

# ***TOWN OF JUPITER ISLAND, FLORIDA***



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

***SEPTEMBER 30, 2015***



# TOWN OF JUPITER ISLAND, FLORIDA

## AUDITED FINANCIAL STATEMENTS AND SUPPLEMENTARY FINANCIAL INFORMATION

SEPTEMBER 30, 2015

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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, 2015, and the related notes to the financial statements, which collectively comprise the Town of Jupiter Island, Florida'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, 2015, 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 January 15, 2016, 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

January 15, 2016

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**MANAGEMENT'S DISCUSSION  
AND ANALYSIS**

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## Management's Discussion and Analysis

The Town of Jupiter Island, Florida'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, 2015.

### Financial Highlights

- The assets and deferred outflows of the Town exceeded its liabilities at the close of the most recent fiscal year by \$60,778,045. Of this amount, \$11,056,590 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.
  - Governmental net position was \$23,774,463.
  - Business-type net position was \$37,003,582.
- The total revenue from all sources was \$22,216,897 and the total cost of all Town programs was \$19,357,300.
- As of the close of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$14,452,994, which was an increase of \$2,844,214 from the prior year balance of \$11,568,780. Approximately 59% of this fund balance is restricted or assigned for specific purposes; the remaining 41% 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 \$5,857,709, or 80% of the total General Fund expenditures for the year ended September 30, 2015.
- The Town's outstanding long-term debt (excluding compensated absences, other postemployment benefits, and net pension liability) decreased from \$54,282,009 to \$53,299,025 during the current fiscal year, representing a net decrease of \$982,984 (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 to 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 and deferred outflows of resources exceeded liabilities by \$23,774,463. Business-type activity assets and deferred outflows of resources exceeded liabilities by \$37,003,582. The Town-wide total net position was \$60,778,045 at the close of the fiscal year ended September 30, 2015. 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, 2015. 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 \$85,583,952 or 74% of all assets, which total \$116,178,209. 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 (\$9,854,706 or 16%) 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.

<b>Net Position (In Thousands)</b>						
	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total</b>	
	<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</b>
<b>Assets</b>						
Current and other assets	\$ 14,963	\$ 12,039	\$ 15,631	\$ 13,869	\$ 30,594	\$ 25,908
Capital assets	19,206	20,807	66,378	67,947	85,584	88,754
<b>Total assets</b>	<b>\$ 34,169</b>	<b>\$ 32,846</b>	<b>\$ 82,009</b>	<b>\$ 81,816</b>	<b>\$ 116,178</b>	<b>\$ 114,662</b>
<b>Total deferred outflows of resources</b>						
	<b>\$ 1,872</b>	<b>\$ -</b>	<b>\$ 3,872</b>	<b>\$ 3,596</b>	<b>\$ 5,744</b>	<b>\$ 3,596</b>
<b>Liabilities</b>						
Long-term liabilities	\$ 11,488	\$ 9,200	\$ 45,683	\$ 46,269	\$ 57,171	\$ 55,469
Other liabilities	779	674	3,195	2,937	3,974	3,611
<b>Total liabilities</b>	<b>\$ 12,267</b>	<b>\$ 9,874</b>	<b>\$ 48,878</b>	<b>\$ 49,206</b>	<b>\$ 61,145</b>	<b>\$ 59,080</b>
<b>Net position</b>						
Net investment in capital assets	\$ 19,206	\$ 20,807	\$ 20,660	\$ 21,610	\$ 39,866	\$ 42,417
Restricted	6,593	4,559	3,261	3,139	9,854	7,698
Unrestricted	(2,025)	(2,394)	13,082	11,457	11,057	9,063
<b>Total net position</b>	<b>\$ 23,774</b>	<b>\$ 22,972</b>	<b>\$ 37,003</b>	<b>\$ 36,206</b>	<b>\$ 60,777</b>	<b>\$ 59,178</b>

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

<b>Changes in Net Position (In Thousands)</b>						
	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total</b>	
	<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</b>
<b>Revenues</b>						
Program revenues:						
Charges for services	\$ 2,562	\$ 3,051	\$ 10,152	\$ 9,752	\$ 12,714	\$ 12,803
Operating grants and contributions	46	65	-	-	46	65
Capital grants and contributions	-	232	183	327	183	559
General revenues:						
Taxes	9,031	9,050	-	-	9,031	9,050
Intergovernmental	140	134	-	-	140	134
Investment earnings	26	9	76	71	102	80
<b>Total revenues</b>	<b>11,805</b>	<b>12,541</b>	<b>10,411</b>	<b>10,150</b>	<b>22,216</b>	<b>22,691</b>

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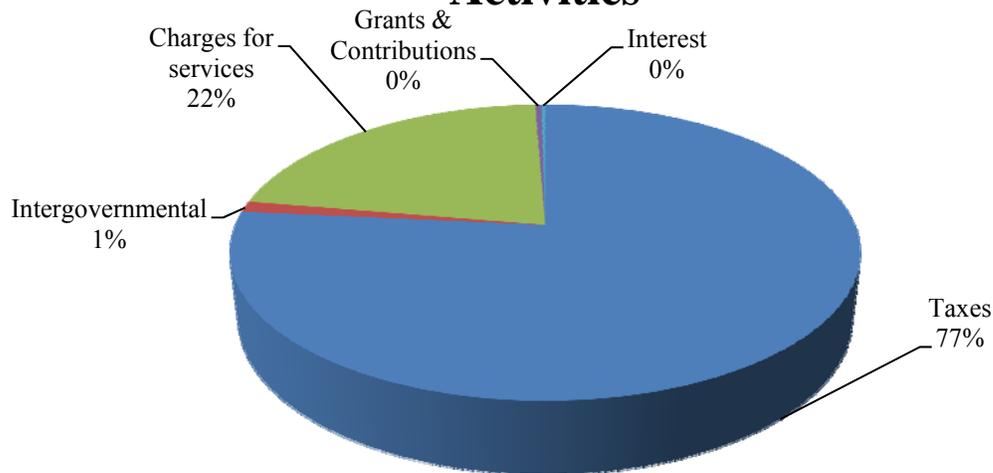
**Changes in Net Position (Continued)**  
**(In Thousands)**

	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total</b>	
	<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</b>
<b>Expenses</b>						
General government	\$ 1,869	\$ 2,062	\$ -	\$ -	\$ 1,869	\$ 2,062
Public safety	3,209	3,324	-	-	3,209	3,324
Building	545	565	-	-	545	565
Public works	1,192	1,251	-	-	1,192	1,251
Environmental	2,603	2,690	-	-	2,603	2,690
Interest on long-term debt	326	343	-	-	326	343
Water and wastewater	-	-	9,614	9,412	9,614	9,412
<b>Total expenses</b>	<b>9,744</b>	<b>10,235</b>	<b>9,614</b>	<b>9,412</b>	<b>19,358</b>	<b>19,647</b>
Change in net position	2,061	2,306	797	738	2,858	3,044
Net position – beginning of year, as previously reported	22,972	20,666	36,206	35,468	59,178	56,134
Adjustment (see Note #17)	(1,259)	-	-	-	(1,259)	-
Net position – beginning of year, as restated	21,713	20,666	36,206	35,468	57,919	56,134
<b>Net position – end of year</b>	<b>\$ 23,774</b>	<b>\$ 22,972</b>	<b>\$ 37,003</b>	<b>\$ 36,206</b>	<b>\$ 60,777</b>	<b>\$ 59,178</b>

**Governmental Activities:** Governmental activities increased the Town's net position by \$2,061,931. The largest single source of governmental revenue received was \$9,031,178 for taxes or 76% 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 decreased \$489,000 due to decreased building permit revenues resulting from less construction projects within the Town during the 2015 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 2015 are summarized as follows:

## Revenues by Source - Governmental Activities



The largest expenditures in the governmental activities were for capital items such as drainage and paving, vehicle purchases, a land purchase and building improvements.

**Business-type Activity:** The Town's business-type activity increased net position by \$797,666 for 2015. Charges for services for the business-type activity increased slightly from the previous fiscal year. The increase of approximately \$400,000 or 4% resulted primarily from increased demand during the year. Contributing to the increased demand was less rainfall during 2015. Developer capital contributions in 2015 decreased approximately \$145,000 as a result of less 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 \$14,452,994, an increase of \$2,884,214 from the prior year balance of \$11,568,780. Of this amount \$8,549,427 is restricted or assigned for specific purposes as follows:

- ❖ \$6,477,972 restricted for beach protection projects
- ❖ \$114,633 restricted for debt repayment
- ❖ \$576 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
- ❖ \$43,750 assigned for the art committee
- ❖ \$541,869 assigned for conservation projects
- ❖ \$165,414 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 \$5,857,709, while the total fund balance reached \$7,857,957. 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 \$7,333,143. Unassigned fund balance represents 80% of total general fund expenditures, while total fund balance represents 107% of that same amount.

The fund balance of the Town's general fund increased by \$848,643 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 \$13,081,561, representing an increase of \$1,624,375 from the prior year balance of \$11,457,186.

**Budgetary Highlights**

**General Fund**

Overall actual revenues were more than the anticipated amounts by \$1,179,867 and expenditures were \$417,071 less than the appropriated budget. Accordingly, the Town had a favorable budget variance for 2015 of \$1,596,938. The largest budget variance for revenue was building permits, which exceeded the budgeted amount by \$968,791. Expenditures were under-budget in all departments for the year, with the largest variances of \$133,580 in Administration and \$135,580 in Public Safety.

**Beach Protection Fund**

Actual revenues were less than the anticipated amounts by \$12,323,501, and expenditures were \$20,688,391 less than the appropriated budget. An additional \$2,036,309 was added to reserves for the beach renourishment project to be conducted next year.

**Capital Assets and Debt Administration**

**Capital Assets**

The Town's investment in capital assets for its governmental and business-type activities at September 30, 2015, amounts to \$85,583,952 (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:

	<b>Capital Assets</b>					
	<b>(In Thousands)</b>					
	(net of accumulated depreciation)					
	<b>Governmental</b>		<b>Business-type</b>		<b>Total</b>	
	<b>Activities</b>		<b>Activities</b>			
	<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</b>
Land	\$ 10,985	\$ 10,858	\$ 14,390	\$ 14,475	\$ 25,375	\$ 25,333
Building and improvements	2,712	2,679	5,950	6,171	8,662	8,850
Water distribution system	-	-	23,737	23,737	23,737	23,737

	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
Wastewater collection system	\$ -	\$ -	\$ 16,241	\$ 16,720	\$ 16,241	\$ 16,720
Wells	-	-	2,833	2,979	2,833	2,979
Equipment	854	611	3,215	3,239	4,069	3,850
Beach renourishment	3,389	5,550	-	-	3,389	5,550
Roads	1,266	1,099	-	-	1,266	1,099
Construction in progress	-	10	12	626	12	636
<b>Total capital assets</b>	<b>\$ 19,206</b>	<b>\$ 20,807</b>	<b>\$ 66,378</b>	<b>\$ 67,947</b>	<b>\$ 85,584</b>	<b>\$ 88,754</b>

The Town's total investment in capital assets decreased for the current fiscal year by approximately \$3,170,000. 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, other post employment benefits, and net pension liability with no fixed maturity date) decreased by \$982,984 (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	
	2015	2014	2015	2014	2015	2014
Notes payable	\$ 8,387	\$ 8,799	\$ 14,872	\$ 15,398	\$ 23,259	\$ 24,197
Revenue bonds	-	-	30,070	30,085	30,070	30,085
<b>Total outstanding debt</b>	<b>\$ 8,387</b>	<b>\$ 8,799</b>	<b>\$ 44,942</b>	<b>\$ 45,483</b>	<b>\$ 53,329</b>	<b>\$ 54,282</b>

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. In 2015, the Beach Protection District issued a \$5,000,000 promissory note to a financial institution in order to finance the 2016 beach renourishment project.

