

TOWN OF JUPITER ISLAND, FLORIDA



***Audited Financial Statements
And Supplementary Financial Information***

SEPTEMBER 30, 2014

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TOWN OF JUPITER ISLAND, FLORIDA

AUDITED FINANCIAL STATEMENTS AND SUPPLEMENTARY FINANCIAL INFORMATION

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FINANCIAL SECTION

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INDEPENDENT AUDITOR'S REPORT

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INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and
Town Commissioners
Town of Jupiter Island, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activity, each major fund and the aggregate remaining fund information of the Town of Jupiter Island, Florida, as of and for the year ended September 30, 2014, 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 accounting principles generally accepted in the United States of America; 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 auditing standards generally accepted in the United States of America 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 business-type activity, each

major fund and the aggregate remaining fund information of the Town of Jupiter Island, Florida, as of September 30, 2014, and the respective changes in financial position, and where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 9 to 17, budgetary comparison schedules on pages 71 to 81, schedules of changes in the net pension liability and related ratios and employer contributions for the defined benefit plan on pages 82 to 83, and schedule of funding progress for other postemployment benefits on page 84 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 auditing standards generally accepted in the United States of America, 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 of Jupiter Island, Florida's basic financial statements. The combining and individual fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 4, 2015, on our consideration of the Town of Jupiter Island, Florida's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 of Jupiter Island, Florida's internal control over financial reporting and compliance.

Rampell + Rampell, P.A.

Rampell & Rampell, P.A.
Palm Beach, Florida

February 4, 2015

**MANAGEMENT'S DISCUSSION
AND ANALYSIS**

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Management's Discussion and Analysis

The Town of Jupiter Island's (the Town) management discussion and analysis (MD&A) is designed to offer readers of the Town's financial statements an objective and easy-to-read analysis of the Town's financial activities based on currently available information. This narrative overview is only a component of the entire financial statement report. Readers should review 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 for the fiscal year ended September 30, 2014.

Financial Highlights

- The assets of the Town exceeded its liabilities at the close of the most recent fiscal year by \$59,178,072. Of this amount, \$9,062,679 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.
 - Governmental net position was \$22,972,156.
 - Business-type net position was \$36,205,916.
- The total revenue from all sources was \$22,691,063 and the total cost of all Town programs was \$19,648,695.
- As of the close of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$11,568,780, which was an increase of \$3,822,486 from the prior year balance of \$7,746,294. Approximately 56% of this fund balance is restricted or assigned for specific purposes; the remaining 44% is available for spending at the Town's discretion from the General Fund.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$5,026,050, or 72% of the total General Fund expenditures for the year ended September 30, 2014.
- The Town's outstanding long-term debt (excluding compensated absences and other postemployment benefits) decreased from \$55,279,896 to \$54,282,009 during the current fiscal year, representing a net decrease of \$997,899 (1.8%).

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Town's basic financial statements. The basic financial statements of the Town comprise three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide Financial Statements: The *government-wide financial statements*, which consist of the following two statements, are designed to provide readers with a broad overview of the Town's finances, in a manner similar to a private-sector business. The *statement of net position* and the *statement of activities* report information about the Town as a whole and about its activities in a way that helps to determine if the year's activities contributed positively to its overall financial well being. Both statements represent an overview of the Town as a whole, separating its operations between *governmental activities* and *business-type activities*.

The *statement of net position* 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. Other factors should be considered, however, such as the condition of the Town's capital assets to assess the overall health of the Town.

The *statement of activities* 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 flow*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected revenues and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the Town that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the Town include general government, public safety, roads, sanitation, and building and land development. The business-type activity of the Town includes the water and wastewater utility.

The government-wide financial statements include only the Town itself (known as the *primary government*). The Jupiter Island Beach Protection District, although a legally separate entity, functions for all practical purposes as a department of the Town, and therefore has been included as an integral part of the primary government. The government-wide financial statements can be found on pages 21 to 23 of this report.

Fund Financial Statements: Conventional users of governmental financial statements will find the fund financial statements presentation more familiar. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Town can be divided into three categories: governmental funds, enterprise funds, and fiduciary funds.

Governmental Funds: *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the Town's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenue, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The Town maintains four individual governmental funds. Information is presented separately in the governmental fund balance sheet and statement of revenue, expenditures, and changes in fund balances for the General Fund, Beach Protection Fund (Jupiter Island Beach Protection District) and in total for the nonmajor governmental funds which include the Electric Underground Fund and the Special Law Enforcement Fund. The basic governmental fund financial statements can be found on pages 24 to 31 of this report.

Enterprise Funds: The Town maintains one enterprise fund, which is used to report the same functions presented as the *business-type activity* in the government-wide financial statements. The Town's enterprise fund accounts for the South Martin Regional Utility (SMRU) water and wastewater utility operations. The basic enterprise fund financial statements can be found on pages 32 to 37 of this report. The schedule of water and wastewater revenue refunding bond coverage for the enterprise fund can be found on page 92 of this report.

Fiduciary Funds: Fiduciary funds, including trust and agency funds, are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reported in the government-wide financial statements because the resources of those funds are *not* available to support the Town's own programs. The

accounting basis used for trust and agency funds is accrual, much like that used for enterprise funds. Agency funds are held for others and report only assets and liabilities. The basic fiduciary fund financial statements can be found on pages 38 to 39 of this report. Combining and individual fund statements for the fiduciary funds can be found on pages 93 to 97 of this report.

Notes to the Financial Statements: The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 40 to 67 of this report.

Other Information: In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information*. A budgetary comparison schedule has been provided as required supplementary information for the General Fund and the Beach Protection Fund on pages 71 to 81 to demonstrate compliance with the adopted budget for these major governmental funds. Information concerning the Town's progress in funding its obligation to provide pension benefits and other postemployment benefits to its employees can be found on pages 82 and 84 of this report.

The combining and individual fund financial statements and schedules are presented as other supplementary information on pages 90 to 91 of this report immediately following the required supplementary information.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Town, governmental activity assets exceeded liabilities by \$22,972,156. Business-type activity assets exceeded liabilities by \$36,205,916. The Town-wide total net position was \$59,178,072 at the close of the fiscal year ended September 30, 2014. The Statement of Net Position is on page 21 of this report.

At the end of the current fiscal year, the Town reported positive balances in net position for the government as a whole, as well as for its separate business-type activity. The governmental activities reported a deficit balance in unrestricted net position at September 30, 2014. This deficit is attributable to construction costs incurred in 2010 for the electrical underground project in the approximate amount of \$8.8 million. Pursuant to conversion agreements executed by the Town with an electric utility company, these assets were transferred to the electric utility upon completion. The project was substantially completed at September 30, 2010. The transfer of assets was recorded in the statement of activities as a special item for the year ended September 30, 2010, thus reducing unrestricted net position by the amount of the constructions costs.

The largest portion of the Town's net position is reflected in the net investment in capital assets (e.g., land, buildings, machinery and equipment; less any related debt used to acquire those assets that is still outstanding). Capital assets total \$88,753,755 or 77% of all assets, which total \$114,661,659. The Town uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the Town's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

A portion of the Town's net position (\$7,698,467 or 13%) represents resources that are subject to restrictions on how they may be used.

The following table reflects the condensed statement of net position for the current year as compared to the prior year.

Net Position (In Thousands)						
	Governmental Activities		Business-type Activities		Total	
	2014	2013	2014	2013	2014	2013
Assets						
Current and other assets	\$ 12,039	\$ 8,723	\$ 13,869	\$ 12,248	\$ 25,908	\$ 20,971
Capital assets	20,807	22,850	67,947	69,064	88,754	91,914
Total assets	\$ 32,846	\$ 31,573	\$ 81,816	\$ 81,312	\$ 114,662	\$ 112,885
Total deferred outflows of resources						
	\$ -	\$ -	\$ 3,596	\$ 3,583	\$ 3,596	\$ 3,583
Liabilities						
Long-term liabilities	\$ 9,200	\$ 9,691	\$ 46,269	\$ 46,806	\$ 55,469	\$ 56,497
Other liabilities	674	1,216	2,937	2,621	3,611	3,837
Total liabilities	\$ 9,874	\$ 10,907	\$ 49,206	\$ 49,427	\$ 59,080	\$ 60,334
Net position						
Net investment in capital assets	\$ 20,807	\$ 22,833	\$ 21,610	\$ 22,239	\$ 42,417	\$ 45,072
Restricted	4,559	2,489	3,139	3,242	7,698	5,731
Unrestricted	(2,394)	(4,656)	11,457	9,987	9,063	5,331
Total net position	\$ 22,972	\$ 20,666	\$ 36,206	\$ 35,468	\$ 59,178	\$ 56,134

The following table reflects the condensed statement of changes in net position for the current year as compared to the prior year.

Changes in Net Position (In Thousands)						
	Governmental Activities		Business-type Activities		Total	
	2014	2013	2014	2013	2014	2013
Revenues						
Program revenues:						
Charges for services	\$ 3,051	\$ 1,935	\$ 9,752	\$ 9,523	\$ 12,803	\$ 11,458
Operating grants and contributions	65	46	-	-	65	46
Capital grants and contributions	232	28	327	103	559	131
General revenues:						
Taxes	9,050	9,012	-	-	9,050	9,012
Intergovernmental	134	124	-	-	134	124
Investment earnings	9	10	71	78	80	88
Total revenues	12,541	11,155	10,150	9,704	22,691	20,859

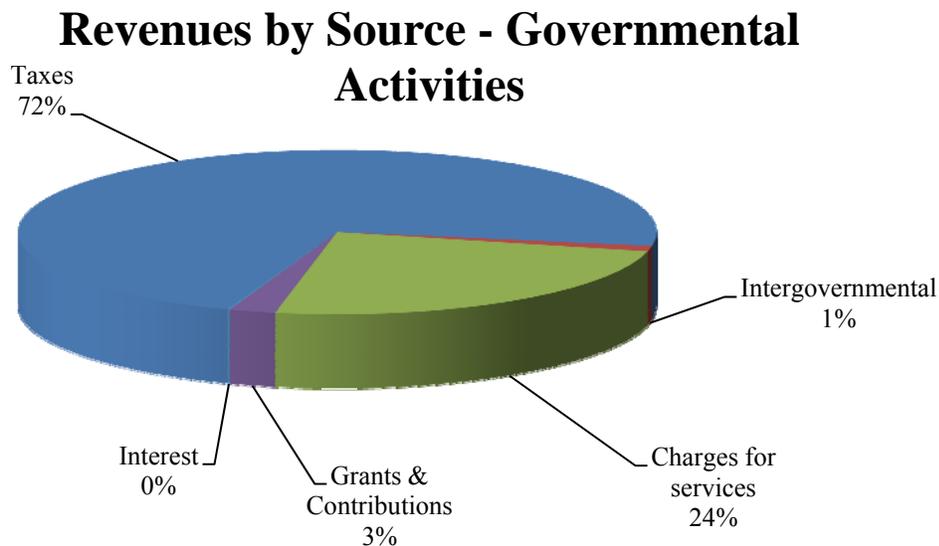
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Changes in Net Position (Continued)
(In Thousands)

	Governmental Activities		Business-type Activities		Total	
	2014	2013	2014	2013	2014	2013
Expenses						
General government	\$ 2,062	\$ 1,531	\$ -	\$ -	\$ 2,062	\$ 1,531
Public safety	3,324	3,320	-	-	3,324	3,320
Building	565	509	-	-	565	509
Public works	1,251	1,240	-	-	1,251	1,240
Environmental	2,690	2,797	-	-	2,690	2,797
Interest on long-term debt	343	379	-	-	343	379
Water and wastewater	-	-	9,412	9,450	9,412	9,450
Total expenses	10,235	9,776	9,412	9,450	19,647	19,226
Change in net position	2,306	1,379	738	254	3,044	1,633
Net position – beginning of year	20,666	19,287	35,468	35,214	56,134	54,501
Net position – end of year	\$ 22,972	\$ 20,666	\$ 36,206	\$ 35,468	\$ 59,178	\$ 56,134

Governmental Activities: Governmental activities increased the Town’s net position by \$2,305,309. The largest single source of governmental revenue received was \$9,050,475 for taxes or 72% of the total governmental revenues. Of this amount, approximately \$2.8 million was assessed and collected by the Beach Protection District, a blended component unit of the Town. Charges for services increased \$1.1 million due to building permit revenues on new construction projects within the Town during the 2014 fiscal year. Investment earnings continued to remain minimal due to low interest rates.

The sources of governmental activities revenue as a percentage of total governmental revenue for 2014 are summarized as follows:



The largest expenditures in the governmental activities were for capital items such as a marine patrol boat, a vehicle purchase, equipment for the brush pick up service and building improvements.

Business-type Activity: The Town's business-type activity increased net position by \$737,059 for 2014. Charges for services for the business-type activity increased slightly from the previous fiscal year. The increase of approximately \$228,000 or 2% resulted primarily from a 1.6% water base rate increase. Capital contributions have historically been a major revenue source for the Utility. Developer contributions in 2014 increased approximately \$225,000 as a result of an uptick in development activity.

Financial Analysis of the Town's Funds

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

Governmental Funds: The governmental funds report on the same functions as the governmental activities in the government-wide statements but the focus of the Town's *governmental funds* is to provide information on near-term inflows, outflows and *balances of spendable* resources. Such information is useful in evaluating 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.

As of the end of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$11,568,780, an increase of \$3,822,486 from the prior year balance of \$7,746,294. Of this amount \$6,509,422 is restricted or assigned for specific purposes as follows:

- ❖ \$4,443,519 restricted for beach protection projects
- ❖ \$110,677 restricted for debt repayment
- ❖ \$5,270 restricted for public safety equipment and training
- ❖ \$1,000,000 assigned for emergencies
- ❖ \$115,000 assigned for compensated absences
- ❖ \$80,000 assigned for uninsured losses
- ❖ \$7,017 assigned for the art committee
- ❖ \$572,372 assigned for conservation projects
- ❖ \$165,354 assigned for beautification projects
- ❖ \$10,213 assigned for public safety training and education

The general fund is the chief operating fund of the Town. At the end of the current fiscal year, in accordance with GASB Statement No. 54, the unassigned fund balance of the general fund was \$5,026,050, while the total fund balance reached \$7,009,314. 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 of \$6,982,570. Unassigned fund balance represents 72% of total general fund expenditures, while total fund balance represents 100% of that same amount.

The fund balance of the Town's general fund increased by \$1,752,503 during the current fiscal year.

Enterprise Fund: Enterprise funds present the same functions as presented for business-type activities in the government-wide financial statements. The Town uses an enterprise fund to account for its water and wastewater operations, doing business as South Martin Regional Utility (SMRU). The enterprise fund provides the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net position of the water and wastewater utility at the end of the year amounted to \$11,457,186, representing an increase of \$1,469,668 from the prior year balance of \$9,987,518.

Budgetary Highlights

General Fund

Overall actual revenues and other financing sources were more than the anticipated amounts by \$1,546,919 and expenditures were \$294,671 less than the appropriated budget. Accordingly, the Town had a favorable budget variance for 2014 of \$1,841,590. The largest budget variance for revenue was building permits, which exceeded the budgeted amount by \$1,462,926. Expenditures were under-budget in several departments for the year, with the largest variance of \$50,348 due to a conservation project that was rescheduled for 2015.

Beach Protection Fund

Actual revenues were more than the anticipated amounts by \$230,541 and expenditures were \$59,770 less than the appropriated budget. An additional \$2,074,461 was added to reserves for a future beach renourishment project.

Capital Assets and Debt Administration

Capital Assets

The Town's investment in capital assets for its governmental and business-type activities at September 30, 2014, amounts to \$88,753,755 (net of accumulated depreciation). Depreciation on capital assets is recognized in the government-wide financial statements. This investment in capital assets includes land, buildings and improvements, water distribution system, wastewater collection system, wells, machinery and equipment, beach renourishment, roads and construction in progress.

The Town's investment in capital assets is summarized as follows:

	Capital Assets					
	(In Thousands)					
	(net of accumulated depreciation)					
	Governmental Activities		Business-type Activities		Total	
	2014	2013	2014	2013	2014	2013
Land	\$ 10,858	\$ 10,858	\$ 14,475	\$ 14,475	\$ 25,333	\$ 25,333
Building and improvements	2,679	2,729	6,171	6,365	8,850	9,094
Water distribution system	-	-	23,737	24,364	23,737	24,364
Wastewater collection system	-	-	16,720	17,172	16,720	17,172
Wells	-	-	2,979	3,134	2,979	3,134
Equipment	611	468	3,239	3,508	3,850	3,976
Beach renourishment	5,550	7,653	-	-	5,550	7,653
Roads	1,099	1,142	-	-	1,099	1,142
Construction in progress	10	-	626	46	636	46
Total capital assets	\$ 20,807	\$ 22,850	\$ 67,947	\$ 69,064	\$ 88,754	\$ 91,914

The Town's total investment in capital assets decreased for the current fiscal year by approximately \$3,160,000. This was mainly attributable to depreciation of beach renourishment projects.

Additional information on the Town's capital assets can be found in Note 5 on pages 50 to 52 of this report.

