



VILLAGE OF TEQUESTA, FLORIDA



Naturally Beautiful

Comprehensive Annual Financial Report

Fiscal Year Ending September 30, 2013

VILLAGE OF TEQUESTA COUNCIL MEMBERS 2013



From left to right: Council Member Thomas Paterno, Vice-Mayor Vince Arena, Mayor Abby Brennan, Council Member Frank D'Ambra, Council Member Steve Okun

VILLAGE OF TEQUESTA, FLORIDA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013

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
(561) 768-0424
www.Tequesta.org

March 24, 2014

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

Florida law requires that every general purpose local government publish, within nine months of the close of each fiscal year, a complete set of audited financial statements. This report is published to fulfill that requirement for the fiscal year ended September 30, 2013.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that it has established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

Marcum LLP, Certified Public Accountants, have issued an unmodified (“clean”) opinion on the Village of Tequesta’s financial statements for the fiscal year ended September 30, 2013. The independent auditors’ report is located at the front of the financial section of this report.

Management’s discussion and analysis (MD&A) immediately follows the independent auditor’s report and provides a narrative introduction, overview, and analysis of the basic financial statements. MD&A complements this letter of transmittal and should be read in conjunction with it.

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. It is approximately 2 square miles and is located in northern Palm Beach County, Florida. It is almost completely built-out/developed.

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. It is empowered by state statute to extend its corporate limits by annexation, which it has done from time to time.

The Village has a Council-Manager form of government. Policy-making and legislative authority are vested in an elected governing body of the Village consisting of a five member Village Council. Council members are elected at large and select a Mayor at their first organizational meeting each year. Council members serve two-year terms, with three members elected every other year. The Village Council appoints the Village of Tequesta's manager, who is responsible for hiring all Village employees.

The Village of Tequesta provides a full range of services, including police and fire protection; building inspections; licenses and permits; the construction and maintenance of streets and other infrastructure, recreational and cultural activities, water services, stormwater operations and contracts for residential refuse and recycling services.

The Council is required to adopt an initial budget prior to beginning of the fiscal year on October 1. This annual budget serves as the foundation for the Village of Tequesta's financial planning and control. The budget is prepared by fund, function (e.g., public safety), and department (e.g., police) and is adopted by fund total. Departments may transfer resources within a department with the approval of the budget officer and the Village Manager. Transfers between departments require the budget amendments be approved by the Village Council, while changes to the total fund budget requires approval of the Village Council by resolution.

Local Economy

The Village of Tequesta, located in Palm Beach County, Florida, is home to middle to upper-income suburban families. Tequesta has a small commercial area and no major industries located within its boundaries. The Village of Tequesta is home to a number of assisted living facilities, private schools and a high-end treatment center.

Prior to 2008, Tequesta's unemployment had been relatively stable. We saw an initial spike in rates during fiscal year 2008 and during the following few years, the unemployment rate rose from an initial low of 3.1% (2005) to a peak high of 11.4% (2010). Rates began to decline in 2011 (11.0%) and have continued this trend. The unemployment rate for Palm Beach County at the fiscal year end was 7.1%. This rate is lower than the national average of 7.2% during the same period according to the U.S. Bureau of Labor Statistics. Increases may occur in the future, however, early economic forecasts suggest a leveling off in calendar year (2014).

According to the last census estimates, median household income for Tequesta was \$58,843 which is significantly higher than the nation as a whole (\$44,512). Tequesta is beginning to see a positive change in the housing market as property values are beginning to increase.

Per the Palm Beach County Property Appraiser's Office, gross taxable value for calculating ad valorem proceeds increased from \$780 million during fiscal year 2013 to \$817 million used to calculate 2014 revenues – approximately 4.7% higher than the prior year. The Village of Tequesta is expecting a slow but steady increase in property values over the next few years.

During the past ten years, the Village's expenditures related to public safety have increased in amount and as a percentage of total expenditures in governmental funds (currently \$6.2 million or 50% of total general funds expenditures, an increase of \$2.06 million from 2004). Much of this increase reflects a trend that has seen the salaries and benefits of police and firefighters growing at a much faster rate than those of other categories of public-sector employees.

During this same ten-year period, charges for services related to public safety have also increased in amount and as a percentage of total revenues reflecting a ten-year increase of \$604 thousand from 2004. In the most recent three-year period (2011 through 2013) this revenue source has followed a downward trend with revenues decreasing \$141,135 during that three year period. However, the Village of Tequesta renegotiated a contract for fire rescue service that begins in fiscal year 2014 and we expect to see this revenue source increase by \$177 thousand.

Long-Term Financial Planning and Major Initiatives

Unrestricted fund balance in the general fund at year end was 21.8% of total general fund revenues. This amount was above policy guidelines set by the Council for budgetary and planning purposes (i.e., two months of general fund revenues, approximately 16.7%). The Village of Tequesta has always spent conservatively while providing the highest quality services to its residents. We continue to cautiously watch the "gap" between revenues and expenditures. To protect the investments our residents have made in their community, the Village increased the millage rate to 6.0500 from 5.7671 which was an 8.69% percent change of the rolled-back rate (the rate required to bring in the same amount of revenue as the prior period). It has not been easy to maintain a consistently high quality of services to the residents, while protecting the assets, the level of service and the quality of life that the residents of the Village of Tequesta have come to expect. It is the result of hard work, long hours, pay and benefit concessions and the making of fiscally sound, responsible decisions by the administration, working staff and Village Council that allowed the Village to meet service demands while minimizing the financial burden on its residents. 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, an expanded workload and very importantly, a Village Council that is very responsive to the needs of the residents and staff and who donate so much of their time to this community. If the future of a community is dependent on its people, then the future of Tequesta is bright and we expect to successfully meet challenges that come before us.

The Village of Tequesta's primary focus is providing exceptional municipal services to its residents in the most efficient and cost effected manner possible.

Continued economic challenges require innovative approaches on both sides of the balance sheet. Efforts to expand contractual services to generate additional revenue should continue to be considered.

The Village should continue to modify its traditional public safety plans, if an effort to reduce costs and future liabilities.

The Village continues researching ways to control the growing cost of health care and post-retirement benefits and has implemented changes and negotiated concessions with the current bargaining units. Tequesta continues to discuss options with the three collective bargaining units to control the cost of post-retirement benefits.

MAJOR INITIATIVES

- Continue to explore alternative revenue sources, at both the state and federal level, with the assistance of a professional lobbyist.
- Seek out new ways to reduce the cost of health care and post-retirement benefits.
- Negotiate a new franchise agreement with Florida Power and Light.
- Develop a viable capital improvement /capital replacement plan.

Relevant Financial Policies

The Village of Tequesta has adopted a comprehensive set of financial policies. During the next fiscal year, the Village will be reviewing and updating its Water Utility policies.

AWARDS AND ACKNOWLEDGEMENTS

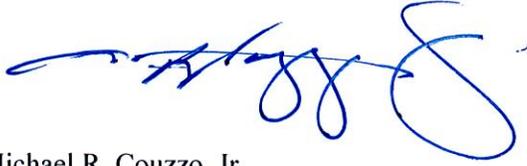
The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Tequesta for its comprehensive annual financial report for the fiscal year ended September 30, 2012. This was the twenty-ninth consecutive year that Tequesta has received this 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.

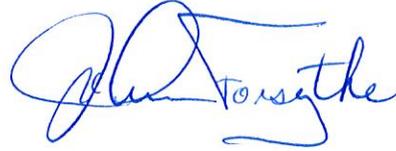
The preparation of this report would not have been possible without the efficient and dedicated services of the entire staff of the Tequesta's finance department. We would like to express our appreciation to all members of the department who assisted and contributed to the preparation of this report.

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,

A handwritten signature in blue ink, appearing to read "Michael R. Couzzo, Jr.", with a large, stylized flourish at the end.

Michael R. Couzzo, Jr.
Village Manager

A handwritten signature in blue ink, appearing to read "JoAnn Forsythe", with a large, stylized flourish at the end.

JoAnn Forsythe, CPA
Finance Director



Government Finance Officers Association

**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

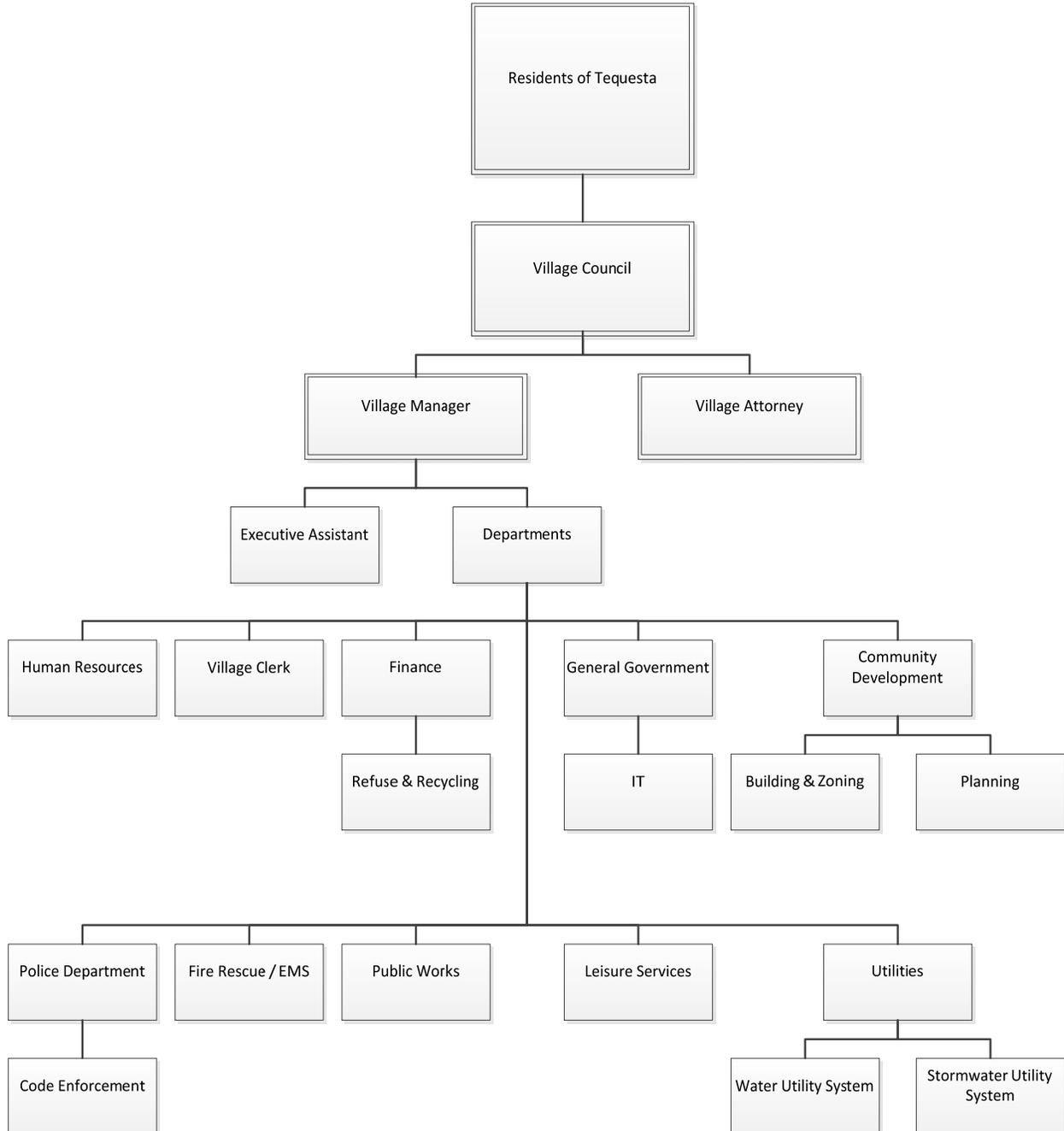
September 30, 2012

Executive Director/CEO

VILLAGE OF TEQUESTA, FLORIDA

ORGANIZATION CHART

SEPTEMBER 30, 2013



VILLAGE OF TEQUESTA, FLORIDA

LIST OF PRINCIPAL OFFICIALS

SEPTEMBER 30, 2013

VILLAGE COUNCIL

Abby Brennan	Mayor
Vince Arena	Vice-Mayor
Frank D'Ambra	Councilmember
Steve Okun	Councilmember
Thomas Paterno	Councilmember

VILLAGE OFFICIALS

Michael R. Couzzo, Jr.	Village Manager
Corbett & White, PA	Village Attorney
Lori McWilliams, MMC	Village Clerk
JoAnn Forsythe, CPA	Finance Director
James M. Weinand	Fire Chief
Christopher L. Elg	Police Chief
NZ Consultants, Inc.	Planning and Zoning Director
M.T. Causley, Inc.	Building Official
Michael R. Couzzo, Jr.	Utilities Director
Greg Corbitt	Parks and Recreation Director
Merlene Reid, MS, SPHR	Human Resources Director

VILLAGE INDEPENDENT AUDITORS

Marcum LLP

FINANCIAL SECTION

INDEPENDENT AUDITORS' REPORT

INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

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 fiscal year ended September 30, 2013 and the related notes to the financial statements, which collectively comprise the Village's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Tequesta, Florida as of September 30, 2013 and the respective changes in financial position and, where applicable, cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of a Matter

As discussed in Note 1 to the financial statements, the Village implemented Governmental Accounting Standards Board (GASB) Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* and GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities* as of October 1, 2012. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information and the schedules of funding progress and employer contributions on pages 4-16 and 70-74 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village's basic financial statements. The combining and individual fund financial statements and schedules, the introductory and statistical sections are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 21, 2014] 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Village's internal control over financial reporting and compliance.

Marcum LLP

West Palm Beach, Florida
March 21, 2014

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, 2013. 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 and deferred outflows of resources of the Village of Tequesta exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$33,428,198 (*net position*). Of this amount, \$8,420,335 (*unrestricted net position*) may be used to meet the ongoing obligations to the citizens and creditors.
- The Village of Tequesta's total net position decreased \$857 thousand during the current period. The decrease is mainly due to a decrease in revenues from charges for services (\$578 thousand) and an increase in expenses (\$150 thousand) in transportation due to the hiring of a new position and an increase in landscape maintenance costs.
- At the close of the current fiscal year, the Village of Tequesta's governmental funds reported combined fund balances of \$3,804,922, a decrease of \$530,731 in comparison with the prior year. Approximately 50% of this amount (\$1.9 million) is available for spending at the government's discretion (unassigned fund balance).
- At the end of the current fiscal year, unrestricted fund balance (the total of the *committed*, *assigned*, and *unassigned* components of *fund balance*) for the general fund was \$3,641,163, or approximately 33% of total general fund expenditures.
- The Village of Tequesta's total outstanding long-term debt decreased by \$238 thousand or approximately (2.5%) during the current fiscal year due to the paying down existing debt and not incurring any new debt. Please see details in the *Notes to Basic Financial Statements*, Note 3. K. starting on page 65.
- The Village did not expend \$500,000 or more in Federal and/or State financial assistance in the fiscal year ended September 30, 2013 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. This report also includes supplementary information intended to furnish additional detail to support the basic financial statements themselves.

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

The *statement of net position* presents financial information on all of the Village of Tequesta's assets, liabilities, and deferred inflows/outflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Village of Tequesta is improving or deteriorating.

The *statement of activities* presents information showing how the Village of Tequesta's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will 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 of Tequesta 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 17-18 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 of Tequesta, 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 of Tequesta can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

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

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

The Village of Tequesta 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 in the combining and individual fund statements and schedules section of this report.

The Village of Tequesta adopts an annual appropriated budget for its governmental funds. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

The Village of Tequesta's governmental fund financial statements can be found on pages 19-21 of this report.

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

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, which is considered to be a major fund. The stormwater and refuse and recycling funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the stormwater and refuse and recycling funds can be found in the form of combining statements in the *combining and individual fund statements and schedules section* of this report.

The basic proprietary fund financial statements can be found on pages 22-24 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* reported 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 Village of Tequesta maintains one type of fiduciary fund – the *Pension trust fund* which is used to report resources held in trust for retirees and beneficiaries covered by the *Public Safety Pension Plan* (which includes the Firefighters' Pension Trust Fund and the Police Officers' Pension Trust Fund) and the *General Employees' Pension Plan*.

The fiduciary fund financial statements can be found on pages 25-26 of this report.

Notes to basic financial statements: The notes provide additional information that is necessary to acquire 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 27-69 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 OPEB benefits to its employees. Required supplementary information can be found on pages 70-74 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 on pensions and OPEB. Combining and individual fund statements and schedules can be found on pages 75-84 of this report.

Government-wide Overall Financial Analysis

As noted earlier, net position over time, may serve as a useful indicator of a government's financial position. In the case of the Village of Tequesta, assets and deferred outflows of resources exceeded liabilities and deferred inflows by \$13,852,533 at the close of the most recent fiscal year.

Village of Tequesta's Net Position

As seen below, the Village of Tequesta's total assets and deferred outflows exceeded total liabilities and deferred inflows by approximately \$33.4 million at the close of the 2013 fiscal year. Governmental activities resulted in a 5.6% reduction in total net position while the Village's business-type activities resulted in a minor change (-0.14%) in total net position.

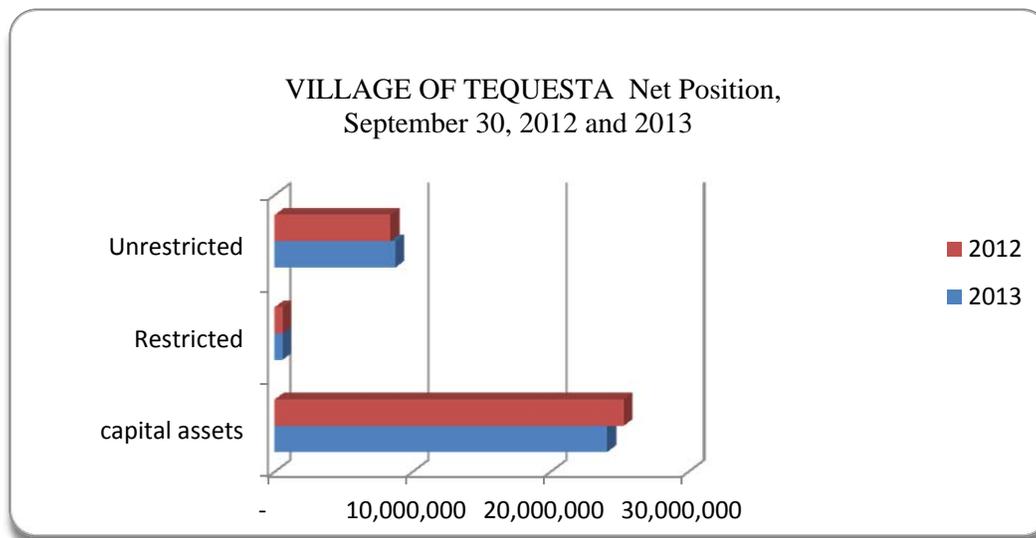
	Village of Tequesta Net Position					
	Governmental Activities		Business-type Activities		Total	
	2013	2012	2013	2012	2013	2012
Current and other assets	\$ 4,878,984	\$ 5,472,092	\$ 5,728,854	\$ 5,295,709	\$10,607,838	\$10,767,801
Capital assets, net	<u>\$13,039,737</u>	<u>\$13,617,847</u>	<u>\$19,395,803</u>	<u>\$20,221,328</u>	<u>\$32,435,540</u>	<u>\$33,839,175</u>
Total assets	\$17,918,721	\$19,089,939	\$25,124,657	\$25,517,037	\$43,043,378	\$44,606,976
Total deferred outflows of resources	-	-	\$ 324,834	\$347,300*	\$ 324,834	\$347,300*
Long-term liabilities outstanding	\$ 3,455,442	\$ 3,694,691	\$5,711,390	\$6,010,761	\$9,166,832	\$ 9,705,452
Other liabilities	<u>\$ 447,629</u>	<u>\$ 483,752</u>	<u>\$ 162,436</u>	<u>\$ 249,942</u>	<u>\$ 610,065</u>	<u>\$ 733,694</u>
Total liabilities	\$ 3,903,071	\$ 4,178,443	\$5,873,826	\$6,260,703	\$9,776,897	\$10,439,146
Total deferred inflows of resources	\$ 163,117	\$ 229,672*	-	-	\$163,117	\$ 229,672*
Net position						
Net investment in capital assets	\$10,261,476	\$10,591,778	\$14,167,067	\$14,718,841	\$24,428,543	\$25,310,619
Restricted	\$ 579,320	\$ 579,809			\$ 579,320	\$ 579,809
Unrestricted	<u>\$ 3,011,737</u>	<u>\$ 3,510,237</u>	<u>\$ 5,408,598</u>	<u>\$ 4,884,793</u>	<u>\$ 8,420,335</u>	<u>\$ 8,395,030</u>
Total net position	<u>\$13,852,533</u>	<u>\$14,681,824</u>	<u>\$19,575,665</u>	<u>\$19,603,634</u>	<u>\$33,428,198</u>	<u>\$34,285,458</u>

* Restated to include the effects of deferred inflows and outflows per GASB Statement 65.

