



Village of Tequesta, Florida

Comprehensive Annual Financial Report
Fiscal Year Ended September 30, 2020



New Recreation Center Coming Soon!



2020 Village Council

L to R: Council Member Bruce Prince, Council Member Frank D'Ambra, Vice-Mayor Kyle Stone, Mayor Abby Brennan and Council Member Laurie Brandon

VILLAGE OF TEQUESTA, FLORIDA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

Prepared By
Finance Department
The Village of Tequesta, Florida

VILLAGE OF TEQUESTA, FLORIDA

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VILLAGE OF TEQUESTA, FLORIDA

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INTRODUCTORY SECTION

Village of Tequesta

345 Tequesta Drive
Tequesta, FL 33469



561-768-0700
www.tequesta.org

March 31, 2021

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

We are pleased to submit the Comprehensive Annual Financial Report of the Village of Tequesta, Florida (the Village), for the fiscal year ended September 30, 2020.

This report provides the Village's Council, staff, our citizens, and other interested parties with detailed information concerning the financial condition and activities of the Village government. State law requires that all general-purpose local governments annually publish a complete set of financial statements within nine months of the close of each fiscal year. The financial statements are presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards and government auditing standards by an independent auditing firm.

We believe that this report complies with these requirements and continues to present the Village's strong tradition of full financial disclosure. This philosophy is reflected by the informative financial analysis, the exhibits and statistical tables included herein.

The role of the Comprehensive Annual Financial Report is to assist in making economic, social and political decisions and to assist in assessing accountability to the citizenry by:

- Comparing actual financial results with the legally adopted budget, where appropriate;
- Assessing financial condition and results of operations;
- Assisting in determining compliance with finance related laws, rules and regulations; and
- Assisting in evaluating the efficiency and effectiveness of Village operations.

Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the management of the Village. We believe the data, as presented, is accurate in all material respects; that it is presented in a manner designed to present fairly the financial position and results of operations of the Village; and that all disclosures necessary to enable the reader to gain an understanding of the Village's financial activity have been included.

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, 2020. 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 auditors' 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.

THE VILLAGE OF TEQUESTA

Profile

The Village of Tequesta, Florida is a municipal corporation organized on 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.

The Village'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 manager, who is responsible for hiring all Village employees.

The Village 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 utility services, storm water operations and contracts for residential refuse and recycling services.

The Council is required to adopt an initial budget prior to the beginning of the fiscal year 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 budget amendments be approved by the Village Council. The legal level of budgetary control is therefore at the department level.

Local Economy and COVID-19 impact

The Village, located in Palm Beach County, is the third most populous county in the State of Florida (approximately 1.47 million residents). The latest population estimate prepared by the Bureau of Economic and Business Research, University of Florida indicates that the current population of the Village of Tequesta is 5,874. Tequesta is home to middle to upper-income suburban families; has a small commercial area and no major industries located within its boundaries. It is home to a number of assisted living facilities, private schools and a high-end treatment center.

The negative adjustments to the state's economy forecast resulted from the Coronavirus outbreak. Since July 2020, economic activity has slightly recovered as consumers redirected spending from the hard-hit service sector to purchases of goods, with some spending down the atypically large savings that built up during the pandemic. While all Florida industries have been impacted in the near term, Florida's leisure and hospitality industry has a longer-term impact. The total number of tourists declined by 60.3 percent from the prior year in the second quarter of 2020 and managed to recover to 35.4 percent of the prior year's level.

The State's unemployment rate spiked to 13.8 percent in April 2020, dropped back to 6.4 percent by October 2020, notably better than the 6.9 percent for the nation as a whole. The unemployment rate for Palm Beach County at the fiscal year end was 6.2 percent. The prediction is that the rate continues to decrease until it reaches 3.7 percent from FY 2025-26 through FY 2027-28.

Another important element of a state's economic health is personal income growth. Florida's personal income growth increased by 26.7 percent at an annual rate in the second quarter of 2020, due largely to the various federal stimulus and relief programs. Growth remains positive (+2.3 percent) for the 2020-21 fiscal year. Going forward, personal income is projected to decline by -1.1 percent in FY 2021-22 and then recover by +4.5 percent in FY 2022-23.

The housing market has shown resiliency in the face of the pandemic. It continues to trudge forward, although slowing from the stronger growth in the first half of FY 2019-20. Tequesta continues to see a positive increase in property values. Per the Palm Beach County Property Appraiser's Office, gross taxable value for calculating ad valorem proceeds increased from \$1.123 billion during fiscal year 2019 to \$1.173 billion used to calculate fiscal year 2020 revenues.

Long-Term Financial Planning and Major Initiatives

The continued goal of the Village is 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 have come to expect. It is the result of hard work by the Village staff, and fiscally sound, responsible decisions by the Village Council that allows 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 perhaps most 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.

The Village's primary focus is providing exceptional municipal services to its residents in the most efficient and cost effective 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 continues to explore grant funding options and partnerships in an effort to control cost while improving services and equipment.

MAJOR INITIATIVES

- Prepare a 5-year capital improvement /capital replacement plan and sustainable financing plan.
- Make upgrades to the Water Treatment Plant, which includes energy conservation projects, to provide safe, reliable, cost-effective and environmentally responsible potable water.
- Maintain a reliable drinking water supply by rehabilitating upper Floridian aquifer wells and construct a new surficial well.
- To advance a long-range plan for the replacement of the aging water distribution system.
- Develop a sustainable business plan for the new Community Center.
- Long-term road and sidewalk improvement plan.

- Continue to explore alternative revenue sources, at both the state and federal level, with the assistance of grant writers and other professional consultant services.
- Develop and execute annexation strategy.
- Continue to explore ways to reduce the cost of health care while sustaining sought after benefits.

AWARDS AND ACKNOWLEDGEMENTS

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Village for its comprehensive annual financial report for the fiscal year ended September 30, 2019. This was the thirty-eight consecutive year that the Village has received this prestigious award. The Village must 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 Village's finance department as well as the support of the other Village departments. Special appreciation is also extended to Ms. Tatiana Racanati, Assistant Finance Director, whose dedicated service made the completion of this report all the more possible.

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's finances.

Respectfully submitted,



Jeremy Allen, CPM
Village Manager



Hugh B. Dunkley, CPA, CGFO
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, 2019

Christopher P. Morrill

Executive Director/CEO

VILLAGE OF TEQUESTA, FLORIDA

ORGANIZATION CHART

SEPTEMBER 30, 2020



VILLAGE OF TEQUESTA, FLORIDA

LIST OF PRINCIPAL OFFICIALS

SEPTEMBER 30, 2020

VILLAGE COUNCIL

Abby Brennan
Kyle Stone
Laurie Brandon
Frank D'Ambra
Bruce Prince

Mayor
Vice-Mayor
Councilmember
Councilmember
Councilmember

VILLAGE OFFICIALS

Jeremy Allen, CPM
Corbett, White, Davis & Ashton, PA
Lori McWilliams, MMC
Hugh Dunkley, CPA, CGFO
Jim Trube
Gus Medina
Merlene Reid, Ed.D., SPHR
NZ Consultants, Inc.
Jose Rodriguez
Greg Corbitt
Matthew Hammond, PE

Village Manager
Village Attorney
Village Clerk
Finance Director
Fire Chief
Police Chief
Human Resources Director
Planning and Zoning Director
Building Director
Parks and Recreation Director
Utilities 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, 2020, 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 Village'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 Village'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, as of September 30, 2020, 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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 18, the budgetary comparison schedule, the schedules of changes in the net pension liability (asset) and related ratios, the schedules of village contributions, the schedules of investment returns, the schedule of changes in total OPEB liability and related ratios and schedules of proportionate share of the net pension liability on pages 96 through 111 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 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 statements and schedules are the responsibility of management and were derived from and relates 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 by us and other auditors. In our opinion, based on our audit and the procedures performed as described above, the combining and individual fund 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 it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 31, 2021 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Village's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.

Marcum LLP

West Palm Beach, Florida
March 31, 2021



**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 statements this narrative overview and analysis of the financial activities of the Village for the fiscal year ended September 30, 2020. 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 iv 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 \$35,114,546. Of total net position, 24.7% (\$8,678,044) is unrestricted and may be used to meet the ongoing obligations to the citizens and creditors.
- The Village of Tequesta's total net position increased during the current period. Net position for governmental activities changed by \$28,583. The business-type activities net position increased by \$481,531 due mainly to increase in water rates.
- At the close of the current fiscal year, the Village of Tequesta's governmental funds reported a change in combined fund balances of \$159,958.
- At the end of the current fiscal year, unrestricted fund balance (the total of the *committed*, *assigned*, and *unassigned* components of *fund balance*) reported in the general fund was \$2,682,965.
- Total deferred outflows of resources increased by \$513,453 primarily as a result of changes in assumptions as well as net differences between projected and actual earnings for the Fire Pension Plan.
- Other liabilities decreased by \$622,711 from the previous year due primarily to employer pension contributions payable to the Police Pension Plan at the previous year-end.
- The Village did not expend \$750,000 or more in federal awards or state financial assistance in the fiscal year ended September 30, 2020 and therefore did not meet the threshold for a single audit according to the Florida Single Audit Act (section 215.97 F.S.) or OMB Uniform Guidance.

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 includes general government, public safety, transportation and leisure services. The business-type activities of the Village includes water, stormwater and refuse and recycling.

The government-wide financial statements can be found on pages **19-20** 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 five 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 balances for the General Fund which is considered a major fund. Data from the other four 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 **21-24** 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 and the Stormwater Fund, major funds, as well as the Refuse and Recycling Fund, a nonmajor fund.

The basic proprietary fund financial statements can be found on pages **25-27** 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 – a *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 **28-29** 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 **30-95** 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, as well as the Village's net pension liability (asset) and related ratios, contributions and pension investment returns. Required supplementary information can be found on pages **96-111** of this report.

The combining and individual fund statements and schedules referred to earlier in connection with non-major governmental 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 **112-121** of this report.

Government-wide Overall Financial Analysis

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 at the close of the most recent fiscal year. This change is discussed below.

Village of Tequesta's Total Net Position

The Village of Tequesta's total assets and deferred outflows exceeded total liabilities and deferred inflows by \$35,114,546 at the close of the 2020 fiscal year. Net Position in governmental activities recorded an increase of 0.21%. The Village's business-type activities recorded a 2.30% increase in total net position. The majority of this change was due to a change of current and other assets by \$(1,214,745). Other liabilities also decreased by \$622,711, as well as an increase of \$513,453 in deferred outflows of resources and a decrease of \$387,497 of deferred inflows of resources related to pensions. As noted previously, the decrease in Other

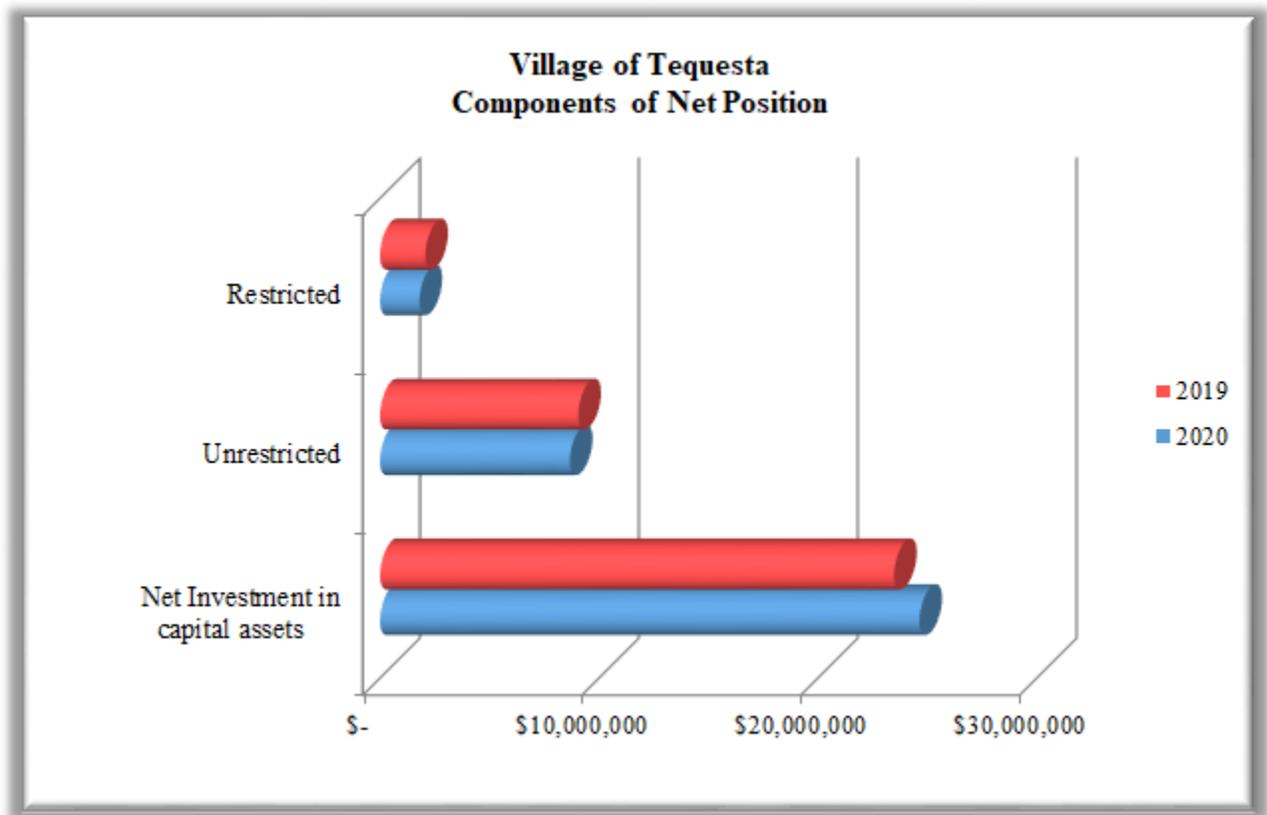
liabilities was due mainly to a decrease in employer pension contributions payable to the Police Pension Plan at the end of the prior year.

Village of Tequesta's Net Position						
	Governmental		Business-type		Total	
	Activities		Activites			
	2020	2019	2020	2019	2020	2019
Current and other assets	\$ 6,697,013	\$ 7,310,056	\$ 7,978,407	\$ 8,580,109	\$ 14,675,420	\$ 15,890,165
Capital assets, net	11,564,350	11,746,340	17,423,098	16,968,979	28,987,448	28,715,319
Total assets	18,261,363	19,056,396	25,401,505	25,549,088	43,662,868	44,605,484
Total deferred outflows of resources	2,301,042	1,838,104	562,687	512,172	2,863,729	2,350,276
Noncurrent liabilities	4,350,233	3,957,976	3,626,914	3,948,240	7,977,147	7,906,216
Other liabilities	1,209,304	1,602,326	708,784	938,473	1,918,088	2,540,799
Total liabilities	5,559,537	5,560,302	4,335,698	4,886,713	9,895,235	10,447,015
Total deferred inflows of resources	1,349,489	1,709,402	167,327	194,911	1,516,816	1,904,313
Net position						
Net investment in capital assets	10,473,238	10,470,562	14,166,351	13,012,584	24,639,589	23,483,146
Restricted						
Infrastructure	240,480	422,754			240,480	422,754
Debt Service	420,583	411,570	397,997		818,580	411,570
Building	652,877	1,151,130			652,877	1,151,130
Law Enforcement	84,976	81,991			84,976	81,991
Unrestricted	1,781,225	1,086,789	6,896,819	7,967,052	8,678,044	9,053,841
Total net position	\$ 13,653,379	\$ 13,624,796	\$ 21,461,167	\$ 20,979,636	\$ 35,114,546	\$ 34,604,432

The largest portion of the Village's total net position (70.2%) represents investments in capital assets (e.g., land, buildings, machinery and equipment), less depreciation and any related outstanding debt and deferred inflows/outflows 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 (5.1%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$8,678,044 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.