Long-term Debt: The Town’s total outstanding debt, excluding compensated absences and other post employment benefits with no fixed maturity date, decreased by \$997,899 (1.8%) during the current fiscal year. The Town’s outstanding debt is summarized as follows:

	Outstanding Debt (In Thousands)					
	Governmental Activities		Business-type Activities		Total	
	2014	2013	2014	2013	2014	2013
Notes payable	\$ 8,799	\$ 9,244	\$ 15,398	\$ 15,934	\$ 24,197	\$ 25,178
Capital lease	-	17	-	-	-	17
Revenue bonds	-	-	30,085	30,085	30,085	30,085
Total outstanding debt	\$ 8,799	\$ 9,261	\$ 45,483	\$ 46,019	\$ 54,282	\$ 55,280

The revenue bonds of the utility system have been rated “AA” by S&P and “Aa2” by Moody’s Investor Services. The remaining debt has not been rated.

Governmental Activities Debt: In 2008 the Town issued two promissory notes to a financial institution with a total principal amount of \$11.0 million to finance the electric underground project. A portion of the new borrowing was used to repay an outstanding balance of \$400,000 on the note obtained in 2006 to finance the pilot project for the electric underground project. The notes issued in 2008 were approved by the Town’s voters in November 2007.

Business-type Activity Debt: In August 2010, the Town issued \$30,085,000 Utility System Refunding Bonds, Series 2010 for the principal purpose of refunding all of the Town’s outstanding Series 1998 Bonds. Net proceeds of \$27,789,738 from the Series 2010 Bonds plus \$1,986,335 of sinking fund monies from the Series 1998 Bonds were deposited in an irrevocable trust with an escrow agent and all of the Series 1998 Bonds (\$29,060,000) were called on October 1, 2010.

At the end of the current fiscal year, the Town had bonded debt outstanding of \$30,085,000 and notes payable outstanding of \$15,397,736 in the utility system for a total of \$45,482,736. Two of the notes payable totaling \$13,246,166 at September 30, 2014 are secured by all non-ad valorem revenues of the governmental activities. The remaining outstanding debt of the utility system is secured solely by specified revenue sources of the water and wastewater utility system.

Additional information on the Town’s long-term debt can be found in Note 8 on pages 53 to 58 of this report.

Economic Factors and Next Year’s Budgets and Rates

The following economic factors were considered in establishing the Town’s budgets and charges for services for the 2014-2015 fiscal year.

- Ad valorem taxes (property taxes) are the single most significant governmental revenue source for the Town. These revenues are generated by a millage rate set annually by the Town Commission. When creating the budget, the primary objective was to provide Town services while at the same time keeping the General Fund millage rate flat. The General Fund millage rate adopted for 2014-2015 decreased from 2.7804 to 2.7037. This millage rate results in a total projected tax levy of \$5,216,000.
- General Fund revenues and expenditures for the 2014-2015 budget year increased \$124,000 from the 2013-2014 budget.

- The Beach Protection District millage rate for 2014-2015 decreased from 1.4965 to 1.4616. This millage rate results in a total projected tax levy of \$2,800,000.
- The Town will continue the voted debt millage in 2015 for the pay off of the promissory notes issued for the electric undergrounding project. The millage rate for 2014-2015 is .4160 mills.
- Many other factors with less significant impacts other than those above were also considered in preparing the Town's budget for the 2014-2015 fiscal year.

South Martin Regional Utility operations are primarily supported by user fees. In 2014-2015, a decrease of \$109,000 in water revenue was budgeted based on the reduction of revenue collection in fiscal year 2013-2014.

Requests for Information

This financial report is designed to provide a general overview of the Town's finances for all those with an interest. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Deputy Town Manager/Finance Director, 2 Bridge Road, Hobe Sound, FL 33455.



BASIC FINANCIAL STATEMENTS

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TOWN OF JUPITER ISLAND, FLORIDA

Statement of Net Position

September 30, 2014

	Governmental Activities	Business-Type Activities	Total
Assets			
Cash and cash equivalents	\$ 11,871,919	\$ 6,601,750	\$ 18,473,669
Investments	-	1,998,969	1,998,969
Accounts receivable, net of allowance for doubtful accounts of \$0 and \$116,831, respectively	14,289	522,400	536,689
Interest receivable	-	17,544	17,544
Prepaid items	33,658	53,496	87,154
Due from other governments	28,705	-	28,705
Internal balances	10,844	(10,844)	-
Restricted assets:			
Cash and cash equivalents	-	401,863	401,863
Investments	-	3,275,310	3,275,310
Notes receivable	-	922,536	922,536
Inventory	-	86,002	86,002
Net pension asset	79,463	-	79,463
Capital assets:			
Capital assets not being depreciated	10,867,723	15,101,266	25,968,989
Depreciable capital assets, net	9,939,474	52,845,292	62,784,766
Total assets	\$ 32,846,075	\$ 81,815,584	\$ 114,661,659
Deferred outflow of resources			
Accumulated decrease in fair value of derivative instruments	\$ -	\$ 2,052,644	\$ 2,052,644
Deferred amounts on refunding	-	1,543,715	1,543,715
Total deferred outflow of resources	\$ -	\$ 3,596,359	\$ 3,596,359
Liabilities			
Accounts payable	\$ 231,467	\$ 154,340	\$ 385,807
Accrued liabilities	149,966	75,555	225,521
Contracts and retainage payable	-	47,919	47,919
Accrued interest payable	283,736	68,568	352,304
Due to other governments	9,202	-	9,202
Liabilities payable from restricted assets	-	538,172	538,172
Derivative instrument - interest rate swap	-	2,052,644	2,052,644
Long-term liabilities:			
Due within one year	513,542	383,809	897,351
Due in more than one year	8,686,006	45,885,020	54,571,026
Total liabilities	\$ 9,873,919	\$ 49,206,027	\$ 59,079,946
Net position			
Net investment in capital assets	\$ 20,807,197	\$ 21,609,729	\$ 42,416,926
Restricted	4,559,466	3,139,001	7,698,467
Unrestricted	(2,394,507)	11,457,186	9,062,679
Total net position	\$ 22,972,156	\$ 36,205,916	\$ 59,178,072

See notes to basic financial statements.

TOWN OF JUPITER ISLAND, FLORIDA

Statement of Activities

Year Ended September 30, 2014

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Contributions and Grants	Capital Contributions and Grants
Governmental activities				
General government	\$ 2,061,700	\$ 690,760	\$ 34,263	\$ -
Public safety	3,324,459	10,321	-	-
Building	564,769	2,260,842	31,000	-
Public works	1,251,226	89,000	-	-
Environmental	2,690,196	-	-	231,685
Interest on long-term debt	343,613	-	-	-
Total governmental activities	10,235,963	3,050,923	65,263	231,685
Business-type activity				
Water and wastewater	9,412,732	9,751,851	-	327,225
Total	\$ 19,648,695	\$ 12,802,774	\$ 65,263	\$ 558,910
General revenues				
Taxes:				
Property taxes, levied for general purposes				
Property taxes, levied for beach protection				
Property taxes, levied for electric underground				
Local option gas tax				
Communications tax				
Intergovernmental not restricted to specific programs				
Investment income				
Total general revenues				
Change in net position				
Net position, beginning of year				
Net position, end of year				

See notes to basic financial statements.

**Net Revenue (Expense) and
Changes in Net Position**

Governmental Activities	Business-type Activities	Total
\$ (1,336,677)	\$ -	\$ (1,336,677)
(3,314,138)	-	(3,314,138)
1,727,073	-	1,727,073
(1,162,226)	-	(1,162,226)
(2,458,511)	-	(2,458,511)
(343,613)	-	(343,613)
(6,888,092)	-	(6,888,092)
-	666,344	666,344
(6,888,092)	666,344	(6,221,748)
5,254,924	-	5,254,924
2,795,113	-	2,795,113
813,150	-	813,150
109,813	-	109,813
77,475	-	77,475
133,718	-	133,718
9,208	70,715	79,923
9,193,401	70,715	9,264,116
2,305,309	737,059	3,042,368
20,666,847	35,468,857	56,135,704
\$ 22,972,156	\$ 36,205,916	\$ 59,178,072

TOWN OF JUPITER ISLAND, FLORIDA*Balance Sheet - Governmental Funds**September 30, 2014*

	Major Governmental Funds	
	General Fund	Beach Protection Fund
Assets		
Cash and cash equivalents	\$ 7,197,262	\$ 4,543,350
Accounts receivable	14,289	-
Prepaid items	33,308	350
Due from other governments	28,705	-
Due from other funds	26,204	31
Total assets	\$ 7,299,768	\$ 4,543,731
Liabilities and fund balance		
Liabilities		
Accounts payable	\$ 139,583	\$ 91,884
Accrued liabilities	141,638	8,328
Due to other governments	9,202	-
Due to other funds	31	-
Total liabilities	290,454	100,212
Fund balance		
Nonspendable	33,308	-
Restricted	-	4,443,519
Assigned	1,949,956	-
Unassigned	5,026,050	-
Total fund balance	7,009,314	4,443,519
Total liabilities and fund balance	\$ 7,299,768	\$ 4,543,731

See notes to basic financial statements.

Nonmajor Governmental Funds	Total Governmental Funds
\$ 131,307	\$ 11,871,919
-	14,289
-	33,658
-	28,705
-	26,235
\$ 131,307	\$ 11,974,806
\$ -	\$ 231,467
-	149,966
-	9,202
15,360	15,391
15,360	406,026
-	33,308
115,947	4,559,466
-	1,949,956
-	5,026,050
115,947	11,568,780
\$ 131,307	\$ 11,974,806



TOWN OF JUPITER ISLAND, FLORIDA

Reconciliation of the Balance Sheet of Governmental Funds

to the Statement of Net Position

September 30, 2014

Total governmental fund balance (page 25)		\$ 11,568,780
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds:		
Cost of assets	\$ 45,957,355	
Accumulated depreciation	(25,150,158)	
		20,807,197
Net pension assets are not available to pay for current liabilities, and therefore are not recognized in governmental funds.		79,463
Accrued interest on long-term debt is not due and payable in the current period and is not reported in governmental funds.		(283,736)
Long-term liabilities, including notes, other postemployment benefits and compensated absences payable are not due and payable in the current period and therefore are not reported in governmental funds. Long-term liabilities at year-end consist of:		
Notes payable	(8,799,261)	
Other postemployment benefits	(101,888)	
Compensated absences	(298,399)	
		(9,199,548)
Total net position (page 21)		\$ 22,972,156

See notes to basic financial statements.

TOWN OF JUPITER ISLAND, FLORIDA*Statement of Revenue, Expenditures and Changes in Fund Balance**Governmental Funds**Year Ended September 30, 2014*

	Major Governmental Funds	
	General Fund	Beach Protection Fund
Revenue		
Taxes	\$ 5,442,212	\$ 2,795,113
Licenses and permits	2,263,738	-
Intergovernmental	164,718	231,685
Charges for services	147,094	-
Fines and forfeitures	4,950	-
Donations	34,263	-
Investment income	5,448	3,743
Miscellaneous	672,650	-
Total revenue	8,735,073	3,030,541
Expenditures		
Current:		
General government:		
Administration	1,485,824	497,964
Public safety	3,257,701	-
Building	561,527	-
Public works:		
Solid waste	904,967	-
Grounds	273,161	-
Roads	18,988	-
Environmental:		
Lethal yellowing program	133,187	-
Beach protection and monitoring	-	375,405
Beautification and maintenance	1,495	-
Conservation	27	-
Capital outlay	328,087	82,711
Debt service:		
Principal	17,255	-
Interest	351	-
Total expenditures	6,982,570	956,080
Net change in fund balance	1,752,503	2,074,461
Fund balance, beginning of year	5,256,811	2,369,058
Fund balance, end of year	\$ 7,009,314	\$ 4,443,519

See notes to basic financial statements.

Nonmajor Governmental Funds	Total Governmental Funds
\$ 813,150	\$ 9,050,475
-	2,263,738
-	396,403
-	147,094
227	5,177
-	34,263
17	9,208
-	672,650
813,394	12,579,008
-	1,983,788
15,360	3,273,061
-	561,527
-	904,967
-	273,161
-	18,988
-	133,187
-	375,405
-	1,495
-	27
-	410,798
444,869	462,124
357,643	357,994
817,872	8,756,522
(4,478)	3,822,486
120,425	7,746,294
\$ 115,947	\$ 11,568,780



TOWN OF JUPITER ISLAND, FLORIDA

Reconciliation of the Statement of Revenue, Expenditures, and Changes in Fund Balance of Governmental Funds to the Statement of Activities

Year Ended September 30, 2014

Net change in fund balance - total governmental funds (page 29)	\$ 3,822,486
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation expense in the current period.	
Expenditures for capital assets	\$ 444,298
Less current year depreciation	<u>(2,449,941)</u>
	(2,005,643)
In the statement of activities, the gain or loss on disposal of capital assets is reported, whereas in governmental funds, the proceeds from the disposal increases financial resources. The difference is the depreciated cost of the capital assets dispositions.	
	(37,736)
Repayment of debt principal is an expenditure in governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.	
	462,124
In the statement of activities, interest is accrued on outstanding debt, whereas in governmental funds, an interest expenditure is reported when the payment is due. This is the change in accrued interest payable.	
	14,381
Some revenues, expenses and gains reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.	
Change in other postemployment benefits payable	(6,657)
Change in net pension asset	20,542
Change in compensated absences	35,812
Change in net position of governmental activities (page 23)	\$ 2,305,309

See notes to basic financial statements.

TOWN OF JUPITER ISLAND, FLORIDA

Statement of Net Position

Enterprise Fund

September 30, 2014

Assets	
Current assets	
Cash and cash equivalents	\$ 6,601,750
Investments	1,998,969
Accounts receivable, net of allowance for doubtful accounts of \$116,831	522,400
Notes receivable - current	41,279
Interest receivable	17,544
Inventory	86,002
Prepaid items	53,496
Total current assets	9,321,440
Noncurrent assets	
Restricted assets:	
Cash and cash equivalents	401,863
Investments	3,275,310
Total restricted assets	3,677,173
Other assets	
Notes receivable - long-term	881,257
Total other assets	881,257
Capital assets	
Land and improvements	14,475,544
Buildings and improvements	10,250,676
Water distribution systems	32,032,961
Wastewater distribution systems	24,315,977
Wells	4,607,465
Equipment	6,798,850
Construction in progress	625,722
Total capital assets	93,107,195
Less accumulated depreciation	(25,160,637)
Total capital assets	67,946,558
Total assets	\$ 81,826,428
Deferred outflows of resources	
Accumulated decrease in fair value of derivative instruments	\$ 2,052,644
Deferred amounts on refunding	1,543,715
Total deferred outflows of resources	\$ 3,596,359

Continued on the following page.

TOWN OF JUPITER ISLAND, FLORIDA*Statement of Net Position (Continued)**Enterprise Fund**September 30, 2014*

Liabilities and net assets	
Current liabilities	
Accounts payable	\$ 154,340
Accrued liabilities	75,555
Contracts and retainage payable	47,919
Due to other funds	10,844
Accrued interest payable	68,568
Current portion of compensated absences payable	1,178
Current portion of notes payable	382,631
Total current liabilities	741,035
Current liabilities payable from restricted assets	
Accounts payable	118,134
Accrued interest payable	246,725
Current portion of notes payable	173,313
Total current liabilities payable from restricted assets	538,172
Noncurrent liabilities	
Compensated absences payable	72,278
Other postemployment benefits payable	79,776
Derivative instrument - interest rate swap	2,052,644
Notes payable	14,841,804
Revenue bonds payable, net of unamortized premium	30,891,162
Total noncurrent liabilities	47,937,664
Total liabilities	\$ 49,216,871
Net position	
Net investment in capital assets	\$ 21,609,729
Restricted	3,139,001
Unrestricted	11,457,186
Total net position	\$ 36,205,916

See notes to basic financial statements.



TOWN OF JUPITER ISLAND, FLORIDA

Statement of Revenue, Expenses and Changes in Fund Net Position

Enterprise Fund

Year Ended September 30, 2014

Operating revenue	
Water	\$ 6,283,756
Wastewater	2,861,399
Other	586,862
Total operating revenue	9,732,017
Operating expenses	
Personal services	2,401,429
Operating expenses	2,799,005
Depreciation	1,956,681
Total operating expenses	7,157,115
Operating income	2,574,902
Nonoperating revenue (expenses)	
Interest income	70,715
Other income	19,834
Loss on disposal of assets	(40,507)
Interest expense	(2,083,284)
Amortization	(131,826)
Total nonoperating revenue (expenses)	(2,165,068)
Income before capital contributions	409,834
Capital contributions	327,225
Change in net position	737,059
Net position, beginning of year	35,468,857
Net position, end of year	\$ 36,205,916

See notes to basic financial statements.