The largest portion of the Village's total net position (72.1%) 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.

An additional portion of the Village of Tequesta's net position (1.7%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$8,420,335 is unrestricted and may be used to meet the government's ongoing obligations to its 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 position, 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 Village of Tequesta’s overall net position decreased \$857,260 from the prior fiscal year. The reasons for this overall decrease are discussed in the following sections for governmental activities and business-type activities.

Village of Tequesta’s Changes in Net Position

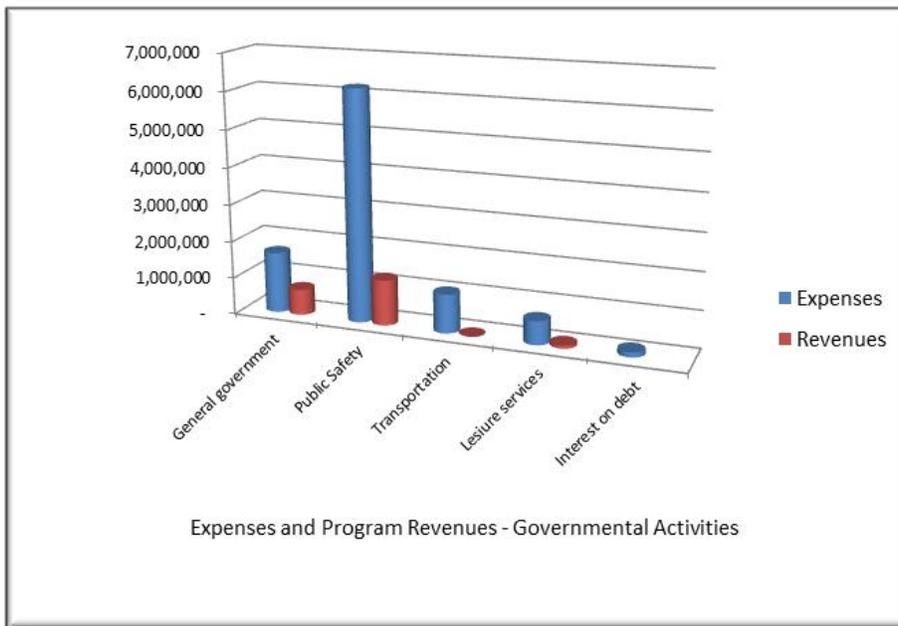
	Village of Tequesta Changes in Net Position					
	Governmental Activities		Business-type Activities Activities		Total	
	2013	2012	2013	2012	2013	2012
Revenues:						
Program Revenues:						
Charges for Services	\$ 1,929,223	\$2,084,685	\$4,824,690	\$5,247,543	\$ 6,753,913	\$ 7,332,228
Operating Grants & Contributions	95,145	60,260	-	-	95,145	60,260
Capital Grants & Contributions	-	119,200	-	-	-	119,200
General Revenues:						
Ad valorem Taxes	4,339,215	4,268,732	-	-	4,339,215	4,268,732
Other Taxes	1,266,929	1,235,941	-	-	1,266,929	1,235,941
Franchise fees on gross receipts	380,160	393,734	-	-	380,160	393,734
Unrestricted intergovernmental	735,924	718,277	-	-	735,924	718,277
Unrestricted investment earnings	22,316	49,173	20,727	30,448	43,043	79,621
Other Miscellaneous	77,390	99,072	37,017	30,801	114,407	129,873
Total Revenue	\$ 8,846,302	\$9,029,074	\$4,882,434	\$5,308,792	\$13,728,736	\$14,337,866

Village of Tequesta Changes in Net Position						
	Governmental Activities		Business-type Activities		Total	
	2013	2012	2013	2012	2013	2012
Expenses:						
General government	1,642,948	1,629,115	-	-	1,642,948	1,629,115
Public safety	6,207,866	6,210,365	-	-	6,207,866	6,210,365
Transportation	1,049,062	898,458	-	-	1,049,062	898,458
Leisure Services	640,513	635,110	-	-	640,513	635,110
Interest on long-term debt	135,204	146,868	-	-	135,204	146,868
Water utility services			4,204,955	4,017,097	4,204,955	4,017,097
Stormwater services			221,283	207,526	221,283	207,526
Refuse & recycling services	-	-	484,165	468,637	484,165	468,637
Total Expenses	<u>9,675,593</u>	<u>9,519,916</u>	<u>4,910,403</u>	<u>4,693,260</u>	<u>14,585,996</u>	<u>14,213,176</u>
Increase (decrease) in net position	(829,291)	(490,842)	(27,969)	615,532	(857,260)	124,690
Net position - beginning 10/01	<u>\$4,681,824</u>	<u>\$15,172,666</u>	<u>\$19,603,634</u>	<u>\$18,988,102</u>	<u>\$34,285,458</u>	<u>\$34,160,768</u>
Net position - ending 9/30	<u>\$13,852,533</u>	<u>\$14,681,824</u>	<u>\$19,575,665</u>	<u>\$19,603,634</u>	<u>\$33,428,198</u>	<u>\$34,285,458</u>

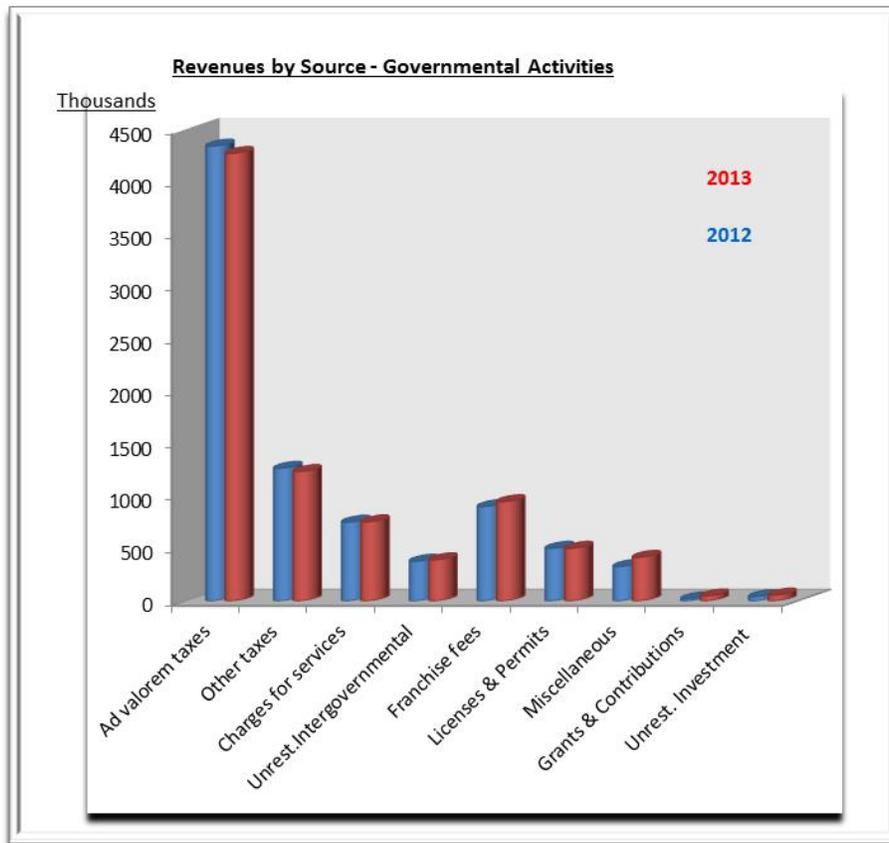
Governmental Activities – Expenses and Program Revenues

Governmental activities. During the current fiscal year, net position for governmental activities decreased \$829,291 from the prior fiscal year and ended with a balance of \$13,852,533. A significant portion of this decrease is due to the Village's decision to use available funds to support governmental activities. The slow recovery from the recent recession has had an impact on the Village and, although management was able to take various actions (e.g., delaying certain nonrecurring expenses) to mitigate this impact, the decision was made to use available funds to help neutralize the effect on governmental activities. The decrease in net position is due to that decision as well as a decrease in revenues (2%) and an increase in expenses (1.6%) from the prior period. The largest increase in expenses, were in the transportation function due to charges paid to the FEC (Florida East Coast Railway) to maintain the crossing on Tequesta Drive.

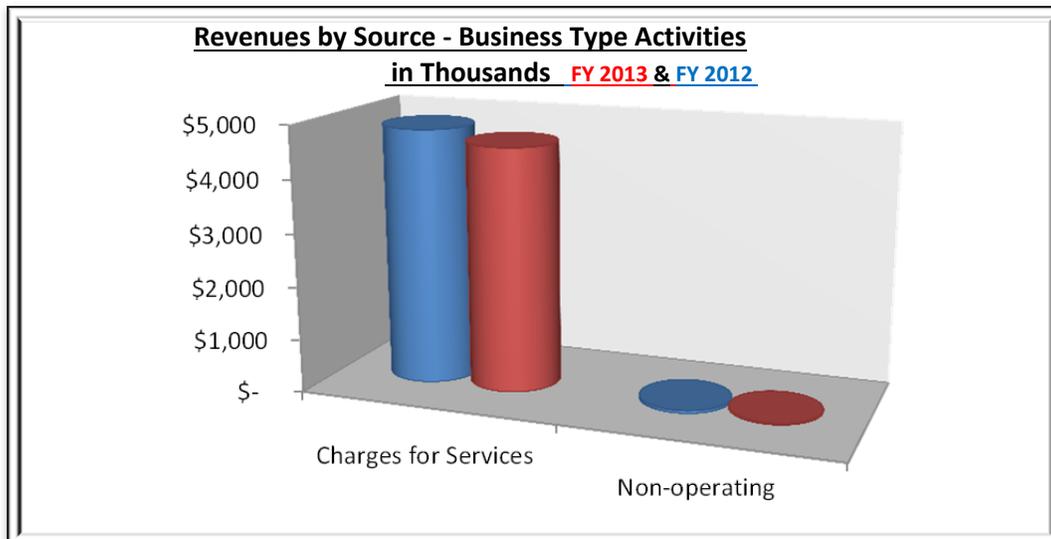
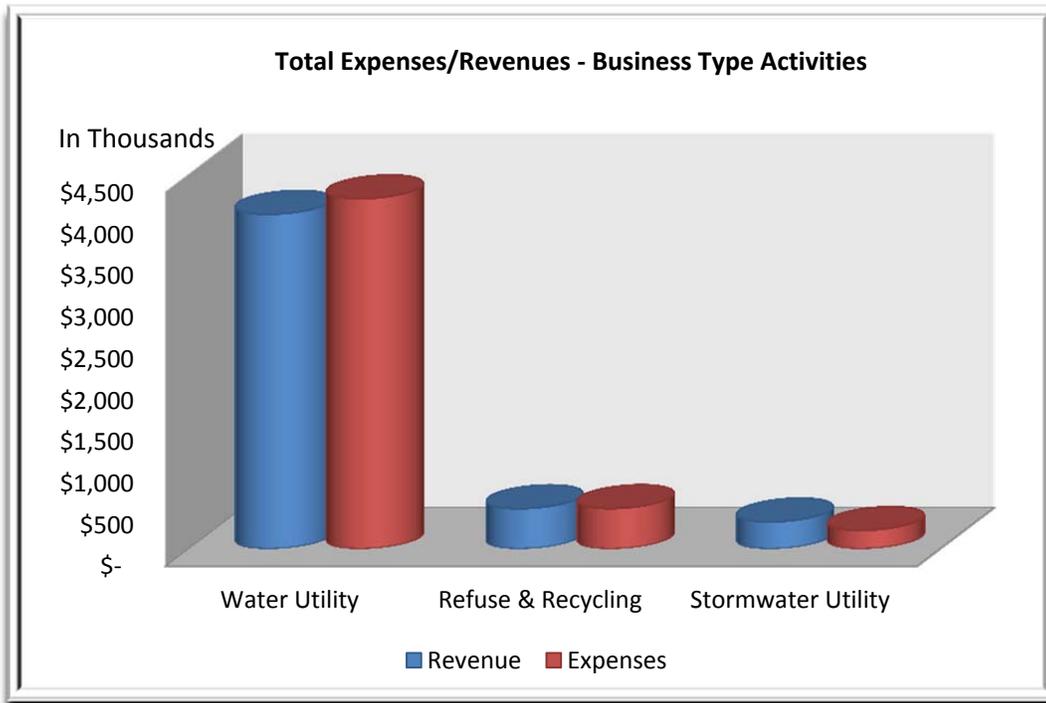
The Village's programs/functions include General Government, Public Safety, Transportation and Leisure Services. The net cost shows the extent to which the Village's general revenues support each of the Village's programs. The net cost of all governmental activities this year was \$7.6 million – an increase of 5.6% from the prior period. As shown on the Statement of Activities, the functions directly benefiting from the programs generated revenue of \$2 million towards this cost and the remainder was financed through general revenues (\$6.8 million) and the use of excess funds.



The following is a comparative chart of revenues by source for governmental activities for fiscal year 2013 and 2012.



Business-type Activities. The Village of Tequesta's business-type activities resulted in a decrease of \$27,969 in net position. Charges for services were down \$423 thousand from the prior year attributable to extremely high rainfall during the summer resulting in lower demand for water used in irrigation. The increase in water rates of 1.45% had little impact on revenues due to the lower demand. The Village of Tequesta budgeted to appropriate \$235 thousand of excess funds to pay for a large maintenance project in the water plant, which was ongoing at year end. This project significantly contributed to the water utility expenses increasing 4.7% from the prior year.

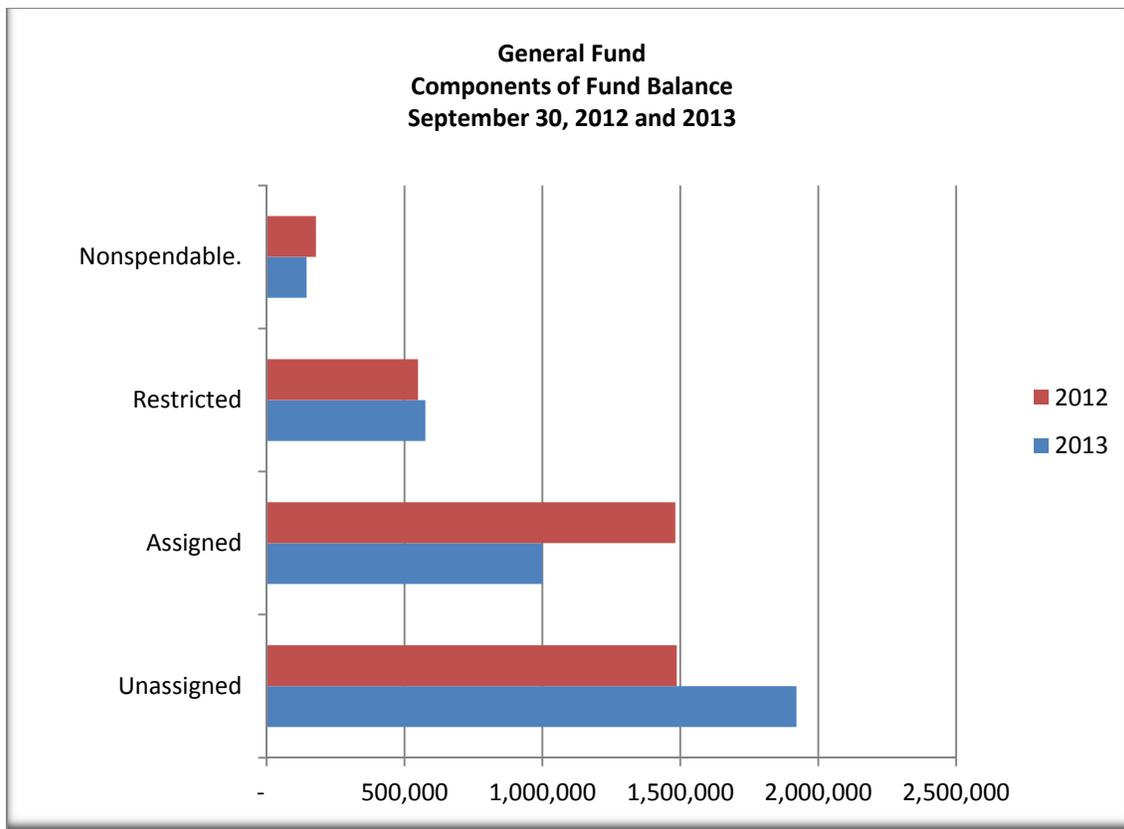


Financial Analysis of the Village’s Funds

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, *unassigned fund balance* may serve as a useful measure of a government’s net resources available for discretionary use as they represent the portion of fund balance which has not yet been limited to use for a particular purpose by either an external party, the Village of Tequesta itself, or a group or individual that has been delegated authority to assign resources for use for particular purposes by the Village of Tequesta’s Council.

At September 30, 2013 the Village of Tequesta’s governmental funds reported combined fund balances of \$3,804,922 a decrease of \$530,731 in comparison with the prior year. Approximately 50.5% of this amount (\$1,921,295) constitutes *unassigned fund balance*, which is available for spending at the Village’s discretion. The remainder of the fund balance is either *nonspendable*, *restricted* or *assigned* to indicate that it is 1) not in spendable form (\$332,442), 2) restricted for a particular purpose (\$575,287) or assigned for a particular purpose (\$1,000,000).



The General Fund is the chief operating fund of the Village of Tequesta. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$1,921,295 while total fund balance was \$3,641,163 (a decrease of 1.5% from the prior period). As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 21% of fiscal year 2013 General Fund expenditures and total fund balance represents 47% of the total expenditures. The ratio of total fund balance to expenditures has decreased from the prior year when total fund balance represented 48% of total expenditures. This is the fifth year that these ratios have decreased representing a growing gap between revenues and expenditures as the Village uses excess funds to bridge this gap. The fund balance of the Village of Tequesta's general fund decreased by \$55,339 during the current fiscal year which was significantly less than in prior years, as the Village shifts away from using existing funds to support activities.

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 –by Source

<i>Revenue Sources</i>	GENERAL FUND REVENUES				
	2013	% of Total	Change		2012
			\$	%	
Taxes	\$4,339,215	49.2%	\$70,483	1.7%	\$4,268,732
Other taxes	1,266,929	14.4%	30,988	2.5%	1,235,941
Intergovernmental	752,728	8.5%	(3,064)	(0.4%)	755,792
Franchise fees	380,160	4.3%	(13,574)	(3.4%)	393,734
Charges for services	901,659	10.2%	(46,736)	(4.9%)	948,395
Intragovernmental	503,709	5.7%	546	0.1%	503,163
Licenses and permits	330,569	3.7%	(87,133)	(20.9%)	417,702
Investment earnings	22,316	0.3%	(17,630)	(44.1%)	39,946
Fines and forfeitures	17,929	0.2%	(3,605)	(16.7%)	21,534
Miscellaneous	159,526	1.8%	81,732	105.1%	77,794
Rents and Royalties	147,303	1.7%	(20,333)	(2.1%)	167,636
Total Revenue	<u>\$8,822,043</u>	<u>100%</u>	<u>\$ (8,326)</u>	<u>(0.1%)</u>	<u>\$8,830,369</u>

Total General Fund revenue has declined slightly, however we are beginning to see some improvement in revenues from taxes. Ad valorem taxes increase 1.7% from the prior period due to an increase in property values. Income from other taxes has increased 2.5% which may indicate that the economy is improving as more money is being spent. The decrease in revenue from licenses and permits is indicative of the cyclical nature of this revenue in a community that is almost completely built out.

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

GENERAL FUND					
Expenditures by Function					
Function	2013	% of Total	Change		2012
			\$	%	
Public Safety	\$5,901,479	63.5%	(89)	0.0%	\$5,901,568
General government	1,528,314	16.4%	58,699	4.0%	1,469,615
Transportation	800,959	8.6%	75,126	10.4%	725,833
Leisure services	561,938	6.0%	9,936	1.8%	552,002
Debt service	384,733	4.1%	(44,672)	(10.4%)	429,405
Capital outlay	<u>120,399</u>	<u>1.3%</u>	<u>(215,290)</u>	<u>(64.1%)</u>	<u>335,689</u>
Total expenditures	<u>\$9,297,822</u>	<u>100%</u>	<u>(116,290)</u>	<u>(1.2%)</u>	<u>\$9,414,112</u>

General fund expenditures show a small reduction (0.50%) due mainly to a reduction in the purchase of capital items. Additionally, the Village has not taken on any additional debt which has resulted in the cost of debt service decreasing. The increase in general government was mainly due to legal fees related to annexation and personnel. Expenditures in Transportation (Public Works) increased \$75,126. This increase was due to an additional position (increasing expenditures 51%), an increase in streetlights (22%) and an increase in landscape maintenance (27%) from the prior year.

Ending fund balances for the Capital Projects Fund is \$54,313 and the Capital Improvement fund is \$105,413. Fund balances in both funds are assigned for capital projects/improvements. The Capital Projects Fund and the Capital Improvement Fund receive revenue from capital grants and transfers-in from other funds.

