,454 | 967,769 | 570,812 |
| Public safety | 544,150 | 371,507 | 276,737 | 544,424 | 483,059 | 290,519 | 77,907 | 44,004 | 37,307 | 46,865 |
| Public works | 75,243 | 76,757 | 79,174 | 84,217 | 66,276 | 65,382 | 63,089 | 63,998 | 64,702 | 67,976 |
| Operating grants and contributions: | | | | | | | | | | |
| Administrative | 5,055 | 4,109 | 3,441 | 7,477 | 40,055 | 8,130 | 20,845 | 19,069 | 18,685 | 12,709 |
| Public safety | 99,517 | 32,997 | 21,445 | 4,053 | 1,702 | 12,993 | 18,042 | 29,258 | 16,370 | 126,107 |
| Public works | 30,735 | 13,467 | 25,532 | 29,338 | 4,218 | 45,652 | 18,499 | 12,182 | 13,792 | 44,333 |
| Capital grants and contributions: | | | | | | | | | | |
| Administrative | 873 | 464 | - | 1,473 | 24,933 | 33,512 | 38,457 | 5,961 | 8,873 | 1,736 |
| Public safety | 20,178 | 18,964 | 15,025 | 15,871 | 55,657 | 158,752 | 71,270 | 24,508 | 15,961 | 10,833 |
| Public works | 3,723 | 3,651 | 100,193 | 39,155 | 61,425 | 128,886 | 37,901 | 82,048 | 65,342 | 139,800 |
| Total governmental activities program revenues | <u>\$ 1,160,227</u> | <u>\$ 814,656</u> | <u>\$ 785,775</u> | <u>\$ 977,148</u> | <u>\$ 1,577,272</u> | <u>\$ 1,929,557</u> | <u>\$ 1,708,029</u> | <u>\$ 894,074</u> | <u>\$ 1,234,729</u> | <u>\$ 1,100,921</u> |
| Net (expense)/revenue | | | | | | | | | | |
| Governmental activities | <u>\$ (4,014,489)</u> | <u>\$ (4,456,034)</u> | <u>\$ (4,730,826)</u> | <u>\$ (4,309,018)</u> | <u>\$ (3,812,591)</u> | <u>\$ (3,682,445)</u> | <u>\$ (3,647,019)</u> | <u>\$ (4,274,833)</u> | <u>\$ (4,461,714)</u> | <u>\$ (4,510,447)</u> |

(Continued)

Town of Juno Beach, Florida

Changes in Net Position (Continued)

Last Ten Fiscal Years

Accrual Basis of Accounting

| | Fiscal Year | | | | | | | | | |
|---|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 |
| General Revenues and Other Changes in Net Position | | | | | | | | | | |
| Governmental activities: | | | | | | | | | | |
| Taxes: | | | | | | | | | | |
| Property taxes | \$ 3,138,682 | \$ 2,771,192 | \$ 2,612,852 | \$ 2,560,031 | \$ 2,613,164 | \$ 2,579,423 | \$ 2,582,353 | \$ 2,671,501 | \$ 2,779,013 | \$ 2,810,876 |
| Franchise fees | - | 57,452 | 56,331 | 59,072 | 53,049 | 61,911 | 70,185 | 65,460 | 64,644 | 65,601 |
| Utility service taxes | 634,945 | 760,821 | 821,086 | 843,025 | 858,189 | 891,862 | 880,206 | 878,524 | 896,229 | 962,455 |
| Local business taxes | 53,616 | 56,692 | 57,372 | 58,512 | 57,010 | 59,807 | 57,413 | 60,050 | 62,379 | 64,346 |
| State shared revenue, unrestricted | 354,138 | 363,950 | 382,536 | 351,969 | 357,937 | 378,825 | 394,844 | 403,056 | 579,243 | 672,294 |
| Investment earnings | 163,989 | 107,224 | 47,828 | 50,445 | 21,097 | 41,494 | 56,422 | 52,616 | 48,995 | 85,018 |
| Gain on disposal of capital assets | - | - | - | - | - | - | - | - | - | 5,893 |
| Total governmental activities | <u>\$ 4,345,370</u> | <u>\$ 4,117,331</u> | <u>\$ 3,978,005</u> | <u>\$ 3,923,054</u> | <u>\$ 3,960,446</u> | <u>\$ 4,013,322</u> | <u>\$ 4,041,423</u> | <u>\$ 4,131,207</u> | <u>\$ 4,430,503</u> | <u>\$ 4,666,483</u> |
| Changes in Net Position | | | | | | | | | | |
| Governmental activities | <u>\$ 330,881</u> | <u>\$ (338,703)</u> | <u>\$ (752,821)</u> | <u>\$ (385,964)</u> | <u>\$ 147,855</u> | <u>\$ 330,877</u> | <u>\$ 394,404</u> | <u>\$ (143,626)</u> | <u>\$ (31,211)</u> | <u>\$ 156,036</u> |