TOWN OF JUPITER ISLAND, FLORIDA*Statement of Cash Flows**Enterprise Fund**Year Ended September 30, 2014*

Cash flows from operating activities	
Cash received from customers	\$ 9,738,014
Cash received for interfund services provided	39,936
Cash received from others	19,834
Cash paid to suppliers and contractors	(2,276,992)
Cash paid to employees	(2,385,399)
Cash paid for interfund services	(465,547)
Net cash provided by operating activities	4,669,846
Cash flows from noncapital financing activities	
Transfers from other funds	1,007
Transfers to other funds	10,844
Net cash provided by noncapital financing activities	11,851
Cash flows from capital and related financing activities	
Capital contributions	318,917
Principal received on notes receivable	36,146
Principal paid on notes payable	(535,775)
Acquisition and construction of capital assets	(852,524)
Proceeds from sale of capital assets	20,922
Payment of interest	(2,093,323)
Net cash used in capital and related financing activities	(3,105,637)
Cash flows from investing activities	
Interest received	87,572
Proceeds from sale of investments	6,277,000
Purchase of investments	(5,274,279)
Net cash provided by investing activities	1,090,293
Net increase in cash and cash equivalents	2,666,353
Cash and cash equivalents, beginning of year	4,337,260
Cash and cash equivalents, end of year	\$ 7,003,613
Reconciliation of cash and cash equivalents to statement of net position:	
Unrestricted cash and cash equivalents	\$ 6,601,750
Restricted cash and cash equivalents	401,863
Cash and cash equivalents at September 30, 2014	\$ 7,003,613

Continued on the following page.

TOWN OF JUPITER ISLAND, FLORIDA*Statement of Cash Flows (Continued)**Enterprise Fund**Year Ended September 30, 2014*

Reconciliation of operating income to net cash provided by operating activities:	
Operating income	\$ 2,574,902
Adjustments to reconcile operating income	
to net cash provided by operating activities:	
Provision for uncollectible accounts	(6,222)
Depreciation	1,956,681
Other income	19,834
Changes in operating assets and liabilities:	
Accounts receivable	52,155
Inventory	(66,950)
Prepaid items	8,205
Accounts payable	115,211
Accrued liabilities	10,788
Compensated absences payable	857
Other postemployment benefits payable	4,385
Net cash provided by operating activities	\$ 4,669,846
Supplemental disclosure of noncash capital and related financing activities:	
Amortization of deferred amounts on refunding	\$ (131,826)
Notes receivable for capital contributions	8,308

See notes to basic financial statements.

TOWN OF JUPITER ISLAND, FLORIDA*Statement of Fiduciary Net Position**Fiduciary Funds**September 30, 2014*

	Pension Trust Funds	Private- Purpose Trust Fund	Agency Fund
Assets			
Cash and cash equivalents	\$ 378,522	\$ 48,490	\$ 8,720
Unallocated cash in transit	62,205	-	-
Investments	12,745,342	-	-
Employer contributions receivable	437,629	-	-
Loans receivable	4,493	-	-
Total assets	\$ 13,628,191	\$ 48,490	\$ 8,720
Liabilities			
Due to employees	\$ -	\$ -	\$ 8,720
Total liabilities	\$ -	\$ -	\$ 8,720
Net position			
Held in trust for pension benefits and other purposes	\$ 13,628,191	\$ 48,490	\$ -

See notes to basic financial statements.

TOWN OF JUPITER ISLAND, FLORIDA*Statement of Changes in Fiduciary Net Position**Fiduciary Funds**Year Ended September 30, 2014*

	Pension Trust Funds	Private- Purpose Trust Fund
Additions		
Contributions:		
Employer	\$ 862,906	\$ -
Other	-	6,000
Investment income	869,128	27
Miscellaneous income	-	160
Total additions	1,732,034	6,187
Deductions		
Payments to retirees and employees	925,459	-
Investment fee expense	32,549	-
Scholarships	-	10,000
Bank charges	-	15
Total deductions	958,008	10,015
Change in net position	774,026	(3,828)
Net position, beginning of year	12,854,165	52,318
Net position, end of year	\$ 13,628,191	\$ 48,490

See notes to basic financial statements.

TOWN OF JUPITER ISLAND, FLORIDA

Notes to Basic Financial Statements

September 30, 2014

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Town of Jupiter Island, Florida, (the “Town”) is a political subdivision incorporated under the authority of Chapter 165, Florida Statutes, and was established by House Bill 582, Laws of Florida, 1953. The Town is governed by five Commissioners elected by residents of the Town. The Town’s major governmental activities include general government, public safety, roads, sanitation, and building and land development. The business-type activity of the Town includes the water and wastewater utility.

The financial statements of the Town have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to governmental units, hereinafter referred to as GAAP. The accepted standard-setting body for establishing governmental accounting and financial reporting principles is the Governmental Accounting Standards Board (“GASB”).

The more significant of the Town’s accounting policies are described below.

Financial Reporting Entity

As defined by U.S. generally accepted accounting principles, 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 on the application of the criteria set forth by GASB, Jupiter Island Beach Protection District (the “District”) is included in the Town’s financial reporting entity as a blended component unit reported in a governmental (special revenue) fund, the *Beach Protection Fund*. The District is a special taxing district created on April 9, 1982, by the Laws of Florida, Chapter 82-331, to protect and maintain the Town’s beaches. The governing body of the District is the Town Commission and the Town handles the management and administration of the District’s financial matters. Separate financial statements of the District are not prepared.

Jointly Governed Organization

The Town participates in the Treasure Coast Regional Utilities Organization (“TCRU”) which includes seven local governments in Martin and St. Lucie counties. TCRU was formed to develop joint plans for the treatment and disposal of wastewater biosolids and additional utility plans or projects as needed and agreed upon by the members. The Town has no ongoing financial interest or obligation.

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 and its component unit. These statements include separate columns for the *governmental activities*, which are normally supported by taxes and intergovernmental revenue, and *business-type activities* which rely primarily on fees and charges for support. As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the Town’s enterprise fund operations and various other functions of the Town. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned. All internal balances in the statement of net position have been eliminated except those representing balances between the governmental activities and business-type activities, which are presented as internal balances and eliminated in the total column. In the statement of

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

activities, all interfund transactions have been eliminated except for the charges between the Town's governmental activities and business-type activities.

The statement of activities demonstrates the degree to which the direct expenses of a given function or identifiable activity is offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or identifiable activity. *Program revenue* includes three categories of transactions: (1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment; (2) operating grants and contributions; and (3) capital grants and contributions. Taxes and other items not meeting the definition of program revenue are reported as *general revenue*. The Town does not allocate indirect costs, however, an administrative service fee is charged by the general fund to other operating funds that is eliminated like a reimbursement (reducing revenue and expense in the general fund) to recover the direct costs of general fund services provided (such as finance, legal, human resources, information systems, etc.).

Fund Financial Statements

The underlying accounting system of the Town is organized and operated on the basis of separate funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures or expenses, as appropriate.

Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The funds used by the Town are classified into three categories: *governmental*, *enterprise* and *fiduciary*. Separate financial statements are provided for governmental funds, enterprise funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. The Town's major governmental funds and enterprise fund are reported as separate columns in the fund financial statements.

Governmental Fund Financial Statements – Governmental fund financial statements include a balance sheet and a statement of revenue, expenditures and changes in fund balance for all major governmental funds and nonmajor funds in the aggregate. 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 position and changes in net position presented in the government-wide financial statements. The Town's major governmental funds are:

The *General Fund* is the Town's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The *Beach Protection Fund* accounts for the operations of the Jupiter Island Beach Protection District, which is included as a blended component unit within the Town's financial statements.

Additionally, the Town reports the following nonmajor funds:

Electric Underground Fund – The Electric Underground Fund accounts for the proceeds of property tax revenue designated for the repayment of principal and interest on general obligation debt reported in governmental activities in the statement of net position.

Special Law Enforcement Fund – The Special Law Enforcement Fund accounts for the proceeds from law enforcement forfeitures. Expenditures from this fund are made only for public safety purposes.

Enterprise Fund Financial Statements – Enterprise fund reporting focuses on the determination of operating income, changes in net position, and cash flows. The Town's sole enterprise fund is described below:

The *Water and Wastewater Fund* is used to account for operations of South Martin Regional Utilities (SMRU), the Town's water and wastewater utility system.

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fiduciary Fund Financial Statements – Fiduciary fund financial statements include a statement of fiduciary net position and a statement of changes in fiduciary net position. The Town’s fiduciary funds are presented in the fund financial statements by type: *pension*, *private-purpose* and *agency*. Since by definition these assets are being held for the benefit of third parties (pension participants and Town employees) and cannot be used to finance activities or obligations of the government, these funds are not included in the government-wide financial statements.

The Fiduciary Funds of the Town are as follows:

The *Pension Trust Funds* are used to account for assets held in a trustee capacity for the retirement pensions of Town employees.

The *Private-Purpose Trust Fund* is used to account for donations made by citizens to provide college scholarships and emergency assistance to Town employees and their families.

The *Town Employees Agency Fund* accounts for donations made by citizens for Christmas gifts to Town employees.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, are generally followed in both the government-wide and enterprise fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. The Town elected to follow all pre-November 30, 1989 FASB pronouncements, which are now codified in GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*.

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 enterprise fund and fiduciary fund financial statements. Revenue is recognized when earned and expenses are recognized when incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. The agency fund does not have a measurement focus.

Governmental fund financial statements are reported using the *current financial resources measurement* focus and the *modified accrual basis of accounting*. Under the modified accrual basis of accounting, revenue is recognized in the period in which it becomes both measurable and available. Revenue is considered to be available when it is collectible within the current period or soon enough thereafter to pay liabilities of the current period. The Town considers revenue to be available if it is collected within 60 days of the end of the current fiscal year. Expenditures are generally recognized in the accounting period in which the fund liability is incurred, except for principal and interest on general long-term debt, which is recognized when due. Property taxes, intergovernmental revenue, franchise fees, charges for services and investment income are all considered susceptible to accrual and have been recognized as revenue of the current fiscal year. All other revenue items are considered to be measurable and available only when received in cash by the Town.

Enterprise fund financial statements distinguish *operating* revenue and expenses from *nonoperating* items. Operating revenue and expenses generally result from providing services and producing and delivering goods in connection with the enterprise fund’s principal ongoing operations. The principal operating revenue of the water and wastewater enterprise fund is charges to customers for sales and services. The enterprise fund also recognizes as operating revenue the portion of connection fees intended to recover the cost of connecting new customers to the system. Operating expenses for the water and wastewater enterprise fund include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenue and expenses not meeting this definition are reported as nonoperating revenue and expenses.

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and Cash Equivalents

The Town's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

Investments

The Town's investments are reported at fair value (generally based on quoted market prices) except for the position in Florida Prime (an investment pool administered by the Florida State Board of Administration). In accordance with state law, Florida Prime operates in conformity with all of the requirements of the Securities and Exchange Commission's (SEC) Rule 2a7 as promulgated under the Investment Company Act of 1940, as amended. Accordingly, Florida Prime qualifies as a 2a7-like pool and is reported at the net asset value per share (which approximates fair value) even though it is calculated using the amortized cost method. The SBA administers the Florida Prime investments pursuant to Chapter 19-7 of the Florida Administrative Code. These rules provide guidance and establish the general operating procedures for the administration of Florida Prime.

Accounts Receivable

General government accounts receivable include amounts due from other governments and charges for miscellaneous services. Accounts receivable reported in the enterprise fund represent amounts due for water and wastewater services to utility customers, who are local businesses and residents. The Town does not require collateral for accounts receivable. Accounts receivable are reported net of an allowance for doubtful accounts determined based on the age of the individual receivable, with age categories ranging from 30 days past due to several years past due. Generally, the allowance includes accounts over 90 days past due. Accounts receivable are written off on an individual basis in the year the Town deems them uncollectible.

Unbilled Accounts Receivable

The enterprise fund recognizes revenue on the basis of monthly cycle billings to customers for services provided. As a result of this cycle billing method, there are unbilled receivables at the end of each fiscal year with respect to services provided, but not billed at such date. The estimated value of services provided but unbilled at year end has been included in the accompanying financial statements.

Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

Restricted Assets

Certain assets of the enterprise fund are restricted by bond and loan covenants for construction, and other amounts legally required to be set aside for debt service, operations renewal and replacement and capital improvements. Restricted resources are used first to fund expenses incurred for restricted purposes.

Capital Assets

The Town has reported all capital assets, including infrastructure assets (roads, sidewalks and similar items), in the government-wide statement of net 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, fair value at the date of donation. Expenses which materially extend the useful life of existing assets are capitalized. Certain costs for professional services and interest associated with the acquisition and construction of enterprise fund capital assets have been capitalized. The cost of capital assets sold or retired is removed from the appropriate accounts and any resulting gain or loss is included in the change in net position.

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Depreciation is computed using the straight-line method over the estimated useful lives of all reported capital assets, except land. Amortization of assets held under capital leases is included in depreciation. Estimated useful lives assigned to the various categories of assets are as follows:

Buildings and improvements	15-65 years
Water distribution systems	40-75 years
Wastewater collection systems	40-75 years
Wells	50-75 years
Equipment	2-15 years
Roads	10-20 years
Beach renourishment	5 years

Debt Premiums, Discounts and Issuance Costs

On the government-wide statement of net position and the proprietary fund type statement of net position, debt premiums and discounts are netted against debt payable and debt issuance costs are recognized as an outflow of resources in the period incurred.

At the governmental fund reporting level, debt premiums and discounts are reported as other financing sources and uses, separately from the face amount of the debt issued. Debt issuance costs are reported as debt service expenditures.

Internal Balances

Amounts reported in the fund financial statements as interfund receivables and payables are eliminated in the government-wide governmental and business-type activities columns of the statement of net position.

Compensated Absences

The Town records vacation pay as an expenditure in the year it is earned, including accruals for related payroll taxes. Employees may accumulate up to two years of vacation leave beyond the end of the fiscal year in which it is earned. Employees accrue sick leave at the rate of eight hours per month until retirement or termination, at which time they are paid for 50% of the unused sick leave, subject to certain maximums. Accordingly, the Town accrues 50% of eligible, unused employee sick leave and related payroll taxes and benefits in the year it is earned. The liability for compensated absences attributable to the Town's governmental fund is recorded in the government-wide financial statements and generally liquidated by the general fund. The amount attributable to the business-type activity is charged to expense with a corresponding liability established in the government-wide financial statements as well as the enterprise fund.

Other Postemployment Benefits

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. Retirees pay the full cost of the insurance. The Town provides no other postemployment benefits to employees.

Deferred Outflows and Inflows of Resources

In addition to assets and liabilities, the government-wide Statement of Net Position, the governmental funds Balance Sheet, and the enterprise fund Statement of Net Position will sometimes report a separate section for deferred outflows or deferred inflows of resources. 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 has no items that qualify for reporting as deferred inflows of resources.

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 has two items, accumulated decrease in fair value of derivative instruments and refunding loss on bonds payable, which qualify for reporting as deferred outflow of resources on the government-wide Statement of Net Position and enterprise fund Statement of Net Position. The accumulated decrease in fair value of derivative instruments was the fair value of the Town's interest rate swap agreement at September 30, 2014. The refunding loss on bonds payable was a loss resulting from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

Fund Equity

Fund equity at the governmental fund financial reporting level is classified as "fund balance." Fund equity for all other reporting is classified as "net position."

Governmental Fund Balances

Generally, governmental fund balances represent the difference between the current assets and deferred outflows of resources, and current liabilities and deferred inflows of resources. Governmental funds report fund balance classifications that comprise a hierarchy based primarily on the extent to which the Town is bound to honor constraints on the specific purposes for which amounts in those resources can be spent. Fund balances are classified as follows:

Nonspendable – Nonspendable fund balances are amounts that cannot be spent because they are either (a) not in spendable form – such as inventory or prepaid insurance or (b) legally or contractually required to be maintained intact – such as a trust that must be retained in perpetuity.

Restricted Fund Balance – Restricted fund balances are restricted when constraints placed on the use of the resources are (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or (b) imposed by law through constitutional provisions or enabling legislation.

Restrictions are placed on fund balances when legally enforceable legislation establishes the Town's right to assess, levy, or charge fees to be used for a specific purpose. Legal enforceability means that the Town can be compelled by an external party (e.g., citizens, public interest groups, the judiciary) to use resources created by enabling legislation only for the purposes specified by the legislation.

Committed Fund Balance – Committed fund balances are amounts that can be used for specific purposes as a result of constraints imposed by the Commission of the Town. Committed amounts cannot be used for any other purpose unless the Commission removes those constraints by taking the same type of action (e.g., legislation, resolution, and ordinance). Amounts in the committed fund balance classification may be used for other purposes with appropriate due process by the Commission.

Committed fund balances differ from restricted balances because the constraints on their use do not come from outside parties, constitutional provisions, or enabling legislation.

Assigned Fund Balance – Assigned fund balances are amounts that are constrained by the Town's intent to be used for specific purposes, but are neither restricted nor committed.

Assigned fund balance includes (a) all remaining amounts that are reported in governmental funds (other than the General Fund) that are not classified as nonspendable, restricted, or committed, and (b) amounts in the General Fund that are intended to be used for a specific purpose. Specific amounts that are not restricted or committed in a special revenue, capital projects, debt service, or permanent fund, are assigned for purposes in accordance with the nature of their fund type. Assignment within the general fund conveys that the intended use of those amounts is for a specific purpose that is narrower than the general purposes of the Town itself.

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Unassigned Fund Balance – Unassigned fund balance is the residual classification of the general fund. This classification represents general fund balance that has not been assigned to other funds, and that has not been restricted, committed, or assigned to specific purposes within the general fund.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the Town considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the Town considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the Town Commission has provided otherwise.