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

The table below summarizes the operating income (loss) and the change in net position for each of the Village's proprietary funds. At the end of the year, total net positions of the proprietary funds were \$19,575,665, decreasing \$27,969 (0.14% from the prior period). As noted earlier, the major decrease in net position in the Water utility resulted from lower than normal water sales due to an unusually high rainfall during summer months. Other factors concerning the finances of this major fund have already been addressed in the discussion of the Village's business-type activities.

PROPRIETARY FUNDS				
Change in Operating Income and Net Position				
	Operating Income (Loss)		Change in Net Position	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
Water	\$ 91,051	\$ 650,351	\$ (130,639)	\$ 477,593
Stormwater	102,230	115,667	103,748	117,879
Refuse and Recycling	<u>(1,742)</u>	<u>18,755</u>	<u>(1,078)</u>	<u>20,060</u>
Total changes	<u>\$ 191,539</u>	<u>\$ 784,773</u>	<u>\$ (27,969)</u>	<u>\$ 615,532</u>

General Fund Budgetary Highlights

The difference between the original and final amended General fund budget in total for 2013 was an increase of \$71 thousand. This increase was due to additional capital purchases in the function of public safety (vehicles, machinery & equipment, and computer equipment) and receipt of grant funds.

Capital Assets and Debt Administration

Capital assets: The Village's capital assets for its governmental and business-type activities total \$32,435,540 (net accumulated depreciation) as of September 30, 2013. These assets include land, construction in progress, buildings, improvements-other-than-buildings, infrastructure and machinery and equipment. During fiscal year ending September 30, 2013, the Village disposed of \$2,169,020 of fully depreciated capital assets. These items were mostly obsolete items that were sold at public auction.

Additional information on the Village's capital assets can be found in Note 3 D., Capital Assets, starting on page 46 of this report.

Capital Assets	Governmental Activities	Business Activities	2013 Total
Land	\$ 634,017	\$ 83,335	\$ 717,352
Construction in progress	10,710		10,710
Buildings	8,043,526	979,512	9,023,038
Improvements	2,385,930	58,720	2,444,650
Infrastructure	4,544,085	32,596,833	37,140,918
Machinery and Equipment	3,100,967	1,593,273	4,694,240
Intangibles	<u>201,377</u>	<u>-</u>	<u>201,377</u>
Total capital assets	\$18,920,612	\$35,311,673	\$54,232,285
Less accumulated depreciation	<u>(5,880,875)</u>	<u>(15,915,870)</u>	<u>(21,796,745)</u>
Total capital assets, net	<u>\$13,039,737</u>	<u>\$19,395,803</u>	<u>\$32,435,540</u>

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. The table below summarizes the Village's debt position. A more detailed explanation can be found in Note 3.K – Long-Term Liabilities starting on page 65.

Village of Tequesta - Long Term Debt						
	Governmental Activities		Business-type Activities		Total	
	2013	2012	2013	2012	2013	2012
Notes payable	\$ 2,778,261	\$3,026,070	\$5,553,570	\$ 5,849,787	\$8,331,831	\$8,875,857
Compensated absences	519,181	510,621	139,820	142,974	659,001	653,595
Net OPEB Obligation	158,000	158,000	18,000	18,000	176,000	176,000
Total Long Term Debt	<u>\$3,455,442</u>	<u>\$3,694,691</u>	<u>\$6,011,390</u>	<u>\$6,010,761</u>	<u>\$9,466,832</u>	<u>\$9,705,452</u>

Economic Factor and Next Year's Budgets and Rates

The following economic factors currently affect the Village of Tequesta and were considered in developing the 2013-2014 fiscal year budget.

- The Village Council's decision to raise the millage rate from 5.7671 mills to 6.0500 and an increase in property values will result in an increase in tax revenues. The Village is anticipating that property values will continue to rise.
- Interest rates remain low as the federal funds rate is expected to be unchanged until unemployment rate hits 6.5%, which will continue to affect investment earnings.
- Revenues from sales taxes continue to be flat and current trends are not predicting any immediate change unless consumer confidence increases.
- There is some indication that the housing market and new home construction is beginning to improve.
- Four year recovery from the "Great Recession" has created economic uncertainty.
- The Village continues to work on the annexation of surrounding properties, however, the Village was not successful with annexation attempts in fiscal year 2013.
- Headline CPI is expected to be around 2%.
- Economic and job growth isn't expected to gain significant altitude until 2014/2015.
- The Village of Tequesta's water rates increased 1.33% on October 1, 2013.

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 POSITION SEPTEMBER 30, 2013

	Governmental Activities	Business- type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 3,807,641	\$ 5,110,037	\$ 8,917,678
Investments	182,077	127,130	309,207
Receivables, net	281,369	413,297	694,666
Inventories	38,397	34,951	73,348
Prepaid items	106,184	43,439	149,623
Net pension asset	463,316		463,316
Capital assets not being depreciated	644,727	83,335	728,062
Capital being depreciated, net	<u>12,395,010</u>	<u>19,312,468</u>	<u>31,707,478</u>
Total Assets	<u>17,918,721</u>	<u>25,124,657</u>	<u>43,043,378</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred charges on refunding	--	324,834	324,834
Total deferred outflows of resources	<u>--</u>	<u>324,834</u>	<u>324,834</u>
LIABILITIES			
Accounts payable	143,952	109,833	253,785
Accrued liabilities	237,368	22,020	259,388
Customer deposits	54,660	30,503	85,163
Due to other governments	11,649	80	11,729
Noncurrent liabilities:			
Due within one year	296,226	322,867	619,093
Due in more than one year	<u>3,159,216</u>	<u>5,388,523</u>	<u>8,547,739</u>
Total Liabilities	<u>3,903,071</u>	<u>5,873,826</u>	<u>9,776,897</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue	<u>163,117</u>	--	<u>163,117</u>
Total deferred inflows of resources	<u>163,117</u>	<u>--</u>	<u>163,117</u>
NET POSITION			
Net investment in capital assets	10,261,476	14,167,067	24,428,543
Restricted:			
Debt Service	310,300	--	310,300
Building	214,987	--	214,987
Law Enforcement	54,033	--	54,033
Unrestricted	<u>3,011,737</u>	<u>5,408,598</u>	<u>8,420,335</u>
Total Net Position	<u>\$ 13,852,533</u>	<u>\$ 19,575,665</u>	<u>\$ 33,428,198</u>

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

VILLAGE OF TEQUESTA, FLORIDA

**STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013**

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	Primary Government		
				Governmental Activities	Business-type Activities	Total
Primary government:						
Governmental activities:						
General government	\$ 1,642,948	\$ 695,801	\$ --	\$ (947,147)	\$ --	\$ (947,147)
Public safety	6,207,866	1,142,593	84,195	(4,981,078)	--	(4,981,078)
Transportation	1,049,062	4,480	--	(1,044,582)	--	(1,044,582)
Leisure services	640,513	86,349	10,950	(543,214)	--	(543,214)
Interest on long-term debt	135,204	--	--	(135,204)	--	(135,204)
Total governmental activities	<u>9,675,593</u>	<u>1,929,223</u>	<u>95,145</u>	<u>(7,651,225)</u>	<u>--</u>	<u>(7,651,225)</u>
Business-type activities						
Water	4,204,955	4,018,755	--	--	(186,200)	(186,200)
Stormwater utility	221,283	323,513	--	--	102,230	102,230
Refuse and recycling	484,165	482,422	--	--	(1,743)	(1,743)
Total business-type activities	<u>4,910,403</u>	<u>4,824,690</u>	<u>--</u>	<u>--</u>	<u>(85,713)</u>	<u>(85,713)</u>
Total primary government	<u>\$ 14,585,996</u>	<u>\$ 6,753,913</u>	<u>\$ 95,145</u>	<u>(7,651,225)</u>	<u>(85,713)</u>	<u>(7,736,938)</u>
General revenues:						
Ad valorem taxes				4,339,215	--	4,339,215
Utility taxes				644,477	--	644,477
Communication service tax				344,204	--	344,204
Insurance premium taxes				194,173	--	194,173
Business taxes				84,075	--	84,075
Franchise fees based on gross receipts				380,160	--	380,160
Unrestricted intergovernmental revenues				735,924	--	735,924
Unrestricted investment earnings				22,316	20,727	43,043
Miscellaneous revenues				77,390	37,017	114,407
Total general revenues				<u>6,821,934</u>	<u>57,744</u>	<u>6,879,678</u>
Change in net position				(829,291)	(27,969)	(857,260)
Net position - beginning				<u>14,681,824</u>	<u>19,603,634</u>	<u>34,285,458</u>
Net position - ending				<u>\$ 13,852,533</u>	<u>\$ 19,575,665</u>	<u>\$ 33,428,198</u>

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

VILLAGE OF TEQUESTA, FLORIDA

**BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2013**

	General Fund	Other Governmental Funds	Total Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 3,643,882	\$ 163,759	\$ 3,807,641
Investments	182,077	--	182,077
Receivables, net	281,369	--	281,369
Inventories	38,397	--	38,397
Prepaid items	106,184	--	106,184
Total assets	<u>4,251,909</u>	<u>163,759</u>	<u>4,415,668</u>
LIABILITIES			
Accounts payable	143,952	--	143,952
Accrued liabilities	237,368	--	237,368
Due to other governments	11,649	--	11,649
Other current liabilities	54,660	--	54,660
Total liabilities	<u>447,629</u>	<u>--</u>	<u>447,629</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue	163,117	--	163,117
Total deferred inflows of resources	<u>163,117</u>	<u>--</u>	<u>163,117</u>
FUND BALANCES			
Nonspendable:			
Inventories	38,397	--	38,397
Prepaid Items	106,184	--	106,184
Restricted:			
Debt Service	310,300	--	310,300
Building	214,987	--	214,987
Law Enforcement	50,000	4,033	54,033
Assigned:			
Subsequent year's budget	--	150,000	150,000
Hurricane/disaster emergency	1,000,000	--	1,000,000
Capital Projects	--	9,726	9,726
Unassigned:			
General Fund	1,921,295	--	1,921,295
Total fund balances	<u>3,641,163</u>	<u>163,759</u>	<u>3,804,922</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 4,251,909</u>	<u>\$ 163,759</u>	<u>4,415,668</u>

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

Capital assets used in the governmental activities are not financial resources and, therefore, are not reported in the funds.	13,039,737
Net pension assets are not considered to represent a financial asset in the governmental funds	463,316
Long-term liabilities, including notes payable, are no due and payable in the current period and, therefore, are not reported in the governmental funds	<u>(3,455,442)</u>
Net position of governmental activities	<u>\$ 13,852,533</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
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013**

	General Fund	Total Nonmajor Funds	Total Governmental Funds
REVENUES			
Ad valorem taxes	\$ 4,339,215	\$ --	\$ 4,339,215
Other taxes	1,266,929	--	1,266,929
Intergovernmental	752,728	--	752,728
Franchise fees	380,160	--	380,160
Charges for services	901,659	--	901,659
Intragovernmental	503,709	--	503,709
Grants, contributions and donations	61,185	--	61,185
Licenses and permits	330,569	--	330,569
Investment earnings	22,316	--	22,316
Fines and forfeitures	17,929	24,258	42,187
Miscellaneous	98,341	--	98,341
Rents and royalties	147,303	--	147,303
Total revenues	<u>8,822,043</u>	<u>24,258</u>	<u>8,846,301</u>
EXPENDITURES			
Current:			
General government	1,528,314	--	1,528,314
Public safety	5,901,479	1,000	5,902,479
Transportation	800,959	78,210	879,169
Leisure services	561,938	--	561,938
Capital outlay	120,399	--	120,399
Debt service:			
Principal	247,809	--	247,809
Interest	125,054	--	125,054
Fiscal Charges	11,870	--	11,870
Total expenditures	<u>9,297,822</u>	<u>79,210</u>	<u>9,377,032</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(475,779)</u>	<u>(54,952)</u>	<u>(530,731)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	420,440	--	420,440
Transfers out	--	(420,440)	(420,440)
Total other financing sources (uses)	<u>420,440</u>	<u>(420,440)</u>	<u>--</u>
Net change in fund balances	(55,339)	(475,392)	(530,731)
Fund balances- beginning	<u>3,696,502</u>	<u>639,151</u>	<u>4,335,653</u>
Fund balances - ending	<u>\$ 3,641,163</u>	<u>\$ 163,759</u>	<u>\$ 3,804,922</u>

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
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013

Amounts reported for governmental activities in the statement of activities
(Page 18) are different because:

Net change in fund balances - total governmental funds (Page 20) \$ (530,731)

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 depreciation exceeds capital outlay in the current period.

The details of the difference are as follows:

Capital outlay	\$ 120,399	
Depreciation expense	<u>(731,654)</u>	
Net Adjustment		(611,255)

The net effect of various miscellaneous transactions involving capital assets
(i.e., sale, trade-ins, and donations) is to increase(decrease) net position 33,144

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 difference is as follows:

Principal payments:		
Notes payable		247,809

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 difference are as follows:

Compensated absences	(8,560)	
Net pension expense	<u>40,302</u>	
		<u>31,742</u>

Change in net position of governmental activities (Page 18) \$ (829,291)

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

VILLAGE OF TEQUESTA, FLORIDA

**STATEMENT OF NET POSITION
PROPRIETARY FUNDS
SEPTEMBER 30, 2013**

	Business-type Activities		
	Water Fund	Nonmajor Funds	Total
ASSETS			
Current Assets:			
Cash and cash equivalents	\$ 4,151,180	\$ 958,857	\$ 5,110,037
Investments	113,987	13,143	127,130
Receivables, net	405,897	7,400	413,297
Inventories	34,404	547	34,951
Prepaid items	42,646	793	43,439
Total current assets	4,748,114	980,740	5,728,854
Non-current Assets:			
Capital assets not being depreciated	83,335	--	83,335
Capital being depreciated, net	17,672,479	1,639,989	19,312,468
Total non-current assets	17,755,814	1,639,989	19,395,803
Total Assets	22,503,928	2,620,729	25,124,657
DEFERRED OUTFLOWS OF RESOURCES			
Deferred charges on refunding	324,834	--	324,834
Total deferred outflows of resources	324,834	--	324,834
LIABILITIES			
Current Liabilities:			
Accounts payable	66,087	43,746	109,833
Accrued liabilities	22,020	--	22,020
Customer deposits	30,503	--	30,503
Compensated absences	15,000	--	15,000
Due to other governments	80	--	80
Notes payable - current	307,867	--	307,867
Total current liabilities	441,557	43,746	485,303
Noncurrent liabilities			
Compensated absences	123,125	1,695	124,820
Notes payable	5,245,703	--	5,245,703
Net OPEB obligation	18,000	--	18,000
Total noncurrent liabilities	5,386,828	1,695	5,388,523
Total Liabilities	5,828,385	45,441	5,873,826
NET POSITION			
Net investment in capital assets	12,527,078	1,639,989	14,167,067
Unrestricted	4,473,299	935,299	5,408,598
Total Net Position	\$ 17,000,377	\$ 2,575,288	\$ 19,575,665

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

VILLAGE OF TEQUESTA, FLORIDA

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION PROPRIETARY FUNDS FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013

	Business-type Activities		Total
	Water Fund	Nonmajor Funds	
Operating Revenues			
Charges for services:			
Metered water sale	\$ 3,966,832	\$ --	\$ 3,966,832
Tap fees	51,922	--	51,922
Stormwater fees	--	323,513	323,513
Refuse & recycling fees	--	482,422	482,422
Total Operating Revenues	<u>4,018,754</u>	<u>805,935</u>	<u>4,824,689</u>
Operating Expenses			
Cost of sales and services:			
Plant production	1,394,986	--	1,394,986
Distribution	723,944	--	723,944
Stormwater	--	109,868	109,868
Purchased services	--	477,314	477,314
Management services	485,229	18,480	503,709
Administration	323,461	--	323,461
Depreciation	1,000,083	99,785	1,099,868
Total Operating Expenses	<u>3,927,703</u>	<u>705,447</u>	<u>4,633,150</u>
Operating Income	<u>91,051</u>	<u>100,488</u>	<u>191,539</u>
Non-Operating Revenues (Expenses)			
Miscellaneous revenue	37,017	--	37,017
Investment earnings	18,545	2,182	20,727
Interest expense	(263,096)	--	(263,096)
Other fiscal charges	(14,156)	--	(14,156)
Total Non-Operating Revenues (Expenses)	<u>(221,690)</u>	<u>2,182</u>	<u>(219,508)</u>
Change in Net Position	(130,639)	102,670	(27,969)
Net Position - Beginning	<u>17,131,016</u>	<u>2,472,618</u>	<u>19,603,634</u>
Net Position - Ending	<u>\$ 17,000,377</u>	<u>\$ 2,575,288</u>	<u>\$ 19,575,665</u>

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

VILLAGE OF TEQUESTA, FLORIDA

STATEMENT OF CASH FLOWS PROPRIETARY FUNDS FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013

	Business-type Activities		Totals
	Water Fund	Nonmajor Funds	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from customers, governments and other funds	\$ 3,966,832	\$ 806,881	\$ 4,773,713
Cash paid to suppliers	(1,561,406)	(671,418)	(2,232,824)
Cash paid to employees	(1,324,123)	(52,505)	(1,376,628)
Net Cash Provided by Operating Activities	<u>1,081,303</u>	<u>82,958</u>	<u>1,164,261</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCIAL ACTIVITIES			
Acquisition and construction of capital assets	(125,655)	(148,687)	(274,342)
Principal payments on long-term debt	(273,390)	--	(273,390)
Interest and fiscal charges paid	(229,315)	--	(229,315)
Net Cash Used in Capital and Related Financing Activities	<u>(628,360)</u>	<u>(148,687)</u>	<u>(777,047)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received on investments	7,487	1,298	8,785
Miscellaneous	37,017	--	37,017
Net Cash Provided by Investing Activities	<u>44,504</u>	<u>1,298</u>	<u>45,802</u>
Net Increase (Decrease) in Cash and Cash Equivalents	497,447	(64,431)	433,016
Cash and Cash Equivalents - Beginning	<u>3,653,733</u>	<u>1,023,288</u>	<u>4,677,021</u>
Cash and Cash Equivalents - Ending	<u>\$ 4,151,180</u>	<u>\$ 958,857</u>	<u>\$ 5,110,037</u>
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities			
Operating income	\$ 91,051	\$ 100,488	\$ 191,539
Depreciation	1,000,083	99,785	1,099,868
Changes in operating assets and liabilities:			
(Increase) decrease in:			
Accounts receivable	22,480	946	23,426
Inventories	6,458	25	6,483
Prepaid items and other assets	(11,856)	(420)	(12,276)
Increase (decrease) in:			
Accounts payable	(27,059)	(118,426)	(145,485)
Accrued liabilities	(1,760)	--	(1,760)
Customer deposits	5,620	--	5,620
Compensated absences	(3,714)	560	(3,154)
Net Cash Provided by Operating Activities	<u>\$ 1,081,303</u>	<u>\$ 82,958</u>	<u>\$ 1,164,261</u>
NONCASH INVESTING ACTIVITIES			
Change in fair value of investments	<u>\$ 7,356</u>	<u>\$ 868</u>	<u>\$ 8,224</u>

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

VILLAGE OF TEQUESTA, FLORIDA
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
SEPTEMBER 30, 2013

	<u>Pension Trust Funds</u>
ASSETS	
Cash and cash equivalents	\$ 381,875
Investments, at fair value:	
Corporate stocks	3,949,689
Corporate bonds	475,506
Government backed securities	290,113
Mutual funds	<u>7,287,800</u>
Total Investments	<u>12,003,108</u>
Prepaid items	300
Contributions receivable	36,583
Accrued interest receivable	<u>20,055</u>
Total Assets	<u>12,441,921</u>
LIABILITIES	
Accounts Payable	21,033
Due to Broker	<u>35,129</u>
Total Liabilities	<u>56,162</u>
NET POSITION	
Net position held in trust for pension benefits	<u><u>\$ 12,385,759</u></u>

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

VILLAGE OF TEQUESTA, FLORIDA

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION FIDUCIARY FUNDS FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013

	Pension Trust Funds
ADDITIONS	
Contributions:	
Employer (including State)	\$ 852,626
Employee	<u>188,072</u>
Total contributions	<u>1,040,698</u>
Investment earnings:	
Net increase in fair value of investments	809,726
Interest earnings	230,602
Gain on sale of investments	<u>169,993</u>
Investment earnings	1,210,321
Less investment expenses	<u>(74,713)</u>
Net investment earnings	<u>1,135,608</u>
Total additions	<u>2,176,306</u>
DEDUCTIONS	
Benefits paid	62,171
Refunds of contributions	50,412
Operating expenses	<u>62,864</u>
Total deductions	<u>175,447</u>
Change in net position	2,000,859
Net position- beginning	<u>10,384,900</u>
Net position - ending	<u>\$ 12,385,759</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, 2013

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. DESCRIPTION OF GOVERNMENT-WIDE FINANCIAL STATEMENTS

The government-wide financial statements (i.e. the statement of net position and the statement of activities) report information on all non-fiduciary activities of the primary government and any component units (the Village has no component units). All fiduciary funds are presented separately. *Governmental activities*, which normally are supported by taxes, intergovernmental revenues, and other non-exchange transactions, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges to external customers for support.

