



VILLAGE OF TEQUESTA, FLORIDA

Comprehensive Annual Financial Report

Fiscal Year Ending September 30, 2010



TEQUESTA BRIDGE

2010

VILLAGE OF TEQUESTA COUNCIL MEMBERS 2010



From left to right: Council Member Vince Arena, Vice-Mayor Thomas Paterno, Mayor Patricia Watkins, Council Member James Humpage and Council Member Calvin Turnquest

VILLAGE OF TEQUESTA, FLORIDA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2010

Prepared By
Finance Department
The Village of Tequesta, Florida

VILLAGE OF TEQUESTA, FLORIDA

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INTRODUCTORY SECTION



Village of Tequesta

345 Tequesta Drive
Tequesta, Florida 33469-027
(561) 768-0424
www.Tequesta.org

April 28, 2011

To the Honorable Mayor,
Members of the Village Council
And Citizens of the Village of Tequesta, Florida

We are pleased to submit the Comprehensive Annual Financial Report (CAFR) of the Village of Tequesta for the fiscal year ended September 30, 2010. Publication of the CAFR meets the requirement of Chapter 11.45 of the Florida Statutes, Chapter 10.550 of the rules of the Auditor General of the State of Florida which requires the Village to publish, within twelve months of the close of each fiscal year, a complete set of audited financial statements. The Village of Tequesta's Comprehensive Annual Financial Report (CAFR), for the fiscal year ended September 30, 2010, is published not only to meet State law requirements but to demonstrate the Village philosophy of transparency by presenting all disclosures necessary for the reader to gain an understanding of the Village's financial activities and condition. To this end,

- The financial statements included in this report conform to generally accepted accounting principles (GAAP) in the United States of America as promulgated by the Governmental Accounting Standards Board (GASB).
- Management provides a narrative introduction, overview and analysis to accompany the basic financial statements in the form of *Management's Discussion and Analysis*. The MDA complements this letter of transmittal and should be read in conjunction with it.
- This report consists of management's representations concerning the finances of the Village of Tequesta.
- Management assumes full responsibility for the completeness and reliability of the information presented.
- We believe the data, as presented, is accurate in all material respects.
- We assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

To provide a reasonable basis for making these representations, management established a comprehensive internal control framework that is designed for this purpose. Because the cost of internal controls should not outweigh their benefits, the Village's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement.

The Village's financial statements have been audited by Marcum LLP, a national firm of licensed certified public accountants. The independent auditor concluded, based upon the audit, that there was reasonable basis for rendering an unqualified opinion that the Village's financial statements for the fiscal year ended September 30, 2010 are fairly presented in accordance with GAAP. The independent auditor's report is located at the front of the financial section of this report.

PROFILE OF THE VILLAGE OF TEQUESTA

The Village of Tequesta, Florida is a municipal corporation organized June 4, 1957 pursuant to Special Act 57-1915, Laws of Florida. The Village has a Council-Manager form of government. All powers of the Village are vested in an elected governing body of the Village consisting of a five member Village Council responsible for enacting ordinances, resolutions and regulations governing the Village, adopting budgets, determining policies, as well as appointing the members of various advisory boards and the Village Manager. The Village Manager executes the laws and administers the government as well as attends to the day-to-day affairs of the Village.

The Village of Tequesta provides a full range of services, including police and fire protection; the construction and maintenance of streets and other infrastructure; recreational and cultural activities; water and stormwater utilities and contracts for sanitation services. The Village's basic operating unit is a department. Departments concentrate their activities on various functions: general government, public safety, transportation and leisure services.

For fiscal year 2010, the gross taxable value of real, personal and centrally assessed property was \$834 million. The majority of the Village is made up of residential properties. Commercial properties represent approximately 9.5% of property values. The Village has no discernable level of industry.

The Budget for Planning and Control

The annual budget serves as the foundation for the Village of Tequesta's financial planning and control. The budget is a policy document which incorporates and reflects the values, goals and priorities identified by the Village Council and residents. It is also the Village's proposed business plan for the fiscal year, outlining the priorities and financial resources to carry out the Council's mission of maintaining and enhancing the highest possible level of public service delivery and quality of life for the Village of Tequesta residents.

Operating budgets, as well as a 5 year capital improvement plan, are adopted on an annual basis by our governing body. The legal level of budgetary control is at the fund level; however, the Village manages at the department level. Prior to October 1st, the Village Council adopts the approved budget along with a resolution establishing the property tax rate (millage) required to fund the budget. Department heads recommend transfers of budgeted amounts within their department. Supplemental appropriations require the special approval of the governing council. All annual appropriations lapse at the end of the fiscal year.

The Village department's submits their budgets to the Village Manager, who after review submits the proposed budget to the Village Council. The Village Council reviews the budget, holds workshops and two public hearings to obtain citizen before approving the budget. Prior to October 1st, the Village Council adopts the approved budget along with a

resolution establishing the property tax rate (millage) required to fund the budget. Department heads recommend transfers of budgeted amounts within their department. The Village Council may establish procedures by which the designated budget officer may authorize certain budget amendments within a department provided that the total of the appropriations of the department is not changed, all other transfers and supplemental appropriations require the approval of the governing council.

Budget-to-actual comparisons are provided in this report for each individual governmental fund for which an appropriated annual budget has been adopted.

FACTORS AFFECTING FINANCIAL CONDITION

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the Village of Tequesta operates.

LOCAL ECONOMY AND ECONOMIC CONDITION AND OUTLOOK

The Village of Tequesta is an affluent residential community in Palm Beach County, Florida. Tequesta's growth potential is restricted by the natural boundaries of the Atlantic Ocean to the east, the Loxahatchee River to the west, the Town of Jupiter to the south and Martin County to the north. The Village is approximately 2 square miles and almost completely built-out/developed.

Property value assessments for tax year 2010 decreased approximately 10%, which is the second year the Village has experienced this reduction.

According to the National Bureau of Economic Research, the economic recession officially began December 2007 and ended June 2009. The Village and many other governments felt the effect of the longest recession since WWII, a year later. By the end of 2010, the Business Cycle Dating Committee of the National Bureau of Economic Research declared the end-date of the recession and confirmed that it was the deepest on record since the Great Depression in terms of job losses. It is important to note that the Bureau clarified that, "in determining that a trough occurred in June 2009, the committee did not conclude that economic conditions since that month have been favorable or that the economy has returned to operating at a normal capacity. Rather, the committee determined only that the recession ended and a recovery began in that month." The Village first experienced the effect of the recession through lowered property values which resulted in lower revenues from ad valorem taxes. In addition, the Village noticed through its trend analysis and other economic indicators that revenue from sales taxes had fallen flat and we expect no growth in those areas over the next year. The biggest indicators of an upswing in this economy are lower unemployment and job growth and there have not been significant changes in either.

Indications are that the Village has experienced less of an exposure to the housing foreclosures than those experienced nation-wide. One of the indicators, water utility bills, are showing that less than one-half of a percent ($\frac{1}{2}$ %) of our utility billing accounts have been transferred from individuals to banks or other lending institutions and this trend has been improving over the past year.

Our Future

The Village of Tequesta is not immune to the negative economic environment that is covering the country and affecting so many municipalities. However, the Village has been preparing for the downturn in the economy over the past few years as it was apparent that the continued increase in credit and property values could not be sustained. During those “prosperous years”, the Village used additional income to pay down debt, to purchase, construct and repair capital assets with existing cash and to build reserves. Now, facing lean years, we are in a sound financial position that allows us time to plan and adjust to the changing economic environment, rather than react to it. However, it is important to note that it has not been an easy task for the Village to maintain a consistent and high level of quality services to the residents in these times when revenues have decreased and show flat or low growth – even though the Village Council, administration and working staff may have made it appear easy. It was achieved through hard work, long hours, pay and benefit concessions and the making of fiscally sound, responsible and sometimes painful decisions by the administration, working staff and Village Council. The Village is very fortunate to have a citizenry that is active on many boards and committees, a working staff that has shown its willingness to take on additional responsibilities and an expanded workload and very importantly, a Village Council that is very responsive to the needs of the residents and staff during these challenging times.

Long-Term Financial Planning

Due to the state of the economy, the main focus/challenge of long-term financial planning for the Village of Tequesta continues to be maintaining a high level of services supported by a stagnant economy. The Village of Tequesta’s primary focus is to identify additional revenue sources and cost savings. Some of the new revenue sources the Village has identified include new lease contracts and the contracting of existing services to other governments. As with so many governments, the Village will be focusing on the growing cost of health care and post retirement benefits. The Village has been able to keep health care costs level during the 2010 fiscal year, but realizes that these costs continue to rise. The health benefits committee, which includes employees and representatives from all collective bargaining units, continues to meet to explore ways to keep these costs down while affording employees health care. In addition, the Village has begun discussing options with the three collective bargaining units to curb the cost of rising post retirement benefits.

The Village has a five-year capital improvement plan and continues to maintain and enhance existing roadways, parks and recreational facilities. Tequesta Drive Bridge was found to be structurally unsound and in need of immediate replacement. The Village secured \$3,000,000 in Federal Economic Stimulus Funds to build a replacement bridge that connects two sections of the Village. The Village entered into an agreement with the Florida Department of Transportation (FDOT) in which they took over the construction project. The Village signed a memorandum of understanding (MOU) with the FDOT, that when the project is completed the FDOT will turn the bridge over to the Village and the Village will be responsible for all bridge maintenance after that date. Construction was completed in December 2010.

MAJOR INITIATIVES

- Review the Village's investment policies and strategies to protect the Village's assets in the current economic environment.
- Continue to explore alternative revenue sources, at both the state and federal level, with the assistance of a professional lobbyist.
- Continue to explore annexation of contiguous properties in unincorporated Palm Beach County.
- Seek out new ways to reduce the cost of health care and post retirement benefits.
- Complete construction of a new reverse osmosis train reducing demand on surficial wells and increasing natural water supply.

AWARDS AND ACKNOWLEDGEMENTS

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Tequesta for its comprehensive annual financial report for the fiscal year ended September 30, 2009. This was the twenty-sixth consecutive year that Tequesta has received this prestigious award. In order to be awarded a Certificate of Achievement, Tequesta had to publish an easily readable and efficiently organized comprehensive annual financial report. This report satisfied both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year. We believe that our current comprehensive annual financial report will continue to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

The preparation of this report would not have been possible without the efficient and dedicated services of the entire staff of the finance department. We would like to express our appreciation to all members of the department who assisted and contributed to the preparation of this report.

In closing, we must also acknowledge the Mayor and Council for their unfailing support for maintaining the highest standards of professionalism in the management of the Village of Tequesta's finances.

Respectfully submitted,



Michael R. Couzzo, Jr.
Village Manager



JoAnn Forsythe, CPA
Finance Director

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Village of Tequesta
Florida

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

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



A handwritten signature in black ink, appearing to read "Jeffrey R. Emmer".

President

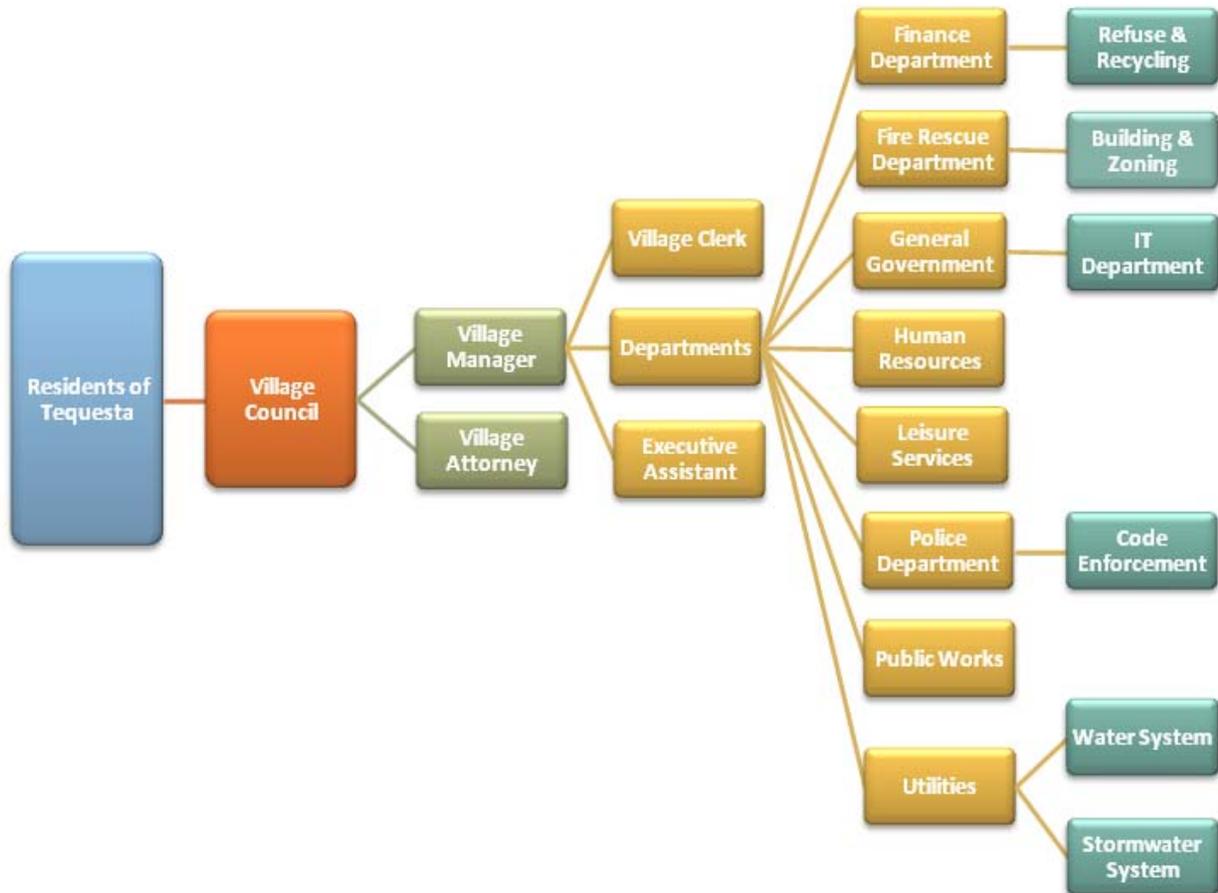
A handwritten signature in black ink, appearing to read "Jeffrey R. Emmer".

Executive Director

VILLAGE OF TEQUESTA, FLORIDA

ORGANIZATION CHART

SEPTEMBER 30, 2010



VILLAGE OF TEQUESTA, FLORIDA

LIST OF PRINCIPAL OFFICIALS

SEPTEMBER 30, 2010

VILLAGE COUNCIL

Patricia Watkins	Mayor
Thomas Paterno	Vice-Mayor
Vince Arena	Councilmember
James Humpage	Councilmember
Calvin Turnquest	Councilmember

VILLAGE OFFICIALS

Michael R. Couzzo, Jr.	Village Manager
Trela White (Corbett & White, PA)	Village Attorney
Lori McWilliams, MMC	Village Clerk
JoAnn Forsythe, CPA	Finance Director
James M. Weinand	Fire Chief
Donald Ricciardi	Acting Police Chief
James M. Weinand	Acting Director of Community Development
Russell White	Public Services Manager
Michael R. Couzzo, Jr.	Director of Utilities
Greg Corbitt	Director of Parks and Recreation

VILLAGE AUDITORS

Marcum LLP

FINANCIAL SECTION

INDEPENDENT AUDITORS' REPORT

INDEPENDENT AUDITORS' REPORT

Honorable Mayor, Village Council and Village Manager
Village of Tequesta, Florida

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Tequesta, Florida (the Village), as of and for the year ended September 30, 2010, which collectively comprise the Village's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Village's management. Our responsibility is to express opinions on these basic 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 of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Village's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village as of September 30, 2010, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 28, 2011 on our consideration of the Village'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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis and the Required Supplementary Information on pages 3 through 15 and pages 64 through 68 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village's basic financial statements. The introductory section, combining and individual fund statements and schedules and statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual fund statements and schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The information identified in the table of contents as the introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Marcum LLP

Fort Lauderdale, FL
April 28, 2011

MANAGEMENT'S DISCUSSION AND ANALYSIS
(MD&A)

Village of Tequesta, Florida

Management's Discussion and Analysis

As management of the Village of Tequesta, we offer readers of the Village's financial statement this narrative overview and analysis of the financial activities of the Village for the fiscal year ended September 30, 2010. We encourage readers to consider the information presented here in conjunction with the additional information that we have furnished in the letter of transmittal found on pages i to v of this report.

Financial Highlights

- The assets of the Village of Tequesta exceeded its liabilities at the close of fiscal year 2010 by \$31 million (*net assets*). Of this amount, \$10 million (*unrestricted net assets*) may be used to meet the ongoing obligations to the citizens and creditors.
- The Village's total net assets decreased by \$416 thousand (1.3%) during the current fiscal year.
- General revenues decreased \$359 thousand (4.6%). This decrease is mainly due to a decrease in property values resulting in lower revenues from ad valorem (property) taxes.
- Total government-wide expenses increased \$703 thousand or 5.2% over the prior year mainly due to additional costs to keep the current level of services during the closing of the "old" Tequesta Bridge and the building of the "new" Tequesta Bridge.
- As of the close of the 2010 fiscal year, the Village's governmental funds reported combined ending fund balances of \$5.48 million, a decrease of \$754 thousand (12.1%) from fiscal year 2009.
- At the end of the current fiscal year, fund balance for the General Fund was \$3.98 million, a decrease of \$704 thousand (15%) from the prior year. Of this balance, \$130 thousand was reserved for inventories, prepaid items and encumbrances, \$1 million was designated for hurricane/disasters, \$134 thousand was designated for subsequent year's expenditures and \$2.7 million was unreserved and undesignated.
- The Village's total non-current liabilities decreased by \$336 thousand (3.1%) during the current fiscal year. Please see, *Notes to Basic Financial Statements*, Note 7 on page 47.
- The Village implemented GASB 45 in fiscal year 2010 and recorded a net OPEB obligation of \$89,000 related to a health-care plan that allows eligible individuals to continue health, dental and other insurance at their own cost, upon retirement. Please see, *Notes to Basic Financial Statements*, Note 10 on page 58.
- The Village did not expend \$500,000 or more in Federal and/or State financial assistance in the fiscal year ended September 30, 2010 and for that reason did not meet the threshold for a single audit according to the Florida Single Audit Act (section 215.97 F.S.) and OMB Circular A-133.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Village of Tequesta's basic financial statements. The Village's basic financial statements consist of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. In addition to these basic financial statements, this report contains other supplementary information.

Government-wide financial statements: The *government-wide financial statements* are designed to provide readers with a broad overview of the Village's financial position and activities, in a manner similar to a private-sector business.

The *statement of net assets* presents information on the Village's total assets and total liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Village is improving or deteriorating.

The *statement of activities* presents information showing how the Village's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the Village 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 Village included general government, public safety, transportation and leisure services. The business-type activities of the Village included water, stormwater and refuse and recycling.

The government-wide financial statements can be found on pages 16-17 of this report.

Fund financial statements: A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Village, 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 Village can be divided into three categories: governmental funds, proprietary funds and fiduciary funds.

Governmental fund: *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 the Village'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 Village's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The Village maintains four individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balance for the General Fund which is considered a major fund. Data from the other three governmental funds is combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

The Village adopts an annual appropriated budget for its General Fund. A budgetary comparison statement has been provided for the General Fund to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 18-20 of this report.

Proprietary funds: The Village maintains one type of proprietary fund. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The Village uses enterprise funds to account for its water, stormwater and refuse and recycling operations.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Water Fund. Data from Stormwater and Refuse & Recycling funds are combined into a single, aggregated presentation.

The basic proprietary fund financial statements can be found on pages 21-23 of this report.

Fiduciary funds: Fiduciary funds are used to account for resources held for the benefit of parties outside the Village. Fiduciary funds are *not* reflected in the government-wide financial statement because the resources of those funds are not available to support the Village's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The basic fiduciary fund financial statements can be found on pages 24-25 of this report.

Notes to the financial statements: The notes 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 basic financial statements can be found on pages 26-63 of this report.

Other information: In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning the Village of Tequesta's progress in funding its obligation to provide pension benefits and other post employment benefits to its employees. Required supplementary information can be found on pages 64-68 of this report.

The combining statements referred to earlier in connection with non-major governmental funds, as well as, non-major enterprise funds and fiduciary funds are presented immediately following the required supplementary information. Combining and individual fund statements and schedules can be found on pages 69-78 of this report.

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of the Village's financial position. In the case of the Village of Tequesta, total assets exceeded liabilities by approximately \$31 million at the close of the most recent fiscal year.

The largest portion of the Village's net assets (67%) represents investments in capital assets (e.g., land, buildings, machinery and equipment), less any related outstanding debt used to acquire those assets. The Village uses these capital assets to provide services to citizens; consequently, they are *not* available for future spending. Although the Village'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.

Assets	Village of Tequesta's Net Assets					
	Governmental Activities		Business-type Activities		Total	
	2010	2009	2010	2009	2010	2009
Current and other assets	\$ 6,478,993	\$ 7,554,503	\$ 5,297,975	\$ 4,509,551	\$11,776,968	\$12,064,054
Capital assets, net	11,105,211	11,195,372	19,050,305	19,967,285	30,155,516	31,162,657
Total assets	\$17,584,204	\$18,749,875	\$24,348,280	\$24,476,836	\$41,932,484	\$43,226,711
Liabilities						
Long-term liabilities	\$4,213,699	\$4,342,028	\$6,160,706	\$6,367,892	\$10,374,405	\$10,709,920
Other liabilities	538,274	858,488	175,244	398,148	713,518	1,256,636
Total liabilities	\$4,751,973	\$5,200,516	\$6,335,950	\$6,766,040	\$11,087,923	\$11,966,556
Net assets						
Invested in capital assets, net of related debt	\$7,525,570	\$7,330,897	\$13,037,012	\$13,713,525	\$20,562,582	\$21,044,422
Unrestricted	5,306,661	6,218,462	4,975,318	3,997,271	10,281,979	10,215,733
Total net assets	\$12,832,231	\$13,549,359	\$18,012,330	\$17,710,796	\$30,844,561	\$31,260,155

The remaining unrestricted net assets of \$10 million (33 %) may be used to meet the Village's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the Village of Tequesta is able to report positive balances in all categories of net assets, both for the government as a whole, as well as for its separate governmental and business-type activities. The same situation held true for the prior fiscal year.

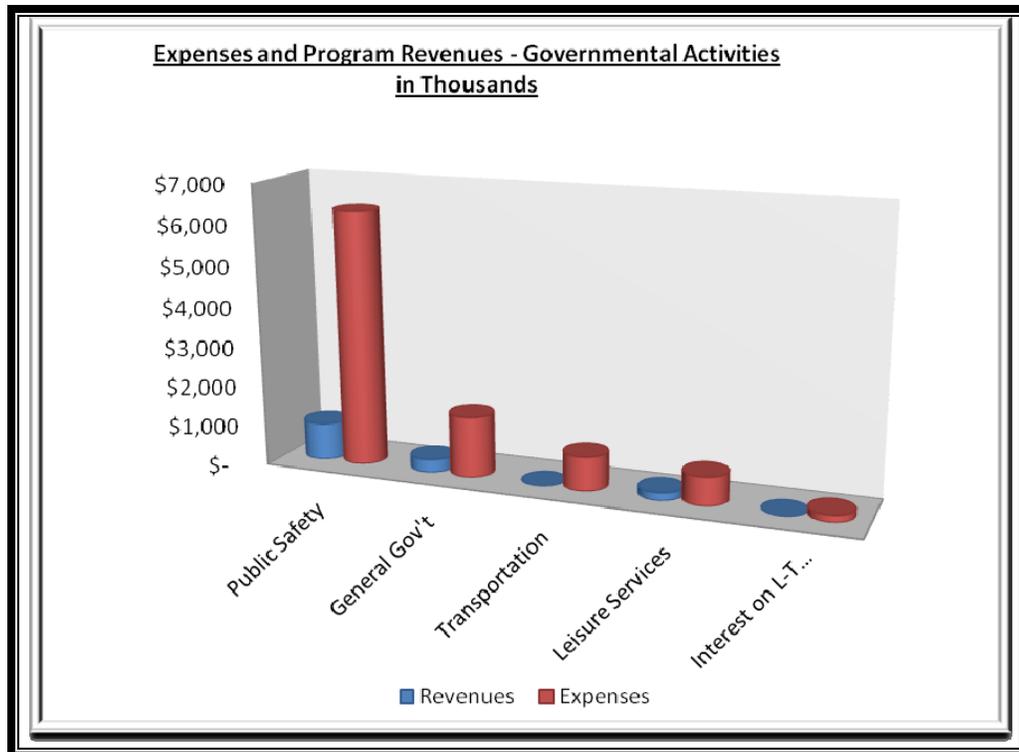
The government's total net assets decreased \$416 thousand (1.3%) during the year. This decrease was primarily the result of decreases in revenue related to declining property values as well as an increase in expenses related to the building of a new bridge. Specifically, the decision of the Village Council to hold the millage rate the same as the prior year resulted in revenues from ad valorem taxes declining \$530 thousand.