Net Position

Net position represents the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources. The categories of net position are as follows:

Net Investment in Capital Assets – This component of net position consists of the cost of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets.

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.

Unrestricted – This component of net position consists of net position that does not meet the definition of *Net Investment in Capital Assets* or *Restricted*.

The government-wide statement of net position reports \$7,698,467 as restricted. Of the total amount, \$4,443,519 is restricted by enabling legislation.

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. The Town is also covered by Florida Statutes under the Doctrine of Sovereign Immunity which effectively limits the amount of liability of municipalities to individual claims of \$200,000/\$300,000 for all claims relating to the same accident. There have been no significant reductions in insurance coverage from the prior year. In addition, there have been no settlements that exceeded insurance coverage for any of the prior three fiscal years.

Interfund Transactions

Transactions between funds during the year consisted of loans, services provided, reimbursements or transfers. Loans are reported as *Due from Other Funds* and *Due to Other Funds* as appropriate and are subject to elimination in the government-wide financial statements. Services, deemed to be reasonably equivalent in value, are treated as revenue and expenditures/expenses. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are presented as transfers. Transfers within the governmental and business-type activities are eliminated in the government-wide financial statements.

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property Tax Revenue

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 Martin County Property Appraiser and collected by the Martin County Tax Collector, which remits the taxes to the Town.

For the fiscal year ended September 30, 2014, the maximum tax levy allowed by a majority vote of the governing body was generally based on a percentage reduction applied to the prior year (2012/2013) property tax revenue. The percentage reduction is calculated based on the compound annual growth rate in the per capita property taxes levied for five preceding fiscal years. The State law allows local governments to adopt a higher millage rate based on the following approval of the governing body: 1) a two-thirds 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, 2014, the Town adopted a millage rate permitted by a majority vote of the Town Commission under this formula, which was 2.7804 for the general fund, 1.4965 for the Jupiter Island Beach Protection District (the "District"), and 0.4278 for the electric underground fund debt service. This millage rate resulted in a total tax levy of \$5,216,000, \$2,800,000, and \$802,500 for 2014, for the general fund, the District, and the electric underground fund, respectively. These represent an increase of 2.7% for the general fund; and no increase or decrease for the District or the electric underground debt service from the property tax levy for 2014. Future property tax rate increases are generally limited to the annual growth rate for per capita personal income plus the value of new construction.

Grant Revenue

Federal, State and local reimbursement-type grants are recorded as intergovernmental receivables and revenue when the related expenditures/expenses are incurred.

Other Governmental Revenue

Revenue that is susceptible to accrual includes franchise fees, state shared revenues, charges for Town services and interest income. Revenue which is not both available and measurable, and thus not susceptible to accrual, includes licenses and permits and fines and forfeitures.

Use of Estimates

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

2) CASH, CASH EQUIVALENTS AND INVESTMENTS

At September 30, 2014, cash, cash equivalents and investments of the Town, excluding fiduciary funds, included the following:

	Unrestricted	Restricted	Total
Cash and Cash Equivalents			
Deposits with financial institutions	\$ 7,078,219	\$ 221,265	\$ 7,299,484
Money market mutual funds	2,203,630	165,054	2,368,684
State Board of Administration			
Florida Prime Fund	9,191,820	15,544	9,207,364
	18,473,669	401,863	18,875,532

2) CASH, CASH EQUIVALENTS AND INVESTMENTS (continued)

	Unrestricted	Restricted	Total
Investments			
U.S. Treasury Bills	\$ 1,998,969	\$ 3,275,310	\$ 5,274,279
	1,998,969	3,275,310	5,274,279
	\$ 20,472,638	\$ 3,677,173	\$ 24,149,811

Cash and Cash Equivalents

At September 30, 2014, the bank balances of the Town's cash and cash equivalents included \$7,062,784 on deposit in demand and money market accounts that were held by financial institutions that comply with the requirements of Florida Statutes and have been designated as a qualified public depository by the State Treasurer of Florida. Fiduciary net assets at September 30, 2014, included cash and cash equivalents with a bank balance of \$57,210 on deposit with qualified public depositories. Qualified public depositories are required to pledge collateral to the State Treasurer with a fair value equal to a percentage of the average daily balance of all government deposits in excess of any federal deposit insurance. In the event of a default by a qualified public depository, all claims for government deposits would be satisfied by the State Treasurer from the proceeds of federal deposit insurance, pledged collateral of the public depository in default and, if necessary, a pro rata assessment to the other qualified public depositories in the collateral pool. Accordingly, all deposits with financial institutions are considered fully insured in accordance with the provisions of Statement No. 3 of the Governmental Accounting Standards Board.

Investments

The Town's investment policy and Florida Statutes authorize the Town to invest in the State Board of Administration Florida Prime Fund; 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, or obligations guaranteed by the Government National Mortgage Association; obligations of the Federal National Mortgage Association and any additional investments specifically authorized by Town ordinance or resolution. Pension trust funds are authorized by Town resolution to also invest in insurance company group annuity contracts and self-directed participant accounts holding investments in money market funds, stocks and debt securities of U.S. corporations.

At September 30, 2014, cash, cash equivalents and investments of the Town's fiduciary funds included the following:

Pension Trust Funds	
Cash and cash equivalents	\$ 378,522
Investments – mutual funds	10,350,685
Investments with insurance company	2,394,657
Unallocated cash in transit	62,205
Private-purpose Trust Fund	
Cash and cash equivalents	48,490
Agency Fund	
Cash and cash equivalents	8,720
Total cash, cash equivalents and investments	\$ 13,243,279

The cash and cash equivalents were held by financial institutions that comply with the requirements of Florida Statutes and have been designated as a qualified public depository by the State Treasurer of Florida. The

2) CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)

Pension Trust Fund investments at September 30, 2014, consisted of investments in mutual funds with the Wilmington Trust Retirement and Institutional Services Company and Transamerica Financial Life Insurance Company (“TFLIC”) and administered by The Newport Group. The pension fund investments are uninsured and uncollateralized.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Cash equivalents and U.S. Treasury Bills have a weighted average maturity of less than one year, resulting in minimal interest rate risk. The Town’s investment policy does not specifically limit the maturity of investments.

The weighted average days to maturity of the Florida Prime Fund was 39 days at September 30, 2014.

Credit Risk

Credit risk is the risk that an issuer will not fulfill its obligations. The Town’s investment policy addresses credit risk by limiting allowable investments to the Florida Prime Fund, deposits with a financial institution meeting the requirements of a Florida qualified public depository, securities guaranteed by the U.S. Government, or investments that are otherwise fully collateralized or secured. The security rating by a Nationally Recognized Statistical Rating Organization (NRSRO) is also an indication of credit risk.

The NRSRO ratings for the Town’s rated investments at September 30, 2014, are summarized as follows:

Investment Type	NRSRO Rating	Fair Value
State Board of Administration Florida Prime Fund	AAAm	\$ 9,207,364

Custodial Credit Risk

Custodial credit risk is defined as the risk that the Town may not recover the securities held by another party in the event of a financial failure. The Town’s investment policy for custodial credit risk requires all investment securities to be held in the Town’s name by a third party safekeeping institution. The investments in money market mutual funds and pension fund investments in mutual funds are considered *unclassified* pursuant to the custodial credit risk categories of GASB Statement No. 3. All deposits with financial institutions are with *qualified public depositories* and are considered fully insured or collateralized pursuant to the custodial credit risk categories of GASB Statement No. 3.

Concentration of Credit Risk

Concentration of credit risk is defined as the risk of loss attributed to the magnitude of an investment in a single issuer. The Town’s investment policy does not address the concentration of credit risk. Pension mutual fund investments generally limit the securities of a single issuer to no more than 5% of the portfolio fair value.

Risks and Uncertainties

The Town’s investments include securities and mutual funds which are exposed to various risks, as outlined above. Due to the level of risk associated with certain investments, it is at least reasonably possible that changes in the values of investments will occur in the near term and that such changes could materially affect the amounts reported in the accompanying financial statements.

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, 2014.

3) ACCOUNTS RECEIVABLE

Accounts receivable and the related allowance for doubtful accounts at September 30, 2014, are summarized as follows:

	Gross Accounts Receivable	Allowance For Doubtful Accounts	Net Accounts Receivable
Governmental Activities			
Due from State of Florida	\$ 28,705	\$ -	\$ 28,705
Other miscellaneous services	14,289	-	14,289
Total governmental activities	42,994	-	42,994
Business-type Activities			
Customer receivables	639,231	(116,831)	522,400
Accrued interest	17,544	-	17,544
Total business-type activities	656,775	(116,831)	539,944
	\$ 699,769	\$ (116,831)	\$ 582,938

4) NOTES RECEIVABLE

The Town has established a program to finance water and wastewater connection charges and administrative costs for customers connecting to the utility system. The Town has financed approximately \$1.2 million of connection charges and related expenses that are payable to the utility system in monthly installments over terms of 20 to 30 years, with interest at rates ranging from 5.25% to 10.25%. The notes receivable are secured by a lien on the benefited properties. At September 30, 2014, the notes receivable total \$922,536, of which \$41,279 was current.

5) CAPITAL ASSETS

Capital assets activity for the year ended September 30, 2014, is summarized as follows:

	Balance at Beginning of Year	Increases	Decreases	Balance at End of Year
Governmental Activities				
Capital assets not being depreciated:				
Land and improvements	\$ 10,858,049	\$ -	\$ -	\$ 10,858,049
Construction in progress	-	9,674	-	9,674
Total capital assets not being depreciated	10,858,049	9,674	-	10,867,723
Depreciable capital assets:				
Buildings and improvements	4,195,934	44,874	(3,710)	4,237,098
Equipment	1,978,482	300,456	(137,512)	2,141,426
Beach renourishment	27,320,435	75,435	-	27,395,870
Roads	1,301,379	13,859	-	1,315,238
Total depreciable capital assets	34,796,230	434,624	(141,222)	35,089,632

5) CAPITAL ASSETS (continued)

	Balance at Beginning of Year	Increases	Decreases	Balance at End of Year
Less accumulated depreciation:				
Buildings and improvements	\$ (1,467,218)	\$ 92,230	\$ (1,855)	\$ (1,557,593)
Equipment	(1,510,499)	121,409	(101,631)	(1,530,277)
Beach renourishment	(19,666,724)	2,179,582	-	(21,846,306)
Roads	(159,262)	56,720	-	(215,982)
Total accumulated depreciation	(22,803,703)	2,449,941	(103,486)	(25,150,158)
Depreciable assets, net of accumulated depreciation	11,992,527	(2,015,317)	(37,736)	9,939,474
Total net governmental activities capital assets	\$ 22,850,576	\$ (2,005,643)	\$ (37,736)	\$ 20,807,197

Depreciation expense was charged to governmental activities functions as follows:

General government	\$ 150,335
Public safety	58,632
Building	4,672
Public works	56,720
Environmental	2,179,582
Total governmental activities depreciation expense	\$ 2,449,941

The capital asset activity for the business-type activities for the year ended September 30, 2014, is summarized as follows:

	Balance at Beginning of Year	Increases	Decreases	Balance at End of Year
Business-type Activities				
Capital assets not being depreciated:				
Land and improvements	\$ 14,475,544	\$ -	\$ -	\$ 14,475,544
Construction in progress	45,871	612,851	(33,000)	625,722
Total capital assets not being depreciated	14,521,415	612,851	(33,000)	15,101,266
Depreciable capital assets:				
Buildings and improvements	10,223,495	31,583	(4,402)	10,250,676
Water distribution system	32,033,755	10,266	(11,060)	32,032,961
Wastewater collection systems	24,180,282	175,294	(39,599)	24,315,977
Wells	4,611,972	11,022	(15,529)	4,607,465
Equipment	6,843,144	92,421	(136,715)	6,798,850
Total depreciable capital assets	77,892,648	320,586	(207,305)	78,005,929

5) CAPITAL ASSETS (Continued)

	Balance at Beginning of Year	Increases	Decreases	Balance at End of Year
Less accumulated depreciation:				
Buildings and improvements	\$ (3,858,787)	\$ 221,864	\$ (550)	\$ (4,080,101)
Water distribution systems	(7,669,605)	635,966	(9,816)	(8,295,755)
Wastewater collection systems	(7,008,160)	604,487	(16,178)	(7,596,469)
Wells	(1,477,697)	151,594	(776)	(1,628,515)
Equipment	(3,335,584)	342,769	(118,556)	(3,559,797)
Total accumulated depreciation	(23,349,833)	1,956,680	(145,876)	(25,160,637)
Depreciable assets, net of accumulated depreciation	54,542,815	(1,636,094)	(61,429)	52,845,292
Total net business-type activities capital assets	\$ 69,064,230	\$ (1,023,243)	\$ (94,429)	\$ 67,946,558

6) DERIVATIVE INSTRUMENTS

The Town has one interest rate swap agreement in effect at September 30, 2014, for the \$9,600,000 Utility System Note Payable, Series 2006. The fair value balance and notional amount of the Town's derivative instrument outstanding at September 30, 2014, classified by type, and the changes in fair value of such derivative instrument for the year then ended as reported in the 2014 financial statements are as follows:

	Changes in Fair Value		Fair Value at September 30, 2014		Notional Amount
	Classification	Amount	Classification	Amount	
Business-type activity					
Cash-flow hedge:					
Pay fixed interest	Deferred				
rate swap	Outflow	\$ 145,669	Debt	\$ (2,052,644)	\$ 9,519,703

Objectives

As a means to lower their borrowing costs and increase savings, when compared against fixed-rate refunding bonds at the time of issuance in December 2006, the Town entered into an interest rate swap in connection with the Series 2006 Note. The intention of the swap agreement was to effectively change the Town's variable interest rate on the note to a synthetic rate of 4.26%.

Terms, Fair Values and Credit Risk

The following table displays the terms, fair values and credit ratings of the swap as of September 30, 2014.

Type:	Receive-variable/Pay-fixed interest rate swap
Objective:	Hedge of changes in cash flows on the Utility System Note Payable, Series 2006
Notional Amount:	Equivalent to the outstanding principal balance of the Series 2006 Note
Effective Date:	January 12, 2007
Maturity Date:	October 1, 2028
Terms:	Pay 4.26%; receive 63.702% of London Interbank Offered Rate (LIBOR)
Fair Value:	\$(2,052,644)
Counterparty credit rating:	A2 by Moody's Investors Services, A by Standard and Poor's, and A+ by Fitch Ratings

6) DERIVATIVE INSTRUMENTS (Continued)

The Town is exposed to credit risk on hedging derivative instruments that are in asset positions. A potential net asset position for the rate swap agreement will be unsecured and uncollateralized.

Interest Rate Risk

The Town is exposed to interest rate risk on its Receive-variable/pay-fixed interest rate swap. As LIBOR decreases, the Town's net payment on the swap increases, and conversely, as LIBOR increases, the net payment on the swap decreases.

Termination Risk

The Town or its counterparty may terminate the derivative instrument if the other party fails to perform under the terms of the contract. If at the time of termination, a derivative instrument is in a liability position, the Town would be liable to the counterparty for a payment equal to the liability.

Rollover Risk

The Town is not exposed to rollover risk on its hedging derivative instrument. The hedging derivative instrument's term extends to the maturity of the hedgeable debt.

7) LIABILITIES PAYABLE FROM RESTRICTED ASSETS

Liabilities payable from restricted assets in the Water and Wastewater enterprise fund at September 30, 2014, are summarized as follows:

Accounts payable	
Renewal and replacement account	\$ 118,134
Accrued interest payable and current principal maturities	
Debt service account	420,038
Total liabilities payable from restricted assets	\$ 538,172

8) LONG-TERM DEBT

Governmental Activities Debt

On March 20, 2007, the residents of the Town approved a referendum authorizing the issuance of up to \$15 million of general obligation debt to finance the costs of undergrounding the electric distribution system serving the Town. The debt service for the outstanding Series 2007 and 2008 Notes were authorized by the referendum and are payable from ad valorem taxes. The Series 2011 Note Payable, capital lease obligation and compensated absences are generally liquidated by the General Fund from available non-ad valorem revenues.

Changes in governmental activities long-term debt for the year ended September 30, 2014, are summarized as follows:

	Balance at Beginning of Year	Additions	Retirements	Balance at End of Year	Amounts Due Within One Year
Compensated absences	\$ 334,211	\$ 302,752	\$ (338,564)	\$ 298,399	\$ 51,514
Note payable, Series 2007	4,052,831	-	(209,170)	3,843,661	216,616
Note payable, Series 2008	5,191,299	-	(235,699)	4,955,600	245,412
Capital lease agreement	17,255	-	(17,255)	-	-
Other postemployment benefits payable	95,231	18,109	(11,452)	101,888	-
Governmental activity long-term liabilities	\$ 9,690,827	\$ 320,861	\$ (812,140)	\$ 9,199,548	\$ 513,542

8) LONG-TERM DEBT (Continued)

Note Payable, Series 2007

On December 12, 2007, the Town issued a \$5.0 million promissory note payable to a financial institution to finance the electric underground project within the Town and to currently refund the outstanding balance of the Series 2006 Note. Principal and interest at 3.56% are payable in annual installments of \$353,450, commencing December 1, 2008, and due on each December 1st through maturity on December 1, 2027. The Series 2007 Note is payable from and secured by a pledge of voter approved property taxes, sufficient to pay all principal and interest on the promissory note.