B. REPORTING ENTITY

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 governed by a five (5) member Council elected at large. Each year, the Council appoints one of its members Mayor, to serve at the pleasure of Council for one year. The Village's major operations include public safety (police, fire rescue/EMS, building and code enforcement), transportation (streets and roads), leisure services (culture and recreation), water, stormwater, recycling services and general and administrative.

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, 2013.

C. BASIS OF PRESENTATION – GOVERNMENT-WIDE FINANCIAL STATEMENTS

While separate government-wide and fund financial statements are presented, they are interrelated. Both sets of statements distinguish between the *governmental* and *business-type* activities of the Village. The governmental activities column incorporates data from governmental funds while business-types activities incorporate data from the Village's enterprise funds. 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.

VILLAGE OF TEQUESTA, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. BASIS OF PRESENTATION – GOVERNMENT-WIDE FINANCIAL STATEMENTS (CONTINUED)

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 where the amounts are reasonably equivalent in value to the interfund services provided and other charges between the Village of Tequesta's water, and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

The Statement of Net Position reports all financial and capital resources of the Village's governmental and business-type activities. *Governmental activities* are those supported by taxes and intergovernmental revenues. *Business-type activities* rely to a significant extent on fees and charges for support. 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 for goods or services that are recovered directly from customers for services rendered 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*.

D. BASIS OF PRESENTATION – FUND FINANCIAL STATEMENTS

The fund financial statements provide information about the Village's funds, including its fiduciary funds. Separate statements for each fund category – governmental, proprietary and fiduciary – are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds. Major individual governmental and enterprise funds are reported as separate columns in the fund financial statements.

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 accounted for in another fund.

VILLAGE OF TEQUESTA, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. BASIS OF PRESENTATION - FUND FINANCIAL STATEMENTS (CONTINUED)

The Village reports the following major enterprise fund:

The *Water Fund* accounts 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 fund type:

The *pension trust fund* accounts for the activities of the Public Safety Employees' Pension Trust and the General Employees' Pension Trust funds, which accumulate resources for pension benefit payments to qualified employees.

During the course of operations the Village has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities are eliminated so that only the net amount is included as internal balances in the governmental activities column. Similarly, balances between the funds included in the business-type activities (i.e., the enterprise funds) are eliminated so that only the net amount is included as internal balances in the business-type activities column.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfer in the governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as transfers in the business-type activities column.

E. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic resources*. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

VILLAGE OF TEQUESTA, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING (CONTINUED)

The *government-wide financial statements* are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. 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.

The *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 of the end of the current fiscal period. Expenditure generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Property taxes, sales taxes, franchise taxes, licenses, and interest 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. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 45 days of year-end). Expenditure-driving grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 45 days of year-end). All other revenue items are considered to be measurable and available only when cash is received by the Village.

The proprietary and pension trust funds are reported using the *economic resources measurement focus* and the *accrual basis of accounting* for reporting its assets and liabilities.

VILLAGE OF TEQUESTA, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. BUDGETARY INFORMATION

1. Budgetary Basis of Accounting

Annual budgets are adopted on a basis consistent with generally accepted accounting principles. The appropriated budget is prepared by fund, function and department. Per established procedures approved by the Village Council, the designated budget officer may approve a department head's request to transfer appropriations between accounts, within a department. Although the Village Council requires all inter-department budget amendments to go before the Village Council for approval, the budget was adopted on a fund basis and the legal level of budgetary control is at that level. What this means is that any amendments that change the total fund's budget requires the Village Council to approve it in the same manner that the original budget was approved – by resolution.

Appropriations in all budgeted funds lapse at the end of the fiscal year even if they have related encumbrances. Encumbrances are commitments related to unperformed (executory) contracts for goods or services (i.e., purchase orders, contracts, and commitments). Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. While all appropriations and encumbrances lapse at year end, valid outstanding encumbrances (those for which performance under the executor contract is expected in the next year) are re-appropriated and become part of the subsequent year's budget pursuant to state regulations.

G. ASSETS, LIABILITIES, DEFERRED OUTFLOWS/INFLOWS OF RESOURCES, AND NET POSITION/FUND BALANCE

1. Cash and Cash Equivalents

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

2. Investments

Investments for the Village of Tequesta are reported at fair value, except for the position in the State Board of Administration Investment Pool (SBA). The SBA administers Florida PRIME and 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.

VILLAGE OF TEQUESTA, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. ASSETS, LIABILITIES, DEFERRED OUTFLOWS/INFLOWS OF RESOURCES, AND NET POSITION/FUND BALANCE (CONTINUED)

2. Investments (continued)

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. The fair value of the position in Florida PRIME is equal to the value of the pool shares.

Fund B is accounted for as a fluctuating NAV pool, that is, accounting valuations reflect estimates of the market value of securities rather than their amortized cost. Due to the lack of an actively traded market for Fund B securities, the “market value” is an estimate of current liquidation value that has been determined through a collaborative process among various pricing experts and sources in the marketplace. As of September 30, 2013 the fair value factor for Fund B was 1.13262284. Fund B is not subject of participant withdrawal requests. Distributions from Fund B, as determined by the SBA, are effected by transferring eligible cash or securities to 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 Florida PRIME. The investments in Florida PRIME and Fund B are not insured by FDIC or any other governmental agency.

3. Inventories and Prepaid Items

Inventories are valued at cost using the first-in/first-out (FIFO) method. Inventories consist of expendable supplies and water distribution repair parts. The cost of such inventories is recorded as expenditures/expenses when consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

VILLAGE OF TEQUESTA, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. ASSETS, LIABILITIES, DEFERRED OUTFLOWS/INFLOWS OF RESOURCES, AND NET POSITION/FUND BALANCE (CONTINUED)

4. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g. roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets, except for infrastructure 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 two years. For infrastructure assets the same estimated minimum useful life is used (in excess of two years), but only those infrastructure projects that cost more than \$25,000 are reported as capital assets. In the case of the initial capitalization of general infrastructure assets (i.e., those reported by governmental activities), the Village of Tequesta chose not to capitalize infrastructure acquired in fiscal years ending prior to September 30, 2004. As the Village constructs or acquires additional capital assets each period, including infrastructure assets, they are capitalized and reported at historical cost. The reported value excludes normal maintenance and repairs which are essentially amounts spent in relation to capital assets that do not increase the capacity or efficiency of the item or increase its estimated useful life. Donated capital assets are recorded at their estimated fair value at the date of donation.

Interest incurred during the construction phase of capital assets of enterprise funds is included as part of the capitalized value of the assets constructed. The amount of interest capitalized depends on the specific circumstances. There was no new debt issued in fiscal year ending 9/30/2013 and no interest capitalized.

Land and construction in progress are not depreciated. The other property, plant, equipment, and infrastructure of the primary government are depreciated using the straight line method over the following estimated useful lives:

Buildings	20 – 40 years
Improvements	20 – 50 years
Infrastructure	20 – 50 years
Machinery and equipment	5 – 15 years
Intangibles	5 – 20 years

VILLAGE OF TEQUESTA, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. ASSETS, LIABILITIES, DEFERRED OUTFLOWS/INFLOWS OF RESOURCES, AND NET POSITION/FUND BALANCE (CONTINUED)

5. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position reports a separate section for *deferred outflows of resources*. This separate financial statement element represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The Village only has one item that qualifies for reporting in this category. It is the deferred charge on refunding reported in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, the statement of net position reports a separate section for *deferred inflows of resources*. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Village has only one type of item, that qualifies for reporting in this category. The item, unavailable revenue, includes revenue from two sources: local business taxes (\$44,157) and lease revenues (\$118,960). These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

6. Net Position Flow Assumption

Sometimes the Village will fund outlays for a particular purpose from both restricted and unrestricted (e.g. restricted bond or grant proceeds). In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the Village's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

VILLAGE OF TEQUESTA, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. ASSETS, LIABILITIES, DEFERRED OUTFLOWS/INFLOWS OF RESOURCES, AND NET POSITION/FUND BALANCE (CONTINUED)

7. Fund Balance Flow Assumptions

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

8. Fund Balance Policies

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The Village itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the government's highest level of decision-making authority. The Village Council is the highest level of decision-making authority for the Village of Tequesta that can, by adoption of an ordinance or resolution, which are of equal decision-making authority, prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance or resolution remains in place until a similar action is taken (the adoption of another ordinance or resolution) to remove or revise the limitation.

Amounts in the assigned fund balance classification are intended to be used by the Village for specific purposes but do not meet the criteria to be classified as committed. The Village Council (Council) has, by adopting a fund balance policy, authorized the Village Manager and/or the finance director to assign fund balance. The Council may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

VILLAGE OF TEQUESTA, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. REVENUES AND EXPENDITURES/EXPENSES

1. Program Revenues

Amounts reported as *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 (including special assessments) that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than as program revenues.

2. Property Taxes

Property tax collections are governed by Chapter 197, Florida Statutes. Property taxes are based on assessed property value at January 1st as determined by the Palm Beach County Property Appraiser. The Village of Tequesta sets the property tax millage rate in September. The Palm Beach County Tax Collector bills and collects all property taxes levied within the County. Florida Statutes limit the countywide millage rate to a maximum of 10 mills, excluding voter-approved debt service millage rates. The millage rate for the Village in FY 2013 was 5.7671 mills. Tax bills are mailed out November 1st and discounts are available for payment made in the following months; November 4%, December 3%, January 2% and February 1%. Taxes become delinquent on April 1, and are then subject of fines. The Tax collector advertises and sells tax certificates on all real property for delinquent taxes. The owner of a tax certificate may at any time after taxes have been delinquent (April 1), for two years, file an application for a tax deed sale. Tax deeds are issued to the highest bidder for the property which is sold at public auction. The Tax Collector remits current taxes collected through four distributions to the Village in the first two months of the tax year and one distribution each month thereafter. The Village recognizes property tax revenue in the period in which they are levied. The Tax Collector pays the Village interest on monies held from day of collection to day of distribution.

VILLAGE OF TEQUESTA, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. REVENUES AND EXPENDITURES/EXPENSES

3. Compensated Absences

Vacation

The Village's policy permits employees to accumulate earned but unused vacation benefits, which are eligible for payment upon separation from the Village's service up to the maximum allowable limit. The liability for such leave is reported as incurred in the government-wide and proprietary fund financial statements. A liability for those amounts is recorded in the governmental funds only if the liability has matured as a result of employee resignations or retirements. The liability for compensated absences includes salary-related benefits, where applicable.

Sick Leave

The Village's policy permits employees to accumulate unused sick leave up to a maximum amount approved by Council. Upon termination, this leave is eligible for payment at percentages determined by years of service. The liability for such leave is reported as incurred in the government-wide and proprietary fund financial statements when the liability has matured. A liability for those amounts is recorded in the governmental funds only if the liability has matured as a result of employee resignations or retirements.

4. Proprietary Funds Operating and Non-operating Revenues and Expenses

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 water fund, refuse and recycling fund and stormwater fund are charges to customers for sales and services. The water fund also recognizes as operating revenue, the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

I. USE OF ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

VILLAGE OF TEQUESTA, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013

NOTE 2 – RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

A. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN THE GOVERNMENTAL FUND BALANCE SHEET AND THE GOVERNMENT-WIDE STATEMENT OF NET POSITION

The governmental fund balance sheet includes a reconciliation between *fund balance – total governmental funds* and *net position – governmental activities* as reported in the government-wide statement of net position. One element of that reconciliation explains that “capital assets used in governmental activities are not financial resources and, therefore are not reported in the funds.” The amount of this reconciling element is \$13,039,737 and details are as follows:

Land	\$ 634,017
Construction in progress	10,710
Buildings	8,043,526
Less: accumulated depreciation – buildings	(1,921,917)
Improvement other than buildings	2,385,929
Less: accumulated depreciation	(906,035)
Machinery, equipment and vehicles	3,100,967
Less: accumulated depreciation – machinery equipment and vehicles	(2,569,489)
Infrastructure	4,544,085
Less: accumulated depreciation – infrastructure	(399,819)
Intangibles	201,377
Less: accumulated depreciation – intangibles	<u>(83,614)</u>
Net Adjustment to Increase Fund Balance - Total Governmental Funds to Arrive at Net Position – Governmental Activities	<u>\$13,039,737</u>

The final element of that reconciliation explains that “long-term liabilities, including bonds/notes payable, are not due and payable in the current period and therefore are not reported in the funds.” The details of this \$3,455,442 difference are as follows:

Note payable	\$2,778,261
Compensated absences	519,181
Other post-employment related liability	<u>158,000</u>
Net Adjustment to Reduce Fund Balance - Total Governmental Funds to Arrive at Net Position – Governmental Activities	<u>\$3,455,442</u>

VILLAGE OF TEQUESTA, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013

NOTE 3 – DETAILED NOTES ON ALL ACTIVITIES AND FUNDS

A. CASH DEPOSITS WITH FINANCIAL INSTITUTION

Custodial credit risk-deposits. In the case of deposits, this is the risk that in the event of a bank failure, the government's deposits may not be returned to it. 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 pledging level may range from 25% to 200% 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, 2013, none of the Village's primary bank balances were exposed to custodial credit risk.

B. INVESTMENTS

The Village has adopted an investment policy in accordance with Florida Statutes and 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 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 and the Fund B Surplus Funds Trust Fund (Fund B), which are governed by Chapter 19-7 of the Florida Administrative Code and Chapters 218 and 215 of the Florida Statutes. 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. As a participant, the Village invests in a pool of investments owning a share of the pool, not the underlying securities. The fair value of the position in the Florida PRIME is equal to the value of the pool shares.

VILLAGE OF TEQUESTA, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013

NOTE 3 – DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (CONTINUED)

B. INVESTMENTS (CONTINUED)

The Fund B does not meet the requirements of an SEC 2a-7 like fund and is accounted for as a fluctuating NAV pool. That is, accounting valuations reflect estimates of the market value of securities rather than their amortized cost. Due to the lack of an actively traded market for Fund B securities, the “market value” is an estimate of current liquidation value that has been determined through a collaborative process among various pricing experts and sources in the marketplace. As of September 30, 2013, the fair value factor for Fund B was 1.13262284. 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.

As of September 30, 2013, the Village of Tequesta had the following demand deposits and investments:

<u>Deposits and Investments</u>	<u>Fair Value</u>	<u>Weighted Average Maturity</u>	<u>Credit Rating</u>	<u>Percent Distribution</u>
Demand deposits	\$ 8,915,928			96.7%
SBA-Florida PRIME	216,534	44 days	AAAm	2.3%
SBA - Fund B	<u>92,673</u>	4.04 years	N/A	<u>1.0%</u>
Total Investments	<u>309,207</u>			
Total Deposits and Investments	<u>\$ 9,225,135</u>			<u>100%</u>

Interest Rate Risk

The Village manages its exposure to declines in fair values by limiting the weighted average maturity of its investments portfolio to less than five years. As shown above, the weighted average life of Fund B is 4.04 years, however, because Fund B consists of restructured or defaulted securities there is considerable uncertainty regarding the weighted average life.

Credit Risk

This is the risk that a debt issuer will not fulfill its obligations. The Village limits credit risk by requiring investments be limited to specific securities and short-term obligations of U.S. corporation that are rated at one of the three highest classifications as established by a nationally recognized statistical rating organization. However Fund B is not rated by any nationally recognized statistical rating agency.

VILLAGE OF TEQUESTA, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013

NOTE 3 – DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (CONTINUED)

B. INVESTMENTS (CONTINUED)

Concentration of Credit Risk

At this time the Village is invested in the SBA investment pool which represents 3% of total deposits and investments.

Custodial Credit Risk-Investments

Is the risk that, in the event of the failure of the counterparty, the government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. At this time, the Village is only invested in the State Board of Administration of Florida (SBA) investment pool.

Investments – Public Safety Pension Trust Fund

As of September 30, 2013, the Village of Tequesta's Public Safety Pension Trust Fund had the following demand deposits and investments:

	Fair Value	Percent Distribution
Cash	\$ 32,934	0.34%
Short-Term Investments	288,507	3.01%
Mutual Funds - Equities	3,553,911	37.03%
Mutual Funds - Fixed income	3,407,140	35.50%
Corporate Stocks	2,274,900	23.70%
ETF - Exchange Traded Fund	<u>39,675</u>	<u>0.41%</u>
Total	<u><u>\$ 9,597,067</u></u>	<u><u>100.00%</u></u>

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. The Plan does not have a formal policy relating to interest rate risk, however:

- The established performance objectives require investment maturities to provide sufficient liquidity to pay obligations as they become due.
- At September 30, 2013, there were no direct investments in debt instruments. However, there were investments in mutual funds that included debt instruments in their portfolio.

VILLAGE OF TEQUESTA, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013

NOTE 3 – DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (CONTINUED)

B. INVESTMENTS (CONTINUED)

Investments – Public Safety Pension Trust Fund (continued)

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.

Concentration of Credit Risk

Is the risk of loss attributed to the magnitude of an investment in a single issuer. The investment policy limits exposure to this risk by:

- Limiting 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.
- Limiting the value of corporate bonds issued by any single corporation to not more than 5% of the total fund.
- Limiting investments in corporate common stock and convertible bonds (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.
- Limiting investments in foreign securities (not exceed 15% of the value at cost of the fund).

Custodial Credit Risk-Investments

Is the risk that, in the event of the failure of the counterparty, the government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Plan's investment policy limits exposure to this risk by:

- Requiring all securities to be held with a third party custodian.
- Requiring security transactions between a broker/dealer and the custodian involving the purchase or sale of securities by transfer of money or securities are made on a "delivery vs. payment" basis to ensure that the custodian will have the security or money, as appropriate, in hand at the conclusion of the Transaction.

At September 30, 2013, the investments of the Police and Firefighters' Pension Trust Fund were in compliance with the investment policy.

VILLAGE OF TEQUESTA, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013

NOTE 3 – DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (CONTINUED)

B. INVESTMENTS (CONTINUED)

Investments – General Employees’ Pension Trust Fund

At September 30, 2013, the Village of Tequesta’s *General Employees’ Pension Trust Fund* had the following demand deposits and investments:

	<u>Fair Value</u>	<u>Weighted Average Maturity</u>	<u>Credit Rating</u>	<u>Percent Distribution</u>
Cash	\$ 53			0.00%
Short Term Investments	60,382			2.17%
Corporate Bonds:		1.73 years		
Bonds	30,340		A1	1.09%
Bonds	77,711		A2	2.79%
Bonds	51,252		A3	1.84%
Bonds	28,454		Aa3	1.02%
Bonds	39,675		Ba1	1.42%
Bonds	79,519		Baa1	2.85%
Bonds	58,445		Baa2	2.10%
Bonds	110,109		Baa3	3.95%
ETF - Exchange Traded Fund	307,168	0.93 year	Aaa	11.02%
U.S. Agencies/Treasuries	290,113		Aaa	10.41%
Corporate Stocks	<u>1,654,694</u>			<u>59.35%</u>
Total	<u>\$ 2,787,915</u>			<u>100.00%</u>

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. The Plan does not have a formal policy relating to interest rate risk, however;

- The established performance objectives require investment maturities to provide sufficient liquidity to pay obligations as they become due.
- At September 30, 2013, the weighted average maturity in years for each investment type is included in the preceding table and ranges from 0.93 to 1.73.

VILLAGE OF TEQUESTA, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013

NOTE 3 – DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (CONTINUED)

B. INVESTMENTS (CONTINUED)

Investments – General Employees’ Pension Trust Fund (continued)

Credit Risk

The Plan limits exposure that a debt issuer will not fulfill its obligations by limiting investments made or held in the fund 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 investments holding a rating in one of the four highest classifications by a major rating service.
- Equities that are traded on a National Exchange.

Concentration of Credit Risk

The Plan’s investment policy limits exposure to this risk by:

- Limiting 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.
- Limiting the value of bonds issued by any single corporation not exceed 10% of the total fund.
- Limiting investments in corporate common stock and convertible bonds not exceed 70% of the fund assets at market value.
- Limiting investments in foreign securities not exceed 25% of the market value of the fund.

Custodial Credit Risk

The Plan’s investment policy limits exposure to this risk by:

- Requiring all securities to be held by a third party custodian in the name of the Plan. As of September 30, 2013, the Plan’s investment portfolio was held with a third-party custodian.
- Requiring securities transactions between a broker-dealer and the custodian involving purchase or sale of securities by the transfer of money or securities to 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.

VILLAGE OF TEQUESTA, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013

NOTE 3 – DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (CONTINUED)

B. INVESTMENTS (CONTINUED)

Investments – General Employees’ Pension Trust Fund (continued)

Foreign Currency Risk

Exposure to foreign currency risk is low as;

- Foreign investments are through ADR’s (shares listed in the U.S.), Mutual funds (registered in the U.S.), or Yankee bonds (traded in U.S. dollars).
- 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, 2013, 4.2% of the market value of the fund was invested in foreign securities.