Governmental activities: Governmental activities decreased the Village of Tequesta's net assets by \$717 thousand accounting for 173% of the total decrease in net assets of the Village. Key elements of this decrease are as follows:

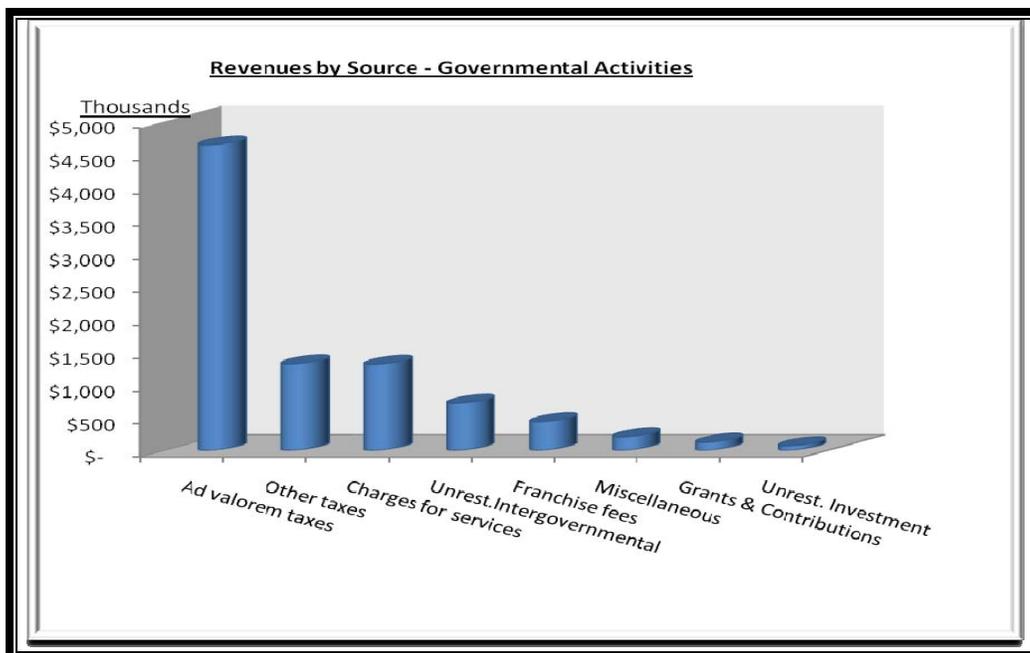
	Village of Tequesta Changes in Net Assets					
	Governmental Activities		Business-type Activities		Total	
	2010	2009	2010	2009	2010	2009
Revenues:						
Program Revenues:						
Charges for services	\$1,308,458	\$1,158,443	\$4,803,915	\$4,592,320	\$ 6,112,373	\$ 5,750,763
Operating grants & contributions	24,354	67,842	51,511	--	75,865	67,842
Capital grants & contributions	100,000	--	--	--	100,000	--
General Revenues:						
Ad valorem taxes	4,643,816	5,173,808	--	--	4,643,816	5,173,808
Other taxes	1,315,006	1,285,063	--	--	1,315,006	1,285,063
Franchise fees on gross receipts	435,766	466,541	--	--	435,766	466,541
Unrestricted intergovernmental	717,673	702,616	--	--	717,673	702,616
Unrestricted investment. earnings (loss)	71,067	8,725	49,973	(9,208)	121,040	(483)
Other miscellaneous	208,754	171,614	40,229	42,080	248,983	213,694
Total Revenue	\$8,824,894	\$9,034,652	\$4,945,628	\$4,625,192	13,770,522	\$13,659,844

Village of Tequesta						
Changes in Net Assets (continued)						
	Governmental Activities		Business-type Activities		Total	
	2010	2009	2010	2009	2010	2009
Expenses:						
General government	\$ 1,503,750	\$ 1,501,344	\$ --	\$ --	\$ 1,503,750	\$ 1,501,344
Public safety	6,313,835	5,807,477	--	--	6,313,835	5,807,477
Transportation	843,960	774,966	--	--	843,960	774,966
Leisure services	710,685	639,590	--	--	710,685	639,590
Interest on long-term debt	169,792	180,770	--	--	169,792	180,770
Water utility	--	--	3,989,517	3,907,950	3,989,517	3,907,950
Stormwater	--	--	223,421	226,498	223,421	226,498
Refuse & recycling	--	--	431,156	444,449	431,156	444,449
Total Expenses	9,542,022	8,904,147	4,644,094	4,578,897	14,186,116	13,483,044
Increase (decrease) in net assets	(\$717,128)	\$130,505	\$301,534	\$46,295	(415,594)	\$176,800
Net assets - beginning 10/01	13,549,359	13,418,854	17,710,796	17,664,501	31,260,155	31,083,355
Net assets - ending 9/30	\$12,832,231	\$13,549,359	\$18,012,330	\$17,710,796	\$30,844,561	\$31,260,155

- Property taxes decreased \$530 thousand (10.24%) due to decreasing property values and the Village Council's decision to keep the current millage rate unchanged.
- Overall revenues from other taxes increased \$30 thousand (2.33%). The largest increase was attributable to revenues from electric utility taxes, which increased \$44 thousand due mainly to two unusual events – a January freeze and extremely high temperatures in June and July.
- Franchise fees based on gross receipts decreased due to lowered fuel adjustment charges.
- Investment earnings increased \$62 thousand as the Village did not suffer investment losses in the fiscal year ending September 30, 2010 that were reflected in the prior year's earnings.
- Charges for services increased \$150 thousand (12.9%) with the majority of this increase due to a new contract whereby, Palm Beach County Fire Rescue pays the Village of Tequesta \$168 thousand annually to supply fire rescue services to unincorporated areas. This increase was partially offset by a write off of EMS transportation fees of \$89 thousand.
- Revenue from public safety operating grants and contributions decreased \$43 thousand (64%) primarily as a result of the Village in the prior year received an EMS grant that was not received in the current year.
- Revenue from capital grants and contributions increased \$100 thousand and was solely from a State DEP grant to improve Tequesta Park.
- Other miscellaneous revenues increased by \$37 thousand primarily as a result of an insurance recovery in the current year.
- Expenses increased \$637 thousand primarily as a result of the closing and rebuilding of Tequesta Bridge and the cost to continue the same level of service to its residents while the Bridge was closed. Additionally, services offered by leisure services were expanded.

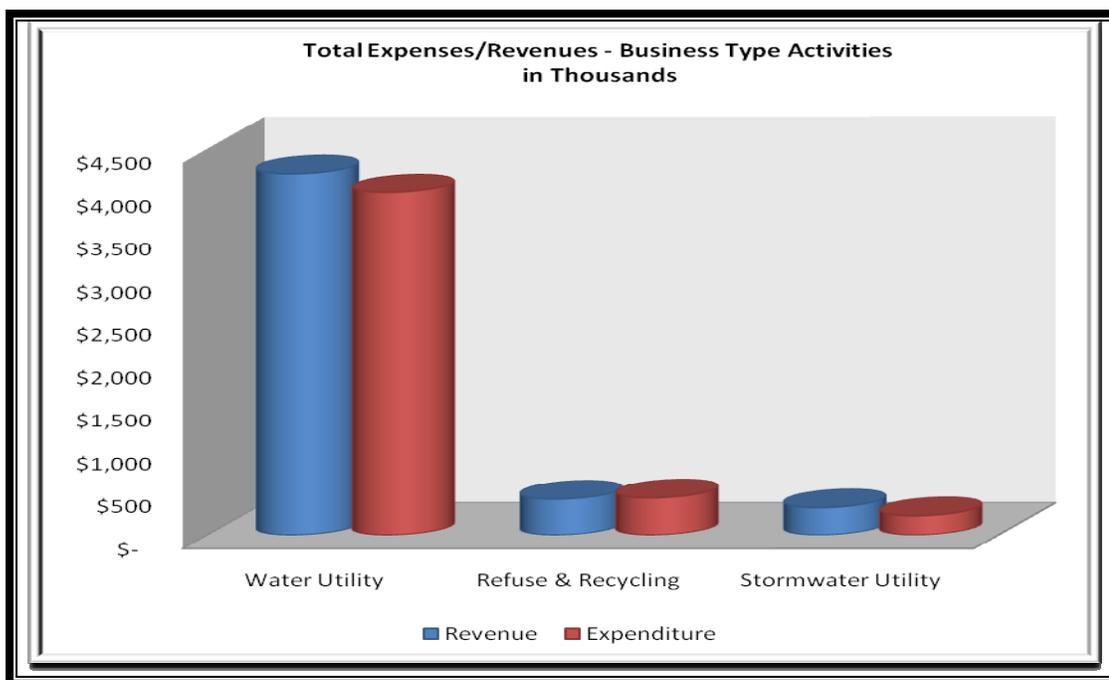


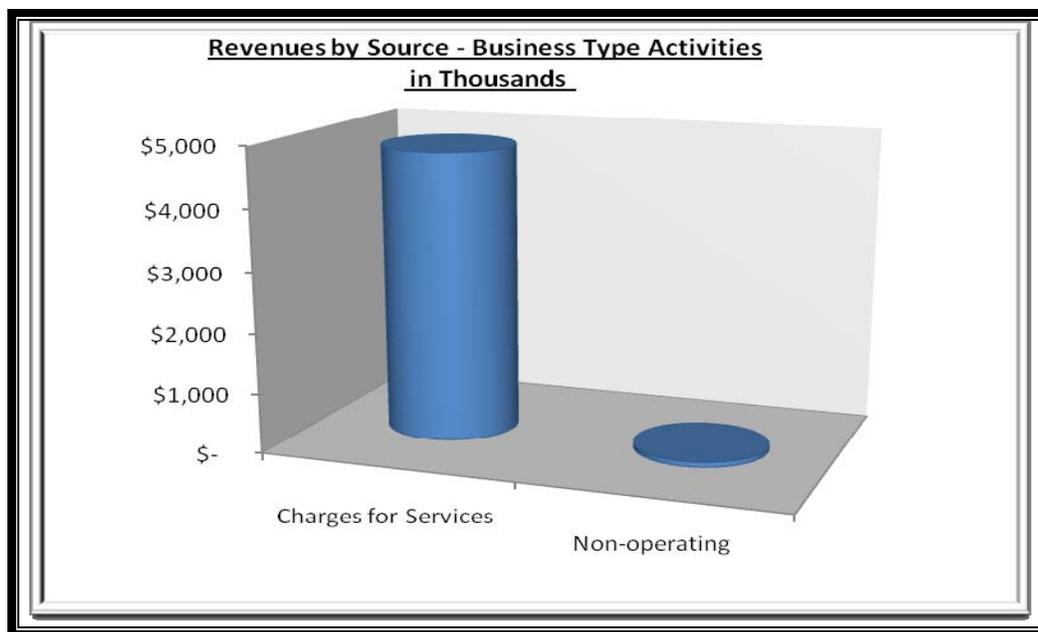
The Village's programs/functions include General Government, Public Safety, Transportation and Leisure Services. The net cost shows the extent to which the Village's general revenues support each of the Village's programs. The cost of all governmental activities this year was \$8.1 million. As shown on the Statement of Activities, the functions directly benefiting from the programs generated revenue of \$1.4 million towards this cost and the remaining \$8.1 million was financed through general revenues (\$7.4 million) and with the balance (\$717 thousand) financed by existing reserves. The use of reserves is not shown on the chart below.



Business-type activities: The net assets of business-type activities increased \$302 thousand (1.7%) from the prior year. Key elements of this increase are as follows.

- Charges for services for business-type activities increased by 4.6%. The Water Fund recorded an increase in revenue due to record high summer temperatures increasing water demand by 2.4% and an annual rate increase. This was offset by a small decrease in revenue from other enterprise activities.
- Net assets in the Refuse and Recycling Fund decreased \$14 thousand as a result of the decision by the Village Council to fund a portion of the refuse and recycling operations with reserves.
- The Stormwater Fund recorded an increase in net assets of \$89 thousand as revenue exceeded operating expenses.
- Operating income for all business type activities was \$443 thousand, an improvement of \$196 thousand over the prior year’s operating income. Although operating expenses in the nonmajor funds decreased (income remained basically unchanged from the prior year) the most significant changes in the results in operations overall is attributable to increased water fees and lower costs to process water (utility and chemical costs were down from the prior period).





Financial Analysis of the Village’s Funds

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

Governmental funds: The focus of the Village’s *governmental funds* is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Village’s financing requirements. In particular, *unreserved fund balance* may serve as a useful measure of the Village’s net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, The Village of Tequesta’s governmental funds reported combined ending fund balances of \$5,480,841, a decrease of \$753,827 (12.1%) from the prior year. Approximately 70% (\$3.8 million) of the total amount of fund balance constitutes *unreserved, undesignated fund balance*, which is available for spending at the government’s discretion. Additionally, the Village has *designated* \$1 million of fund balance for Disaster Relief and \$251 thousand for subsequent year’s expenditures. Designations reflect the Village’s self-imposed limitations on the use of otherwise available current financial resources. In addition, the Village reserved \$247 thousand (4.5%) of fund balance for inventories, encumbrances and prepaid items.

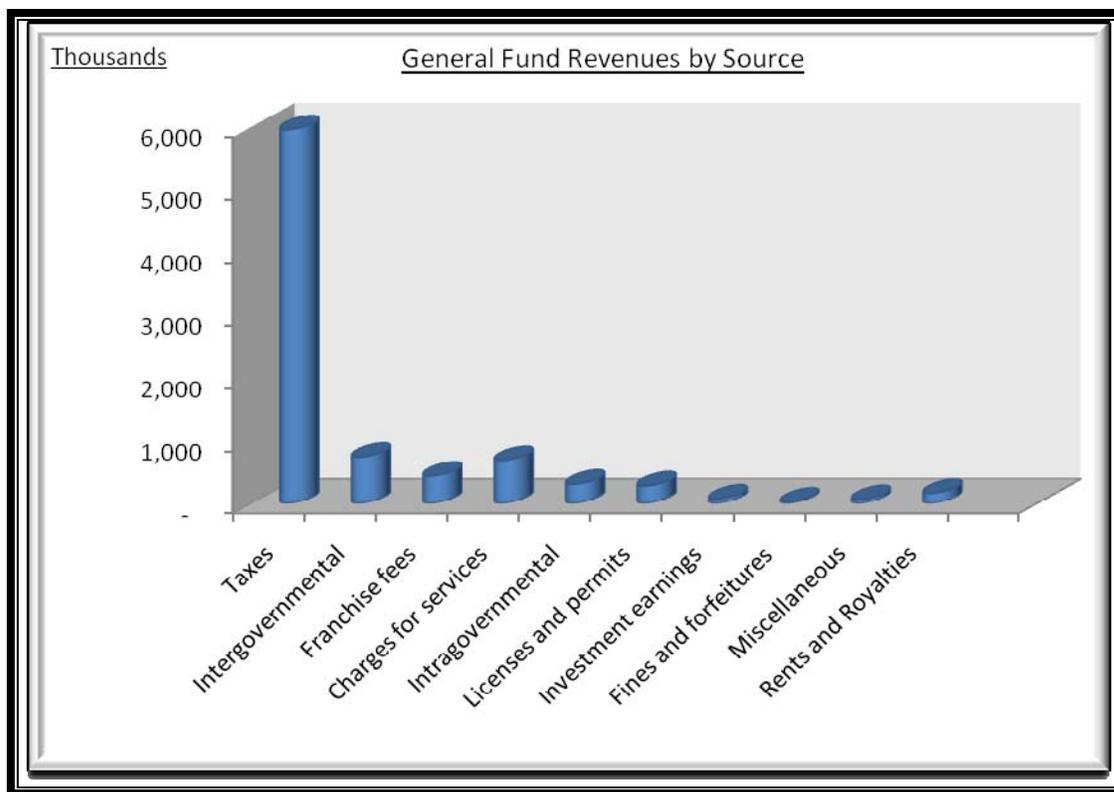
The General Fund is the chief operating fund of the Village. At September 30, 2010, unreserved fund balance of the General Fund was \$3.8 million (this includes designations). As a measure of the General Fund’s liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved, undesignated fund balance represents 29% of fiscal year 2010 General Fund expenditures and total General Fund balance represents 42.9% of the total expenditures. The ratio of total fund balance to expenditures has decreased from the prior year when unreserved fund balance represented 38% of total general fund expenditures and total fund balance represented 54% of total expenditures. This is the second year that these ratios have decreased representing a growing gap between revenues and expenditures.

Total General Fund revenues decreased by \$278 thousand (3.1%) compared with the prior year. The most significant reason for the decrease in revenues is the continued reduction in property values. Increases in other revenue sources (i.e. charges for services, licenses and permits and investment earnings) were able to reduce, but not completely offset the effect of the reduction in this major revenue source. Some specific key factors and how they have affected the Village’s revenues are as follows;

- The Village continued to suffer the effect of lower property values which resulted in reduced proceeds from ad-valorem taxes of \$530 thousand.
- The Village reviewed and corrected its fee schedule for licenses and permits to better reflect fees charged by other communities. Revenue from licenses and permits increased (\$68 thousand) due to the implementation of a new permit fee schedule.
- Charges for services increased due mainly to a contract with Palm Beach County to provide fire rescue services to unincorporated areas. This revenue (\$168 thousand) was offset by the write-off of EMS transportation fees of \$89 thousand.
- Investment earnings increased \$62 thousand as interest rates stabilized and the Village did not experience the losses from investments suffered in the prior year.
- Revenue from utility taxes, communication services taxes and other taxes increased only marginally (2%).
- Rents and royalties increased \$41 thousand due to rent from a new cell tower lease with AT&T.

The amount of General Fund revenue by type, their percent of the total and the amount of change compared to last fiscal year are shown in the following schedule:

GENERAL FUND - Revenues			Change		2009
	2010	% of Total	\$	%	
Revenues Sources					
Taxes	\$ 4,643,816	53.2%	\$(529,992)	-10.2%	\$ 5,173,808
Other taxes	1,315,006	15.1%	29,943	2.3%	1,285,063
Intergovernmental	739,110	8.5%	14,735	2%	724,375
Franchise fees	435,766	5.0%	(30,775)	-7%	466,541
Charges for services	687,332	7.9%	90,063	15%	597,269
Intragovernmental	307,740	3.5%	14,750	5%	292,990
Licenses and permits	279,835	3.2%	68,464	32%	211,371
Investment earnings	71,067	0.8%	62,342	715%	8,725
Fines and forfeitures	21,721	0.2%	(13,156)	-38%	34,877
Miscellaneous	61,974	0.7%	(25,448)	-29%	87,422
Rents and Royalties	161,492	1.9%	40,896	34%	120,596
Total Revenue	\$ 8,724,859	100.0%	\$(278,178)	-3.1%	\$ 9,003,037



Expenditures in the General Fund are shown in the following schedule:

General Fund Expenditures by Function	Change				
	2010	% of Total	\$	%	2009
Expenditures					
General government	\$1,340,475	14%	\$(32,683)	-6%	\$1,373,158
Public safety	5,830,734	63%	418,989	71%	5,411,745
Transportation	738,323	8%	27,939	5%	710,384
Leisure services	554,449	6%	(8,265)	-1%	562,714
Debt service	454,625	5%	(4,976)	-1%	459,601
Capital outlay	<u>352,076</u>	<u>4%</u>	<u>187,850</u>	<u>32%</u>	<u>164,226</u>
Total expenditures	<u>\$9,270,682</u>	100%	<u>\$588,854</u>	100%	<u>\$8,681,828</u>

In fiscal year 2010, total General fund expenditures increased by \$588,854 (6.8%) compared to the prior year.

- The largest portion of this increase (71%) was in the public safety function
 - Overtime in the fire department increased 116%, while overtime in the police department increased 49% due to the repair, eventual demolition and construction of the new Tequesta Bridge.
 - Pension contributions increased almost 100% in public safety due mainly to an increase in the contribution rates and the increase in overtime.
- The general government function, which includes the Village Council and administrative departments, decreased 6% (\$33 thousand) from the prior year.
 - The major portion of this decrease is due to a reduction in personal services as the human resources and finance departments reduced staff.

- Legal fees decreased 28% from the prior year.
- The increase in Capital outlay was mainly due to the purchase of a fire rescue vehicle.

Ending total fund balance for the Capital Projects Fund is \$268,773 and for the Capital Improvement Fund is \$1,215,184. These funds are designated for capital projects/improvements. These funds receive revenue from capital grants and transfers in from other funds. During 2010, \$273,549 was transferred into the Capital Improvement Fund (\$158,549 from the General Fund and \$115,000 from the Capital Projects Fund) for the Tequesta bridge construction.

Proprietary funds: The Village's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

At the end of the year, total net assets of the proprietary funds were \$18,012,330 a 2% increase from the prior year (\$302 thousand). Income from operations increased 6% (\$196 thousand) over the prior year due to an increase in rates as well as increased demand (2.4%). The Water Fund recorded an increase in revenue attributable to increased demand during a summer that had record setting temperatures and an annual rate increase. Additionally, a reduction in the cost of utility and chemical costs resulted in lower than expected costs to run the plant. The non-major funds (the Stormwater Utility and Refuse and Recycling funds) recorded \$73 thousand in operating income up from \$58 thousand in the prior year. Total charges for services for these non-major enterprise funds was mainly unchanged from the prior period. The Refuse and Recycling Fund showed an operating loss of \$17 thousand which resulted from a budgeted return of excess net assets (in the form of a subsidy) to its customers.

General Fund Budgetary Highlights

The difference between the original and final amended budget for 2010 was an increase in appropriations of approximately \$903,000. Of the increase, \$694 thousand was funded primarily from available fund balance.

Significant differences between the original budgeted expenditures, the final amended budget and/or actual amounts can be briefly summarized as follows:

- Budgeted revenues from "Other Taxes" were increased \$209 thousand to budget revenues from the insurance premium taxes that were recognized but not originally budgeted. In addition, utility taxes from electric were increased to budget for revenues from higher than usual usage.
- Original budgeted expenditures for public safety increased \$405 thousand. Significant changes were
 - Other pension contributions were increased \$209 thousand to recognize and budget the contribution of insurance premium taxes into the public safety pension trust.
 - Overtime was increased \$125 thousand reflecting the additional cost related to the Tequesta Bridge project.
- Budgeted expenditures for leisure services increased \$26 thousand. The largest change was an increase of \$18 thousand for general maintenance of Paradise Park.
- Budgeted expenditures for capital outlay increased \$295 thousand. The most significant increase was due to the purchase of a fire rescue vehicle. In addition, each year's capital outlay budget is increased by the unbudgeted roll-forward of prior-year's encumbrances.
- Transfers out were increased by \$158 thousand to fund costs associated with the new Tequesta Bridge.

The Village generated a positive variance of approximately \$634 thousand between the final adopted budget and actual results. Actual revenues were approximately \$45,000 more than expected. Actual expenditures were approximately \$588 thousand less than expected. In the public safety category, expenditures were lower than anticipated as the Village originally budgeted to make an additional contribution to the public safety trust of approximately \$300 thousand in the event that a new actuarial study required that increase. However, the Village did not have to make that contribution.

The final budget anticipated using approximately \$1.34 million from available fund balance. However, the Village only used \$704 thousand of available fund balance.

Capital Assets and Debt Administration

Capital assets: The Village's capital assets for its governmental and business-type activities total \$30,155,516 (net accumulated depreciation) as of September 30, 2010. These assets include land, construction in progress, buildings, improvements-other-than-buildings, infrastructure and machinery and equipment. Although the Village added more capital assets during the year than were deducted, the Village's total net capital assets for the current fiscal year decreased \$1 million as annual depreciation was greater than the amount of the additions. The following is a detail of capital assets at September 30, 2010.

Additional information on the Village's capital assets can be found in Note 6, Capital Assets, starting on page 43 of this report.

Capital Assets	Governmental Activities	Business Activities ²	2010 Total
Land	\$ 402,935	\$ 83,335	\$ 486,270
Construction in progress	400,040	115,065	515,105
Buildings	8,043,522	979,512	9,023,034
Improvements other than buildings	2,503,853	58,720	2,562,573
Infrastructure	779,438	29,608,204	30,387,642
Machinery & equipment	4,484,237	1,291,311	5,775,548
Total capital assets	\$ 16,614,025	\$ 32,136,147	\$ 48,750,172
Less accumulated depreciation	(5,508,814)	(13,085,842)	(18,594,656)
Total capital assets, net	\$ 11,105,211	\$ 19,050,305	\$ 30,155,516

Long-term Debt: At the end of the current fiscal year, the Village had no general obligation bonded debt. All of the Village's outstanding debt is secured by general revenue sources.