The principal and interest requirements to maturity for the Note Payable, Series 2007, are as follows:

Year Ending September 30	Principal	Interest	Total
2015	\$ 216,616	\$ 136,834	\$ 353,450
2016	224,328	129,122	353,450
2017	231,982	121,468	353,450
2018	240,572	112,878	353,450
2019	249,137	104,313	353,450
2020-2024	1,384,945	382,305	1,767,250
2025-2028	1,296,081	117,719	1,413,800
	\$ 3,843,661	\$ 1,104,639	\$ 4,948,300

Note Payable, Series 2008

On September 24, 2008, the Town issued a \$6.0 million promissory note payable to a financial institution to finance the electric underground project within the Town. Principal and interest at 4.11% are payable in annual installments of \$449,061, commencing December 1, 2009, and due on each December 1st through maturity on December 1, 2028. The Series 2008 Note is payable from and secured by a pledge of voter approved property taxes, sufficient to pay all principal and interest on the promissory note.

The principal and interest requirements to maturity for the Note Payable, Series 2008, are as follows:

Year Ending September 30	Principal	Interest	Total
2015	\$ 245,412	\$ 203,649	\$ 449,061
2016	255,498	193,563	449,061
2017	265,999	183,062	449,061
2018	276,932	172,129	449,061
2019	288,314	160,747	449,061
2020-2024	1,629,360	615,945	2,245,305
2025-2029	1,994,085	251,220	2,245,305
	\$ 4,955,600	\$ 1,780,315	\$ 6,735,915

Pledged Tax Revenues

The Town has pledged its future ad valorem tax revenues to repay the outstanding Series 2007 and 2008 Notes issued to finance the electric underground project in the Town. The Series 2007 and 2008 Notes are payable solely from the ad valorem tax revenues received by the Town and are payable through December 1, 2028. Annual principal and interest payments on the notes are expected to require less than 14 percent of ad valorem tax revenues. Total principal and interest remaining to be paid on the Series 2007 and 2008 Notes at September 30, 2014, is \$11,684,215. Principal and interest paid and ad valorem tax revenues received for the current year were \$802,512 and \$6,068,074, respectively.

8) LONG-TERM DEBT (Continued)

Business-Type Activity Debt

	Balance at Beginning of Year	Additions	Retirements	Balance at End of Year	Amounts Due Within One Year
Bonds payable:					
Series 2010 revenue refunding bonds	\$ 30,085,000	\$ -	\$ -	\$ 30,085,000	\$ -
Unamortized premium	806,162	-	-	806,162	-
Total bonds payable	30,891,162	-	-	30,891,162	-
Notes payable:					
Note payable, Series 2005	\$ 2,465,884	\$ -	\$ (314,303)	\$ 2,151,581	\$ 326,211
Note payable, Series 2006	9,531,046	-	(11,343)	9,519,703	11,833
Note payable, Series 2007	3,936,581	-	(210,117)	3,726,464	217,900
Total notes payable	15,933,511	-	(535,763)	15,397,748	555,944
Compensated absences	72,597	144,035	(143,176)	73,456	1,178
Other postemployment benefits payable	75,391	11,926	(7,541)	79,776	-
Business-type activity long-term liabilities	\$ 46,972,661	\$ 155,961	\$ (686,480)	\$ 46,442,142	\$ 557,122

Series 2010 Utility System Revenue Refunding Bonds Payable

In August 2010, the Town issued \$30,085,000 Utility System Revenue Refunding Bonds, Series 2010 (the Series 2010 bonds) for the principal purpose of refunding all of the Town's Series 1998 Bonds. The Series 2010 bonds were dated August 19, 2010, with interest rates ranging from 3% to 5% until maturity on October 1, 2039. Net proceeds of \$27,789,738 from the Series 2010 Bonds plus \$1,986,335 of sinking fund monies from the Series 1998 Bonds were deposited in an irrevocable trust with an escrow agent on August 19, 2010, and used to purchase U.S. Government securities. Those securities and the interest earnings thereon provided sufficient funds to call and retire \$29,060,000 Series 1998 Bonds on October 1, 2010. As a result, these bonds were considered to be defeased and the liability was removed from the statement of net assets.

The future principal and interest requirements for the Series 2010 bonds to maturity are as follows:

Year Ending September 30,	Principal	Interest	Total
2015	\$ -	\$ 1,449,500	\$ 1,449,500
2016	15,000	1,449,275	1,464,275
2017	45,000	1,448,375	1,493,375
2018	70,000	1,446,300	1,516,300
2019	100,000	1,442,900	1,542,900
2020-2024	2,490,000	7,014,700	9,504,700
2025-2029	905,000	6,548,800	7,453,800
2030-2034	9,850,000	5,426,575	15,276,575
2035-2039	13,410,000	2,557,500	15,967,500
2040	3,200,000	80,000	3,280,000
	\$ 30,085,000	\$ 28,863,925	\$ 58,948,925

8) LONG-TERM DEBT (Continued)

Utility System Note Payable, Series 2005

On April 1, 2005, the Town issued a \$4.6 million Utility System Promissory Note Payable, Series 2005 (the "Series 2005 Note"), to a local financial institution to refinance the Town's \$5 million Utility System Bond Anticipation Note, Series 2001. Principal and interest at 3.71% are payable in semi-annual installments of \$202,075 on April 1 and October 1 through maturity on April 1, 2020. The Series 2005 Note is secured by a pledge of the net revenue of the utility system, subordinate to the pledge for the Utility System Revenue Bonds, Series 2010. The future principal and interest requirements for the Series 2005 Note to maturity are as follows:

Year Ending September 30,	Principal	Interest	Total
2015	\$ 326,211	\$ 77,939	\$ 404,150
2016	338,426	65,724	404,150
2017	351,446	52,704	404,150
2018	364,791	39,359	404,150
2019	378,641	25,509	404,150
2020	392,066	12,084	404,150
	\$ 2,151,581	\$ 273,319	\$ 2,424,900

Utility System Note Payable, Series 2006

On December 29, 2006, the Town issued a \$9.6 million Utility System Note Payable, Series 2006 (the "Series 2006 Note"), to a local financial institution for the purpose of advance refunding \$9,355,000 of the Town's Utility System Revenue Bonds, Series 1998, and to pay certain costs of issuance with respect to the Series 2006 Note and certain costs of issuance with respect to the refunding on January 12, 2007. Principal on the Series 2006 Note is due annually on October 1 and interest is payable monthly at a rate equivalent to 63.7% of the daily London Interbank Offered Rate (LIBOR) plus .75% (0.85001% at September 30, 2014). The Series 2006 Note is secured by a pledge of the Town to budget non-ad valorem revenues for repayment of the Series 2006 Note.

The future principal and interest requirements for the Series 2006 Note to maturity assume that current interest rates on the variable rate note and the current reference rate of the hedging derivative instrument will remain the same for their term.

Year Ending September 30,	Variable-Rate Note			Total
	Principal	Interest	Interest Rate Swap, Net	
2015	\$ 11,833	\$ 119,279	\$ 291,638	\$ 422,750
2016	12,343	111,220	300,299	423,862
2017	11,753	103,056	306,819	421,628
2018	13,384	94,785	314,546	422,715
2019	13,963	86,408	322,333	422,704
2020-2024	78,128	302,517	1,733,805	2,114,450
2025-2029	9,378,299	79,793	1,284,593	10,742,685
	\$ 9,519,703	\$ 897,058	\$ 4,554,033	\$ 14,970,794

Utility System Note Payable, Series 2007

On December 12, 2007, the Town issued a \$5.0 million Utility System Promissory Note, Series 2007 (the "Series 2007 Note"), to a local financial institution to finance the cost of improvements to the utility system. Principal and interest at 3.67% are payable in semi-annual installments of \$176,345 on April 1 and October 1 through maturity on October 1, 2027. The Series 2007 Note is secured by a pledge of the Town's non-ad

8) LONG-TERM DEBT (Continued)

valorem revenue and a pledge of the Town to budget non-ad valorem revenues for repayment of the Series 2007 Note. The future principal and interest requirements for the Series 2007 Note to maturity are as follows:

Year Ending September 30,	Principal	Interest	Total
2015	\$ 217,900	\$ 134,790	\$ 352,690
2016	225,629	127,061	352,690
2017	234,327	118,363	352,690
2018	243,006	109,684	352,690
2019	252,006	100,684	352,690
2020-2024	1,406,726	356,718	1,763,444
2025-2028	1,146,870	85,643	1,232,513
	\$ 3,726,464	\$ 1,032,943	\$ 4,759,407

Legal Requirements

The Utility System Revenue Refunding Bonds, Series 2010 were authorized by Town Resolution No. 620, adopted on August 3, 2009, as supplemented by Resolution No. 642, adopted on August 3, 2010, and generally provide for the following covenants:

1. Annual debt service funding by monthly transfers of cash to a reserve account.
2. Monthly deposits to a renewal and replacement cash reserve set at 5% of the previous year's gross revenue, or such amount as determined by a certified engineer.
3. A Debt Service Reserve Account equal to 125% of the average annual debt service for all outstanding bonds.
4. Optional redemption for bonds maturing in the years 2021 and thereafter at a redemption price equal to the principal amount thereof, together with accrued interest to the redemption date.
5. Mandatory redemption for bonds maturing in 2030 and 2039 in the amount of \$1,845,000 and \$3,200,000, respectively at a redemption price equal to the unpaid principal amount plus interest to the redemption date.
6. Investing of cash reserves in time deposits, direct obligations of the U.S. government or other authorized investments with varying maturity restrictions.
7. Establishment of rates and charges sufficient to provide either 1) net revenues of at least 110% of the annual debt service on the outstanding bonds and any subordinated indebtedness or, 2) net revenues and connection fees of at least 120% of the annual debt service, on the outstanding bonds and any subordinated indebtedness.
8. The use of cash is generally restricted to the following priority: operation and maintenance, debt service, reserves, renewal and replacement, and any other lawful purpose.

Pledged Utility Revenues

The Town has pledged the future net revenues (generally customer revenues, net of specific operating expenses) of the utility system to repay the outstanding Series 2010 Bonds and Series 2005 Note issued to finance the acquisition and subsequent improvements to the utility system. The Series 2010 Bonds and Series 2005 Note are payable solely from the utility net revenues and are payable through 2039. Annual principal and interest payments on the Series 2010 Bonds and Series 2005 Note are expected to require approximately 48 percent of utility net revenues. Total principal and interest remaining to be paid on the Series 2010 Bonds and Series 2005 Note at September 30, 2014, is \$61,373,825. Principal and interest paid on the Series 2010 Bonds and Series 2005 Note for the current year and utility system net revenues were \$1,847,721 and \$4,531,583, respectively.

8) LONG-TERM DEBT (Continued)

Pledged Non-ad Valorem Revenues

The Town has pledged the future non-ad valorem revenues of its Governmental Funds to repay the outstanding Series 2006 and Series 2007 Utility System Notes Payable issued to finance improvements to the utility system. The Town intends to pay the Series 2006 and Series 2007 Notes from the net revenues of the utility system through maturity on October 1, 2029.

Annual principal and interest payments on the notes constitute a pledge of approximately 32 percent of the Town's non-ad valorem revenues until 2028 and approximately 83 percent thereafter until maturity. Total principal and interest remaining to be paid on the Series 2006 and Series 2007 Notes at September 30, 2014, is \$19,730,201. Principal and interest paid by the utility system and non-ad valorem revenues pledged for the current year were \$771,338 and \$3,678,084, respectively.

Annual Maturities

As of September 30, 2014, aggregate debt service requirements of the Town's debt (fixed-rate and variable-rate) and net receipts/payments on the associated hedging derivative instrument are as follows. These amounts assume that current interest rates and the current reference rates of the hedging derivative instrument will remain the same for their term. As these rates vary, interest payments on variable-rate bonds and net receipts/payments on the hedging derivative instrument will vary. Refer to Note 6 for information on derivative instruments.

Year Ending September 30,	Principal	Interest	Interest Rate Swap, Net	Total
2015	\$ 1,017,972	\$ 2,121,991	\$ 291,638	\$ 3,431,601
2016	1,071,224	2,075,965	300,299	3,447,488
2017	1,140,507	2,027,028	306,819	3,474,354
2018	1,208,685	1,975,135	314,546	3,498,366
2019	1,282,061	1,920,561	322,333	3,524,955
2020-2024	7,381,225	8,684,269	1,733,805	17,799,299
2025-2029	14,720,335	7,083,175	1,284,593	23,088,103
2030-2034	9,850,000	5,426,575	-	15,276,575
2035-2039	13,410,000	2,557,500	-	15,967,500
2040	3,200,000	80,000	-	3,280,000
	\$ 54,282,009	\$ 33,952,199	\$ 4,554,033	\$ 92,788,241

For the year ended September 30, 2014, the Town incurred and expensed total interest charges of \$378,895 in the governmental activities. Interest charges incurred for the business-type activity totaled \$2,103,130 which was expensed.

9) FUND BALANCE

In the fund financial statements, governmental funds report fund equity classifications that comprise a hierarchy based primarily on the extent to which the Town is bound to honor constraints on the specific purpose for which amounts in the funds may be spent. The classifications are as follows:

9) FUND BALANCE (Continued)

	General Fund	Beach Protection Fund	Nonmajor Governmental Funds
Nonspendable:			
Prepaid items	\$ 33,308	\$ -	\$ -
Restricted:			
Beach protection	-	4,443,519	-
Debt repayment	-	-	110,677
Public safety	-	-	5,270
Total restricted	-	4,443,519	115,947
Assigned:			
Emergencies	1,000,000	-	-
Compensated absences	115,000	-	-
Uninsured losses and other payments	80,000	-	-
Conservation	572,372	-	-
Beautification and maintenance	165,354	-	-
Criminal justice education and training	10,213	-	-
Art Committee	7,017	-	-
Total assigned	1,949,956	-	-
Unassigned	5,026,050	-	-
Total fund balance	\$ 7,009,314	\$ 4,443,519	\$ 115,947

10) RESTRICTED NET POSITION

Assets of the Enterprise Fund were restricted for the following purposes as required by the Town's outstanding revenue refunding bonds at September 30, 2014:

	Restricted Assets	Liabilities Payable From Restricted Assets	Restricted Net Position
Debt service accounts	\$ 420,038	\$ 420,038	\$ -
Debt service reserve account	2,766,866	-	2,766,866
Renewal and replacement account	490,269	118,134	372,135
	\$ 3,677,173	\$ 538,172	\$ 3,139,001

Net position is restricted for the debt service accounts, debt service reserve account, renewal and replacement account and capital improvement account to the extent that restricted assets exceed the respective liabilities payable from restricted assets.

11) INTERFUND TRANSACTIONS

Interfund receivables and payables at September 30, 2014, are summarized as follows:

11) INTERFUND TRANSACTIONS (Continued)

Receivable Fund	Payable Fund	Amount
General Fund	Utility Enterprise Fund	\$ 10,844
General Fund	Special Law Enforcement Fund	15,360
Beach Protection Fund	General Fund	31

The interfund receivables and payables are attributable to reimbursements due to various funds for the disbursement of monies initially made from it that are properly applicable to another fund.

12) CAPITAL CONTRIBUTIONS

The capital contributions to the Water and Wastewater enterprise fund for the year ended September 30, 2014, consisted of connection and other fees of \$327,225. This amount represented \$248,520 for water connections and \$78,705 for wastewater connections.

13) DEFINED BENEFIT PENSION PLAN

Description of the Plan

The Town contributes to a Defined Benefit Pension Plan for Employees of the Town of Jupiter Island (the "Plan"), a single employer plan covering substantially all Town employees not covered by the Town's defined contribution pension plans. The plan is administered by the Town and accounted for as a separate fund. The fiduciaries of the plan consist of the Town Commission and the Committee for the Plan. The Committee for the Plan consists of five individuals appointed by the Town Commission.

As of October 1, 2013, the Town has implemented GASB Statement No. 67, *Financial Reporting for Pension Plans – an amendment of GASB Statement No. 25*. This Statement improves financial reporting by state and local governmental pension plans. This Statement replaces the requirements of Statements No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*, and No. 50, *Pension Disclosures*, as they relate to pension plans that are administered through trusts or equivalent arrangements that meet certain criteria. The requirements of Statements 25 and 50 remain applicable to pension plans that are not administered through trusts covered by the scope of this Statement and to defined contribution plans that provide postemployment benefits other than pensions.

The Plan was frozen as of October 1, 2009. Credited service, eligibility service, and average final compensation was frozen for all members except the fourteen (14) employees who were within 5.5 years of age 65 or age 55 with 25 years of service as of that date. Those 14 employees will continue to earn credit toward eligibility for an unreduced early retirement pension benefit. Freezing the Plan decreased the unfunded actuarial liability from \$416,793 to \$95,580. At September 30, 2014, the market value of plan assets was less than the actuarial value of plan assets by \$99,527.

The benefit provisions and all other requirements of the Defined Benefit Pension Plan are established by Town ordinance and are summarized as follows:

Plan Eligibility – Employees completing one year of continuous service and attaining the age of 21.