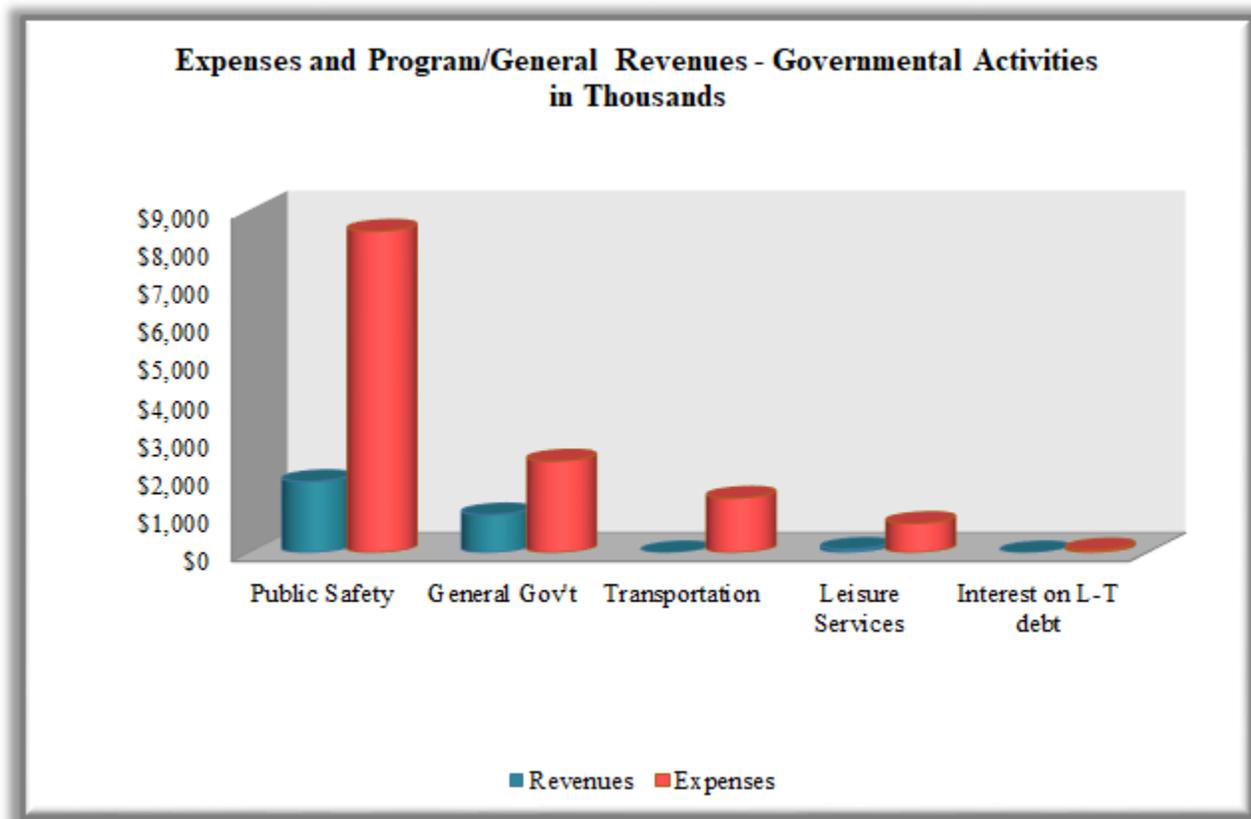
Village of Tequesta's Changes in Net Position

Village of Tequesta						
Changes in Net Position						
	Governmental		Business-type		Total	
	Activities		Activities			
	2020	2019	2020	2019	2020	2019
Revenues:						
Program Revenues:						
Charges for Services	\$ 2,729,630	\$ 2,927,244	\$ 7,290,781	\$ 7,090,985	\$ 10,020,411	\$ 10,018,229
Operating Grants & Contributions	113,992	33,737	-	-	113,992	33,737
General Revenues:						
Ad valorem Taxes	7,497,093	6,800,483	-	-	7,497,093	6,800,483
Other Taxes	1,711,817	2,222,910	-	-	1,711,817	2,222,910
Franchise fees on gross receipts	447,682	467,670	-	-	447,682	467,670
Unrestricted intergovernmental	807,939	861,647	-	-	807,939	861,647
Unrestricted investment earnings	54,602	133,769	59,333	147,356	113,935	281,125
Gain on sale of capital assets	21,976	24,597	-	2,222	21,976	26,819
Other Miscellaneous	19,996	27,131	46,014	37,290	66,010	64,421
Total Revenues	<u>13,404,727</u>	<u>13,499,188</u>	<u>7,396,128</u>	<u>7,277,853</u>	<u>20,800,855</u>	<u>20,777,041</u>
Expenses:						
General government	2,353,750	2,411,174	-	-	2,353,750	2,411,174
Public safety	8,806,935	8,455,155	-	-	8,806,935	8,455,155
Transportation	1,496,229	1,436,674	-	-	1,496,229	1,436,674
Leisure Services	675,172	771,783	-	-	675,172	771,783
Interest expense/other fiscal charges	44,058	71,803	146,800	179,008	190,858	250,811
Water utility services	-	-	5,817,402	4,900,236	5,817,402	4,900,236
Stormwater services	-	-	453,776	485,566	453,776	485,566
Refuse & recycling services	-	-	496,619	480,268	496,619	480,268
Total Expenses	<u>13,376,144</u>	<u>13,146,589</u>	<u>6,914,597</u>	<u>6,045,078</u>	<u>20,290,741</u>	<u>19,191,667</u>
Increase in net position	28,583	352,599	481,531	1,232,775	510,114	1,585,374
Net position - beginning	<u>13,624,796</u>	<u>13,272,197</u>	<u>20,979,636</u>	<u>19,746,861</u>	<u>34,604,432</u>	<u>33,019,058</u>
Net position - ending	<u>\$ 13,653,379</u>	<u>\$ 13,624,796</u>	<u>\$ 21,461,167</u>	<u>\$ 20,979,636</u>	<u>\$ 35,114,546</u>	<u>\$ 34,604,432</u>

For fiscal year ended September 30, 2020, the Village of Tequesta's overall net position increased from the prior fiscal year. While revenues decreased slightly in the governmental activities and increased in the business-type activities, combined entitywide revenues exceeded expenses for fiscal year ended September 30, 2020 by \$510,114. Revenues increased in business-type activities due mainly to an increase in water rates.

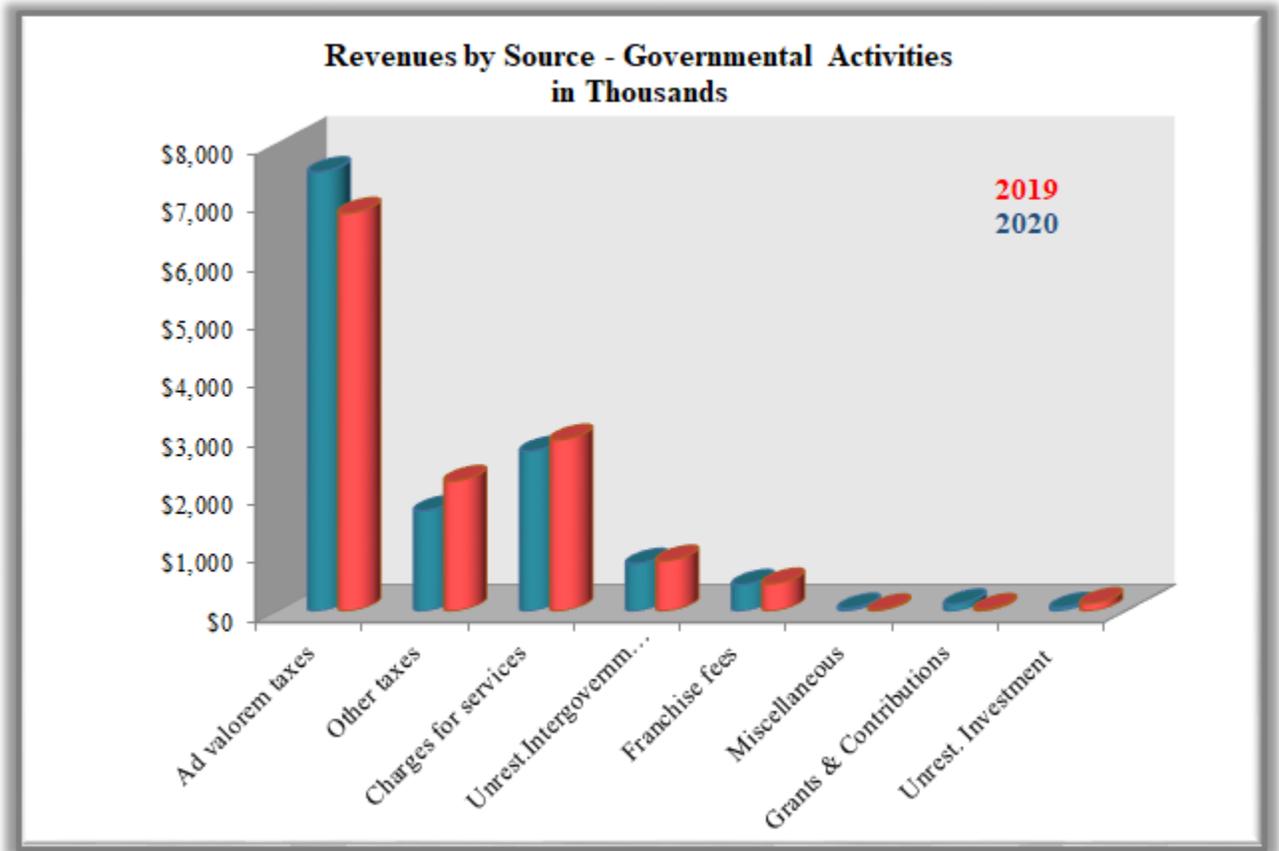
Governmental Activities – Expenses and Program/General Revenues

Governmental activities. Overall revenue from governmental activities decreased slightly from the prior year due to the net effects of an increase in property tax revenue, which was largely offset by decreases in permit fees and insurance premium tax funds received from the State of Florida for the Police Pension Plan. The increase in property tax revenue was primarily due to increases in property values, while the decrease in permit fees was mainly attributable to the effects of the COVID-19 pandemic. These increases allowed for an overall increase in net position of \$28,583.

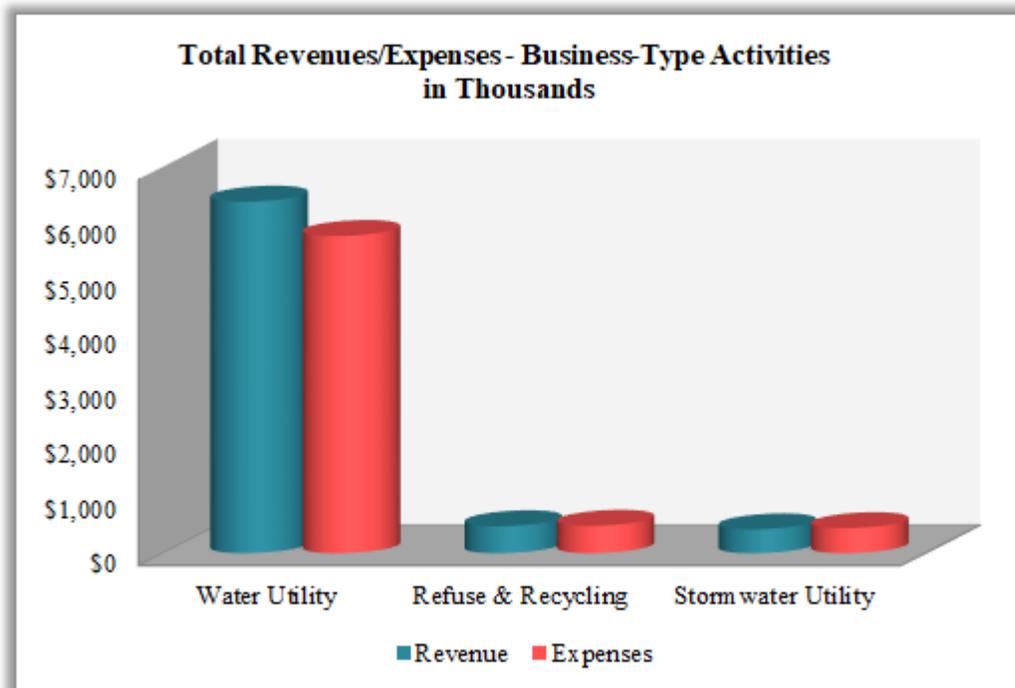


The Village’s programs/functions include General Government, Public Safety, Transportation and Leisure Services. The net cost shows the extent to which the Village’s general revenues support each of the Village’s programs/functions. The net cost of all governmental activities this year was \$10,532,522, a 3.41% increase from the prior period. The largest increase in net cost was from the function of public safety due to an increase in expenditures for salary increases in accordance with collective bargaining agreements; an increase in fire pension contributions as well as increases in expenses related to the COVID-19 pandemic. As shown on the Statement of Activities, the functions directly benefiting from the programs generated revenue of \$2,843,622 with \$10,561,105 financed through general revenues.

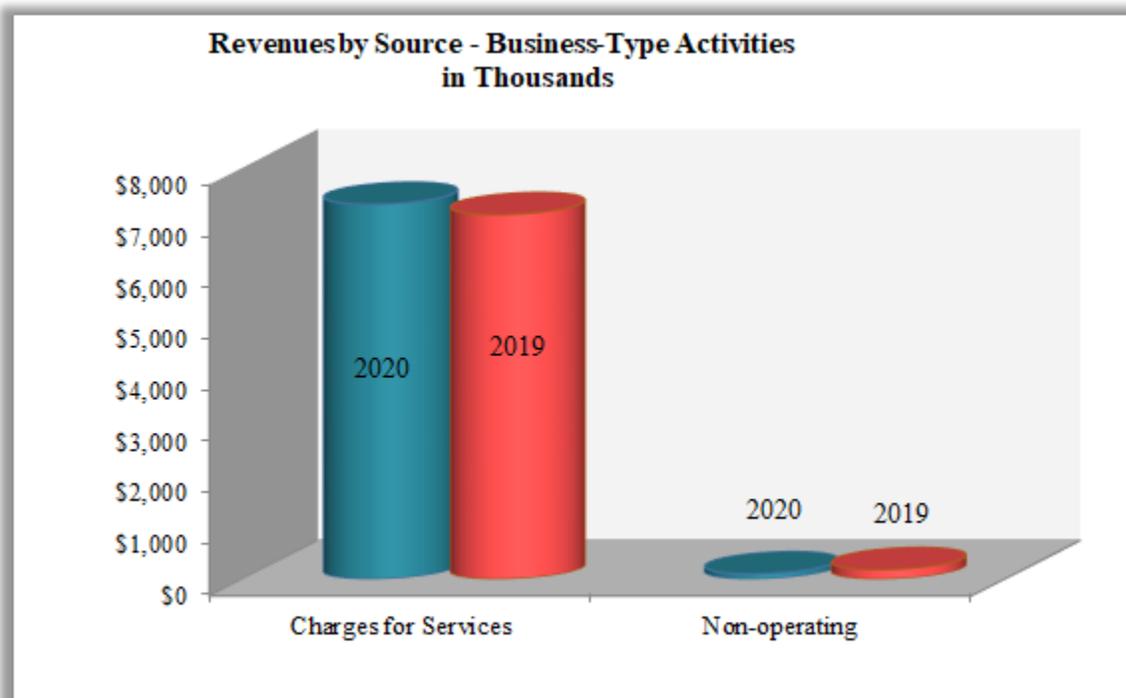
The following is a comparison of revenues by source for governmental activities for fiscal year 2020 and 2019.



Business-type Activities. The Village of Tequesta’s business-type activities reported operating revenues exceeding expenses by \$376,184. Non-operating revenues were \$105,347. This resulted in an increase in net position of \$481,531 from the prior year.



As shown in the chart below, revenues from *charges for services* reported in business-type activities increased \$199,796 from the prior year. Increased water rates in the Water Utility resulted in increased revenues of 4.7% or \$196,815 from the prior year. The Stormwater Utility reported increases in revenues of 0.4% and Refuse and Recycling revenues remained fairly constant. Non-operating income includes investment earnings which decreased by 43.4%, as well as miscellaneous revenue from payments for the construction portion of the Tropic Vista water extension.

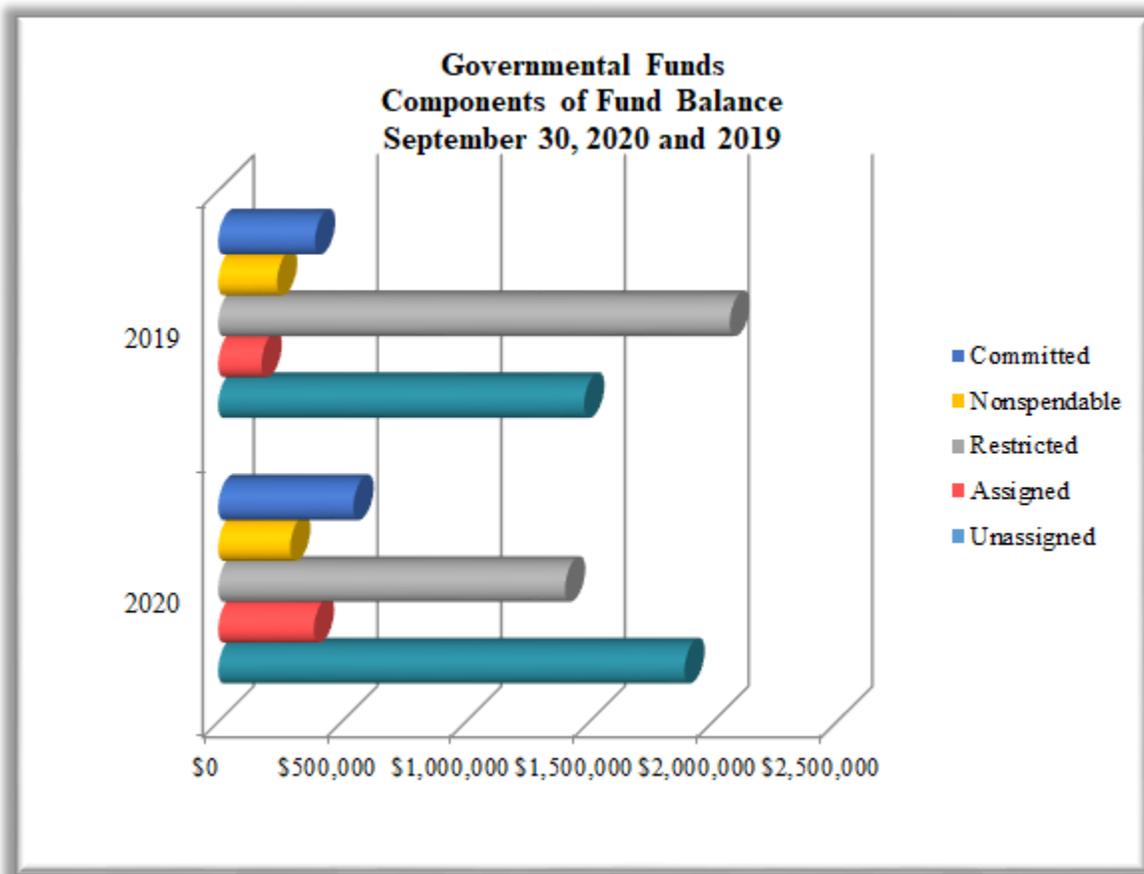


Financial Analysis of the Village’s Funds

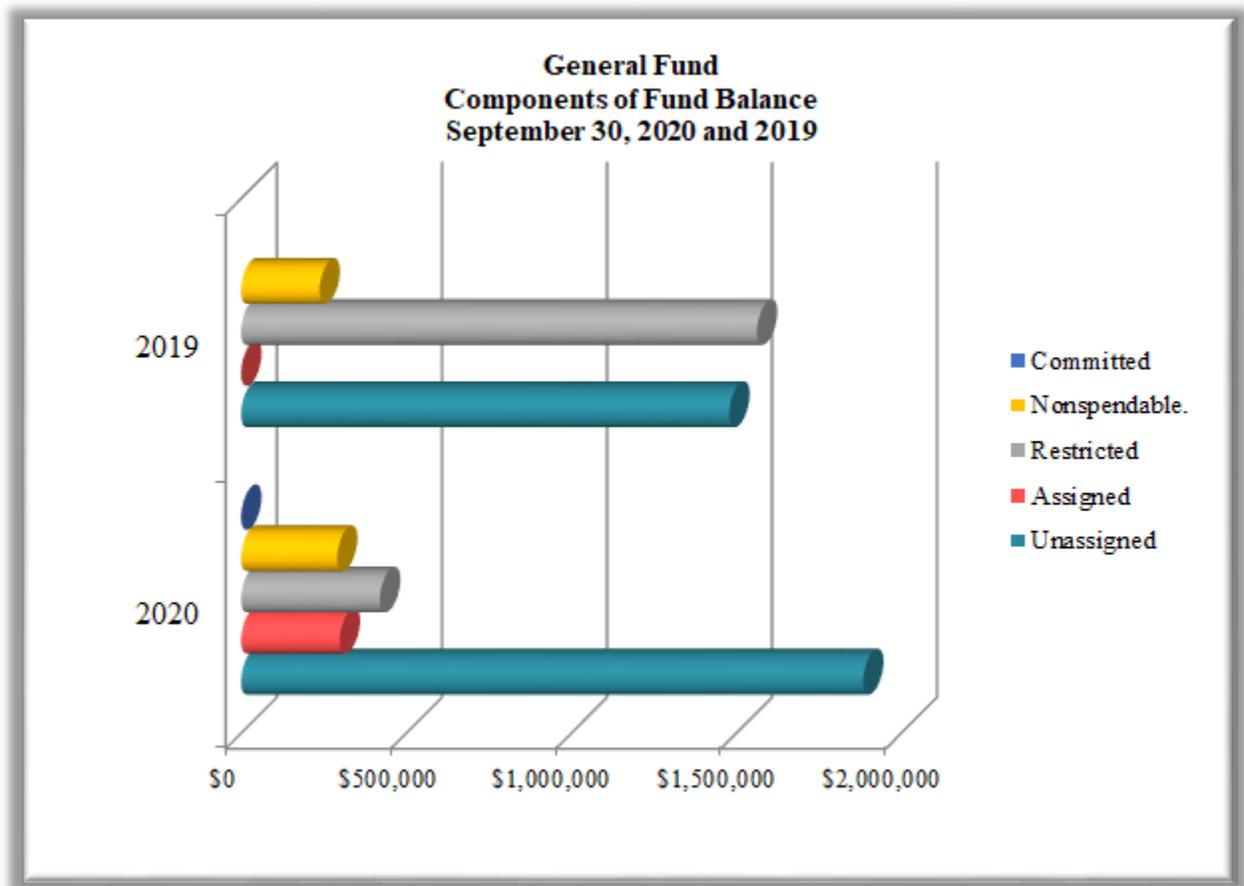
As noted earlier, the Village of Tequesta uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

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 be used 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, 2020 the Village of Tequesta’s governmental funds reported total combined fund balances of \$4,510,299. \$1,884,304 (42%) of the combined governmental fund balances is *unassigned* and is available for spending at the Village’s discretion. Approximately 20.7% or \$933,102 is *assigned or committed*, with the largest portion committed to hurricane/disaster emergency. Approximately \$1.4 million is *restricted* for a particular purpose (i.e. debt service, Law Enforcement Trust funds, etc.). \$293,977 is in nonspendable form (i.e. inventories, prepaid items, etc.). Total combined fund balances have increased 3.68% from the prior year.