Village of Tequesta - Long Term Debt						
	Governmental Activities		Business-type Activities		Total	
	2010	2009	2010	2009	2010	2009
Notes payable	\$3,491,028	\$3,709,027	\$6,405,528	\$6,667,662	\$9,896,556	\$10,376,689
Capital leases	88,613	155,448			88,613	155,448
Deferred loss on refunding			(392,235)	(414,702)	(392,235)	(414,702)
Total Long Term Debt	<u>\$3,579,641</u>	<u>\$3,864,475</u>	<u>\$6,013,293</u>	<u>\$6,252,960</u>	<u>\$9,592,934</u>	<u>\$10,117,435</u>

During the current fiscal year, the Village's net outstanding debt, decreased by \$524 thousand (5.2%). Additional information on the Village's long-term debt can be found in Note 7. Long Term Debt starting on page 43 of this report.

Economic Factor and Next Year's Budgets and Rates

- The Village Council's decision to hold the millage rate at 5.7671 mills will result in a reduction in tax revenues as property values continue to decline.
- Interest rates remain low which will continue to affect investment earnings.
- As pension contributions in the Village's defined benefit plans continue to rise, the Village is considering changes to the retirement options it offers new employees.
- Revenues from sales taxes continue to be flat and current trends are not predicting any immediate change unless consumer confidence increases.
- The Village is negotiating contracts with the Village's three collective bargaining units that would include no wage increases for F/Y/E 9/30/2011.
- The unemployment rate for the Village of Tequesta at September 30, 2010 is 11.4% up from 9.7% a year ago.
- The Village of Tequesta's water rates increased 1.7% on October 1, 2010.
- All of these factors were considered in preparing the Village of Tequesta's budget for the 2010-2011 fiscal year.

Requests for Information

This financial report is designed to provide a general overview of the Village of Tequesta's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Village of Tequesta, Finance Department, 345 Tequesta Drive, Tequesta, Florida 33469.

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BASIC FINANCIAL STATEMENTS

VILLAGE OF TEQUESTA, FLORIDA

STATEMENT OF NET ASSETS SEPTEMBER 30, 2010

	Governmental Activities	Business- type Activities	Total
Assets			
Cash and cash equivalents	\$ 4,776,243	\$ 4,947,274	\$ 9,723,517
Investments	128,026	89,419	217,445
Receivables, net	245,252	180,344	425,596
Inventories	33,793	21,156	54,949
Prepaid items	87,478	32,440	119,918
Other assets	748,323	27,342	775,665
Net pension asset	459,878	--	459,878
Capital assets not being depreciated	802,975	198,400	1,001,375
Capital being depreciated, net	<u>10,302,236</u>	<u>18,851,905</u>	<u>29,154,141</u>
Total Assets	<u>17,584,204</u>	<u>24,348,280</u>	<u>41,932,484</u>
Liabilities			
Accounts payable	107,704	72,170	179,874
Accrued liabilities	187,344	26,098	213,442
Customer deposits	--	19,726	19,726
Due to other governments	927	--	927
Unearned revenue	186,961	--	186,961
Other current liabilities	55,338	57,250	112,588
Non-current liabilities			
Due within one year	280,865	272,910	553,775
Due in more than one year	<u>3,932,834</u>	<u>5,887,796</u>	<u>9,820,630</u>
Total Liabilities	<u>4,751,973</u>	<u>6,335,950</u>	<u>11,087,923</u>
Net Assets			
Invested in capital assets, net of related debt	7,525,570	13,037,012	20,562,582
Unrestricted	<u>5,306,661</u>	<u>4,975,318</u>	<u>10,281,979</u>
Total Net Assets	<u>\$ 12,832,231</u>	<u>\$ 18,012,330</u>	<u>\$ 30,844,561</u>

The accompanying notes are an integral part of these financial statements.

VILLAGE OF TEQUESTA, FLORIDA

STATEMENT OF ACTIVITIES FISCAL YEAR ENDED SEPTEMBER 30, 2010

Functions/Programs	Expenses	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Changes in Net Assets</u>		Total
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business- type Activities	
Governmental Activities							
General government	\$ 1,503,750	\$ 316,816	\$ --	\$ --	\$ (1,186,934)	\$ --	\$ (1,186,934)
Public safety	6,313,835	899,639	22,804	--	(5,391,392)	--	(5,391,392)
Transportation	843,960	--	--	--	(843,960)	--	(843,960)
Leisure services	710,685	92,003	1,550	100,000	(517,132)	--	(517,132)
Interest on long-term debt	169,792	--	--	--	(169,792)	--	(169,792)
Total Governmental Activities	<u>9,542,022</u>	<u>1,308,458</u>	<u>24,354</u>	<u>100,000</u>	<u>(8,109,210)</u>	<u>--</u>	<u>(8,109,210)</u>
Business-type Activities							
Water	3,989,517	4,076,132	51,511	--	--	138,126	138,126
Stormwater utility	223,421	313,126	--	--	--	89,705	89,705
Refuse and recycling	431,156	414,657	--	--	--	(16,499)	(16,499)
Total Business-type Activities	<u>4,644,094</u>	<u>4,803,915</u>	<u>51,511</u>	<u>--</u>	<u>--</u>	<u>211,332</u>	<u>211,332</u>
Total Primary Government	<u>\$ 14,186,116</u>	<u>\$ 6,112,373</u>	<u>\$ 75,865</u>	<u>\$ 100,000</u>	<u>(8,109,210)</u>	<u>211,332</u>	<u>(7,897,878)</u>
General Revenues							
Ad valorem taxes					4,643,816	--	4,643,816
Utility taxes					629,012	--	629,012
Communication services tax					386,574	--	386,574
Insurance premium taxes					209,245	--	209,245
Business taxes					90,175	--	90,175
Franchise fees based on gross receipts					435,766	--	435,766
Unrestricted intergovernmental					717,673	--	717,673
Unrestricted investment earnings					71,067	49,973	121,040
Miscellaneous revenues					208,754	40,229	248,983
Total general revenues					<u>7,392,082</u>	<u>90,202</u>	<u>7,482,284</u>
Change in Net Assets					(717,128)	301,534	(415,594)
Net Assets - Beginning					<u>13,549,359</u>	<u>17,710,796</u>	<u>31,260,155</u>
Net Assets - Ending					<u>\$ 12,832,231</u>	<u>\$ 18,012,330</u>	<u>\$ 30,844,561</u>

The accompanying notes are an integral part of these financial statements.

VILLAGE OF TEQUESTA, FLORIDA

**BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2010**

	General	Other Governmental Funds	Total Governmental Funds
Assets			
Cash and cash equivalents	\$ 4,007,390	\$ 768,853	\$ 4,776,243
Investments	128,026	--	128,026
Receivables, net	245,252	--	245,252
Inventories	33,793	--	33,793
Prepaid items	87,478	--	87,478
Other assets	--	748,323	748,323
Total Assets	<u>4,501,939</u>	<u>1,517,176</u>	<u>6,019,115</u>
Liabilities and Fund Balances			
Liabilities			
Accounts payable	95,557	12,147	107,704
Accrued liabilities	187,344	--	187,344
Due to other governments	927	--	927
Unearned revenue	186,961	--	186,961
Other current liabilities	55,338	--	55,338
Total Liabilities	<u>526,127</u>	<u>12,147</u>	<u>538,274</u>
Fund Balances			
Reserved for:			
Inventories	33,793	--	33,793
Prepaid items	87,478	--	87,478
Encumbrances	8,123	117,838	125,961
Unreserved, designated for, reported in			
General fund:			
Disaster relief	1,000,000	--	1,000,000
Subsequent year's expenditures	134,175	--	134,175
Special revenue fund:			
Subsequent year's expenditures	--	1,000	1,000
Capital projects funds:			
Subsequent year's expenditures	--	250,000	250,000
Unreserved, undesignated, reported in			
General fund	2,712,243	--	2,712,243
Special revenue fund	--	20,072	20,072
Capital projects funds	--	1,116,119	1,116,119
Total Fund Balances	<u>3,975,812</u>	<u>1,505,029</u>	<u>5,480,841</u>
Total Liabilities and Fund Balances	<u>\$ 4,501,939</u>	<u>\$ 1,517,176</u>	
Amounts Reported for Governmental Activities in the Statement of Net Assets are Different Because:			
Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds			11,105,211
Net pension assets are not considered to represent a financial asset in the governmental fund			459,878
Long-term liabilities, including notes payable, are not due and payable in the current period and therefore are not reported in the governmental funds			
Note payable			(3,491,028)
Capital leases			(88,613)
Compensated absences			(554,058)
Net OPEB obligation			(80,000)
Net Assets of Governmental Activities			<u>\$ 12,832,231</u>

The accompanying notes are an integral part of these financial statements.

VILLAGE OF TEQUESTA, FLORIDA

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS FISCAL YEAR ENDED SEPTEMBER 30, 2010

	General	Other Governmental Funds	Total Governmental Funds
Revenues			
Ad valorem taxes	\$ 4,643,816	\$ --	\$ 4,643,816
Other taxes	1,315,006	--	1,315,006
Intergovernmental	739,110	100,000	839,110
Franchise fees	435,766	--	435,766
Charges for services	687,332	--	687,332
Intragovernmental	307,740	--	307,740
Licenses and permits	279,835	--	279,835
Investment earnings	71,067	--	71,067
Fines and forfeitures	21,721	--	21,721
Miscellaneous	61,974	35	62,009
Rents and royalties	161,492	--	161,492
Total Revenues	8,724,859	100,035	8,824,894
Expenditures			
Current:			
General government	1,340,475	1,000	1,341,475
Public safety	5,830,734	--	5,830,734
Transportation	738,323	--	738,323
Leisure services	554,449	64,891	619,340
Capital outlay	352,076	242,148	594,224
Debt service:			
Principal	284,833	--	284,833
Interest	159,506	--	159,506
Fiscal charges	10,286	--	10,286
Total Expenditures	9,270,682	308,039	9,578,721
Excess (Deficiency) of Revenues over Expenditures	(545,823)	(208,004)	(753,827)
Other Financing Sources (Uses)			
Transfers in	--	273,549	273,549
Transfers out	(158,549)	(115,000)	(273,549)
Total Other Financing Sources (Uses)	(158,549)	158,549	--
Net Change in Fund Balances	(704,372)	(49,455)	(753,827)
Fund Balances - Beginning	4,680,184	1,554,484	6,234,668
Fund Balances - Ending	\$ 3,975,812	\$ 1,505,029	\$ 5,480,841

The accompanying notes are an integral part of these financial statements.

VILLAGE OF TEQUESTA, FLORIDA

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES FISCAL YEAR ENDED SEPTEMBER 30, 2010

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

Net change in fund balances - total governmental funds (Page 19) \$ (753,827)

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 and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.

The details of the differences are as follows:

Capital outlay	\$ 594,224	
Depreciation expense	<u>(684,385)</u>	
Net adjustment		(90,161)

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds.

The detail of the differences are as follows:

Principal payments:		
Notes payable	\$ 217,998	
Capital leases	<u>66,835</u>	
Net adjustment		284,833

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds:

The details of the differences are as follows:

Compensated absences		(76,504)
Net OPEB obligation		(80,000)
Net pension expenses		<u>(1,469)</u>

Change in net assets of governmental activities \$ (717,128)

The accompanying notes are an integral part of these financial statements.

VILLAGE OF TEQUESTA, FLORIDA

**STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
FISCAL YEAR ENDED SEPTEMBER 30, 2010**

	Business-type Activities		Totals
	Water Fund	Nonmajor Funds	
Assets			
Current Assets			
Cash and cash equivalents	\$ 4,272,266	\$ 675,008	\$ 4,947,274
Investments	80,189	9,230	89,419
Receivables,, net	174,738	5,606	180,344
Inventories	20,675	481	21,156
Prepaid items	32,167	273	32,440
Other assets	27,342	--	27,342
Total Current Assets	4,607,377	690,598	5,297,975
Non-Current Assets			
Capital assets not being depreciated	198,400	--	198,400
Capital assets being depreciated, net	17,282,924	1,568,981	18,851,905
Total Non-Current Assets	17,481,324	1,568,981	19,050,305
Total Assets	22,088,701	2,259,579	24,348,280
Liabilities			
Current Liabilities			
Accounts payable	32,594	39,576	72,170
Accrued liabilities	26,098	--	26,098
Customer deposits	19,726	--	19,726
Other current liabilities	57,250	--	57,250
Current maturities of notes payable	272,910	--	272,910
Total Current Liabilities	408,578	39,576	448,154
Non-Current Liabilities			
Net OPEB obligation	9,000	--	9,000
Compensated absences	137,933	480	138,413
Notes payable	5,740,383	--	5,740,383
Total Non-Current Liabilities	5,887,316	480	5,887,796
Total Liabilities	6,295,894	40,056	6,335,950
Net Assets			
Invested in capital assets, net of related debt	11,468,031	1,568,981	13,037,012
Unrestricted	4,324,776	650,542	4,975,318
Total Net Assets	\$ 15,792,807	\$ 2,219,523	\$ 18,012,330

The accompanying notes are an integral part of these financial statements.

VILLAGE OF TEQUESTA, FLORIDA

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
 PROPRIETARY FUNDS
 FISCAL YEAR ENDED SEPTEMBER 30, 2010**

	<u>Business-type Activities</u>		Totals
	<u>Water Fund</u>	<u>Nonmajor Funds</u>	
Operating Revenues			
Charges for services	\$ 4,076,132	\$ 727,783	\$ 4,803,915
Operating Expenses			
Cost of sales and services:			
Plant production	1,304,192	--	1,304,192
Distribution	883,304	--	883,304
Stormwater	--	106,458	106,458
Purchased services	--	425,006	425,006
Management services	291,150	16,590	307,740
Administration	312,957	--	312,957
Depreciation	915,061	106,523	1,021,584
Total Operating Expenses	<u>3,706,664</u>	<u>654,577</u>	<u>4,361,241</u>
Operating Income	<u>369,468</u>	<u>73,206</u>	<u>442,674</u>
Non-Operating Revenues (Expenses)			
Connection fees	51,511	--	51,511
Miscellaneous revenue	39,437	792	40,229
Investment earnings	44,209	5,764	49,973
Interest expense	(272,699)	--	(272,699)
Other fiscal charges	(10,154)	--	(10,154)
Total Non-Operating Revenues (Expenses)	<u>(147,696)</u>	<u>6,556</u>	<u>(141,140)</u>
Change in Net Assets	221,772	79,762	301,534
Net Assets - Beginning	<u>15,571,035</u>	<u>2,139,761</u>	<u>17,710,796</u>
Net Assets - Ending	<u>\$ 15,792,807</u>	<u>\$ 2,219,523</u>	<u>\$ 18,012,330</u>

The accompanying notes are an integral part of these financial statements.

VILLAGE OF TEQUESTA, FLORIDA

STATEMENT OF CASH FLOWS PROPRIETARY FUNDS FISCAL YEAR ENDED SEPTEMBER 30, 2010

	Business-type Activities		Totals
	Water Fund	Nonmajor Funds	
Cash Flows from Operating Activities			
Cash received from customers, governments and other funds	\$ 4,194,272	\$ 729,888	\$ 4,924,160
Cash paid to suppliers	(1,646,853)	(517,907)	(2,164,760)
Cash paid to employees	(1,325,619)	(44,143)	(1,369,762)
Other cash received	39,437	792	40,229
Net Cash Provided by Operating Activities	<u>1,261,237</u>	<u>168,630</u>	<u>1,429,867</u>
Cash Flows from Capital and Related Financing Activities			
Acquisition and construction of capital assets	(50,022)	(54,582)	(104,604)
Proceeds from connection fees	51,511	--	51,511
Principal payments on long-term debt	(262,934)	--	(262,934)
Interest and fiscal charges paid	(258,819)	--	(258,819)
Net Cash Used in Capital and Related Financing Activities	<u>(520,264)</u>	<u>(54,582)</u>	<u>(574,846)</u>
Cash Flows from Investing Activities			
Sales of investments	25,733	290,910	316,643
Interest received on investments	44,209	5,764	49,973
Net Cash Provided by Investing Activities	<u>69,942</u>	<u>296,674</u>	<u>366,616</u>
Net Increase in Cash and Cash Equivalents	810,915	410,722	1,221,637
Cash and Cash Equivalents - Beginning	<u>3,461,351</u>	<u>264,286</u>	<u>3,725,637</u>
Cash and Cash Equivalents - Ending	<u>\$ 4,272,266</u>	<u>\$ 675,008</u>	<u>\$ 4,947,274</u>
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities			
Operating income	\$ 369,468	\$ 73,206	\$ 442,674
Depreciation	915,061	106,523	1,021,584
Miscellaneous non-operating revenue	39,437	792	40,229
Changes in operating assets and liabilities:			
(Increase) decrease in:			
Accounts receivable	118,140	2,105	120,245
Inventories	2,032	680	2,712
Prepaid items	(7,965)	12	(7,953)
Increase (decrease) in:			
Accounts payable	(204,782)	(13,032)	(217,814)
Accrued liabilities	(1,221)	--	(1,221)
Customer deposits	(3,870)	--	(3,870)
Net OPEB obligation	9,000	--	9,000
Compensated absences	25,937	(1,656)	24,281
Net Cash Provided by Operating Activities	<u>\$ 1,261,237</u>	<u>\$ 168,630</u>	<u>\$ 1,429,867</u>
Noncash Investing Activities			
Change in fair value of investments	<u>\$ 29,197</u>	<u>\$ 3,266</u>	<u>\$ 32,463</u>

The accompanying notes are an integral part of these financial statements.

VILLAGE OF TEQUESTA, FLORIDA
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
FISCAL YEAR ENDED SEPTEMBER 30, 2010

	Pension Trust Funds
Assets	
Cash and cash equivalents	\$ 228,016
Investments, at fair value:	
Corporate stocks	3,623,380
Corporate bonds	1,033,982
Government backed assets	2,032,205
Mutual funds	696,638
Prepaid items	3,465
Contributions receivable	83,898
Accrued interest receivable	<u>25,806</u>
Total Assets	<u>7,727,390</u>
Liabilities	
Accounts payable	22,981
Due to broker	<u>33,604</u>
Total Liabilities	<u>56,585</u>
Net Assets Held in Trust for Pension Benefits	<u><u>\$ 7,670,805</u></u>

The accompanying notes are an integral part of these financial statements.

VILLAGE OF TEQUESTA, FLORIDA

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS FIDUCIARY FUNDS FISCAL YEAR ENDED SEPTEMBER 30, 2010

	Pension Trust Funds
Additions	
Contributions:	
Employer	\$ 530,146
Employee	204,898
State	<u>209,245</u>
Total contributions	<u>944,289</u>
 Investment income	
Net appreciation in fair value of investments	731,000
Investment earnings	<u>146,116</u>
	877,116
Less investment expenses	<u>(69,884)</u>
Net investment income	<u>807,232</u>
Total Additions	<u>1,751,521</u>
 Deductions	
Refunds of contributions	16,639
Operating expenses	<u>65,149</u>
Total Deductions	<u>81,788</u>
 Net Increase	1,669,733
 Net Assets Held in Trust for Pension Benefits	
Net assets - beginning	<u>6,001,072</u>
 Net assets - ending	<u>\$ 7,670,805</u>

The accompanying notes are an integral part of these financial statements.

NOTES TO BASIC FINANCIAL STATEMENTS

VILLAGE OF TEQUESTA, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2010

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Village of Tequesta, Florida is a municipal corporation organized in 1957 pursuant to Special Act 57-1915, Laws of Florida. The Village has a Council-Manager form of government. The Village's major operations include public safety (police, fire rescue/EMS), streets and roads, culture and recreation, public improvements, planning and zoning, water, stormwater, recycling services and general and administrative. The financial statements of the Village have been prepared in conformity with accounting principles generally accepted in the United States (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental and financial reporting principles. The more significant of the Village's accounting policies are described below:

A. THE FINANCIAL REPORTING ENTITY

The financial statements were prepared in accordance with governmental accounting standards, which establishes standards for defining and reporting on the financial reporting entity. The definition of the financial reporting entity is based upon the concept that elected officials are accountable to their constituents for their actions. One of the objectives of financial reporting is to provide users of financial statements with a basis for assessing the accountability of the elected officials. The financial reporting entity consists of the Village, organizations for which the Village is financially accountable and other organizations for which the nature and significance of their relationship with the Village are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. The Village is financially accountable for a component unit if it appoints a voting majority of the organization's governing board and it is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the Village. The Village has no component units to report for the fiscal year ending September 30, 2010.

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The government-wide financial statements distinguish between the *governmental* and *business-type* activities of the Village. *Governmental* activities are those supported by taxes and intergovernmental revenues. *Business-type* activities rely to a significant extent on fees and charges for support.

Government-wide financial statements include a Statement of Net Assets and a Statement of Activities. These statements report on the government as a whole and provide a consolidated financial picture of the government. Fiduciary funds (the Village's pension trust funds) are excluded from this presentation as the assets are held for the benefit of a third party (members and beneficiaries) and cannot be used to address activities or obligations of the Village.

VILLAGE OF TEQUESTA, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2010

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. All remaining nonmajor governmental funds or proprietary funds are aggregated and reported as other governmental or nonmajor funds.

Since the governmental fund financial statements are presented on a different measurement focus and basis of accounting than the government-wide statements, a reconciliation is provided which briefly explains the adjustments necessary to reconcile the results of governmental fund accounting to the government-wide presentations.

C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND BASIS OF PRESENTATION

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Village considers revenues to be available if they are collected within 45 days after the end of the current fiscal period. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on long-term debt and compensated absences which are recognized as expenditures when payment is due.

VILLAGE OF TEQUESTA, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2010

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property taxes, sales taxes, franchise taxes, grant revenues and investment earnings associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenues are considered measurable and available only when cash is received by the Village.

The Village reports the following major governmental fund:

The *General Fund* is the Village'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 Village reports the following major proprietary funds:

The *Water Fund* is used to account for the activities of the water utility, which includes the processing and distribution of potable water to Village residents and some surrounding communities.

Additionally, the Village reports the following fiduciary funds:

The *pension trust funds* account for the activities of the Firefighters' Pension Trust Fund, the Police Officers' Pension Trust Fund and the General Employees' Pension Trust Fund. These funds accumulate resources for pension benefits to qualified employees.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. The Village has the *option* of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The Village has elected not to follow subsequent private-sector guidance.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the Village utility functions and various other functions of the Village. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

VILLAGE OF TEQUESTA, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2010

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Proprietary funds distinguish *operating* revenues and expenses from *non-operating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Village's water utility, stormwater utility and refuse and recycling funds are charges to customers for services. Operating expenses for proprietary funds include the costs of services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

D. ASSETS, LIABILITIES, AND NET ASSETS OR EQUITY

1. Deposits and Investments

The Village's cash and cash equivalents are considered to be cash on hand, demand and time deposits and short-term investments with original maturities of three months or less from the date of acquisition. State statutes authorize the Village to invest in obligations of the U.S. Treasury, its agencies and instrumentalities, commercial paper, corporate bonds, repurchase agreements, the State Board Investment Pool and the Florida Municipal Investment Trust.

The Village maintains a cash and investment pool that is available for use by all funds with the exception of the Water Utility which has separate accounts with the State Board of Administration (SBA). Pooled cash is classified as "Cash and Cash Equivalents" in the Statement of Net Assets and pooled investments are combined with other separate investments and classified as "Investments." Interest income earned as a result of pooling is distributed to the appropriate funds based on the month end equity balance in each fund.

All investments, except the State Board Investment Pool, are reported at fair value, which is based on quoted market prices. The Investment Pool is segregated into the Florida PRIME which is recorded at its value of the pool shares (2a7-like fund) which is fair value and Fund B which is accounted for as a fluctuating NAV pool and is reported based on the fair value factor.

2. Receivables and Payables

Activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "due to/from other funds". Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

VILLAGE OF TEQUESTA, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2010

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. ASSETS, LIABILITIES, AND NET ASSETS OR EQUITY (CONTINUED)

2. Receivables and Payables (continued)

All trade and other receivables are shown net of an allowance for uncollectibles. Allowances for uncollectible receivables are based upon historical trends and the periodic aging of receivables.

Water charges to customers are based on actual water consumption. Consumption is based upon a monthly cycle. The Village recognizes revenue and a related receivable for unbilled consumption as of September 30th of each year.

3. Inventories

Inventories of the general fund are valued at cost on a first-in, first-out (FIFO) method. Inventories consist of expendable supplies held for consumption. The cost is recorded as an expenditure when the individual inventory items are purchased.

Inventories of the Water Fund are valued at lower of cost (determined using the weighted average) or market and consist of pipes, valves, fittings and meters. The cost is recorded as an expense when the individual inventory items are put into service.

4. Capital Assets

Capital assets, which include property, plant and equipment, and certain infrastructure assets (e.g., utility plant, roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. In the case of the initial capitalization of general infrastructure assets (i.e., those reported by governmental activities) the Village chose to include all such items regardless of their acquisition date. Capital assets are defined by the Village as assets with an initial, individual cost of more than \$1,000 and an estimated useful life in excess of one year and \$25,000 for intangibles with an estimated useful life in excess of one year. Purchased or constructed assets are recorded at actual cost or estimated historical cost if actual cost is unavailable. Donated capital assets are recorded at estimated fair market value at the date of donation.

During the year ended September 30, 2010, the Village implemented GASB Statement No. 51, “*Accounting and Financial Reporting for Intangible Assets.*” There was no impact on the Village’s financial statement.