Vesting – Benefits vest after five years of service.

Eligibility Requirements:

Normal – Attainment of age 65 and completion of five years of service or, age 55 and completion of twenty-five years of service.

Early – Attainment of age 55 and completion of ten years of service.

13) DEFINED BENEFIT PENSION PLAN (Continued)

Annual Retirement Benefit – 3% of the participant’s average monthly compensation (defined as the sum of the participant’s reported rate of basic earnings on March 1 in the three consecutive years of employment that produce the highest average, divided by 36) multiplied by the number of years of credited service.

Other Benefits – The Plan also provides for disability and death benefits.

Participant data as of October 1, 2014, the date of most recent actuarial valuation, is as follows:

Retirees and beneficiaries receiving benefits	28
Terminated plan members vested but not yet receiving benefits	19
Active plan members	25
Total	72

Investments

The pension committee develops and recommends the plan’s investment policy statement which is adopted by the Town Commission. The Town’s long-term investment objective is to achieve and maintain a fully funded status with regard to current pension liabilities. The following was the asset allocation strategy as of September 30, 2014:

Asset Class	Target Allocation
Growth:	
Domestic Equity	40%
International Equity	20%
Absolute Return	10%
Real Return	5%
Income	20%
Reserves	5%
Total	100%

The following investments represent 5% or more of the defined benefit plan’s fiduciary net position at September 30, 2014:

Mutual Fund	Amount
AMG Yacktman Fund-Svc	\$ 1,139,966
Delafield	1,041,307
Pimco Total Return Instl	773,625
Royce Premier	1,062,438
Vanguard Total Bond Index Adm	552,788
Vanguard Total Stock Market Adm	1,150,945

For the year ended September 30, 2014, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 6.23%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Net Pension Liability

The components of the net pension liability of the Town as of September 30, 2014, were as follows:

13) DEFINED BENEFIT PENSION PLAN (Continued)

Total pension liability	\$ 11,909,368
Plan fiduciary net position	10,729,207
Town's net pension liability	\$ 1,180,161
Plan fiduciary net position as a percentage of the total pension liability	90.09%

Actuarial Methods and Assumptions

The total pension liability was determined by an actuarial valuation using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial valuation date	October 1, 2014
Investment rate of return on investments	6.0%
Projected salary increases, including inflation	6.5%
Includes inflation at	3.0%
Cost of living adjustments	0.0%

The mortality rates were based on the RP-2000 Combined Healthy Participant Mortality Table projected to valuation date by Scale AA.

The following presents the net pension liability of the Town, calculated using the discount rate of 6 percent, as well as what the Town's net pension liability would be if it were calculated using a discount rate that is 1 percent lower (5 percent) or 1 percent higher (7 percent) than the current rate:

Total Pension Liability (1% Decrease – 5%)	\$13,029,915
Total Pension Liability (Current Rate)	11,909,368
Total Pension Liability (1% Increase – 7%)	10,931,999

Net Pension Asset

The net pension asset is the difference between the Town's annual pension cost and actual contributions. The net pension asset information for the year ended September 30, 2014 and the preceding two fiscal years, are as follows:

Year Ended	Annual Pension Cost	Employer Contributions	Percentage of Contributed	Net Pension Obligation (Asset)
September 30, 2012	\$ 293,353	\$ 327,821	111.7%	\$ (111,675)
September 30, 2013	402,545	349,791	86.9%	(58,921)
September 30, 2014	339,869	360,411	106.0%	(79,463)

The development of the net pension asset for the year ended September 30, 2014 and the preceding two fiscal years, is as follows:

	September 30, 2012	September 30, 2013	September 30, 2014
Annual required contribution (ARC)	\$ 291,583	\$ 399,230	\$ 337,348
Interest on net pension obligation (NPO)	(5,405)	(6,701)	(3,535)
Adjustment to annual required contribution	7,175	10,016	6,056
Annual pension cost (expense)	293,353	402,545	339,869
Contributions made	327,821	349,791	360,411

13) DEFINED BENEFIT PENSION PLAN (Continued)

	September 30, 2012	September 30, 2013	September 30, 2014
Decrease (increase) in net pension benefit	\$ (34,468)	\$ 52,754	\$ (20,542)
Net pension asset, beginning of year	(77,207)	(111,675)	(58,921)
Net pension asset, end of year	\$ (111,675)	\$ (58,921)	\$ (79,463)

14) DEFINED CONTRIBUTION PENSION PLANS

The Town of Jupiter Island Retirement Plan for SMRU Operations Employees

This plan is a voluntary 401(a) defined contribution pension plan established for the employees of the Town's Utility System (SMRU). The Plan was effective October 1, 2007. The Town employees cannot contribute to the Plan. The Town contributes 10.0% of the employees' annual compensation. Effective October 1, 2012, the Town also contributes a matching contribution, on a dollar-for-dollar basis, of the participant's contributions to the Town of Jupiter Island 457 Plan (the 457 Plan) up to 2.5% of eligible compensation. The contributions vest 100% in year three. Employer contributions to the Plan for the year ended September 30, 2014, were \$152,283. Plan investments are fully participant directed. Plan provisions and contribution requirements are established by the Town Commission and may be amended by future Commission action.

The Town of Jupiter Island 401(a) Plan

This plan is a voluntary 401(a) defined contribution pension plan established for the employees of the Town, except SMRU employees. The Plan was effective October 1, 2009. The Town employees cannot contribute to the Plan. The Town contributes 10.0% of the employees' annual compensation. The Town also contributes a matching contribution, on a dollar-for-dollar basis, of the participant's contributions to the Town of Jupiter Island 457 Plan (the 457 Plan) up to 2.5% of eligible compensation. In the initial plan year beginning October 1, 2009, the Town matched the amount contributed by the participants to the 457 Plan at the rate of two dollars for each dollar up to a maximum match of 2.5% of compensation. The contributions vest 100% in year three. Employer contributions to the Plan for the year ended September 30, 2014, were \$350,212. Plan investments are fully participant directed. Plan provisions and contribution requirements are established by the Town Commission and may be amended by future Commission action.

Pension Plan Financial Statements

The Town's Defined Benefit Pension Plan, SMRU Defined Contribution Pension Plan, and the Town's Defined Contribution Pension Plan do not issue stand-alone GAAP financial reports. Accordingly, the Town is required to present separate financial statements for each plan in the notes to the financial statements. Financial statements for the Town's Defined Benefit Pension Plan, SMRU Defined Contribution Pension Plan, and the Town's Defined Contribution Pension Plan as of and for the year ended September 30, 2014, are as follows:

Statements of Fiduciary Net Position

	Town Defined Benefit Pension Trust Fund	SMRU Defined Contribution Pension Trust Fund	Town Defined Contribution Pension Trust Fund
Assets			
Cash and cash equivalents	\$ 378,522	\$ -	\$ -
Investments – mutual funds	10,350,685	-	-
Investments with insurance company	-	862,601	1,532,056
Unallocated cash in transit	-	29,329	32,876
Employer contributions receivable	-	138,999	298,630
Loans receivable	-	4,493	-
Total assets	\$ 10,729,207	\$ 1,035,422	\$ 1,863,562

14) DEFINED CONTRIBUTION PENSION PLANS (Continued)

Statements of Fiduciary Net Position (Continued)

	Town Defined Benefit Pension Trust Fund	SMRU Defined Contribution Pension Trust Fund	Town Defined Contribution Pension Trust Fund
Liabilities	\$ -	\$ -	\$ -
Net position	\$ 10,729,207	\$ 1,035,422	\$ 1,863,562
Held in trust for pension benefits			

Statements of Changes in Fiduciary Net Position

	Town Defined Benefit Pension Trust Fund	SMRU Defined Contribution Pension Trust Fund	Town Defined Contribution Pension Trust Fund
Additions			
Employer contributions	\$ 360,411	\$ 152,283	\$ 350,212
Investment income	659,148	87,999	121,981
Total additions	1,019,559	240,282	472,193
Deductions			
Payments to retirees and employees	736,837	145,048	43,574
Investment fee expense	24,678	5,871	2,000
Total deductions	761,515	150,919	45,574
Change in net position	258,044	89,363	426,619
Net position, beginning of year	10,471,163	946,059	1,436,943
Net position, end of year	\$ 10,729,207	\$ 1,035,422	\$ 1,863,562

15) OTHER POSTEMPLOYMENT BENEFITS

The Town adopted GASB Statement No. 45 (“Statement 45”), *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, for the fiscal year ended September 30, 2009.

Statement 45 establishes the financial reporting and disclosure requirements by employers for other postemployment benefits (“OPEB”). In accordance with Statement 45, the Town set their net OPEB obligation at zero as of the beginning of its transition year ended September 30, 2009, and applied the measurement and recognition requirements of Statement 45 on a prospective basis.

Plan Description

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

Funding Policy

The Town is required by Florida Statute 112.0801 to allow retirees to buy healthcare coverage at the same *group insurance rates* that current employees are charged resulting in an *implicit* healthcare benefit. The State of

15) OTHER POSTEMPLOYMENT BENEFITS (Continued)

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 separated from active employees. The use of age adjusted premiums results in the addition of an implicit rate subsidy into the actuarial accrued liability. Plan members receiving benefits contribute 100% of the monthly premium ranging from a minimum of \$519 to a maximum of \$1,236.

Annual OPEB Cost and Net OPEB Obligation

The Town has elected to calculate the annual required contribution of the employer (ARC) and related information using the Alternative Measurement Method permitted by GASB Statement 45 for employers in plans with fewer than one hundred total plan members. The Town's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the ARC. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years.

Annual required contribution	\$ 31,992
Interest on net pension obligation	5,972
Adjustment to annual required contribution	(7,929)
Annual OPEB cost	30,035
Contributions made	18,994
Increase in net OPEB obligation	11,041
Net OPEB obligation, beginning of year	170,622
Net OPEB obligation, end of year	\$ 181,663

The Employer's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation were as follows:

Year Ended	Annual OPEB Cost	Actual Employer Contribution	Percentage Contributed	Net OPEB Obligation
September 30, 2012	\$ 28,341	\$ 14,587	51%	\$ 157,752
September 30, 2013	30,971	16,291	53%	170,622
September 30, 2014	31,992	18,994	59%	181,663

Funded Status and Funding Progress

As of September 30, 2014, the plan assets were \$0, the actuarial accrued liability for benefits was \$280,853, the total unfunded actuarial liability is \$280,853, and the actuarial value of assets as a percentage of the actuarial accrued liability (funded ratio) is 0%. The covered payroll (annual payroll of active employees covered by the plan) was \$4,467,145, and the ratio of the unfunded actuarial accrued liability to the covered payroll was 6%.

The projection of future benefit payments for an ongoing plan involves estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

15) OTHER POSTEMPLOYMENT BENEFITS (Continued)

Methods and Assumption

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

Based on the historical and expected returns of the Town's short-term investment portfolio, a discount rate of 3.50% was used. A general price inflation of 3.00% was assumed. In addition, the Entry Age Normal actuarial cost method was used. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payrolls on a closed basis. The remaining amortization period at September 30, 2014, was 29 years. As authorized by GASB 45, the Alternative Measurement Method with its simplifications of certain assumptions was employed in measuring actuarial accrued liabilities and the ARC.

16) COMMITMENTS AND CONTINGENCIES

Fire Rescue Services

The Town receives fire rescue services from Martin County, Florida, through an interlocal agreement. The term of the agreement is five years from October 1, 2010 to September 30, 2015. The cost of the services provided by Martin County totaled \$729,301 for the year ended September 30, 2014.

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.

Commitments

Commitments on major construction contracts consist of the following:

Project	Total Project Authorization	Expended at September 30,2014	Contracts and Retainage Payable	Balance To Complete
Water Main Project	\$ 479,191	\$ 431,272	\$ 47,919	\$ -

17) PRONOUNCEMENTS ISSUED, BUT NOT YET ADOPTED

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27* issued June 2012, is effective for the Town beginning with its fiscal year ending September 30, 2015. This Statement establishes standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. In addition, this Statement details the recognition and disclosure requirements for employers with liabilities to a defined benefit pension plan and for employers whose employees are provided with defined contribution plans.

GASB Statement No. 69, *Government Combinations and Disposals of Government Operations* issued January 2013, is effective for the Town beginning with its fiscal year ending September 30, 2015. This Statement establishes accounting and financial reporting standards related to government combinations and disposals of government operations. As used in this Statement, the term *government combinations* includes a variety of transactions referred to as mergers, acquisitions, and transfers of operations.

17) PRONOUNCEMENTS ISSUED, BUT NOT YET ADOPTED

GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date - an amendment of GASB Statement No. 68* issued November 2013, is effective for the Town beginning with its fiscal year ending September 30, 2015. The objective of this Statement is to address an issue regarding application of the transition provisions of Statement No. 68, *Accounting and Financial Reporting for Pensions*. The issue relates to amounts associated with contributions, if any, made by a state or local government employer or nonemployer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability.

The Town's management has not yet determined the effect these Statements will have on the Town's financial statements.



**REQUIRED SUPPLEMENTARY
INFORMATION**

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TOWN OF JUPITER ISLAND, FLORIDA

Required Supplementary Information

Budgetary Comparison Schedule

General Fund - Non-GAAP Budgetary Basis

Year Ended September 30, 2014

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
Revenue				
Taxes				
Ad valorem property taxes	\$ 5,216,000	\$ 5,216,000	\$ 5,254,924	\$ 38,924
Local option gas tax	101,715	102,000	109,813	7,813
Communications tax	79,475	80,000	77,475	(2,525)
Total taxes	5,397,190	5,398,000	5,442,212	44,212
Licenses and permits				
Building permits	700,000	797,916	2,260,842	1,462,926
Alarm permit fee	1,500	1,500	1,385	(115)
Occupational licenses	500	500	1,511	1,011
Total licenses and permits	702,000	799,916	2,263,738	1,463,822
Intergovernmental revenue				
Payment in lieu of taxes	15,000	15,000	23,680	8,680
State grant revenue	31,000	31,000	31,000	-
State shared revenue:				
Half-cent sales tax	57,000	57,000	78,499	21,499
State revenue sharing	18,500	18,500	20,426	1,926
Fuel tax refund	2,500	2,500	5,009	2,509
Firefighters supplemental	-	-	2,220	2,220
Radon fees	500	500	3,884	3,384
Total intergovernmental revenue	124,500	124,500	164,718	40,218
Charges for services				
Other public safety charges and fees	12,000	12,000	10,094	(1,906)
Brush charges	99,000	99,000	89,000	(10,000)
Board of Adjustment fees	12,500	12,500	15,000	2,500
Impact review fees	12,500	12,500	33,000	20,500
Total charges for services	136,000	136,000	147,094	11,094
Fines and forfeitures				
Fines and forfeitures	3,600	3,600	4,950	1,350
Total fines and forfeitures	3,600	3,600	4,950	1,350
Investment income	2,475	4,865	5,448	583

Continued on following page.

TOWN OF JUPITER ISLAND, FLORIDA

Required Supplementary Information

Budgetary Comparison Schedule

General Fund - Non-GAAP Budgetary Basis (Continued)

Year Ended September 30, 2014

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenue (continued)				
Miscellaneous				
Lease income	\$ 40,463	\$ 40,463	\$ 24,913	\$ (15,550)
Refund	-	5,000	9,884	4,884
Miscellaneous	55,000	75,000	71,306	(3,694)
Administrative charges:				
Beach Protection District	101,000	101,000	101,000	-
Administrative charges:				
Utility Fund	465,547	465,547	465,547	-
Total miscellaneous	662,010	687,010	672,650	(14,360)
Total revenue	7,027,775	7,153,891	8,700,810	1,546,919
Expenditures				
Administration				
Personal services:				
Regular salaries and wages	594,781	528,044	516,477	11,567
Other salaries and wages	40,000	43,000	42,722	278
FICA taxes	34,450	34,450	31,811	2,639
Medicare taxes	8,057	8,206	8,200	6
Overtime	1,000	1,200	1,094	106
Auto allowance	18,000	18,100	18,069	31
Pension contributions - DBP	64,700	76,000	75,850	150
Pension contributions	62,200	69,000	68,603	397
Health insurance	66,800	70,500	70,224	276
Dental insurance	2,000	2,500	2,444	56
Cafeteria plan insurances	10,950	11,450	11,059	391
Short-term disability	1,400	1,400	1,393	7
Workers compensation insurance	1,000	1,000	783	217
Employees assistance program	150	150	126	24
Total personal services	905,488	865,000	848,855	16,145
Operating expenditures:				
Professional services -				
legal/employees	60,000	108,000	106,960	1,040
Professional services -				
legal/general	65,000	117,000	114,682	2,318

Continued on following page.