The General Fund is the chief operating fund of the Village of Tequesta. At the end of the current fiscal year total fund balance was \$3,394,469, a decrease of \$275,960 from the prior year. Unassigned fund balance of \$1,884,304, increased by 27% from the prior year. 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 approximately 15% of fiscal year 2020 General Fund expenditures and total fund balance represents approximately 28% of total expenditures. The Village of Tequesta adopted a policy to keep unassigned fund balance at a minimum of two months (17%) of expenditures.



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

GENERAL FUND REVENUES					
Change					
Revenue Sources	2020	% of Total	\$	%	2019
Ad valorem taxes	\$ 7,497,093	57.7%	\$ 696,610	10.2%	\$ 6,800,483
Other taxes	1,711,817	13.2%	(511,093)	(23.0)%	2,222,910
Charges for services	1,387,467	10.7%	111,300	8.7%	1,276,167
Intergovernmental	815,868	6.3%	(53,724)	(6.2)%	869,592
Intragovernmental	725,436	5.6%	28,836	4.1%	696,600
Franchise fees	447,682	3.4%	(19,988)	(4.3)%	467,670
Licenses and permits	680	-	(652,817)	(99.9)%	653,497
Rents and Royalties	218,931	1.7%	5,441	2.5%	213,490
Fines and forfeitures	11,708	0.1%	(75,782)	(86.6)%	87,490
Misc. grants and contributions	121,739	0.9%	69,982	135.2%	51,757
Investment earnings	48,065	0.4%	(85,130)	(63.9)%	133,195
Total Revenue	<u>\$ 12,986,486</u>	<u>100%</u>	<u>\$ (486,365)</u>	<u>(3.6)%</u>	<u>\$ 13,472,851</u>

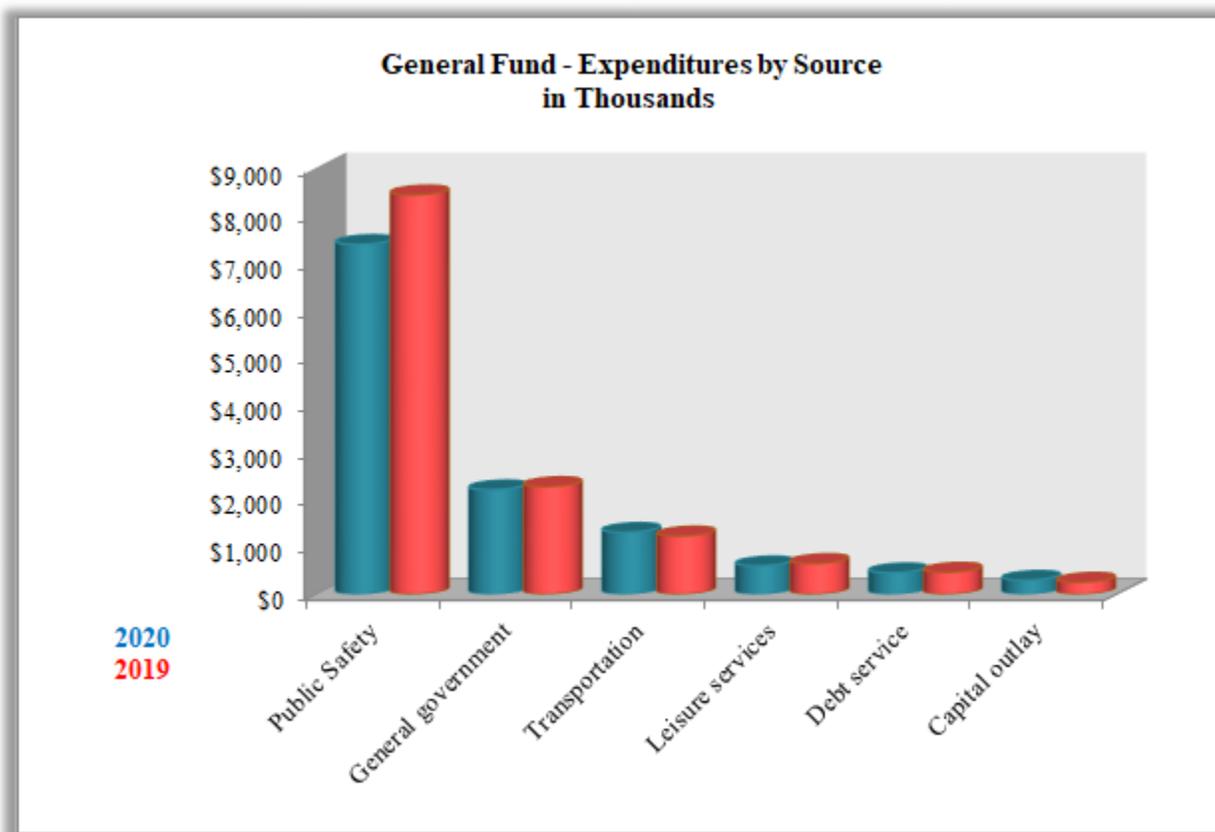
As noted in the table above, total General Fund revenues decreased by \$486,365 ((3.6)%). The largest changes were due to: 1) increased ad valorem tax revenue resulting from increased property values; 2) decreased "other taxes" as a result of decreased insurance premium tax funds received from the state due to re-opening of the Police Pension Plan during the prior fiscal year; and (3) decreased licenses and permits due to the creation of a new Building Fund, a non-major Special Revenue fund.

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

General Fund Expenditures by Function/Classification					
Change					
Function	2020	% of Total	\$	%	2019
Public Safety	\$ 7,385,605	60.2%	\$ (1,044,218)	(12.4)%	\$ 8,429,823
General government	2,207,621	18.0%	(68,279)	(3.0)%	2,275,900
Transportation	1,309,050	10.7%	76,825	6.2%	1,232,225
Leisure services	603,268	4.9%	(47,381)	(7.3)%	650,649
Debt service	456,118	3.7%	(11,541)	(2.5)%	467,659
Capital outlay	298,728	2.4%	42,128	16.4%	256,600
Total expenditures	<u>\$ 12,260,390</u>	<u>100%</u>	<u>\$ (1,052,466)</u>	<u>(7.9)%</u>	<u>\$ 13,312,856</u>

Total General fund expenditures decreased from the prior year by 7.9%. The decrease of \$1,044,218 or 12.4% in Public Safety was primarily due to the transfer of the Building Department functions to a new non-major special revenue fund as well as decreased contributions to the Police Pension Fund, since less insurance premium tax funds were received during the fiscal year from the State of Florida.

Below is a graphical presentation of how the Village expends funds and how they compare to the prior period.



At September 30, 2020, ending fund balances for the Non-major Special Revenue funds are as follows: Building Fund - \$655,933; Special Law Enforcement Fund - \$84,976. The ending fund balances in the Non-major Capital Projects Fund are as follows: Capital Improvement Fund - \$318,655; Capital Projects Fund - \$56,266. Fund balances in these funds are restricted or assigned for capital projects/improvements; public safety/enforcement of the building code. The Building Fund derives its revenue primarily from building permit fees, while the Special Law Enforcement Fund receive its revenue from the U.S. Department of Justice from asset forfeitures/seizures. The Capital Projects Fund and the Capital Improvement Fund receive revenue from capital grants and transfers-in from other funds.

General Fund Budgetary Highlights

The General Fund original budgeted expenditures were decreased by \$400,535. The Public Safety budget decreased by \$501,477 as a result of a transfer of the Building Department to its own Special Revenue fund.

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 position of the proprietary funds was \$21,461,167 an increase of \$481,531 from the prior period as shown below. 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	
	2020	2019	2020	2019
Water	\$ 622,281	\$ 1,288,042	\$ 502,833	\$ 1,256,234
Stormwater	(21,421)	(54,752)	(13,241)	(31,998)
Refuse and Recycling	(8,745)	6,625	(8,061)	8,539
	<u>\$ 592,115</u>	<u>\$ 1,239,915</u>	<u>\$ 481,531</u>	<u>\$ 1,232,775</u>

Capital Assets and Debt Administration

Capital assets: The Village's capital assets for its governmental and business-type activities total \$28,987,448 (net accumulated depreciation) as of September 30, 2020. The Village acquired \$3,206,158 in assets during the year and disposed of \$384,553 during the year.

Additional information on the Village's capital assets can be found in Note 3D, Capital Assets, starting on page 51 of this report.

VILLAGE OF TEQUESTA						
Capital Assets						
	Governmental Activities		Business type Activities		Total	
	2020	2019	2020	2019	2020	2019
Land	\$ 634,017	\$ 634,017	\$ 83,335	\$ 83,335	\$ 717,352	\$ 717,352
Construction in progress	98,047	2,517	-	1,212,080	98,047	1,214,597
Buildings	8,043,526	8,043,526	979,512	979,512	9,023,038	9,023,038
Improvements	2,424,606	2,424,606	58,720	58,720	2,483,326	2,483,326
Infrastructure	5,138,363	4,965,348	36,414,112	34,192,913	41,552,475	39,158,261
Machinery & Equipment	4,797,293	4,730,380	2,200,049	1,935,101	6,997,342	6,665,481
Intangibles	274,455	274,455	129,096	129,096	403,551	403,551
Other - K-9	20,549	20,549	-	-	20,549	20,549
Total capital assets	<u>21,430,856</u>	<u>21,095,398</u>	<u>39,864,824</u>	<u>38,590,757</u>	<u>61,295,680</u>	<u>59,686,155</u>
Less accumulated depreciation	<u>(9,866,506)</u>	<u>(9,349,058)</u>	<u>(22,441,726)</u>	<u>(21,621,778)</u>	<u>(32,308,232)</u>	<u>(30,970,836)</u>
Total capital assets, net	<u>\$ 11,564,350</u>	<u>\$ 11,746,340</u>	<u>\$ 17,423,098</u>	<u>\$ 16,968,979</u>	<u>\$ 28,987,448</u>	<u>\$ 28,715,319</u>

Noncurrent liabilities: At the end of the current fiscal year, the Village had a total of \$7,977,147 of noncurrent liabilities. The largest portion are debt instruments in the form of promissory notes with Bank of America that are secured by general revenue sources. The table below summarizes the Village's debt position.

In accordance with GASB Statements No's. 68 and 75, the Village recognized a net pension liability (NPL) of \$2,546,737 and a total OPEB liability of \$390,250, respectively. The Village is presenting the NPL and OPEB liability as separate components of the noncurrent liabilities on the face of the financial statements to present more clearly the Village's long-term pension and other post-employment benefit obligations. A more detailed explanation can be found in Note 3.K – Noncurrent Liabilities.

Village of Tequesta Noncurrent Liabilities						
	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
Notes payable	\$ 712,790	\$ 1,046,986	\$ 3,119,112	\$ 3,507,580	\$ 3,831,902	\$ 4,554,566
Capital leases	256,234	228,793	-	-	256,234	228,793
Compensated absences	782,847	656,329	169,177	133,514	952,024	789,843
Total OPEB Liability	295,386	496,276	94,864	148,412	390,250	644,688
Noncurrent Liabilities	2,047,257	2,428,384	3,383,153	3,789,506	5,430,410	6,217,890
Net Pension Liability	2,302,976	1,529,592	243,761	158,734	2,546,737	1,688,326
Total Noncurrent Liabilities	\$ 4,350,233	\$ 3,957,976	\$ 3,626,914	\$ 3,948,240	\$ 7,977,147	\$ 7,906,216

Economic Factors and Next Year's Budgets and Rates

The following economic factors currently affect the Village of Tequesta and were considered in developing the 2020-2021 fiscal year budget:

- The Village Council's decision to keep the millage rate constant at 6.6290.
- Increase in gross taxable value of properties of 4.2%.
- Projected Cost of Living Adjustment (COLA) increase of 3.85% for Fire Union members; 4.00% for Police employees; 3.08% for Communications Workers of America Union; 3.00% for all other non-union employees.
- Interest rates have remained low as the Federal Reserve continues to monitor the progress of the economy amidst the COVID-19 pandemic.
- The CPI remains lower than 3%
- The U.S. Real Gross Domestic Product decreased by 3.5% during calendar year 2020.
- The Village of Tequesta's proposed water rate increase of 3.5% to fund capital needs.

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.



BASIC FINANCIAL STATEMENTS

VILLAGE OF TEQUESTA, FLORIDA

STATEMENT OF NET POSITION

SEPTEMBER 30, 2020

	Governmental Activities	Business- type Activities	Total
Assets			
Cash	\$ 4,646,188	\$ 6,570,007	\$ 11,216,195
Investments	24,559	40,596	65,155
Receivables, net	754,879	1,042,957	1,797,836
Inventories	64,580	253,272	317,852
Prepaid items	229,397	71,575	300,972
Net pension asset	977,410	-	977,410
Capital assets not being depreciated	732,064	83,335	815,399
Capital assets being depreciated, net	<u>10,832,286</u>	<u>17,339,763</u>	<u>28,172,049</u>
Total Assets	<u>18,261,363</u>	<u>25,401,505</u>	<u>43,662,868</u>
Deferred Outflows of Resources			
Deferred outflows - pensions	2,286,629	390,494	2,677,123
Deferred outflows - OPEB	14,413	4,627	19,040
Deferred charge on refunding	-	167,566	167,566
Total Deferred Outflows of Resources	<u>2,301,042</u>	<u>562,687</u>	<u>2,863,729</u>
Liabilities			
Accounts payable	440,596	581,770	1,022,366
Accrued liabilities	591,730	86,712	678,442
Customer deposits	-	39,956	39,956
Unearned revenue	172,420	-	172,420
Due to other governments	4,558	346	4,904
Noncurrent liabilities:			
Due within one year	522,782	412,997	935,779
Due in more than one year	1,229,089	2,875,292	4,104,381
Total OPEB liability	295,386	94,864	390,250
Net pension liability	<u>2,302,976</u>	<u>243,761</u>	<u>2,546,737</u>
Total Liabilities	<u>5,559,537</u>	<u>4,335,698</u>	<u>9,895,235</u>
Deferred Inflows of Resources			
Deferred inflows - pensions	<u>1,349,489</u>	<u>167,327</u>	<u>1,516,816</u>
Total Deferred Inflows of Resources	<u>1,349,489</u>	<u>167,327</u>	<u>1,516,816</u>
Net Position			
Net investment in capital assets	10,473,238	14,166,351	24,639,589
Restricted:			
Infrastructure	240,480	-	240,480
Debt Service	420,583	397,997	818,580
Building	652,877	-	652,877
Law Enforcement	84,976	-	84,976
Unrestricted	<u>1,781,225</u>	<u>6,896,819</u>	<u>8,678,044</u>
Total Net Position	<u>\$ 13,653,379</u>	<u>\$ 21,461,167</u>	<u>\$ 35,114,546</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, 2020

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-type Activities	Total
Primary Government							
Governmental Activities							
General government	\$ 2,353,750	\$ 1,150,219	\$ -	\$ -	\$ (1,203,531)	\$ -	\$ (1,203,531)
Public safety	8,806,935	1,552,009	105,492	8,500	(7,140,934)	-	(7,140,934)
Transportation	1,496,229	-	-	-	(1,496,229)	-	(1,496,229)
Leisure services	675,172	27,402	-	-	(647,770)	-	(647,770)
Interest on long-term debt	44,058	-	-	-	(44,058)	-	(44,058)
Total governmental activities	<u>13,376,144</u>	<u>2,729,630</u>	<u>105,492</u>	<u>8,500</u>	<u>(10,532,522)</u>	<u>-</u>	<u>(10,532,522)</u>
Business-type Activities							
Water	5,964,202	6,370,552	-	-	-	406,350	406,350
Stormwater utility	453,776	432,355	-	-	-	(21,421)	(21,421)
Refuse and Recycling	496,619	487,874	-	-	-	(8,745)	(8,745)
Total business-type activities	<u>6,914,597</u>	<u>7,290,781</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>376,184</u>	<u>376,184</u>
Total primary government	<u>\$ 20,290,741</u>	<u>\$ 10,020,411</u>	<u>\$ 105,492</u>	<u>\$ 8,500</u>	<u>(10,532,522)</u>	<u>376,184</u>	<u>(10,156,338)</u>
General Revenues							
Ad valorem taxes					7,497,093	-	7,497,093
Utility taxes					645,267	-	645,267
Communication service tax					302,967	-	302,967
Insurance premium taxes					263,315	-	263,315
Infrastructure surtax					404,870	-	404,870
Business taxes					95,398	-	95,398
Franchise fees based on gross receipts					447,682	-	447,682
Unrestricted intergovernmental revenues					807,939	-	807,939
Unrestricted investment earnings					54,602	59,333	113,935
Gain on sale of capital assets					21,976	-	21,976
Miscellaneous revenues					19,996	46,014	66,010
Total general revenues					<u>10,561,105</u>	<u>105,347</u>	<u>10,666,452</u>
Change in net position					28,583	481,531	510,114
Net Position - Beginning					<u>13,624,796</u>	<u>20,979,636</u>	<u>34,604,432</u>
Net Position - Ending					<u>\$ 13,653,379</u>	<u>\$ 21,461,167</u>	<u>\$ 35,114,546</u>