VILLAGE OF TEQUESTA, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2010

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. ASSETS, LIABILITIES, AND NET ASSETS OR EQUITY (CONTINUED)

4. Capital Assets (continued)

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset's life are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the asset constructed. There was no interest to be capitalized in fiscal year 2010.

Capital assets of the Village are depreciated using the straight line method over the following estimated useful lives:

Buildings	20 – 40 years
Improvements other than buildings	20 – 50 years
Infrastructure	20 – 50 years
Machinery and equipment	2 – 15 years

5. Compensated Absences

It is the Village's policy to permit employees to accumulate within certain limits, earned but unused vacation time, sick leave and compensatory time which will be paid to employees upon separation from Village service. All vacation, sick leave pay and compensatory time is accrued when incurred in the government-wide and proprietary fund financial statements. In the governmental funds, a liability is recorded only for unused vacation and sick leave payouts for employees who have separated, for example, as a result of employee resignations and retirements.

6. Long-Term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs and refunding gains/losses, are deferred and amortized over the life of the bonds using the straight-line amortization method. Bonds payable are reported net of the applicable bond premium or discount and refunding gains/losses.

VILLAGE OF TEQUESTA, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2010

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. ASSETS, LIABILITIES, AND NET ASSETS OR EQUITY (CONTINUED)

6. Long-Term Obligations (continued)

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

7. Use of Estimates

The financial statements and related disclosures are prepared in conformity with accounting principles generally accepted in the United States of America. Management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amount of revenue and expenditures/expenses during the period reported. These estimates include assessing collectability of accounts receivable, pension obligations, and useful lives and impairment of tangible assets, among others. Estimates and assumptions are reviewed periodically and the effects of revisions are reflected in the financial statements in the period they are determined to be necessary. Actual results may differ from those estimates.

8. Net Assets

Net assets of the government-wide and proprietary funds are categorized as invested in capital assets, net of related debt; restricted or unrestricted. Invested in capital assets, net of related debt, is that portion of net assets that relates to the Village's capital assets reduced by accumulated depreciation and by any outstanding debt incurred to acquire, construct or improve those assets, excluding unexpended proceeds.

Restricted net assets is that portion of net assets that has been restricted for general use by external parties (creditors, grantors, contributors, or laws or regulations of other governments) or imposed by law through constitutional provisions or enabling legislation. Unrestricted net assets consist of all net assets that do not meet the definition of either of the other two components.

VILLAGE OF TEQUESTA, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2010

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. ASSETS, LIABILITIES, AND NET ASSETS OR EQUITY (CONTINUED)

9. Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

NOTE 2 – PROPERTY TAXES

Ad valorem taxes are assessed as of January 1st and billed the following October. They are due and payable on November 1st of each year or as soon thereafter as the assessment roll is certified and delivered to the Tax Collector. Taxes are collected by the County and remitted to the Village. Revenue is recognized at the time monies are received from the County. All unpaid taxes become delinquent on April 1st following the year in which they are assessed.

Discounts are allowed for early payment at the rate of 4% in the month of November, 3% in the month of December, 2% in the month of January and 1% in the month of February. The taxes paid in March do not have a discount. At September 30th, unpaid delinquent taxes, if any, are reflected as a receivable on the balance sheet. There were no material delinquent property taxes at September 30, 2010.

Assessed values are established by the Palm Beach County Property Appraiser at approximately fair market value. The assessed value for operating purposes of property at January 1, 2009, upon which the 2009-2010 levy was based, was \$833,906,426.

Under Florida law, the assessment of all properties and the collection of all county, municipal, school district and special district property taxes are consolidated in the offices of the County Property Appraiser and County Tax Collector. The Village is permitted by Article 7, Section 8 of the Florida Constitution to levy taxes up to \$10 (10 mills) per \$1,000 of assessed valuation for general governmental services (other than the payment of principal and interest on general obligation long-term debt). In addition, unlimited amounts may be levied for the payment of principal and interest on general obligation long-term debt, subject to a limitation on the amount of debt outstanding. The millage rate to finance general governmental services for the year ended September 30, 2010 was 5.7671 mills per \$1,000 of assessed valuation.

VILLAGE OF TEQUESTA, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2010

NOTE 3 – DEPOSITS AND INVESTMENTS

DEPOSITS

All of the Village's deposits are held in qualified public depositories pursuant to State of Florida Statutes, Chapter 280, *Florida Security for Public Deposits Act*. Under the Act, every qualified public depository shall deposit with the Treasurer eligible collateral of the depository to be held subject to his or her order. The Treasurer, by rule, shall determine the collateral requirements and collateral pledging level for each qualified public depository. The pledging level may range from 25% to 125% of the average monthly balance of public deposits depending upon the depository's financial condition and establishment period. All collateral must be deposited with an approved financial institution. Any potential losses to public depositors are covered by applicable deposit insurance, sale of securities pledged as collateral and, if necessary, assessments against other qualified public depositories of the same type as the depository in default. At September 30, 2010, none of the Village's primary bank balances were exposed to custodial credit risk.

INVESTMENTS - VILLAGE

The Village has adopted an investment policy in accordance with Florida Statutes to establish guidelines for the efficient management of its cash reserves. The Village is authorized to invest in obligations of the U.S. Treasury, its agencies and instrumentalities, certificates of deposit, the State Board of Administration Investment Pool, any intergovernmental investment pools authorized pursuant to Chapter 163 of the Florida Statutes, SEC registered money market funds with the highest credit quality rating from a nationally recognized rating agency, and securities of any interest in any open-end or closed-end management type investment company or investment trust registered under the Investment Company Act of 1940, provided that the portfolio is limited to obligations of the U.S. government, its agencies and instrumentalities and to repurchase agreements fully collateralized by such U.S. government obligations and provided that such investment company or investment trust takes delivery of such collateral either directly or through an authorized custodian.

The State Board of Administration (SBA) administers the Florida PRIME (formerly known as the Local Government Surplus Funds Trust Fund (LGIP) and the Fund B Surplus Funds Trust Fund (Fund B), both of which are governed by Chapter 19-7 of the Florida Administrative Code and Chapters 218 and 215 of the Florida Statutes. These rules provide guidance and establish the policies and general operating procedures for the administration of the Florida PRIME and Fund B. The Florida PRIME is not a registrant with the Securities and Exchange Commission (SEC); however, the Board has adopted operating procedures consistent with the requirements for a 2a-7-like fund, which permits money market funds to use amortized cost to maintain a constant net asset value (NAV) of \$1 per share.

VILLAGE OF TEQUESTA, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2010

NOTE 3 – DEPOSITS AND INVESTMENTS (CONTINUED)

INVESTMENTS - VILLAGE (CONTINUED)

The fair value of the position in the Florida PRIME is equal to the value of the pool shares. Fund B does not meet the requirement of an SEC a-7-like fund and therefore is accounted for as a fluctuating NAV pool. As of September 30, 2010, the fair value factor for Fund B was \$.70706 per share. Fund B is not subject to participant withdrawal requests. Distributions from Fund B, as determined by the SBA, are effected by transferring eligible cash or securities to the Florida PRIME, consistent with the pro rata allocation of pool shareholders of record at the creation of Fund B. One hundred percent of such distributions from Fund B are available as a liquid balance within the Florida PRIME. The investments in the Florida PRIME and Fund B are not insured by FDIC or any other governmental agency.

At September 30, 2010, the Village of Tequesta had the following deposits and investments:

Deposits and Investments	Fair Value	Weighted Average Maturity	Credit Rating	Percent Distribution
Demand deposits	<u>\$ 9,723,517</u>			97.81%
SBA-Florida PRIME	24,100	52 days	AAAm S&P	0.24%
SBA - Fund B	<u>193,255</u>	7.49 years	Not rated	<u>1.94%</u>
Total Investments	<u>217,355</u>			
Total Deposits and Investments	<u><u>\$ 9,940,872</u></u>			<u>100.00%</u>

INTEREST RATE RISK

Interest rate risk exists when there is a possibility that changes in interest rates could adversely affect an investment's fair value. Generally, the longer the time to maturity, the greater the exposure to interest rate risk. The Village's investment policy disallows the purchase of securities that have a maturity of greater than five years. In addition, on any given date, at least 80% of the portfolio shall mature within one year.

CREDIT RISK

Credit risk is the risk that a debt issuer will not fulfill its obligations. The investment policy limits credit risk by requiring that investments be limited to investments in specific securities and that short-term obligations of U.S. corporations are rated at the time of purchase at one of the three highest classifications established by a nationally recognized statistical rating organizations.

VILLAGE OF TEQUESTA, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2010

NOTE 3 – DEPOSITS AND INVESTMENTS (CONTINUED)

INVESTMENTS - VILLAGE (CONTINUED)

CONCENTRATION OF CREDIT RISK

The Village’s investment policy states that assets shall be diversified to control the risk of loss resulting from concentration of assets to a specific maturity, instrument, issue, dealer, or bank through which these securities are bought and sold. As of September 30, 2010, the value of each position held in the Village’s portfolio is less than 5% in any one issuer.

INVESTMENTS - GENERAL EMPLOYEES’ PENSION TRUST FUND

At September 30, 2010, the General Employees’ Pension Trust Fund had the following deposits and investments:

	Fair Value	Weighted Average Maturity	Credit Rating	Percent Distribution
Cash	\$ 100			0.01%
Money market	49,834			3.12%
Corporate bonds:		3.27 years		
Bonds	52,527		A1	3.29%
Bonds	114,563		A2	7.18%
Bonds	27,599		A3	1.73%
Bonds	27,187		Baa1	1.70%
Bonds	79,166		Baa3	4.96%
U.S. agencies	71,890	.32 years	Aaa	6.08%
U.S. treasuries	209,001	1.50 years		13.10%
Mutual funds	94,091			5.90%
Corporate stocks	<u>844,833</u>			<u>52.93%</u>
Total	<u>\$ 1,570,791</u>			<u>100.00%</u>

INTEREST RATE RISK

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment in debt securities. Generally, the longer the time to maturity, the greater the exposure to interest rate risk. The established performance objectives require investment maturities to provide sufficient liquidity to pay obligations as they become due. The Plan does not have a formal policy relating to interest rate risk. At September 30, 2010, the weighted average maturity in years for each investment type is included in the preceding table.

VILLAGE OF TEQUESTA, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2010

NOTE 3 – DEPOSITS AND INVESTMENTS (CONTINUED)

INVESTMENTS - GENERAL EMPLOYEES' PENSION TRUST FUND (CONTINUED)

CREDIT RISK

Credit risk is the risk that a debt issuer will not fulfill its obligations. The investment policy limits credit risk by requiring that investments made or held in the fund shall be limited to:

- Obligations issued by the U.S. Government or obligations guaranteed as to principal and interest by the U.S. government or by an agency of the U.S. Government;
- Bonds, stocks, or commingled funds administered by national or state banks, or other evidences or indebtedness, issued or guaranteed by a corporation organized under the laws of the United States, any state or organized territory of the United States, or District of Columbia provided that the securities meet the following ranking criteria:
 - Fixed Income: Holds a rating in one of the four highest classifications by a major rating service
 - Equities: Traded on a National Exchange
 - Money Market: The money market fund or STIF provided by the Plan's custodian.

At September 30, 2010, the investments of the General Employees' Pension Trust Fund were in compliance with the policies.

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 Plan utilizes limitations on securities of a single issuer to manage this risk. The Plan's investment policy limits investments in common stock or capital stock of any one issuing company or aggregate of any one issuing company to 5% of the outstanding capital stock of the company. The investment policy requires that the value of bonds issued by any single corporation shall not exceed 10% of the total fund.

Investments in corporate common stock and convertible bonds shall not exceed 70% of the fund assets at market value. Foreign securities shall not exceed 25% of the market value of the fund. If the Plan owns investments at the end of a calendar quarter which no longer satisfy the applicable investment standard, then such investment is disposed of at the earliest economically feasible opportunity.

VILLAGE OF TEQUESTA, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2010

NOTE 3 – DEPOSITS AND INVESTMENTS (CONTINUED)

INVESTMENTS - GENERAL EMPLOYEES' PENSION TRUST FUND (CONTINUED)

CUSTODIAL CREDIT RISK

Custodial credit risk is defined as the risk that the Plan may not recover cash and investments held by another party in the event of a financial failure. The Plan requires all securities to be held by a third party custodian in the name of the Plan. Securities transactions between a broker-dealer and the custodian involving purchase or sale of securities by the transfer of money or securities must be made on a “delivery vs. payment” basis to ensure that the custodian will have the security or money in hand at the conclusion of the transaction.

FOREIGN CURRENCY RISK

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment. The investment policy permits a maximum of 25% of the market value of the fund securities to be invested in foreign securities. At September 30, 2010, approximately 16% of the market value of the fund was invested in foreign securities, which met the limitations of the policy.

INVESTMENTS - POLICE AND FIREFIGHTERS' PENSION TRUST FUND

At September 30, 2010, the Police and Firefighters' Pension Trust Fund had the following deposits and investments:

	Fair Value	Weighted Average Maturity	Credit Rating	Percent Distribution
Cash	\$ 583			0.01%
Money market	177,499			2.95%
Corporate bonds:		5.73 years		
Bonds	64,530		Aaa	1.07%
Bonds	27,052		Baa1	0.45%
Bonds	25,949			0.43%
Bonds	84,288		A2	1.40%
Bonds	72,494		A3	1.20%
Bonds	12,971		AA2	0.22%
Bonds	40,207		Aa3	0.67%
Bonds	117,697		Baa1	1.96%
Bonds	135,521		Baa2	2.25%
Bonds	152,233		Baa3	2.53%
U.S. agencies	766,226	.38 years	Aaa	12.73%
U.S. treasuries	959,992	6.23 years		15.95%
Mutual funds	602,547			10.01%
Corporate stocks	<u>2,778,497</u>			<u>46.17%</u>
Total	<u>\$ 6,018,286</u>			<u>100.00%</u>

VILLAGE OF TEQUESTA, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2010

NOTE 3 – DEPOSITS AND INVESTMENTS (CONTINUED)

INVESTMENTS - POLICE AND FIREFIGHTERS' PENSION TRUST FUND (CONTINUED)

INTEREST RATE RISK

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment in debt securities. Generally, the longer the time to maturity, the greater the exposure to interest rate risk. The established performance objectives require investment maturities to provide sufficient liquidity to pay obligations as they become due. The Plan does not have a formal policy relating to interest rate risk. At September 30, 2010, the weighted average maturity in years for each investment type is included in the preceding table.

CREDIT RISK

Credit risk is the risk that a debt issuer will not fulfill its obligations. The investment policy limits credit risk by requiring that:

- Fixed income investments must hold a rating in one of the four highest classifications by a major rating service.
- Equities must be traded on a national exchange.
- Money market investments must hold a minimum rating of Standard & Poor's A1 or Moody's P1.

At September 30, 2010, the investments of the Police and Firefighters' Pension Trust Fund were in compliance with the policies.

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 Plan utilizes limitations on securities of a single issuer to manage this risk. The Plan's investment policy limits investments in common stock, capital stock or convertible stock of any one issuing company or aggregate of any one issuing company to 5% of the outstanding capital stock of the company. The investment policy requires that the value of corporate bonds issued by any single corporation cannot represent more than 5% of the total fund. Investments in corporate common stock and convertible bonds shall not exceed 70% of the fund assets at market value. Mortgage-backed securities issued by non-government entities are limited to 15% of the fixed income portfolio. Foreign securities shall not exceed 15% of the value at cost of the fund. If the Plan owns investments that complied with the limitations at the time of purchase, which subsequently exceed these limits or do not satisfy the applicable standards, the non-compliant investment may be held until it is economically feasible to dispose of the investment.

VILLAGE OF TEQUESTA, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2010

NOTE 3 – DEPOSITS AND INVESTMENTS (CONTINUED)

INVESTMENTS - POLICE AND FIREFIGHTERS' PENSION TRUST FUND (CONTINUED)

CUSTODIAL CREDIT RISK

Custodial credit risk is identified as the risk that the Plan may not recover cash and investments held by another party in the event of a financial failure. The Plan requires all securities to be held by a third party custodian in the name of the Plan. Securities transactions between a broker-dealer and the custodian involving purchase or sale of securities by the transfer of money or securities must be made on a “delivery vs. payment” basis to ensure that the custodian will have the security or money in hand at the conclusion of the transaction.

FOREIGN CURRENCY RISK

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment. The investment policy permits a maximum of 15% of the market value of the fund to be invested in foreign securities. At September 30, 2010, approximately 14% of the market value of the fund was invested in foreign securities, which met the limitations of the policy.

RISKS AND UNCERTAINTIES – PENSION PLANS

The Plans invest in various investment securities. Investment securities are exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and, that such changes could materially affect the amounts reported in the statement of plan net assets for each Plan. The Plans, through their investment advisors, monitor Plan investments and the risks associated therewith on a regular basis which each Plan believes minimizes these risks.

Contributions to the Plans are made and the actuarial present value of accumulated plan benefits are reported based on certain assumptions pertaining to interest rates, inflation rates and employee demographics, all of which are subject to change. Due to uncertainties inherent in the estimations and assumptions process, it is at least reasonably possible that changes in these estimates and assumptions in the near term would be material to the financial statements.

VILLAGE OF TEQUESTA, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2010

NOTE 4 - RECEIVABLES

Receivables at September 30, 2010 for the government's individual major funds, non-major and fiduciary funds in the aggregate, including the applicable allowance for uncollectible accounts, are as follows:

	General	Water	Nonmajor and Other Funds	Total
Customers billed	\$ 78,211	\$ 177,452	\$ 513	\$ 256,176
Other taxes	42,738	--	--	42,738
Miscellaneous	6,260	165		6,425
Employees	1,849	--	--	1,849
Intergovernmental	91,280	-	5,093	96,373
Franchise fees	42,194	--	--	42,194
Gross receivables	262,532	177,617	5,606	445,755
Less allowance for uncollectibles	(17,280)	(2,879)	--	(20,159)
Net Total Receivables	\$ 245,252	\$ 174,738	\$ 5,606	\$ 425,596

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned.

At the end of the current fiscal year, various components of unearned revenue reported in the governmental funds were as follows:

GENERAL FUND

Prepaid cell tower leases	\$ 115,045
Prepaid business taxes	54,704
Prepaid licenses and registrations not yet due	17,212
Total	\$ 186,961

VILLAGE OF TEQUESTA, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2010

NOTE 5 – INTERFUND TRANSFERS

Interfund transfers during the year ended September 30, 2010 were as follows:

Transfers Out	Transfers In		
	General Fund	Nonmajor Governmental Funds	Total
General fund	\$ --	\$ 158,549	\$ 158,549
Nonmajor governmental funds	--	115,000	115,000
Total	<u>\$ --</u>	<u>\$ 273,549</u>	<u>\$ 273,549</u>

Transfers are used to (1) move excess revenues from the special revenue funds as required by bond covenants, (2) move unrestricted general fund revenues to finance various programs that the Village must account for in other funds in accordance with budgetary authorizations, including amounts provided as subsidies or matching funds for various grant programs.

INTERFUND ADMINISTRATIVE FEE

During the year ended September 30, 2010, the Enterprise Funds remitted \$307,740 to the General Fund for Administrative Management fees. This amount is reflected as Intra-governmental Services revenue in the General Fund and as management fees, an operating expense, in the Enterprise Funds.

VILLAGE OF TEQUESTA, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2010

NOTE 6 – CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2010 was as follows:

	Beginning Balance	Additions	Deductions	Ending Balance
Governmental Activities				
Capital assets not being depreciated:				
Land	\$ 402,935	\$ --	\$ --	\$ 402,935
Construction-in-progress	421,994	--	(21,954)	400,040
Total Capital Assets Not Being Depreciated	<u>824,929</u>	<u>--</u>	<u>(21,954)</u>	<u>802,975</u>
Capital assets being depreciated:				
Buildings	8,043,522	--	--	8,043,522
Improvements other than buildings	2,369,076	134,777	--	2,503,853
Infrastructure	695,085	84,353	--	779,438
Machinery and equipment	4,087,189	397,048	--	4,484,237
Total Capital Assets Being Depreciated	<u>15,194,872</u>	<u>616,178</u>	<u>--</u>	<u>15,811,050</u>
Less accumulated depreciation for:				
Buildings	(1,117,562)	(201,091)	--	(1,318,653)
Improvements other than buildings	(562,456)	(118,377)	--	(680,833)
Infrastructure	(85,751)	(29,491)	--	(115,242)
Machinery and equipment	(3,058,660)	(335,426)	--	(3,394,086)
Total Accumulated Depreciation	<u>(4,824,429)</u>	<u>(684,385)</u>	<u>--</u>	<u>(5,508,814)</u>
Total Capital Assets Being Depreciated	<u>10,370,443</u>	<u>(68,207)</u>	<u>--</u>	<u>10,302,236</u>
Governmental Activities Capital Assets, Net	<u>\$ 11,195,372</u>	<u>\$ (68,207)</u>	<u>\$ (21,954)</u>	<u>\$ 11,105,211</u>
Business-Type Activities				
Capital assets not being depreciated:				
Land	\$ 83,335	\$ --	\$ --	\$ 83,335
Construction-in-progress	97,875	17,190	--	115,065
Total Capital Assets Not Being Depreciated	<u>181,210</u>	<u>17,190</u>	<u>--</u>	<u>198,400</u>
Capital assets being depreciated:				
Buildings	979,512	--	--	979,512
Improvements other than buildings	58,720	--	--	58,720
Infrastructure	29,548,372	59,832	--	29,608,204
Machinery and equipment	1,263,729	27,582	--	1,291,311
Total capital assets being depreciated	<u>31,850,333</u>	<u>87,414</u>	<u>--</u>	<u>31,937,747</u>
Less accumulated depreciation for:				
Buildings	(528,580)	(20,429)	--	(549,009)
Improvements other than buildings	(5,872)	(2,349)	--	(8,221)
Infrastructure	(10,650,326)	(912,480)	--	(11,562,806)
Machinery and equipment	(879,480)	(86,326)	--	(965,806)
Total Accumulated Depreciation	<u>(12,064,258)</u>	<u>(1,021,584)</u>	<u>--</u>	<u>(13,085,842)</u>
Total Capital Assets Being Depreciated, Net	<u>19,786,075</u>	<u>(934,170)</u>	<u>--</u>	<u>18,851,905</u>
Business-Type Activities Capital Assets, Net	<u>\$ 19,967,285</u>	<u>\$ (916,980)</u>	<u>\$ --</u>	<u>\$ 19,050,305</u>

VILLAGE OF TEQUESTA, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2010

NOTE 6 – CAPITAL ASSETS (CONTINUED)

Depreciation expense was charged to functions/programs of the Village as follows:

Governmental Activities:	
General government	\$ 147,272
Public safety	359,815
Transportation	91,793
Leisure services	<u>85,505</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 684,385</u>
Business-Type Activities:	
Water	\$ 915,061
Nonmajor funds	<u>106,523</u>
Total Depreciation Expense - Business-Type Activities	<u>\$ 1,021,584</u>

NOTE 7 – LONG-TERM DEBT

GOVERNMENTAL ACTIVITIES

Note Payable

On September 13, 2002, the Village signed a \$5,000,000 promissory note with the Bank of America, with an interest rate of 4.28%, payable monthly in arrears and maturing September 13, 2022. Proceeds from the note were used to finance the final construction of the public safety facility, to repay existing debt obligations and to reimburse the Village for prior capital expenditures incurred in connection with the construction of the public safety facility.

Debt service requirements to maturity are as follows:

For The Year Ending September 30,	Principal	Interest	Total
2011	\$ 227,514	\$ 144,985	\$ 372,499
2012	237,445	135,056	372,501
2013	247,809	124,692	372,501
2014	258,626	113,875	372,501
2015	269,915	102,586	372,501
2016-2020	1,536,930	325,578	1,862,508
2021-2022	<u>712,789</u>	<u>32,212</u>	<u>745,001</u>
Total	<u>\$ 3,491,028</u>	<u>\$ 978,984</u>	<u>\$ 4,470,012</u>

VILLAGE OF TEQUESTA, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2010

NOTE 7 – LONG-TERM DEBT (CONTINUED)

Capital Leases

The Village entered into a capital lease with Bank of America in the amount of \$397,922 on February 13, 2003 for the financing of a fire pumper. The applicable interest rate is 3.61% with principal and interest payments totaling \$46,720 due annually on April 15th. The lease was assigned to SunTrust on February 13, 2003 and matures April 15, 2012.

The following is a schedule of the future minimum lease payments under this capital lease arrangement at September 30, 2010:

Fiscal Year Ending September 30,	Amount
2011	\$ 46,720
2012	46,720
Total minimum lease payments	93,440
Less amount representing interest	<u>(4,827)</u>
Present Value of Future Minimum Lease Payments	<u>\$ 88,613</u>

The assets acquired through capital leases are as follows:

Machinery and equipment	\$ 397,922
Accumulated depreciation	<u>(333,626)</u>
Total	<u>\$ 64,296</u>

BUSINESS-TYPE ACTIVITIES

Note Payable - 2004

On June 30, 2004, the Village signed a \$645,170 promissory note with the Bank of America, with an interest rate of 4.96% per annum, maturing May 1, 2024. Proceeds from the note were used to finance the expansion of the Village water system. Interest on the outstanding principal balance is paid in arrears, on the first day of each and every May and November. The final payment of the entire unpaid principal balance and all accrued and unpaid interest is due on May 1, 2024. The principal may be prepaid at the option of the Village without any prepayment premium. As of September 30, 2010, \$146,275 has been prepaid on the note.