Town of Juno Beach, Florida

Fund Balances of Governmental Funds

Last Ten Fiscal Years

(Modified Accrual Basis of Accounting)

| | Fiscal Year | | | |
|--------------------------|---------------------|---------------------|---------------------|---------------------|
| | 2009 | 2010 | 2011 | 2012 |
| General Fund | | | | |
| Reserved | \$ 210,592 | \$ 145,972 | \$ - | \$ - |
| Unreserved | 4,117,333 | 4,205,376 | - | - |
| Nonspendable: | | | | |
| Prepaid items | - | - | 45,605 | 45,820 |
| Restricted for: | | | | |
| Capital projects | - | - | 45,076 | 46,709 |
| Law enforcement | - | - | 33,294 | 28,238 |
| Assigned to: | | | | |
| Subsequent year's budget | - | - | 900,000 | 970,000 |
| Law enforcement | - | - | 92,500 | - |
| Specific projects | - | - | - | - |
| Unassigned | - | - | 2,780,475 | 2,703,862 |
| Total General Fund | <u>\$ 4,327,925</u> | <u>\$ 4,351,348</u> | <u>\$ 3,896,950</u> | <u>\$ 3,794,629</u> |

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

| Fiscal Year | | | | | |
|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| 2013 | 2014 | 2015 | 2016 | 2017 | 2018 |
| \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| - | - | - | - | - | - |
| 48,493 | 46,141 | 47,819 | 48,405 | 52,899 | 69,983 |
| 150,338 | 218,848 | 218,234 | 185,948 | 342,353 | 494,104 |
| 29,855 | 45,683 | 67,941 | 73,887 | 71,983 | 178,868 |
| 954,000 | 575,000 | 675,000 | 740,000 | 740,000 | 750,000 |
| - | - | - | - | - | - |
| 54,410 | - | - | - | - | 49,700 |
| 3,034,008 | 3,908,670 | 4,260,439 | 4,501,399 | 4,830,469 | 5,024,907 |
| <u>\$ 4,271,104</u> | <u>\$ 4,794,342</u> | <u>\$ 5,269,433</u> | <u>\$ 5,549,639</u> | <u>\$ 6,037,704</u> | <u>\$ 6,567,562</u> |

Town of Juno Beach, Florida

Changes in Fund Balances of Governmental Funds

Last Ten Fiscal Years

(Modified Accrual Basis of Accounting)