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

VILLAGE OF TEQUESTA, FLORIDA

BALANCE SHEET
GOVERNMENTAL FUNDS

SEPTEMBER 30, 2020

	General Fund	Other Governmental Funds	Total Governmental Funds
Assets			
Cash	\$ 3,487,221	\$ 1,158,967	\$ 4,646,188
Investments	24,559	-	24,559
Receivables, net	754,874	5	754,879
Inventories	64,379	201	64,580
Prepaid items	226,542	2,855	229,397
Total Assets	<u>\$ 4,557,575</u>	<u>\$ 1,162,028</u>	<u>\$ 5,719,603</u>
Liabilities			
Accounts payable	\$ 413,069	\$ 27,527	\$ 440,596
Accrued liabilities	576,429	15,301	591,730
Unearned revenue	172,420	-	172,420
Due to other governments	1,188	3,370	4,558
Total Liabilities	<u>1,163,106</u>	<u>46,198</u>	<u>1,209,304</u>
Fund Balances			
Nonspendable:			
Inventories	64,379	201	64,580
Prepaid items	226,542	2,855	229,397
Restricted:			
Infrastructure	-	240,480	240,480
Debt Service	420,583	-	420,583
Building	-	652,877	652,877
Law Enforcement	-	84,976	84,976
Committed to:			
Disaster Reserve	500,000	-	500,000
Capital Projects	-	46,485	46,485
Assigned to:			
Capital Projects	-	41,393	41,393
Subsequent years budget	298,661	46,563	345,224
Unassigned:			
General Fund	1,884,304	-	1,884,304
Total Fund Balances	<u>3,394,469</u>	<u>1,115,830</u>	<u>4,510,299</u>
Total Liabilities and Fund Balances	<u>\$ 4,557,575</u>	<u>\$ 1,162,028</u>	<u>\$ 5,719,603</u>

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

VILLAGE OF TEQUESTA, FLORIDA
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION

SEPTEMBER 30, 2020

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

Total Fund Balances - Governmental Funds	\$ 4,510,299
Net pension asset is not considered to represent a financial asset in the governmental funds.	977,410
Net capital assets used in the governmental activities are not financial resources and, therefore are not reported in the governmental funds.	11,564,350
Deferred outflows of resources related to pensions and OPEB transactions not reported in the governmental funds.	2,301,042
Deferred inflows of resources related to pension transactions not recognized in the governmental funds.	(1,349,489)
Long-term liabilities, including notes payable, are not due and payable in the current period and, therefore, are not reported in the governmental funds.	(1,751,871)
Total OPEB liability is not due and payable in the current period and, therefore, not reported in the governmental funds.	(295,386)
Net pension liability is not due and payable in the current period and, therefore, not reported in the funds.	<u>(2,302,976)</u>
Net Position of Governmental Activities	<u><u>\$ 13,653,379</u></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, 2020

	General Fund	Other Governmental Funds	Total Governmental Funds
Revenues			
Ad valorem taxes	\$ 7,497,093	\$ -	\$ 7,497,093
Other taxes	1,711,817	-	1,711,817
Charges for services	1,387,467	215	1,387,682
Intergovernmental	815,868	-	815,868
Intragovernmental	725,436	-	725,436
Licenses and permits	680	385,193	385,873
Franchise fees	447,682	-	447,682
Rents and royalties	218,931	-	218,931
Miscellaneous	19,941	55	19,996
Fines and forfeitures	11,708	-	11,708
Grants, contributions and donations	101,798	4,265	106,063
Investment earnings	48,065	6,537	54,602
Total Revenues	<u>12,986,486</u>	<u>396,265</u>	<u>13,382,751</u>
Expenditures			
Current:			
General government	2,207,621	-	2,207,621
Public safety	7,385,605	668,401	8,054,006
Transportation	1,309,050	-	1,309,050
Leisure services	603,268	-	603,268
Capital outlay	298,728	421,283	720,011
Debt service:			
Principal	412,060	-	412,060
Interest	44,058	-	44,058
Total Expenditures	<u>12,260,390</u>	<u>1,089,684</u>	<u>13,350,074</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>726,096</u>	<u>(693,419)</u>	<u>32,677</u>
Other Financing Sources (Uses)			
Transfers in	195,378	1,324,715	1,520,093
Transfers out	(1,324,715)	(195,378)	(1,520,093)
Proceeds on sale of capital assets	21,976	-	21,976
Issuance of debt	105,305	-	105,305
Total other financing sources (uses)	<u>(1,002,056)</u>	<u>1,129,337</u>	<u>127,281</u>
Total other financing sources (uses)	<u>(1,002,056)</u>	<u>1,129,337</u>	<u>127,281</u>
Net change in fund balances	(275,960)	435,918	159,958
Fund Balances - Beginning	<u>3,670,429</u>	<u>679,912</u>	<u>4,350,341</u>
Fund Balances - Ending	<u>\$ 3,394,469</u>	<u>\$ 1,115,830</u>	<u>\$ 4,510,299</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, 2020

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

Net change in fund balances - total governmental funds		\$ 159,958
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Governmental funds report capital outlay as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay exceeded depreciation/amortization in the current period.

The details of the difference are as follows:

Capital outlay	720,011	
Depreciation/amortization expense	<u>(899,484)</u>	(179,473)

The effect of transactions involving capital assets as follows:

Disposition of capital asset	<u>(2,516)</u>	(2,516)
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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. Neither transaction, however, has any effect on net position.

Proceeds for capital lease	(105,305)	
Payment on notes payable	334,196	
Payment on capital lease	<u>77,864</u>	306,755

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

The details of the difference are as follows:

Compensated absences	(126,518)	
Total OPEB liability	188,640	
Net pension liability	<u>(318,263)</u>	<u>(256,141)</u>

Change in net position of governmental activities		<u>\$ 28,583</u>
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The accompanying notes are an integral part of these financial statements.

VILLAGE OF TEQUESTA, FLORIDA

STATEMENT OF NET POSITION PROPRIETARY FUNDS

SEPTEMBER 30, 2020

	Business-type Activities			Total
	Water Fund	Stormwater	Nonmajor Refuse & Recycling	
Assets				
Current Assets:				
Cash	\$ 5,412,380	\$ 1,001,433	\$ 156,194	\$ 6,570,007
Investments	40,596	-	-	40,596
Receivables, net	1,036,918	2,990	3,049	1,042,957
Inventories	252,814	458	-	253,272
Prepaid items	70,874	701	-	71,575
Total Current Assets	6,813,582	1,005,582	159,243	7,978,407
Non-current Assets:				
Capital assets not being depreciated	83,335	-	-	83,335
Capital assets being depreciated, net	15,992,545	1,347,218	-	17,339,763
Total Non-Current Assets	16,075,880	1,347,218	-	17,423,098
Total Assets	22,889,462	2,352,800	159,243	25,401,505
Deferred Outflows of Resources				
Deferred outflows - pensions	366,951	23,543	-	390,494
Deferred outflows - OPEB	4,283	344	-	4,627
Deferred charge on refunding	167,566	-	-	167,566
Total Deferred Outflows of Resources	538,800	23,887	-	562,687
Liabilities				
Current Liabilities:				
Accounts payable	\$ 222,684	\$ 318,420	\$ 40,666	\$ 581,770
Accrued liabilities	82,300	4,412	-	86,712
Customer deposits	39,956	-	-	39,956
Compensated absences	15,000	-	-	15,000
Due to other governments	346	-	-	346
Notes payable	397,997	-	-	397,997
Net pension liability	315	-	-	315
Total Current Liabilities	758,598	322,832	40,666	1,122,096
Noncurrent Liabilities:				
Compensated absences	153,164	1,013	-	154,177
Notes payable	2,721,115	-	-	2,721,115
Net pension liability	242,571	875	-	243,446
Total OPEB liability	87,806	7,058	-	94,864
Total Noncurrent Liabilities	3,204,656	8,946	-	3,213,602
Total Liabilities	3,963,254	331,778	40,666	4,335,698
Deferred Inflows of Resources				
Deferred inflows - pensions	156,780	10,547	-	167,327
Total Deferred Inflows of Resources	156,780	10,547	-	167,327
Net Position				
Net investment in capital assets	13,112,193	1,054,158	-	14,166,351
Restricted:				
Debt Service	397,997	-	-	397,997
Unrestricted	5,798,038	980,204	118,577	6,896,819
Total Net Position	\$ 19,308,228	\$ 2,034,362	\$ 118,577	\$ 21,461,167

VILLAGE OF TEQUESTA, FLORIDA

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION PROPRIETARY FUNDS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

	Business-type Activities			Total
	Water Fund	Stormwater	Nonmajor Refuse & Recycling	
Operating Revenues				
Charges for services:				
Metered water sale	\$ 6,288,962	\$ -	\$ -	\$ 6,288,962
Tap fees	81,131	-	-	81,131
Stormwater fees	-	432,355	-	432,355
Refuse and recycling fees	-	-	487,874	487,874
Total Operating Revenues	6,370,093	432,355	487,874	7,290,322
Operating Expenses				
Cost of sales and services:				
Plant production	1,876,089	-	-	1,876,089
Distribution	1,719,865	-	-	1,719,865
Stormwater	-	319,181	-	319,181
Purchased services	-	-	488,171	488,171
Management services	598,596	14,292	8,448	621,336
Administration	853,617	-	-	853,617
Depreciation/amortization	699,645	120,303	-	819,948
Total Operating Expenses	5,747,812	453,776	496,619	6,698,207
Operating Income (Loss)	622,281	(21,421)	(8,745)	592,115
Non-Operating Revenues (Expenses)				
Miscellaneous revenue	46,473	-	-	46,473
Investment earnings	50,469	8,180	684	59,333
Interest expense	(146,800)	-	-	(146,800)
Legal settlement	(69,590)	-	-	(69,590)
Total Non-Operating Revenues (Expenses)	(119,448)	8,180	684	(110,584)
Change in Net Position	502,833	(13,241)	(8,061)	481,531
Net Position - Beginning	18,805,395	2,047,603	126,638	20,979,636
Net Position - Ending	\$ 19,308,228	\$ 2,034,362	\$ 118,577	\$ 21,461,167

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, 2020

	Business-type Activities			Totals
	Water Fund	Storm Water Fund	Refuse Non Major Fund	
Cash Flows from Operating Activities				
Cash received from customers, governments and other funds	\$ 6,190,293	\$ 433,017	\$ 488,066	\$ 7,111,376
Cash paid to suppliers	(3,632,305)	(174,241)	(455,953)	(4,262,499)
Cash paid to employees	(2,064,309)	(126,570)	-	(2,190,879)
Net Cash Provided by Operating Activities	<u>493,679</u>	<u>132,206</u>	<u>32,113</u>	<u>657,998</u>
Cash Flows from Capital and Related Financing Activities				
Acquisition and construction of capital assets	(834,479)	(182,393)	-	(1,016,872)
Principal payments on long-term debt	(388,468)	-	-	(388,468)
Interest paid	(146,800)	-	-	(146,800)
Net Cash Used in Capital and Related Financing Activities	<u>(1,369,747)</u>	<u>(182,393)</u>	<u>-</u>	<u>(1,552,140)</u>
Cash Flows from Investing Activities				
Interest and miscellaneous income	27,352	8,180	684	36,216
Sale of investments	5,255,594	911,109	70,094	6,236,797
Net Cash Provided by Investing Activities	<u>5,282,946</u>	<u>919,289</u>	<u>70,778</u>	<u>6,273,013</u>
Net Increase in Cash and Cash Equivalents	4,406,878	869,102	102,891	5,378,871
Cash and Cash Equivalents - Beginning	<u>1,005,502</u>	<u>132,331</u>	<u>53,303</u>	<u>1,191,136</u>
Cash and Cash Equivalents - Ending	<u>\$ 5,412,380</u>	<u>\$ 1,001,433</u>	<u>\$ 156,194</u>	<u>\$ 6,570,007</u>
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities				
Operating income (loss)	\$ 622,281	\$ (21,421)	\$ (8,745)	\$ 592,115
Adjustments to reconcile operating Income to net cash provided by operating activities:				
Depreciation/Amortization	699,645	120,303	-	819,948
Changes in operating assets, liabilities and deferred inflows/outflows of resources:				
(Increase) decrease in:				
Accounts receivable	(183,708)	662	192	(182,854)
Inventories	(71,319)	74	-	(71,245)
Deferred outflow of resources	(46,577)	(3,938)	-	(50,515)
Prepaid items	(2,764)	639	-	(2,125)
Increase (decrease) in:				
Accounts payable	(577,589)	39,810	40,666	(497,113)
Accrued liabilities	6,260	50	-	6,310
Customer deposits	3,908	-	-	3,908
Compensated absences	36,824	(1,161)	-	35,663
Deferred inflows of resources	(28,484)	900	-	(27,584)
Net pension liability	84,381	646	-	85,027
Due to other governments	11	-	-	11
Total OPEB liability	(49,190)	(4,358)	-	(53,548)
Net Cash Provided by Operating Activities	<u>\$ 493,679</u>	<u>\$ 132,206</u>	<u>\$ 32,113</u>	<u>\$ 657,998</u>

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

VILLAGE OF TEQUESTA, FLORIDA

STATEMENT OF FIDUCIARY NET POSITION

SEPTEMBER 30, 2020

	<u>Pension Trust Funds</u>
Assets	
Cash and cash equivalents	\$ 338,597
Investments	
Equities	17,592,785
Fixed Income	6,147,924
Real Estate Fund	<u>1,917,373</u>
Total investments	<u>25,658,082</u>
Accounts receivable	288,566
Contributions receivable	71,134
Accrued interest receivable	22,316
Prepaid items	<u>35,331</u>
Total Assets	<u>26,414,026</u>
Liabilities	
Accounts payable	33,122
Due to broker	<u>21,622</u>
Total Liabilities	<u>54,744</u>
Net Position Restricted for Pension Benefits	<u><u>\$ 26,359,282</u></u>

The accompanying notes are an integral part of these statement.

VILLAGE OF TEQUESTA, FLORIDA
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

	<u>Pension Trust Funds</u>
Additions	
Contributions:	
State of Florida	\$ 263,314
Employer	834,359
Employee	<u>352,485</u>
Total Contributions	<u>1,450,158</u>
Investment Earnings	
Net appreciation in fair value of investments	1,622,813
Gain on sale of investments	139,121
Interest and dividends	<u>442,227</u>
	2,204,161
Less investment expenses	<u>(93,107)</u>
Net Investment Earnings	2,111,054
Miscellaneous	<u>2,354</u>
Total Additions	<u>3,563,566</u>
Deductions	
Benefits paid	427,313
Refund of contributions	104,053
Administrative expenses	<u>106,401</u>
Total Deductions	<u>637,767</u>
Change in Net Position	2,925,799
Net Position Restricted for Pension Benefits	
Beginning of year	<u>23,433,483</u>
End of year	<u><u>\$ 26,359,282</u></u>

The accompanying notes are an integral part of these statement.



NOTES TO BASIC FINANCIAL STATEMENTS

VILLAGE OF TEQUESTA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

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. 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 (the Village) 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, refuse & 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, or has operational responsibility. The Village has no component units to report.

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

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-type 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.

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's water and various other functions of the government. Elimination of these

VILLAGE OF TEQUESTA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

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 are 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. Fiduciary funds are presented apart from major and nonmajor funds.

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.

The Village reports the following major enterprise funds:

The *Water Fund*, which accounts for the activities of the water utility, which includes the processing and distribution of potable water to Village residents and some surrounding communities, and the *Stormwater Utility Fund*, which accounts for the construction and maintenance of the Village's stormwater system.

Additionally, the Village reports the following fund type:

The *pension trust funds* account for the activities of the Public Safety Employees' (Police and Fire) 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 (short-term) and advances to/from other funds (long-term). 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

VILLAGE OF TEQUESTA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

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 transfers 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.

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 60 days of the end of the current fiscal period. Expenditures 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. 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 60 days of year-end). Expenditure driven 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 60 days of year-end). All other revenue items are considered to be measurable and available only when cash is received by the Village.

VILLAGE OF TEQUESTA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

The *proprietary funds* are reported using the *economic resources measurement focus* and the *accrual basis of accounting* for reporting its assets and liabilities and deferred inflows and outflows of resources (as described previously).

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, except for a money market fund which is reported at amortized cost; securities traded in the over-the-counter market and listed securities for which no sales were reported on that date are valued at the last reported bid price. Securities without an established fair value are reported at estimated fair value. Purchases and sales of securities are recorded on a trade-date basis.

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, 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.

VILLAGE OF TEQUESTA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

G. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance

1. Cash

The Village's cash is considered to be cash on hand and demand deposits.

2. Investments

Investments for the Village are reported at fair value, except for the position in the State Board of Administration Investment Pool (SBA). Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The SBA administers Florida PRIME and is governed by Chapter 19-7 of the Florida Administrative Code and Chapters 215 and 218 of the Florida Statutes. These rules provide guidance and establish the policies and general operating procedures for the administration of the Florida PRIME. Florida PRIME invests in a pool of investments whereby the Village owns a share of the respective pool, not the underlying securities. Florida PRIME is reported at amortized cost and is exempt from the GASB No. 72 fair value hierarchy disclosures.

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.

4. Capital Assets

Capital assets, which include property, plant, equipment, infrastructure and intangible 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 and intangible assets, are defined by the Village as assets with an initial, individual cost of \$1,000 or more and an estimated useful life in excess of one year. For infrastructure and intangible assets the same estimated minimum useful life is used (in excess of one year), but only those 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 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 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 acquisition value at the date of donation.

VILLAGE OF TEQUESTA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

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

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 will *not* be recognized as an outflow of resources (expense/expenditure) until then. The Village has three items that qualify for reporting in this category. They are; 1) Deferred outflows related to pensions; 2) Deferred outflows related to OPEB; and 3) Deferred charge on refunding resulting from the difference in the carrying value of refunded debt and its reacquisition price, and is amortized over the shorter of the life of the refunded or refunding debt. These items are reported in the government-wide statement of net position and the statement of net position of the proprietary funds.