VILLAGE OF TEQUESTA, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2010

NOTE 7 – LONG-TERM DEBT (CONTINUED)

BUSINESS-TYPE ACTIVITIES (CONTINUED)

Note Payable – 2004 (continued)

Debt service requirements to maturity are as follows:

For the Year Ending September 30:	Principal	Interest	Total
2011	\$ 26,000	\$ 18,148	\$ 44,148
2012	27,000	16,859	43,859
2013	29,000	15,520	44,520
2014	30,000	14,081	44,081
2015	32,000	12,593	44,593
2016-2020	185,000	37,670	222,400
2021-2024	<u>36,895</u>	<u>1,830</u>	<u>38,725</u>
Total	<u>\$ 365,895</u>	<u>\$ 116,701</u>	<u>\$ 482,596</u>

Note Payable - 2008

On July 14, 2008, the Village signed a \$6,554,935 promissory note with the Bank of America, with an interest rate of 3.6852% per annum, maturing on March 1, 2028. The proceeds of the note were used to advance refund the 1998 Water Revenue Bonds. Principal and interest are paid monthly and payments commenced on August 1, 2008 with interest paid in arrears.

Debt service requirements to maturity are as follows:

For the Year Ending September 30:	Principal	Interest	Total
2011	\$ 246,910	\$ 221,463	\$ 468,373
2012	255,830	212,671	468,501
2013	267,218	202,353	469,571
2014	277,867	192,160	470,027
2015	287,885	181,626	469,511
2016-2020	1,621,704	735,219	2,356,923
2021-2025	1,957,126	402,073	2,359,199
2026-2028	<u>1,125,093</u>	<u>55,111</u>	<u>1,180,204</u>
Total	<u>\$ 6,039,633</u>	<u>\$ 2,202,676</u>	<u>\$ 8,242,309</u>

VILLAGE OF TEQUESTA, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2010

NOTE 7 – LONG-TERM DEBT (CONTINUED)

CHANGES IN LONG-TERM DEBT

The following is a summary of changes in long-term liabilities of the Village for the year ended September 30, 2010:

	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
Governmental Activities:					
Note payable - 2002	\$ 3,709,027	\$ --	\$ 217,999	\$ 3,491,028	\$ 227,514
Capital leases	155,448	--	66,835	88,613	43,521
Compensated absences	477,553	109,110	(32,605)	554,058	9,830
Net OPEB obligation	<u>--</u>	<u>95,281</u>	<u>15,281</u>	<u>80,000</u>	<u>--</u>
Total Governmental Activities	<u>\$ 4,342,028</u>	<u>\$ 204,391</u>	<u>\$ 267,510</u>	<u>\$ 4,213,699</u>	<u>\$ 280,865</u>
Business-Type Activities:					
Note payable - 2004	\$ 390,895	\$ --	\$ 25,000	365,895	\$ 26,000
Note payable - 2008	6,277,567	--	237,934	6,039,633	246,910
Unamortized deferred loss on refunding of debt	(414,702)	--	(22,467)	(392,235)	--
Compensated absences	114,132	31,378	7,097	138,413	--
Net OPEB obligation	<u>--</u>	<u>10,719</u>	<u>1,719</u>	<u>9,000</u>	<u>--</u>
Total Business-Type Activities	<u>\$ 6,367,892</u>	<u>\$ 42,097</u>	<u>\$ 249,283</u>	<u>\$ 6,160,706</u>	<u>\$ 272,910</u>

All governmental activities compensated absences are liquidated by the general fund.

NOTE 8 – FLORIDA RETIREMENT SYSTEM

PLAN DESCRIPTION

All full time employees hired before January 1, 1996 are eligible to participate in the Florida Retirement System (FRS), a cost sharing, multiple-employer, public retirement system controlled by the State Legislature and administered by the State of Florida Department of Administration, Division of Retirement. The FRS provides retirement and disability benefits, annual cost of living adjustments and death benefits to plan members and beneficiaries. A post-employment health insurance subsidy is also provided to eligible employees.

Benefits are established by Chapter 121, Florida Statutes and Chapter 22B, Florida Administrative Code. Amendments to the law can only be made by an act of the Florida Legislature.

VILLAGE OF TEQUESTA, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2010

NOTE 8 – FLORIDA RETIREMENT SYSTEM (CONTINUED)

PLAN DESCRIPTION (CONTINUED)

The State of Florida issues a publicly available financial report that includes financial statements and required supplementary information for the FRS. The latest available report was for the fiscal year ended June 30, 2010. That report may be obtained by writing to the State of Florida Division of Retirement, Department of Management Services, P.O. Box 9000, Tallahassee, Florida 32315-9000 or visiting the website at <http://dms.myflorida.com>.

FUNDING POLICY

The FRS funding policy provides for monthly employer contributions at actuarially determined rates that, expressed as percentages of annual covered payroll are adequate to accumulate sufficient assets to pay benefits when due. Level percentages of payroll employer contribution rates, established by State law, are determined using the entry-age actuarial cost method. The level percentages of payroll method is also used to amortize the unfunded liability over a period of 30 years, and to amortize each change in actuarial assumptions.

The contribution rates by job class for the Village's employees at September 30, 2010 were as follows: regular employees – 10.77%, special risk employees – 23.25% and employees participating in the DROP – 12.25%. The regular and special risk employees' rates include 1.11% for the employer Health Insurance Subsidy contribution and 0.03% for an administrative fee. The DROP rate includes the 1.11 percent Health Insurance Subsidy contribution but the 0.03% administrative fee does not apply to DROP participants.

The Village's contributions to the FRS for the fiscal years ended September 30, 2008, 2009 and 2010 were \$160,046, \$165,716 and \$155,540 respectively, which were equal to the required contributions for each fiscal year.

NOTE 9 – PENSION PLANS

The Village maintains two single employer defined benefit pension plans, the Public Safety Officers' Pension Trust Fund and the General Employees' Pension Trust Fund (GPTF). Since the Public Safety Officers' Plan receives contributions that may not be used to pay benefits of all employee classes, two separate pension trust funds, the Firefighters' Pension Trust Fund (FPTF) and the Police Officers' Pension Trust Fund (PPTF) are reflected in the financial statements. The General Employee's Plan is also reflected as a pension trust fund in the financial statements.

VILLAGE OF TEQUESTA, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2010

NOTE 9 – PENSION PLANS (CONTINUED)

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The pension trust funds are reported on the accrual basis of accounting. Plan member and state contributions are recognized as revenues in the period that the contributions are due. Employer contributions to each Plan, as calculated by each Plan's actuary, are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. Expenses are recognized in the accounting period incurred.

Method Used to Value Investments

Investments are reported at fair value, which is determined as follows: securities traded on a national securities exchange are valued at the last reported sales price on the last business day of the fiscal year; securities traded in the over-the-counter market and listed securities for which no sales was reported on that date are valued at the last reported bid price. Purchases and sales of securities are recorded on a trade-date basis. Net appreciation (depreciation) in the fair value of investments includes the difference between the cost and the fair value of investments held, as well as the net realized gains or losses from securities sold. Gains or losses on sales of securities are based on average cost. Dividend and interest income is recorded as earned.

CURRENT MEMBERSHIP

Membership in each Plan consisted of the following at September 30, 2010:

	<u>FPTF</u>	<u>PPTF</u>	<u>GPTF</u>
Covered group:			
Active members	19	12	38
Vested terminated members	<u>1</u>	<u>1</u>	<u>3</u>
Total	<u><u>20</u></u>	<u><u>13</u></u>	<u><u>41</u></u>

As of the last actuarial date, there were no retirees or beneficiaries receiving benefits.

A. PUBLIC SAFETY OFFICERS' TRUST FUND

Plan Description

The Public Safety Officers' Trust Fund is a single-employer defined benefit plan administered by a five-member Board of Trustees that covers all Village police officers and firefighters hired after 1996 (prior to 1996, the Village participated in the Florida Retirement System). The Plan is also governed by Chapters 112, 175 and 185, Florida Statutes.

VILLAGE OF TEQUESTA, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2010

NOTE 9 – PENSION PLANS (CONTINUED)

A. PUBLIC SAFETY OFFICERS' TRUST FUND (CONTINUED)

Plan Description (continued)

Any firefighter or police officer who completes six or more years of credited service and attains age 55, or completes 25 years of credited service and attains age 52, is eligible for normal retirement benefits. The monthly retirement benefit shall be equal to 3% for the first six (6) years of service, 3.5% for the next four (4) years of service, 4% for the next five (5) years of service, 3% for the next six (6) years of service, 2% for the next four (4) years of service and 3% for all years after twenty-five years of service. Early retirement may be taken after a firefighter or police officer attained the age of 50 and has six (6) years of credited service. In the event of early retirement, benefits are actuarially reduced to take into account the firefighter or police officer's younger age and earlier commencement of retirement benefits. Such reduction shall not exceed 3% per year. Disability benefits can be received for total and permanent disabilities as determined by the Board of Trustees. If the pension is granted, the benefit amount shall be as follows:

If the injury or disease is service connected, the firefighter or police officer shall be entitled to the greater of (a) or (b):

- (a) A monthly pension equal to 42% of his/her average monthly compensation as of his/her disability retirement date, or
- (b) The accrued normal retirement benefit.

If the injury or disease is not service connected, the firefighter or police officer shall be entitled to the greater of (a) or (b):

- (a) A monthly pension equal to 25% of his/her average monthly compensation as of his/her disability retirement date, or
- (b) The accrued normal retirement benefit.

If the firefighter or police officer dies prior to retirement from the Village, his beneficiary shall receive the following benefit:

- (a) Line-of-Duty-Death-Benefit – a pension to the spouse (or children) of 50% of Average Final Compensation for life.
- (b) Non-Line-of- Duty-Death – the spouse of a member with six years of credited service will receive the actuarial equivalent of the accrued early or normal retirement benefit.

If the firefighter or police officer dies or terminates employment with less than six years of credited service, he/she is entitled to a refund of the money he contributed.

VILLAGE OF TEQUESTA, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2010

NOTE 9 – PENSION PLANS (CONTINUED)

A. PUBLIC SAFETY OFFICERS' TRUST FUND (CONTINUED)

Plan Description (continued)

All retirees and beneficiaries receiving pension benefits will be paid a supplemental benefit equal to \$20 for each year of the member's Credited Service up to a maximum of \$600. The supplemental benefit ceases upon the later of the death of the retired member or beneficiary.

Funding Policy

Contribution requirements of Plan members and the Village are established, by and may be amended only by the Village Council. Firefighters and police officers are required to contribute 5% of their compensation to the Plan. Pursuant to Chapters 175 and 185 of the Florida Statutes, premium taxes on certain property and casualty insurance contracts written on Village properties is collected by the State and is remitted to the Plan. The amount of insurance premium taxes collected by the Village totaled \$209,245 for the year ended September 30, 2010, \$149,253 for property insurance contracts for firefighters under Chapter 175 and \$59,992 for casualty insurance contracts for police officers under Chapter 185. This amount was recognized as a revenue and expenditure in the General Fund. Employer contributions for the fiscal year ending September 30, 2010 determined using the actuarial valuation dated October 1, 2009 were 13.03% of covered payroll for police officers and 18.96% of covered payroll for firefighters. The Village is required to contribute the remaining amounts necessary to finance the benefits based on actuarially determined amounts.

The Firefighters' Pension Trust Fund (part of the Public Safety Officers' Trust Fund) does not issue separate stand alone financial statements. Included below are the Statement of Fiduciary Net Assets and the Statement of Changes in Fiduciary Net Assets as of and for the year ended September 30, 2010.

VILLAGE OF TEQUESTA, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2010

NOTE 9 – PENSION PLANS (CONTINUED)

A. PUBLIC SAFETY OFFICERS' TRUST FUND (CONTINUED)

Funding Policy (continued)

FIREFIGHTERS' PENSION TRUST FUND STATEMENT OF FIDUCIARY NET ASSETS SEPTEMBER 30, 2010

<u>ASSETS</u>	
Cash and cash equivalents	\$ 129,568
Investments	4,213,240
Prepaid items	2,500
Contributions receivable	64,882
Accrued interest receivable	<u>12,838</u>
Total Assets	<u>4,423,028</u>
 <u>LIABILITIES</u>	
Accounts payable	<u>10,565</u>
Net Assets Held in Trust for Pension Benefits	<u><u>\$ 4,412,463</u></u>

FIREFIGHTERS' PENSION TRUST FUND STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS FISCAL YEAR ENDED SEPTEMBER 30, 2010

ADDITIONS	
Contributions	\$ 502,979
Investment income , net	<u>502,670</u>
Total Additions	<u>1,005,649</u>
DEDUCTIONS	
Operating expenses	<u>25,825</u>
Total Deductions	<u>25,825</u>
Net increase	979,824
Net assets held in trust for pension benefits:	
Net Assets - Beginning	<u>3,432,639</u>
Net Assets - Ending	<u><u>\$ 4,412,463</u></u>

VILLAGE OF TEQUESTA, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2010

NOTE 9 – PENSION PLANS (CONTINUED)

A. PUBLIC SAFETY OFFICERS' TRUST FUND (CONTINUED)

Funding Policy (continued)

The Police Officers' Pension Trust Fund (part of the Public Safety Officers' Trust Fund) does not issue separate stand alone financial statements. Included below are the Statement of Fiduciary Net Assets and the Statement of Changes in Fiduciary Net Assets as of and for the year ended September 30, 2010.

POLICE OFFICERS' PENSION TRUST FUND

STATEMENT OF FIDUCIARY NET ASSETS

SEPTEMBER 30, 2010

<u>ASSETS</u>	
Cash and cash equivalents	\$ 48,514
Investments	1,626,962
Prepaid items	965
Contribution receivable	6,382
Accrued interest receivable	<u>4,964</u>
Total Assets	<u>1,687,787</u>
<u>LIABILITIES</u>	
Accounts payable	<u>4,076</u>
Net Assets Held in Trust for Pension Benefits	<u>\$ 1,683,711</u>

POLICE OFFICERS' PENSION TRUST FUND

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS

FISCAL YEAR ENDED SEPTEMBER 30, 2010

ADDITIONS	
Contributions	\$ 201,228
Investment income, net	<u>190,522</u>
Total Additions	<u>391,750</u>
DEDUCTIONS	
Operating expenses	<u>10,143</u>
Total Deductions	<u>10,143</u>
Net increase	381,607
Net assets held in trust for pension benefits:	
Net Assets - Beginning	<u>1,302,104</u>
Net Assets - Ending	<u>\$ 1,683,711</u>

VILLAGE OF TEQUESTA, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2010

NOTE 9 – PENSION PLANS (CONTINUED)

B. GENERAL EMPLOYEES' PENSION TRUST FUND

Plan Description

The General Employees' Pension Trust Fund is a single employer defined benefit plan administered by a five member Board of Trustees that covers all Village general employees hired after 1996 (prior to 1996, the Village participated in the Florida Retirement System). Any general employee who attains age 62, or completes 30 years of credited service regardless of age, is eligible for normal retirement benefits. The monthly amount of normal retirement income for a general employee is equal to the number of years of credited service multiplied by 2% of his average highest compensation. Early retirement may be taken after a general employee has attained the age of 50 and has six (6) years of credited service. In the event of early retirement, benefits are actuarially reduced to take into account the general employee younger age and earlier commencement of retirement benefits. Such reduction shall not exceed 5% per year. Disability benefits can be received for total and permanent disabilities as determined by the Board of Trustees. If the pension is granted, the benefit amount shall be as follows:

If the injury or disease is service connected, the general employee shall be entitled to the greater of (a) or (b):

- (a) A monthly pension equal to 42% of his/her average monthly compensation as of his disability retirement date, or
- (b) An amount equal to the number of years of his/her credited service multiplied by 2% of his average monthly salary based upon his final five years of service.

If the injury or disease is not service connected, the general employee shall be entitled to the greater of (a) or (b):

- (a) A monthly pension equal to 25% of his/her average monthly compensation based on his final five (5) years of service, or
- (b) An amount equal to the number of years of his/her credited service multiplied by 2% of his average monthly salary based upon his final five years of service.

If the general employee dies prior to retirement from the Village, the beneficiary shall receive an amount equal to the vested pension benefit. A survivor benefit is payable to the beneficiary starting when the member would have reached retirement age.

If the general employee dies or terminates employment with less than six years of credited service, he is entitled to a refund of the money contributed.

VILLAGE OF TEQUESTA, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2010

NOTE 9 – PENSION PLANS (CONTINUED)

B. GENERAL EMPLOYEES' PENSION TRUST FUND (CONTINUED)

Funding Policy

Contribution requirements of Plan members and the Village are established, and may be amended only by the Village Council. General employees are required to contribute 5% of their compensation to the Plan. Employer contributions for the fiscal year ending September 30, 2010 determined using the actuarial valuation dated October 1, 2008 were 7.85% of covered payroll. However, the Village elected to use a contribution rate of 8.06%. The Village is required to contribute the remaining amount necessary to finance the benefits based on an actuarially determined amount.

The General Employees' Pension Trust Fund does not issue separate stand alone financial statements. Included below are the Statement of Fiduciary Net Assets and the Statement of Changes in Fiduciary Net Assets as of and for the year ended September 30, 2010.

GENERAL EMPLOYEES' PENSION TRUST FUND STATEMENT OF FIDUCIARY NET ASSETS SEPTEMBER 30, 2010

<u>ASSETS</u>	
Cash and cash equivalents	\$ 49,934
Investments	1,546,003
Contributions receivable	12,634
Accrued interest receivable	<u>8,004</u>
Total Assets	<u>1,616,575</u>
<u>LIABILITIES</u>	
Accounts payable	8,340
Due to broker	<u>33,604</u>
Total Liabilities	<u>41,944</u>
Net Assets Held in Trust for Pension Benefits	<u>\$ 1,574,631</u>

VILLAGE OF TEQUESTA, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2010

NOTE 9 – PENSION PLANS (CONTINUED)

B. GENERAL EMPLOYEES' PENSION TRUST FUND (CONTINUED)

Funding Policy (continued)

GENERAL EMPLOYEES' PENSION TRUST FUND
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FISCAL YEAR ENDED SEPTEMBER 30, 2010

ADDITIONS		
Contributions		\$ 240,082
Investment income, net		<u>114,040</u>
Total Additions		<u>354,122</u>
DEDUCTIONS		
Refunds of contributions		16,639
Operating expenses		<u>29,181</u>
Total Deductions		<u>45,820</u>
Net increase		308,302
Net assets held in trust for pension benefits:		
Net Assets - Beginning		<u>1,266,329</u>
Net Assets - Ending		<u><u>\$ 1,574,631</u></u>

ANNUAL PENSION COST AND NET PENSION ASSET

The Village's current contributions were determined through actuarial valuations performed as of October 1, 2008 for the General Employees' Pension Trust Fund and October 1, 2009 for the Public Safety Officers' Pension Trust Fund. Significant actuarial assumptions as of the latest actuarial valuations are as follows:

	Public Safety Officers' Pension Fund		General Employees' Pension Fund
	Firefighters'	Police Officers'	
Valuation date	10/1/2009	10/1/2009	10/1/2009
Actuarial cost method	Entry Age Normal	Entry Age Normal	Aggregate
Amortization method	N/A	N/A	N/A
Remaining amortization period	N/A	N/A	N/A
Asset valuation method	Five year smoothing	Five year smoothing	Five year smoothing
Actuarial assumptions:			
Investment rate of return	8%	8%	7.5%
Projected salary increase	6%	6%	6%
Includes inflation at	4%	4%	4%
Cost of living adjustments	N/A	N/A	N/A

VILLAGE OF TEQUESTA, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2010

NOTE 9 – PENSION PLANS (CONTINUED)

ANNUAL PENSION COST AND NET PENSION ASSET (CONTINUED)

The aggregate actuarial cost method was used to determine the annual required contribution of the employer for the General Employees Pension Fund for the 2010 fiscal year. Because this method does not identify or separately amortize unfunded actuarial liabilities, information about the Plan's funded status and funding progress has been prepared using the entry age actuarial cost method for that purpose, and the information presented is intended to serve as a surrogate for the funded status and funding progress of the Plans.

The Village's 2010 annual pension cost and net pension asset for each Plan are shown below.

	Firefighters'	Police Officers'	General Employees'
Annual required contribution (ARC)	\$ 342,571	\$ 130,820	\$ 146,158
Interest on net pension obligation (NPO)	(12,503)	(11,742)	(11,871)
Adjustment to ARC	(17,476)	(16,413)	(17,879)
Annual pension cost	347,544	135,491	152,166
Actual contributions	350,366	135,199	148,167
Increase (decrease) in net pension obligation	(2,822)	292	3,999
Net pension obligation (asset), beginning	(156,287)	(146,776)	(158,284)
Net Pension Obligation (Asset) - Ending	\$ (159,109)	\$ (146,484)	\$ (154,285)

Three-Year Trend Information			
	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation (Asset)
Fiscal Year Ending			

Firefighters' Retirement System

September 30, 2008	\$ 205,406	95.4%	(158,298)
September 30, 2009	215,545	99.1%	(156,287)
September 30, 2010	347,544	100.8%	(159,109)

Police Officers' Retirement System

September 30, 2008	\$ 88,663	135.8%	(125,284)
September 30, 2009	93,177	123.1%	(146,776)
September 30, 2010	135,491	99.8%	(146,484)

General Employees' Retirement System

September 30, 2008	\$ 91,665	142.5%	(113,056)
September 30, 2009	96,179	147.0%	(158,284)
September 30, 2010	152,166	97.4%	(154,285)

VILLAGE OF TEQUESTA, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2010

NOTE 9 – PENSION PLANS (CONTINUED)

FUNDED STATUS AND FUNDING PROGRESS

The funded status of the Plans as of October 1, 2009, the most recent actuarial valuation date, is as follows:

	Actuarial Value Assets (a)	Actuarial Liability (AAL) - Entry Age (b)	Unfunded AAL (UAAL) (b) - (a)	Funded Ratio (a) / (b)	Covered Payroll (c)	UAAL as a % of Covered Payroll ((b - a) / c)
Public Safety Pension Fund:						
Fire	\$ 3,965,053	\$ 4,471,106	\$ 506,053	88.7%	\$ 1,434,855	35.3%
Police	1,333,906	987,399	(346,507)	135.1%	749,835	-46.2%
General Employees' Pension Fund*	1,465,279	1,341,518	(123,761)	109.2%	1,890,529	-6.5%

*For purposes of this schedule, the AAL for the General Employees' Plan was determined using the entry age actuarial cost method. Note that the ARC for the Plan was calculated using the aggregate actuarial cost method.

The schedule of funding progress, presented as required supplementary information (RSI) following the notes to the financial statements, presents multiyear trend information about whether the actuarial values of plan assets are increasing or decreasing over time relative to the AALs for benefits.

NOTE 10 – OTHER POST EMPLOYMENT BENEFITS

PLAN DESCRIPTION

The Village provides an optional single employer defined benefit post-employment healthcare plan to eligible individuals. The plan allows its employees and their beneficiaries, at their own cost, to continue to obtain health, dental and other insurance benefits upon retirement. The benefits of the plan conform to Florida Statutes, which are the legal authority for the plan. The plan has no assets and does not issue a separate financial report.

VILLAGE OF TEQUESTA, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2010

NOTE 10 – OTHER POST EMPLOYMENT BENEFITS (CONTINUED)

FUNDING POLICY AND ANNUAL OPEB COST

The Village does not directly make a contribution to the plan on behalf of retirees. Retirees and their beneficiaries pay the same group rates as are charged to the Village for active employees by its healthcare provider. However, the Village's actuaries, in their actuarial valuation, calculate an offset to the cost of these benefits as an Employer Contribution, based upon an implicit rate subsidy. This offset equals the total age-adjusted costs paid by the Village or its active employees for coverage of the retirees and their dependents for the year net of the retiree's own payments for the year. The annual other post employment benefit (OPEB) cost is calculated based on the annual required contribution of the employer, an amount actuarially determined in accordance with GASB Statement No. 45. The annual required contribution 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 over a period not to exceed thirty years.