**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 \$30,070,000 and notes payable outstanding of \$14,841,766 in the utility system for a total of \$44,911,766. Two of the notes payable totaling \$13,016,434 at September 30, 2015 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 59 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 2015-2016 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 projected tax levy the same. The General Fund millage rate adopted for 2015-2016 decreased from 2.7037 to 2.6127. This millage rate results in a total projected tax levy of \$5,216,000.
- General Fund revenues and expenditures for the 2015-2016 budget year decreased \$50,000 from the 2014-2015 budget.
- The Beach Protection District millage rate for 2015-2016 decreased from 1.4616 to 1.4123. This millage rate results in a total projected tax levy of \$2,800,000.
- The Town will continue the voted debt millage in 2016 for the pay off of the promissory notes issued for the electric undergrounding project. The millage rate for 2015-2016 is .4020 mills.
- Many other factors with less significant impacts other than those above were also considered in preparing the Town's budget for the 2015-2016 fiscal year.

South Martin Regional Utility operations are primarily supported by user fees. In 2015-2016, the overall budget remained flat at \$10.4 million.

### **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.



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# **BASIC FINANCIAL STATEMENTS**

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## TOWN OF JUPITER ISLAND, FLORIDA

### Statement of Net Position

September 30, 2015

	Governmental Activities	Business-Type Activities	Total
<b>Assets</b>			
Cash and cash equivalents	\$ 12,874,998	\$ 7,405,304	\$ 20,280,302
Investments	1,994,353	2,991,530	4,985,883
Accounts receivable, net of allowance for doubtful accounts of \$0 and \$84,027, respectively	10,449	518,687	529,136
Interest receivable	-	10,866	10,866
Prepaid items	45,858	69,497	115,355
Due from other governments	24,834	-	24,834
Internal balances	12,280	(12,280)	-
Restricted assets:			
Cash and cash equivalents	-	430,112	430,112
Investments	-	3,267,748	3,267,748
Notes receivable	-	872,474	872,474
Inventory	-	77,547	77,547
Capital assets:			
Capital assets not being depreciated	10,984,753	14,401,908	25,386,661
Depreciable capital assets, net	8,221,500	51,975,791	60,197,291
<b>Total assets</b>	<b>\$ 34,169,025</b>	<b>\$ 82,009,184</b>	<b>\$ 116,178,209</b>
<b>Deferred outflow of resources</b>			
Accumulated decrease in fair value of derivative instruments	\$ -	\$ 2,460,435	\$ 2,460,435
Deferred amounts on refunding	-	1,411,889	1,411,889
Deferred outflow of resources for pensions	1,871,748	-	1,871,748
<b>Total deferred outflow of resources</b>	<b>\$ 1,871,748</b>	<b>\$ 3,872,324</b>	<b>\$ 5,744,072</b>
<b>Liabilities</b>			
Accounts payable	\$ 322,646	\$ 150,281	\$ 472,927
Accrued liabilities	184,595	83,047	267,642
Accrued interest payable	268,905	64,558	333,463
Due to other governments	2,537	-	2,537
Liabilities payable from restricted assets	-	436,335	436,335
Derivative instrument - interest rate swap	-	2,460,435	2,460,435
Long-term liabilities:			
Due within one year	595,397	396,423	991,820
Due in more than one year	10,892,230	45,286,847	56,179,077
<b>Total liabilities</b>	<b>\$ 12,266,310</b>	<b>\$ 48,877,926</b>	<b>\$ 61,144,236</b>
<b>Net position</b>			
Net investment in capital assets	\$ 19,206,253	\$ 20,660,496	\$ 39,866,749
Restricted	6,593,181	3,261,525	9,854,706
Unrestricted	(2,024,971)	13,081,561	11,056,590
<b>Total net position</b>	<b>\$ 23,774,463</b>	<b>\$ 37,003,582</b>	<b>\$ 60,778,045</b>

See notes to basic financial statements.

**TOWN OF JUPITER ISLAND, FLORIDA**

*Statement of Activities*

*Year Ended September 30, 2015*

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Contributions and Grants	Capital Contributions and Grants
<b>Governmental activities</b>				
General government	\$ 1,869,041	\$ 734,766	\$ 44,072	\$ -
Public safety	3,209,444	8,175	-	-
Building	544,475	1,718,791	1,000	-
Public works	1,191,632	100,250	-	-
Environmental	2,603,114	-	1,384	-
Interest on long-term debt	325,833	-	-	-
<b>Total governmental activities</b>	<b>9,743,539</b>	<b>2,561,982</b>	<b>46,456</b>	<b>-</b>
<b>Business-type activity</b>				
Water and wastewater	9,613,761	10,152,278	-	182,715
<b>Total</b>	<b>\$ 19,357,300</b>	<b>\$ 12,714,260</b>	<b>\$ 46,456</b>	<b>\$ 182,715</b>
<b>General revenues</b>				
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				
<b>Total general revenues</b>				
Change in net position				
Net position, beginning of year, as restated				
<b>Net position, end of year</b>				

*See notes to basic financial statements.*

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

Governmental Activities	Business-type Activities	Total
\$ (1,090,203)	\$ -	\$ (1,090,203)
(3,201,269)	-	(3,201,269)
1,175,316	-	1,175,316
(1,091,382)	-	(1,091,382)
(2,601,730)	-	(2,601,730)
(325,833)	-	(325,833)
<b>(7,135,101)</b>	-	<b>(7,135,101)</b>
-	721,232	721,232
<b>(7,135,101)</b>	<b>721,232</b>	<b>(6,413,869)</b>
5,227,232	-	5,227,232
2,804,913	-	2,804,913
805,060	-	805,060
115,190	-	115,190
78,783	-	78,783
139,588	-	139,588
26,266	76,434	102,700
<b>9,197,032</b>	<b>76,434</b>	<b>9,273,466</b>
2,061,931	797,666	2,859,597
21,712,532	36,205,916	57,918,448
<b>\$ 23,774,463</b>	<b>\$ 37,003,582</b>	<b>\$ 60,778,045</b>

**TOWN OF JUPITER ISLAND, FLORIDA**

Balance Sheet - Governmental Funds

September 30, 2015

	<b>Major Governmental Funds</b>	
	<b>General Fund</b>	<b>Beach Protection Fund</b>
<b>Assets</b>		
Cash and cash equivalents	\$ 6,125,890	\$ 6,633,903
Investments	1,994,353	-
Accounts receivable	10,449	-
Prepaid items	44,002	1,856
Due from other governments	24,834	-
Due from other funds	12,300	-
<b>Total assets</b>	<b>\$ 8,211,828</b>	<b>\$ 6,635,759</b>
<b>Liabilities and fund balance</b>		
Liabilities		
Accounts payable	\$ 175,656	\$ 146,990
Accrued liabilities	175,674	8,921
Due to other governments	2,537	-
Due to other funds	4	20
<b>Total liabilities</b>	<b>353,871</b>	<b>155,931</b>
Fund balance		
Nonspendable	44,002	1,856
Restricted	-	6,477,972
Assigned	1,956,246	-
Unassigned	5,857,709	-
<b>Total fund balance</b>	<b>7,857,957</b>	<b>6,479,828</b>
<b>Total liabilities and fund balance</b>	<b>\$ 8,211,828</b>	<b>\$ 6,635,759</b>

*See notes to basic financial statements.*

<b>Nonmajor Governmental Funds</b>	<b>Total Governmental Funds</b>
\$ 115,205	\$ 12,874,998
-	1,994,353
-	10,449
-	45,858
-	24,834
4	12,304
<b>\$ 115,209</b>	<b>\$ 14,962,796</b>
\$ -	\$ 322,646
-	184,595
-	2,537
-	24
-	509,802
-	45,858
115,209	6,593,181
-	1,956,246
-	5,857,709
115,209	14,452,994
<b>\$ 115,209</b>	<b>\$ 14,962,796</b>



## TOWN OF JUPITER ISLAND, FLORIDA

### Reconciliation of the Balance Sheet of Governmental Funds

#### to the Statement of Net Position

September 30, 2015

Total governmental fund balance (page 25)		\$ 14,452,994
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	\$ 46,758,365	
Accumulated depreciation	<u>(27,552,112)</u>	
		19,206,253
Deferred outflows of resources related to pension expense are not recognized in the governmental funds; however, they are recorded in the statement of net position under full accrual accounting.		1,871,748
Net pension liabilities are not due and payable in the current period and, therefore, are not reported in the funds.		(2,738,313)
Accrued interest on long-term debt is not due and payable in the current period and is not reported in governmental funds.		(268,905)
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	(8,387,259)	
Other postemployment benefits	(101,781)	
Compensated absences	<u>(260,274)</u>	
		(8,749,314)
<b>Total net position (page 21)</b>		<b>\$ 23,774,463</b>

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, 2015*

	<b>Major Governmental Funds</b>	
	<b>General Fund</b>	<b>Beach Protection Fund</b>
<b>Revenue</b>		
Taxes	\$ 5,421,205	\$ 2,804,913
Licenses and permits	1,721,763	-
Intergovernmental	140,588	-
Charges for services	150,164	-
Fines and forfeitures	50,964	-
Investment income	12,274	13,968
Donations	44,072	-
Miscellaneous	640,756	175
<b>Total revenue</b>	<b>8,181,786</b>	<b>2,819,056</b>
<b>Expenditures</b>		
Current:		
General government:		
Administration	1,390,175	424,422
Public safety	3,295,951	-
Building	574,500	-
Public works:		
Solid waste	868,310	-
Grounds	294,980	-
Roads	30,959	-
Environmental:		
Lethal yellowing program	136,371	-
Beach protection and monitoring	-	236,061
Beautification and maintenance	15	-
Conservation	30,831	-
Capital outlay	711,051	172,109
Debt service:		
Principal	-	-
Interest	-	155
<b>Total expenditures</b>	<b>7,333,143</b>	<b>832,747</b>
<b>Other financing sources</b>		
Debt proceeds	-	50,000
<b>Total other financing sources</b>	<b>-</b>	<b>50,000</b>
Net change in fund balance	848,643	2,036,309
Fund balance, beginning of year	7,009,314	4,443,519
<b>Fund balance, end of year</b>	<b>\$ 7,857,957</b>	<b>\$ 6,479,828</b>

*See notes to basic financial statements.*

<b>Nonmajor Governmental Funds</b>	<b>Total Governmental Funds</b>
\$ 805,060	\$ 9,031,178
-	1,721,763
-	140,588
-	150,164
261	51,225
24	26,266
-	44,072
1,383	642,314
<b>806,728</b>	<b>11,807,570</b>
-	1,814,597
4,955	3,300,906
-	574,500
-	868,310
-	294,980
-	30,959
-	136,371
-	236,061
-	15
-	30,831
-	883,160
462,002	462,002
340,509	340,664
<b>807,466</b>	<b>8,973,356</b>
-	50,000
-	<b>50,000</b>
(738)	2,884,214
115,947	11,568,780
<b>\$ 115,209</b>	<b>\$ 14,452,994</b>



## 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, 2015

Net change in fund balance - total governmental funds (page 29)	\$ 2,884,214
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	\$ 844,154
Less current year depreciation	<u>(2,442,998)</u>
	(1,598,844)
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.	
	(2,100)
Proceeds from debt increase long-term liabilities in the statement of net assets.	
	(50,000)
Repayment of debt principal is an expenditure in governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.	
	462,002
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.	
	14,831
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	107
Change in compensated absences	38,125
Cash pension contributions reported in the governmental funds were less than the calculated pension expense on the statement of activities and therefore decreased net position.	
	313,596
<b>Change in net position of governmental activities (page 23)</b>	<b>\$ 2,061,931</b>

See notes to basic financial statements.

## TOWN OF JUPITER ISLAND, FLORIDA

### Statement of Net Position

#### Enterprise Fund

September 30, 2015

<b>Assets</b>	
<b>Current assets</b>	
Cash and cash equivalents	\$ 7,405,304
Investments	2,991,530
Accounts receivable, net of allowance for doubtful accounts of \$84,027	518,687
Notes receivable - current	44,025
Interest receivable	10,866
Inventory	77,547
Prepaid items	69,497
<b>Total current assets</b>	<b>11,117,456</b>
<b>Noncurrent assets</b>	
Restricted assets:	
Cash and cash equivalents	430,112
Investments	3,267,748
<b>Total restricted assets</b>	<b>3,697,860</b>
<b>Other assets</b>	
Notes receivable - long-term	828,449
<b>Total other assets</b>	<b>828,449</b>
<b>Capital assets</b>	
Land and improvements	14,390,177
Buildings and improvements	10,250,676
Water distribution systems	32,659,406
Wastewater distribution systems	24,480,477
Wells	4,614,828
Equipment	7,121,454
Construction in progress	11,731
Total capital assets	93,528,749
Less accumulated depreciation	(27,151,050)
<b>Total capital assets</b>	<b>66,377,699</b>
<b>Total assets</b>	<b>\$ 82,021,464</b>
<b>Deferred outflows of resources</b>	
Accumulated decrease in fair value of derivative instruments	\$ 2,460,435
Deferred amounts on refunding	1,411,889
<b>Total deferred outflows of resources</b>	<b>\$ 3,872,324</b>

Continued on the following page.