In addition to liabilities, the statement of net position reports a separate section for *deferred inflows of resources*. This separate financial statement element represents an acquisition of net position that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time. The Village has one type of item that qualifies for reporting in this category - Deferred inflows related to pensions. This item is reported in the government-wide statement of net position and the statement of net position of the proprietary funds.

6. Net Position Flow Assumption

Sometimes the Village will fund outlays for a particular purpose from both restricted and unrestricted resources (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.

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.

VILLAGE OF TEQUESTA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

8. Fund Balance Policies

The Village classifies fund balance in accordance with GASB *Statement No.54 Fund Balance Reporting and Governmental Fund Type Definitions*. This statement enhances the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. In the fund financial statements, governmental funds report classifications that comprise a hierarchy based primarily on the extent to which the Village is bound to honor constraint of the specific purposes for which amounts in those funds can be spent.

The Village reports the following fund classifications:

Nonspendable fund balance. Nonspendable fund balances are amounts that cannot be spent because they are either not in spendable form such as inventory or legally or contractually required to be maintained intact such as a perpetual trust.

Restricted fund balance. Restricted fund balances are amounts that are constrained by the imposition externally by creditors, grantors, or laws or regulations of other governmental agencies or imposed by law through constitutional provisions or enabling legislation.

Committed fund balance. Those amounts can only be used for 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 that can, by adoption of an ordinance or resolution equally binding and 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.

Assigned fund balance. 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.

Unassigned fund balance. Unassigned fund balance represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund.

The General Fund is the only fund that reports a positive unassigned fund balance amount. The other governmental funds may report negative unassigned fund balance if that fund's expenditures incurred for specific purposes exceed the amounts that are restricted, committed, or assigned to those purposes.

VILLAGE OF TEQUESTA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

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 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 county-wide millage rate to a maximum of 10 mills, excluding voter-approved debt service millage rates. The millage rate for the Village in fiscal year 2020 was 6.6290 mills. Tax bills are mailed out November 1st and discounts are available for payments made in the following months; November 4%, December 3%, January 2% and February 1%. Taxes become delinquent on April 1st. 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.

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.

VILLAGE OF TEQUESTA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

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 the enterprise 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 deferred outflows of resources and liabilities and deferred inflows of resources 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.

J. Implementation of new GASB Statement

The Village of Tequesta implemented GASB Statement No. 83, *Certain Asset Retirement Obligations*, during fiscal year 2020. This Statement establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for certain asset retirement obligations (ARO's). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. The implementation of this pronouncement did not result in a financial impact to the Village.

VILLAGE OF TEQUESTA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

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 \$11,564,350 as explained in the following detail (additional details shown in Note 3.D.):

Capital assets not being depreciated:	
Land	\$ 634,017
Construction in progress	98,047
Capital assets being depreciated:	
Buildings, net	4,713,986
Improvements other than buildings, net	876,199
Infrastructure, net	3,946,468
Machinery and equipment, net	1,250,551
Intangibles, net	31,872
Other K-9, net	<u>13,210</u>
Net Adjustment to Increase Fund Balance-	
Total Governmental Funds to Arrive at	
Net Position - Governmental Activities	<u><u>\$ 11,564,350</u></u>

Another 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 \$1,751,871 difference are as follows:

Note payable	\$ 712,790
Capital leases	256,234
Compensated absences	<u>782,847</u>
Net Adjustment to Reduce Fund Balance -	
Total Governmental Funds to Arrive at	
Net Position – Governmental Activities	<u><u>\$ 1,751,871</u></u>

VILLAGE OF TEQUESTA, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

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, 2020, 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 investment pool which is 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). As a participant, the Village invests in a pool of investments owning a share of the pool, not the underlying securities. The value of the Village's participation is the same as the value of the pool shares. The investments in the Florida PRIME are reported at amortized cost and not insured by FDIC or any other governmental agency.

GASB Statement No. 79, *Certain External Investment Pool and Pool participants* establishes criteria for an external investment pool to qualify to report at amortized cost. Florida PRIME is exempt from the GASB No. 72 fair value hierarchy disclosures and reports at amortized cost.

VILLAGE OF TEQUESTA, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

As of September 30, 2020, the Village had the following demand deposits and investments:

Deposits and Investments	Reported Value	Weighted Average Maturity	Credit Rating (S&P)	Percent Distribution
SBA-Florida PRIME	\$ 65,155	48 days	AAAm	0.58%
Demand deposits	11,216,195			99.42%
Total Deposits and Investments	\$ 11,281,350			100%

Interest Rate Risk – The Village does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates nor do they have any investments that are subject to interest rate risk.

Credit Risk - The Village does not have a written investment policy and, therefore, follows Florida Statue 218.415(17). The Village invests surplus funds in the State Board of Administration Investment Pool. The Florida PRIME is rated by Standard and Poor's.

Concentration of Credit Risk – Disclosure is required when the percentage of investments is 5% or more in any one issuer or 5% or more of total investments. At September 30, 2020, the Village only invests in an external investment pool and therefore is not subject to concentration of credit risk.

Custodial Credit Risk - The risk that, in the event of the failure of the counter party, the Village 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.

Investment Pools and Pool Participants

With regard to SBA - Florida PRIME redemption dates, Chapter 218.409(8) (a), Florida Statutes, states, “The principal, and any part thereof, of each account constituting the trust fund is subject to payment at any time from the moneys in the trust fund. However, the Executive Director may, in good faith, on the occurrence of an event that has a material impact on liquidity or operations of the trust fund, for 48 hours limit contributions to or withdrawals from the trust fund to ensure that the Board can invest moneys entrusted to it in exercising its fiduciary responsibility. Such action must be immediately disclosed to all participants, the Trustees, the Joint Legislative Auditing Committee, the Investment Advisory Council, and the Participant Local Government Advisory Council. The Trustees shall convene an emergency meeting as soon as practicable from the time the Executive Director has instituted such measures and review the necessity of those measures. If the Trustees are unable to convene an emergency meeting before the expiration of the 48-hour moratorium on contributions and withdrawals, the Executive Director may extend the moratorium until the Trustees are able to meet to review the necessity for the moratorium. If the Trustees agree with such measures, the Trustees shall vote to continue the measures for up to an additional 15 days. The Trustees must convene and vote to continue any such measures before the expiration of the time limit set, but in no case may the time limit set by the Trustees exceed 15 days.”

VILLAGE OF TEQUESTA, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

With regard to liquidity fees, Florida Statute 218.409(4) provides authority for the SBA to impose penalties for early withdrawal, subject to disclosure in the enrollment materials of the amount and purpose of such fees. At present, no such disclosure has been made.

As of September 30, 2020, there were no redemption fees, maximum transaction amounts, or any other requirements that serve to limit a participant's daily access to 100 percent of their account value.

Investments – Public Safety Pension Trust Fund

Investment Policy Statement

The Public Safety Pension Board of Trustees, as fiduciaries, adopts an Investment Policy Statement and directs that it applies to all assets under their control. It is the Board's intention to review the policy at least annually subsequent to the actuarial report and to amend this statement to reflect any changes in philosophy, objectives, or guidelines. When the Investment Manager feels that the specific objectives defined in the statement cannot be met, or the guidelines constrict performance, the Investment Manager will present a formal modified investment policy statement to the Board of Trustees at a meeting for the Board's review. Once the Board has adopted, the new investment policy goes into effect 31 days after it has been filed with the State of Florida. There were no changes to the Investment Policy Statement for the fiscal year ended September 30, 2020. The investments of the Public Safety Pension Trust Fund were in compliance with the investment policy.

Fair Value Hierarchy

The Plan categorizes its fair value measurement within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on valuation input used to measure the fair value of an asset:

Level 1 - investments reflect unadjusted quoted prices in active markets for identical assets;

Level 2 - investments reflect prices that are based on inputs that are either directly or indirectly observable for an asset (including quoted prices for similar assets), which may include inputs in markets that are not considered to be active;

Level 3 - investments reflect prices based upon unobservable inputs for an asset.

The investment pricing transparency determines the category within the hierarchy and should not be observed at the investment risk. The custodian bank's (primary external pricing vendors) quoted prices were used to determine level classification based on the fair value hierarchy.

Debt and equity securities classified as Level 1 of the fair value hierarchy are valued using quoted prices at September 30, 2020 (or the most recent market close date if the markets are closed on September 30) in active markets. This includes common stock, equity mutual funds and bond mutual funds.

Debt securities are valued using pricing inputs that reflect the assumptions market participants would use to price an asset or liability and are developed based on market data obtained from sources independent of the reporting entity (Level 2). It is valued using a matrix pricing technique. Matrix pricing values securities based on the securities relationship to benchmark quoted prices. This includes U.S. Treasury bonds and notes, U.S. agencies, mortgage backed securities, municipal bonds and corporate obligations, including asset backed securities.

VILLAGE OF TEQUESTA, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

The Real Estate Fund - this fund enters into real estate partnerships with various joint venture partners. The portfolio is valued quarterly at net asset value (NAV). Investments valued at NAV are excluded from the fair value hierarchy because the valuation is not based on actual market inputs but rather is quantified using the fund's reported NAV. The fund had no outstanding commitments.

As of September 30, 2020 the Public Safety Pension Trust Fund has the following recurring fair value investments:

	9/30/2020	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Equities				
Mutual funds equities	\$ 12,749,980	\$ 12,749,980		
Total equity	12,749,980	12,749,980		
Fixed income				
Corporate bonds	2,106,836		2,106,836	
U.S. Agencies	1,257,485		1,257,485	
U.S. Government bonds	381,991		381,991	
Bond mutual fund	719,941	719,941		
Total fixed income	4,466,253	719,941	3,746,312	
Total investments at fair value	17,216,233	\$ 13,469,921	\$ 3,746,312	\$ -
Investment at net asset value (NAV)		Redemption Frequency	Redemption Notice Period	
Real Estate Fund	1,387,119	Quarterly	30 days	
Total investments	\$ 18,603,352			

VILLAGE OF TEQUESTA, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

As of September 30, 2020, the Village of Tequesta's *Public Safety Pension Trust Fund* had the following demand deposits and investments:

	Reported Value	Weighted Average Maturity	Credit Rating (Moody)	Percent Distribution	Percent of Net Position
Cash	\$ 23,419			0.12%	-%
Short-Term Money Market Fund	273,500			1.45%	1.42%
Total Cash and Cash Equivalents	296,919				
Equities					
Mutual Funds	12,749,980			67.46%	66.30%
Total Equities	12,749,980				
Fixed Income					
Corporate Bonds:		8.08 years			
Bonds	807,058		A2	4.27%	4.20%
Bonds	1,299,778		A3	6.88%	6.76%
U.S. Government Bonds	381,991			2.02%	1.99%
U.S. Agencies	1,257,485	2.88 years	Aaa	6.65%	6.54%
Bond Mutual Fund	719,941			3.81%	3.74%
Total Fixed Income	4,466,253				
Real Estate Fund	1,387,119			7.34%	7.21%
Total investments	18,603,352				
Total cash and investments	\$ 18,900,271			100.00%	98.28%

Interest Rate Risk - 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, 2020, there were investments in mutual funds that included debt instruments in their portfolio.

Credit Risk - 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.

VILLAGE OF TEQUESTA, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

Concentration of Credit Risk - 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 to exceed 70% of the fund assets at fair value). Mortgage-backed securities issued by non-government entities are limited to 15% of the fixed income portfolio.
- Limiting investments in foreign securities (not to exceed 25% of the value at cost of the fund).

Custodial Credit Risk - the risk that, in the event of the failure of the counterparty, the plan 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.

Foreign Currency Risk - is the risk of an investment's value changing due to changes in currency exchange rates. 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 (denominated in U.S. dollars should not to exceed 5% of total fund).
- The investment policy permits a maximum of 25% of the fair value of the fund securities to be invested in foreign securities.
- At September 30, 2020, 18.77% of the fair value of the fund was invested in international funds.
- All the international securities are denominated in U.S. dollars. There is no foreign currency risk.

Money Weighted Rate of Return and Target Allocation

For the fiscal years ended September 30, 2020 and 2019, the overall annual money-weighted rate of return (long-term expected real rate of return) on the Public Safety Pension Plan investments (both Police Officers' and Firefighters') was 8.30% and 2.93%. The money-weighted rate of return expresses investment performance, net of investment manager and consultant expenses adjusted for the changing amounts actually invested.

The long-term expected rate of return on pension plan investments, shown below by asset class, is developed using best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expenses and inflation). These ranges are combined to produce the long term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

VILLAGE OF TEQUESTA, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

Best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation as well as the long-term expected real rate of return as of September 30, 2020 and 2019 are as follows:

Asset Class	Target Allocation	Range	Long-Term Expected Real Rate of Return	
			2020	2019
Domestic Equity	50%	45%-55%	7.5%	7.5%
International Equity	15%	10%-20%	8.5%	8.5%
Total Equities	65%	60%-70%		
Domestic Core Fixed Income	20%	15%-25%	2.5%	2.5%
Diversified Fixed Income	5%	0%-10%	3.5%	3.5%
Total Fixed Income	25%	20%-30%		
Core Real Estate	10%	5%-15%	4.5%	4.5%

Investments – General Employees' Pension Trust Fund

Investment Policy Statement

The General Employees' Pension Board of Trustees, as fiduciaries, adopts an Investment Policy Statement and directs that it applies to all assets under their control. It is the Board's intention to review the policy at least annually subsequent to the actuarial report and to amend this statement to reflect any changes in philosophy, objectives, or guidelines. When the Investment Manager feels that the specific objectives defined in the statement cannot be met, or the guidelines constrict performance, the Investment Manager will present a formal modified investment policy statement to the Board of Trustees at a meeting for the Board's review. Once the Board has adopted, the new investment policy goes into effect 31 days after it has been filed with the State of Florida. There were no changes to the Investment Policy Statement for the fiscal year ended September 30, 2020 and investments of the General Employees' Pension Trust Fund were in compliance with the investment policy.

Fair Value Hierarchy

The Plan categorizes its fair value measurement within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on valuation input used to measure the fair value of an asset:

Level 1 - investments reflect unadjusted quoted prices in active markets for identical assets;

Level 2 - investments reflect prices that are based on inputs that are either directly or indirectly observable for an asset (including quoted prices for similar assets), which may include inputs in markets that are not considered to be active;

Level 3 - investments reflect prices based upon unobservable inputs for an asset.

The investment pricing transparency determines the category within the hierarchy and should not be observed as the investment risk. The custodian bank's (primary external pricing vendors) quoted prices were used to determine level classification based on the fair value hierarchy.

Debt and equity securities classified as Level 1 of the fair value hierarchy are valued using quoted prices at September 30, 2020 (or the most recent market close date if the markets are closed on September 30) in active markets. This includes common stock, mutual funds and fixed income funds.

VILLAGE OF TEQUESTA, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

Debt securities are valued using pricing inputs that reflect the assumptions market participants would use to price an asset or liability and are developed based on market data obtained from sources independent of the reporting equity (Level 2). It is valued using a matrix pricing technique. Matrix pricing values securities based on the securities relationship to benchmark quoted prices. This includes U.S. Treasury bonds and notes, U.S. agencies, mortgage backed securities, municipal bonds and corporate obligations, including asset backed securities.

The Real Estate Fund - this fund enters into real estate partnerships with various joint venture partners. The portfolio is valued quarterly at net asset value. Investments valued at NAV are excluded from the fair value hierarchy because the valuation is not based on actual market inputs but rather is quantified using the fund's reported NAV. The fund had no outstanding commitments.

As of September 30, 2020 the General Employees' Pension Trust Fund has the following recurring fair value investments:

	9/30/20	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Equities				
Common stocks	\$ 1,916,672	\$ 1,916,672		\$ -
Mutual funds equities	2,926,133	2,926,133		
Total equities	4,842,805	4,842,805		
Fixed income				
Corporate bonds	479,666		479,666	
U.S. Government bonds	276,005		276,005	
U.S. Agencies	241,079		241,079	
Bond mutual fund	264,297	264,297		
Exchange traded funds	420,624	420,624		
Total fixed income	1,681,671	684,921	996,750	
Total investments at fair value	6,524,476	\$ 5,527,726	\$ 996,750	\$ -
Investment at net asset value (NAV)		Redemption Frequency	Redemption Notice Period	
Real Estate Fund	530,254	Quarterly	30 days	
Total investments	\$ 7,054,730			

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FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

At September 30, 2020, the Village of Tequesta's *General Employees' Pension Trust Fund* had the following demand deposits and investments:

	Reported Value	Weighted Average Maturity	Credit Rating (Moody)	Percent Distribution	Percent of Net Position
Cash	\$ 15,178			0.21%	0.21%
Short Term Money Market Fund	26,500			0.37%	0.37%
Total Cash and Cash equivalents	41,678				
Equities					
Common stocks	1,916,672			27.01%	26.88%
Mutual funds	2,926,133			41.23%	41.04%
Total Equities	4,842,805				
Fixed Income					
Corporate Bonds:		4.15 years			
Bonds	25,041		A1	0.35%	0.35%
Bonds	55,964		A2	0.79%	0.79%
Bonds	221,303		A3	3.12%	3.10%
Bonds	137,451		Baa1	1.94%	1.93%
Bonds	26,517		Baa3	0.37%	0.37%
Bonds	13,390		N/A	0.19%	0.19%
ETF - Exchange Traded Fund	420,624			5.93%	5.90%
U.S. Government Bonds	276,005			3.89%	3.87%
U.S. Agencies	241,079	5.56 years	Aaa	3.40%	3.38%
Mutual Fund	264,297			3.72%	3.71%
Total Fixed Income	1,681,671				
Real Estate Fund	530,254			7.47%	7.44%
Total Investments	7,054,730				
Total Cash and Investments	\$ 7,096,408			100.00%	99.54%

Interest Rate Risk - 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, 2020, the weighted average maturity in years for each investment type is included in the preceding table and ranges from 4.15 to 5.56 years.

Credit Risk - the risk that a debt issuer will not fulfill its obligations.

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:
 - o Fixed income investments holding a rating in one of the four highest classifications by a major rating service.

VILLAGE OF TEQUESTA, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

- o Equities that are traded on a National Exchange.

Concentration of Credit Risk - the risk of loss attributed to the magnitude of an investment in a single issuer. The Plan's investment policy limits exposure 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 to exceed 10% of the total fund.
- Limiting investments in corporate common stock and convertible bonds not to exceed 70% of the fund assets at fair value.
- Limiting investments in foreign securities not to exceed 25% of the fair value of the fund.

Custodial Credit Risk – the risk that, in the event of the failure of the counterparty, the plan 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 by a third party custodian in the name of the Plan. As of September 30, 2020, 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.