The annual OPEB cost for the Village for the current year and the related information is as follows:

Required Contribution Rates

Employer	Pay-as-you-go
Plan members	N/A
FY 2010 Annual Required Contribution (ARC)	\$ 106,000
Interest on Net OPEB Obligation	--
Adjustment to ARC	--
Annual OPEB Cost	106,000
Employer Contributions	(17,000)
Increase in the Net OPEB Obligation	89,000
Net OPEB Obligation - October 1, 2009	--
Net OPEB Obligation - September 30, 2010	\$ 89,000

The annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation for 2010 was:

Fiscal year ended	9/30/2010
Annual OPEB cost	\$ 106,000
Percentage of OPEB cost contributed	16%
Net OPEB Obligation	\$ 89,000

VILLAGE OF TEQUESTA, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2010

NOTE 10 – OTHER POST EMPLOYMENT BENEFITS (CONTINUED)

FUNDED STATUS AND FUNDING PROGRESS

The funded status of the plan as of the latest actuarial valuation was as follows:

Actuarial valuation date	October 1, 2009
Actuarial accrued liability (AAL)	\$ 484,000
Actuarial value of plan assets	--
Unfunded actuarial liability (UAAL)	484,000
Funded ratio	--
Covered payroll	4,111,000
UAAL as a percentage of covered payroll	11.80%

The actuarial valuation for the calculation of OPEB involves estimates of the value of reported amounts and assumptions about the probability of events in the future. 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 to past expectations and new estimates are made about the future. The required schedule of funding progress presented as required supplementary information is designed to provide multi-year trend information to show whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits. However, the Village has not contributed assets to the plan at this time

ACTUARIAL METHODS AND ASSUMPTIONS

Projections of benefits are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits in force at the valuation date and the pattern of sharing benefit costs between the Village and the plan members to that point. Actuarial calculations reflect a long-term perspective and employ methods and assumptions that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets. Significant methods and assumptions were as follows:

Actuarial valuation date	October 1, 2009
Actuarial cost method	Projected unit credit
Amortization method	15-year open period; level-dollar payment
Asset valuation method	Unfunded
Actuarial assumptions investment return	4% per annum (includes inflation at 2.75% per annum)
Healthcare cost trend rate(s):	
Select rates	10.00% for 2009/2010 graded to 6% for 2017/18
Ultimate rate	5.00% per annum

VILLAGE OF TEQUESTA, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2010

NOTE 11 – COMMITMENTS AND CONTINGENCIES

LEASE AGREEMENTS

On December 20, 1994, the Village entered into an Interlocal agreement with Palm Beach County. Per the agreement, Palm Beach County provided for partial funding, land acquisition and design and construction of a branch library within Tequesta. Upon completion of the project, the library was leased to Palm Beach County for 50 years for an annual rent of one dollar. In the event the Village terminates the lease before the end of 50 years, the Village must reimburse Palm Beach County a depreciated value using a useful life of 25 years based on an initial value of \$405,000 calculated on a straight-line basis.

CONTRACTED SERVICES – REFUSE AND RECYCLING COLLECTION

The Village entered into a solid waste and recyclable collection agreement with Waste Management Inc. of Florida on September 13, 2007 for a period of five years beginning October 01, 2007 and expiring September 30, 2012. With this agreement the Village granted Waste Management the exclusive franchise for solid waste collection of residential, commercial, industrial and roll-off refuse, recycling and vegetative waste. The Village, on August 5, 2010, entered into the first amendment to the agreement separating the diesel fuel and collection components of the rate allowing for separate calculation of an annual increase. The annual change in the collection component is determined using the CPI (June to June) while the annual change in the fuel component is determined using the change in the cost of diesel fuel determined by reference to EIA/DOE website that reports average prices. Effective September 30, 2010 the Village entered into a second amendment to the agreement extending the term of the current agreement and additional five (5) years from October 1, 2012 and expiring September 30, 2017.

CONTRACTED SERVICES – FIRE/EMERGENCY MEDICAL SERVICE

Effective October 1, 1993, the Village entered into an Interlocal agreement with Jupiter Inlet Colony for the Village to provide fire protection/emergency medical services for a fee. For the year ended September 30, 2010, fire protection fees received from Jupiter Inlet Colony were \$205,822.

VILLAGE OF TEQUESTA, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2010

NOTE 11 – COMMITMENTS AND CONTINGENCIES (CONTINUED)

CONSTRUCTION COMMITMENTS

Significant construction commitments as of September 30, 2010 are as following:

Description	Expended to Date	Estimated Cost to Complete	Estimated Completion Date
Tequesta Bridge	\$ 570,000	**	Winter 2010
Water Plant Expansion	--	\$ 2,445,605	Fall 2011

** The Florida Department of Transportation (FDOT) has agreed to complete this project using \$3,000,000 in Federal Economic Stimulus Funds allocated for the bridge. According to a memorandum of understanding with the FDOT, the Village will be responsible for costs in excess of the \$3,000,000 of the stimulus funds. In addition, the FDOT required the Village of Tequesta to deposit \$1,198,323.00 with the FDOT to be available in the event the cost to build the bridge exceeds \$3,000,000. As of September 30, 2010 the FDOT has refunded \$450,000 of the initial deposit, with any remaining amounts to be refunded after completion of the project and a final accounting of the total project costs.

NOTE 12 – RISK MANAGEMENT

The Village 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. While the Village cannot anticipate the areas in which potential claims may arise, the Village purchases commercial insurance to protect against areas of possible exposure germane to municipal entities such as property, liability, automobile, workers' compensation, crime, storage tank, inland marine and railroad coverage. Deductibles and limits vary by coverage and are secured based upon the Village's tolerance of risk retention in each area.

VILLAGE OF TEQUESTA, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2010

NOTE 12 – RISK MANAGEMENT (CONTINUED)

At the Village Council's direction, the property deductible of \$100,000 is applicable for all perils excluding hurricane/windstorm damage. The Florida Municipal Insurance Trust (FMIT) applies a named storm deductible of 5% of the 100% value of real and personal property, personal property of others and business income values at the time of loss or damage at the locations where the damage occurred, subject to the policy deductible, whichever is greater. The Village continues to self insure all properties valued under \$100,000. FMIT issued members in good standing a return of premium credit; the Village of Tequesta received a total credit of \$20,422 in fiscal year 2009/2010 related to policy year 2008/2009.

The Village remains fully insured with the FMIT for workers' compensation coverage with statutory limits. Premiums are based upon risk class and remuneration of covered employees adjusted by an experience modification factor which includes three prior years of claims history. At the end of each fiscal year, the plan is audited and the Village can either receive a return of premium or be required to pay additional premium base upon actual versus estimated payroll. The final audit by the FMIT for fiscal year 2009/2010 resulted in the Village owing the total of \$2,102, of which \$1,979 resulted from a workers' compensation premium shortfall.

There were no significant changes in insurance coverage from coverage in prior years. Settled claims have not exceeded the commercial coverage in any of the past three fiscal years.

NOTE 13 – JOINT VENTURE

The Village, in conjunction with six other municipalities, organized a consortium to provide mutual fire and emergency aid. The consortium is known as the Northern Area Mutual Aid Consortium (NAMAC). During 1999, the consortium purchased equipment and supplies as well as collected contributions. The consortium does not issue separate financial statements. The Village has not been obligated to contribute any funds to the consortium since its inception in 1999.

REQUIRED SUPPLEMENTARY INFORMATION

VILLAGE OF TEQUESTA, FLORIDA

**REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FISCAL YEAR ENDED SEPTEMBER 30, 2010**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Ad valorem taxes	\$ 4,636,000	\$ 4,636,000	\$ 4,643,816	\$ 7,816
Other taxes	1,014,240	1,223,485	1,315,006	91,521
Intergovernmental	700,440	700,440	739,110	38,670
Franchise fees	490,000	490,000	435,766	(54,234)
Charges for services	786,310	786,310	687,332	(98,978)
Intragovernmental	307,740	307,740	307,740	--
Licenses and permits	247,400	247,400	279,835	32,435
Investment earnings	57,000	57,000	71,067	14,067
Fines and forfeitures	22,400	22,400	21,721	(679)
Miscellaneous	36,500	36,500	61,974	25,474
Rents and royalties	171,850	171,850	161,492	(10,358)
Total Revenues	<u>8,469,880</u>	<u>8,679,125</u>	<u>8,724,859</u>	<u>45,734</u>
Expenditures				
Current:				
General government	1,421,350	1,421,257	1,340,475	80,782
Public safety	5,889,424	6,293,989	5,830,734	463,255
Transportation	741,030	757,963	738,323	19,640
Leisure services	541,340	566,993	554,449	12,544
Capital outlay	68,000	363,068	352,076	10,992
Debt service:				
Principal	282,120	284,841	284,833	8
Interest	159,550	159,550	159,506	44
Fiscal charges	12,000	12,000	10,286	1,714
Total Expenditures	<u>9,114,814</u>	<u>9,859,661</u>	<u>9,270,682</u>	<u>588,979</u>
Excess (Deficiency) of Revenues over Expenditures	(644,934)	(1,180,536)	(545,823)	634,713
Other Financing Uses				
Transfers out	--	(158,549)	(158,549)	--
Net Change in Fund Balance	(644,934)	(1,339,085)	(704,372)	634,713
Fund Balance - Beginning of Year	644,934	1,339,085	4,680,184	3,341,099
Fund Balance - End of Year	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 3,975,812</u>	<u>\$ 3,975,812</u>

See note to the budgetary comparison schedule.

VILLAGE OF TEQUESTA, FLORIDA

NOTE TO THE BUDGETARY COMPARISON SCHEDULE

FISCAL YEAR ENDED SEPTEMBER 30, 2009

NOTE 1 – BUDGETS AND BUDGETARY ACCOUNTING

Formal budgetary integration is employed as a management control device during the year for the General Fund, Special Revenue Fund and Capital Projects Funds. All budgets are legally enacted through passage of a resolution.

Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America. For budgeting purposes, current year encumbrances are not treated as expenditures.

The Village follows these procedures in establishing the budgetary data reflected in the financial statements:

- 1) Prior to September 1st, the Village Manager submits to the Village Council a proposed operating budget for the fiscal year commencing the following October 1st. The operating budget includes proposed expenditures and the means of financing them.
- 2) Public hearings are conducted to obtain taxpayer comments.
- 3) Prior to October 1st, the budget is legally enacted through adoption of a resolution.

As the original budgeted appropriations were adopted by resolution, all changes to the total appropriations of a fund must be adopted by resolution. Budget amendments for items in excess of \$5,000, capital items or amendments transferring funds between unrelated departments are presented to the Village Council for approval. Budget amendments not requiring Village Council approval are submitted by departments to the Finance Department and the Village Manager for approval. During the year, total supplemental appropriations of \$903,396 were approved and adopted for the General Fund. Appropriations are legally controlled at the fund level and expenditures may not legally exceed budgeted appropriations at that level. Appropriations lapse at year end.

VILLAGE OF TEQUESTA, FLORIDA

**REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF EMPLOYER CONTRIBUTIONS - PENSIONS
FISCAL YEAR ENDED SEPTEMBER 30, 2010**

Fiscal Year	Annual Required Contribution	Village Contribution		Percentage Contributed
		Village Contribution	Premium Tax Contribution	
<u>Firefighters' Pension Fund</u>				
2005	\$ 145,344	\$ 115,072	\$ 70,455	127.6%
2006	165,394	102,194	70,455	104.4%
2007	171,986	116,915	70,455	108.9%
2008	201,074	127,844	70,455	98.6%
2009	211,458	143,079	70,455	101.0%
2010	342,571	279,911	70,455	102.3%
<u>Police Officers' Pension Fund</u>				
2005	\$ 58,489	\$ 49,002	\$ 33,130	140.4%
2006	106,969	70,169	33,130	96.6%
2007	111,243	87,635	33,130	108.6%
2008	85,371	87,240	33,130	141.0%
2009	88,769	81,539	33,130	129.2%
2010	130,820	102,069	33,130	103.3%
<u>General Employees' Pension Fund</u>				
2005	\$ 95,949	\$ 98,658	N/A	102.8%
2006	88,512	108,015	N/A	122.0%
2007	92,042	122,449	N/A	133.0%
2008	88,790	130,665	N/A	147.2%
2009	92,364	141,407	N/A	153.1%
2010	146,458	148,167	N/A	101.2%

VILLAGE OF TEQUESTA, FLORIDA

**REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF FUNDING PROGRESS - PENSIONS
FISCAL YEAR ENDED SEPTEMBER 30, 2010**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Liability (AAL) - Entry Age* (b)	Unfunded AAL (UAAL) (b) - (a)	Funded Ratio (a) / (b)	Covered Payroll (c)	UAAL as a % of Covered Payroll ((b - a) / c)
Public Safety ⁽¹⁾						
10/01/02	\$ 1,875,657	\$ 1,428,869	\$ (446,788)	131.3%	\$ 2,132,437	(21.0%)
10/01/03	1,966,148	1,610,963	(355,185)	122.0%	1,339,667	(26.5%)
10/01/05	2,782,953	2,598,331	(184,622)	107.1%	1,650,403	(11.2%)
10/01/07	4,080,609	3,730,247	(350,362)	109.4%	1,931,871	(18.1%)
10/01/09						
Fire	3,965,053	4,471,106	506,053	88.7%	1,434,855	35.3%
Police	1,333,906	987,399	(346,507)	135.1%	749,835	(46.2%)

Note: Separate information for fire and police was not available prior to the 10/1/09 valuation.

⁽¹⁾ Through 10/1/07, the annual required contribution (ARC) was calculated using the aggregate actuarial cost method. Information in this schedule for those years was calculated using the entry age actuarial cost method as a surrogate for the funding progress of the Plan.

General Employees' ⁽²⁾

10/01/03	\$ 333,944	\$ 264,486	\$ (69,458)	126.3%	\$ 1,056,797	(6.5%)
10/01/05	602,280	429,242	(173,038)	140.3%	1,098,039	(15.8%)
10/01/07	1,026,897	764,571	(262,326)	134.3%	1,500,201	(17.5%)
10/01/08	1,235,850	1,034,855	(200,995)	119.4%	1,790,280	(11.2%)
10/01/09	1,465,279	1,341,518	(123,761)	109.2%	1,890,529	(6.5%)

⁽²⁾ The annual required contribution (ARC) was calculated using the aggregate actuarial cost method. Information in this schedule is calculated using the entry age actuarial cost method as a surrogate for the funding progress of the Plan.

VILLAGE OF TEQUESTA, FLORIDA

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF FUNDING PROGRESS - OTHER POST EMPLOYMENT BENEFITS

Actuarial Valuation Date	(a) Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded Actuarial Liability	Funded Ratio	Covered Payroll	Unfunded Actuarial Accrued Liability as of % of Covered
October 1, 2009	\$ --	\$ 484,000	\$ (484,000)	0.00%	\$ 4,111,000	11.80%

The above schedule reflects data for one year due to the year ended September 30, 2010 being the first year of implementation of GASB Statement No. 45.

**COMBINING AND INDIVIDUAL FUND
STATEMENTS AND SCHEDULES**

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NONMAJOR GOVERNMENTAL FUNDS

NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

Special revenue funds are used to account for specific revenues that are legally restricted to expenditures for particular purposes.

Special Law Enforcement Trust Fund – This fund accounts for forfeitures received by the Police Department. The forfeitures must be expended for certain law enforcement purposes as prescribed by Florida Statute Chapter 932.704.

Capital Projects Funds

Capital Improvement Fund – This fund is used to account for the maintenance and upkeep of the Village's general infrastructure (such as roads, bridges, sidewalks and storm water drainage systems) and streetscape beautification projects.

Capital Projects Fund – This fund accounts for the acquisition or construction of major capital projects, other than those financed by proprietary fund types.

VILLAGE OF TEQUESTA, FLORIDA

**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2010**

	<u>Special Revenue</u>	<u>Capital Projects</u>		Total
	Special Law Enforcement Fund	Capital Improvement Fund	Capital Projects Fund	Nonmajor Governmental Funds
Assets				
Cash and cash equivalents	\$ 21,072	\$ 479,008	\$ 268,773	\$ 768,853
Other assets	--	748,323	--	748,323
Total Assets	<u>\$ 21,072</u>	<u>\$ 1,227,331</u>	<u>\$ 268,773</u>	<u>\$ 1,517,176</u>
Liabilities and Fund Balances				
Liabilities				
Accounts payable	\$ --	\$ 12,147	\$ --	\$ 12,147
Total Liabilities	<u>--</u>	<u>12,147</u>	<u>--</u>	<u>12,147</u>
Fund Balances				
Reserved for encumbrances	--	63,038	54,800	117,838
Unreserved, designated:				
Subsequent year's expenditures	1,000	250,000	--	251,000
Unreserved, undesignated reported in:				
Special revenue fund	20,072	--	--	20,072
Capital projects fund	--	902,146	213,973	1,116,119
Total Fund Balances	<u>21,072</u>	<u>1,215,184</u>	<u>268,773</u>	<u>1,505,029</u>
Total Liabilities and Fund Balances	<u>\$ 21,072</u>	<u>\$ 1,227,331</u>	<u>\$ 268,773</u>	<u>\$ 1,517,176</u>

VILLAGE OF TEQUESTA, FLORIDA

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
NONMAJOR GOVERNMENTAL FUNDS
FISCAL YEAR ENDED SEPTEMBER 30, 2010**

	<u>Special Revenue</u>	<u>Capital Projects</u>		Total
	Special Law Enforcement Fund	Capital Improvement Fund	Capital Projects Fund	Nonmajor Governmental Funds
Revenues				
Intergovernmental	\$ --	\$ --	\$ 100,000	\$ 100,000
Miscellaneous	35	--	--	35
Total Revenues	<u>35</u>	<u>--</u>	<u>100,000</u>	<u>100,035</u>
Expenditures				
Current:				
General government	1,000	--	--	1,000
Leisure services	--	64,891	--	64,891
Capital outlay	--	162,148	80,000	242,148
Total Expenditures	<u>1,000</u>	<u>227,039</u>	<u>80,000</u>	<u>308,039</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(965)</u>	<u>(227,039)</u>	<u>20,000</u>	<u>(208,004)</u>
Other Financing Sources (Uses)				
Transfers in	--	273,549	--	273,549
Transfers out	--	--	(115,000)	(115,000)
Total Other Financing Sources (Uses)	<u>--</u>	<u>273,549</u>	<u>(115,000)</u>	<u>158,549</u>
Net Change in Fund Balances	(965)	46,510	(95,000)	(49,455)
Fund Balances - Beginning of Year	<u>22,037</u>	<u>1,168,674</u>	<u>363,773</u>	<u>1,554,484</u>
Fund Balances - End of Year	<u>\$ 21,072</u>	<u>\$ 1,215,184</u>	<u>\$ 268,773</u>	<u>\$ 1,505,029</u>

VILLAGE OF TEQUESTA, FLORIDA
BUDGETARY COMPARISON SCHEDULE
SPECIAL LAW ENFORCEMENT TRUST FUND
FISCAL YEAR ENDED SEPTEMBER 30, 2010

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	
Revenues				
Miscellaneous	\$ --	\$ --	\$ 35	\$ 35
Expenditures				
Current:				
General government	--	1,000	1,000	--
Excess (Deficiency) of Revenues over Expenditures	--	(1,000)	(965)	35
Fund Balance - Beginning of Year	--	1,000	22,037	21,037
Fund Balance - End of Year	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 21,072</u>	<u>\$ 21,072</u>

VILLAGE OF TEQUESTA, FLORIDA

**BUDGETARY COMPARISON SCHEDULE
CAPITAL IMPROVEMENT FUND
FISCAL YEAR ENDED SEPTEMBER 30, 2010**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues	\$ --	\$ --	\$ --	\$ --
Expenditures				
Current:				
Leisure services	--	65,000	64,891	109
Capital outlay	<u>1,313,323</u>	<u>1,327,831</u>	<u>162,148</u>	<u>1,165,683</u>
Total Expenditures	<u>1,313,323</u>	<u>1,392,831</u>	<u>227,039</u>	<u>1,165,792</u>
Excess (Deficiency) of Revenues over Expenditures	(1,313,323)	(1,392,831)	(227,039)	1,165,792
Other Financing Sources				
Transfers in	<u>115,000</u>	<u>273,549</u>	<u>273,549</u>	<u>--</u>
Net Change in Fund Balance	(1,198,323)	(1,119,282)	46,510	1,165,792
Fund Balance - Beginning of Year	<u>1,198,323</u>	<u>1,119,282</u>	<u>1,168,674</u>	<u>49,392</u>
Fund Balance - End of Year	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 1,215,184</u>	<u>\$ 1,215,184</u>

VILLAGE OF TEQUESTA, FLORIDA

**BUDGETARY COMPARISON SCHEDULE
CAPITAL PROJECTS FUND
FISCAL YEAR ENDED SEPTEMBER 30, 2010**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final	Amounts	
Revenues				
Intergovernmental	\$ --	\$ 80,000	\$ 100,000	\$ 20,000
Expenditures				
Capital outlay	<u> --</u>	<u> 134,800</u>	<u> 80,000</u>	<u> 54,800</u>
Excess (Deficiency) of Revenues Over Expenditures	--	(54,800)	20,000	74,800
Other Financing Uses				
Transfers Out	<u>(115,000)</u>	<u>(115,000)</u>	<u>(115,000)</u>	<u> --</u>
Net Change in Fund Balance	(115,000)	(169,800)	(95,000)	74,800
Fund Balance - Beginning of Year	<u> 115,000</u>	<u> 169,800</u>	<u> 363,773</u>	<u> 193,973</u>
Fund Balance - End of Year	<u> --</u>	<u> --</u>	<u> 268,773</u>	<u> 268,773</u>

NONMAJOR ENTERPRISE FUNDS

NONMAJOR ENTERPRISE FUNDS

Stormwater Fund – This fund is used to account for the construction and maintenance of the Village’s stormwater system.

Refuse and Recycling Fund – This fund is used to account for revenues received from non-ad valorem assessments charged to residents for residential curbside pick-up of solid waste and recyclable material.

VILLAGE OF TEQUESTA, FLORIDA

**COMBINING STATEMENT OF NET ASSETS
NONMAJOR ENTERPRISE FUNDS
SEPTEMBER 30, 2010**

	Stormwater Utility	Refuse & Recycling	Total Nonmajor Enterprise Funds
Assets			
Current Assets			
Cash and cash equivalents	\$ 537,850	\$ 137,158	\$ 675,008
Investments	4,602	4,628	9,230
Receivables, net	2,450	3,156	5,606
Inventories	481	--	481
Prepaid items	273	--	273
Total Current Assets	<u>545,656</u>	<u>144,942</u>	<u>690,598</u>
Noncurrent Assets			
Capital assets being depreciated, net	<u>1,568,981</u>	--	<u>1,568,981</u>
Total Assets	<u>2,114,638</u>	<u>144,942</u>	<u>2,259,579</u>
Liabilities			
Current Liabilities			
Accounts payable	<u>4,186</u>	<u>35,390</u>	<u>39,576</u>
Non-Current Liabilities			
Compensated absences	<u>480</u>	--	<u>480</u>
Total Liabilities	<u>4,666</u>	<u>35,390</u>	<u>40,056</u>
Net Assets			
Invested in capital assets, net of related debt	1,568,981	--	1,568,981
Unrestricted	<u>540,990</u>	<u>109,552</u>	<u>650,542</u>
Total Net Assets	<u>\$ 2,109,971</u>	<u>\$ 109,552</u>	<u>\$ 2,219,523</u>

VILLAGE OF TEQUESTA, FLORIDA
COMBINING STATEMENT OF REVENUES, EXPENSES AND
AND CHANGES IN NET ASSETS
NONMAJOR ENTERPRISE FUNDS
FISCAL YEAR ENDED SEPTEMBER 30, 2010

	Stormwater Utility	Refuse & Recycling	Total Nonmajor Enterprise Funds
Operating Revenues			
Charges for services	\$ 313,126	\$ 414,657	\$ 727,783
Operating Expenses			
Stormwater	106,458	--	106,458
Purchased services	--	425,006	425,006
Management services	10,440	6,150	16,590
Depreciation	106,523	--	106,523
Total Operating Expenses	<u>223,421</u>	<u>431,156</u>	<u>654,577</u>
Operating Income (Loss)	<u>89,705</u>	<u>(16,499)</u>	<u>73,206</u>
Non-Operating Revenues			
Miscellaneous revenue	792	--	792
Investment earnings	3,392	2,372	5,764
Total Non-Operating Revenues	<u>4,184</u>	<u>2,372</u>	<u>6,556</u>
Change in Net Assets	93,889	(14,127)	79,762
Net Assets - Beginning	<u>2,016,082</u>	<u>123,679</u>	<u>2,139,761</u>
Net Assets - Ending	<u>\$ 2,109,971</u>	<u>\$ 109,552</u>	<u>\$ 2,219,523</u>

VILLAGE OF TEQUESTA, FLORIDA
COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
FISCAL YEAR ENDED SEPTEMBER 30, 2010

	Stormwater Utility	Refuse & Recycling	Total Nonmajor Enterprise Funds
Cash Flows from Operating Activities			
Cash received from customers, governments and other funds	\$ 315,129	\$ 414,759	\$ 729,888
Cash paid to suppliers	(85,646)	(432,261)	(517,907)
Cash paid to employees	(44,143)	--	(44,143)
Other cash received	<u>792</u>	<u>--</u>	<u>792</u>
Net Cash Provided by (Used in) Operating Activities	<u>186,132</u>	<u>(17,502)</u>	<u>168,630</u>
Cash Flows from Capital and Related Financing Activities			
Acquisition and construction of capital assets	<u>(54,582)</u>	<u>--</u>	<u>(54,582)</u>
Net Cash Used in Capital and Related Financing Activities	<u>(54,582)</u>	<u>--</u>	<u>(54,582)</u>
Cash Flows from Investing Activities			
Sales of investments	183,086	107,824	290,910
Interest received on investments	<u>3,392</u>	<u>2,372</u>	<u>5,764</u>
Net Cash Provided by Investing Activities	<u>186,478</u>	<u>110,196</u>	<u>296,674</u>
Net Increase in Cash and Cash Equivalents	318,028	92,694	410,722
Cash and Cash Equivalents - Beginning	<u>219,822</u>	<u>44,464</u>	<u>264,286</u>
Cash and Cash Equivalents - Ending	<u>\$ 537,850</u>	<u>\$ 137,158</u>	<u>\$ 675,008</u>
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:			
Operating income (loss)	\$ 89,705	\$ (16,499)	\$ 73,206
Depreciation	106,523	--	106,523
Miscellaneous non-operating revenue	792	--	792
Changes in operating assets and liabilities:			
(Increase) decrease in:			
Accounts receivable	2,003	102	2,105
Inventories	680	--	680
Prepaid items	12	--	12
Increase (decrease) in:			
Accounts payable	(11,927)	(1,105)	(13,032)
Compensated absences	<u>(1,656)</u>	<u>--</u>	<u>(1,656)</u>
Net Cash Provided by (Used in) Operating Activities	<u>\$ 186,132</u>	<u>\$ (17,502)</u>	<u>\$ 168,630</u>
Noncash Investing Activities			
Change in fair value of investments	<u>\$ 1,647</u>	<u>\$ 1,619</u>	<u>\$ 3,266</u>

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FIDUCIARY FUNDS

FIDUCIARY FUNDS

Firefighters' Pension Trust Fund – This fund accounts for the accumulation of resources and for contributions and benefits of the firefighter employees.