TOWN OF JUPITER ISLAND, FLORIDA

Required Supplementary Information

Budgetary Comparison Schedule

General Fund - Non-GAAP Budgetary Basis (Continued)

Year Ended September 30, 2014

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Administration (continued)				
Professional services -				
legal/pension	\$ 8,000	\$ 11,000	\$ 10,573	\$ 427
Professional services - comp plan	-	-	-	-
Professional services - codification	2,500	2,500	1,706	794
Professional services - business	12,000	12,000	11,286	714
Professional services - CG property	5,000	5,000	-	5,000
Professional services - audit/actuarial	45,000	36,000	35,641	359
Professional services - financial	30,000	42,500	42,054	446
Professional services - accounting	4,000	2,500	2,197	303
Professional services - public relations	25,000	23,000	19,813	3,187
Contracted services - archives	3,000	5,000	4,843	157
Contracted services - information technology	12,000	11,000	10,440	560
Contracted services - website	500	500	75	425
Travel and per diem	3,000	3,000	2,692	308
Art committee	15,000	15,000	15,000	-
Office supplies	4,800	10,000	9,501	499
Personnel training	1,700	2,000	1,840	160
Personnel services	2,000	4,000	3,018	982
Postage	10,500	15,000	13,911	1,089
Telephone	19,500	21,000	18,636	2,364
Legal advertising	3,500	2,500	2,315	185
Utilities - electric	12,000	15,000	13,123	1,877
Utilities - water	8,000	2,000	1,366	634
Liability and bond insurance	104,400	90,200	85,671	4,529
Repair and maintenance - equipment	2,125	1,000	164	836
Repair and maintenance - building	30,000	46,000	45,388	612
Equipment maintenance	5,000	3,000	-	3,000
Printing and binding	2,400	4,000	3,750	250
Other miscellaneous charges	4,000	7,500	6,854	646
Bank charges	800	800	555	245
Emergency preparation	3,000	4,000	3,546	454
Computer supplies	2,000	3,000	2,113	887
Lease - copier	1,800	2,000	1,660	340
Travel - commission boards	5,000	1,000	-	1,000
Small tools and equipment	500	500	152	348
Books, publications and subscriptions	3,305	5,500	4,716	784
Total operating expenditures	516,330	634,000	596,241	37,759

Continued on following page.

TOWN OF JUPITER ISLAND, FLORIDA

Required Supplementary Information

Budgetary Comparison Schedule

General Fund - Non-GAAP Budgetary Basis (Continued)

Year Ended September 30, 2014

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
Administration (continued)				
Capital outlay:				
Improvements other than building	\$ 5,000	\$ 5,000	\$ 3,513	\$ 1,487
Machinery and equipment	10,000	10,000	13,150	(3,150)
Total capital outlay	15,000	15,000	16,663	(1,663)
Debt service:				
Principal	17,255	17,255	17,255	-
Interest	351	351	351	-
Total debt service	17,606	17,606	17,606	-
Other uses:				
Contingency	50,000	10,000	9,843	157
Total other uses	50,000	10,000	9,843	157
Total administration	1,504,424	1,541,606	1,489,208	52,398
Public safety				
Personal services:				
Regular salaries and wages	1,466,858	1,444,858	1,432,988	11,870
FICA taxes	93,958	93,958	91,515	2,443
Medicare taxes	21,974	21,974	21,547	427
Overtime	45,000	66,000	65,035	965
Health insurance	263,152	260,652	242,699	17,953
Dental insurance	7,000	8,500	8,363	137
Cafeteria Plan/HRA	36,500	37,500	37,078	422
Short-term disability	5,000	5,000	3,913	1,087
Workers compensation insurance	28,000	29,000	28,807	193
Unemployment compensation	4,000	4,000	-	4,000
Employees assistance program	500	600	547	53
Telephone allowance	7,561	8,562	8,267	295
Clothing and shoe allowance	3,600	3,600	3,450	150
Pension contributions - DBP	191,450	190,350	185,189	5,161
Pension contributions - DCP	179,560	179,560	171,526	8,034
Total personal services	2,354,113	2,354,114	2,300,924	53,190
Operating expenditures:				
Contracted services - ALS	726,000	730,000	729,301	699
Contracted services - general operations	16,165	11,000	10,877	123
Investigations	2,500	2,500	1,028	1,472
Travel and per diem	6,000	4,000	2,729	1,271
Utilities - electric	10,000	11,000	10,921	79
Utilities - water	4,200	4,200	3,783	417

TOWN OF JUPITER ISLAND, FLORIDA

Required Supplementary Information

Budgetary Comparison Schedule

General Fund - Non-GAAP Budgetary Basis (Continued)

Year Ended September 30, 2014

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
Public safety (continued)				
Operating expenditures (continued)				
Telephone	\$ 16,000	\$ 26,000	\$ 25,343	\$ 657
Lease - copier	1,500	1,500	1,465	35
Repair and maintenance - building	14,000	16,500	16,087	413
Vehicle maintenance - police	16,000	18,920	18,309	611
Vehicle maintenance - fire	3,500	1,000	667	333
Equipment maintenance - police	5,000	5,000	4,313	687
Equipment maintenance - fire	3,000	2,000	1,248	752
Equipment maintenance - security	17,000	3,000	2,869	131
Equipment maintenance - City Watch	750	750	169	581
Other miscellaneous charges	2,500	5,000	4,927	73
Patrol boats maintenance	8,000	9,000	8,793	207
Accreditation expense	2,360	2,000	1,579	421
Office supplies	6,000	7,000	6,674	326
Computer supplies	1,500	7,500	7,049	451
Gasoline, diesel and oil	60,000	63,500	63,287	213
Uniforms	6,500	6,500	6,066	434
Uniforms - cleaning	3,600	3,600	1,097	2,503
Small tools and equipment - police	1,000	4,000	3,940	60
Small tools and equipment - fire	500	500	195	305
Small tools and equipment - OPS	750	750	399	351
Supplies - police	12,025	12,100	12,038	62
Supplies - fire	8,800	1,000	588	412
Supplies - EMT	5,120	4,000	2,714	1,286
Books, publications and subscriptions	1,000	1,000	463	537
Personnel training - police	5,000	4,000	2,987	1,013
Personnel training - fire	2,000	1,000	552	448
Personnel training - EMT	3,250	1,000	944	56
Personnel services	300	1,000	911	89
Total operating expenditures	971,820	971,820	954,312	17,508
Capital outlay:				
Machinery and equipment - police	81,000	81,000	80,383	617
Building improvement	20,000	18,000	16,098	1,902
Machinery and equipment - marine patrol	100,000	102,000	101,037	963
Total capital outlay	201,000	201,000	197,518	3,482
Total public safety	3,526,933	3,526,934	3,452,754	74,180

Continued on following page.

TOWN OF JUPITER ISLAND, FLORIDA

Required Supplementary Information

Budgetary Comparison Schedule

General Fund - Non-GAAP Budgetary Basis (Continued)

Year Ended September 30, 2014

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final		Final Budget
				Positive (Negative)
Building				
Personal services:				
Regular salaries and wages	\$ 273,810	\$ 287,300	\$ 282,489	\$ 4,811
Overtime	1,000	1,200	1,056	144
Auto allowance	12,000	12,500	12,046	454
FICA taxes	17,782	19,000	18,079	921
Medicare taxes	4,159	5,000	4,245	755
Pension contributions - DBP	36,750	36,700	34,887	1,813
Pension contributions - DCP	34,226	34,226	29,071	5,155
Health insurance	44,900	44,600	43,920	680
Dental insurance	1,000	1,300	1,291	9
Cafeteria plan	6,500	6,500	5,695	805
Short-term disability	1,000	1,000	674	326
Workers' compensation	2,500	2,500	2,343	157
Employees' Assistance Program	100	150	105	45
Total personal services	435,727	451,976	435,901	16,075
Operating expenditures:				
Professional services - legal	34,000	63,500	61,371	2,129
Professional services - comp plan	5,000	16,000	15,152	848
Professional services - experts (boards)	3,000	3,000	1,500	1,500
Professional services - engineering	6,000	5,000	4,288	712
Professional services - business	22,000	22,000	21,090	910
Legal advertising	3,500	450	178	272
Contracted services - web site	500	1,000	628	372
Travel and per diem	1,500	500	176	324
Travel - commssion boards	2,000	-	-	-
Lease - copier	7,500	7,700	7,596	104
Vehicle maintenance	-	-	-	-
Other miscellaneous charges	2,000	8,000	7,520	480
Emergency preparation	1,000	1,000	728	272
Mangrove management	50	50	-	50
Office supplies	3,000	2,000	1,867	133
Computer supplies	7,000	1,500	1,278	222
Gasoline, diesel and oil	-	-	-	-
Uniforms	300	300	-	300
Small tools and equipment	500	1,000	908	92
Books, publications and subscriptions	1,500	1,500	860	640
Personnel training	2,000	500	486	14
Total operating expenditures	102,350	135,000	125,626	9,374

Continued on following page.

TOWN OF JUPITER ISLAND, FLORIDA

Required Supplementary Information

Budgetary Comparison Schedule

General Fund - Non-GAAP Budgetary Basis (Continued)

Year Ended September 30, 2014

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Building (continued)				
Capital outlay:				
Machinery and equipment	\$ 10,000	\$ 10,000	\$ 4,177	\$ 5,823
Total capital outlay	10,000	10,000	4,177	5,823
Total building	548,077	596,976	565,704	31,272
Solid waste				
Personal services:				
Regular salaries and wages	410,676	430,375	416,829	13,546
Overtime	12,000	12,000	5,589	6,411
FICA taxes	27,000	27,000	26,430	570
Medicare taxes	6,300	6,300	6,181	119
Pension contributions - DBP	55,000	54,000	52,200	1,800
Pension contributions - DCP	52,000	53,000	52,125	875
Health insurance	114,895	112,000	111,880	120
Dental insurance	2,500	3,500	3,444	56
Cafeteria plan	14,625	15,000	14,749	251
Short-term disability	2,000	2,000	1,302	698
Workers' compensation insurance	18,000	11,000	10,978	22
Unemployment compensation	5,000	1,000	-	1,000
Employees' assistance program	207	350	168	182
Auto allowance	6,000	6,100	6,023	77
Total personal services	726,203	733,625	707,898	25,727
Operating expenditures:				
Utilities	8,000	7,000	6,869	131
Repair and maintenance - building	6,000	10,500	10,238	262
Vehicle maintenance	22,500	36,000	35,677	323
Equipment maintenance	5,000	3,500	3,130	370
Other miscellaneous charges	2,500	3,000	2,412	588
Safety equipment	1,000	2,000	1,421	579
Mosquito and sandfly control	1,000	500	105	395
Yardwaste recycling	50,000	55,000	53,142	1,858
Refuse landfill fees	20,000	22,000	20,108	1,892
Recycling expenditures	1,000	1,000	-	1,000
Gasoline, diesel and oil	40,000	42,000	40,287	1,713
Uniforms	3,000	3,000	2,205	795
Animal control	4,000	5,500	5,105	395
Telephone	4,000	5,000	4,625	375

Continued on following page.

TOWN OF JUPITER ISLAND, FLORIDA

Required Supplementary Information

Budgetary Comparison Schedule

General Fund - Non-GAAP Budgetary Basis (Continued)

Year Ended September 30, 2014

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
Solid waste (continued)				
Operating expenditures (continued)				
Small tools and equipment	\$ 3,000	\$ 3,000	\$ 1,494	\$ 1,506
Supplies	10,000	10,500	10,251	249
Total operating expenditures	181,000	209,500	197,069	12,431
Capital outlay:				
Machinery and equipment	75,000	58,000	57,855	145
Total capital outlay	75,000	58,000	57,855	145
Total solid waste	982,203	1,001,125	962,822	38,303
Roads				
Operating expenditures:				
Utilities - street lighting	1,000	1,000	-	1,000
Clearing and trimming	17,500	11,000	10,150	850
Road and ramble maintenance	4,000	5,000	4,908	92
Stormwater maintenance	2,000	3,500	3,030	470
Signs	3,500	1,000	900	100
Total operating expenditures	28,000	21,500	18,988	2,512
Capital outlay:				
Drainage and paving	25,000	13,900	13,859	41
Total capital outlay	25,000	13,900	13,859	41
Total roads	53,000	35,400	32,847	2,553
Grounds				
Personal services:				
Regular salaries and wages	98,000	100,000	99,467	533
Overtime	3,000	500	207	293
FICA taxes	6,262	6,260	6,087	173
Medicare taxes	1,465	1,465	1,424	41
Pension contributions - DBP	12,649	12,650	12,285	365
Pension contributions - DCP	12,300	12,400	12,357	43
Health insurance	28,500	28,350	27,645	705
Dental insurance	700	900	861	39
Cafeteria plan	3,650	3,800	3,715	85
Short-term disability	-	500	305	195
Workers' compensation insurance	10,000	9,500	9,440	60
Employees' assistance program	47	50	42	8
Total personal services	176,573	176,375	173,835	2,540

Continued on following page.

TOWN OF JUPITER ISLAND, FLORIDA

Required Supplementary Information

Budgetary Comparison Schedule

General Fund - Non-GAAP Budgetary Basis (Continued)

Year Ended September 30, 2014

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Grounds (continued)				
Operating expenditures:				
Utilities - water	\$ 36,000	\$ 40,800	\$ 39,936	\$ 864
Safety equipment	1,000	1,000	466	534
Grounds projects	30,000	35,000	34,197	803
Ficas Alley expenses	30,000	7,000	6,017	983
Small tools and equipment	3,000	4,000	3,470	530
Supplies	12,000	16,000	15,240	760
Total operating expenditures	112,000	103,800	99,326	4,474
Capital outlay:				
Machinery and equipment	5,000	38,100	38,015	85
Total capital outlay	5,000	38,100	38,015	85
Total grounds	293,573	318,275	311,176	7,099
Lethal yellowing	119,190	133,200	133,187	13
Beautification and maintenance	40,000	40,000	1,495	38,505
Conservation	50,375	50,375	27	50,348
Total expenditures	7,117,775	7,243,891	6,949,220	294,671
Excess of revenues				
over expenditures	(90,000)	(90,000)	1,751,590	1,841,590
Other financing sources				
Transfer from reserves	90,000	90,000	-	(90,000)
Total other financing sources	90,000	90,000	-	(90,000)
Net change in fund balance	-	-	1,751,590	1,751,590
Fund balance, beginning of year	-	-	5,240,494	5,240,494
Fund balance, end of year	\$ -	\$ -	\$ 6,992,084	\$ 6,992,084

See notes to required supplementary information.

TOWN OF JUPITER ISLAND, FLORIDA

Required Supplementary Information

Budgetary Comparison Schedule

Beach Protection Fund - Non-GAAP Budgetary Basis

Year Ended September 30, 2014

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
Revenue				
Taxes				
Ad valorem property taxes	\$ 2,800,000	\$ 2,800,000	\$ 2,795,113	\$ (4,887)
Investment income	-	-	3,743	3,743
Intergovernmental revenue				
State Grant-Beach Renourishment	-	-	231,685	231,685
Total revenue	2,800,000	2,800,000	3,030,541	230,541
Expenditures				
General government				
Beach protection administration				
Personal services:				
Regular salaries & wages	90,000	120,000	118,083	1,917
Auto allowance	5,250	5,250	5,238	12
FICA taxes	5,900	7,650	7,526	124
Medicare taxes	1,380	1,800	1,760	40
Pension contributions- DCP	10,625	12,000	10,154	1,846
Health insurance	9,905	10,900	10,144	756
Dental insurance	-	300	251	49
Cafeteria plan	-	1,825	1,110	715
Short-term disability	-	250	176	74
Workers' comp insurance	-	1,500	-	1,500
Total personal services	123,060	161,475	154,442	7,033
Operating expenditures:				
Professional services - legal	50,000	199,500	181,955	17,545
Professional services - lobbying	5,000	13,500	10,135	3,365
Professional services - accounting	7,500	-	-	-
Public relations	20,000	34,000	33,313	687
Other miscellaneous charges	5,000	12,000	11,045	955
Bank charges	500	500	25	475
Beach cleaning	26,000	26,000	26,000	-
Books, publications and subscriptions	-	6,175	6,049	126
Administrative charges -				
General fund	75,000	75,000	75,000	-
Total operating expenditures	189,000	366,675	343,522	23,153
Total beach protection administration	312,060	528,150	497,964	30,186

Continued on following page.

TOWN OF JUPITER ISLAND, FLORIDA

Required Supplementary Information

Budgetary Comparison Schedule

Beach Protection Fund - Non-GAAP Budgetary Basis (Continued)

Year Ended September 30, 2014

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
Environmental				
Beach protection and monitoring				
Operating expenditures:				
Professional services - legal	\$ -	\$ 7,500	\$ -	\$ 7,500
Professional services - engineering	120,000	170,000	165,342	4,658
Beach profile surveys	65,000	65,000	63,994	1,006
Beach maintenance	12,000	20,000	19,747	253
Reef monitoring	95,000	101,000	100,099	901
Turtle monitoring	68,000	30,000	26,223	3,777
Total beach protection and monitoring	360,000	393,500	375,405	18,095
Beach protection projects				
Capital outlay:				
Machinery and equipment	-	7,000	6,776	224
Dune restoration	10,000	10,000	500	9,500
Professional services - engineering	3,000	-	-	-
Contingency	100,000	77,200	75,435	1,765
Total beach protection projects	113,000	94,200	82,711	11,489
Total expenditures	785,060	1,015,850	956,080	59,770
Excess of revenues over expenditures	2,014,940	1,784,150	2,074,461	290,311
Other financing sources/(uses)				
Transfer to reserves	(2,014,940)	(1,784,150)	-	1,784,150
Total other financing sources	(2,014,940)	(1,784,150)	-	1,784,150
Net change in fund balance	-	-	2,074,461	2,074,461
Fund balance, beginning of year	-	-	2,369,058	2,369,058
Fund balance, end of year	\$ -	\$ -	\$ 4,443,519	\$ 4,443,519

See notes to required supplementary information.