**TOWN OF JUPITER ISLAND, FLORIDA***Statement of Net Position (Continued)**Enterprise Fund**September 30, 2015*

<b>Liabilities and net assets</b>	
<b>Current liabilities</b>	
Accounts payable	\$ 150,281
Accrued liabilities	83,047
Due to other funds	12,280
Accrued interest payable	64,558
Current portion of notes payable	396,423
<b>Total current liabilities</b>	<b>706,589</b>
<b>Current liabilities payable from restricted assets</b>	
Accounts payable	16,043
Accrued interest payable	240,316
Current portion of notes payable	179,976
<b>Total current liabilities payable from restricted assets</b>	<b>436,335</b>
<b>Noncurrent liabilities</b>	
Compensated absences payable	66,343
Other postemployment benefits payable	79,700
Derivative instrument - interest rate swap	2,460,435
Notes payable	14,265,368
Revenue bonds payable, net of unamortized premium	30,875,436
<b>Total noncurrent liabilities</b>	<b>47,747,282</b>
<b>Total liabilities</b>	<b>\$ 48,890,206</b>
<b>Net position</b>	
Net investment in capital assets	\$ 20,660,496
Restricted	3,261,525
Unrestricted	13,081,561
<b>Total net position</b>	<b>\$ 37,003,582</b>

*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, 2015

<b>Operating revenue</b>	
Water	\$ 6,656,560
Wastewater	2,935,782
Other	521,942
<b>Total operating revenue</b>	<b>10,114,284</b>
<b>Operating expenses</b>	
Personal services	2,421,597
Operating expenses	2,853,648
Depreciation	2,021,693
<b>Total operating expenses</b>	<b>7,296,938</b>
Operating income	2,817,346
<b>Nonoperating revenue (expenses)</b>	
Interest income	76,434
Other income	37,994
Loss on disposal of assets	(123,035)
Interest expense	(2,061,962)
Amortization	(131,826)
<b>Total nonoperating revenue (expenses)</b>	<b>(2,202,395)</b>
Income before capital contributions	614,951
Capital contributions	182,715
Change in net position	797,666
Net position, beginning of year	36,205,916
<b>Net position, end of year</b>	<b>\$ 37,003,582</b>

See notes to basic financial statements.

## TOWN OF JUPITER ISLAND, FLORIDA

### Statement of Cash Flows

#### Enterprise Fund

Year Ended September 30, 2015

<b>Cash flows from operating activities</b>	
Cash received from customers	\$ 10,082,800
Cash received for interfund services provided	35,197
Cash received from others	37,994
Cash paid to suppliers and contractors	(2,507,103)
Cash paid to employees	(2,421,294)
Cash paid for interfund services	(460,241)
<b>Net cash provided by operating activities</b>	<b>4,767,353</b>
<b>Cash flows from noncapital financing activities</b>	
Transfers to other funds	1,436
<b>Net cash provided by noncapital financing activities</b>	<b>1,436</b>
<b>Cash flows from capital and related financing activities</b>	
Capital contributions	174,407
Principal received on notes receivable	58,370
Principal paid on revenue bonds payable	(15,000)
Principal paid on notes payable	(555,981)
Acquisition and construction of capital assets	(623,788)
Payment of interest	(2,073,107)
<b>Net cash used in capital and related financing activities</b>	<b>(3,035,099)</b>
<b>Cash flows from investing activities</b>	
Interest received	80,391
Proceeds from sale of investments	5,277,000
Purchase of investments	(6,259,278)
<b>Net cash used in investing activities</b>	<b>(901,887)</b>
Net increase in cash and cash equivalents	831,803
Cash and cash equivalents, beginning of year	7,003,613
<b>Cash and cash equivalents, end of year</b>	<b>\$ 7,835,416</b>
<b>Reconciliation of cash and cash equivalents to statement of net position:</b>	
Unrestricted cash and cash equivalents	\$ 7,405,304
Restricted cash and cash equivalents	430,112
<b>Cash and cash equivalents at September 30, 2015</b>	<b>\$ 7,835,416</b>

Continued on the following page.

## TOWN OF JUPITER ISLAND, FLORIDA

### Statement of Cash Flows (Continued)

#### Enterprise Fund

Year Ended September 30, 2015

<b>Reconciliation of operating income to net cash provided by operating activities:</b>	
Operating income	\$ 2,817,346
Adjustments to reconcile operating income to net cash provided by operating activities:	
Provision for uncollectible accounts	(32,804)
Depreciation	2,021,693
Other income	37,994
Changes in operating assets and liabilities:	
Accounts receivable	36,517
Inventory	8,455
Prepaid items	(16,001)
Accounts payable	(106,150)
Accrued liabilities	7,492
Compensated absences payable	(7,113)
Other postemployment benefits payable	(76)
<b>Net cash provided by operating activities</b>	<b>\$ 4,767,353</b>
<b>Supplemental disclosure of noncash capital and related financing activities:</b>	
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, 2015*

	<b>Pension Trust Funds</b>	<b>Private- Purpose Trust Fund</b>	<b>Agency Fund</b>
<b>Assets</b>			
Cash and cash equivalents	\$ 317,096	\$ 42,794	\$ 9,950
Unallocated cash in transit	22,101	-	-
Investments	12,309,972	-	-
Loans receivable	1,929	-	-
<b>Total assets</b>	<b>\$ 12,651,098</b>	<b>\$ 42,794</b>	<b>\$ 9,950</b>
<b>Liabilities</b>			
Due to employees	\$ -	\$ -	\$ 9,950
Accrued benefits and other liabilities	9,694	-	-
<b>Total liabilities</b>	<b>\$ 9,694</b>	<b>\$ -</b>	<b>\$ 9,950</b>
<b>Net position</b>			
Net position restricted for pensions and other purposes	<b>\$ 12,641,404</b>	<b>\$ 42,794</b>	<b>\$ -</b>

*See notes to basic financial statements.*

**TOWN OF JUPITER ISLAND, FLORIDA**  
*Statement of Changes in Fiduciary Net Position*  
*Fiduciary Funds*  
*Year Ended September 30, 2015*

	<b>Pension Trust Funds</b>	<b>Private- Purpose Trust Fund</b>
<b>Additions</b>		
Contributions:		
Employer	\$ 855,182	\$ -
Other	-	4,000
Investment income (loss)	(744,443)	19
<b>Total additions</b>	<b>110,739</b>	<b>4,019</b>
<b>Deductions</b>		
Payments to retirees and employees	1,075,017	-
Investment fee expense	22,509	-
Scholarships	-	9,700
Bank charges	-	15
<b>Total deductions</b>	<b>1,097,526</b>	<b>9,715</b>
Change in net position	(986,787)	(5,696)
Net position, beginning of year	13,628,191	48,490
<b>Net position, end of year</b>	<b>\$ 12,641,404</b>	<b>\$ 42,794</b>

*See notes to basic financial statements.*

## TOWN OF JUPITER ISLAND, FLORIDA

Notes to Basic Financial Statements

September 30, 2015

### 1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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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)

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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)

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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)**

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### **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)

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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

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### 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)

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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 three items, accumulated decrease in fair value of derivative instruments, refunding loss on bonds payable, and pension resources 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, 2015. 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. The deferred outflow of pension resources is reported for governmental activities. See Note 13 for more information on this line item.

### 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

## 1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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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.

*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 \$9,854,706 as restricted. Of the total amount, \$6,477,972 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)

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### Property Tax Revenue

Ad valorem property taxes are assessed on property valuations as of January 1<sup>st</sup> and levied the following October 1<sup>st</sup>. Taxes are due by March 31<sup>st</sup> and become delinquent on April 1<sup>st</sup> 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, 2015, 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 (2013/2014) 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, 2015, the Town adopted a millage rate permitted by a majority vote of the Town Commission under this formula, which was 2.7037 for the general fund, 1.4616 for the Jupiter Island Beach Protection District (the "District"), and 0.4160 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 2015, for the general fund, the District, and the electric underground fund, respectively. The property tax levy represents no increase or decrease for the general fund, the District, or the electric underground debt service when compared to the prior year. 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

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At September 30, 2015, cash, cash equivalents and investments of the Town, excluding fiduciary funds, included the following:

	Unrestricted	Restricted	Total
<b>Cash and Cash Equivalents</b>			
Deposits with financial institutions	\$ 7,235,494	\$ 394,538	\$ 7,630,032
Money market mutual funds	242,654	11,162	253,816
State Board of Administration			
Florida Prime Fund	12,802,154	24,412	12,826,566
	20,280,302	430,112	20,710,414

## 2) CASH, CASH EQUIVALENTS AND INVESTMENTS (continued)

	Unrestricted	Restricted	Total
<b>Investments</b>			
U.S. Treasury Bills	\$ 4,985,883	\$ 3,267,748	\$ 8,253,631
	4,985,883	3,267,748	8,253,631
	<b>\$ 25,266,185</b>	<b>\$ 3,697,860</b>	<b>\$ 28,964,045</b>

### Cash and Cash Equivalents

At September 30, 2015, the bank balances of the Town's cash and cash equivalents included \$7,913,989 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, 2015, included cash and cash equivalents with a bank balance of \$52,744 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, 2015, cash, cash equivalents and investments of the Town's fiduciary funds included the following:

<b>Pension Trust Funds</b>	
Cash and cash equivalents	\$ 317,096
Investments – mutual funds	12,309,972
Unallocated cash in transit	22,101
<b>Private-purpose Trust Fund</b>	
Cash and cash equivalents	42,794
<b>Agency Fund</b>	
Cash and cash equivalents	9,950
<b>Total cash, cash equivalents and investments</b>	<b>\$ 12,701,913</b>

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, 2015, consisted of investments in mutual funds with the Matrix Trust 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 number of days to maturity of Florida Prime Fund was 29 days at September 30, 2015.

### 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, 2015, are summarized as follows:

Investment Type	NRSRO Rating	Fair Value
State Board of Administration Florida Prime Fund	AAAm	\$12,826,566

### 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, 2015.

### 3) ACCOUNTS RECEIVABLE

Accounts receivable and the related allowance for doubtful accounts at September 30, 2015, are summarized as follows:

	<b>Gross Accounts Receivable</b>	<b>Allowance For Doubtful Accounts</b>	<b>Net Accounts Receivable</b>
<b>Governmental Activities</b>			
Due from State of Florida	\$ 24,834	\$ -	\$ 24,834
Other miscellaneous services	10,449	-	10,449
<b>Total governmental activities</b>	<b>35,283</b>	<b>-</b>	<b>35,283</b>
<b>Business-type Activities</b>			
Customer receivables	602,714	(84,027)	518,687
Accrued interest	10,866	-	10,866
<b>Total business-type activities</b>	<b>613,580</b>	<b>(84,027)</b>	<b>529,553</b>
	<b>\$ 648,863</b>	<b>\$ (84,027)</b>	<b>\$ 564,836</b>

### 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, 2015, the notes receivable total \$872,474, of which \$44,025 was current.