| | Fiscal Year | | | |
|--|-------------------|------------------|---------------------|---------------------|
| | 2009 | 2010 | 2011 | 2012 |
| Revenues | | | | |
| Ad valorem taxes | \$ 3,138,682 | \$ 2,771,192 | \$ 2,612,852 | \$ 2,560,031 |
| Local business taxes | 53,616 | 56,692 | 57,372 | 58,512 |
| Licenses, permits and fees | 340,095 | 246,942 | 239,473 | 219,518 |
| Intergovernmental | 354,138 | 363,950 | 382,536 | 351,969 |
| Franchise fees and utility taxes | 648,541 | 818,273 | 877,417 | 902,097 |
| Fines | 537,263 | 348,147 | 268,499 | 532,855 |
| Investment earnings | 163,989 | 107,224 | 57,828 | 50,445 |
| Impact fees | 968 | 514 | - | 1,633 |
| Grants | 93,301 | 26,000 | 117,711 | 38,070 |
| Water and sewer improvement fees | 2,100 | 1,400 | 500 | 2,350 |
| Miscellaneous | 172,904 | 191,653 | 134,110 | 153,384 |
| Total revenues | <u>5,505,597</u> | <u>4,931,987</u> | <u>4,748,298</u> | <u>4,870,864</u> |
| Expenditures | | | | |
| Current | | | | |
| Administrative | 973,935 | 989,440 | 974,177 | 936,567 |
| Planning and zoning | 637,020 | 534,958 | 554,060 | 526,130 |
| Public safety | 2,226,855 | 2,390,887 | 2,554,653 | 2,501,558 |
| Public works | 768,689 | 765,327 | 764,203 | 722,317 |
| Capital outlay | 290,896 | 131,326 | 337,267 | 223,691 |
| Debt service | | | | |
| Principal | 82,609 | 85,493 | 88,476 | 91,564 |
| Interest | 14,016 | 11,133 | 8,038 | 4,896 |
| Total expenditures | <u>4,994,020</u> | <u>4,908,564</u> | <u>5,280,874</u> | <u>5,006,723</u> |
| Revenues over (under) expenditures | 511,577 | 23,423 | (532,576) | (135,859) |
| Other financing sources | | | | |
| Insurance proceeds | - | - | 25,532 | 29,338 |
| Proceeds from sale of capital assets | - | - | 52,646 | 4,200 |
| Total other financing sources | <u>-</u> | <u>-</u> | <u>78,178</u> | <u>33,538</u> |
| Net change in fund balance | <u>\$ 511,577</u> | <u>\$ 23,423</u> | <u>\$ (454,398)</u> | <u>\$ (102,321)</u> |
| Debt service as a percentage of non-capital expenditures | <u>2.05%</u> | <u>2.02%</u> | <u>1.95%</u> | <u>2.02%</u> |

| Fiscal Year | | | | | |
|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| 2013 | 2014 | 2015 | 2016 | 2017 | 2018 |
| \$ 2,613,164 | \$ 2,579,423 | \$ 2,582,353 | \$ 2,671,501 | \$ 2,779,013 | \$ 2,810,876 |
| 57,010 | 59,807 | 57,413 | 60,050 | 62,379 | 64,346 |
| 797,869 | 1,112,873 | 1,296,258 | 584,760 | 940,930 | 525,335 |
| 357,937 | 378,825 | 394,844 | 403,056 | 579,243 | 672,294 |
| 911,238 | 953,773 | 950,391 | 943,984 | 960,873 | 1,028,056 |
| 453,648 | 279,517 | 64,774 | 19,338 | 31,607 | 48,150 |
| 21,097 | 41,494 | 56,422 | 52,616 | 48,995 | 85,018 |
| 28,379 | 37,142 | 42,623 | 6,607 | 9,834 | 1,924 |
| 64,711 | 78,306 | 82,818 | 10,557 | 54,396 | 89,994 |
| 11,625 | 3,650 | 11,800 | 13,250 | 17,685 | 5,575 |
| 216,822 | 372,417 | 191,257 | 223,739 | 170,735 | 423,325 |
| <u>5,533,500</u> | <u>5,897,227</u> | <u>5,730,953</u> | <u>4,989,458</u> | <u>5,655,690</u> | <u>5,754,893</u> |
| 982,997 | 1,157,626 | 1,028,733 | 1,010,450 | 1,059,711 | 1,105,663 |
| 782,026 | 972,721 | 1,042,961 | 681,190 | 848,369 | 737,962 |
| 2,369,968 | 2,254,110 | 2,187,648 | 2,023,690 | 2,170,720 | 2,254,390 |
| 715,833 | 719,247 | 742,468 | 761,215 | 819,140 | 750,245 |
| 127,452 | 320,739 | 292,171 | 289,356 | 293,732 | 394,479 |
| 94,759 | - | - | - | - | - |
| 1,654 | - | - | - | - | - |
| <u>5,074,689</u> | <u>5,424,443</u> | <u>5,293,981</u> | <u>4,765,901</u> | <u>5,191,672</u> | <u>5,242,739</u> |
| 458,811 | 472,784 | 436,972 | 223,557 | 464,018 | 512,154 |
| 4,218 | 45,652 | 18,499 | 35,823 | 9,542 | 6,618 |
| 13,446 | 4,802 | 19,620 | 20,826 | 14,505 | 11,086 |
| <u>17,664</u> | <u>50,454</u> | <u>38,119</u> | <u>56,649</u> | <u>24,047</u> | <u>17,704</u> |
| <u>\$ 476,475</u> | <u>\$ 523,238</u> | <u>\$ 475,091</u> | <u>\$ 280,206</u> | <u>\$ 488,065</u> | <u>\$ 529,858</u> |
| <u>1.95%</u> | <u>0.00%</u> | <u>0.00%</u> | <u>0.00%</u> | <u>0.00%</u> | <u>0.00%</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 | | | |
| 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% |
| 2013 | 1,056,532,092 | 58,980,989 | 1,115,513,081 | 2.8786 | 1,174,224,296 | 95.0% |
| 2014 | 1,083,618,120 | 63,174,654 | 1,146,792,774 | 2.7990 | 1,207,150,288 | 95.0% |
| 2015 | 1,206,983,652 | 70,366,396 | 1,277,350,048 | 2.5760 | 1,344,578,998 | 95.0% |
| 2016 | 1,342,218,555 | 77,966,099 | 1,420,184,654 | 2.4288 | 1,494,931,215 | 95.0% |
| 2017 | 1,553,810,593 | 91,022,011 | 1,644,832,604 | 2.2545 | 1,731,402,741 | 95.0% |
| 2018 | 1,626,602,768 | 98,909,077 | 1,725,511,845 | 2.1337 | 1,816,328,258 | 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