At September 30, 2013, the investments of the General Employees’ Pension Trust Fund were in compliance with the investment policy.

* See Note F. Pension obligations, for additional information on the Village’s pension plans.

C. RECEIVABLES

Below is the detail of receivables for the general, water, and nonmajor funds including the applicable allowances for uncollectible accounts:

	General	Water	Nonmajor Funds	Total
Accounts	\$ 150,504	\$ 408,241	\$ 2,112	\$ 560,857
Intergovernmental	99,431	535	5,288	105,254
Other taxes	<u>48,714</u>	<u>--</u>	<u>--</u>	<u>48,714</u>
Gross receivables	298,649	408,776	7,400	714,825
Less: allowance for uncollectibles	<u>(17,280)</u>	<u>(2,879)</u>	<u>--</u>	<u>(20,159)</u>
Net Total Receivables	<u>\$281,369</u>	<u>\$ 405,897</u>	<u>\$ 7,400</u>	<u>\$ 694,666</u>

VILLAGE OF TEQUESTA, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013

NOTE 3 – DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (CONTINUED)

D. CAPITAL ASSETS

Capital assets activity for the year ended September 30, 2013, was as follows:

	Beginning Balance	Additions	Deductions	Ending Balance
Governmental Activities				
Capital assets not being depreciated:				
Land	\$ 634,017	\$ --	\$ --	\$ 634,017
Construction-in-progress	<u> --</u>	<u>10,710</u>	<u> --</u>	<u>10,710</u>
Total Capital Assets Not Being Depreciated	<u>634,017</u>	<u>10,710</u>	<u> --</u>	<u>644,727</u>
Capital assets being depreciated:				
Buildings	8,043,522	4	--	8,043,526
Improvements other than buildings	2,509,255	(3)	(123,322)	2,385,930
Infrastructure	4,544,085	--	--	4,544,085
Machinery and equipment	4,714,039	109,689	(1,722,761) (1)	3,100,967
Intangibles	<u>168,233</u>	<u>33,144</u> (1)	<u> --</u>	<u>201,377</u>
Total Capital Assets Being Depreciated	<u>19,979,134</u>	<u>142,834</u>	<u>(1,846,083)</u>	<u>18,275,885</u>
Less accumulated depreciation for:				
Buildings	(1,720,829)	(201,089)	--	(1,921,918)
Improvements other than buildings	(915,645)	(113,712)	123,322	(906,035)
Infrastructure	(292,224)	(107,595)	--	(399,819)
Machinery and equipment	(4,049,783)	(242,467)	1,722,761 (1)	(2,569,489)
Intangibles	<u>(16,823)</u>	<u>(66,791)</u>	<u> --</u>	<u>(83,614)</u>
Total Accumulated Depreciation	<u>(6,995,304)</u>	<u>(731,654)</u>	<u>1,846,083</u>	<u>(5,880,875)</u>
Total Capital Assets Being Depreciated, Net	<u>12,983,830</u>	<u>(588,820)</u>	<u> --</u>	<u>12,395,010</u>
Governmental Activities Capital Assets, Net	<u>\$ 13,617,847</u>	<u>\$ (578,110)</u>	<u>\$ --</u>	<u>\$ 13,039,737</u>

(1) \$33,144 was reclassified for fully depreciated network software from machinery and equipment to intangibles.

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

Governmental Activities:

General government	\$ 155,987
Public safety	328,200
Transportation	168,892
Leisure services	<u>78,575</u>

Total Depreciation Expense - Governmental Activities \$ 731,654

VILLAGE OF TEQUESTA, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013

NOTE 3 – DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (CONTINUED)

D. CAPITAL ASSETS (CONTINUED)

	Beginning Balance	Additions	Deductions	Ending Balance
Business-Type Activities				
Capital assets not being depreciated:				
Land	\$ 83,335	\$ --	\$ --	\$ 83,335
Construction-in-progress	<u>531,008</u>	<u>--</u>	<u>(531,008)</u>	<u>--</u>
Total Capital Assets Not Being Depreciated	<u>614,343</u>	<u>--</u>	<u>(531,008)</u>	<u>83,335</u>
Capital assets being depreciated:				
Buildings	979,512	--	--	979,512
Improvements other than buildings	58,720	--	--	58,720
Infrastructure	32,249,590	347,243	--	32,596,833
Machinery and equipment	<u>1,458,100</u>	<u>458,110</u>	<u>(322,937)</u>	<u>1,593,273</u>
Total capital assets being depreciated	<u>34,745,922</u>	<u>805,353</u>	<u>(322,937)</u>	<u>35,228,338</u>
Less accumulated depreciation for:				
Buildings	(589,867)	(20,428)	--	(610,295)
Improvements other than buildings	(12,919)	(2,348)	--	(15,267)
Infrastructure	(13,416,574)	(969,491)	--	(14,386,065)
Machinery and equipment	<u>(1,119,577)</u>	<u>(107,601)</u>	<u>322,935</u>	<u>(904,243)</u>
Total Accumulated Depreciation	<u>(15,138,937)</u>	<u>(1,099,868)</u>	<u>322,935</u>	<u>(15,915,870)</u>
Total Capital Assets Being Depreciated, Net	<u>19,606,985</u>	<u>(294,515)</u>	<u>(2)</u>	<u>19,312,468</u>
Business-Type Activities Capital Assets, Net	<u>\$ 20,221,328</u>	<u>\$ (294,515)</u>	<u>\$ (531,010)</u>	<u>\$ 19,395,803</u>

E. ACCRUED LIABILITIES

Accrued liabilities reported by governmental funds at September 30, 2013, were as follows:

	General Fund	Total Governmental Funds
Salary and employee benefits	\$ 174,842	\$ 174,842
Other	<u>62,526</u>	<u>62,526</u>
Total Accrued Liabilities	<u>\$ 237,368</u>	<u>\$ 237,368</u>

VILLAGE OF TEQUESTA, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013

NOTE 3 – DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (CONTINUED)

F. PENSION OBLIGATIONS

Florida Retirement System - a Statewide Local Government Employees' Retirement System (SLGERS)

Plan Description. 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.

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, 2013. 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. Contribution requirements of employers and employees and the amendment of those requirements are governed by Florida statutes. Plan members, with the exception of DROP participants, contribute 3% of their annual covered salary. Employer contribution rates are actuarially determined based upon membership tier and plan provisions. Contribution rates are established by State law and are expressed as a percentage of covered payroll. The employer contribution rates by job class for the Village's employees at September 30, 2013 were as follows: regular employees – 5.44%, special risk employees – 14.9% and employees participating in the Deferred Retirement Option Program (DROP) – 1.11%. 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% 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, 2011, 2012 and 2013 were \$131,421, \$ 67,295 and \$69,032, respectively, which were equal to 100 percent of the required contributions for each fiscal year.

VILLAGE OF TEQUESTA, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013

NOTE 3 – DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (CONTINUED)

F. PENSION OBLIGATIONS (CONTINUED)

The Village of Tequesta Single Employer Defined Benefit Pension Plans

Plan Description. 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). The Public Safety Officers' Plan receives contributions that may not be used to pay benefits of all employee classes, therefore, 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 separate pension trust fund in the financial statements.

Effective February 1, 2013, the PPTF is not available to new employees. Police officers, who begin work with the Village after February 1, 2013 will be able to participate in a defined contribution plan (see note below).

Summary of Significant Accounting Policies – Basis of Accounting and Valuation of Investments. 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 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. All plan investments are reported at fair value 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. Securities without an established market value are reported at estimated fair value. Purchases and sales of securities are recorded on a trade-date basis.

Funding Policies are presented below under each of the plans.

Current Membership in each of the three Plans consisted of the following at September 30, 2013:

	<u>FPTF</u>	<u>PPTF</u>	<u>GPTF</u>
Covered Group			
Active members	16	9	33
Vested terminated members	1	2	2
Service & Disability Retirees and Beneficiaries	<u>2</u>	<u>--</u>	<u>1</u>
Total	<u>19</u>	<u>11</u>	<u>36</u>

VILLAGE OF TEQUESTA, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013

NOTE 3 – DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (CONTINUED)

F. PENSION OBLIGATIONS (CONTINUED)

Annual Pension Cost (APC) and Net Pension Asset (NPA)

The Village's current contributions were determined through actuarial valuations performed as of October 1, 2012. 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	10/1/2012	10/1/2012	10/1/2012
Actuarial cost method	Individual Entry- Age	Individual Entry Age	Aggregate
Amortized method	Closed, level dollar	Closed, level dollar	Closed, level dollar
Remaining amortization period	20	20	N/A
Asset valuation method	Five year smoothing	Five year smoothing	Five year smoothing
Actuarial assumptions:			
Investment rate of return*	7.5%	7.5%	7.5%
Projected salary increase*	6.0%	6.0%	6.0%
*Includes inflation at	3.0%	3.0%	3.5%
Cost of living adjustments	N/A	N/A	N/A

The aggregate actuarial cost method was used to determine the annual required contribution of the employer for the General Employees' Pension Fund for the 2013 fiscal year. This allocation is performed for the group as a whole, not as a sum of individual allocations. The portion of this Actuarial Present Value allocated to a specific year is called the employer Normal Cost. Under this method, actuarial gains and losses, plan amendments, and changes in actuarial assumptions and methods reduce or increase future Normal Costs.

The Village's 2013 annual pension cost and net pension asset for each Plan are shown below.

	Firefighters'	Police Officers'	General Employees'
Annual required contribution (ARC)	\$ 378,155	\$ 145,147	\$ 182,294
Interest on net pension asset (NPA)	(10,700)	(9,935)	(11,091)
Adjustment to ARC	(15,550)	(14,931)	(17,384)
Annual pension cost	383,005	150,143	188,587
Contributions made	410,144	169,599	182,294
(Increase) decrease in NPA	(27,139)	(19,456)	6,293
Net Pension Asset - Beginning	(142,665)	(132,471)	(147,878)
Net Pension Asset - Ending	<u>\$(169,804)</u>	<u>\$(151,927)</u>	<u>\$(141,585)</u>

VILLAGE OF TEQUESTA, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013

NOTE 3 – DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (CONTINUED)

F. PENSION OBLIGATIONS (CONTINUED)

Annual Pension Cost (APC) and Net Pension Asset (NPA) (continued)

The Village of Tequesta's APC, percentage of APC contributed and NPA for the pension plans, for the current year and each of the two preceding years were as follows:

Fiscal Year Ending	Three-Year Trend Information		
	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation (Asset)
Firefighters' Retirement System			
September 30, 2011	\$ 327,608	98.6%	\$ (146,722)
September 30, 2012	409,961	99.0%	(142,665)
September 30, 2013	383,005	107.1%	(169,804)
Police Officers' Retirement System			
September 30, 2011	140,718	96.7%	(137,488)
September 30, 2012	208,681	97.6%	(132,471)
September 30, 2013	150,143	113.0%	(151,927)
General Employees' Retirement System			
September 30, 2011	170,346	96.6%	(148,426)
September 30, 2012	175,447	97.6%	(147,878)
September 30, 2013	188,587	96.7%	(141,585)

Funded Status and Funding Progress

The funded status of the Plans as of October 1, 2012, the most recent actuarial valuation date, is as follows:

	Actuarial Value Assets	Actuarial Liability (AAL) - Entry Age	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a % of Covered Payroll
	(a)	(b)	(b) - (a)	(a) / (b)	(c)	((b - a) / c)
Public Safety Pension Fund:						
Fire	\$ 5,291,259	\$ 6,708,023	\$ 1,416,764	78.9%	\$ 1,427,247	99.3%
Police	2,079,888	1,887,237	(192,651)	110.2%	744,314	-25.9%
General Employees' Pension Fund*	2,287,726	2,306,175	18,449	99.2%	1,994,337	0.9%

*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.

VILLAGE OF TEQUESTA, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013

NOTE 3 – DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (CONTINUED)

F. PENSION OBLIGATIONS (CONTINUED)

Annual Pension Cost (APC) and Net Pension Asset (NPA) (continued)

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 the plan assets are increasing or decreasing over time relative to the AALs for benefits

Village of Tequesta Public Safety Employees' Pension Plan (PSEPP)

PSEPP Plan Description: The PSEPP is administered by a five-member Board of Trustees and 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. As of February 1, 2013 the PPTF portion of the Public Safety Officers' Trust Fund was closed to new hires. As a result, no state contributions from Florida Statutes Chapter 185 will be received as a contribution to the PPTF portion of the Public Safety Officers' Trust Fund after calendar year 2013.

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.

VILLAGE OF TEQUESTA, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013

NOTE 3 – DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (CONTINUED)

F. PENSION OBLIGATIONS (CONTINUED)

Village of Tequesta Public Safety Employees' Pension Plan (PSEPP) (continued)

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.

All retirees and beneficiaries receiving pension benefits will be paid a monthly supplemental benefit equal to \$20 per month 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. The contribution requirements of plan members and the Village are established and may be amended by the Village Council. Plan members are required to contribute 5% of their annual covered salary. The Village is required to contribute at an actuarially determined rate.

The current employer contribution rate for fiscal year ending September 30, 2013 is 19.97% for police officers and 25.91% for firefighters. Additionally, 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 remitted to the Plan. The amount of insurance premium taxes collected and remitted to the plan totaled \$184,580 for fiscal year ending September 30, 2013.

VILLAGE OF TEQUESTA, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013

NOTE 3 – DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (CONTINUED)

F. PENSION OBLIGATIONS (CONTINUED)

Village of Tequesta Public Safety Employees' Pension Plan (PSEPP) (continued)

The *Firefighters' Pension Trust Fund* (part of the PSEPP) does not issue separate stand-alone financial statements. Included below are the Statement of Fiduciary Net Position and the Statement of Changes in Fiduciary Net Position as of and for the year ended September 30, 2013.

**FIREFIGHTERS' PENSION TRUST FUND
STATEMENT OF FIDUCIARY NET POSITION
SEPTEMBER 30, 2013**

Assets	
Cash and cash equivalents	\$ 227,897
Investments	6,577,414
Contributions receivable	26,889
Interest receivable	<u>8,222</u>
Total Assets	<u>6,840,422</u>
Liabilities	
Accounts payable	6,377
Due to Broker	<u>23,142</u>
Total Liabilities	<u>29,519</u>
Net Position Held in Trust for Pension Benefits	<u><u>\$6,810,903</u></u>

VILLAGE OF TEQUESTA, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013

NOTE 3 – DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (CONTINUED)

F. PENSION OBLIGATIONS (CONTINUED)

Village of Tequesta Public Safety Employees' Pension Plan (PSEPP) (continued)

**FIREFIGHTERS' PENSION TRUST FUND
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013**

ADDITIONS

Contributions	\$ 518,133
Investment income	<u>627,648</u>
Total Additions	<u>1,145,781</u>

DEDUCTIONS

Refunds of contributions	53,637
Operating expenses	<u>19,035</u>
Total Deductions	<u>72,672</u>

Net Increase 1,073,109

Net Position Held in Trust for Pension Benefits

Net Position - Beginning	<u>5,737,794</u>
Net Position - Ending	<u><u>\$ 6,810,903</u></u>

VILLAGE OF TEQUESTA, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013

NOTE 3 – DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (CONTINUED)

F. PENSION OBLIGATIONS (CONTINUED)

Village of Tequesta Public Safety Employees' Pension Plan (PSEPP) (continued)

The *Police Officers' Pension Trust Fund* (part of the PSEPP) does not issue separate stand-alone financial statements. Included below are the Statement of Fiduciary Net Position and the Statement of Changes in Fiduciary Net Position as of and for the year ended September 30, 2013.

**POLICE OFFICERS' PENSION TRUST FUND
STATEMENT OF FIDUCIARY NET POSITION
SEPTEMBER 30, 2013**

Assets	
Cash and cash equivalents	\$ 93,544
Investments	2,698,213
Contributions receivable	3,019
Interest receivable	<u>3,022</u>
Total Assets	<u>2,797,798</u>
Liabilities	
Accounts payable	5,551
Due to Broker	<u>9,493</u>
Total Liabilities	<u>15,044</u>
Net Position Held in Trust for Pension Benefits	<u><u>\$2,782,754</u></u>

VILLAGE OF TEQUESTA, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013

NOTE 3 – DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (CONTINUED)

F. PENSION OBLIGATIONS (CONTINUED)

Village of Tequesta Public Safety Employees' Pension Plan (PSEPP) (continued)

POLICE OFFICERS' PENSION TRUST FUND STATEMENT OF CHANGES IN FIDUCIARY NET POSITION FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013

ADDITIONS	
Contributions	\$ 243,100
Investment income	<u>243,887</u>
Total Additions	<u>486,987</u>
DEDUCTIONS	
Refunds of contributions	15,737
Operating expenses	<u>19,008</u>
Total Deductions	<u>34,745</u>
Net Increase	452,242
Net Position Held in Trust for Pension Benefits	
Net Position - Beginning	<u>2,330,512</u>
Net Position - Ending	<u>\$ 2,782,754</u>

Village of Tequesta General Employees' Pension Plan (GEPP)

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

VILLAGE OF TEQUESTA, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013

NOTE 3 – DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (CONTINUED)

F. PENSION OBLIGATIONS (CONTINUED)

Village of Tequesta General Employees' Pension Plan (GEPP) (continued)

Plan Description (continued)

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.

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, 2013 determined using the actuarial valuation dated October 1, 2012 were 9.09% of covered payroll. The Village is required to contribute the remaining amount necessary to finance the benefits based on an actuarially determined amount.

VILLAGE OF TEQUESTA, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013

NOTE 3 – DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (CONTINUED)

F. PENSION OBLIGATIONS (CONTINUED)

Village of Tequesta General Employees' Pension Plan (GEPP) (continued)

The *General Employees' Pension Trust Fund* does not issue separate stand-alone financial statements. Included below are the Statement of Fiduciary Net Position and the Statement of Changes in Fiduciary Net Position as of and for the year ended September 30, 2013.

**GENERAL EMPLOYEES' PENSION TRUST FUND
STATEMENT OF FIDUCIARY NET POSITION
SEPTEMBER 30, 2013**

Assets	
Cash and cash equivalents	\$ 60,434
Investments	2,727,481
Contributions receivable	6,675
Interest receivable	8,810
Prepaid items	<u>300</u>
Total Assets	<u>2,803,700</u>
Liabilities	
Accounts payable	9,105
Due to broker	<u>2,494</u>
Total Liabilities	<u>11,599</u>
Net Position Held in Trust for Pension Benefits	<u><u>\$ 2,792,101</u></u>

VILLAGE OF TEQUESTA, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013

NOTE 3 – DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (CONTINUED)

F. PENSION OBLIGATIONS (CONTINUED)

Village of Tequesta General Employees' Pension Plan (GEPP) (continued)

**GENERAL EMPLOYEES' PENSION TRUST FUND
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013**

ADDITIONS	
Contributions	\$ 279,465
Investment income	<u>264,073</u>
Total Additions	<u>543,538</u>
DEDUCTIONS	
Refunds of contributions	43,209
Operating expenses	<u>--</u>
Total Deductions	<u>43,209</u>
Net Increase	500,329
Net Position Held in Trust for Pension Benefits	
Net Position - Beginning	<u>2,316,593</u>
Net Position - Ending	<u>\$2,816,922</u>

Village of Tequesta Defined Contribution Pension Plan

The Village of Tequesta' Single Employer Defined Contribution Pension Plan (the Plan) was established on February 1, 2013 with an effective date of March 1, 2013. The Plan is a 401(a) money purchase plan in the form of The ICMA Retirement Corporation Governmental Money Purchase Plan and Trust with assets of the Plan held in trust for the exclusive benefit of the Plan participants and their beneficiaries. The assets shall be invested in the VantageTrust, and shall not be diverted to any other purpose. The employer's beneficial ownership of Plan assets held in the VantageTrust shall be held for the further exclusive benefit of the Plan participants. The Village Manager is the coordinator for the Plan and is authorized to execute all necessary agreements with the ICMA Retirement Corporation incidental to the administration of the Plan. The Village serves as Trustee under the Plan.

VILLAGE OF TEQUESTA, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013

NOTE 3 – DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (CONTINUED)

F. PENSION OBLIGATIONS (CONTINUED)

Village of Tequesta Defined Contribution Pension Plan

In a defined contribution plan, benefits depend solely on amounts contributed to the Plan plus investment earnings.

The Plan covers Police officers hired after February 1, 2013. Employees must designate a mandatory participation contribution between the range of 0 to 5% for the Plan year as a condition of participation in the Plan. The participant shall not have the right to discontinue or vary the rate after becoming a Plan participant. Newly eligible employees have an election window of 30 days from the date of eligibility to make the election to participate in the Mandatory contribution portion of the Plan which will begin the first of the month following the end of the election window. This election is irrevocable and remains in force until the Employee terminates employment or ceases to be eligible to participate in the Plan. Village is required to match employee contributions up to a maximum contribution of 5%. Employees are immediately vested in the Plan. Plan provisions are established and may be amended by the Village of Tequesta.