### 5) CAPITAL ASSETS

Capital assets activity for the year ended September 30, 2015, is summarized as follows:

	<b>Balance at Beginning of Year</b>	<b>Increases</b>	<b>Decreases</b>	<b>Balance at End of Year</b>
<b>Governmental Activities</b>				
Capital assets not being depreciated:				
Land and improvements	\$ 10,858,049	\$ 126,704	\$ -	\$ 10,984,753
Construction in progress	9,674	-	(9,674)	-
Total capital assets not being depreciated	10,867,723	126,704	(9,674)	10,984,753
Depreciable capital assets:				
Buildings and improvements	4,237,098	123,689	-	4,360,787
Equipment	2,141,426	381,204	(43,144)	2,479,486
Beach renourishment	27,395,870	-	-	27,395,870
Roads	1,315,238	222,231	-	1,537,469
Total depreciable capital assets	35,089,632	727,124	(43,144)	35,773,612

## 5) CAPITAL ASSETS (continued)

	Balance at Beginning of Year	Increases	Decreases	Balance at End of Year
Less accumulated depreciation:				
Buildings and improvements	\$ (1,557,593)	\$ 91,136	\$ -	\$ (1,648,729)
Equipment	(1,530,277)	135,736	(41,044)	(1,624,969)
Beach renourishment	(21,846,306)	2,160,830	-	(24,007,136)
Roads	(215,982)	55,296	-	(271,278)
Total accumulated depreciation	(25,150,158)	2,442,998	(41,044)	(27,552,112)
Depreciable assets, net of accumulated depreciation	9,939,474	(1,715,874)	(2,100)	8,221,500
<b>Total net governmental activities capital assets</b>	<b>\$ 20,807,197</b>	<b>\$ (1,589,170)</b>	<b>\$ (11,774)</b>	<b>\$ 19,206,253</b>

Depreciation expense was charged to governmental activities functions as follows:

General government	\$ 150,858
Public safety	72,368
Building	3,646
Public works	55,296
Environmental	2,160,830
<b>Total governmental activities depreciation expense</b>	<b>\$ 2,442,998</b>

The capital asset activity for the business-type activities for the year ended September 30, 2015, is summarized as follows:

	Balance at Beginning of Year	Increases	Decreases	Balance at End of Year
<b>Business-type Activities</b>				
Capital assets not being depreciated:				
Land and improvements	\$ 14,475,544	\$ -	\$ (85,367)	\$ 14,390,177
Construction in progress	625,722	11,731	(625,722)	11,731
Total capital assets not being depreciated	15,101,266	11,731	(711,089)	14,401,908
Depreciable capital assets:				
Buildings and improvements	10,250,676	-	-	10,250,676
Water distribution system	32,032,961	651,745	(25,300)	32,659,406
Wastewater collection systems	24,315,977	188,500	(24,000)	24,480,477
Wells	4,607,465	7,363	-	4,614,828
Equipment	6,798,850	329,381	(6,777)	7,121,454
Total depreciable capital assets	78,005,929	1,176,989	(56,077)	79,126,841

## 5) CAPITAL ASSETS (Continued)

	Balance at Beginning of Year	Increases	Decreases	Balance at End of Year
Less accumulated depreciation:				
Buildings and improvements	\$ (4,080,101)	\$ 221,103	\$ -	\$ (4,301,204)
Water distribution systems	(8,295,755)	646,120	(19,398)	(8,922,477)
Wastewater collection systems	(7,596,469)	654,643	(11,882)	(8,239,230)
Wells	(1,628,515)	153,297	-	(1,781,812)
Equipment	(3,559,797)	346,530	-	(3,906,327)
Total accumulated depreciation	(25,160,637)	2,021,693	(31,280)	(27,151,050)
Depreciable assets, net of accumulated depreciation	52,845,292	(844,704)	(24,797)	51,975,791
<b>Total net business-type activities capital assets</b>	<b>\$ 67,946,558</b>	<b>\$ (832,973)</b>	<b>\$ (735,886)</b>	<b>\$ 66,377,699</b>

## 6) DERIVATIVE INSTRUMENTS

The Town has one interest rate swap agreement in effect at September 30, 2015, 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, 2015, classified by type, and the changes in fair value of such derivative instrument for the year then ended as reported in the 2015 financial statements are as follows:

	Changes in Fair Value		Fair Value at September 30, 2015		
	Classification	Amount	Classification	Amount	Notional Amount
Business-type activity					
Cash-flow hedge:					
Pay fixed interest rate swap	Deferred Outflow	\$ 407,791	Debt	\$ (2,460,435)	\$ 9,507,871

### 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, 2015.

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:	\$(2,460,435)
Counterparty credit rating:	A1 by Moody's Investors Services, A by Standard and Poor's, and AA- 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, 2015, are summarized as follows:

<b>Accounts payable</b>	
Renewal and replacement account	\$ 16,043
<b>Accrued interest payable and current principal maturities</b>	
Debt service account	420,292
<b>Total liabilities payable from restricted assets</b>	<b>\$ 436,335</b>

## 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, 2015, are summarized as follows:

	<b>Balance at Beginning of Year</b>	<b>Additions</b>	<b>Retirements</b>	<b>Balance at End of Year</b>	<b>Amounts Due Within One Year</b>
Compensated absences	\$ 298,399	\$ 296,261	\$ (334,386)	\$ 260,274	\$ 65,571
Note payable, Series 2007	3,843,661	-	(216,616)	3,627,045	224,328
Note payable, Series 2008	4,955,600	-	(245,386)	4,710,214	255,498
Note payable, Series 2015	-	50,000	-	50,000	50,000

## 8) LONG-TERM DEBT (Continued)

	Balance at Beginning of Year	Additions	Retirements	Balance at End of Year	Amounts Due Within One Year
Other postemployment benefits payable	\$ 101,888	\$ 19,215	\$ (19,322)	\$ 101,781	\$ -
Net pension liability	1,180,161	1,889,313	(331,161)	2,738,313	-
<b>Governmental activity long-term liabilities</b>	<b>\$ 10,379,709</b>	<b>\$ 2,254,789</b>	<b>\$(1,146,871)</b>	<b>\$ 11,487,627</b>	<b>\$ 595,397</b>

### 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 1<sup>st</sup> 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
2016	\$ 224,328	\$ 129,122	\$ 353,450
2017	231,982	121,468	353,450
2018	240,572	112,878	353,450
2019	249,136	104,314	353,450
2020	258,006	95,444	353,450
2021-2025	1,434,123	333,127	1,767,250
2026-2028	988,898	71,452	1,060,350
	<b>\$ 3,627,045</b>	<b>\$ 967,805</b>	<b>\$ 4,594,850</b>

### 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 1<sup>st</sup> 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
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	300,163	148,898	449,061
2021-2025	1,696,327	548,978	2,245,305
2026-2029	1,626,981	169,263	1,796,244
	<b>\$ 4,710,214</b>	<b>\$ 1,576,640</b>	<b>\$ 6,286,854</b>

## 8) LONG-TERM DEBT (Continued)

### Note Payable, Series 2015

On May 8, 2015, The Town issued a \$5,000,000 Note Payable (or such lesser amount as shall have been advanced and outstanding) to a financial institution for the purpose of re-nourishing the beachfront areas of the Town. The Town may borrow from time to time up to the loan amount by requesting advances, provided that no advance will be made on the note after April 30, 2016. The first advance on the note was for \$50,000 and was made on the closing date of the loan. Interest is payable monthly, commencing June 1, 2015. Interest is equal to the sum of 0.638% plus 68% of the One-Month LIBOR. The percentage will be adjusted automatically on and as of the effective date of any change in One-Month LIBOR. The entire unpaid principal balance, together with all accrued and unpaid interest, is due and payable in full on May 1, 2017. The note is secured by a pledge of the Town to budget non-ad valorem revenues for repayment of the Series 2015 Note.

The principal and interest requirements to maturity for the Note Payable, Series 2015, are as follows:

Year Ending September 30,	Principal	Interest	Total
2015	\$ 50,000	\$ 388	\$ 50,388

### 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, 2015, is \$10,881,704. Principal and interest paid and ad valorem tax revenues received for the current year were \$802,511 and \$6,032,292, respectively.

### 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	\$ -	\$ (15,000)	\$ 30,070,000	\$ -
Unamortized premium	806,162	-	(726)	805,436	-
<b>Total bonds payable</b>	<b>30,891,162</b>	<b>-</b>	<b>(15,726)</b>	<b>30,875,436</b>	<b>-</b>
Notes payable:					
Note payable, Series 2005	2,151,581	-	(326,249)	1,825,332	338,426
Note payable, Series 2006	9,519,703	-	(11,833)	9,507,870	12,344
Note payable, Series 2007	3,726,464	-	(217,900)	3,508,564	225,629
<b>Total notes payable</b>	<b>15,397,748</b>	<b>-</b>	<b>(555,982)</b>	<b>14,841,766</b>	<b>576,399</b>
Compensated absences	73,456	141,582	(148,695)	66,343	-
Other postemployment benefits payable	79,776	13,796	(13,872)	79,700	-
<b>Business-type activity long-term liabilities</b>	<b>\$ 46,442,142</b>	<b>\$ 155,378</b>	<b>\$ (734,275)</b>	<b>\$ 45,863,245</b>	<b>\$ 576,399</b>

## 8) LONG-TERM DEBT (Continued)

### 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:

<b>Year Ending September 30,</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2016	\$ -	\$ 724,525	\$ 724,525
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	130,000	1,438,300	1,568,300
2021-2025	3,135,000	6,902,200	10,037,200
2026-2030	1,865,000	6,489,063	8,354,063
2031-2035	10,480,000	4,931,887	15,411,887
2036-2040	14,245,000	1,866,125	16,111,125
	<b>\$ 30,070,000</b>	<b>\$ 26,689,675</b>	<b>\$ 56,759,675</b>

### 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:

<b>Year Ending September 30,</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
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	392,028	12,122	404,150
	<b>\$ 1,825,332</b>	<b>\$ 195,418</b>	<b>\$ 2,020,750</b>

### 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% (0.87549% at September 30, 2015). The Series 2006

## 8) LONG-TERM DEBT (Continued)

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	
2016	\$ 12,343	\$ 112,490	\$ 299,028	\$ 423,861
2017	11,753	104,241	305,634	421,628
2018	13,384	95,882	313,449	422,715
2019	13,963	87,415	321,326	422,704
2020	14,566	78,836	330,407	423,809
2021-2025	80,392	261,488	1,770,292	2,112,172
2026-2029	9,361,469	46,551	913,134	10,321,154
	<b>\$ 9,507,870</b>	<b>\$ 786,903</b>	<b>\$ 4,253,270</b>	<b>\$ 14,548,043</b>

### 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 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
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	261,095	91,595	352,690
2021-2025	1,459,071	304,374	1,763,445
2026-2028	833,430	46,394	879,824
	<b>\$ 3,508,564</b>	<b>\$ 898,155</b>	<b>\$ 4,406,719</b>

### 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.

## 8) LONG-TERM DEBT (Continued)

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, 2015, is \$58,780,425. Principal and interest paid on the Series 2010 Bonds and Series 2005 Note for the current year and utility system net revenues were \$1,862,497 and \$4,839,039, respectively.

### 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 41 percent of the Town's non-ad valorem revenues until 2028 and approximately 103 percent thereafter until maturity. Total principal and interest remaining to be paid on the Series 2006 and Series 2007 Notes at September 30, 2015, is \$18,954,760. Principal and interest paid by the utility system and non-ad valorem revenues pledged for the current year were \$771,174 and \$2,968,265, respectively.