Foreign Currency Risk - is the risk of an investment's value changing due to changes in currency exchange rates. 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 fair value of the fund securities (including equities and fixed income securities) to be invested in foreign securities.
- At September 30, 20, 18.06% of the fair value of the fund was invested in international funds.
- All the international securities are denominated in U.S. dollars. There is no foreign currency risk.

Money Weighted Rate of Return and Target Allocation

For the fiscal years ended September 30, 2020 and 2019, the overall annual money-weighted rate of return (long-term expected real rate of return) on the General Employees' Pension Plan investments was 8.83% and 3.36% respectively. The money-weighted rate of return expresses investment performance, net of investment manager and consultant expenses adjusted for the changing amounts actually invested.

The long-term expected rate of return on pension plan investments, shown below by asset class, is developed using best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expenses and inflation). These ranges are combined to produce the long term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

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NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

Best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation as well as the long-term expected real rate of return as of September 30, 2020 and 2019 are as follows:

Asset Class	Target Allocation	Range	Long-Term Expected Real Rate of Return	
			2020	2019
Domestic Equity	50%	45%-55%	7.5%	7.5%
International Equity	15%	10%-20%	8.5%	8.5%
Total Equities	65%	60%-70%		
Domestic Core Fixed Income	20%	15%-25%	2.5%	2.5%
Diversified Fixed Income	5%	0%-10%	3.5%	3.5%
Total Fixed Income	25%	20%-30%		
Core Real Estate	10%	5%-15%	4.5%	4.5%

C. Receivables

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

	General	Water	Storm-water	Nonmajor Funds	Total
Accounts	\$ 264,879	\$ 1,039,314	\$ -	\$ -	\$ 1,304,193
Intergovernmental	412,327	483	2,990	3,054	418,854
Other taxes	94,948	-	-	-	94,948
Gross receivables	772,154	1,039,797	2,990	3,054	1,817,995
Less: allowance for uncollectibles	(17,280)	(2,879)	-	-	(20,159)
Net Total Receivables	\$ 754,874	\$ 1,036,918	\$ 2,990	\$ 3,054	\$ 1,797,836

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FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

D. Capital Assets

Capital assets activity for the fiscal year ended September 30, 2020, was as follows:

	Beginning Balance	Additions	Deductions	Ending Balance
Governmental Activities				
Capital assets not being depreciated/amortized:				
Land	\$ 634,017	\$ -	\$ -	\$ 634,017
Construction-in-progress	2,517	98,047	(2,517)	98,047
Total Capital Assets Not Being Depreciated/Amortized	636,534	98,047	(2,517)	732,064
Capital assets being depreciated/amortized:				
Buildings	8,043,526	-	-	8,043,526
Improvements other than buildings	2,424,606	-	-	2,424,606
Infrastructure	4,965,348	173,015	-	5,138,363
Machinery and equipment	4,730,380	448,949	(382,036)	4,797,293
Intangibles	274,455	-	-	274,455
Other K-9	20,549	-	-	20,549
Total Capital Assets Being Depreciated/Amortized	20,458,864	621,964	(382,036)	20,698,792
Less accumulated depreciation/amortization for:				
Buildings	(3,128,452)	(201,088)	-	(3,329,540)
Improvements other than buildings	(1,462,002)	(86,405)	-	(1,548,407)
Infrastructure	(1,065,809)	(126,086)	-	(1,191,895)
Machinery and equipment	(3,467,051)	(461,727)	382,036	(3,546,742)
Intangibles	(221,340)	(21,243)	-	(242,583)
Other K-9	(4,404)	(2,935)	-	(7,339)
Total Accumulated Depreciation/Amortization	(9,349,058)	(899,484)	382,036	(9,866,506)
Total Capital Assets Being Depreciated/Amortized, Net	11,109,806	(277,520)	-	10,832,286
Governmental Activities Capital Assets, Net	\$ 11,746,340	\$ (179,473)	\$ (2,517)	\$ 11,564,350

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

Governmental Activities	
General government	\$ 115,402
Public safety	522,952
Transportation	198,211
Leisure services	62,919
Total Depreciation/Amortization Expense - Governmental Activities	\$ 899,484

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FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

	Beginning Balance	Additions	Deductions	Ending Balance
Business-type Activities:				
Capital assets not being depreciated/amortized:				
Land	\$ 83,335	\$ -	\$ -	\$ 83,335
Construction in progress	1,212,080	-	(1,212,080)	-
Total Capital Assets Not Being Depreciated/Amortized	1,295,415	-	(1,212,080)	83,335
Capital assets being depreciated/amortized:				
Buildings	979,512	-	-	979,512
Improvements other than buildings	58,720	-	-	58,720
Infrastructure	34,192,913	2,221,199	-	36,414,112
Machinery & Equipment	1,935,101	264,948	-	2,200,049
Intangibles	129,096	-	-	129,096
Total capital assets being depreciated/amortized	37,295,342	2,486,147	-	39,781,489
Less accumulated depreciation/amortization for:				
Buildings	(722,771)	(15,375)	-	(738,146)
Improvements other than buildings	(29,361)	(2,348)	-	(31,709)
Infrastructure	(19,055,199)	(654,291)	-	(19,709,490)
Machinery & Equipment	(1,740,165)	(122,114)	-	(1,862,279)
Intangibles	(74,282)	(25,820)	-	(100,102)
Total Accumulated Depreciation/Amortization	(21,621,778)	(819,948)	-	(22,441,726)
Total Capital Assets Being Depreciated/Amortized, Net	15,673,564	1,666,199	-	17,339,763
Business-type Activity Capital Assets, Net	\$ 16,968,979	\$ 1,666,199	\$ (1,212,080)	\$ 17,423,098

Depreciation/amortization expense charged to the water and stormwater funds of the business-type activities was \$819,948. The depreciation/amortization expense breakdown by activity is as follows:

Water utility	\$ 699,645
Stormwater	120,303
Total depreciation/amortization expense	\$ 819,948

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FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

E. Accrued Liabilities

Accrued liabilities reported by governmental funds at September 30, 2020, were as follows:

	General Fund	Other Governmental Funds	Total Governmental Funds
Salary and employee benefits	\$ 310,371	\$ 15,301	\$ 325,672
Employer pension State distribution	263,315	-	263,315
Other	2,743	-	2,743
Total Accrued Liabilities	\$ 576,429	\$ 15,301	\$ 591,730

F. Pension Obligations

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

General Information. The FRS was established and administered in accordance with Chapter 121, Florida Statutes, effective December 1, 1970.

Full time employees hired before January 1, 1996 are eligible to participate in the Florida Retirement System (FRS), as provided by Chapters 121 and 112, Florida Statutes, a cost-sharing, multiple-employer defined benefit plan administered by the State Board of Administration ("SBA"). 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 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 www.dms.myflorida.com/workforce_operations/retirement/publications.

Plan Description: The FRS is a cost-sharing multiple-employer qualified defined benefit pension plan, with a Deferred Retirement Option Program ("DROP") for eligible employees.

Benefits Provided – Benefits under the Pension Plan are computed on the basis of age, average final compensation, and service credit. For Pension Plan members enrolled before July 1, 2011: Regular class members who retire at or after age 62 with at least six years of credited service or 30 years of service regardless of age are entitled to a retirement benefit payable monthly for life, equal to 1.6% of their final average compensation based on the five highest years of salary, for each year of credited service. Vested members with less than 30 years of service may retire before age 62 and receive reduced retirement benefits. Special Risk Administrative Support class members who retire at or after age 55 with a least six years of credited service or 25 years of service regardless of age are entitled to a retirement benefit payable monthly for life, equal to 1.6% of their final average

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FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

compensation based on the five highest years of salary, for each year of credited service. Special Risk class members (sworn law enforcement officers, firefighters, and correctional officers) who retire at or after age 55 with at least six years of credited service, or with 25 years of service regardless of age, are entitled to a retirement benefit payable monthly for life, equal to 3.0% of their final average compensation based on the five highest years of salary for each year of credited service. Senior Management Service class members who retire at or after age 62 with at least six years of credited service or 30 years of service regardless of age are entitled to a retirement benefit payable monthly for life, equal to 2.0% of their final average compensation based on the five highest years of salary for each year of credited service. Elected Officers' class members who retire at or after age 62 with at least six years of credited service or 30 years of service regardless of age are entitled to a retirement benefit payable monthly for life, equal to 3.0% (3.33% for judges and justices) of their final average compensation based on the five highest years of salary for each year of credited service.

For Plan members enrolled on or after July, 2011, the vesting requirement is extended to eight years of credited service for all these members and increasing normal retirement to age 65 or 33 years of service regardless of age for Regular, Senior Management Service, and Elected Officers' class members, and to age 60 or 30 years of service regardless of age for Special Risk and Special Risk Administrative Support class members. Also, the final average compensation for all these members will be based on the eight highest years of salary.

As provided in Section 121.101, Florida Statutes, if the member is initially enrolled in the Pension Plan before July 1, 2011, and all service credit was accrued before July 1, 2011, the annual cost-of-living adjustment is three percent per year. If the member is initially enrolled before July 1, 2011, and has service credit on or after July 1, 2011, there is an individually calculated cost-of-living adjustment. The annual cost-of-living adjustment is a proportion of three percent determined by dividing the sum of the pre-July 2011 service credit by the total service credit at retirement multiplied by three percent. Plan members initially enrolled on or after July 1, 2011, will not have a cost-of-living adjustment after retirement.

In addition to the above benefits, the DROP program allows eligible members to defer receipt of monthly retirement benefit payments while continuing employment with a FRS employer for a period not to exceed 60 months after electing to participate. Deferred monthly benefits are held in the FRS Trust Fund and accrue interest. There are no required contributions by DROP participants.

Contributions – Effective July 1, 2011, all enrolled members of the FRS, other than DROP participants, are required to contribute three percent of their salary to the FRS. In addition to member contributions, governmental employers are required to make contributions to the FRS based on state-wide contribution rates established by the Florida Legislature. These rates are updated as of July 1 of each year.

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Contribution rates during the 2019-2020 fiscal year were as follows:

Class	Employee	Employer (1)
Regular	3%	6.54%
Special Risk	3%	23.76%
Special Risk Administrative Support	3%	36.87%
Elected Officers'		
Judges	3%	40.28%
Governor, Lt.Governor, Cabinet, Legislators, State Attorneys, Public Defenders	3%	54.31%
Elected County, City Officers'	3%	47.10%
Senior Management Service	3%	23.69%
DROP participants	-	12.94%
Reemployed Retiree	(2)	(2)

Notes: (1) These rates include the normal cost and unfunded actuarial liability contributions but do not include the 1.66 percent contribution for the Retiree Health Insurance Subsidy and the fee of 0.06 percent for administration of the FRS Investment Plan and provision of educational tools for both plans.

(2) Contribution rates are dependent upon retirement class in which reemployed.

The Village's total contributions to the Pension Plan totaled \$58,313 for the fiscal year ended September 30, 2020. This excludes the HIS defined benefit pension plan contributions.

Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources

The total pension liability for the FRS was determined by the plan's actuary and reported in the plan's GASB 67 valuation as of June 30, 2020 calculated based on the discount rate and actuarial assumptions below. The total pension liability is calculated using the Individual Entry Age Normal cost allocation method. The net pension liability was measured as of June 30, 2020.

At September 30, 2020, the Village reported a liability of \$717,034 for its proportionate share of the Pension Plan's net pension liability. The Village's proportionate share of the net pension liability was based on the Village's 2019-2020 fiscal year contributions relative to the 2018-2019 fiscal year contributions of all participating members. At the June 30, 2020 Measurement Date, the Village's proportionate share was 0.001654384, which was an increase of 0.000077% from its proportionate share measured as of June 30, 2019.

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FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

For the fiscal year ended September 30, 2020, the Village recognized pension expense of \$150,583 as follows:

Service Cost	\$	43,799
Interest Cost		222,661
Effect of economic/demographic gains or losses (difference between expected and actuarial experience)		13,420
Effect of assumptions changes or inputs		45,285
Member contributions		(12,382)
Projected investment earnings		(182,602)
Net difference between projected and actual investment earnings		20,045
Administrative expenses		357
Total	\$	<u>150,583</u>

In addition, the Village reported deferred outflow of resources and deferred inflows of resources related to pensions from the following sources:

<u>Deferred Inflows/Outflows of Resources</u>	<u>Deferred Inflows</u>	<u>Deferred Outflows</u>
Effect of economic/demographic gains or losses (differences between expected and actual experience) \$	-	\$ 27,442
Effect of assumptions changes or inputs	-	129,806
Changes in proportion and differences between contributions and proportionate share of contributions	(60,686)	17,502
Net differences between projected and actual investment earnings	-	42,693
Village Pension Plan contributions subsequent to the measurement date	-	14,530
Total	<u>\$ (60,686)</u>	<u>\$ 231,973</u>

The deferred outflows of resources related to the Pension Plan contributions subsequent to the measurement date, totaling \$14,530 will be recognized as a reduction of the net pension liability in the fiscal year ended September 30, 2021.

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FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the Pension Plan will be recognized in pension expense as follows:

Fiscal Year Ending	Amount
2021	22,135
2022	49,645
2023	45,063
2024	30,604
2025	9,310
Thereafter	-
	\$ 156,757

Discount Rate

The discount rate used to measure the total pension liability was 6.80%. The Pension Plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees if future experience follows assumptions and the Actuarially Determined Contribution is contributed in full each year.. Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected rate of return.

Discount rate	6.80%
Long-term expected rate of return, net of investment expense	6.80%
Municipal bond rate	N/A

Actuarial Assumptions

The actuarial assumptions that determined the total pension liability as of June 30, 2020, were based on the results of an actuarial experience study for the period July 1, 2013 – June 30, 2018.

Valuation Date	July 1, 2020
Measurement date	June 30, 2020
Inflation	2.40%
Salary increases including inflation	3.25%
Mortality	PUB-2010 base table varies by member category and sex, projected generationally with Scale MP-2018 details in valuation report
Actuarial cost method	Individual Entry Age

Sensitivity Analysis

The following presents the Village’s portion of the net pension liability of the FRS, calculated using the discount rate of 6.80%, as well as what the FRS’s net pension liability would be if it were calculated using a discount rate that is one percentage point lower (5.80%) or one percentage point higher (7.80%) than the current rate.

	1% Decrease 5.80%	Current Discount Rate 6.80%	1% Increase 7.80%
Village's proportionate share of net pension liability	\$ 1,144,983	\$ 717,034	\$ 359,610

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Long-Term Expected Rate of Return

The long-term expected rate of return assumption of 6.80% on Pension Plan investments is based on a forward-look capital market economic model. The allocation policy's description of each asset class was used to map the target allocation to the asset classes shown below. Each asset class assumption is based on a consistent set of underlying assumptions and includes an adjustment for the inflation assumption. The target allocation and best estimated of arithmetic and geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Annual Arithmetic Return	Compound Annual (Geometric) Return	Standard Deviation
Cash	1.0%	2.2%	2.2%	1.2%
Fixed income	19.0%	3.0%	2.9%	3.5%
Global equity	54.2%	8.0%	6.7%	17.1%
Real estate	10.3%	6.4%	5.8%	11.7%
Private equity	11.1%	10.8%	8.1%	25.7%
Strategic investments	4.4%	5.5%	5.3%	6.9%
Assumed Inflation - Mean			2.4%	1.7%

Pension Plan Fiduciary Net Position – Detailed information regarding the Pension Plan's fiduciary net position is available in the separately issued FRS Pension Plan and Other State-Administered Systems Comprehensive Annual Financial Report.

Payables to the Pension Plan – At September 30, 2020 the Village reported a payable in the amount of \$592 employee and \$6,962 employer for outstanding contributions to the Pension Plan, both FRS and Retiree Health Insurance Subsidy (HIS).

The Retiree Health Insurance Subsidy (HIS) Program

Plan Description – HIS Program is a cost-sharing multiple-employer defined benefit pension plan established under Section 112.363, Florida Statutes. The Florida Legislature establishes and amends the contribution requirements and benefit terms of the HIS Program. The benefit is a monthly payment to assist retirees of state-administered retirement systems in paying their health insurance costs and is administered by the Department of Management Services, Division of Retirement.

Benefits Provided – For the fiscal year ended June 30, 2020, eligible retirees and beneficiaries received a monthly HIS payment equal to the number of years of creditable service credited at retirement multiplied by \$5. The minimum payment is \$30 and maximum payment is \$150 per month, pursuant to Section 112.363, Florida Statutes. To be eligible to receive a HIS benefit, a retiree under a state-administered retirement system must provide proof of eligible health insurance coverage, which can include Medicare.

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Contributions – For the fiscal year ended June 30, 2020, the contribution rate was 1.66% of payroll pursuant to section 112.363, Florida Statutes. HIS contributions are deposited in a separate trust fund from which HIS payments are authorized.

The Village's total contributions to the HIS Plan totaled \$4,348 for the fiscal year ended September 30, 2020.

Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources

Actuarial valuations for the HIS Program are conducted biennially. The July 1, 2020, HIS valuation is the most recent valuation and was used to develop the liabilities for June 30, 2020. Liabilities originally calculated as of the actuarial valuation date have been recalculated as of a later GASB Measurement Date using standard actuarial roll forward procedures. The discount rates used at the two liability measurement dates differ due to changes in the applicable municipal bond index between dates.

At September 30, 2020, the Village reported a liability of \$109,870 for its proportionate share of the Pension Plan's net pension liability, of which \$1,145 represents Village's net pension liability due within one year due to the pension's plan fiduciary net position being less than the amount of benefit payments expected to be paid within one year. The Village's proportionate share of the net pension liability was based on the Village's 2019-2020 fiscal year contributions relative to the 2018-2019 fiscal year contributions of all participating members. At June 30, 2020, the Village's proportionate share was 0.0008998%, which was a decrease of 0.000037% from its proportionate share measured as of June 30, 2019.

The total pension liability was determined by an actuarial valuation as of the valuation date, calculated based on the discount rate and actuarial assumptions below, and was then projected to the measurement date. Any significant changes during this period have been reflected as prescribed by GASB 67.