TOWN OF JUPITER ISLAND, FLORIDA*Required Supplementary Information**Defined Benefit Pension Plan Schedule of Changes**in the Net Pension Liability and Related Ratios**September 30, 2014***Schedule of Changes in the Net Pension Liability and Related Ratios**

	2014
Total Pension Liability	
Service cost	\$ 192,769
Interest on total pension liability	677,086
Change in benefit terms	-
Change in assumptions	-
Experience gains/(losses)	288,977
Benefit payments	(736,837)
Net change in total pension liability	421,995
Total pension liability, beginning	11,487,373
Total pension liability, ending	11,909,368
Plan Fiduciary Net Position	
Contributions	360,411
Net investment income	634,470
Benefit payments	(736,837)
Administrative expenses	-
Other	-
Net change in plan fiduciary net position	258,044
Plan fiduciary net position, beginning	10,471,163
Plan fiduciary net position, ending	10,729,207
Net pension liability, ending	\$ 1,180,161
Plan fiduciary net position as a percentage of the total pension liability	90.09%
Covered payroll	\$ 1,747,560
Net pension liability as a percentage of covered payroll	67.53%

See notes to required supplementary information.

Note: Information for plan years 2013 and prior is not available.

TOWN OF JUPITER ISLAND, FLORIDA*Required Supplementary Information**Defined Benefit Pension Plan Schedule of**Employer Contributions**September 30, 2014***Schedule of Employer Contributions
Last Ten Fiscal Years**

Year Ended	Actuarially Determined Contribution	Actual Contribution	Contribution (Excess)/ Deficiency	Covered Payroll	Contribution Percentage of Covered Payroll	Annual Money Weighted Rate of Return, Net of Investment Expense
September 30, 2014	\$ 337,348	\$ 360,411	\$ (23,063)	\$1,747,560	20.62%	6.23%
September 30, 2013	399,230	349,791	49,439	1,886,510	18.54%	N/A
September 30, 2012	291,583	327,821	(36,238)	2,054,448	15.96%	N/A
September 30, 2011	249,731	420,968	(171,237)	2,132,391	19.74%	N/A
September 30, 2010	195,734	490,490	(294,756)	2,160,574	22.70%	N/A
September 30, 2009	1,139,432	725,798	413,634	2,642,823	27.46%	N/A
September 30, 2008	665,138	226,881	438,257	2,736,327	8.29%	N/A
September 30, 2007	529,449	482,516	46,933	2,210,923	21.82%	N/A
September 30, 2006	440,853	685,346	(244,493)	1,727,402	39.67%	N/A
September 30, 2005	549,117	564,021	(14,904)	1,813,523	31.10%	N/A

See notes to required supplementary information.

TOWN OF JUPITER ISLAND, FLORIDA

Required Supplementary Information

Other Postemployment Benefits

Schedule of OPEB Funding Progress

September 30, 2014

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability	Total Unfunded Actuarial Accrued Liability (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
September 30, 2009	\$ -	\$ 463,283	\$ 463,283	0%	\$ 3,999,796	11.60%
September 30, 2012	-	280,853	280,853	0%	4,467,145	6.30%

See notes to required supplementary information.

Note: Data not available prior to fiscal year 2009 implementation of Governmental Accounting Standards Board Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions*.

TOWN OF JUPITER ISLAND, FLORIDA

Notes to Required Supplementary Information
September 30, 2014

1) BUDGETARY ACCOUNTING

State of Florida Statutes require that all municipal governments establish budgetary systems and approve annual operating budgets. The Commission annually adopts an operating budget and appropriates funds for the General Fund and Beach Protection Fund on the same modified accrual basis used to record revenue and expenditures, except that for budgetary purposes, capital outlays are reflected as current expenditures within each governmental function. The procedures for establishing budgetary data are as follows:

- ❖ The Town Manager submits to the Commission a proposed operating budget prepared for the fiscal year commencing the following October 1. The operating budget includes proposed expenditures and the means of financing them.
- ❖ Public hearings are conducted to obtain taxpayer comments.
- ❖ The Town advises the County Property Appraiser of the proposed millage rate and the date, time and place of the public hearing for budget acceptance.
- ❖ The budget and related millage rate are legally enacted by Town resolution.
- ❖ Changes or amendments to the adopted budget of the fund or a department must be approved by the Commission; however, the Town Manager may approve changes within a department which do not affect the total departmental expenditures. The Town Manager is also authorized to supplement budgeted line items to and from contingency amounts provided that there is no overall increase in the budget. Accordingly, the legal level of control is at the department level.

The reported budgetary data represents the final appropriated budgets after any amendments adopted by the Town Commission. The budgetary comparison schedules for the General Fund and Beach Protection Fund are prepared under the basis of accounting used in preparing the appropriated budget. Unexpended appropriations lapse at year end.

2) 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. As indicated in Note 1, the modified accrual basis of accounting is used for budgetary purposes. Revenue and expenditures for criminal justice education and training and the art committee are not included in the General Fund budget. As a result, General Fund revenue and expenditures reported in the Budgetary Comparison Schedule differ from the corresponding amounts reported on the basis of U.S. generally accepted accounting principles. These differences can be reconciled as follows:

	Revenue	Expenditures
Budgetary basis	\$ 8,700,810	\$ 6,949,220
Criminal justice education and training	-	2,465
Art committee	34,263	30,885
	\$ 8,735,073	\$ 6,982,570

3) DEFINED BENEFIT PLAN

The information presented in the required supplementary schedules was determined as part of the actuarial valuations at the dates indicated. Additional information as of the latest actuarial valuation was as follows:

Actuarial Valuation Date	10/1/2014
Contribution Rates:	
Employer	17.88%
Employee	0.00%
Asset Valuation Method	Recognize 20% of difference between market value of assets and expected actuarial asset value.
Actuarial Methods:	
Actuarial Cost Method	Frozen Entry Age
Amortization Method	Level dollar closed
Amortization Period	29 years
Actuarial Assumptions:	
Investment rate of return	6.0%
Projected salary increase	6.5%
Inflation	3.0%
Cost of living adjustments	0.0%

4) OTHER POSTEMPLOYMENT BENEFIT PLAN

The information presented in the required supplementary schedules was determined as part of the actuarial valuations at the dates indicated. Additional information as of the latest actuarial valuation was as follows:

Actuarial Valuation Date:	September 30, 2012
Actuarial Cost Method:	Entry Age Normal
Amortization Method:	Level Percentage
Amortization Period:	30 years
Actuarial Assumptions:	
Discount rate	3.5%

**OTHER SUPPLEMENTARY
INFORMATION**

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NONMAJOR GOVERNMENTAL FUNDS

Debt Service Funds

Debt service funds are used to account for accumulations of resources that are restricted, committed, or assigned to expenditure for principal and interest. The nonmajor debt service fund of the Town is as follows:

Electric Underground Fund – This fund accounts for ad valorem taxes collected and assets held for the repayment of principal and interest on general obligation debt reported in governmental activities in the statement of net position.

Special Revenue Funds

Special revenue funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed for specified purposes, other than debt service or capital projects. The nonmajor special revenue fund of the Town is as follows:

Special Law Enforcement Fund – This fund accounts for proceeds from law enforcement forfeitures which are used for law enforcement equipment and training.

TOWN OF JUPITER ISLAND, FLORIDA

Combining Balance Sheet

Nonmajor Governmental Funds

September 30, 2014

	Debt Service Fund	Special Revenue Fund	Total Nonmajor Governmental Funds
	Electric Underground	Special Law Enforcement	
Assets			
Cash and cash equivalents	\$ 110,677	\$ 20,630	\$ 131,307
Total assets	\$ 110,677	\$ 20,630	\$ 131,307
Liabilities and fund balance			
Due to other funds	\$ -	\$ 15,360	\$ 15,360
Fund balance			
Restricted	\$ 110,677	\$ 5,270	\$ 115,947
Total fund balance	110,677	5,270	115,947
Total liabilities and fund balance	\$ 110,677	\$ 20,630	\$ 131,307

TOWN OF JUPITER ISLAND, FLORIDA*Combining Statement of Revenue, Expenditures and Changes in Fund Balance**Nonmajor Governmental Funds**Year Ended September 30, 2014*

	Debt Service Fund	Special Revenue Fund	Total Nonmajor Governmental Funds
	Electric Underground	Special Law Enforcement	
Revenue			
Taxes	\$ 813,150	\$ -	\$ 813,150
Fines and forfeitures	-	227	227
Investment income	17	-	17
Total revenue	813,167	227	813,394
Expenditures			
Current:			
Public safety	-	15,360	15,360
Debt service:			
Principal	444,869	-	444,869
Interest	357,643	-	357,643
Total expenditures	802,512	15,360	817,872
Net change in fund balance	10,655	(15,133)	(4,478)
Fund balance, beginning of year	100,022	20,403	120,425
Fund balance, end of year	\$ 110,677	\$ 5,270	\$ 115,947

TOWN OF JUPITER ISLAND, FLORIDA*Schedule of Water and Wastewater Revenue Refunding Bond Coverage**Enterprise Fund**Year Ended September 30, 2014*

Gross revenue	
Water	\$ 6,274,969
Wastewater	2,861,024
Other	669,397
Total gross revenue	9,805,390
Operating expenses	
Personal services	2,401,429
Operating expenses	2,799,005
Total operating expenses	5,200,434
Net revenue available for debt service before connection fees	4,604,956
Connection fees	327,225
Net revenue available for debt service including connection fees	\$ 4,932,181
Scheduled debt service	\$ 2,629,090
Debt service coverage before connection fees	
(Minimum required coverage is 1.10)	1.75
Debt service coverage including connection fees	
(Minimum required coverage is 1.20)	1.88

TOWN OF JUPITER ISLAND, FLORIDA

Combining Statement of Fiduciary Net Position

Pension Trust Funds

September 30, 2014

	Town Defined Benefit Pension Trust Fund	SMRU Defined Contribution Pension Trust Fund	Town Defined Contribution Pension Trust Fund	Total Pension Trust Funds
Assets				
Cash and cash equivalents	\$ 378,522	\$ -	\$ -	\$ 378,522
Investments - mutual funds	10,350,685	-	-	10,350,685
Investments with insurance company	-	862,601	1,532,056	2,394,657
Unallocated cash in transit	-	29,329	32,876	62,205
Employer contributions receivable	-	138,999	298,630	437,629
Loans receivable	-	4,493	-	4,493
Total assets	\$ 10,729,207	\$ 1,035,422	\$ 1,863,562	\$ 13,628,191
Liabilities	\$ -	\$ -	\$ -	\$ -
Net position				
Held in trust for pension benefits	\$ 10,729,207	\$ 1,035,422	\$ 1,863,562	\$ 13,628,191

TOWN OF JUPITER ISLAND, FLORIDA*Combining Statement of Changes in Fiduciary Net Position**Pension Trust Funds**Year Ended September 30, 2014*

	Town Defined Benefit Pension Trust Fund	SMRU Defined Contribution Pension Trust Fund	Town Defined Contribution Pension Trust Fund	Total Pension Trust Funds
Additions				
Contributions:				
Employer	\$ 360,411	\$ 152,283	\$ 350,212	\$ 862,906
Investment income	659,148	87,999	121,981	869,128
Total additions	1,019,559	240,282	472,193	1,732,034
Deductions				
Payments to retirees and employees	736,837	145,048	43,574	925,459
Investment fee expense	24,678	5,871	2,000	32,549
Total deductions	761,515	150,919	45,574	958,008
Change in net position	258,044	89,363	426,619	774,026
Net position, beginning of year	10,471,163	946,059	1,436,943	12,854,165
Net position, end of year	\$ 10,729,207	\$ 1,035,422	\$ 1,863,562	\$ 13,628,191

TOWN OF JUPITER ISLAND, FLORIDA

Statement of Fiduciary Net Position

Private-Purpose Trust Fund

September 30, 2014

	Employee Education Trust Fund
Assets	
Cash and cash equivalents	\$ 48,490
Total assets	\$ 48,490
Liabilities	\$ -
Net position	\$ 48,490

TOWN OF JUPITER ISLAND, FLORIDA

Statement of Changes in Fiduciary Net Position

Private-Purpose Trust Fund

Year Ended September 30, 2014

	Employee Education Trust Fund
Additions	
Investment income	\$ 27
Contributions	6,000
Miscellaneous	160
Total additions	6,187
Deductions	
Scholarships	10,000
Bank charges	15
Total deductions	10,015
Change in net position	(3,828)
Net position, beginning of year	52,318
Net position, end of year	\$ 48,490

TOWN OF JUPITER ISLAND, FLORIDA

Statement of Changes in Assets and Liabilities

Town Employees Agency Fund

Year Ended September 30, 2014

	Balance October 1, 2013	Additions	Deductions	Balance September 30, 2014
Assets				
Cash	\$ 14,511	\$ 138,766	\$ (144,557)	\$ 8,720
Total assets	\$ 14,511	\$ 138,766	\$ (144,557)	\$ 8,720
Liabilities				
Due to employees	\$ 14,511	\$ 138,766	\$ (144,557)	\$ 8,720
Total liabilities	\$ 14,511	\$ 138,766	\$ (144,557)	\$ 8,720



COMPLIANCE SECTION

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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 Commissioners
Town of Jupiter Island, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America 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 business-type activities, each major fund, and the aggregate remaining fund information of the Town of Jupiter Island, Florida as of and for the year ended September 30, 2014, and the related notes to the financial statements, which collectively comprise the Town of Jupiter Island, Florida's basic financial statements, and have issued our report thereon dated February 4, 2015.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town of Jupiter Island, Florida's internal control over financial reporting (internal control) 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 Town of Jupiter Island, Florida's internal control. Accordingly we do not express an opinion on the effectiveness of the Town of Jupiter Island, Florida's internal control.

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 Town of Jupiter Island, Florida's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions

of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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.

Rampell + Rampell, P.A.

Rampell & Rampell, P.A.
Palm Beach, Florida

February 4, 2015



INDEPENDENT ACCOUNTANT'S REPORT ON AN EXAMINATION CONDUCTED IN ACCORDANCE WITH AICPA PROFESSIONAL STANDARDS, SECTION 601, REGARDING COMPLIANCE REQUIREMENTS IN ACCORDANCE WITH CHAPTER 10.550, RULES OF THE AUDITOR GENERAL

To the Honorable Mayor and Town Commissioners
Town of Jupiter Island, Florida

We have examined the Town of Jupiter Island, Florida's compliance with the requirements of Section 218.415, Florida Statutes during the year ended September 30, 2014. Management is responsible for the Town of Jupiter Island, Florida's compliance with those requirements. Our responsibility is to express an opinion on the Town of Jupiter Island, Florida's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence about the Town of Jupiter Island, Florida's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the Town of Jupiter Island, Florida's compliance with specified requirements.

In our opinion, the Town of Jupiter Island, Florida complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2014.



Rampell & Rampell, P.A.
Palm Beach, Florida

February 4, 2015

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**MANAGEMENT LETTER IN ACCORDANCE WITH THE RULES
OF THE AUDITOR GENERAL OF THE STATE OF FLORIDA**

Honorable Mayor and Town Commissioners
Town of Jupiter Island, Florida

Report on the Financial Statements

We have audited the financial statements of the Town of Jupiter Island, Florida, as of and for the fiscal year ended September 30, 2014, and have issued our report thereon dated February 4, 2015.

Auditor's Responsibility

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; 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 Reports

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards* and the Independent Accountant's Report on an Examination Conducted in Accordance with *AICPA Professional Standards*, Section 601, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports, which are dated February 4, 2015, 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 annual financial audit report. There were no recommendations made in the preceding annual 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 1 to the financial statements.

Financial Condition

Section 10.554(1)(i)5.a., Rules of the Auditor General, requires that we report the results of our determination as to whether or not the Town of Jupiter Island, Florida has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identification of the specific condition(s) met. In connection with our audit, we determined that the Town of Jupiter Island, Florida did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

Pursuant to Sections 10.554(1)(i)5.c. and 10.556(8), Rules of the Auditor General, we applied financial condition assessment procedures. It is management's responsibility to monitor the Town of Jupiter Island, Florida's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same.

Annual Financial Report

Section 10.554(1)(i)5.b., rules of the Auditor General, requires that we report the results of our determination as to whether the annual financial report for the Town of Jupiter Island, Florida for the fiscal year ended September 30, 2014, filed with the Florida Department of Financial Services pursuant to Section 218.32(1)(a), Florida Statutes, is in agreement with the annual financial audit report for the fiscal year ended September 30, 2014. In connection with our audit, we determined that these two reports were in agreement.

Other Matters

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

Section 10.554(1)(i)3., Rules of the Auditor General, requires that we address 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 which warrants the attention of those charged with governance. In connection with our audit, we did not have 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, Federal and other granting agencies, the Town Commission, and applicable management, and is not intended to be and should not be used by anyone other than these specified parties.

Rampell + Rampell, P.A.

Rampell & Rampell, P.A.
Palm Beach, Florida

February 4, 2015