### Annual Maturities

As of September 30, 2015, 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
2016	\$ 1,106,224	\$ 1,352,873	\$ 299,028	\$ 2,758,125
2017	1,140,507	2,028,213	305,634	3,474,354
2018	1,208,685	1,976,232	313,449	3,498,366
2019	1,282,061	1,921,568	321,326	3,524,955
2020	1,355,858	1,865,196	330,407	3,551,461
2021-2025	7,804,913	8,350,169	1,770,292	17,925,374
2026-2030	14,675,777	6,822,724	913,134	22,411,635
2031-2035	10,480,000	4,931,887	-	15,411,887
2036-2040	14,245,000	1,866,125	-	16,111,125
	<b>\$ 53,299,025</b>	<b>\$ 31,114,987</b>	<b>\$ 4,253,270</b>	<b>\$ 88,667,282</b>

## 8) LONG-TERM DEBT (Continued)

For the year ended September 30, 2015, the Town incurred and expensed total interest charges of \$325,833 in the governmental activities. Interest charges incurred for the business-type activity totaled \$2,061,962 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:

	General Fund	Beach Protection Fund	Nonmajor Governmental Funds
<b>Nonspendable:</b>			
Prepaid items	\$ 44,002	\$ 1,856	\$ -
<b>Restricted:</b>			
Beach protection	-	6,477,972	-
Debt repayment	-	-	114,633
Public safety	-	-	576
<b>Total restricted</b>	<b>-</b>	<b>6,477,972</b>	<b>115,209</b>
<b>Assigned:</b>			
Emergencies	1,000,000	-	-
Compensated absences	115,000	-	-
Uninsured losses and other payments	80,000	-	-
Conservation	541,869	-	-
Beautification and maintenance	165,414	-	-
Criminal justice education and training	10,213	-	-
Art Committee	43,750	-	-
<b>Total assigned</b>	<b>1,956,246</b>	<b>-</b>	<b>-</b>
<b>Unassigned</b>	<b>5,857,709</b>	<b>-</b>	<b>-</b>
<b>Total fund balance</b>	<b>\$ 7,857,957</b>	<b>\$ 6,479,828</b>	<b>\$ 115,209</b>

## 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, 2015:

	Restricted Assets	Liabilities Payable From Restricted Assets	Restricted Net Position
Debt service account	\$ 420,292	\$ 420,292	\$ -
Debt service reserve account	2,766,866	-	2,766,866
Renewal and replacement account	510,702	16,043	494,659
	<b>\$ 3,697,860</b>	<b>\$ 436,335</b>	<b>\$ 3,261,525</b>

## 10) RESTRICTED NET POSITION (Continued)

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Net position is restricted for the debt service account, 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

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Interfund receivables and payables at September 30, 2015, are summarized as follows:

Receivable Fund	Payable Fund	Amount
General Fund	Utility Enterprise Fund	\$ 12,280
General Fund	Beach Protection Fund	20
Special Law Enforcement Fund	General Fund	4

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

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The capital contributions to the Water and Wastewater enterprise fund for the year ended September 30, 2015, consisted of connection and other fees of \$182,715. This amount represented \$108,300 for water connections and \$74,415 for wastewater connections.

## 13) DEFINED BENEFIT PENSION PLAN

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### 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.

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, 2015, the market value of plan assets was less than the actuarial value of plan assets by \$1,170,230.

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.

#### Plan Membership

Participant data as of October 1, 2015, the date of most recent actuarial valuation, is as follows:

Retirees and beneficiaries receiving benefits	34
Terminated plan members vested but not yet receiving benefits	18
Active plan members	20
<b>Total</b>	<b>72</b>

#### 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, 2015:

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

The following investments represent 5% or more of the defined benefit plan’s fiduciary net position at September 30, 2015:

Mutual Fund	Amount
AMG Yacktman Fund-Svc	\$ 965,025
Delafield	869,149
Metro West Total Ret	845,702
Royce Premier	929,426
Vanguard Total Stock Market Adm	973,928

For the year ended September 30, 2015, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was -7.05%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

### 13) DEFINED BENEFIT PENSION PLAN (Continued)

#### Net Pension Liability

The components of the net pension liability of the Town as of September 30, 2015, were as follows:

Total pension liability	\$ 12,194,120
Plan fiduciary net position	9,455,807
<b>Town's net pension liability</b>	<b>\$ 2,738,313</b>
<b>Plan fiduciary net position as a percentage of the total pension liability</b>	<b>77.54%</b>

#### 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, 2015
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.

#### Sensitivity of the Net Pension Liability to Changes in the Discount Rate

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%)	\$13,354,001
Total Pension Liability (Current Rate)	12,194,120
Total Pension Liability (1% Increase – 7%)	11,188,942

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

For the year ended September 30, 2015, the Town will recognize pension expense of \$17,565. On September 30, 2015, the Town reported deferred outflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>
Actual investment earnings different than assumed	\$ 1,373,778
Differences between actual and expected experience	497,970
Total	\$ 1,871,748

Amounts reported as deferred outflows of resources related to pensions will be recognized in pension expense as follows:

<b>Year Ending September 30</b>	<b>Amount</b>
2016	\$ 458,308
2017	458,308
2018	405,261
2019	279,216
2020	270,653
Thereafter	2

## 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, 2014, 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 3.5% of eligible compensation. The contributions vest 100% in year three. Employer contributions to the Plan for the year ended September 30, 2015, were \$182,316. 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 3.5% 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, 2015, were \$341,705. 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, 2015, are as follows:

#### Statements of Fiduciary Net Position

	<b>Town Defined Benefit Pension Trust Fund</b>	<b>SMRU Defined Contribution Pension Trust Fund</b>	<b>Town Defined Contribution Pension Trust Fund</b>
Assets			
Cash and cash equivalents	\$ 317,096	\$ -	\$ -
Investments – mutual funds	9,148,405	1,150,362	2,011,205
Unallocated cash in transit	-	16,414	5,687
Loans receivable	-	1,929	-
Total assets	\$ 9,465,501	\$ 1,168,705	\$ 2,016,892
Liabilities			
Accrued benefits and other liabilities	\$ 9,694	\$ -	\$ -
<b>Net position</b>			
Net position restricted for pensions	\$ 9,455,807	\$ 1,168,705	\$ 2,016,892

#### 14) DEFINED CONTRIBUTION PENSION PLANS (Continued)

##### Statements of Changes in Fiduciary Net Position

	<b>Town Defined Benefit Pension Trust Fund</b>	<b>SMRU Defined Contribution Pension Trust Fund</b>	<b>Town Defined Contribution Pension Trust Fund</b>
Additions			
Employer contributions	\$ 331,161	\$ 182,316	\$ 341,705
Investment income	(728,329)	(12,783)	(3,331)
<b>Total additions</b>	<b>(397,168)</b>	<b>169,533</b>	<b>338,374</b>
Deductions			
Payments to retirees and employees	855,198	35,730	184,089
Investment fee expense	21,034	520	955
<b>Total deductions</b>	<b>876,232</b>	<b>36,250</b>	<b>185,044</b>
<b>Change in net position</b>	<b>(1,273,400)</b>	<b>133,283</b>	<b>153,330</b>
Net position, beginning of year	10,729,207	1,035,422	1,863,562
<b>Net position, end of year</b>	<b>\$ 9,455,807</b>	<b>\$ 1,168,705</b>	<b>\$ 2,016,892</b>

#### 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 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 \$535 to a maximum of \$1,274.

## 15) OTHER POSTEMPLOYMENT BENEFITS (Continued)

### 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	\$ 34,964
Interest on net pension obligation	4,542
Adjustment to annual required contribution	(6,495)
Annual OPEB cost	33,011
Contributions made	33,194
Decrease in net OPEB obligation	(183)
Net OPEB obligation, beginning of year	181,663
<b>Net OPEB obligation, end of year</b>	<b>\$ 181,480</b>

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, 2013	\$ 30,971	\$ 16,291	53%	\$ 170,622
September 30, 2014	31,992	18,994	59%	181,663
September 30, 2015	33,011	33,194	101%	181,480

### Funded Status and Funding Progress

As of September 30, 2015, the plan assets were \$0, the actuarial accrued liability for benefits was \$432,025, the total unfunded actuarial liability is \$432,025, 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 \$4,778,842, and the ratio of the unfunded actuarial accrued liability to the covered payroll was 9%.

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.

### 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.

## 15) OTHER POSTEMPLOYMENT BENEFITS (Continued)

Based on the historical and expected returns of the Town's short-term investment portfolio, a discount rate of 2.50% was used. A general price inflation of 2.00% 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, 2015, was 30 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 original term of the agreement was five years from October 1, 2010 to September 30, 2015, and the agreement was extended through September 30, 2017. The cost of the services provided by Martin County totaled \$745,099 for the year ended September 30, 2015.

### 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, 2015	Contracts & Retainage Payable	Balance to Complete
Beach Renourishment Project	\$ 17,825,000	\$ -	\$ -	\$ 17,825,000
<b>Total</b>	<b>\$ 17,825,000</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 17,825,000</b>

## 17) CHANGE IN ACCOUNTING PRINCIPLE

During fiscal year 2014, the Town adopted GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*. This pronouncement required the restatement of the September 30, 2014 net position in governmental activities and fiduciary funds. This change is in accordance with generally accepted accounting principles.

The tables below present the details of the restatements:

	Governmental Activities
Net position, September 30, 2014 as previously reported	\$ 22,972,156
Cumulative effect of application of GASB 68	(1,259,624)
<b>Net position, September 30, 2014 as restated</b>	<b>\$ 21,712,532</b>

## 18) PRONOUNCEMENTS ISSUED, BUT NOT YET ADOPTED

GASB Statement No. 72, *Fair Value Measurement and Application* issued February 2015, is effective for the Town beginning with its fiscal year ending September 30, 2016. This statement provides guidance for applying

## **18) PRONOUNCEMENTS ISSUED, BUT NOT YET ADOPTED (continued)**

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fair value to certain investments and disclosures related to all fair value measurements. The statement generally requires state and local governments to measure investments at fair value.

GASB Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement No. 68, and Amendments to Certain Provisions of GASB Statements 67 and 68* issued June 2015, is effective for the Town beginning with its fiscal year ending September 30, 2016. The objective of this statement is to improve the usefulness of information provided to pensions that are not within the scope of GASB Statement No. 68 and to clarify the application of certain provisions of GASB Statement No. 67 and No. 68.

GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans* issued June 2015, is effective for the Town beginning with its fiscal year ending September 30, 2017. This statement provides financial reporting requirements for state and local government other postemployment benefit (OPEB) plans and conforms OPEB plan reporting to the requirements for pension plan reporting contained in GASB Statement No. 67.

GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* issued June 2015, is effective for the Town beginning with its fiscal year ending September 30, 2018. This statement establishes measurement criteria for the OPEB liability of state and local governments. The statement intends to improve the decision-usefulness of information in employer and governmental nonemployer contributing entity financial statements by requiring recognition of the entire OPEB liability and a broader measure of OPEB expense.

GASB Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments* issued June 2015, is effective for the Town beginning with its fiscal year ending September 30, 2016. The purpose of this statement is to identify the sources of accounting principles used to prepare financial statements of state and local governmental entities in conformity with GAAP and the framework for selecting those principles. GASB Statement No. 76 supersedes GASB Statement No. 55, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*.

GASB Statement No. 77, *Tax Abatement Disclosures* issued August 2015, is effective for the Town beginning with its fiscal year ending September 30, 2017. This statement addresses financial reporting about the nature and magnitude of tax abatements of governmental entities. The statement requires that governments that enter into tax abatements disclose more comprehensive information about the agreements.

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



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**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, 2015

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
<b>Revenue</b>				
<b>Taxes</b>				
Ad valorem property taxes	\$ 5,216,000	\$ 5,216,000	\$ 5,227,232	\$ 11,232
Local option gas tax	101,715	101,715	115,190	13,475
Communications tax	79,475	79,475	78,783	(692)
<b>Total taxes</b>	<b>5,397,190</b>	<b>5,397,190</b>	<b>5,421,205</b>	<b>24,015</b>
<b>Licenses and permits</b>				
Building permits	750,000	750,000	1,718,791	968,791
Alarm permit fee	1,500	1,500	1,405	(95)
Occupational licenses	500	500	1,567	1,067
<b>Total licenses and permits</b>	<b>752,000</b>	<b>752,000</b>	<b>1,721,763</b>	<b>969,763</b>
<b>Intergovernmental revenue</b>				
Payment in lieu of taxes	15,000	15,000	21,473	6,473
State grant revenue	1,000	1,000	1,000	-
State shared revenue:				
Half-cent sales tax	58,000	58,000	83,807	25,807
State revenue sharing	19,000	19,000	21,656	2,656
Fuel tax refund	3,000	3,000	5,227	2,227
Firefighters supplemental	-	-	4,440	4,440
Radon fees	1,000	1,000	2,985	1,985
<b>Total intergovernmental revenue</b>	<b>97,000</b>	<b>97,000</b>	<b>140,588</b>	<b>43,588</b>
<b>Charges for services</b>				
Other public safety charges and fees	15,000	15,000	7,914	(7,086)
Brush charges	95,000	95,000	100,250	5,250
Board of Adjustment fees	11,000	11,000	9,000	(2,000)
Impact review fees	12,500	12,500	33,000	20,500
<b>Total charges for services</b>	<b>133,500</b>	<b>133,500</b>	<b>150,164</b>	<b>16,664</b>
<b>Fines and forfeitures</b>				
Fines and forfeitures	3,600	3,600	4,306	706
Code enforcement fines	-	-	46,658	46,658
<b>Total fines and forfeitures</b>	<b>3,600</b>	<b>3,600</b>	<b>50,964</b>	<b>47,364</b>
<b>Investment income</b>	<b>2,475</b>	<b>2,475</b>	<b>12,274</b>	<b>9,799</b>
<b>Contributions - Art Fund</b>	<b>10,000</b>	<b>10,000</b>	<b>44,072</b>	<b>34,072</b>