For the fiscal year ended September 30, 2020, the Village recognized pension expense of \$9,042 as follows:

Service Cost	\$	2,389
Interest Cost		3,623
Effect of economic/demographic gains or losses (difference between expected and actuarial experience)		762
Effect of assumptions changes or inputs		2,339
Member contributions		(3)
Projected investment earnings		(106)
Net difference between projected and actual investment earnings		36
Administrative expenses		2
Total	\$	9,042

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FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

In addition, the Village reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Deferred Inflows/Outflows of Resources	Deferred Inflows	Deferred Outflows
Effect of economic/demographic gains or losses (differences between expected and actual experience)	\$ (85)	\$ 4,494
Effect of assumptions changes or inputs	(6,388)	11,814
Changes in proportion and differences between contributions and proportionate share of contributions	(49,613)	-
Net differences between projected and actual investment earnings	-	88
Village Pension Plan contributions subsequent to the measurement date	-	1,271
Total	\$ (56,086)	\$ 17,667

The deferred outflows of resources related to the HIS Plan, totaling \$1,271 resulting from Village contributions to the HIS Plan subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the fiscal year ended September 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the HIS Plan will be recognized in pension expense as follows:

Fiscal Year Ending	Amount
2021	\$ (14,630)
2022	(9,916)
2023	(9,400)
2024	(4,230)
2025	(1,821)
Thereafter	307
	\$ (39,690)

Discount Rate

The discount rate used to measure the total pension liability was 2.21%. In general, the discount rate for calculating the total pension liability under GASB 67 is equal to the single rate equivalent to discounting at the long-term expected rate of return for benefit payments prior to the projected depletion date. Because the HIS benefit is essentially funded on a pay-as-you-go basis, the depletion date is considered to be immediate. The single equivalent discount rate is equal to the municipal bond rate selected by the FRS Actuarial Assumption Conference. The discount rates used at the two dates differ due to changes in the applicable municipal bond index.

VILLAGE OF TEQUESTA, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

Discount rate	2.21%
Long-term expected rate of return, net of investment expense	N/A
Bond Buyer General Obligation 20-Bond Municipal Bond Index	2.21%

Actuarial Assumptions

The actuarial assumptions that determined the total pension liability as of June 30, 2020, were based on certain results of an actuarial experience study of the FRS for the period July 1, 2013 - June 30, 2018.

Valuation Date	July 1, 2020
Measurement date	June 30, 2020
Inflation	2.40%
Salary increases including inflation	3.25%
Mortality	Generational PUB-2010 with Projection Scale MP-2018; details in valuation report
Actuarial cost method	Individual Entry Age

Sensitivity Analysis

The following presents the net pension liability of the HIS, calculated using the discount rate of 2.21%, as well as what the HIS's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (1.21%) or one percentage point higher (3.21%) than the current rate.

	1% Decrease	Current Discount Rate	1% Increase
Village's proportionate share of net pension liability	\$ 127,005	\$ 109,870	\$ 95,845

Pension Plan Fiduciary Net Position - Detailed information regarding the HIS Plan's fiduciary net position is available in the separately issued FRS Pension Plan and Other State-Administered Systems Comprehensive Annual Financial Report.

The Village of Tequesta Single-Employer Defined Benefit Pension Plans

Overview: The Village maintains two single-employer defined benefit pension plans, the *Public Safety Officers' Pension Trust Fund* and the *General Employees' Pension Trust Fund*. The sole administration of and responsibility for the proper operation of the retirement system is vested in The Board of Trustees. The defined benefit pension plans do not issue stand alone financial statements.

All full-time general employees who are not classified as police officers or firefighters are eligible for membership in the General Employees' Pension Plan on the date of employment. The General Employees' Pension Board consists of five Trustees. Two are legal residents of the municipality, appointed by the Village Council, and two are full time General Employee members. The fifth Trustee is selected by a majority vote of the other Trustees.

The Public Safety Board consists of five Trustees. Two are legal residents of the municipality, appointed by the Village Council, one is a full time police officer member, and one is full time firefighter member. The fifth Trustee is selected by a majority vote of the other Trustees.

VILLAGE OF TEQUESTA, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

All full-time police officers and all full-time firefighters are eligible for membership in the Public Safety Officers' Pension Plan on the date of employment. The Public Safety Officers' Pension Trust Fund receives contributions that may not be used to pay benefits of all employee classes, therefore, two separate trust funds, the Firefighters' Pension Trust Fund (FPTF) and the Police Officers' Pension Trust Fund (PPTF) are reflected separately in the financial statements, as well as the General Employee's Trust Fund (GPTF).

Membership in the Village of Tequesta's defined benefit pension plans as of the actuarial valuation date of October 1, 2019:

	FPTF	PPTF	GPTF
Number of:			
Inactive members or beneficiaries currently receiving benefits	6	3	8
Inactive members entitled to but not yet receiving benefits	1	3	7
Active members	20	17	56
Total	27	23	71

Funding Policies are presented below under each of the plans.

Actuarial Assumptions and Net Pension Liability (NPL)

The actuarial valuation of the liabilities for the FPTF, PPTF and GPTF as of the September 30, 2019 measurement date were determined as of the beginning of the year, October 1, 2018 (based on actuarial valuation results as reported in the October 1, 2018 actuarial valuation). Using a measurement date of September 30, 2019 allows for timelier reporting at the end of the year. These liabilities are used for GASB Statement No. 68 reporting for the reporting fiscal year ending September 30, 2020.

The total pension liability for the Village's defined benefit pension plans was determined using the following actuarial methods and assumptions, applied to all prior periods included in the measurement period. Actuarially determined contribution rates are calculated as of October 1, two years prior to the end of the fiscal year in which contributions are reported. If significant changes occur during the year, such as benefit changes or changes in assumptions or methods, these would be noted in the footnotes.

	FPTF	PPTF	GPTF
Actuarial Valuation Date	Oct. 1, 2018	Oct. 1, 2018	Oct. 1, 2018
Measurement Date of the net pension liability	Sep. 30, 2019	Sep. 30, 2019	Sep. 30, 2019
Village's Fiscal Year Ended Date for Reporting Purposes	Sep. 30, 2020	Sep. 30, 2020	Sep. 30, 2020

VILLAGE OF TEQUESTA, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

Pension Expense

Fiscal Year Ended September 30, 2020

Based on Measurement Period Ended September 30, 2019

	<u>FPTF</u>	<u>PPTF</u>	<u>GPTF</u>
Service Cost	\$ 333,395	\$ 100,925	\$ 461,164
Interest on the Total Pension Liability	878,984	215,318	425,911
Current-Period Benefit Changes	22,243	821,833	-
Employee Contributions (made negative for additions here)	(94,343)	(65,446)	(161,553)
Projected Earnings on Plan Investments (made negative for additions here)	(800,818)	(329,992)	(408,974)
Administrative Expense	30,043	30,034	48,241
Other Changes in Plan Fiduciary Net Position (Contributions Transferred from 401(a) Plan)	-	(297,733)	-
Other Changes in Total Pension Liability (Increase in State Contribution Reserve)	-	649,262	-
Recognition of Outflow (Inflow) of Recourses due to Liabilities	39,217	(156,966)	(4,237)
Recognition of Outflow (Inflow) of Recourses due to Assets	88,108	29,046	49,554
Total Pension Expense	<u>\$ 496,829</u>	<u>\$ 996,281</u>	<u>\$ 410,106</u>

VILLAGE OF TEQUESTA, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

The deferred outflow of resources, resulting from the Village's contributions to the Plans subsequent to the measurement date of September 30, 2019 will be recognized as a reduction of the Village's net pension liability in the fiscal year ended September 30, 2021.

The Village reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Fire:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 87,767	\$ 232,801
Changes in assumptions	459,420	78,128
Net difference between projected and actual earnings on pension plan investments	356,815	261,515
Contribution subsequent to measurement date	443,018	-
Total	<u>\$ 1,347,020</u>	<u>\$ 572,444</u>

Police:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 19,341	\$ 320,601
Changes in assumptions	115,347	8,220
Net difference between projected and actual earnings on pension plan investments	149,241	99,590
Total	<u>\$ 283,929</u>	<u>\$ 428,411</u>

General:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 46,655	\$ 264,301
Changes in assumptions	202,731	-
Net difference between projected and actual earnings on pension plan investments	155,807	134,888
Contribution subsequent to measurement date	391,341	-
Total	<u>\$ 796,534</u>	<u>\$ 399,189</u>

VILLAGE OF TEQUESTA, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

Net Deferred Inflows and Deferred Outflows of Resources by Year to be Recognized in Future Pension Expenses

<u>Fiscal Year Ending September 30,</u>	Net Deferred Inflows and Outflows of Resources		
	FPTF	PPTF	GPTF
2021	\$ 21,654	\$ (170,106)	\$ (14,017)
2022	18,864	(50,880)	(31,062)
2023	76,663	36,694	29,097
2024	121,507	39,810	49,167
2025	61,208	-	(17,430)
Thereafter	31,662	-	(9,751)
Total	\$ 331,558	\$ (144,482)	\$ 6,004

Net Pension Liability (Asset)

Below is a summary of components of the net pension liability (asset), by Plan, which was measured as of September 30, 2019 (measurement date in accordance with GASB Statement No. 68).

Measurement Date September 30,	Fire 2019	Police 2019	General 2019
Total Pension Liability	\$ 13,253,864	\$ 4,672,055	\$ 6,249,987
Plan Net Position	11,572,288	5,649,465	6,211,730
Net Pension Liability (Asset)	\$ 1,681,576	\$ (977,410)	\$ 38,257
Plan Net Position as a % of Total Pension Liability	87.31%	120.92%	99.39%

VILLAGE OF TEQUESTA, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

In accordance with GASB Statement No. 67, information as of September 30, 2020 has been disclosed:

Measurement Date September 30,	Fire 2020	Police 2020	General 2020
Total Pension Liability	\$ 14,767,838	\$ 4,906,802	\$ 7,280,856
Plan Net Position	13,058,965	6,171,161	7,129,156
Net Pension Liability (Asset)	\$ 1,708,873	\$ (1,264,359)	\$ 151,700

Plan Net Position as a % of Total Pension Liability	88.43%	125.77%	97.92%
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Below is a detail of the net changes in pension liability (asset):

FIREFIGHTERS' PENSION TRUST CHANGES IN NET PENSION LIABILITY

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balances at September 30, 2018	\$ 11,898,913	\$ 10,877,527	\$ 1,021,386
Changes for the year:			
Service cost	333,395	-	333,395
Interest	878,984	-	878,984
Changes of benefit terms	22,243	-	22,243
Differences between expected and actual experience	(41,742)	-	(41,742)
Changes in assumptions	378,870	-	378,870
Contributions - employer	-	332,559	(332,559)
Contributions - state	-	156,424	(156,424)
Contributions - employee	-	94,343	(94,343)
Net investment Income	-	358,277	(358,277)
Benefit payments, including refunds of employee contributions	(216,799)	(216,799)	-
Administrative expense	-	(30,043)	30,043
Net Changes	1,354,951	\$ 694,761	660,190
Balances at September 30, 2019	\$ 13,253,864	11,572,288	\$ 1,681,576

VILLAGE OF TEQUESTA, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

POLICE OFFICERS' PENSION TRUST CHANGES IN NET PENSION ASSET

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Asset
Balances at September 30, 2018	\$ 2,889,074	\$ 4,246,463	\$ (1,357,389)
Changes for the year:			
Service cost	100,925	-	100,925
Interest	215,318	-	215,318
Changes of benefit terms	821,833	-	821,833
Differences between expected and actual experience	(85,146)	-	(85,146)
Changes of assumptions	120,973	-	120,973
Contributions - employer	-	317,338	(317,338)
Contributions - employer (from state)	-	649,262	(649,262)
Contributions - members	-	65,446	(65,446)
Net investment income	-	143,441	(143,441)
Benefit payments, including refunds of employee contributions	(40,184)	(40,184)	-
Administrative expense	-	(30,034)	30,034
Other	649,262	297,733	351,529
Net changes	<u>1,782,981</u>	<u>1,403,002</u>	<u>379,979</u>
Balances at September 30, 2019	<u>\$ 4,672,055</u>	<u>\$ 5,649,465</u>	<u>\$ (977,410)</u>

VILLAGE OF TEQUESTA, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

GENERAL EMPLOYEES' PENSION TRUST CHANGES IN NET PENSION LIABILITY

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balances at September 30, 2018	\$ 5,727,627	\$ 5,708,753	\$ 18,874
Changes for the year:			
Service cost	461,164	-	461,164
Interest	425,911	-	425,911
Differences between expected and actual experience	(156,013)	-	(156,013)
Contributions - employer	-	362,848	(362,848)
Contributions - member	-	161,553	(161,553)
Net investment income	-	235,519	(235,519)
Benefit payments, including refunds of employee contributions	(160,588)	(160,588)	-
Refunds	(48,114)	(48,114)	-
Administrative expense	-	(48,241)	48,241
Net changes	522,360	502,977	19,383
Balances at September 30, 2019	\$ 6,249,987	\$ 6,211,730	\$ 38,257

Sensitivity of the Net Pension Liability (Asset) to Changes in the Discount Rate

A single discount rate of 7.00% as of September 30, 2020, same as of September 30, 2019, was used to measure the total pension liability for the Police Officers' and Firefighters' Pension trusts. This single discount rate was based on the expected rate of return on pension plan investments of 7.00%. A discount rate of 6.50% was used to measure total pension liability for the General Employees' Pension Trust as of September 30, 2020 and 7.00% for 2019. This single discount rate was based on the expected rate of return on pension plan investments of 6.5% and 7.00% accordingly. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between the total actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

VILLAGE OF TEQUESTA, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

Regarding the sensitivity of the net pension liability to changes in the single discount rate, the tables below present the plan's net pension liability, calculated using a single discount rate of 7.00% (for the Police Officers' and Firefighters' Pension trusts) and 6.50% (for the General Employees' Pension Trust) as well as what the plan's net pension liability would be if it were calculated using a single discount rate that is 1-percentage-point lower or 1-percentage-point higher (amounts in parenthesis represent a net pension asset).

	1% Decrease 6.00%	Current Single Discount Rate Assumption 7.00%	1% Increase 8.00%
Fiscal Year Ended September 30, 2019			
Firefighters'	\$ 3,380,383	\$ 1,681,576	\$ 260,724
Police Officers'	(427,381)	(997,410)	(1,427,328)
General Employees'	\$ 874,673	\$ 38,257	\$ (660,199)

In accordance with GASB Statement No. 67, information as of September 30, 2020 has been disclosed:

	1% Decrease 6.00%	Current Single Discount Rate Assumption 7.00%	1% Increase 8.00%
Fiscal Year Ended September 30, 2020			
Firefighters'	\$ 3,554,789	\$ 1,708,873	\$ 164,620
Police Officers'	(637,394)	(1,264,359)	(1,773,219)

	Decrease 5.50%	Current Single Discount Rate Assumption 6.50%	1% Increase 7.50%
Fiscal Year Ended September 30, 2020			
General Employees'	\$ 1,181,143	\$ 151,700	\$ (701,396)

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

Summary of Plan Provisions

A. Ordinances

The Plan was established under the Code of Ordinances for the Village of Tequesta, Florida, Chapter 2, Article III, Division 1, Section 2-61 (b), and was most recently amended under Ordinance No. 02-19, passed and adopted on March 14, 2019. The Plan is also governed by certain provisions of Chapters 175 and 185, Florida Statutes, Part VII, Chapter 112, Florida Statutes and the Internal Revenue Code.

VILLAGE OF TEQUESTA, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

B. Effective Date

Adopted March 14, 2019

C. Plan Year

October 1 through September 30

D. Type of Plan

Qualified, governmental defined benefit retirement plan; for GASB purposes it is a single employer plan.

E. Eligibility Requirements

All full-time police officers and all full-time firefighters are eligible for membership on the date of employment.

F. Credited Service

Service is measured as the total number of years and completed months of a year as a police officer or firefighter with the Village. No service is credited for any periods of employment for which the member received a refund of their contributions.

G. Compensation

Total cash remuneration for services rendered as a police officer or firefighter. For firefighters and police officers hired before October 1, 2010, overtime hours are limited to 300 hours per year, effective October 1, 2013 for firefighters and October 1, 2014 for police officers. For firefighters and police officers hired before October 1, 2010, payments for unused leave earned after October 1, 2013 for firefighters and October 1, 2014 for police officers are excluded from pensionable salary. For firefighters hired on or after October 1, 2010, fixed monthly remuneration including regular earnings, vacation pay and sick pay but excluding lump sum payments, overtime, bonuses, incentives and longevity.

H. Average Final Compensation (AFC)

The average of Compensation over the highest 5 years during the last 10 years of Credited Service.

I. Normal Retirement

Eligibility - A member may retire on the first day of the month coincident with or next following the earlier of:

- (1) age 55 and 6 years of Credited Service (10 years of Credited Service for firefighters hired on or after August 14, 2015), or
- (2) age 52 and 25 years of Credited Service.

VILLAGE OF TEQUESTA, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

Benefit - For police officers hired before February 1, 2013 and firefighters hired before August 14, 2015 (*firefighters: Credited Service only prior to September 1, 2015*):

3.0% of AFC multiplied by the first 6 years of Credited Service, plus
3.5% of AFC multiplied by the next 4 years of Credited Service, plus
4.0% of AFC multiplied by the next 5 years of Credited Service, plus
3.0% of AFC multiplied by the next 6 years of Credited Service, plus
2.0% of AFC multiplied by the next 4 years of Credited Service, plus
3.0% of AFC multiplied by all years of Credited Service over 25 years

For firefighters hired before August 14, 2015, Credited Service on or after September 1, 2015:

3.0% of AFC multiplied by years of Credited Service

For police officers hired on or after February 1, 2013 and firefighters hired on or after August 14, 2015:

2.75% of AFC multiplied by all years of Credited Service

Normal Form of Benefit - 10 Years Certain and Life thereafter; other options are also available.

COLA: None

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

J. Early Retirement

Eligibility - A member may elect to retire earlier than the Normal Retirement Eligibility upon attainment of age 50 and 6 years of Credited Service (10 years of Credited Service for firefighters hired on or after August 14, 2015).

Benefit - The Normal Retirement Benefit is reduced by 3.0% for each year by which the Early Retirement date precedes the Normal Retirement date.

Normal Form of Benefit - 10 Years Certain and Life thereafter; other options are also available.

COLA: None

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

VILLAGE OF TEQUESTA, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

K. Delayed Retirement

Same as Normal Retirement taking into account compensation earned and service credited until the date of actual retirement.

L. Service Connected Disability

Eligibility - Any member who becomes totally and permanently disabled and unable to render useful and efficient service to the Village as a result from an act occurring in the performance of service for the Village is immediately eligible for a disability benefit.

Benefit - The accrued Normal Retirement Benefit taking into account compensation earned and service credited as of the date of disability with a minimum benefit equal to 42% of AFC.

Normal Form of Benefit - 10 Years Certain and Life thereafter.

COLA: None

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

M. Non-Service Connected Disability

Eligibility - Any member who becomes totally and permanently disabled and unable to render useful and efficient service to the Village is immediately eligible for a disability benefit.

Benefit - The accrued Normal Retirement Benefit taking into account compensation earned and service credited as of the date of disability with a minimum benefit equal to 25% of AFC.

Normal Form of Benefit - 10 Years Certain and Life thereafter.

COLA: None

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

N. Death in the Line of Duty

Eligibility - Members are eligible for survivor benefits regardless of Credited Service.