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

| Fiscal Year | Total Assessed Value | Exempt Value | Nonexempt Value | Total Millage Rate | Operating Millage Rate |
|--------------------|-----------------------------|---------------------|------------------------|---------------------------|-------------------------------|
| 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 |
| 2013 | 1,115,513,081 | 184,549,089 | 930,963,992 | 2.8786 | 2.8786 |
| 2014 | 1,146,792,774 | 189,734,079 | 957,058,695 | 2.7990 | 2.7990 |
| 2015 | 1,277,350,048 | 235,991,477 | 1,041,358,571 | 2.5760 | 2.5760 |
| 2016 | 1,420,184,654 | 282,449,207 | 1,137,735,447 | 2.4288 | 2.4288 |
| 2017 | 1,644,832,604 | 369,930,865 | 1,274,901,739 | 2.2545 | 2.2545 |
| 2018 | 1,725,511,845 | 356,747,965 | 1,368,763,880 | 2.1337 | 2.1337 |

Source: Palm Beach County Property Appraiser's Office

Town of Juno Beach, Florida

Direct and Overlapping Property Tax Rates

Last Ten Fiscal Years

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

| Fiscal Year Ending September 30, | Town Direct Rate (1) | Overlapping Rates | | | | Total All |
|--|----------------------------|--------------------|-------------------------|----------------------------|--------------------------------|--------------|
| | General Fund | School District | Palm Beach County | Fire/ Rescue MSTU #2 | Special Taxing Districts | |
| 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 |
| 2013 | 2.8786 | 7.7780 | 4.9902 | 3.4581 | 3.0584 | 22.1633 |
| 2014 | 2.7990 | 7.5860 | 4.9852 | 3.4581 | 2.9709 | 21.7992 |
| 2015 | 2.5760 | 7.5940 | 4.9729 | 3.4581 | 2.9041 | 21.5051 |
| 2016 | 2.4288 | 7.5120 | 4.9277 | 3.4581 | 2.8175 | 21.1441 |
| 2017 | 2.2545 | 7.0700 | 4.9142 | 3.4581 | 2.6531 | 20.3499 |
| 2018 | 2.1337 | 6.7690 | 4.9023 | 3.4581 | 2.4798 | 19.7429 |

(1) Town direct rate consists of General Fund ad valorem tax rate. There were no debt service or other direct tax rates applied.

| | |
|----------------------------|--|
| 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