Police Officers' Pension Trust Fund – This fund accounts for the accumulation of resources and for contributions and benefits of the police employees.

General Employees' Pension Trust Fund – This fund accounts for the accumulation of resources and for contributions and benefits for the general employees of the Village.

VILLAGE OF TEQUESTA, FLORIDA
COMBINING STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
SEPTEMBER 30, 2010

	Firefighters' Pension Trust Fund	Police Officers' Pension Trust Fund	General Employees' Pension Trust Fund	Total
Assets				
Cash and cash equivalents	\$ 129,568	\$ 48,514	\$ 49,934	\$ 228,016
Investments, at fair value:				
Corporate stocks	2,003,707	774,790	844,883	3,623,380
Corporate bonds	528,476	204,464	301,042	1,033,982
Government backed assets	1,244,439	481,779	305,987	2,032,205
Mutual funds	436,618	165,929	94,091	696,638
Prepaid items	2,500	965	--	3,465
Contributions receivable	64,882	6,382	12,634	83,898
Accrued interest receivable	12,838	4,964	8,004	25,806
	<u>4,423,028</u>	<u>1,687,787</u>	<u>1,616,575</u>	<u>7,727,390</u>
Total Assets				
Liabilities				
Accounts payable	10,565	4,076	8,340	22,981
Due to broker	--	--	33,604	33,604
	<u>10,565</u>	<u>4,076</u>	<u>41,944</u>	<u>56,585</u>
Total Liabilities				
Net Assets Held in Trust for Pension Benefits				
	<u>\$ 4,412,463</u>	<u>\$ 1,683,711</u>	<u>\$ 1,574,631</u>	<u>\$ 7,670,805</u>

VILLAGE OF TEQUESTA, FLORIDA
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
FISCAL YEAR ENDED SEPTEMBER 30, 2010

	Firefighters' Pension Trust Fund	Police Officers' Pension Trust Fund	General Employees' Pension Trust Fund	Total
Additions				
Contributions:				
Employer	\$ 279,910	\$ 102,069	\$ 148,167	\$ 530,146
Employee	73,816	39,167	91,915	204,898
State	149,253	59,992	--	209,245
Total contributions	<u>502,979</u>	<u>201,228</u>	<u>240,082</u>	<u>944,289</u>
Investment income				
Net appreciation in fair value of investments	461,259	174,774	94,967	731,000
Investment earnings	75,014	28,585	42,517	146,116
	536,273	203,359	137,484	877,116
Less investment expenses	(33,603)	(12,837)	(23,444)	(69,884)
Net investment income	<u>502,670</u>	<u>190,522</u>	<u>114,040</u>	<u>807,232</u>
Total Additions	<u>1,005,649</u>	<u>391,750</u>	<u>354,122</u>	<u>1,751,521</u>
Deductions				
Refunds of contributions	--	--	16,639	16,639
Operating expenses	25,825	10,143	29,181	65,149
Total Deductions	<u>25,825</u>	<u>10,143</u>	<u>45,820</u>	<u>81,788</u>
Net Increase	979,824	381,607	308,302	1,669,733
Net Assets Held in Trust for Pension Benefits				
Net assets - beginning	3,432,639	1,302,104	1,266,329	6,001,072
Net assets - ending	<u>\$ 4,412,463</u>	<u>\$ 1,683,711</u>	<u>\$ 1,574,631</u>	<u>\$ 7,670,805</u>

STATISTICAL SECTION

STATISTICAL SECTION

This part of the Village of Tequesta's Comprehensive Annual Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the Village overall financial health.

Contents	Page
<u>Financial Trends</u> These schedules contain trend information to help the reader understand how the Village's financial performance and well-being have changed over time.	79-83
<u>Revenue Capacity</u> These schedules contain information to help the reader assess the Village most significant local revenue source, the property tax.	84-87
<u>Debt Capacity</u> These schedules present information to help the reader assess the affordability of the Village current levels of outstanding debt and the Town's ability to issue additional debt in the future.	88-92
<u>Demographic and Economic Information</u> These schedules offer demographic and economic indicators to help the reader understand the environment within which the Village's financial activities take place.	93-94
<u>Operating Information</u> These schedules contain service and infrastructure data to help the reader understand how the information in the Village's financial report relates to the services the Village provides and the activities it performs.	95-97

Sources: Unless other wise noted, the information in these schedules is derived from the Comprehensive Annual Financial Reports for the relevant year.

VILLAGE OF TEQUESTA, FLORIDA

NET ASSETS BY COMPONENT

LAST EIGHT FISCAL YEARS

(ACCRUAL BASIS OF ACCOUNTING)

	2003	2004	2005	2006	2007	2008	2009	2010
Governmental Activities								
Invested in capital assets, net of related debt	\$ 2,209,191	\$ 921,889	\$ 1,788,749	\$ 4,515,096	\$ 6,679,855	\$ 6,959,332	\$ 7,330,897	\$ 7,525,570
Restricted				143,370	140,990	--	--	--
Unrestricted	<u>4,423,513</u>	<u>4,947,838</u>	<u>6,926,208</u>	<u>5,570,447</u>	<u>5,402,774</u>	<u>6,459,522</u>	<u>6,218,462</u>	<u>5,306,661</u>
Total Governmental Activities Net Assets	<u>\$ 6,632,704</u>	<u>\$ 5,869,727</u>	<u>\$ 8,714,957</u>	<u>\$ 10,228,913</u>	<u>\$ 12,223,619</u>	<u>\$ 13,418,854</u>	<u>\$ 13,549,359</u>	<u>\$ 12,832,231</u>
Business-Type Activities:								
Invested in capital assets, net of related debt	\$ 10,561,209	\$ 9,602,911	\$ 10,815,151	\$ 11,722,188	\$ 14,513,500	\$ 14,082,989	\$ 13,713,525	\$ 13,037,012
Restricted	317,193	322,818	317,102	396,369	328,544	--	--	--
Unrestricted	<u>4,843,781</u>	<u>5,901,624</u>	<u>4,604,463</u>	<u>4,867,905</u>	<u>3,046,229</u>	<u>3,581,512</u>	<u>3,997,271</u>	<u>4,975,318</u>
Total Business-Type Activities Net Assets	<u>\$ 15,722,183</u>	<u>\$ 15,827,353</u>	<u>\$ 15,736,716</u>	<u>\$ 16,986,462</u>	<u>\$ 17,888,273</u>	<u>\$ 17,664,501</u>	<u>\$ 17,710,796</u>	<u>\$ 18,012,330</u>
Primary government:								
Invested in capital assets, net of related debt	\$ 12,770,400	\$ 10,524,800	\$ 12,603,900	\$ 16,237,284	\$ 21,193,355	\$ 21,042,321	\$ 21,044,422	\$ 20,562,582
Restricted	317,193	322,818	317,102	539,739	469,534	--	--	--
Unrestricted	<u>9,267,294</u>	<u>10,849,462</u>	<u>11,530,671</u>	<u>10,438,352</u>	<u>8,449,003</u>	<u>10,041,034</u>	<u>10,215,733</u>	<u>10,281,979</u>
Total Governmental Activities Net Assets	<u>\$ 22,354,887</u>	<u>\$ 21,697,080</u>	<u>\$ 24,451,673</u>	<u>\$ 27,215,375</u>	<u>\$ 30,111,892</u>	<u>\$ 31,083,355</u>	<u>\$ 31,260,155</u>	<u>\$ 30,844,561</u>

Note: The Village began to report accrual information when it implemented GASB Statement 34 in fiscal year 2003.

VILLAGE OF TEQUESTA, FLORIDA

CHANGES IN NET ASSETS

LAST EIGHT FISCAL YEARS

(ACCRUAL BASIS OF ACCOUNTING)

	2003	2004	2005	2006	2007	2008	2009	2010
Expenses								
Governmental activities:								
General government	\$ 1,299,812	\$ 1,105,741	\$ 1,361,013	\$ 1,402,535	\$ 1,391,654	\$ 1,344,038	\$ 1,501,344	\$ 1,503,750
Public safety	3,649,803	4,138,374	4,691,063	5,577,243	5,634,834	5,784,245	5,807,477	6,313,835
Transportation	474,134	804,523	656,158	837,441	766,226	736,844	774,966	843,960
Leisure services	385,192	458,659	605,745	756,224	559,583	539,450	639,590	710,685
Interest on long-term debt	277,855	262,479	248,728	243,871	229,074	206,126	180,770	169,792
Total Governmental Activities Expenses	<u>6,086,796</u>	<u>6,769,776</u>	<u>7,562,707</u>	<u>8,817,314</u>	<u>8,581,371</u>	<u>8,610,703</u>	<u>8,904,147</u>	<u>9,542,022</u>
Business-type activities:								
Water	3,881,752	3,975,766	4,026,027	4,187,257	4,139,784	3,760,426	3,907,950	3,989,517
Stormwater	278,442	155,537	142,788	198,993	188,709	215,163	226,498	223,421
Refuse and recycling	229,460	252,933	260,715	270,887	306,347	420,081	444,449	431,156
Community development	593,105	513,101	--	--	--	--	--	--
Total Business-Type Activities Expenses	<u>4,982,759</u>	<u>4,897,337</u>	<u>4,429,530</u>	<u>4,657,137</u>	<u>4,634,840</u>	<u>4,395,670</u>	<u>4,578,897</u>	<u>4,644,094</u>
Total Primary Government Program Expenses	<u>\$ 11,069,555</u>	<u>\$ 11,667,113</u>	<u>\$ 11,992,237</u>	<u>\$ 13,474,451</u>	<u>\$ 13,216,211</u>	<u>\$ 13,006,373</u>	<u>\$ 13,483,044</u>	<u>\$ 14,186,116</u>
Program Revenues								
Governmental activities:								
Charges for services:								
General government	\$ 352,901	\$ 439,646	\$ 260,647	\$ 270,137	\$ 278,215	\$ 475,244	\$ 302,182	\$ 316,816
Public safety	477,041	538,056	1,040,427	1,121,642	1,006,947	863,391	783,774	899,639
Transportation	--	--	--	--	--	12	--	--
Leisure services	63,438	42,430	4,410	57,261	54,364	50,219	72,487	92,003
Operating grants and contributions	56,517	43,945	515,438	365,183	20,350	18,711	67,842	24,354
Capital grants and contributions	--	--	--	535,000	54,764	57,736	--	100,000
Total Governmental Activities Program Revenues	<u>949,897</u>	<u>1,064,077</u>	<u>1,820,922</u>	<u>2,349,223</u>	<u>1,414,640</u>	<u>1,465,313</u>	<u>1,226,285</u>	<u>1,432,812</u>
Business-Type Activities								
Charges for services:								
Water	4,082,459	3,931,562	4,037,674	4,090,268	3,850,508	3,463,564	3,863,439	4,076,132
Stormwater	297,843	303,450	298,188	301,993	303,273	299,729	314,569	313,126
Refuse and recycling	242,901	248,252	277,589	283,821	285,917	402,439	414,312	414,657
Community development	628,068	348,511	--	--	--	--	--	--
Operating grants and contributions	--	--	--	42,471	7,827	--	--	51,511
Capital grants and contributions	--	--	119,944	484,000	430,000	--	--	--
Total Business-Type Activities Program Revenues	<u>5,251,271</u>	<u>4,831,775</u>	<u>4,733,395</u>	<u>5,202,553</u>	<u>4,877,525</u>	<u>4,165,732</u>	<u>4,592,320</u>	<u>4,855,426</u>
Total Primary Government Program Revenues	<u>\$ 6,201,168</u>	<u>\$ 5,895,852</u>	<u>\$ 6,554,317</u>	<u>\$ 7,551,776</u>	<u>\$ 6,292,165</u>	<u>\$ 5,631,045</u>	<u>\$ 5,818,605</u>	<u>\$ 6,288,238</u>
Net (Expense) Revenue								
Governmental activities	\$ (5,136,899)	\$ (5,705,699)	\$ (5,741,785)	\$ (6,468,091)	\$ (7,166,731)	\$ (7,145,390)	\$ (7,677,862)	\$ (8,109,210)
Business-type activities	268,512	(65,562)	303,865	545,416	242,685	(229,938)	13,423	211,332
Total Primary Government Net Expense	<u>\$ (4,868,387)</u>	<u>\$ (5,771,261)</u>	<u>\$ (5,437,920)</u>	<u>\$ (5,922,675)</u>	<u>\$ (6,924,046)</u>	<u>\$ (7,375,328)</u>	<u>\$ (7,664,439)</u>	<u>\$ (7,897,878)</u>

Note: The Village began to report accrual information when it implemented GASB Statement 34 in fiscal year 2003.

VILLAGE OF TEQUESTA, FLORIDA

CHANGES IN NET ASSETS (CONTINUED)

LAST EIGHT FISCAL YEARS

(ACCRUAL BASIS OF ACCOUNTING)

General Revenues and Other Changes in Net Assets	2003	2004	2005	2006	2007	2008	2009	2010
Governmental activities:								
Taxes:								
Property taxes	\$ 3,392,623	\$ 3,781,095	\$ 4,494,713	\$ 5,166,754	\$ 6,139,007	\$ 5,661,200	\$ 5,173,808	\$ 4,643,816
Other taxes	1,093,877	1,089,781	1,084,827	1,087,759	1,157,128	1,123,272	1,285,063	1,315,006
Franchise fees based on gross receipts	350,423	372,212	367,778	419,929	477,711	462,296	466,541	435,766
Unrestricted intergovernmental	520,921	558,069	622,457	679,001	815,828	783,034	702,616	717,673
Unrestricted investment earnings	89,532	79,483	214,588	392,961	404,816	152,602	8,725	71,067
Miscellaneous revenues	123,740	83,126	641,901	173,362	106,647	37,621	171,614	208,754
Gain (loss) on sale of capital assets	6,400	(1,012,584)	--	1,981	--	--	--	--
Transfers	(7,847)	(8,460)	710,151	60,300	60,300	120,600	--	--
Total Governmental Activities	<u>5,569,669</u>	<u>4,942,722</u>	<u>8,136,415</u>	<u>7,982,047</u>	<u>9,161,437</u>	<u>8,340,625</u>	<u>7,808,367</u>	<u>7,392,082</u>
Business-Type Activities								
Unrestricted Investment earnings	70,706	75,846	164,163	280,665	321,718	86,811	(9,208)	49,973
Miscellaneous revenues	10,917	82,576	151,487	479,145	397,708	39,955	42,080	40,229
Gain (loss) on sale of capital assets	681,912	3,850	(710,151)	4,820	--	--	--	--
Transfers	7,847	8,460	--	(60,300)	(60,300)	(120,600)	--	--
Total Business-Type Activities	<u>771,382</u>	<u>170,732</u>	<u>(394,501)</u>	<u>704,330</u>	<u>659,126</u>	<u>6,166</u>	<u>32,872</u>	<u>90,202</u>
Total Primary Government	<u>6,341,051</u>	<u>5,113,454</u>	<u>7,741,914</u>	<u>8,686,377</u>	<u>9,820,563</u>	<u>8,346,791</u>	<u>7,841,239</u>	<u>7,482,284</u>
Change in net assets:								
Governmental activities	432,770	(762,977)	2,394,630	1,513,956	1,994,706	1,195,235	130,505	(717,128)
Business-type activities	1,039,894	105,170	(90,636)	1,249,746	901,811	(223,772)	46,295	301,534
Total Primary Government	<u>\$ 1,472,664</u>	<u>\$ (657,807)</u>	<u>\$ 2,303,994</u>	<u>\$ 2,763,702</u>	<u>\$ 2,896,517</u>	<u>\$ 971,463</u>	<u>\$ 176,800</u>	<u>\$ (415,594)</u>

VILLAGE OF TEQUESTA, FLORIDA

FUND BALANCES, GOVERNMENTAL FUNDS

LAST TEN FISCAL YEARS

(MODIFIED ACCRUAL BASIS OF ACCOUNTING)

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
General Fund										
Reserved	\$ 202,585	\$ 146,557	\$ 43,745	\$ 50,509	\$ 56,759	\$ 176,410	\$ 47,493	\$ 82,197	\$ 383,766	\$ 129,394
Unreserved	<u>2,656,696</u>	<u>2,943,229</u>	<u>3,170,436</u>	<u>3,718,380</u>	<u>3,424,408</u>	<u>3,221,390</u>	<u>4,456,247</u>	<u>5,180,611</u>	<u>4,296,418</u>	<u>3,846,418</u>
Total General Fund	<u>2,859,281</u>	<u>3,089,786</u>	<u>3,214,181</u>	<u>3,768,889</u>	<u>3,481,167</u>	<u>3,397,800</u>	<u>4,503,740</u>	<u>5,262,808</u>	<u>4,680,184</u>	<u>3,975,812</u>
All Other Governmental Funds										
Reserved	122,627	1,030,617	155,645	341,722	823,675	143,370	196,426	12,752	29,508	117,838
Unreserved, reported in:										
Special revenue fund	141,912	175,980	237,858	15,692	17,901	255,179	362,582	391,527	22,037	21,072
Capital Projects funds	<u>1,091,185</u>	<u>1,557,927</u>	<u>1,069,670</u>	<u>889,395</u>	<u>2,519,033</u>	<u>1,599,416</u>	<u>457,885</u>	<u>803,511</u>	<u>1,502,939</u>	<u>1,366,119</u>
Total Other Governmental Funds	<u>\$1,355,724</u>	<u>\$2,764,524</u>	<u>\$1,463,173</u>	<u>\$1,246,809</u>	<u>\$3,360,609</u>	<u>\$1,997,965</u>	<u>\$1,016,893</u>	<u>\$1,207,790</u>	<u>\$1,554,484</u>	<u>\$1,505,029</u>

Note:

In fiscal year 2007, started a breakdown of unreserved of other governmental funds.

VILLAGE OF TEQUESTA, FLORIDA
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS

(MODIFIED ACCRUAL BASIS OF ACCOUNTING)

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Revenues										
Taxes	\$ 4,102,022	\$ 4,502,446	\$ 4,836,923	\$ 5,243,088	\$ 5,579,540	\$ 6,254,513	\$ 7,296,135	\$ 6,871,639	\$ 6,458,871	\$ 5,958,822
Intergovernmental	573,933	638,106	575,986	596,947	622,457	679,001	815,828	783,034	724,375	839,110
Franchise fees	-	-	-	-	367,778	419,929	477,711	462,296	466,541	435,766
Charges for services	302,072	382,650	362,663	477,513	490,995	507,702	526,922	574,937	597,269	687,332
Intragovernmental	252,756	327,270	337,490	341,700	254,898	262,700	273,150	280,100	292,990	307,740
Grants	-	142,207	56,517	43,945	515,438	900,183	90,398	76,448	37,583	--
Licenses and permits	83,702	108,429	103,564	93,601	549,884	631,521	401,704	299,059	211,371	279,835
Interest	193,208	84,693	83,166	79,483	214,588	392,961	404,816	152,602	8,725	71,067
Fines and forfeitures	47,351	68,758	58,467	57,413	352,254	34,825	111,080	40,779	34,877	21,721
Miscellaneous	46,116	46,423	80,494	83,126	289,647	175,343	52,899	38,242	80,603	62,009
Rents and royalties	-	-	-	-	-	-	108,628	103,627	120,596	161,492
Impact fees	4,084	44,320	32,143	11,028	9,707	12,292	3,858	2,575	851	--
Total Revenues	<u>5,605,244</u>	<u>6,345,302</u>	<u>6,527,413</u>	<u>7,027,844</u>	<u>9,247,186</u>	<u>10,270,970</u>	<u>10,563,129</u>	<u>9,685,338</u>	<u>9,034,652</u>	<u>8,824,894</u>
Expenditures										
Current:										
General government	1,216,011	1,139,653	1,289,050	1,225,550	1,314,270	1,391,612	1,371,148	1,220,238	1,373,158	1,341,475
Public safety	2,996,439	3,229,968	3,443,961	3,918,798	4,351,936	5,233,807	5,291,398	5,439,202	5,411,745	5,830,734
Transportation	430,813	403,363	440,263	776,273	625,014	807,651	736,436	692,552	710,384	738,323
Leisure services	238,843	325,326	347,975	384,980	523,439	692,408	495,767	467,740	562,714	619,340
Capital outlay	1,381,776	4,048,126	1,439,607	368,303	870,453	3,162,034	1,892,075	257,373	752,980	594,224
Debt service:										
Principal	486,147	1,997,263	470,221	319,280	336,101	382,687	482,665	572,742	278,831	284,833
Interest	164,307	133,998	277,855	262,479	255,672	243,871	222,938	200,236	171,297	159,506
Fiscal charges	--	--	--	--	--	--	6,136	5,890	9,473	10,286
Total Expenditures	<u>6,914,336</u>	<u>11,277,697</u>	<u>7,708,932</u>	<u>7,255,663</u>	<u>8,276,885</u>	<u>11,914,070</u>	<u>10,498,563</u>	<u>8,855,973</u>	<u>9,270,582</u>	<u>9,578,721</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(1,309,092)</u>	<u>(4,932,395)</u>	<u>(1,181,519)</u>	<u>(227,819)</u>	<u>970,301</u>	<u>(1,643,100)</u>	<u>64,568</u>	<u>829,364</u>	<u>(235,930)</u>	<u>(753,827)</u>
Other Financing Sources (Uses)										
Transfers in	2,624,652	5,358,147	464,954	326,010	3,771,617	2,023,368	685,644	924,300	1,642,813	273,549
Transfers-out	(644,090)	(4,038,447)	(472,801)	(334,470)	(3,068,840)	(1,963,068)	(625,344)	(803,700)	(1,642,813)	(273,549)
Other proceeds	--	5,252,000	--	574,624	152,999	136,789	--	--	--	--
Total Other Financing Sources (Uses)	<u>1,980,562</u>	<u>6,571,700</u>	<u>(7,847)</u>	<u>566,164</u>	<u>855,776</u>	<u>197,089</u>	<u>60,300</u>	<u>120,600</u>	<u>--</u>	<u>--</u>
Net Change in Fund Balances	<u>\$ 671,470</u>	<u>\$ 1,639,305</u>	<u>\$ (1,189,366)</u>	<u>\$ 338,345</u>	<u>\$ 1,826,077</u>	<u>\$ (1,446,011)</u>	<u>\$ 124,868</u>	<u>\$ 949,964</u>	<u>\$ (235,930)</u>	<u>\$ (753,827)</u>
Debt Service as a Percentage of Noncapital Expenditures	11.76%	29.48%	11.93%	8.45%	7.99%	7.16%	8.20%	8.99%	5.40%	5.06%

VILLAGE OF TEQUESTA, FLORIDA

ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY

LAST TEN FISCAL YEARS

Fiscal Year Ending September 30	Real Property		Personal Property		Centrally Assessed Property		Total		Assessed Value as a Percentage of Actual Value	
	Taxable Assessed Value	Estimated Actual "Just"	Taxable Assessed Value	Estimated Actual "Just"	Taxable Assessed Value	Estimated Actual "Just"	Taxable Assessed Value	Direct Tax Rate		Estimated Actual "Just"
		Value of Taxable Property		Value of Taxable Property		Value of Taxable Property		Value of Taxable Property		Value of Taxable Property
2001	\$ 422,707,903	\$ 522,797,351	\$18,949,389	\$ 21,865,379	\$ 278,827	\$ 278,827	\$ 441,936,119	6.7305	\$ 544,941,557	81%
2002	468,569,608	601,222,227	18,641,610	21,621,054	279,734	279,734	487,490,952	6.7305	623,123,015	78%
2003	503,562,346	672,688,887	19,211,494	22,202,297	287,762	287,762	523,061,602	6.7305	695,178,946	75%
2004	583,470,308	789,428,369	19,488,528	22,409,087	326,474	326,474	603,285,310	6.4980	812,163,930	74%
2005	695,900,596	950,969,798	19,752,631	22,669,061	340,485	340,485	715,993,712	6.4980	973,979,344	74%
2006	804,692,586	1,159,686,579	20,372,762	23,286,106	340,839	340,839	825,406,187	6.4980	1,183,313,524	70%
2007	959,650,125	1,369,028,275	21,925,090	21,925,090	385,284	385,284	981,960,499	6.4980	1,391,338,649	71%
2008	992,309,662	1,410,466,330	24,589,752	27,733,698	489,214	489,214	1,017,388,628	5.7671	1,438,689,242	71%
2009	905,243,765	1,263,380,924	20,238,412	26,800,875	724,859	730,883	926,207,036	5.7671	1,290,912,682	72%
2010	813,253,151	1,087,782,592	19,867,770	25,872,707	713,541	718,791	833,906,426	5.7671	1,114,374,270	75%

Source: Palm Beach County Property Appraiser's office:

Form DR-422 "The 2009 Revised Recapitulation of the Ad Valorem Assessment Rolls of Tequesta, Palm Beach County, Florida"

VILLAGE OF TEQUESTA, FLORIDA

PROPERTY TAX RATES - ALL DIRECT AND OVERLAPPING GOVERNMENTS (Per \$1,000 of Assessed Value)

LAST TEN FISCAL YEARS

Fiscal Year Ending September 30	Direct Rates		Overlapping Rates (1)								
	Village Rate	County County	County Debt	Everglades Construction	School District	County Library	S. Florida Water Mgmt. District	Jupiter Inlet District	Fl. Island Nav. District (FIND)	Children's Services Council	County Health Care District
2001	6.7305	4.9362	0.3362	0.1000	8.9180	0.5403	0.6970	0.1091	0.0410	0.5000	1.0250
2002	6.7305	4.9351	0.3851	0.1000	8.9480	0.5403	0.6970	0.1012	0.0385	0.5703	1.1500
2003	6.7305	4.5000	0.3084	0.1000	8.7790	0.5403	0.5970	0.0916	0.0385	0.6228	1.1300
2004	6.4980	4.5000	0.2910	0.1000	8.5710	0.5833	0.5970	0.0916	0.0385	0.6902	1.1300
2005	6.4980	4.5000	0.2677	0.1000	8.4320	0.5807	0.5970	0.0916	0.0385	0.6902	1.1000
2006	6.4980	4.4500	0.2692	0.1000	8.1060	0.6250	0.5970	0.0916	0.1000	0.6887	1.0800
2007	6.4980	4.2800	0.1975	0.1000	7.8720	0.5989	0.5970	0.0916	0.0385	0.6199	0.9700
2008	5.7671	3.7811	0.2002	0.0894	7.3560	0.5441	0.5346	0.0909	0.0345	0.5823	0.8900
2009	5.7671	3.7811	0.1845	0.0894	7.2510	0.5427	0.5346	0.1000	0.0345	0.6009	0.9975
2010	5.7671	4.3440	0.2174	0.0894	7.9830	0.5518	0.5346	0.1253	0.0345	0.6898	1.1451

(1) Overlapping rates are those of local and county governments that apply to property owners within the Village of Tequesta.