The Village does not hold or administer resources of the Plan and consequently, the Plan does not meet the requirements for inclusion in the Village's financial statements. The Plan does not issue a stand-alone financial report. The fair value of the plan assets at September 30, 2013 was \$16,747, the first year of the plan. Employee contributions to the Plan for fiscal year ended September 30, 2013 were \$8,621; the City's contribution was \$7,502.

G. OTHER POSTEMPLOYMENT BENEFIT (OPEB) OBLIGATIONS

Village of Tequesta's Other Postemployment Benefits Plan

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, 2013

NOTE 3 – DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (CONTINUED)

G. OTHER POSTEMPLOYMENT BENEFIT (OPEB) OBLIGATIONS (CONTINUED)

Village of Tequesta's Other Postemployment Benefits Plan (continued)

Funding Policy. The Village does not directly make a contribution to a health plan on behalf of retirees. However, retirees and their beneficiaries can purchase from the Village's healthcare provider the same health plan, at the same group rates as are charged to the Village for active employees. Under GASB Statement No. 45, the Village is required to calculate an offset to the cost of these benefits as an employer contribution, based upon an implicit rate subsidy prepared by the Village's actuary. This offset equals the total age-adjusted costs paid by the Village for 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 cost is calculated based on the annual required contribution (ARC) of the employer, an amount actuarially determined in accordance with GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the current cost of the benefit. Any unfunded actuarial liabilities are amortized over a period not to exceed thirty years.

Annual OPEB cost and Net OPEB obligation. October 1, 2012 the Village changed from a traditional health plan to a high deductible health plan (HDHP) with a \$1,500/\$3,000 deductible for single coverage and \$3,000/\$6,000 deductible for family for exempt employees and employees represented by the IAFF and PBA collective bargaining units. Subsequently, the two retirees that were currently purchasing health insurance from the Village elected not to purchase the HDHP. In the current year, one retiree elected to participate in the HDHP while investigating other options. The Village considers this indicative that this retiree, as well as future retirees, will choose not to participate in the HDHP in the future. Under that assumption, the annual required contribution (ARC) for fiscal year 2013 is zero reflecting no current cost of benefits. The Village of Tequesta has less than 100 employees and has experienced low participation in prior periods (i.e., no participation in FY 2012 and one participant in FY 2013). The Village considered amortizing the current unfunded liability in one year, effectively allowing the Village to write the existing liability off in the current year. However, the Village decided to take a conservative approach by monitoring participation over the next two years before determining whether to permanently write off the liability. Based upon these assumptions, the end of the year net OPEB obligation is determined to be as follows:

Annual Required Contributions (ARC)	\$	--
Contributions made		--
Increase in the Net OPEB Obligation		--
Net OPEB Obligation - October 1, 2012		<u>176,000</u>
Net OPEB Obligation - September 30, 2013	\$	<u><u>176,000</u></u>

VILLAGE OF TEQUESTA, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013

NOTE 3 – DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (CONTINUED)

G. OTHER POSTEMPLOYMENT BENEFIT (OPEB) OBLIGATIONS (CONTINUED)

Village of Tequesta’s Other Postemployment Benefits Plan (continued)

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

Actuarial Accrued Liability (AAL)	Actuarial Value of Plan Assets	Unfunded Actuarial Accrued Liability (UAAL)	Funded Ratio (Actuarial Value of Plan Assets) (AAL)	Covered Payroll (Annual Payroll of Active Employees Covered by the Plan)	UAAL as a Percentage of Covered Payroll
\$ 176,000	\$ --	\$ 176,000	0.0%	\$ 6,000,000	2.93%

Three-Year Trend Information

<u>Fiscal Year End</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
2011	\$ 107,000	19%	\$ 176,000
2012	--	0%	176,000
2013	--	0%	176,000

H. CONSTRUCTION AND OTHER SIGNIFICANT COMMITMENTS

Construction Commitments

The Village had no significant construction commitments as of September 30, 2013.

Inter-Local Agreement

On December 20, 1994, the Village entered into an Inter-local 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.

VILLAGE OF TEQUESTA, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013

NOTE 3 – DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (CONTINUED)

H. CONSTRUCTION AND OTHER SIGNIFICANT COMMITMENTS (CONTINUED)

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, 2013. 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, 2013 and expiring September 30, 2017.

I. 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.

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 \$16,280 in fiscal year 2013 related to policy year 2009/2010 and \$5,493 related to policy year 2010/2011.

VILLAGE OF TEQUESTA, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013

NOTE 3 – DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (CONTINUED)

I. RISK MANAGEMENT (CONTINUED)

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. FMIT's final audit for fiscal year 2012/2013 resulted in the Village being refunded a total of \$23,537, of which \$13,280 was workers' compensation related. This was due to the temporary reduction in staffing in the police department, which also impacted our general liability which experienced a refund of \$9,622. Property and auto accounted for the additional \$635.

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.

J. LEASE OBLIGATIONS

Capital Leases

The Village of Tequesta had no capital lease debt at September 30, 2013. However, the Village solicited bids to finance the purchase of a new fire pumper truck and entered into a capital lease agreement October 29, 2013.

K. LONG-TERM LIABILITIES

Promissory Notes

The Village of Tequesta issues long-term debt to provide funds for the acquisition and construction of major capital facilities. Promissory notes have been signed for both governmental and business-type activities. These notes mature in 7 to 14 years and have interest rates from 3.685% to 4.96% per year. Notes outstanding at September 30, 2013 are as follows:

VILLAGE OF TEQUESTA, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013

NOTE 3 – DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (CONTINUED)

K. LONG-TERM LIABILITIES (CONTINUED)

Promissory Notes (continued)

Promissory Notes Payable	Signed Date	Original Borrowing	Interest Rate	Final Maturity	Outstanding September 30, 2013
Government Activities					
Public Improvements/P.S. Building	9/13/2002	\$ 5,000,000	4.28%	9/13/2022	<u>\$ 2,778,261</u>
Business-Type Activities					
Water Plant Expansion	6/30/2004	\$ 645,170	4.96%	4/1/2021	\$ 283,895
Public Improvement (Refunding)	7/14/2008	6,554,935	3.69%	3/1/2028	<u>5,269,675</u>
Total Business-Type Activities					<u><u>\$ 5,553,570</u></u>

Legal Debt Margin

The Village of Tequesta is subject to a bonded debt limitation of 10% of total assessed value. At September 30, 2013, that amount was \$81,763,503. As of September 30, 2013 the Village had total outstanding debt in governmental activities of \$3,455,442 of which no portion of the outstanding debt was applicable to the limit.

Changes in Long-Term Liabilities

Changes in the Village of Tequesta's long-term liabilities for the year ended September 30, 2013 are as follows:

	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
Governmental Activities:					
Note payable - 2002	\$ 3,026,070	\$ --	\$ 247,809	\$ 2,778,261	\$ 258,626
Compensated absences	510,621	135,697	127,137	519,181	37,600
Net OPEB obligation	<u>158,000</u>	<u>--</u>	<u>--</u>	<u>158,000</u>	<u>--</u>
Governmental Activities					
Long-Term Liabilities	<u>\$ 3,694,691</u>	<u>\$ 135,697</u>	<u>\$ 374,946</u>	<u>\$ 3,455,442</u>	<u>\$ 296,226</u>

VILLAGE OF TEQUESTA, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013

NOTE 3 – DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (CONTINUED)

K. LONG-TERM LIABILITIES (CONTINUED)

Changes in Long-Term Liabilities (continued)

For governmental activities, the liability for compensated absences and any other postemployment benefit obligations is liquidated by the general fund.

	Beginning			Ending	Due Within
	Balance	Additions	Deletions	Balance	One Year
Business-Type Activities:					
Note payable - 2004	\$ 312,895	\$ --	\$ 29,000	\$ 283,895	\$ 30,000
Note payable - 2008	5,536,892	--	267,217	5,269,675	277,867
Compensated absences	142,974	26,442	29,596	139,820	15,000
Net OPEB obligation	<u>18,000</u>	<u>--</u>	<u>--</u>	<u>18,000</u>	<u>--</u>
Business-Type Activities					
Long-Term Liabilities	<u>\$ 6,010,761</u>	<u>\$ 26,442</u>	<u>\$ 325,813</u>	<u>\$ 5,711,390</u>	<u>\$ 322,867</u>

In the prior year, the Village classified a deferred loss on refunding as a component of long-term debt. During the fiscal year ended September 30, 2013, the Village implemented GASB Statement No. 65, and in compliance with that statement, reclassified the deferred charge as a deferred outflow of resources.

The debt service requirements for the Village’s bonds, loans and notes are as follows:

Governmental Activities

For The Year Ending	Promissory Notes -	
	Governmental Activities	
September 30,	Principal	Interest
2014	\$ 258,626	\$ 113,875
2015	269,915	102,586
2016	281,697	90,805
2017	293,993	78,509
2018	306,825	65,676
2019-2022	<u>1,367,205</u>	<u>122,801</u>
Total	<u>\$ 2,778,261</u>	<u>\$ 574,252</u>

VILLAGE OF TEQUESTA, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013

NOTE 3 – DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (CONTINUED)

K. LONG-TERM LIABILITIES (CONTINUED)

Business-Type Activities

For The Year Ending September 30,	Promissory Notes - Business-Type Activities	
	Principal	Interest
2014	\$ 307,867	\$ 291,948
2015	319,885	194,219
2016	333,398	182,133
2017	347,859	168,586
2018	361,778	154,954
2019-2023	1,930,219	562,020
2024-2028	1,952,564	171,938
Total	\$ 5,553,570	\$ 1,725,798

Total Primary Government Debt

For The Year Ending September 30,	Total Primary Government Debt	
	Principal	Interest
2014	\$ 566,493	\$ 405,823
2015	589,800	296,805
2016	615,095	272,938
2017	641,852	247,095
2018	668,603	220,630
2019-2023	3,297,424	684,821
2024-2028	1,952,564	171,938
Total	\$ 8,331,831	\$ 2,300,050

L. FUND BALANCE

Minimum Fund Balance Policy

The Village Council has adopted a financial policy to maintain a minimum level of unrestricted fund balance (the total of the committed, assigned, and unassigned components of fund balance) in the general fund. The target level is set at two months of general fund annual revenues (approximately 16.7%). This amount is intended to provide fiscal stability when economic downturns and other unexpected events occur. If fund balance falls below the minimum target level because it has been used, essentially as a “revenue” source, as dictated by current circumstances, the policy provides for actions to replenish the amount to the minimum target level. Generally, replenishment is to occur within a three-year period.

VILLAGE OF TEQUESTA, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013

NOTE 3 – DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (CONTINUED)

M. INTERFUND TRANSFERS

The composition of interfund transfers for the fiscal year ended September 30, 2013 is as follows:

Interfund Transfers

Transfers Out	Transfers In	
	General Fund	Total
Capital Improvement fund	\$ 290,440	\$ 290,440
Capital Projects fund	80,000	80,000
Special Law Enforcement Trust fund	<u>50,000</u>	<u>50,000</u>
Total	<u><u>\$ 420,440</u></u>	<u><u>\$ 420,440</u></u>

N. JOINT VENTURES

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.

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REQUIRED SUPPLEMENTARY INFORMATION

VILLAGE OF TEQUESTA, FLORIDA

GENERAL FUND

**REQUIRED SUPPLEMENTARY INFORMATION - SCHEDULE OF BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Ad valorem taxes	\$ 4,377,000	\$ 4,377,000	\$ 4,339,215	\$ (37,785)
Other taxes	1,243,870	1,243,870	1,266,929	23,059
Intergovernmental	747,690	747,690	752,728	5,038
Franchise fees	401,400	401,400	380,160	(21,240)
Charges for services	904,590	904,590	901,659	(2,931)
Intragovernmental	503,709	503,709	503,709	--
Grants, contributions and donations	8,000	58,100	61,185	3,085
Licenses and permits	322,050	322,050	330,569	8,519
Investment earnings	25,500	25,500	22,316	(3,184)
Fines and forfeitures	20,800	20,800	17,929	(2,871)
Miscellaneous	21,900	40,432	98,341	57,909
Rents and royalties	143,050	143,050	147,303	4,253
Total revenues	<u>8,719,559</u>	<u>8,788,191</u>	<u>8,822,043</u>	<u>33,852</u>
EXPENDITURES				
Current:				
General government	1,546,545	1,583,016	1,528,314	54,702
Public safety	6,224,075	6,072,467	5,901,479	170,988
Transportation	787,400	800,289	800,959	(670)
Leisure services	590,410	586,712	561,938	24,774
Capital outlay	47,500	225,401	120,399	105,002
Debt service:				
Principal	305,995	305,995	247,809	58,186
Interest	125,065	125,065	125,054	11
Fiscal charges	16,000	16,000	11,870	4,130
Total expenditures	<u>9,642,990</u>	<u>9,714,945</u>	<u>9,297,822</u>	<u>(417,123)</u>
Excess (deficiency) of revenues over (under) expenditures	(923,431)	(926,754)	(475,779)	450,975
OTHER FINANCING SOURCES				
Transfers in	452,440	452,440	420,440	(32,000)
Total other financing sources	<u>452,440</u>	<u>452,440</u>	<u>420,440</u>	<u>(32,000)</u>
Net change in fund balance	(470,991)	(474,314)	(55,339)	418,975
Fund balances-beginning	<u>3,696,502</u>	<u>3,696,502</u>	<u>3,696,502</u>	<u>--</u>
Fund balances-ending	<u>\$ 3,225,511</u>	<u>\$ 3,222,188</u>	<u>\$ 3,641,163</u>	<u>\$ 418,975</u>

See note to budgetary comparison schedule.

VILLAGE OF TEQUESTA, FLORIDA

NOTE TO THE BUDGETARY COMPARISON SCHEDULE

FISCAL YEAR ENDED SEPTEMBER 30, 2013

NOTE 1 – BUDGETS AND BUDGETARY ACCOUNTING

The Village is required to present a budget to actual comparison for the general fund and any major special revenue fund with a legally adopted annual budget. The Village may *not* include nonmajor special revenue funds, or funds of other fund types. This fiscal year, the Village presents this schedule for the general fund only.

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.

All budgets are legally enacted through passage of a resolution. Although the Village Council requires all inter-department budget amendments to go before the Village Council for approval, the budget was adopted on a fund basis and the legal level of budgetary control is at that level. What this means is that any amendment that changes the fund's total budget requires the Village Council to approve it in the same manner that the original budget was approved – by resolution.

The *original budget* is the budget in place at the start of the fiscal year, which includes all of the following

The budget passed by the Village Council
+Subsequent amendments made prior to the start of the fiscal year
+Carryovers from the previous year (encumbrances)
=Original budget

The *final budget* includes all adjustments to the budget applicable to the fiscal year, even if they take place after the close of the fiscal year.

During the year, total supplemental appropriations of \$71,955 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	Annual Required Contribution	Village Contribution		Percentage Contributed
		Village Contribution	Premium Tax Contribution	
<u>Firefighters' Pension Fund</u>				
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%
2011	322,793	252,561	70,455	100.1%
2012	334,518	335,449	70,455	121.3%
2013	378,155	339,690	70,455	108.5%
<u>Police Officers' Pension Fund</u>				
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%
2011	135,996	102,971	33,130	100.1%
2012	170,367	170,534	33,130	119.5%
2013	145,147	136,469	33,130	116.8%
<u>General Employees' Pension Fund</u>				
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%
2011	164,487	164,487	N/A	100.0%
2012	169,131	174,899	N/A	103.4%
2013	182,294	182,294	N/A	100.0%

VILLAGE OF TEQUESTA, FLORIDA

REQUIRED SUPPLEMENTARY INFORMATION SCHEDULE OF FUNDING PROGRESS - PENSIONS

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued 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 (1):						
10/01/03	\$ 1,966,148	\$ 1,610,963	\$ (355,185)	122.00%	\$ 1,339,667	26.5%
10/01/05	2,782,953	2,598,331	(184,622)	107.10%	1,650,403	11.2%
10/01/07	4,080,609	3,730,247	(350,362)	109.40%	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	1,333,909	987,399	(346,507)	135.1%	749,835	-46.2%
10/1/2011	6,526,370	7,720,559	1,194,189	84.5%	2,171,363	55.0%
Fire	4,754,263	6,034,582	1,280,319	78.8%	1,313,021	97.5%
Police	1,772,107	1,685,977	(86,130)	105.1%	858,342	-10.0%
10/1/2012						
Fire	5,291,259	6,708,023	1,416,764	78.9%	1,427,247	99.3%
Police	2,079,888	1,887,237	(192,651)	110.2%	744,314	-25.9%

Note: Separate information for fire and police was not available prior to the 10/01/09 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 Pension Fund (2)

10/1/2007	\$ 1,026,897	\$ 764,571	\$ (262,326)	134.3	\$ 1,500,201	-17.5%
10/1/2008	1,235,850	1,034,855	(200,995)	119.4	1,790,280	-11.2%
10/1/2009	1,465,279	1,341,518	(123,761)	109.2	1,890,529	-6.5%
10/1/2010	1,716,448	1,625,288	(91,220)	105.6%	1,858,451	-4.9%
10/1/2011	1,965,445	1,921,731	(43,714)	102.3%	1,902,093	-2.3%
10/2/2012	2,287,726	2,306,175	18,449	99.2%	1,994,337	0.9%

(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%

Note: See Note 3 G., *Other Post Employment Benefit (OPEB) Obligations*

**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 revenue sources that are restricted, committed, or assigned to expenditures for particular purposes.

Special Law Enforcement Trust Fund – This fund accounts for forfeitures received by the Police Department. Forfeitures obtained locally are expended as prescribed by Florida Statute Chapter 932.704. Forfeitures obtained through federal programs are expended according to the Department of Justice Asset Forfeiture Program.

Capital Projects Funds

Capital Projects Fund are used to account for and report financial resources that are restricted, committed or assigned to expenditures for capital outlays including the acquisition or construction of capital facilities and other capital assets. The use of the capital projects fund type is permitted rather than mandated for financial reporting purposes. Capital projects funds can be a valuable management tool for multi-year projects.