| | 2018 | | | 2009 | | |
|---|------------------------|------|---|------------------------|------|---|
| | Taxable Assessed Value | Rank | Percentage of Town Taxable Assessed Value | Taxable Assessed Value | Rank | Percentage of Town Taxable Assessed Value |
| Land Resources Investment Co. (NextEra Energy, Inc./Florida Power and Light Company) | \$ 201,714,300 | 1 | 14.74% | \$ 80,204,094 | 1 | 6.90% |
| Lifespace Communities, Inc. (The Waterford) | 23,218,436 | 2 | 1.70% | 24,419,897 | 2 | 2.10% |
| Juno Corp. (Villas of Juno Beach) | 21,438,465 | 3 | 1.57% | 14,784,314 | 3 | 1.27% |
| Delray Property Investment, Inc. (Plaza La Mer) | 14,124,934 | 4 | 1.03% | 10,000,000 | 4 | 0.86% |
| Loggerhead Associates, Ltd. (Loggerhead Plaza) | 10,225,839 | 5 | 0.75% | 5,140,095 | 9 | 0.44% |
| Seminole Golf Club (Golf Club) | 10,141,182 | 6 | 0.74% | 7,788,639 | 5 | 0.67% |
| AGGC Real Estate Holdings LLC (Seminole Plaza) | 8,312,406 | 7 | 0.61% | 7,501,820 | 6 | 0.65% |
| Jagi Juno LLC (Holiday Inn) | 8,014,511 | 8 | 0.59% | - | - | - |
| 307 Alicante Drive Realty Land Trust (Private Residence) | 7,286,145 | 9 | 0.53% | - | - | - |
| Shivam Hospitality Group LLC (Hampton Inn) | 6,972,254 | 10 | 0.51% | - | - | - |
| Juno Square, LLP (Juno Square Plaza) | - | - | - | 6,115,057 | 7 | 0.53% |
| Framur Property, Inc. (Fran Murphy Interiors) | - | - | - | 5,253,021 | 8 | 0.45% |
| Loggerhead Associates, II (Loggerhead Plaza) | - | - | - | 4,325,019 | 10 | 0.37% |
| Totals | <u>\$ 311,448,472</u> | | <u>22.77%</u> | <u>\$ 165,531,956</u> | | <u>14.24%</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, | Tax Levy | Current Tax Collections | Percent of Levy Collected | Delinquent Tax Collections | Total Property Tax Collections | Collections as a Percent of Current Levy |
|--|--------------|-------------------------------|---------------------------------|----------------------------------|---|---|
| 2009 | \$ 3,246,204 | \$ 3,132,773 | 96.51% | \$ 5,909 | \$ 3,138,682 | 96.69% |
| 2010 | 2,874,414 | 2,757,234 | 95.92% | 13,958 | 2,771,192 | 96.41% |
| 2011 | 2,699,385 | 2,608,360 | 96.63% | 4,424 | 2,612,784 | 96.79% |
| 2012 | 2,664,552 | 2,517,165 | 94.47% | 42,771 | 2,559,936 | 96.07% |
| 2013 | 2,681,075 | 2,579,723 | 96.22% | 33,260 | 2,612,983 | 97.46% |
| 2014 | 2,678,966 | 2,577,035 | 96.20% | 803 | 2,577,838 | 96.23% |
| 2015 | 2,683,578 | 2,574,611 | 95.94% | 6,035 | 2,580,646 | 96.16% |
| 2016 | 2,762,994 | 2,666,593 | 96.51% | 3,652 | 2,670,245 | 96.64% |
| 2017 | 2,876,384 | 2,772,222 | 96.38% | 7,214 | 2,779,436 | 96.63% |
| 2018 | 2,922,582 | 2,815,345 | 96.33% | - | 2,815,345 | 96.33% |

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

Taxpayers are eligible to take a discount of up to 4%, based on date of payment.

Town of Juno Beach, Florida

Ratios of Outstanding Debt by Type

Last Ten Fiscal Years

| Fiscal Year | Governmental Activities | Total Primary Government | Percentage of Personal Income | Per Capita |
|----------------|----------------------------|--------------------------------|-------------------------------------|---------------|
| | 2003 Promissory Note | | | |
| 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 |
| 2013 | - | - | N/A | - |
| 2014 | - | - | N/A | - |
| 2015 | - | - | N/A | - |
| 2016 | - | - | N/A | - |
| 2017 | - | - | N/A | - |
| 2018 | - | - | N/A | - |

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. As of April 1, 2013, the Town made the final payment on its Promissory Note, Series 2003 and is debt free.