Sources: Palm Beach County Property Appraiser's office

VILLAGE OF TEQUESTA, FLORIDA

PRINCIPAL PROPERTY TAXPAYERS

MOST CURRENT YEAR (2009) AND NINE YEARS AGO

Taxpayer	2009**			2000		
	Taxable Assessed Value	Rank	Percentage of Total Village Taxable Value	Taxable Assessed Value	Rank	Percentage of Total Village Taxable Value
Tamwest Realty, Inc (County Line Plaza)	\$ 18,471,466	1	2.21%	\$ 12,881,896	1	2.91%
Inland S.E. Tequesta, LLC (Teq. Shoppes)	9,000,000	2	1.08%	7,720,000	2	1.75%
Tequesta Investors LP	7,400,000	3	0.89%			
Terrace Communities Tequesta LLC	7,070,621	4	0.85%			
SLO ML LLC	4,853,449	5	0.58%			
JMZ Tequesta Properties, Inc.	4,770,176	6	0.57%			
Tequesta Country Club	4,158,957	7	0.50%	3,527,576	5	0.80%
ALS North America, Inc.	4,150,000	8	0.50%			
Royal Tequesta LLC	3,946,354	9	0.47%			
Tracy Thomas J.	3,796,045	10	0.45%			
Lighthouse Cove apartments, Ltd.				7,300,954	3	1.65%
H & J Tequesta Assoc.				5,450,000	4	1.23%
AHC Purchaser Inc				2,978,496	6	0.67%
Jacksonville Tower Assoc.				2,250,385	7	0.51%
First Union National Bank of FL				1,978,062	8	0.45%
Oz of Tequesta, Inc.				1,672,374	10	0.38%
Tequesta Fashion Mall				1,800,000	9	0.41%
Total	\$ 67,617,068		8.10%	\$ 47,559,743		10.76%

** Palm Beach County Property Appraiser's Office is unable to provide 2010 top taxpayers due to software changing and report redesigning. Due to this circumstances 2009 information is used.

VILLAGE OF TEQUESTA, FLORIDA
PROPERTY TAX LEVIES AND COLLECTIONS

LAST TEN FISCAL YEARS

Fiscal Year Ended September 30,	Taxes Levied for the Fiscal Year (1)	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date (2)	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2001	\$ 2,985,994	\$ 2,970,942	99.5%	\$ 15,052	\$ 2,985,994	100.0%
2002	3,271,160	3,147,730	96.2%	5,816	3,153,546	96.4%
2003	3,520,466	3,388,176	96.2%	13,983	3,402,160	96.6%
2004	3,912,003	3,776,782	96.5%	4,125	3,780,907	96.6%
2005	4,650,578	4,486,224	96.5%	5,857	4,492,081	96.6%
2006	5,363,489	5,164,292	96.3%	5,543	5,169,835	96.4%
2007	6,355,149	6,134,038	96.5%	9,000	6,143,039	96.7%
2008	5,863,796	5,663,439	96.6%	4,401	5,667,839	96.7%
2009	5,341,529	5,162,044	96.6%	11,548	5,173,592	96.9%
2010	4,809,222	4,627,732	96.2%	--	4,627,732	96.2%

(1) The tax levied in a fiscal year is based on the taxable value of the prior year

(2) Includes discounts taken by property taxpayers.

Source: Palm Beach County Tax Collector's office.

VILLAGE OF TEQUESTA, FLORIDA

RATIOS OF OUTSTANDING DEBT BY TYPE

LAST TEN FISCAL YEARS

Fiscal Year Ending September 30	Governmental Activities			Business-type Activities		Total Primary Government	Percentage of Personal Income	Per Capita
	Revenue Bonds	Notes Payable	Capital Leases	Revenue Bonds	Notes Payable			
2001	\$ 880,000	\$ --	\$ 246,696	\$ 7,640,000	\$ 58,669	\$8,825,365	4.75%	\$ 1,663
2002	790,000	5,000,000	162,856	7,495,000	36,723	13,484,579	7.24%	2,531
2003	695,000	4,838,352	353,636	7,345,000	13,827	13,245,815	7.10%	2,484
2004	595,000	4,669,648	363,065	7,185,000	645,170	13,457,883	6.81%	2,383
2005	490,000	4,493,579	461,032	7,020,000	524,852	12,989,463	6.53%	2,284
2006	380,000	4,309,827	508,886	6,850,000	504,852	12,553,565	6.29%	2,202
2007	259,846	4,118,053	338,150	6,670,000	437,952	11,824,001	4.61%	1,990
2008	--	3,917,908	225,398	--	6,929,640	11,072,946	3.39%	1,877
2009	--	3,709,027	155,448	--	6,668,462	10,532,937	3.03%	1,794
2010	--	3,491,028	88,613	--	6,405,528	9,985,171	3.04%	1,774

VILLAGE OF TEQUESTA, FLORIDA

RATIO OF NET OUTSTANDING DEBT TO ASSESSED VALUE AND NET BONDED DEBT PER CAPITA

LAST TEN FISCAL YEARS

Fiscal Year Ending September 30,	(1) Population	(2) Assessed Value of Taxable Property	(A) Gross Outstanding Debt	(B) Debt Service Funds Available	(A - B) Net Outstanding (O/S) Debt	Ratio of Net O/S Debt to Value of Taxable Property	Net Outstanding Debt Per Capita
2001	5,307	\$ 441,936,119	\$8,825,365	\$ 141,912	\$8,683,453	1.96%	\$ 1,636
2002	5,327	487,490,952	13,484,579	141,913	13,342,666	2.74%	2,505
2003	5,333	523,061,602	13,245,815	225,676	13,020,139	2.49%	2,441
2004	5,648	603,285,310	13,457,883	272,801	13,185,082	2.19%	2,334
2005	5,686	715,993,712	12,989,463	294,444	12,695,019	1.77%	2,233
2006	5,702	825,406,187	12,553,565	378,680	12,174,885	1.48%	2,135
2007	5,942	981,960,499	11,824,001	482,726	11,341,275	1.15%	1,909
2008	5,898	1,017,388,628	11,072,946	369,490	10,703,456	1.05%	1,815
2009	5,872	926,207,036	10,532,937	--	10,532,937	1.14%	1,794
2010	5,629	833,906,426	9,985,171	--	9,985,171	1.20%	1,774

(1) U.S. Census Bureau, 2010 Census

(2) Form DR-422 "Certificate of Final Taxable Value"

VILLAGE OF TEQUESTA, FLORIDA

**LEGAL DEBT MARGIN INFORMATION
LAST EIGHT FISCAL YEARS
SEPTEMBER 30, 2010**

Total Assessed Value	(1)	\$ 833,906,426
Legal Debt Margin		
Debt limitation - 10% of total assessed value	(2)	83,390,643
Total bonded debt outstanding	--	--
Less amount in debt service fund	--	--
Total Debt Applicable to Limitation		<u> --</u>
Legal Debt Margin		<u>\$ 83,390,643</u>

	Fiscal Year							
	2003	2004	2005	2006	2007	2008	2009	2010
Debt Limit	\$ 59,606,928	\$ 71,463,973	\$ 82,565,448	\$ 98,162,738	\$ 101,695,653	\$ 93,130,772	\$ 83,442,520	\$ 83,390,643
Total Net Debt Applicable to Limit	<u>470,324</u>	<u>322,199</u>	<u>195,556</u>	<u>1,023</u>	<u> --</u>	<u> --</u>	<u> --</u>	<u> --</u>
Legal debt margin	<u>\$ 59,136,604</u>	<u>\$ 71,141,774</u>	<u>\$ 82,369,892</u>	<u>\$ 98,161,715</u>	<u>\$ 101,695,653</u>	<u>\$ 93,130,772</u>	<u>\$ 83,442,520</u>	<u>\$ 83,390,643</u>
Total Net debt Applicable to Limit as a Percentage of Debt Limit	0.79%	0.45%	0.24%	0.00%	0.00%	0.00%	0.00%	0.00%

(1) Form DR-422 "Certificate of Final Taxable Value"

(2) Village of Tequesta Charter Section 5.02 Limitations

Note: The Village began to report this information in fiscal year 2003.

VILLAGE OF TEQUESTA, FLORIDA

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT

SEPTEMBER 30, 2010

Governmental Unit	Net Debt Outstanding (a)	Estimate Percentage Applicable to Tequesta (b)	Estimate Share of Direct and Overlapping Debt
Debt repaid with property taxes			
Palm Beach County	\$ 250,470,000	0.59%	\$ 1,477,773
P.B.C. School Board	29,555,000	0.59%	<u>174,375</u>
Subtotal, overlapping debt			1,652,148
Village of Tequesta direct debt			<u>3,579,641</u>
Total direct and overlapping debt			<u><u>\$ 5,231,789</u></u>

(a) Sources: Palm Beach County and PBC School Board

Note: For debt repaid with property taxes, the percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of the Village taxable assessed value and dividing it by the PBC taxable assessed value. (Data provided by the PBC Property Appraiser's Office)

Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the Village of Tequesta. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the Village of Tequesta. This process recognizes that, when considering the Village's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident and therefore responsible for repaying the debt of each overlapping government.

VILLAGE OF TEQUESTA, FLORIDA

PLEGGED- REVENUE COVERAGE

LAST TEN FISCAL YEARS

Fiscal Year	Pledged Revenues (1)	Less: Expenditures	Net Available Revenue	Debt Service (2)		Coverage
				Principal	Interest	
2001	\$ 498,959	\$ 139,095	\$ 359,864	\$ 80,000	\$ 59,095	2.59
2002	441,409	144,461	296,948	90,000	54,461	2.06
2003	448,946	143,585	305,361	95,000	48,585	2.13
2004	464,973	142,678	322,295	100,000	42,678	2.26
2005	459,873	141,490	318,383	105,000	36,490	2.25
2006	524,468	140,135	384,333	110,000	30,135	2.74
2007	593,649	143,370	450,279	120,154	23,216	3.14
2008	515,700	275,836	239,864	259,846	15,990	0.87
2009	--	--	--	--	--	-
2010	--	--	--	--	--	-

Note: Details regarding the Village's outstanding debt can be found in the notes to the financial statements.

(1) Pledged revenues include franchise fees, licenses and permits from Fund 101.

Fund 101 closed in fiscal year 2009.

(2) Debt paid in full in fiscal year 2008.

VILLAGE OF TEQUESTA, FLORIDA
DEMOGRAPHIC AND ECONOMIC STATISTICS

LAST TEN FISCAL YEARS

Fiscal Year	Population (1)	Personal Income (2)	Per Capita Personal Income (2)	Median Age (3)	Unemployment Rate (4)
2001	5,307	\$ 185,607,018	\$ 34,974	47.5	5.5%
2002	5,327	186,306,498	34,974	47.5	5.1%
2003	5,333	186,516,342	34,974	47.5	6.2%
2004	5,648	197,533,152	34,974	47.5	5.7%
2005	5,686	198,862,164	34,974	47.5	3.1%
2006	5,702	199,421,748	34,974	47.5	3.7%
2007	5,942	256,397,300	43,150	47.5	3.3%
2008	5,898	326,224,278	55,311	47.5	7.3%
2009	5,872	347,311,184	59,147	47.5	9.7%
2010	5,629	328,497,182	58,358	47.5	11.4%

Sources:

- (1) U.S. Census Bureau, 2010 Census
- (2) US Department of Commerce, Bureau of Economic Analysis, Regional Economic Information System, April 2010
- (3) 2000 U.S. Census Data. 2010 Census data was not updated at the time when report was prepared.
- (4) Florida Agency for Workforce Innovation, Labor Market Statistics Center, Local Area Unemployment Statistics Program

VILLAGE OF TEQUESTA, FLORIDA

PRINCIPAL EMPLOYERS - PALM BEACH COUNTY (1)

CURRENT YEAR AND NINE YEARS AGO

Employer	2010			2001		
	Employees	Rank	Percentage of Total County Employment	Palm Beach Employees	Rank	Percentage of Total County Employment
School Board of Palm Beach County	21,718	1	3.98%	18,000	1	3.33%
Palm Beach County	11,381	2	2.08%	9,000	2	1.66%
Tenet Healthcare Corporation	5,127	3	0.94%			
HCA (Hospital Corporation of America)	4,150	4	0.76%			
Florida Power & Light	3,658	5	0.67%	2,300	8	0.43%
Wackenhut Corporation	3,000	6	0.55%			
Florida Atlantic University	2,776	7	0.51%			
Bethesda Memorial Hospital	2,300	8	0.42%			
Veterans Health Administration	2,205	9	0.40%			
Boca Raton Resort & Club	2,200	10	0.40%	1,850	9	0.34%
State of Florida				8,600	3	1.59%
Federal Government				5,200	4	0.96%
Columbia PB Healthcare System, Inc.				4,000	5	0.74%
Intracoastal Health Systems, Inc.				3,200	6	0.59%
Motorola, Inc.				2,500	7	0.46%
Boca Raton Resort Community Hospital				1,600	10	0.30%
	<u>58,515</u>		<u>10.72%</u>	<u>56,250</u>		<u>10.40%</u>

(1) Source: Business Development Board of Palm Beach County. Data is for Palm Beach County, Florida. Employment information for the Village is not available.

VILLAGE OF TEQUESTA, FLORIDA

FULL-TIME EQUIVALENT VILLAGE GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM

LAST NINE FISCAL YEARS

Function/Program	Full-time Equivalent Employees as of September 30,								
	2002	2003	2004	2005	2006	2007	2008	2009	2010
Governmental Activities									
General government	8.0	8.5	12.0	11.5	10.5	9.5	15.0	15.0	10.0
Public safety	45.5	51.0	45.0	45.0	46.0	51.0	50.0	49.0	50.0
Transportation	2.0	2.5	-	-	3.0	4.0	4.0	4.0	4.0
Leisure services	<u>1.5</u>	<u>2.5</u>	<u>2.0</u>	<u>2.0</u>	<u>3.0</u>	<u>3.0</u>	<u>3.0</u>	<u>3.0</u>	<u>3.0</u>
Total Governmental Activities	<u>57.0</u>	<u>64.5</u>	<u>59.0</u>	<u>58.5</u>	<u>62.5</u>	<u>67.5</u>	<u>72.0</u>	<u>71.0</u>	<u>67.0</u>
Business-Type Activities									
Water	14.0	12.5	14.5	14.0	15.0	15.5	15.0	16.0	15.0
Stormwater	0.5	-	-	-	1.0	1.0	1.0	1.0	1.0
Community development (1)	<u>3.5</u>	<u>3.0</u>	<u>2.5</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Business-Type Activities	<u>18.0</u>	<u>15.5</u>	<u>17.0</u>	<u>14.0</u>	<u>16.0</u>	<u>16.5</u>	<u>16.0</u>	<u>17.0</u>	<u>16.0</u>
Total Primary Government	<u>75.0</u>	<u>80.0</u>	<u>76.0</u>	<u>72.5</u>	<u>78.5</u>	<u>84.0</u>	<u>88.0</u>	<u>88.0</u>	<u>83.0</u>

Note: The Village was able to access this data from 2002.

Source: Village of Tequesta Human Resource Dept

Notes: A full-time employee is scheduled to work 2,088 hours per year (including vacation and sick leave). Full-time-equivalent employment is calculated by dividing total labor hours by 2,088.

(1) Community Development activities (planning, building and code enforcement) were accounted for in an enterprise (business-type activity) fund until fiscal year 2005 when the fund was closed. Planning and building activities are currently accounted for in the General Fund, and code enforcement as part of the function of Public Safety.

VILLAGE OF TEQUESTA, FLORIDA

OPERATING INDICATORS BY FUNCTION/PROGRAM

LAST FIVE FISCAL YEARS

	2006	2007	2008	2009	2010
Governmental Activities					
General government					
Registered voters	4,007	4,007	4,439	4,612	4,505
Public safety:					
No. of full-time certified police officers	16	19	17	18	17
No. of calls received	3,300	3,500	3,535	3,533	3,178
No. of arrests	199	238	224	251	296
No. of parking violations	162	148	171	131	124
No. of incident numbers issued	817	853	965	887	881
Fire department:					
No. of full-time certified firefighters	16	19	20	21	21
No. of emergency responses	1,254	1,122	1,143	1,189	1,043
No. of transports	622	521	621	651	562
No. of fires extinguished	632	601	522	538	481
No. of inspections	326	412	435	476	480
Building, zoning:					
No. of building permits issued	1,049	998	906	784	812
No. of building inspections conducted	2,214	2,581	2,039	1,771	1,579
Leisure services:					
No. of Spring Classes	--	--	8	8	10
No. of Summer Classes	--	--	4	5	4
No. of Movies	--	--	4	4	3
Business-Type Activities					
Water:					
No. of customers	4,612	4,722	4,968	4,983	4,982
Average daily consumption	2.782 mg	2.349 mg	2.351 mg	2.175 mg	2.175 mg

Note: The Village began to report this information in fiscal year 2006, as prior information is not available.

VILLAGE OF TEQUESTA, FLORIDA

CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM

LAST FIVE FISCAL YEARS

Function/Program	2006	2007	2008	2009	2010
Governmental Activities					
General government:					
Municipal center	0	0	1	1	1
Public safety					
Police:					
No. of stations	1	1	1	1	1
No. of patrol units	12	12	7	9	15
Fire:					
No. of stations	1	1	1	1	1
No. of ambulances	2	2	2	2	3
No. of pumpers	3	3	2	2	3
Transportation:					
Miles of street lane miles	48	43	43	*24	24
No. of bridges	1	1	1	1	1
Leisure services					
No. of parks	3	3	3	4	4
No. of park acreage	48	48	48	50	53
No. of playgrounds	3	3	2	2	2
No. of baseball/softball diamonds	3	3	3	3	3
No. of skate-parks	1	1	1	1	1
Business-type activities:					
Water:					
Miles of water mains	50	75	72	72	73
No. of fire hydrants	550	430	430	430	430
Storage capacity (thousands of gallons)	3,250	3,250	3,250	3,250	3,250

Note: The Village began to report this information in fiscal year 2006, as prior information is not available.

* This report is presenting the revised method in calculating the miles of street lane

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COMPLIANCE SECTION

**INDEPENDENT AUDITORS' 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***

Honorable Mayor, Village Council and Village Manager
Village of Tequesta, Florida

We have audited the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Village of Tequesta, Florida (the Village) as of and for the year ended September 30, 2010, which collectively comprise the Village's basic financial statements and have issued our report thereon dated April 28, 2011. 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.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the Village's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Village's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Village's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Village's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Village'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*.

This report is intended solely for the information and use of the Mayor, Village Council, management, and regulatory agencies and is not intended to be and should not be used by anyone other than these specified parties.

Marcum LLP

Fort Lauderdale, FL
April 28, 2011

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

Honorable Mayor, Village Council and Village Manager
Village of Tequesta, Florida

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Village of Tequesta, Florida (the Village) as of and for the year ended September 30, 2010, and have issued our report thereon dated April 28, 2011.

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. We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters. Disclosures in that report, which is dated April 28, 2011, should be considered in conjunction with this management letter.

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

- 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 significant findings and recommendations made in the preceding annual financial audit report. There were no findings in the preceding annual financial report.
- Section 10.554(1)(i)2., Rules of the Auditor General, requires our audit to include a review of the provisions of Section 218.415, Florida Statutes, regarding the investment of public funds. In connection with our audit, we determined that the Village complied with Section 218.415, Florida Statutes.
- Section 10.554(1)(i)3., Rules of the Auditor General, requires that we address in the management letter any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.
- Section 10.554(1)(i)4., Rules of the Auditor General, requires that we address violations of contracts or grant agreements, or abuses that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but more than inconsequential. In connection with our audit, we did not have any such findings.

- Section 10.554(1)(i)5., Rules of the Auditor General, provides that the auditor may, based on professional judgment, report the following matters that have an inconsequential effect on the financial statements, considering both quantitative and qualitative factors: (1) violations of provisions of contracts or grant agreements, fraud, illegal acts, or abuse, and (2) deficiencies in internal control that are not significant deficiencies. In connection with our audit, we did not have any such findings.
- Section 10.554(1)(i)6., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. The Village was incorporated in 1957 By Laws of Florida 57-1915. There are no component units related to the Village.
- Section 10.554(1)(i)7.a., Rules of the Auditor General, requires a statement be included as to whether or not the local governmental entity has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identification of the specific condition(s) met. In connection with our audit, we determined that the Village did not meet any of the conditions described in Section 218.503(1), Florida Statutes.
- Section 10.554(1)(i)7.b., Rules of the Auditor General, requires that we determine whether the annual financial report for the Village for the fiscal year ended September 30, 2010, filed with the Florida Department of Financial Services pursuant to Section 218.32(1)(a), Florida Statutes, is in agreement with the annual financial audit report for the fiscal year ended September 30, 2010. In connection with our audit, we determined that these two reports were in agreement.
- Section 10.554(1)(i)7.c. and 10.556(7), Rules of the Auditor General, we applied financial condition assessment procedures. It is management's responsibility to monitor the Village's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same. The assessment was done as of the fiscal year end. There were no findings that identified deteriorating financial conditions.

Pursuant to Chapter 119, Florida Statutes, this management letter is a public record and its distribution is not limited. Auditing standards generally accepted in the United States of America require us to indicate that this letter is intended solely for the information of the Mayor, Village Council, management, and the Florida Auditor General, and is not intended to be and should not be used by anyone other than these specified parties.

Marcum LLP

Fort Lauderdale, FL
April 28, 2011