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, 2013**

	<u>Special Revenue</u>	<u>Capital Projects</u>		Total Nonmajor Governmental Funds
	Special Law Enforcement Fund	Capital Improvement Fund	Capital Projects Fund	
ASSETS				
Cash and cash equivalents	\$ 4,033	\$ 105,412	\$ 54,314	\$ 163,759
Total Assets	<u>\$ 4,033</u>	<u>\$ 105,412</u>	<u>\$ 54,314</u>	<u>\$ 163,759</u>
LIABILITIES AND FUND BALANCES				
LIABILITIES	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>
FUND BALANCES				
Restricted:				
Law Enforcement	4,033	--	--	4,033
Assigned:				
Subsequent year's budget	--	100,000	50,000	150,000
Capital Projects	<u>--</u>	<u>5,412</u>	<u>4,314</u>	<u>9,726</u>
Total Fund Balances	<u>4,033</u>	<u>105,412</u>	<u>54,314</u>	<u>163,759</u>
Total Liabilities and Fund Balances	<u>\$ 4,033</u>	<u>\$ 105,412</u>	<u>\$ 54,314</u>	<u>\$ 163,759</u>

VILLAGE OF TEQUESTA, FLORIDA

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013**

	<u>Special Revenue</u>	<u>Capital Projects</u>		Total
	Special Law Enforcement Fund	Capital Improvement Fund	Capital Projects Fund	Nonmajor Governmental Funds
REVENUES				
Grants, contributions and donations	\$ --	\$ --	\$ --	\$ --
Forfeitures/confiscations	24,258	--	--	24,258
Miscellaneous	--	--	--	--
Investment earnings	--	--	--	--
Total revenues	<u>24,258</u>	<u>--</u>	<u>--</u>	<u>24,258</u>
EXPENDITURES				
Current:				
Public Safety	1,000	--	--	1,000
Transportation	--	--	78,210	78,210
Total expenditures	<u>1,000</u>	<u>--</u>	<u>78,210</u>	<u>79,210</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>23,258</u>	<u>--</u>	<u>(78,210)</u>	<u>(54,952)</u>
OTHER FINANCING USES				
Transfers out	<u>(50,000)</u>	<u>(290,440)</u>	<u>(80,000)</u>	<u>(420,440)</u>
Total Other Financing Uses	<u>(50,000)</u>	<u>(290,440)</u>	<u>(80,000)</u>	<u>(420,440)</u>
Net Change in Fund Balances	(26,742)	(290,440)	(158,210)	(475,392)
Fund Balances - Beginning of Year	<u>30,775</u>	<u>395,852</u>	<u>212,524</u>	<u>639,151</u>
Fund Balances - End of Year	<u>\$ 4,033</u>	<u>\$ 105,412</u>	<u>\$ 54,314</u>	<u>\$ 163,759</u>

VILLAGE OF TEQUESTA, FLORIDA

**BUDGETARY COMPARISON SCHEDULE
SPECIAL LAW ENFORCEMENT TRUST FUND
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
REVENUES				
Forfeitures/Confiscations	\$ 50,000	\$ 50,000	\$ 24,258	\$ (25,742)
EXPENDITURES				
Current:				
Public Safety	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>	<u>--</u>
Excess of Revenues Over Expenditures	<u>49,000</u>	<u>49,000</u>	<u>23,258</u>	<u>25,742</u>
OTHER FINANCING USES				
Transfers out	<u>(50,000)</u>	<u>(50,000)</u>	<u>(50,000)</u>	<u>--</u>
Net Change in Fund Balances	(1,000)	(1,000)	(26,742)	(25,742)
Fund Balances - Beginning	<u>30,775</u>	<u>30,775</u>	<u>30,775</u>	<u>--</u>
Fund Balances - Ending	<u>\$ 29,775</u>	<u>\$ 29,775</u>	<u>\$ 4,033</u>	<u>\$ (25,742)</u>

VILLAGE OF TEQUESTA, FLORIDA

**BUDGETARY COMPARISON SCHEDULE
CAPITAL IMPROVEMENT FUND
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>with Final Budget Positive (Negative)</u>
REVENUES	\$ --	\$ --	\$ --	\$ --
EXPENDITURES	--	--	--	--
Excess (deficiency) of revenues over (under) expenditures	--	--	--	--
OTHER FINANCING SOURCES				
USES				
Transfers out	<u>(290,440)</u>	<u>(290,440)</u>	<u>(290,440)</u>	<u>--</u>
Net Change in Fund Balances	(290,440)	(290,440)	(290,440)	--
Fund Balances - Beginning	<u>395,853</u>	<u>395,853</u>	<u>395,853</u>	<u>--</u>
Fund Balances - Ending	<u>\$ 105,413</u>	<u>\$ 105,413</u>	<u>\$ 105,413</u>	<u>\$ --</u>

VILLAGE OF TEQUESTA, FLORIDA
BUDGETARY COMPARISON SCHEDULE
CAPITAL PROJECTS FUND
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
REVENUES	\$ --	\$ --	\$ --	\$ --
EXPENDITURES				
Transportation	<u>--</u>	<u>130,000</u>	<u>78,210</u>	<u>51,790</u>
Total expenditures	<u>--</u>	<u>130,000</u>	<u>78,210</u>	<u>51,790</u>
Excess (deficiency) of revenues over (under) expenditures	--	(130,000)	(78,210)	(51,790)
OTHER FINANCING USES				
Transfers out	<u>(112,000)</u>	<u>(112,000)</u>	<u>(80,000)</u>	<u>(32,000)</u>
Net Change in Fund Balance	(112,000)	(242,000)	(158,210)	(83,790)
Fund Balances - Beginning	<u>212,524</u>	<u>212,524</u>	<u>212,524</u>	<u>--</u>
Fund Balances - Ending	<u>\$ 100,524</u>	<u>\$ (29,476)</u>	<u>\$ 54,314</u>	<u>\$ 83,790</u>

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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 fees charged to residents for residential curbside pick-up of solid waste and recyclable material.

VILLAGE OF TEQUESTA, FLORIDA
COMBINING STATEMENT OF NET POSITION
NONMAJOR ENTERPRISE FUNDS
SEPTEMBER 30, 2013

	Stormwater Utility	Refuse & Recycling	Total Nonmajor Enterprise Funds
ASSETS			
Current Assets:			
Cash and cash equivalents	\$ 809,393	\$ 149,464	\$ 958,857
Investments	6,593	6,550	13,143
Receivables, net	2,396	5,004	7,400
Inventories	547	--	547
Prepaid items	793	--	793
Total current assets	<u>819,722</u>	<u>161,018</u>	<u>980,740</u>
Non-Current Assets			
Capital assets not being depreciated	--	--	--
Capital being depreciated, net	<u>1,639,989</u>	<u>--</u>	<u>1,639,989</u>
Total Non-Current Assets	<u>1,639,989</u>	<u>--</u>	<u>1,639,989</u>
Total Assets	<u>2,459,711</u>	<u>161,018</u>	<u>2,620,729</u>
LIABILITIES			
Current Liabilities:			
Accounts payable	<u>3,995</u>	<u>39,751</u>	<u>43,746</u>
Non-Current Liabilities:			
Compensated absences	<u>1,695</u>	<u>--</u>	<u>1,695</u>
Total Liabilities	<u>5,690</u>	<u>39,751</u>	<u>45,441</u>
NET POSITION			
Net investment in capital assets	1,639,989	--	1,639,989
Unrestricted	<u>814,032</u>	<u>121,267</u>	<u>935,299</u>
Total Net Position	<u>\$ 2,454,021</u>	<u>\$ 121,267</u>	<u>\$ 2,575,288</u>

VILLAGE OF TEQUESTA, FLORIDA

**COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
NONMAJOR ENTERPRISE FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013**

	<u>Stormwater Utility</u>	<u>Refuse & Recycling</u>	<u>Total Nonmajor Enterprise Funds</u>
Operating Revenues			
Charges for services	\$ 323,513	\$ 482,422	\$ 805,935
Operating Expenses			
Stormwater	109,868		109,868
Purchased services		477,314	477,314
Management services	11,630	6,850	18,480
Depreciation	<u>99,785</u>	<u>--</u>	<u>99,785</u>
Total Operating Expenses	<u>221,283</u>	<u>484,164</u>	<u>705,447</u>
Operating Income	<u>102,230</u>	<u>(1,742)</u>	<u>100,488</u>
Non-Operating Revenues			
Investment earnings	<u>1,518</u>	<u>664</u>	<u>2,182</u>
Total Non-Operating Revenues	<u>1,518</u>	<u>664</u>	<u>2,182</u>
Change in Net Position	103,748	(1,078)	102,670
Net Position - Beginning	<u>2,350,273</u>	<u>122,345</u>	<u>2,472,618</u>
Net Position - Ending	<u>\$ 2,454,021</u>	<u>\$ 121,267</u>	<u>\$ 2,575,288</u>

VILLAGE OF TEQUESTA, FLORIDA
COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013

	Stormwater Utility	Refuse & Recycling	Nonmajor Enterprise Funds
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from customers, governments and other funds	\$ 323,636	\$ 483,245	\$ 806,881
Cash paid to suppliers	(188,521)	(482,897)	(671,418)
Cash paid to employees	(52,505)	--	(52,505)
Net Cash Provided by Operating Activities	<u>82,610</u>	<u>348</u>	<u>82,958</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Acquisition and construction of capital assets	(148,687)	--	(148,687)
Net Cash Used in Capital and Related Financing Activities	<u>(148,687)</u>	<u>--</u>	<u>(148,687)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received on investments	1,066	232	1,298
Net Cash Provided by Investing Activities	<u>1,066</u>	<u>232</u>	<u>1,298</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(65,011)	580	(64,431)
Cash and Cash Equivalents - Beginning	<u>874,404</u>	<u>148,884</u>	<u>1,023,288</u>
Cash and Cash Equivalents - Ending	<u>\$ 809,393</u>	<u>\$ 149,464</u>	<u>\$ 958,857</u>
Adjustments to Reconcile Operating Income to			
Net Cash Provided by Operating Activities:			
Operating income	\$ 102,230	\$ (1,742)	\$ 100,488
Depreciation	99,785	--	99,785
Changes in operating assets and liabilities:			
(Increase) decrease in:			
Accounts receivable	123	823	946
Inventories	25	--	25
Prepaid items and other assets	(420)	--	(420)
Increase (decrease) in:			
Accounts payable	(119,693)	1,267	(118,426)
Compensated absences	560	--	560
Net Cash Provided by Operating Activities	<u>\$ 82,610</u>	<u>\$ 348</u>	<u>\$ 82,958</u>
Noncash Investing Activities			
Change in fair value of investments	<u>\$ 444</u>	<u>\$ 424</u>	<u>\$ 868</u>

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FIDUCIARY FUNDS

FIDUCIARY FUNDS

Fiduciary funds are used to report assets held in a trustee or agency capacity for others and therefore cannot be used to support the government's own programs. Pension trust funds are fiduciary funds that are used to report resources required to be held in trust for the members and beneficiaries of defined benefit pension plans, defined contribution plans, other postemployment benefit plans, or other employee benefit plans. The Village accounts for three defined benefit plans and a separate fund is reported for each individual pension plan. The three plans are as follows

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 hired prior to February 1, 2013.

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 POSITION
FIDUCIARY FUNDS
SEPTEMBER 30, 2013**

	Firefighters' Pension Trust Fund	Police Officers' Pension Trust Fund	General Employees' Pension Trust Fund	Total
ASSETS				
Cash and cash equivalents	\$ 227,897	\$ 93,544	\$ 60,434	\$ 381,875
Investments, at fair value:				
Corporate stocks	1,641,282	661,752	1,646,655	3,949,689
Corporate bonds	--	--	475,506	475,506
Government backed securities	--	--	290,113	290,113
Mutual Funds	4,936,132	2,036,461	315,207	7,287,800
Prepaid items	--	--	300	300
Contributions receivable	26,889	3,019	6,675	36,583
Accrued interest receivable	8,222	3,022	8,811	20,055
Total Assets	<u>6,840,422</u>	<u>2,797,798</u>	<u>2,803,701</u>	<u>12,441,921</u>
LIABILITIES				
Accounts payable	6,377	5,551	9,105	21,033
Due to broker	23,142	9,493	2,494	35,129
Total Liabilities	<u>29,519</u>	<u>15,044</u>	<u>11,599</u>	<u>56,162</u>
NET POSITION				
Net position held in trust for pension benefits	<u>\$ 6,810,903</u>	<u>\$ 2,782,754</u>	<u>\$ 2,792,102</u>	<u>\$ 12,385,759</u>

VILLAGE OF TEQUESTA, FLORIDA

**COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013**

	Firefighters' Pension Trust Fund	Police Officers' Pension Trust Fund	General Employees' Pension Trust Fund	Total
ADDITIONS				
Contributions:				
Employer (including State)	\$ 457,686	\$ 212,646	\$ 182,294	\$ 852,626
Employee	<u>60,447</u>	<u>30,454</u>	<u>97,171</u>	<u>188,072</u>
Total contributions	<u>518,133</u>	<u>243,100</u>	<u>279,465</u>	<u>1,040,698</u>
Investment earnings				
Net increase in fair value of investments	404,229	164,211	241,286	809,726
Gain/(loss) on sale of investments	130,010	53,333	(13,350)	169,993
Interest	<u>118,730</u>	<u>48,412</u>	<u>63,460</u>	<u>230,602</u>
Total investment earnings	652,969	265,956	291,396	1,210,321
Less investment expenses	<u>(25,321)</u>	<u>(22,069)</u>	<u>(27,323)</u>	<u>(74,713)</u>
Net investment earnings	<u>627,648</u>	<u>243,887</u>	<u>264,073</u>	<u>1,135,608</u>
Total Additions	<u>1,145,781</u>	<u>486,987</u>	<u>543,538</u>	<u>2,176,306</u>
DEDUCTIONS				
Benefits paid	53,637	--	8,534	62,171
Refunds of contributions	--	15,737	34,675	50,412
Operating expenses	<u>19,035</u>	<u>19,008</u>	<u>24,821</u>	<u>62,864</u>
Total Deductions	<u>72,672</u>	<u>34,745</u>	<u>68,030</u>	<u>175,447</u>
Net Increase	1,073,109	452,242	475,508	2,000,859
Net Position Held in Trust for Pension Benefits				
Net position - beginning	<u>5,737,794</u>	<u>2,330,512</u>	<u>2,316,594</u>	<u>10,384,900</u>
Net position - ending	<u>\$ 6,810,903</u>	<u>\$ 2,782,754</u>	<u>\$ 2,792,102</u>	<u>\$ 12,385,759</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's 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.	85-89
<u>Revenue Capacity</u> These schedules contain information to help the reader assess the Village's most significant local revenue source, the property tax.	90-93
<u>Debt Capacity</u> These schedules present information to help the reader assess the affordability of the Village's current levels of outstanding debt and the Town's ability to issue additional debt in the future.	94-98
<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.	99-100
<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.	101-103

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 POSITION BY COMPONENT

LAST TEN FISCAL YEARS

(ACCRUAL BASIS OF ACCOUNTING)

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Governmental Activities										
Net investment in capital assets	\$ 921,889	\$ 1,788,749	\$ 4,515,096	\$ 6,679,855	\$ 6,959,332	\$ 7,330,897	\$ 7,525,570	\$ 10,730,256	\$ 10,591,778	\$ 10,261,476
Restricted	--	--	143,370	140,990	--	--	--	--	579,809	579,320
Unrestricted	<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>	<u>4,442,410</u>	<u>3,510,237</u>	<u>3,011,737</u>
Total Governmental Activities Net Position	<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>	<u>\$ 15,172,666</u>	<u>\$ 14,681,824</u>	<u>\$ 13,852,533</u>
Business-Type Activities:										
Net investment in capital assets	\$ 9,602,911	\$ 10,815,151	\$ 11,722,188	\$ 14,513,500	\$ 14,082,989	\$ 13,713,525	\$ 13,037,012	\$ 14,673,046	\$ 14,718,841	\$ 14,167,067
Restricted	322,818	317,102	396,369	328,544	--	--	--	--	--	--
Unrestricted	<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>	<u>4,315,056</u>	<u>4,884,793</u>	<u>5,408,598</u>
Total Business-Type Activities Net Position	<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>	<u>\$ 18,988,102</u>	<u>\$ 19,603,634</u>	<u>\$ 19,575,665</u>
Primary government:										
Net investment in capital assets	\$ 10,524,800	\$ 12,603,900	\$ 16,237,284	\$ 21,193,355	\$ 21,042,321	\$ 21,044,422	\$ 20,562,582	\$ 25,403,302	\$ 25,310,619	\$ 24,428,543
Restricted	322,818	317,102	539,739	469,534	--	--	--	--	579,809	579,300
Unrestricted	<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>	<u>8,757,466</u>	<u>8,395,030</u>	<u>8,420,335</u>
Total Governmental Activities Net Position	<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>	<u>\$ 34,160,768</u>	<u>\$ 34,285,458</u>	<u>\$ 33,428,178</u>

Note: The Village implemented GASB Statement No. 63 during the fiscal year ended September 30, 2013 and utilized the new terminology for all years presented.

VILLAGE OF TEQUESTA, FLORIDA

CHANGES IN NET POSITION

LAST TEN FISCAL YEARS

(ACCRUAL BASIS OF ACCOUNTING)

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Expenses										
Governmental activities:										
General government	\$ 1,105,741	\$ 1,361,013	\$ 1,402,535	\$ 1,391,654	\$ 1,344,038	\$ 1,501,344	\$ 1,503,750	\$ 1,591,575	\$ 1,629,115	\$ 1,642,948
Public safety	4,138,374	4,691,063	5,577,243	5,634,834	5,784,245	5,807,477	6,313,835	5,989,357	6,210,365	6,207,866
Transportation	804,523	656,158	837,441	766,226	736,844	774,966	843,960	857,456	898,458	1,049,062
Leisure services	458,659	605,745	756,224	559,583	539,450	639,590	710,685	635,671	635,110	640,513
Interest on long-term debt	262,479	248,728	243,871	229,074	206,126	180,770	169,792	158,685	146,868	135,204
Total Governmental Activities Expenses	6,769,776	7,562,707	8,817,314	8,581,371	8,610,703	8,904,147	9,542,022	9,232,744	9,519,916	9,675,593
Business-type activities:										
Water	3,975,766	4,026,027	4,187,257	4,139,784	3,760,426	3,907,950	3,989,517	3,829,330	4,017,097	4,204,955
Stormwater	155,537	142,788	198,993	188,709	215,163	226,498	223,421	194,331	207,526	221,283
Refuse and recycling	252,933	260,715	270,887	306,347	420,081	444,449	431,156	444,302	468,637	484,165
Community development	513,101	--	--	--	--	--	--	--	--	--
Total Business-Type Activities Expenses	4,897,337	4,429,530	4,657,137	4,634,840	4,395,670	4,578,897	4,644,094	4,467,963	4,693,260	4,910,403
Total Primary Government Program Expenses	\$ 11,667,113	\$ 11,992,237	\$ 13,474,451	\$ 13,216,211	\$ 13,006,373	\$ 13,483,044	\$ 14,186,116	\$ 13,700,707	\$ 14,213,176	\$ 14,585,996
Program Revenues										
Governmental activities:										
Charges for services:										
General government	\$ 439,646	\$ 260,647	\$ 270,137	\$ 278,215	\$ 475,244	\$ 302,182	\$ 316,816	\$ 568,452	\$ 742,438	\$ 695,801
Public safety	538,056	1,040,427	1,121,642	1,006,947	863,391	783,774	899,639	1,283,728	1,270,308	1,142,593
Transportation	--	--	--	--	12	--	--	--	--	4,480
Leisure services	42,430	4,410	57,261	54,364	50,219	72,487	92,003	77,955	71,939	86,349
Operating grants and contributions	43,945	515,438	365,183	20,350	18,711	67,842	24,354	58,746	60,260	95,145
Capital grants and contributions	--	--	535,000	54,764	57,736	--	100,000	2,689,626	119,200	--
Total Governmental Activities Program Revenues	1,064,077	1,820,922	2,349,223	1,414,640	1,465,313	1,226,285	1,432,812	4,678,507	2,264,145	2,024,368
Business-Type Activities										
Charges for services:										
Water	3,931,562	4,037,674	4,090,268	3,850,508	3,463,564	3,863,439	4,076,132	4,585,287	4,436,958	4,018,755
Stormwater	303,450	298,188	301,993	303,273	299,729	314,569	313,126	314,264	323,193	323,513
Refuse and recycling	248,252	277,589	283,821	285,917	402,439	414,312	414,657	436,142	487,392	482,422
Community development	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	4,831,775	4,733,395	5,202,553	4,877,525	4,165,732	4,592,320	4,855,426	5,335,693	5,247,543	4,824,690
Total Primary Government Program Revenues	\$ 5,895,852	\$ 6,554,317	\$ 7,551,776	\$ 6,292,165	\$ 5,631,045	\$ 5,818,605	\$ 6,288,238	\$ 10,014,200	\$ 7,511,688	\$ 6,849,058
Net (Expense) Revenue										
Governmental activities	\$ (5,705,699)	\$ (5,741,785)	\$ (6,468,091)	\$ (7,166,731)	\$ (7,145,390)	\$ (7,677,862)	\$ (8,109,210)	\$ (4,554,237)	\$ (7,255,771)	\$ (7,651,225)
Business-type activities	(65,562)	303,865	545,416	242,685	(229,938)	13,423	211,332	867,730	554,283	(85,713)
Total Primary Government Net Expense	\$ (5,771,261)	\$ (5,437,920)	\$ (5,922,675)	\$ (6,924,046)	\$ (7,375,328)	\$ (7,664,439)	\$ (7,897,878)	\$ (3,686,507)	\$ (6,701,488)	\$ (7,736,938)

Note: The Village implemented GASB Statement No. 63 during the fiscal year ended September 30, 2013 and utilized the new terminology for all years presented.

VILLAGE OF TEQUESTA, FLORIDA

CHANGES IN NET POSITION (CONTINUED)

LAST TEN FISCAL YEARS

(ACCRUAL BASIS OF ACCOUNTING)

General Revenues	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Governmental activities:										
Taxes:										
Property taxes	\$ 3,781,095	\$ 4,494,713	\$ 5,166,754	\$ 6,139,007	\$ 5,661,200	\$ 5,173,808	\$ 4,643,816	\$ 4,341,668	\$ 4,268,732	\$ 4,339,215
Other taxes	1,089,781	1,084,827	1,087,759	1,157,128	1,123,272	1,285,063	1,315,006	1,266,681	1,235,941	1,266,929
Franchise fees based on gross receipts	372,212	367,778	419,929	477,711	462,296	466,541	435,766	412,441	393,734	380,160
Unrestricted intergovernmental	558,069	622,457	679,001	815,828	783,034	702,616	717,673	724,400	718,277	735,924
Unrestricted investment earnings	79,483	214,588	392,961	404,816	152,602	8,725	71,067	32,775	49,173	22,316
Miscellaneous revenues	83,126	641,901	173,362	106,647	37,621	171,614	208,754	116,707	99,072	77,390
Gain (loss) on sale of capital assets	(1,012,584)	--	1,981	--	--	--	--	--	--	--
Transfers	(8,460)	710,151	60,300	60,300	120,600	--	--	--	--	--
Total Governmental Revenues and transfers	<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>	<u>6,894,672</u>	<u>6,764,929</u>	<u>6,821,934</u>
Business-Type Activities										
Unrestricted Investment earnings	75,846	164,163	280,665	321,718	86,811	(9,208)	49,973	28,074	30,448	20,727
Miscellaneous revenues	82,576	151,487	479,145	397,708	39,955	42,080	40,229	79,968	30,801	37,017
Gain (loss) on sale of capital assets	3,850	(710,151)	4,820	--	--	--	--	--	--	--
Transfers	8,460	--	(60,300)	(60,300)	(120,600)	--	--	--	--	--
Total Business-Type Activities	<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>	<u>108,042</u>	<u>61,249</u>	<u>57,744</u>
Total Primary Government	<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>	<u>7,002,714</u>	<u>6,826,178</u>	<u>6,879,678</u>
Change in net position:										
Governmental activities	(762,977)	2,394,630	1,513,956	1,994,706	1,195,235	130,505	(717,128)	2,340,435	(490,842)	(829,291)
Business-type activities	105,170	(90,636)	1,249,746	901,811	(223,772)	46,295	301,534	975,772	615,532	(27,969)
Total Primary Government	<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>	<u>\$ 3,316,207</u>	<u>\$ 124,690</u>	<u>\$ (857,260)</u>

Note: The Village implemented GASB Statement No. 63 during the fiscal year ended September 30, 2013 and utilized the new terminology for all years presented.