N/A - Not Available

Town of Juno Beach, Florida

Direct and Overlapping Governmental Activities Debt

September 30, 2018

| | Total Outstanding | Percentage Applicable to Town of Juno Beach ⁽¹⁾ | Amount Applicable to Town of Juno Beach |
|--|-------------------------|---|--|
| Direct: | | | |
| Town of Juno Beach | \$ - | - | \$ - |
| Overlapping: | | | |
| Palm Beach County ⁽²⁾ | 82,850,000 | 0.68% | 563,380 |
| Palm Beach County School District ⁽³⁾ | 1,380,857,000 | 0.68% | 9,389,828 |
| Total overlapping debt | 1,463,707,000 | | 9,953,208 |
| Total direct and overlapping debt payable from ad valorem taxes | \$ 1,463,707,000 | | \$ 9,953,208 |
| Estimated population | | | 3,427 |
| Total direct and overlapping debt per capita | | | \$ 2,904 |

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

As of April 1, 2013, the Town had no outstanding debt

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⁾ |
|-------------|--------------------------------|--------------------------------|----------------------------------|----------------------------------|--|--|---|---|
| 2009 | 3,656 | 60.1 | 1,287,344 | 42.5 | \$ 54,049 | \$ 197,603,144 | 173,025 | 11.7% |
| 2010 | 3,656 | 60.1 | 1,320,134 | 43.1 | 55,566 | 203,149,296 | 172,893 | 12.4% |
| 2011 | 3,181 | 60.1 | 1,325,758 | 43.3 | 59,825 | 190,303,325 | 176,901 | 10.9% |
| 2012 | 3,233 | 64.2 | 1,335,415 | 43.5 | 63,379 | 204,904,307 | 179,494 | 9.3% |
| 2013 | 3,191 | 64.2 | 1,345,652 | 43.7 | 62,300 | 198,799,300 | 182,899 | 7.1% |
| 2014 | 3,194 | 64.2 | 1,360,238 | 43.9 | 67,182 | 214,579,308 | 186,598 | 6.0% |
| 2015 | 3,240 | 64.2 | 1,378,417 | 44.1 | 71,629 | 232,077,960 | 189,195 | 5.2% |
| 2016 | 3,351 | 64.2 | 1,391,741 | 44.3 | 71,946 | 241,091,046 | 192,721 | 5.2% |
| 2017 | 3,400 | N/A | 1,414,144 | N/A | N/A | N/A | 193,460 | 4.0% |
| 2018 | 3,427 | N/A | 1,433,417 | N/A | N/A | N/A | 194,186 | 3.1% |

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

| | 2018 ⁽¹⁾ | | | 2009 ⁽¹⁾ | | |
|---------------------------------------|---------------------|------|---------------------------------------|---------------------|------|---------------------------------------|
| | Employees | Rank | Percentage of Total County Employment | Employees | Rank | Percentage of Total County Employment |
| Employer | | | | | | |
| Palm Beach County School District | 21,466 | 1 | N/A | 21,718 | 1 | N/A |
| Palm Beach County - BOCC | 5,952 | 2 | N/A | 11,381 | 2 | N/A |
| Tenet Health Coastal Division - PBC | 5,939 | 3 | N/A | 5,127 | 3 | N/A |
| NextEra Energy/Florida Power & Light | 4,404 | 4 | N/A | 3,658 | 5 | N/A |
| Hospital Corporation of America - HCA | 3,550 | 5 | N/A | 4,150 | 4 | N/A |
| Boca Raton Regional Hospital | 2,800 | 6 | N/A | - | - | - |
| Florida Atlantic University | 2,644 | 7 | N/A | 2,776 | 7 | N/A |
| Veterans Health Administration | 2,535 | 8 | N/A | 2,205 | 9 | N/A |
| Bethesda Health, Inc. | 2,282 | 9 | N/A | 2,300 | 8 | N/A |
| Office Depot (Headquarters) | 2,034 | 10 | N/A | - | - | - |
| Wackenhut Corporation | - | - | - | 3,000 | 6 | N/A |
| Boca Raton Resort & Club | - | - | - | 2,200 | 10 | N/A |
| Totals | 53,606 | | N/A | 58,515 | | N/A |

(1) Source: Business Development Board of Palm Beach County. Data is for Palm Beach County, Florida.

N/A – Data is not available.