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, 2015

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenue (continued)</b>				
<b>Miscellaneous</b>				
Lease income	\$ 24,913	\$ 24,913	\$ 24,913	\$ -
Refund	-	-	25,360	25,360
Miscellaneous	20,000	20,000	29,242	9,242
Administrative charges:				
Beach Protection District	101,000	101,000	101,000	-
Administrative charges:				
Utility Fund	460,241	460,241	460,241	-
<b>Total miscellaneous</b>	<b>606,154</b>	<b>606,154</b>	<b>640,756</b>	<b>34,602</b>
<b>Total revenue</b>	<b>7,001,919</b>	<b>7,001,919</b>	<b>8,181,786</b>	<b>1,179,867</b>
<b>Expenditures</b>				
<b>Administration</b>				
<b>Personal services:</b>				
Regular salaries and wages	528,000	528,000	519,268	8,732
Other salaries and wages	30,000	7,183	-	7,183
FICA taxes	35,786	35,786	29,135	6,651
Medicare taxes	8,369	8,369	7,770	599
Overtime	1,200	1,200	1,148	52
Auto allowance	18,000	18,100	18,069	31
Pension contributions - DBP	61,533	61,550	61,533	17
Pension contributions	71,280	71,280	69,400	1,880
Health insurance	74,954	74,954	68,580	6,374
Dental insurance	2,100	2,600	2,583	17
Cafeteria plan insurances	10,950	10,950	10,340	610
Short-term disability	1,400	1,400	875	525
Workers compensation insurance	1,000	1,000	539	461
Employees assistance program	150	150	126	24
<b>Total personal services</b>	<b>844,722</b>	<b>822,522</b>	<b>789,366</b>	<b>33,156</b>
<b>Operating expenditures:</b>				
Professional services - legal/employees	75,000	128,000	127,441	559
Professional services - legal/general	70,000	76,000	75,762	238

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, 2015

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
<b>Administration (continued)</b>				
Professional services -				
legal/pension	\$ 8,000	\$ 8,000	\$ 6,848	\$ 1,152
Professional services - comp plan	-	-	-	-
Professional services - codification	2,500	3,200	2,609	591
Professional services - business	10,000	12,500	12,291	209
Professional services - CG property	5,000	5,000	-	5,000
Professional services - audit/actuarial	47,000	47,000	23,080	23,920
Professional services - financial	60,000	62,000	61,519	481
Professional services - accounting	4,000	4,100	4,052	48
Professional services - public relations	25,000	27,500	27,125	375
Contracted services - archives	3,000	5,100	5,095	5
Contracted services - information technology	12,000	12,000	8,165	3,835
Contracted services - website	500	500	75	425
Travel and per diem	3,000	3,000	2,684	316
Art committee	15,000	15,000	7,248	7,752
Office supplies	5,000	7,600	7,524	76
Personnel training	2,000	2,600	2,540	60
Personnel services	2,200	5,000	4,940	60
Postage	10,500	12,000	11,949	51
Telephone	19,500	19,000	13,112	5,888
Legal advertising	3,500	4,600	4,593	7
Utilities - electric	13,000	13,000	11,358	1,642
Utilities - water	5,000	5,000	1,299	3,701
Liability and bond insurance	104,000	102,000	84,967	17,033
Repair and maintenance - equipment	2,000	2,000	1,397	603
Repair and maintenance - building	35,000	43,500	43,288	212
Equipment maintenance	3,000	2,500	-	2,500
Printing and binding	2,500	2,500	2,136	364
Other miscellaneous charges	4,000	7,600	7,595	5
Bank charges	800	800	534	266
Emergency preparation	3,000	3,000	2,045	955
Computer supplies	500	2,750	2,708	42
Lease - copier	2,000	2,600	2,500	100
Travel - commission boards	3,000	3,000	-	3,000
Small tools and equipment	500	1,000	814	186
Supplies	-	500	12	488
Books, publications and subscriptions	4,000	4,750	4,331	419
Art committee - other charges and obligations	10,000	10,000	-	10,000
Art committee - fund expenditures	15,000	15,000	7,339	7,661
<b>Total operating expenditures</b>	<b>590,000</b>	<b>681,200</b>	<b>580,975</b>	<b>100,225</b>

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, 2015

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Administration (continued)</b>				
<b>Capital outlay:</b>				
Improvements other than building	\$ 5,000	\$ -	\$ -	\$ -
Machinery and equipment	80,000	83,500	83,467	33
<b>Total capital outlay</b>	<b>85,000</b>	<b>83,500</b>	<b>83,467</b>	<b>33</b>
<b>Other uses:</b>				
Contingency	50,000	20,000	19,834	166
<b>Total other uses</b>	<b>50,000</b>	<b>20,000</b>	<b>19,834</b>	<b>166</b>
<b>Total administration</b>	<b>1,569,722</b>	<b>1,607,222</b>	<b>1,473,642</b>	<b>133,580</b>
<b>Public safety</b>				
<b>Personal services:</b>				
Regular salaries and wages	1,484,000	1,470,000	1,454,393	15,607
FICA taxes	95,353	95,353	92,846	2,507
Medicare taxes	22,300	22,300	21,714	586
Overtime	50,000	63,500	63,284	216
Health insurance	286,573	286,573	255,792	30,781
Dental insurance	7,490	8,400	8,358	42
Cafeteria Plan/HRA	38,325	37,325	35,171	2,154
Short-term disability	5,000	5,000	2,476	2,524
Workers compensation insurance	30,000	30,000	20,169	9,831
Unemployment compensation	4,000	-	-	-
Employees assistance program	500	600	547	53
Telephone allowance	8,226	8,226	7,397	829
Clothing and shoe allowance	3,950	3,950	3,450	500
Pension contributions - DBP	172,946	172,947	172,946	1
Pension contributions - DCP	200,340	170,000	169,060	940
<b>Total personal services</b>	<b>2,409,003</b>	<b>2,374,174</b>	<b>2,307,603</b>	<b>66,571</b>
<b>Operating expenditures:</b>				
Contracted services - ALS	745,000	745,100	745,099	1
Contracted services - general operations	33,000	33,000	26,208	6,792
Investigations	2,500	2,500	910	1,590
Travel and per diem	6,000	6,000	3,196	2,804
Utilities - electric	11,000	11,000	10,543	457
Utilities - water	4,500	4,500	2,323	2,177

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, 2015

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
<b>Public safety (continued)</b>				
<b>Operating expenditures (continued)</b>				
Telephone	\$ 24,000	\$ 31,000	\$ 30,866	\$ 134
Lease - copier	1,500	2,750	2,695	55
Repair and maintenance - building	14,000	25,250	25,165	85
Vehicle maintenance - police	16,000	21,500	21,167	333
Vehicle maintenance - fire	3,500	3,500	380	3,120
Equipment maintenance - police	5,000	5,000	1,385	3,615
Equipment maintenance - fire	3,000	3,000	694	2,306
Equipment maintenance - security	9,000	13,600	13,576	24
Equipment maintenance - City Watch	750	750	-	750
Other miscellaneous charges	2,500	4,100	4,027	73
Patrol boats maintenance	8,000	8,000	7,670	330
Accreditation expense	1,000	1,000	413	587
Office supplies	6,000	8,100	8,018	82
Computer supplies	1,500	5,100	5,048	52
Gasoline, diesel and oil	70,000	60,279	47,492	12,787
Uniforms	7,000	10,500	10,080	420
Uniforms - cleaning	3,600	3,600	2,502	1,098
Small tools and equipment - police	2,000	2,000	634	1,366
Small tools and equipment - fire	500	500	73	427
Small tools and equipment - OPS	750	750	424	326
Supplies - police	8,000	8,000	6,289	1,711
Supplies - fire	7,000	2,000	-	2,000
Supplies - EMT	4,000	4,000	1,174	2,826
Books, publications and subscriptions	1,000	1,000	692	308
Personnel training - police	6,000	6,000	4,693	1,307
Personnel training - fire	2,000	2,200	2,136	64
Personnel training - EMT	3,250	3,250	2,230	1,020
Personnel services	500	600	546	54
<b>Total operating expenditures</b>	<b>1,013,350</b>	<b>1,039,429</b>	<b>988,348</b>	<b>51,081</b>
<b>Capital outlay:</b>				
Machinery and equipment - police	104,000	112,750	112,617	133
Building improvement	120,000	120,000	106,873	13,127
Machinery and equipment - fire	5,000	5,000	-	5,000
<b>Total capital outlay</b>	<b>229,000</b>	<b>237,750</b>	<b>219,490</b>	<b>18,260</b>
<b>Total public safety</b>	<b>3,651,353</b>	<b>3,651,353</b>	<b>3,515,441</b>	<b>135,912</b>

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, 2015

	<b>Budgeted Amounts</b>		<b>Actual Amounts</b>	<b>Variance with</b>
	<b>Original</b>	<b>Final</b>		<b>Final Budget</b>
				<b>Positive (Negative)</b>
<b>Building</b>				
<b>Personal services:</b>				
Regular salaries and wages	\$ 305,000	\$ 305,000	\$ 293,675	\$ 11,325
Overtime	1,000	1,000	981	19
Auto allowance	12,000	12,100	12,046	54
FICA taxes	19,716	19,716	18,670	1,046
Medicare taxes	4,611	4,611	4,388	223
Pension contributions - DBP	35,545	35,545	35,545	-
Pension contributions - DCP	39,150	35,120	31,502	3,618
Health insurance	48,043	48,043	46,760	1,283
Dental insurance	1,070	1,300	1,291	9
Cafeteria plan	6,500	6,500	5,466	1,034
Short-term disability	1,000	1,000	422	578
Workers' compensation	2,500	2,500	1,378	1,122
Employees' Assistance Program	100	150	105	45
<b>Total personal services</b>	<b>476,235</b>	<b>472,585</b>	<b>452,229</b>	<b>20,356</b>
<b>Operating expenditures:</b>				
Professional services - legal	34,000	43,000	42,629	371
Professional services - comp plan	5,000	8,500	8,239	261
Professional services - experts (boards)	3,000	500	500	-
Professional services - engineering	5,000	12,500	12,400	100
Professional services - business	30,000	36,750	36,682	68
Legal advertising	3,500	3,500	-	3,500
Contracted services - web site	1,000	1,000	164	836
Travel and per diem	1,500	1,500	1,014	486
Travel - commssion boards	2,000	1,600	-	1,600
Postage	500	1,100	1,031	69
Telephone	2,500	2,500	104	2,396
Lease - copier	8,000	8,000	7,255	745
Printing and binding	1,000	1,000	-	1,000
Other miscellaneous charges	2,000	5,100	5,078	22
Emergency preparation	1,000	1,000	-	1,000
Mangrove management	50	50	-	50
Office supplies	3,000	3,000	386	2,614
Computer supplies	7,000	4,000	3,932	68
Uniforms	300	300	-	300
Small tools and equipment	500	500	395	105
Books, publications and subscriptions	1,500	1,600	1,564	36
Personnel training	2,000	2,000	898	1,102
<b>Total operating expenditures</b>	<b>114,350</b>	<b>139,000</b>	<b>122,271</b>	<b>16,729</b>

**TOWN OF JUPITER ISLAND, FLORIDA**

Required Supplementary Information

Budgetary Comparison Schedule

General Fund - Non-GAAP Budgetary Basis (Continued)