VILLAGE OF TEQUESTA, FLORIDA
FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
General Fund										
Reserved	\$ 50,509	\$ 56,759	\$ 176,410	\$ 47,493	\$ 82,197	\$ 383,766	\$ 129,394	\$ --	\$ --	\$ --
Unreserved	3,718,380	3,424,408	3,221,390	4,456,247	5,180,611	4,296,418	3,846,418	--	--	--
Nonspendable	--	--	--	--	--	--	--	228,049	178,478	144,581
Restricted	--	--	--	--	--	--	--	419,591	549,034	575,287
Assigned	--	--	--	--	--	--	--	1,372,125	1,481,792	1,000,000
Unassigned								<u>2,009,180</u>	<u>1,487,198</u>	<u>1,921,295</u>
Total General Fund	<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>	<u>\$ 4,028,945</u>	<u>\$ 3,696,502</u>	<u>\$ 3,641,163</u>
All Other Governmental Funds										
Reserved	341,722	823,675	143,370	196,426	12,752	29,508	117,838	--	--	--
Unreserved, reported in:										
Special revenue fund	15,692	17,901	255,179	362,582	391,527	22,037	21,072	--	--	--
Capital Projects funds	889,395	2,519,033	1,599,416	457,885	803,511	1,502,939	1,366,119	--	--	--
Restricted	--	--	--	--	--	--	--	45,771	30,775	4,033
Assigned								<u>646,977</u>	<u>608,377</u>	<u>159,726</u>
Total Other Governmental Funds	<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>	<u>\$ 692,748</u>	<u>\$ 639,152</u>	<u>\$ 163,759</u>

Note: The Village implemented GASB Statement No. 54 for the fiscal year ended September 30, 2011

VILLAGE OF TEQUESTA, FLORIDA

CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS

LAST TEN FISCAL YEARS

(MODIFIED ACCRUAL BASIS OF ACCOUNTING)

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Revenues										
Taxes	\$ 5,243,088	\$ 5,579,540	\$ 6,254,513	\$ 7,296,135	\$ 6,871,639	\$ 6,458,871	\$ 5,958,822	\$ 5,608,349	\$ 5,504,673	\$ 5,606,144
Intergovernmental	596,947	622,457	679,001	815,828	783,034	724,375	839,110	776,500	755,792	752,728
Franchise fees	-	367,778	419,929	477,711	462,296	466,541	435,766	412,441	393,734	380,160
Charges for services	477,513	490,995	507,702	526,922	574,937	597,269	687,332	888,639	948,395	901,659
Intragovernmental	341,700	254,898	262,700	273,150	280,100	292,990	307,740	323,110	503,163	503,709
Grants, contributions and donations	43,945	515,438	900,183	90,398	76,448	37,583	--	--	126,944	61,185
Licenses and permits	93,601	549,884	631,521	401,704	299,059	211,371	279,835	332,913	417,702	330,569
Interest	79,483	214,588	392,961	404,816	152,602	8,725	71,067	32,775	49,173	22,316
Fines and forfeitures	57,413	352,254	34,825	111,080	40,779	34,877	21,721	204,273	57,539	42,187
Miscellaneous	83,126	289,647	175,343	52,899	38,242	80,603	62,009	141,902	86,064	98,341
Rents and royalties	-	-	-	108,628	103,627	120,596	161,492	162,651	167,636	147,303
Impact fees	11,028	9,707	12,292	3,858	2,575	851	--	--	18,257	--
Total Revenues	<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>	<u>8,883,553</u>	<u>9,029,072</u>	<u>8,846,301</u>
Expenditures										
Current:										
General government	1,225,550	1,314,270	1,391,612	1,371,148	1,220,238	1,373,158	1,341,475	1,410,417	1,469,615	1,528,314
Public safety	3,918,798	4,351,936	5,233,807	5,291,398	5,439,202	5,411,745	5,830,734	5,565,091	5,902,568	5,902,479
Transportation	776,273	625,014	807,651	736,436	692,552	710,384	738,323	714,934	725,833	879,169
Leisure services	384,980	523,439	692,408	495,767	467,740	562,714	619,340	548,729	552,002	561,938
Capital outlay	368,303	870,453	3,162,034	1,892,075	257,373	752,980	594,224	973,810	335,689	120,399
Debt service:										
Principal	319,280	336,101	382,687	482,665	572,742	278,831	284,833	271,035	282,537	247,809
Interest	262,479	255,672	243,871	222,938	200,236	171,297	159,506	148,186	137,027	125,054
Fiscal charges	--	--	--	6,136	5,890	9,473	10,286	10,499	9,841	11,870
Total Expenditures	<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>	<u>9,642,701</u>	<u>9,415,112</u>	<u>9,377,032</u>
Excess (Deficiency) of Revenues Over Expenditures	<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>	<u>(759,148)</u>	<u>(386,040)</u>	<u>(530,731)</u>
Other Financing Sources (Uses)										
Transfers in	326,010	3,771,617	2,023,368	685,644	924,300	1,642,813	273,549	250,000	251,300	420,440
Transfers-out	(334,470)	(3,068,840)	(1,963,068)	(625,344)	(803,700)	(1,642,813)	(273,549)	(250,000)	(251,300)	(420,440)
Other proceeds	574,624	152,999	136,789	--	--	--	--	--	--	--
Total Other Financing Sources (Uses)	<u>566,164</u>	<u>855,776</u>	<u>197,089</u>	<u>60,300</u>	<u>120,600</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
Net Change in Fund Balances	<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>	<u>\$ (759,148)</u>	<u>\$ (386,040)</u>	<u>\$ (530,731)</u>
Debt Service as a Percentage of Noncapital Expenditures	8.45%	7.99%	7.16%	8.20%	8.99%	5.28%	4.95%	4.84%	4.62%	4.03%

VILLAGE OF TEQUESTA, FLORIDA

ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY

LAST TEN FISCAL YEARS

Fiscal Year Ended September 30	Real Property		Personal Property		Centrally Assessed Property		Total			Assessed Value as a Percentage of Actual Value
	Taxable Assessed Value	Estimated Actual "Just" Value of Taxable Property	Taxable Assessed Value	Estimated Actual "Just" Value of Taxable Property	Taxable Assessed Value	Estimated Actual "Just" Value of Taxable Property	Taxable Assessed Value	Direct Tax Rate	Estimated Actual "Just" Value of Taxable Property	
2004	\$ 583,470,308	\$ 789,428,369	\$ 19,488,528	\$ 22,409,087	\$ 326,474	\$ 326,474	\$ 603,285,310	\$ 6	\$ 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%
2011	759,663,152	990,741,690	20,087,425	26,205,842	471,680	476,546	780,222,257	5.7671	1,017,424,078	77%
2012	746,532,525	972,735,340	17,997,653	23,646,754	487,407	491,873	765,017,585	5.7671	996,873,967	77%
2013	760,886,279	985,098,719	17,464,955	23,010,389	1,559,808	1,564,811	779,911,042	5.7671	1,009,673,919	77%

Source: Palm Beach County Property Appraiser's office:
Form DR-403V Revised Recapitulation of the Ad Valorem 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 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
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
2011	5.7671	4.7500	0.2460	0.0894	8.1540	0.6069	0.5346	0.1364	0.0345	0.7513	1.1451
2012	5.7671	4.7815	0.2110	0.0624	8.1800	0.6081	0.1785	0.1364	0.0345	0.7475	1.1250
2013	5.7671	4.7815	0.2087	0.0613	7.7780	0.6066	0.1757	0.1364	0.0345	0.7300	1.1220

(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
CURRENT YEAR AND NINE YEARS AGO

Taxpayer	2013			2004		
	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)	\$ 16,132,040	1	2.07%	\$ 10,604,318	1	1.76%
GHM Tequesta Holdings, LLC	11,126,197	2	1.43%			
DDR S.E. Tequesta, LLC (Teq. Shoppes)	7,997,096	3	1.03%	8,361,691	2	1.39%
Florida Power & Light Co.	7,550,656	4	0.97%			
Tequesta Investors, LP	6,964,298	5	0.89%			
Terrace Communities Tequesta, LLC	6,890,927	6	0.88%	7,730,984	3	1.28%
ALS North America, Inc.	4,000,000	7	0.51%			
SLO ML LLC	3,875,855	8	0.50%			
JMZ Tequesta Properties, INC	3,504,304	9	0.45%	3,037,628	8	0.50%
Tequesta Country Club	2,858,223	10	0.37%	3,698,390	6	0.61%
Cohen Square, LLC				5,450,000	4	0.90%
AHC Purchaser Inc				4,648,041	5	0.77%
Hersey Harry				3,675,160	7	0.61%
HCP Property of Florida, INC				3,009,580	9	0.50%
Mantwill, David A.				2,870,464	10	0.48%
Total	<u>\$ 70,899,596</u>		<u>9.09%</u>	<u>\$ 53,086,256</u>		<u>8.80%</u>

Source: Palm Beach County Tax Collector's System, tax year 2013

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
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%	9,004	6,143,042	96.7%
2008	5,863,796	5,663,439	96.6%	7,032	5,670,471	96.7%
2009	5,341,529	5,162,044	96.6%	13,219	5,175,263	96.9%
2010	4,809,222	4,627,732	96.2%	11,270	4,639,002	96.5%
2011	4,513,447	4,338,395	96.1%	4,562 *	4,342,957	96.2%
2012	4,425,793	4,254,037	96.1%	(526)	4,253,512	96.1%
2013	4,502,727	4,337,570	96.3%	--	4,337,570	96.3%

(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.

*Break down by the years for this amount is not available at this time. Some delinquent collections in FY 12 are applied to FY 11.

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			
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
2011	--	3,263,515	45,092	--	6,132,618	9,441,225	2.92%	1,677
2012	--	3,026,070	-	--	5,849,788	8,875,858	2.94%	1,572
2013	--	2,778,261	-	--	5,553,570	8,331,831	2.65%	1,476

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

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
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
2011	5,629	780,222,257	9,441,225	--	9,441,225	1.21%	1,677
2012	5,646	765,017,585	8,875,858	--	8,875,858	1.16%	1,572
2013	5,652	779,911,042	8,331,831	--	8,331,831	1.07%	1,474

(1) Florida Estimates of Population - Bureau of Economic and Business research, University of Florida

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

VILLAGE OF TEQUESTA, FLORIDA

LEGAL DEBT MARGIN INFORMATION

LAST TEN FISCAL YEARS

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Total Assessed Value										(1) \$ 779,911,042
Legal Debt Margin										
Debt limitation - 10% of total assessed value										(2) 77,991,104
Total bonded debt outstanding										--
Less amount in debt service fund										--
Total Debt Applicable to Limitation										<u>--</u>
Legal Debt Margin										<u>\$ 77,991,104</u>
Debt Limit	\$71,463,973	\$82,565,448	\$98,162,738	\$ 101,695,653	\$93,130,772	\$83,442,520	\$83,390,643	\$78,022,226	\$ 76,501,759	\$ 77,991,104
Total Net Debt Applicable to Limit	322,199	195,556	1,023	--	--	--	--	--	--	--
Legal debt margin	\$71,141,774	\$82,369,892	\$98,161,715	\$ 101,695,653	\$93,130,772	\$83,442,520	\$83,390,643	\$78,022,226	\$ 76,501,759	\$ 77,991,104
Total Net debt Applicable to Limit as a Percentage of Debt Limit	0.45%	0.24%	0.00%	0.00%	0.00%	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

VILLAGE OF TEQUESTA, FLORIDA

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT

AS OF SEPTEMBER 30, 2013

Governmental Unit	Net Debt Outstanding (a)	Estimate Percentage Applicable to Tequesta (b)	Estimate Share of Direct and Overlapping Debt
OVERLAPPING			
Palm Beach County	\$ 187,210,000	0.62%	\$ 1,160,702
P.B.C. School Board	26,370,000	0.62%	<u>163,494</u>
Subtotal, overlapping debt			1,324,196
DIRECT DEBT			
Village of Tequesta	2,778,261		<u>2,778,261</u>
Total direct and overlapping debt			<u>\$ 4,102,457</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

PLEDGED- REVENUE COVERAGE

LAST TEN FISCAL YEARS

Fiscal Year	Pledged Revenues (1)	Less: Expenditures	Net Available Revenue	Debt Service (2)		Coverage
				Principal	Interest	
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	--	--	--	--	--	-
2011	--	--	--	--	--	-
2012	--	--	--	--	--	-
2013	--	--	--	--	--	-

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)	Palm Beach County Unemployment Rate (4)
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%
2011	5,629	323,447,969	57,461	49.9	11.0%
2012	5,646	302,061,000	53,500	49.9	9.2%
2013	5,652	314,409,456	55,628	49.9	7.1%

Sources:

- (1) Florida Estimates of Population - Bureau of Economic and Business research, University of Florida.
- (2) US Department of Commerce, Bureau of Economic Analysis, Regional Economic Information System, April 2011
- (3) U.S. Census Bureau, 2010 Census
- (4) U.S. Department of Labor, Bureau of Labor Statistics, Labor Market Statistics Center, Local Area Unemployment Statistics Program

VILLAGE OF TEQUESTA, FLORIDA

PRINCIPAL EMPLOYERS - PALM BEACH COUNTY (1)

CURRENT YEAR AND EIGHT YEARS AGO

Employer	2012			2004		
	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
School Board of Palm Beach County	20,810	1	3.56%	18,672	1	3.34%
Palm Beach County	11,636	2	1.99%	10,734	2	1.92%
Tenet Healthcare Corporation	6,100	3	1.04%	4,705	3	0.84%
Florida Power & Light (Headquarters)	3,804	4	0.51%	2,800	5	0.50%
G4S (Headquarters)	3,000	5	0.65%			
Florida Atlantic University	2,980	6	0.51%			
Hospital Corporation of America (HCA)	2,714	7	0.46%			
Veterans Health Administration	2,700	8	0.46%			
Bethesda Memorial Hospital	2,643	9	0.45%			
Boca Raton Regional Hospital	2,250	10	0.39%			
Columbia PB Healthcare System, Inc.				4,000	4	0.72%
Office Depot (Headquarters)				2,780	6	0.50%
Boca Raton Resort & Club				2,380	7	0.43%
U.S. Sugar Corporation				2,200	8	0.39%
Florida Crystals				2,000	9	0.36%
Delray Community Hospital				2,000	10	0.36%
	58,637		10.02%	52,271		9.36%

Note: 2013 numbers were not available at time of publication

Source: Business Development Board of Palm Beach County
Employment information for the Town is not available

VILLAGE OF TEQUESTA, FLORIDA

FULL-TIME EMPLOYEES BY FUNCTION/PROGRAM

LAST TEN FISCAL YEARS

Function/Program	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Governmental Activities										
General government	12.0	11.5	10.5	9.5	15.0	15.0	10.0	10.5	10.5	11.5
Public safety	45.0	45.0	46.0	51.0	50.0	49.0	50.0	49.0	50.0	53.0
Transportation	-	-	3.0	4.0	4.0	4.0	4.0	4.0	4.0	5.0
Leisure services	<u>2.0</u>	<u>2.0</u>	<u>3.0</u>							
Total Governmental Activities	<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>	<u>66.5</u>	<u>67.5</u>	<u>72.5</u>
Business-Type Activities										
Water	14.5	14.0	15.0	15.5	15.0	16.0	15.0	14.5	14.5	16.5
Stormwater	-	-	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Community development (1)	<u>2.5</u>	<u>-</u>								
Total Business-Type Activities	<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>	<u>15.5</u>	<u>15.5</u>	<u>17.5</u>
Total Primary Government	<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>	<u>82.0</u>	<u>83.0</u>	<u>90.0</u>

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

Source: Village of Tequesta Human Resource Department

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 EIGHT FISCAL YEARS

	2006	2007	2008	2009	2010	2011	2012	2013
Governmental Activities								
General government								
Registered voters	4,007	4,007	4,439	4,612	4,505	4,543	4,676	4,854
Public safety:								
No. of full-time certified police officers	16	19	17	18	17	19	11 *	18
No. of calls received	3,300	3,500	3,535	3,533	3,178	3,266	3,272	3,571
No. of arrests	199	238	224	251	296	204	129	136
No. of parking violations	162	148	171	131	124	82	149	328
No. of incident numbers issued	817	853	965	887	881	595	622	691
Fire department:								
No. of full-time certified firefighters	16	19	20	21	21	22	21	21
No. of emergency responses	1,254	1,122	1,143	1,189	1,043	1,096	1,155	1,372
No. of transports	622	521	621	651	562	622	695	675
No. of fires extinguished/alarms	632	601	522	538	481	474	460	697
No. of inspections	326	412	435	476	480	462	495	539
Building, zoning:								
No. of building permits issued	1,049	998	906	784	812	800	883	914
No. of building inspections conducted	2,214	2,581	2,039	1,771	1,579	1,728	1,931	2,176
Leisure services:								
No. of Spring Classes	--	--	8	8	10	10	10	10
No. of Summer Classes	--	--	4	5	4	4	4	4
No. of Movies	--	--	4	4	3	3	3	3
Business-Type Activities								
Water:								
No. of customers	4,612	4,722	4,968	4,983	4,982	5,019	4,996	5,037
Average daily consumption	2.782 mg	2.349 mg	2.351 mg	2.175 mg	2.175 mg	2.698 mg	2.550 mg	2.454 mg

Sources: Various Village departments

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

* The number is much lower than the year before due to increased number of reserve officers to cover for the full-time officers that left the department during the FY 2012.

VILLAGE OF TEQUESTA, FLORIDA

CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM

LAST EIGHT FISCAL YEARS

Function/Program	2006	2007	2008	2009	2010	2011	2012	2013
Governmental Activities								
General government:								
Municipal center	0	0	1	1	1	1	1	1
Public safety								
Police:								
No. of stations	1	1	1	1	1	1	1	1
No. of patrol units	12	12	7	9	15	15	11	10
Fire:								
No. of stations	1	1	1	1	1	1	1	1
No. of ambulances	2	2	2	2	3	3	3	3
No. of pumpers	3	3	2	2	3	3	3	3
Transportation:								
Miles of street lane miles	48	43	43	*24	24	24	24	24
No. of bridges	1	1	1	1	1	1	1	1
Leisure services								
No. of parks	3	3	3	4	4	5	5	5
No. of park acreage	48	48	48	50	53	54	54	54
No. of playgrounds	3	3	2	2	2	2	2	2
No. of baseball/softball diamonds	3	3	3	3	3	3	3	3
No. of skate-parks	1	1	1	1	1	1	1	1
Business-type activities:								
Water:								
Miles of water mains	50	75	72	72	73	72	72	73
No. of fire hydrants	550	430	430	430	430	430	430	433
Storage capacity (thousands of gallons)	3,250	3,250	3,250	3,250	3,250	3,250	3,250	2,750

Sources: Various Village departments

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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REPORTING 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***

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Tequesta (the Village), as of and for the fiscal year ended September 30, 2013 and the related notes to the financial statements, which collectively comprise the Village's basic financial statements, and have issued our report thereon dated March 21, 2014.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Village's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Village's internal control. Accordingly, we do not express an opinion on the effectiveness of the Village's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Village's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

Marcum LLP

West Palm Beach, FL
March 21, 2014

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

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

We have audited the financial statements of the Village of Tequesta, Florida, as of and for the fiscal year ended September 30, 2013, and have issued our report thereon dated March 21, 2014.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and Chapter 10.550, Rules of the Florida Auditor General. We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*. Disclosures in that report, which is dated March 21, 2014, 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 auditors' reports or schedule:

- Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. There were no findings or recommendations reported 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 of Tequesta 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 noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but which warrants the attention of those charged with governance. In connection with our audit, we did not have any such findings.

- Section 10.554(1)(i)5., 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)6.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 of Tequesta did not meet any of the conditions described in Section 218.503(1), Florida Statutes.
- Section 10.554(1)(i)6.b., Rules of the Auditor General, requires that we determine whether the annual financial report for the Village of Tequesta for the fiscal year ended September 30, 2013, 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, 2013. In connection with our audit, we determined that these two reports were in agreement.
- Pursuant to Sections 10.554(1)(i)6.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 of Tequesta 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.

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

Marcum LLP

West Palm Beach, FL
March 21, 2014