Town of Juno Beach, Florida

Full-time Equivalent Town Government Employees by Function / Program

Last Ten Fiscal Years

| | Fiscal Year | | | | | | | | | |
|---------------------|---------------|---------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 |
| Administrative | | | | | | | | | | |
| Administration | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 |
| Finance | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 |
| Planning and Zoning | 5.125 | 4.5 | 4.5 | 4.5 | 4.5 | 4.5 | 4.5 | 4.5 | 4.5 | 4.5 |
| Public Safety | | | | | | | | | | |
| Police officers | 16 | 16 | 16 | 16 | 16 | 16 | 16 | 16 | 16 | 16 |
| 911 Dispatch | 5 | 5 | 5 | - | - | - | - | - | - | - |
| Administrative | 1 | 1 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 |
| Public Works | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 |
| Total | 38.125 | 37.500 | 38.5 | 33.5 | 33.5 | 33.5 | 33.5 | 33.5 | 33.5 | 33.5 |

Town of Juno Beach, Florida

Operating Indicators by Function / Program

Last Ten Fiscal Years

| Function | Fiscal Year | | | | | | | | | |
|--|--------------|-------------|-------------|-------------|--------------|--------------|--------------|--------------|--------------|--------------|
| | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 |
| Public Safety | | | | | | | | | | |
| Police | | | | | | | | | | |
| Citations | 3,036 | 1,719 | 2,073 | 1,963 | 1,530 | 1,354 | 1,352 | 1,069 | 965 | 676 |
| Parking violations | 140 | 156 | 171 | 187 | 59 | 66 | 46 | 48 | 87 | 24 |
| House checks | 1,956 | 808 | 692 | 923 | 929 | 1,413 | 1,141 | 1,195 | 1,210 | 828 |
| Business checks | 13,048 | 13,108 | 13,984 | 16,224 | 12,862 | 11,376 | 17,929 | 18,062 | 16,320 | 8,471 |
| Reports | 874 | 610 | 664 | 537 | 548 | 567 | 639 | 550 | 610 | 553 |
| Crash reports | 83 | 90 | 109 | 128 | 112 | 116 | 139 | 130 | 115 | 90 |
| Arrests | 186 | 292 | 226 | 147 | 157 | 131 | 221 | 169 | 217 | 89 |
| Planning and Zoning | | | | | | | | | | |
| Number of building permits | 602 | 706 | 641 | 706 | 937 | 1,215 | 1,358 | 1,217 | 1,151 | 1,261 |
| Value of building permits | \$10,766,732 | \$6,378,658 | \$7,369,411 | \$6,709,544 | \$24,017,342 | \$45,491,615 | \$41,056,680 | \$18,459,686 | \$30,911,629 | \$16,674,463 |
| Roads and Streets | | | | | | | | | | |
| Street resurfacing (centerline miles) | 0.3 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.1 |

Sources: Town departments

Town of Juno Beach, Florida

Capital Asset Statistics by Function / Program

Last Ten Fiscal Years

| Function | Fiscal Year | | | | | | | | | |
|----------------------------|-------------|------|------|------|------|------|------|------|------|------|
| | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 |
| Administrative | | | | | | | | | | |
| Facilities (Town Center) | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Planning and Zoning | | | | | | | | | | |
| Vehicles | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 |
| Public Safety | | | | | | | | | | |
| Police | | | | | | | | | | |
| Stations | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Vehicles | 17 | 20 | 17 | 18 | 15 | 15 | 15 | 15 | 15 | 16 |
| Public Works | | | | | | | | | | |
| Facilities | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 |
| Vehicles | 8 | 7 | 6 | 7 | 7 | 7 | 7 | 7 | 7 | 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 | 3 |
| Dune walkovers | 8 | 8 | 8 | 8 | 8 | 8 | 7 | 7 | 7 | 7 |
| Roads and Streets | | | | | | | | | | |
| Lane miles | 8 | 8 | 8 | 8 | 8 | 8 | 8 | 8 | 8 | 8 |

Sources: Town departments

**COMPLIANCE REPORT AND
MANAGEMENT LETTER**



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

WILLIAM K. CALER, JR., CPA
LAURA E. CLARK, CPA
LOUIS M. COHEN, CPA
JOHN C. COURTNEY, CPA, JD
DAVID S. DONTEN, CPA
JAMES B. HUTCHISON, CPA
JOEL H. LEVINE, CPA
JAMES F. MULLEN, IV, CPA
MICHAEL J. NALEZYTY, CPA
THOMAS A. PENCE, JR., CPA
SCOTT L. PORTER, CPA
MARK D. VEIL, CPA