Year Ended September 30, 2015

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
<b>Building (continued)</b>				
<b>Capital outlay:</b>				
Machinery and equipment	\$ 25,000	\$ 4,000	\$ 3,781	\$ 219
<b>Total capital outlay</b>	<b>25,000</b>	<b>4,000</b>	<b>3,781</b>	<b>219</b>
<b>Total building</b>	<b>615,585</b>	<b>615,585</b>	<b>578,281</b>	<b>37,304</b>
<b>Solid waste</b>				
<b>Personal services:</b>				
Regular salaries and wages	423,946	400,000	384,956	15,044
Overtime	12,000	6,000	5,143	857
FICA taxes	27,401	25,000	24,074	926
Medicare taxes	6,408	6,408	5,630	778
Pension contributions - DBP	49,407	49,407	49,407	-
Pension contributions - DCP	57,233	50,000	45,180	4,820
Health insurance	122,938	100,000	93,868	6,132
Dental insurance	2,675	3,000	2,941	59
Cafeteria plan	14,625	14,625	12,494	2,131
Short-term disability	2,000	1,000	636	364
Workers' compensation insurance	18,000	15,000	13,021	1,979
Unemployment compensation	5,000	-	-	-
Employees' assistance program	207	207	168	39
Auto allowance	6,000	5,000	4,131	869
<b>Total personal services</b>	<b>747,840</b>	<b>675,647</b>	<b>641,649</b>	<b>33,998</b>
<b>Operating expenditures:</b>				
Utilities	8,000	6,000	5,656	344
Repair and maintenance - building	6,000	9,500	9,355	145
Vehicle maintenance	20,000	31,000	30,937	63
Equipment maintenance	5,000	9,100	9,072	28
Other miscellaneous charges	2,500	2,500	1,718	782
Safety equipment	1,500	1,500	999	501
Mosquito and sandfly control	1,000	1,100	1,066	34
Yardwaste recycling	50,000	93,000	92,786	214
Refuse landfill fees	22,000	22,000	20,490	1,510
Recycling expenditures	1,000	2,000	1,928	72
Gasoline, diesel and oil	45,000	28,000	26,739	1,261
Uniforms	3,000	3,800	3,754	46
Animal control	4,000	4,500	4,399	101
Telephone	4,000	5,200	5,180	20

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, 2015

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Solid waste (continued)</b>				
<b>Operating expenditures (continued)</b>				
Small tools and equipment	\$ 3,000	\$ 3,000	\$ 2,943	\$ 57
Supplies	10,000	10,000	9,639	361
<b>Total operating expenditures</b>	<b>186,000</b>	<b>232,200</b>	<b>226,661</b>	<b>5,539</b>
<b>Capital outlay:</b>				
Machinery and equipment	155,000	177,500	177,287	213
<b>Total capital outlay</b>	<b>155,000</b>	<b>177,500</b>	<b>177,287</b>	<b>213</b>
<b>Total solid waste</b>	<b>1,088,840</b>	<b>1,085,347</b>	<b>1,045,597</b>	<b>39,750</b>
<b>Roads</b>				
<b>Operating expenditures:</b>				
Utilities - street lighting	-	250	207	43
Safety equipment	1,000	1,000	-	1,000
Clearing and trimming	17,500	21,000	20,907	93
Road and ramble maintenance	4,000	4,000	3,049	951
Stormwater maintenance	3,000	3,000	2,197	803
Signs	3,500	4,600	4,599	1
<b>Total operating expenditures</b>	<b>29,000</b>	<b>33,850</b>	<b>30,959</b>	<b>2,891</b>
<b>Capital outlay:</b>				
Drainage and paving	35,000	222,893	222,231	662
<b>Total capital outlay</b>	<b>35,000</b>	<b>222,893</b>	<b>222,231</b>	<b>662</b>
<b>Total roads</b>	<b>64,000</b>	<b>256,743</b>	<b>253,190</b>	<b>3,553</b>
<b>Grounds</b>				
<b>Personal services:</b>				
Regular salaries and wages	100,650	100,650	99,446	1,204
Overtime	3,000	1,000	548	452
FICA taxes	6,426	6,426	6,101	325
Medicare taxes	1,503	1,503	1,427	76
Pension contributions - DBP	11,730	11,730	11,730	-
Pension contributions - DCP	13,588	13,588	12,711	877
Health insurance	30,495	30,495	29,321	1,174
Dental insurance	750	1,000	861	139
Cafeteria plan	3,650	3,750	3,715	35
Short-term disability	-	250	191	59
Workers' compensation insurance	10,000	6,500	6,492	8
Employees' assistance program	47	47	42	5
<b>Total personal services</b>	<b>181,839</b>	<b>176,939</b>	<b>172,585</b>	<b>4,354</b>

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, 2015

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Grounds (continued)</b>				
<b>Operating expenditures:</b>				
Utilities - water	\$ 40,000	\$ 35,500	\$ 35,197	\$ 303
Safety equipment	1,000	1,100	1,093	7
Grounds projects	33,000	32,000	30,910	1,090
Ficas Alley expenses	30,000	35,000	34,795	205
Small tools and equipment	3,000	4,800	4,765	35
Supplies	15,000	15,750	15,635	115
<b>Total operating expenditures</b>	<b>122,000</b>	<b>124,150</b>	<b>122,395</b>	<b>1,755</b>
<b>Capital outlay:</b>				
Machinery and equipment	10,000	6,000	4,795	1,205
<b>Total capital outlay</b>	<b>10,000</b>	<b>6,000</b>	<b>4,795</b>	<b>1,205</b>
<b>Total grounds</b>	<b>313,839</b>	<b>307,089</b>	<b>299,775</b>	<b>7,314</b>
<b>Lethal yellowing</b>	<b>135,000</b>	<b>136,500</b>	<b>136,371</b>	<b>129</b>
<b>Beautification and maintenance</b>	<b>40,000</b>	<b>40,000</b>	<b>15</b>	<b>39,985</b>
<b>Conservation</b>	<b>50,375</b>	<b>50,375</b>	<b>30,831</b>	<b>19,544</b>
<b>Total expenditures</b>	<b>7,528,714</b>	<b>7,750,214</b>	<b>7,333,143</b>	<b>417,071</b>
Excess of revenues				
over expenditures	(526,795)	(748,295)	848,643	1,596,938
<b>Other financing sources</b>				
Transfer from reserves	526,795	748,295	-	(748,295)
<b>Total other financing sources</b>	<b>526,795</b>	<b>748,295</b>	<b>-</b>	<b>(748,295)</b>
Net change in fund balance	-	-	848,643	848,643
Fund balance, beginning of year	-	-	7,009,314	7,009,314
<b>Fund balance, end of year</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 7,857,957</b>	<b>\$ 7,857,957</b>

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, 2015

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
<b>Revenue</b>				
<b>Taxes</b>				
Ad valorem property taxes	\$ 2,800,000	\$ 2,800,000	\$ 2,804,913	\$ 4,913
<b>Investment income</b>	-	-	<b>13,968</b>	<b>13,968</b>
<b>Intergovernmental revenue</b>				
FEMA Reimbursement	-	2,766,376	-	(2,766,376)
State Grant-Beach Renourishment	-	1,380,993	-	(1,380,993)
State Disaster Relief	-	1,920,188	-	(1,920,188)
Project cost share - Martin County	-	6,275,000	-	(6,275,000)
<b>Total intergovernmental revenue</b>	-	<b>12,342,557</b>	-	<b>(12,342,557)</b>
<b>Miscellaneous revenue</b>	-	-	<b>175</b>	<b>175</b>
<b>Total revenue</b>	<b>2,800,000</b>	<b>15,142,557</b>	<b>2,819,056</b>	<b>(12,323,501)</b>
<b>Expenditures</b>				
<b>General government</b>				
<b>Beach protection administration</b>				
<b>Personal services:</b>				
Regular salaries & wages	140,000	148,000	147,097	903
Overtime	-	1,000	557	443
Auto allowance	6,000	6,100	6,023	77
FICA taxes	9,052	9,300	9,300	-
Medicare taxes	2,117	2,200	2,175	25
Pension contributions- DCP	12,500	13,500	13,157	343
Health insurance	16,850	18,500	18,444	56
Dental insurance	-	500	430	70
Cafeteria plan	1,825	2,000	1,903	97
Short-term disability	200	200	184	16
Workers' comp insurance	2,500	2,500	751	1,749
<b>Total personal services</b>	<b>191,044</b>	<b>203,800</b>	<b>200,021</b>	<b>3,779</b>
<b>Operating expenditures:</b>				
Professional services - legal	150,000	137,276	78,491	58,785
Professional services - lobbying	29,000	30,000	28,260	1,740
Professional services - accounting	7,500	7,500	-	7,500
Public relations	20,000	20,000	13,587	6,413
Other miscellaneous charges	5,000	5,000	2,497	2,503
Bank charges	500	500	65	435
Beach cleaning	26,000	26,000	26,000	-
Books, publications and subscriptions	1,000	1,000	501	499
Administrative charges -				
General fund	75,000	75,000	75,000	-
<b>Total operating expenditures</b>	<b>314,000</b>	<b>302,276</b>	<b>224,401</b>	<b>77,875</b>
<b>Total beach protection administration</b>	<b>505,044</b>	<b>506,076</b>	<b>424,422</b>	<b>81,654</b>

**TOWN OF JUPITER ISLAND, FLORIDA**

Required Supplementary Information

Budgetary Comparison Schedule

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

Year Ended September 30, 2015

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
<b>Environmental</b>				
<b>Beach protection and monitoring</b>				
Operating expenditures:				
Travel and per diem	\$ 3,000	\$ 3,000	\$ 1,092	\$ 1,908
Equipment maintenance	500	2,500	2,120	380
Personnel training	1,000	1,000	883	117
Professional services -				
engineering	100,000	100,000	68,668	31,332
Beach profile surveys	65,000	65,000	63,127	1,873
Beach maintenance	20,000	20,000	3,849	16,151
Reef monitoring	95,000	95,500	95,114	386
Turtle monitoring	-	1,500	1,208	292
<b>Total beach protection and monitoring</b>	<b>284,500</b>	<b>288,500</b>	<b>236,061</b>	<b>52,439</b>
<b>Beach protection projects</b>				
Capital outlay:				
Machinery and equipment	-	6,500	6,399	101
Beach renourishment project	-	20,275,000	-	20,275,000
Professional services -				
engineering	60,000	450,000	37,421	412,579
Contingency	100,000	2,000	1,585	415
Land	-	127,000	126,704	296
<b>Total beach protection projects</b>	<b>160,000</b>	<b>20,860,500</b>	<b>172,109</b>	<b>20,688,391</b>
<b>Debt service</b>				
Interest	-	1,000	155	845
Other costs	-	30,000	-	30,000
<b>Total debt service</b>	<b>-</b>	<b>31,000</b>	<b>155</b>	<b>30,845</b>
<b>Total expenditures</b>	<b>949,544</b>	<b>21,686,076</b>	<b>832,747</b>	<b>20,853,329</b>
Excess of revenues over expenditures				
	1,850,456	(6,543,519)	1,986,309	8,529,828
<b>Other financing sources/(uses)</b>				
Transfer from reserves	-	4,443,519	-	(4,443,519)
Transfer to reserves	(1,850,456)	-	-	-
Debt proceeds	-	2,100,000	50,000	(2,050,000)
<b>Total other financing sources</b>	<b>(1,850,456)</b>	<b>6,543,519</b>	<b>50,000</b>	<b>(6,493,519)</b>
Net change in fund balance	-	-	2,036,309	2,036,309
Fund balance, beginning of year	-	-	4,443,519	4,443,519
<b>Fund balance, end of year</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 6,479,828</b>	<b>\$ 6,479,828</b>

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, 2015***Schedule of Changes in the Net Pension Liability and Related Ratios**

	<b>2015</b>	<b>2014</b>
<b>Total Pension Liability</b>		
Service cost	\$ 149,385	\$ 192,769
Interest on total pension liability	696,066	677,086
Change in benefit terms	-	-
Change in assumptions	-	-
Experience gains/(losses)	294,499	288,977
Benefit payments	(855,198)	(736,837)
<b>Net change in total pension liability</b>	<b>284,752</b>	<b>421,995</b>
<b>Total pension liability, beginning</b>	<b>11,909,368</b>	<b>11,487,373</b>
<b>Total pension liability, ending</b>	<b>12,194,120</b>	<b>11,909,368</b>
<b>Plan Fiduciary Net Position</b>		
Contributions	331,161	360,411
Net investment income	(729,843)	634,470
Benefit payments	(855,198)	(736,837)
Administrative expenses	(19,520)	-
Other	-	-
<b>Net change in plan fiduciary net position</b>	<b>(1,273,400)</b>	<b>258,044</b>
<b>Plan fiduciary net position, beginning</b>	<b>10,729,207</b>	<b>10,471,163</b>
<b>Plan fiduciary net position, ending</b>	<b>9,455,807</b>	<b>10,729,207</b>
<b>Net pension liability, ending</b>	<b>\$ 2,738,313</b>	<b>\$ 1,180,161</b>
Plan fiduciary net position as a percentage of the total pension liability	77.54%	90.09%
Covered payroll	\$ 1,389,114	\$ 1,747,560
Net pension liability as a percentage of covered payroll	197.13%	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 and Investment Returns**September 30, 2015***Schedule of Employer Contributions and Investment Returns  
Last Ten Fiscal Years**