CERTIFIED PUBLIC ACCOUNTANTS

505 SOUTH FLAGLER DRIVE, SUITE 900
WEST PALM BEACH, FL 33401-5948
TELEPHONE: (561) 832-9292

850 NW FEDERAL HIGHWAY, SUITE 121
STUART, FL 34994-1019
TELEPHONE: (772) 872-2123

info@cdlcpa.com

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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, 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, the 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, 2018, and the related notes to the financial statements, which collectively comprise the basic financial statements of the Town of Juno Beach, Florida, and have issued our report thereon dated March 18, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the internal control over financial reporting (internal control) of the Town of Juno Beach, Florida, to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the internal control of the Town of Juno Beach, Florida. Accordingly, we do not express an opinion on the effectiveness of the internal control 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 a 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. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the financial statements of the Town of Juno Beach, Florida, are free from 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*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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

West Palm Beach, Florida
March 18, 2019



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

WILLIAM K. CALER, JR., CPA
LAURA E. CLARK, CPA
LOUIS M. COHEN, CPA
JOHN C. COURTNEY, CPA, JD
DAVID S. DONTEN, CPA
JAMES B. HUTCHISON, CPA
JOEL H. LEVINE, CPA
JAMES F. MULLEN, IV, CPA
MICHAEL J. NALEZYTY, CPA
THOMAS A. PENCE, JR., CPA
SCOTT L. PORTER, CPA
MARK D. VEIL, CPA

CERTIFIED PUBLIC ACCOUNTANTS

505 SOUTH FLAGLER DRIVE, SUITE 900
WEST PALM BEACH, FL 33401-5948
TELEPHONE: (561) 832-9292

850 NW FEDERAL HIGHWAY, SUITE 121
STUART, FL 34994-1019
TELEPHONE: (772) 872-2123

info@cdlcpa.com

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Management Letter

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

Report on the Financial Statements

We have audited the financial statements of the Town of Juno Beach, Florida (the "Town"), as of and for the fiscal year ended September 30, 2018, and have issued our report thereon dated March 18, 2019.

Auditor's Responsibility

We conducted our audit in accordance with U.S. generally accepted auditing standards; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and, Chapter 10.550, Rules of the Auditor General.

Other Reporting Requirements

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* and Independent Accountant's Report on Investment Compliance on an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports, which are dated March 18, 2019, should be considered in conjunction with this management letter.

Prior Audit Findings

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 financial audit report. There were no findings or recommendations made in the preceding financial audit report.

Official Title and Legal Authority

Section 10.554(1)(i)4., 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. There were no component units of the Town.

Financial Condition and Management

Sections 10.554(1)(i)5.a. and 10.556(7), Rules of the Auditor General, require us to apply appropriate procedures and communicate the results of our determination as to whether or not the Town has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and to identify 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, 2018.

Pursuant to Sections 10.554(1)(i)5.c. and 10.556(8), Rules of the Auditor General, we applied financial condition assessment procedures for the Town as of September 30, 2018. 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 review of financial information provided by same. The results of our procedures disclosed no matters that are required to be reported.

Section 10.554(1)(i)2., Rules of the Auditor General, requires that we communicate any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.

Additional Matters

Section 10.554(1)(i)3., Rules of the Auditor General, requires us to communicate noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but warrants the attention of those charged with governance. In connection with our audit, we did not note any such findings.

Purpose of this Letter

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

West Palm Beach, Florida
March 18, 2019

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



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Independent Accountant's Report on Investment Compliance

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

We have examined the Town of Juno Beach, Florida's (the "Town") compliance with Section 218.415, Florida Statutes, during the year ended September 30, 2018. Management of the Town is responsible for the Town's compliance with the specified requirements. Our responsibility is to express an opinion on the Town's compliance with the specified requirements based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the Town complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether the Town complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

Our examination does not provide a legal determination on the Town's compliance with the specified requirements.

In our opinion, the Town complied, in all material respects, with Section 218.415, Florida Statutes, during the year ended September 30, 2018.

This report is intended to describe our testing of compliance with Section 218.415, Florida Statutes, and is not suitable for any other purpose.

West Palm Beach, Florida
March 18, 2019