<b>Year Ended</b>	<b>Actuarially Determined Contribution</b>	<b>Actual Contribution</b>	<b>Contribution (Excess)/ Deficiency</b>	<b>Covered Payroll</b>	<b>Contribution Percentage of Covered Payroll</b>	<b>Annual Money Weighted Rate of Return, Net of Investment Expense</b>
September 30, 2015	\$ 316,624	\$ 331,161	\$ (14,537)	\$1,389,114	23.84%	-7.05%
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

*See notes to required supplementary information.*

**TOWN OF JUPITER ISLAND, FLORIDA**

*Required Supplementary Information*

*Other Postemployment Benefits*

*Schedule of OPEB Funding Progress*

*September 30, 2015*

**Schedule of Funding Progress**

<b>Actuarial Valuation Date</b>	<b>Actuarial Value of Assets</b>	<b>Actuarial Accrued Liability</b>	<b>Total Unfunded Actuarial Accrued Liability (UAAL)</b>	<b>Funded Ratio</b>	<b>Covered Payroll</b>	<b>UAAL as a Percentage of Covered Payroll</b>
September 30, 2009	\$ -	\$ 463,283	\$ 463,283	0%	\$ 3,999,796	11.6%
September 30, 2012	-	280,853	280,853	0%	4,467,145	6.3%
September 30, 2015	-	432,025	432,025	0%	4,778,842	9.0%

*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, 2015

### 1) BUDGETARY ACCOUNTING

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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) DEFINED BENEFIT PLAN

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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	10/1/2015
Actuarial Cost Method	Frozen Entry Age Normal
Actuarial Assumptions:	
Investment rate of return	6.0%
Projected salary increase	6.5%
Inflation	3.0%
Mortality	
Pre-Retirement	RP-2000 Combined Healthy Participant Mortality Table projected, generationally to valuation date by Scale AA
Post-Retirement	RP-2000 Combined Healthy Participant Mortality Table projected, generationally to valuation date by Scale AA
Disabled Retiree	RP-2000 Combined Healthy Participant Mortality Table projected, generationally to valuation date by Scale AA set forward five years

## 2) DEFINED BENEFIT PLAN (continued)

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### Termination Rates

Age	Probability of Termination	Age	Probability of Termination
20	10.7%	40	3.1%
25	8.0%	45	2.2%
30	5.9%	50	1.1%
35	4.3%	55	0.0%

### Disability Rates

Age	Probability of Disablement	Age	Probability of Disablement
20	0.084%	40	0.180%
25	0.090%	45	0.306%
30	0.108%	50	0.600%
35	0.138%	55	0.930%

### Retirement Rates

Age	Probability of Retirement	Age	Probability of Retirement
55	10%	61	2%
56	2%	62	15%
57	2%	63	2%
58	2%	64	2%
59	2%	65	100%
60	2%		

At the first age at which a participant becomes eligible for an unreduced Early Retirement Benefit, the probability of retirement is increased by 50 basis points. For example, a participant who first becomes eligible for unreduced Early Retirement at age 55 will be assumed to retire with 60% probability.

## 3) OTHER POSTEMPLOYMENT BENEFIT PLAN

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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, 2015
Actuarial Cost Method:	Entry Age Normal
Amortization Method:	Level Percentage
Amortization Period:	30 years
Actuarial Assumptions:	
Discount rate	2.5%
Inflation	2.0%

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**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, 2015*

	<b>Debt Service Fund</b>	<b>Special Revenue Fund</b>	<b>Total Nonmajor Governmental Funds</b>
	<b>Electric Underground</b>	<b>Special Law Enforcement</b>	
<b>Assets</b>			
Cash and cash equivalents	\$ 114,633	\$ 572	\$ 115,205
Due from other funds	-	4	4
<b>Total assets</b>	<b>\$ 114,633</b>	<b>\$ 576</b>	<b>\$ 115,209</b>
<b>Liabilities and fund balance</b>			
Liabilities	\$ -	\$ -	\$ -
<b>Fund balance</b>			
Restricted	\$ 114,633	\$ 576	\$ 115,209
<b>Total fund balance</b>	<b>114,633</b>	<b>576</b>	<b>115,209</b>
<b>Total liabilities and fund balance</b>	<b>\$ 114,633</b>	<b>\$ 576</b>	<b>\$ 115,209</b>

**TOWN OF JUPITER ISLAND, FLORIDA***Combining Statement of Revenue, Expenditures and Changes in Fund Balance**Nonmajor Governmental Funds**Year Ended September 30, 2015*

	<b>Debt Service Fund</b>	<b>Special Revenue Fund</b>	<b>Total Nonmajor Governmental Funds</b>
	<b>Electric Underground</b>	<b>Special Law Enforcement</b>	
<b>Revenue</b>			
Taxes	\$ 805,060	\$ -	\$ 805,060
Fines and forfeitures	-	261	261
Investment income	24	-	24
Miscellaneous revenue	1,383	-	1,383
<b>Total revenue</b>	<b>806,467</b>	<b>261</b>	<b>806,728</b>
<b>Expenditures</b>			
Current:			
Public safety	-	4,955	4,955
Debt service:			
Principal	462,002	-	462,002
Interest	340,509	-	340,509
<b>Total expenditures</b>	<b>802,511</b>	<b>4,955</b>	<b>807,466</b>
Net change in fund balance	3,956	(4,694)	(738)
Fund balance, beginning of year	110,677	5,270	115,947
<b>Fund balance, end of year</b>	<b>\$ 114,633</b>	<b>\$ 576</b>	<b>\$ 115,209</b>

**TOWN OF JUPITER ISLAND, FLORIDA***Schedule of Water and Wastewater Revenue Refunding Bond Coverage**Enterprise Fund**Year Ended September 30, 2015*

<b>Gross revenue</b>	
Water	\$ 6,649,206
Wastewater	2,935,782
Other	629,042
<b>Total gross revenue</b>	<b>10,214,030</b>
<b>Operating expenses</b>	
Personal services	2,421,597
Operating expenses	2,853,648
<b>Total operating expenses</b>	<b>5,275,245</b>
Net revenue available for debt service before connection fees	4,938,785
Connection fees	182,715
<b>Net revenue available for debt service including connection fees</b>	<b>\$ 5,121,500</b>
<b>Scheduled debt service</b>	<b>\$ 2,644,751</b>
<b>Debt service coverage before connection fees</b>	
<b>(Minimum required coverage is 1.10)</b>	<b>1.87</b>
<b>Debt service coverage including connection fees</b>	
<b>(Minimum required coverage is 1.20)</b>	<b>1.94</b>

**TOWN OF JUPITER ISLAND, FLORIDA***Combining Statement of Fiduciary Net Position**Pension Trust Funds**September 30, 2015*

	<b>Town Defined Benefit Pension Trust Fund</b>	<b>SMRU Defined Contribution Pension Trust Fund</b>	<b>Town Defined Contribution Pension Trust Fund</b>	<b>Total Pension Trust Funds</b>
<b>Assets</b>				
Cash and cash equivalents	\$ 317,096	\$ -	\$ -	\$ 317,096
Investments - mutual funds	9,148,405	1,150,362	2,011,205	12,309,972
Unallocated cash in transit	-	16,414	5,687	22,101
Loans receivable	-	1,929	-	1,929
<b>Total assets</b>	<b>\$ 9,465,501</b>	<b>\$ 1,168,705</b>	<b>\$ 2,016,892</b>	<b>\$ 12,651,098</b>
<b>Liabilities</b>				
Accrued benefits and other liabilities	\$ 9,694	\$ -	\$ -	\$ 9,694
<b>Net position</b>				
Net position restricted for pensions	<b>\$ 9,455,807</b>	<b>\$ 1,168,705</b>	<b>\$ 2,016,892</b>	<b>\$ 12,641,404</b>

**TOWN OF JUPITER ISLAND, FLORIDA***Combining Statement of Changes in Fiduciary Net Position**Pension Trust Funds**Year Ended September 30, 2015*

	<b>Town Defined Benefit Pension Trust Fund</b>	<b>SMRU Defined Contribution Pension Trust Fund</b>	<b>Town Defined Contribution Pension Trust Fund</b>	<b>Total Pension Trust Funds</b>
<b>Additions</b>				
Contributions:				
Employer	\$ 331,161	\$ 182,316	\$ 341,705	\$ 855,182
Investment loss	(728,329)	(12,783)	(3,331)	(744,443)
<b>Total additions</b>	<b>(397,168)</b>	<b>169,533</b>	<b>338,374</b>	<b>110,739</b>
<b>Deductions</b>				
Payments to retirees and employees	855,198	35,730	184,089	1,075,017
Investment fee expense	21,034	520	955	22,509
<b>Total deductions</b>	<b>876,232</b>	<b>36,250</b>	<b>185,044</b>	<b>1,097,526</b>
Change in net position	(1,273,400)	133,283	153,330	(986,787)
Net position, beginning of year	10,729,207	1,035,422	1,863,562	13,628,191
<b>Net position, end of year</b>	<b>\$ 9,455,807</b>	<b>\$ 1,168,705</b>	<b>\$ 2,016,892</b>	<b>\$ 12,641,404</b>

**TOWN OF JUPITER ISLAND, FLORIDA**

*Statement of Fiduciary Net Position*

*Private-Purpose Trust Fund*

*September 30, 2015*

	<b>Employee Education Trust Fund</b>
<b>Assets</b>	
Cash and cash equivalents	\$ 42,794
<b>Total assets</b>	<b>\$ 42,794</b>
<b>Liabilities</b>	\$ -
<b>Net position</b>	
Held in trust for employees	<b>\$ 42,794</b>

**TOWN OF JUPITER ISLAND, FLORIDA**

*Statement of Changes in Fiduciary Net Position*

*Private-Purpose Trust Fund*

*Year Ended September 30, 2015*

	<b>Employee Education Trust Fund</b>
<b>Additions</b>	
Investment income	\$ 19
Contributions	4,000
Miscellaneous	-
<b>Total additions</b>	<b>4,019</b>
<b>Deductions</b>	
Scholarships	9,700
Bank charges	15
<b>Total deductions</b>	<b>9,715</b>
Change in net position	(5,696)
Net position, beginning of year	48,490
<b>Net position, end of year</b>	<b>\$ 42,794</b>

**TOWN OF JUPITER ISLAND, FLORIDA**

*Statement of Changes in Assets and Liabilities*

*Town Employees Agency Fund*

*Year Ended September 30, 2015*

	<b>Balance October 1, 2014</b>	<b>Additions</b>	<b>Deductions</b>	<b>Balance September 30, 2015</b>
<b>Assets</b>				
Cash	\$ 8,720	\$ 137,494	\$ (136,264)	\$ 9,950
<b>Total assets</b>	<b>\$ 8,720</b>	<b>\$ 137,494</b>	<b>\$ (136,264)</b>	<b>\$ 9,950</b>
<b>Liabilities</b>				
Due to employees	\$ 8,720	\$ 137,494	\$ (136,264)	\$ 9,950
<b>Total liabilities</b>	<b>\$ 8,720</b>	<b>\$ 137,494</b>	<b>\$ (136,264)</b>	<b>\$ 9,950</b>



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## **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, 2015, 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 January 15, 2016.

**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

January 15, 2016

**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, 2015. 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, 2015.

*Rampell + Rampell, P.A.*

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

January 15, 2016



## **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, 2015, and have issued our report thereon dated January 15, 2016.

### **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 January 15, 2016, 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. and 10.556(7), Rules of the Auditor General, require that we apply appropriate procedures and 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. and 10.556(7), Rules of the Auditor General, require that we apply appropriate procedures and 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, 2015, 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, 2015. 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

January 15, 2016