Benefit - The member's spouse or dependent child will receive the 50% of the member's AFC as of the date of death.

Normal Form of Benefit - Payable for the life of the beneficiary.

VILLAGE OF TEQUESTA, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

COLA: None

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

O. Other Pre-Retirement Death

Eligibility - Members are eligible for survivor benefits after the completion of 6 or more years of Credited Service (10 years of Credited Service for firefighters hired on or after August 14, 2015).

Benefit - The beneficiary will receive the actuarial equivalent of the member's accrued Normal Retirement Benefit taking into account compensation earned and service credited as of the date of death.

Normal Form of Benefit - Payable for the life of the beneficiary.

COLA: None

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

The beneficiary of a plan member with less than 6 years of Credited Service (10 years of Credited Service for firefighters hired on or after August 14, 2015) at the time of death will receive a refund of the member's accumulated contributions.

P. Post Retirement Death

Benefit determined by the form of benefit elected upon retirement.

Q. Optional Forms

In lieu of electing the Normal Form of benefit, the optional forms of benefits available to all retirees are the Life Annuity option or the 50%, 66 2/3%, 75% and 100% Joint and Survivor options.

R. Vested Termination

Eligibility - A member has earned a non-forfeitable right to Plan benefits after the completion of 6 years of Credited Service (10 years of Credited Service for firefighters hired on or after August 14, 2015).

Benefit - The benefit is the member's accrued Normal Retirement Benefit as of the date of termination. Benefit begins on the member's Normal Retirement date. Alternatively, members can elect a reduced Early Retirement benefit any time after age 50.

VILLAGE OF TEQUESTA, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

Normal Form of Benefit - 10 Years Certain and Life thereafter; other options are also available.

COLA: None

Supplemental Benefit - Once in pay status, all retirees and beneficiaries receiving pension benefits will be paid a supplemental benefit equal to \$20 for each year of the member's Credited Service up to a maximum of \$600. The supplemental benefit ceases upon the later of the death of the retired member or beneficiary.

Members terminating employment with less than 6 years of Credited Service (10 years of Credited Service for firefighters hired on or after August 14, 2015) will receive a refund of their own accumulated contributions.

S. Refunds

Eligibility - All members terminating employment with less than 6 years of Credited Service (10 years of Credited Service for firefighters on or after August 14, 2015) are eligible. Optionally, vested members (those with 6 or more years of Credited Service – 10 years of Credited Service for firefighters hired on or after August 14, 2015) may elect a refund in lieu of the vested benefits otherwise due.

Benefit - Refund of the member's contributions.

T. Member Contributions

5% of Compensation for police officers hired before February 1, 2013 and 6% of compensation for police officers hired on or after February 1, 2013. Five (5) percent of compensation for firefighters through the fiscal year ending September 30, 2016; 5.5% of Compensation for firefighters beginning in the fiscal year ending September 30, 2017; thereafter, 6% of Compensation for firefighters. Employee contributions for firefighters would revert back to 5% of Compensation if the Village opts out of participation in Chapter 175.

U. State Contributions

Chapter 185 Premium Tax Revenue: The Village is permitted to use all annual Chapter 185 revenue as a credit toward the Required Employer Contribution and to apply the Chapter 185 reserve of \$613,832 as an offset to the Required Employer Contribution.

Chapter 175 Premium Tax Revenue: The Village is permitted to use all annual Chapter 175 revenue as a credit toward the Required Employer Contribution.

V. Employer Contributions

Any additional amount determined by the actuary needed to fund the plan properly according to State laws.

VILLAGE OF TEQUESTA, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

W. Cost of Living Increases

Not Applicable

X. 13th Check

Not Applicable

Y. Deferred Retirement Option Plan

Eligibility - Plan members who have met one of the following criteria are eligible for the DROP:

- (1) age 55 and 6 years of Credited Service (10 years of Credited Service for firefighters hired on or after August 14, 2015), or
- (2) age 52 and 25 years of Credited Service.

Members must make a written election to participate in the DROP before the 27th year of employment.

Benefit - The member's Credited Service and AFC are frozen upon entry into the DROP. The monthly retirement benefit as described under Normal Retirement is calculated based upon the frozen Credited Service and AFC. Firefighters have the optional sell back of vacation and sick leave when entering the DROP.

Maximum DROP Period - The earlier of 5 years of participation in the DROP or 30 years of employment.

There are two DROP plan participants with the assets balance rollforward of \$464,403 at fiscal year ending September 30, 2020.

Interest Credited - The member's DROP account is credited on September 30 of each year with investment earnings or losses at the same rate earned by the pension fund less any administrative expenses. The interest rate will not be less than 0% nor greater than 7.5%.

Normal Form of Benefit - Lump Sum; other options are also available.

COLA: None

Z. Other Ancillary Benefits

There are no ancillary retirement type benefits not required by statutes but which might be deemed a Village of Tequesta Public Safety Officers' Pension Trust Fund liability if continued beyond the availability of funding by the current funding source.

VILLAGE OF TEQUESTA, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

AA. Changes from Previous Valuation

None

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 fiscal year ended September 30, 2020.

FIREFIGHTERS' PENSION TRUST FUND STATEMENT OF FIDUCIARY NET POSITION SEPTEMBER 30, 2020

Assets	
Cash and cash equivalents	\$ 199,893
Investments	
Equities	8,665,406
Fixed income	3,035,393
Real Estate Funds	942,770
Total investments	<u>12,643,569</u>
Accounts receivable	171,940
Contributions receivable	40,315
Accrued interest receivable	10,061
Prepaid items	<u>18,067</u>
Total Assets	<u>13,083,845</u>
Liabilities	
Accounts payable	10,184
Due to broker	<u>14,696</u>
Total Liabilities	<u>24,880</u>
Net Position Restricted for Pension Benefits	<u><u>\$ 13,058,965</u></u>

VILLAGE OF TEQUESTA, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

FIREFIGHTERS' PENSION TRUST FUND STATEMENT OF CHANGES IN FIDUCIARY NET POSITION FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

Additions

Contributions:

State of Florida	\$ 171,939
Employer	443,018
Employee	101,983

Total Contributions

716,940

Investment earnings

Net appreciation in fair value of investment	763,139
Gain on sale of investments	78,198
Interest and dividends	212,077
Total investment earnings	1,053,414
Less investment expenses	(32,392)
Net investment earnings	<u>1,021,022</u>

Miscellaneous

36

Total Additions

1,737,998

Deductions

Benefits paid	216,799
Refund of contributions	8,648
Administrative expenses	25,874

Total Deductions

251,321

Change in Net Position

1,486,677

Net Position Restricted for Pension Benefits

Beginning of year	<u>11,572,288</u>
End of year	<u>\$ 13,058,965</u>

VILLAGE OF TEQUESTA, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

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 fiscal year ended September 30, 2020.

POLICE OFFICERS' PENSION TRUST FUND STATEMENT OF FIDUCIARY NET POSITION SEPTEMBER 30, 2020

Assets	
Cash and cash equivalents	\$ 97,026
Investments	
Equities	4,084,574
Fixed income	1,430,860
Real Estate Funds	444,349
Total investments	<u>5,959,783</u>
Accounts receivable	116,626
Contributions receivable	3,454
Accrued interest receivable	4,742
Prepaid items	<u>4,091</u>
Total Assets	<u>6,185,722</u>
Liabilities	
Accounts payable	7,635
Due to broker	<u>6,926</u>
Total Liabilities	<u>14,561</u>
Net Position Restricted for Pension Benefits	<u>\$ 6,171,161</u>

VILLAGE OF TEQUESTA, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

POLICE OFFICERS' PENSION TRUST FUND STATEMENT OF CHANGES IN FIDUCIARY NET POSITION FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

Additions

Contributions:

State of Florida	\$ 91,375
Employee	70,327

Total Contributions	<u>161,702</u>
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Investment earnings	
Net appreciation in fair value of investments	359,510
Gain on sale of investments	37,676
Interest and dividends	102,393
Total investment earnings	<u>499,579</u>
Less investment expenses	<u>(22,573)</u>
Net investment earnings	<u>477,006</u>

Miscellaneous	<u>32</u>
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Total Additions	<u>638,740</u>
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Deductions

Benefits paid	49,095
Refund of contributions	42,075
Administrative expenses	25,874

Total Deductions	<u>117,044</u>
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Change in Net Position	521,696
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Net Position Restricted for Pension Benefits

Beginning of year	5,649,465
End of year	<u>\$ 6,171,161</u>

VILLAGE OF TEQUESTA, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

General Employees' Pension Plan

A. Ordinances

The Plan was established under the Code of Ordinances for the Village of Tequesta, Florida, Chapter 2, Article III, Division 1, Section 2-61 (a), and was most recently amended under Ordinance No. 11-11 passed and adopted on June 9, 2011. The Plan is also governed by certain provisions of Part VII, Chapter 112, Florida Statutes and the Internal Revenue Code.

B. Effective Date

December 11, 2003

C. Plan Year

October 1 through September 30

D. Type of Plan

Qualified, governmental defined benefit retirement plan; for GASB purposes it is a single employer plan.

E. Eligibility Requirements

All full-time general employees who are not classified as police officers or firefighters are eligible for membership on the date of employment.

F. Credited Service

Service is measured as the total number of years and completed months of a year as a general employee with the Village. No service is credited for any periods of employment for which the member received a refund of their contributions.

G. Compensation

Base compensation including regular earnings, vacation pay, sick pay, plus all tax-deferred items of income, but excluding any lump sum payments, overtime, bonuses and longevity bonus.

H. Average Final Compensation (AFC)

The average of Compensation over the highest 5 years during the last 10 years of Credited Service; does not include lump sum payments of unused leave.

VILLAGE OF TEQUESTA, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

I. Normal Retirement

Eligibility - A member may retire on the first day of the month coincident with or next following the earlier of:

- (1) age 62, or
- (2) 30 years of Credited Service regardless of age.

Benefit - 2.0% of AFC multiplied by Credited Service with a maximum benefit equal to 100% of AFC.

Normal Form of Benefit - 10 Years Certain and Life thereafter; other options are also available.

COLA: None

J. Early Retirement

Eligibility - A member may elect to retire earlier than the Normal Retirement Eligibility upon attainment of age 50 and 6 years of Credited Service.

Benefit - The Normal Retirement Benefit is reduced by 5.0% for each year by which the Early Retirement date precedes the Normal Retirement date.

Normal Form of Benefit - 10 Years Certain and Life thereafter; other options are also available.

COLA: None

K. Delayed Retirement

Same as Normal Retirement taking into account compensation earned and service credited until the date of actual retirement.

L. Service Connected Disability

Eligibility - Any member who becomes totally and permanently disabled and unable to render useful and efficient service to the Village as a result from an act occurring in the performance of service for the Village is immediately eligible for a disability benefit.

Benefit - The accrued Normal Retirement Benefit taking into account compensation earned and service credited as of the date of disability with a minimum benefit equal to 42% of AFC.

Normal Form of Benefit - 10 Years Certain and Life thereafter.

COLA: None

VILLAGE OF TEQUESTA, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

M. Non-Service Connected Disability

Eligibility - Any member who has 6 years of Credited Service and becomes totally and permanently disabled and unable to render useful and efficient service to the Village is immediately eligible for a disability benefit.

Benefit - The accrued Normal Retirement Benefit taking into account compensation earned and service credited as of the date of disability with a minimum benefit equal to 25% of AFC.

Normal Form of Benefit - 10 Years Certain and Life thereafter.

COLA: None

N. Death in the Line of Duty

Eligibility - Members are eligible for survivor benefits after the completion of 6 or more years of Credited Service.

Benefit - The beneficiary will receive the member's accrued Normal Retirement Benefit taking into account compensation earned and service credited as of the date of death. The benefit is payable at the member's Normal Retirement date.

Normal Form of Benefit - 10 Years Certain

COLA: None

The beneficiary of a plan member with less than 6 years of Credited Service at the time of death will receive a refund of the member's accumulated contributions with interest.

O. Other Pre-Retirement Death

Eligibility - Members are eligible for survivor benefits after the completion of 6 or more years of Credited Service.

Benefit - The beneficiary will receive the member's accrued Normal Retirement Benefit taking into account compensation earned and service credited as of the date of death. The benefit is payable at the member's Normal Retirement date.

Normal Form of Benefit - 10 Years Certain

COLA: None

The beneficiary of a plan member with less than 6 years of Credited Service at the time of death will receive a refund of the member's accumulated contributions with interest.

P. Post Retirement Death

Benefit determined by the form of benefit elected upon retirement.

VILLAGE OF TEQUESTA, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

Q. Optional Forms

In lieu of electing the Normal Form of benefit, the optional forms of benefits available to all retirees are the Life Annuity option or the 50%, 66 2/3%, 75% and 100% Joint and Survivor options.

R. Vested Termination

Eligibility - A member has earned a non-forfeitable right to Plan benefits after the completion of 6 years of Credited Service.

Benefit - The benefit is the member's accrued Normal Retirement Benefit as of the date of termination. Benefit begins on the member's Normal Retirement date. Alternatively, members can elect a reduced Early Retirement benefit any time after age 50.

Normal Form of Benefit - 10 Years Certain and Life thereafter; other options are also available.

COLA: None

Members terminating employment with less than 6 years of Credited Service will receive a refund of their own accumulated contributions with interest.

S. Refunds

Eligibility - All members terminating employment with less than 6 years of Credited Service are eligible. Optionally, vested members (those with 6 or more years of Credited Service) may elect a refund in lieu of the vested benefits otherwise due.

Benefit - Refund of the member's contributions with interest. Interest is currently credited at a rate of 3%.

T. Member Contributions

5% of Compensation

U. Employer Contributions

Any additional amount determined by the actuary needed to fund the plan properly according to State laws.

V. Cost of Living Increases

Not Applicable

W. 13th Check

Not Applicable

VILLAGE OF TEQUESTA, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

X. Deferred Retirement Option Plan

Not Applicable

Y. Other Ancillary Benefits

There are no ancillary retirement type benefits not required by statutes but which might be deemed a Village of Tequesta General Employees' Pension Trust Fund liability if continued beyond the availability of funding by the current funding source.

Z. Changes from Previous Valuation

There have been no changes since the last valuation.

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 fiscal year ended September 30, 2020.

GENERAL EMPLOYEES' PENSION TRUST FUND STATEMENT OF FIDUCIARY NET POSITION SEPTEMBER 30, 2020

Assets	
Cash and cash equivalents	\$ 41,678
Investments	
Equities	4,842,805
Fixed income	1,681,671
Real Estate Funds	530,254
Total investments	<u>7,054,730</u>
Contributions receivable	27,365
Accrued interest receivable	7,513
Prepaid items	13,173
Total Assets	<u>7,144,459</u>
Liabilities	
Accounts payable	<u>15,303</u>
Total Liabilities	<u>15,303</u>
Net Position Restricted for Pension Benefits	<u>\$ 7,129,156</u>

VILLAGE OF TEQUESTA, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

GENERAL EMPLOYEES' PENSION TRUST FUND STATEMENT OF CHANGES IN FIDUCIARY NET POSITION FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

Additions

Contributions:

Employer	\$ 391,341
Employee	180,175

Total Contributions	<u>571,516</u>
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Investment earnings

Net appreciation in fair value of investments	500,164
Gain on sale of investments	23,247
Interest and dividends	127,757
Total investment earnings	<u>651,168</u>
Less investment expenses	<u>(38,142)</u>
Net investment earnings	613,026

Miscellaneous	<u>2,286</u>
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Total Additions	<u>1,186,828</u>
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Deductions

Benefits paid	161,419
Refunds of contributions	53,330
Administrative expenses	54,653

Total Deductions	<u>269,402</u>
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Change in Net Position	917,426
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Net Position Restricted for Pension Benefits

Beginning of year	<u>6,211,730</u>
End of year	<u>\$ 7,129,156</u>

VILLAGE OF TEQUESTA, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

The following summarizes the pension related amounts for the pension plans as of the indicated measurement date:

	Measurement Date	Net Pension Asset	Net Pension Liability	Deferred Outflow of Resources	Deferred Inflow of Resources	Pension Expense
General Employees' Pension Trust Fund	9/30/19		\$ 38,257	\$ 796,534	\$ 399,189	\$ 410,106
Firefighters Pension Trust Fund	9/30/19		1,681,576	1,347,020	572,444	496,829
Police Pension Trust Fund	9/30/19	977,410		283,929	428,411	996,281
FRS	6/30/20		717,034	231,973	60,686	150,583
HIS	6/30/20		109,870	17,667	56,086	9,042
Total		<u>\$ 977,410</u>	<u>\$ 2,546,737</u>	<u>\$ 2,677,123</u>	<u>\$ 1,516,816</u>	<u>\$ 2,062,841</u>

Village of Tequesta Defined Contribution Plan

The Village Single-Employer Defined Contribution 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 Empower Retirement Governmental Money Purchase Plan and Trust (The Plan) 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 Plan and shall not be diverted to any other purpose. The employer's beneficial ownership of Plan assets held in the Empower Retirement Trust 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 Empower Retirement Trust incidental to the administration of the Plan. The Village serves as Trustee under the Plan.

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

The Plan covered the Police Chief and Assistant Police Chief. Employees must designate a mandatory participation contribution between the range of 1% to 12% 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.

The Village contributes 10% of compensation. Employees are immediately vested in the Plan. Plan provisions are established and may be amended by the Village.

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, 2020 was \$142,825. Employee contributions to the Plan for fiscal year ended September 30, 2020 were \$12,398; the Village's contributions were \$26,561.

VILLAGE OF TEQUESTA, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

G. Other Postemployment Benefits (OPEB)

Village of Tequesta's Other Postemployment Benefits Plan

Plan description. The Village of Tequesta provides health insurance benefits to its retired employees through a single-employer plan administered by the Village. Pursuant to the provisions of Section 112.0801, Florida Statutes, former employees who retire from the Village and eligible dependents may continue to participate in the Village's fully-insured benefit plan for medical insurance coverage. The Village subsidizes the premium rates paid by retirees by allowing them to participate in the plan at reduced or blended group (implicitly subsidized) premium rates for both active and retired employees. These rates provide an implicit subsidy for retirees because, on an actuarial basis, their current and future claims are expected to result in higher costs to the plan on average than those of active employees. The benefits provided under this defined benefit plan are provided until the retiree's attainment of age 65 (or until such time at which retiree discontinues coverage under the Village sponsored plans, if earlier).

Funding Policy. The Village's Other Post-Employment Benefits are unfunded (pay-as-you-go basis). That is, the Village does not have a separate Trust Fund to make contributions to advance-fund the obligation. Current and future retirees are required to pay 100% of the blended premium to continue coverage under the Village's group health insurance program.

Summary of Membership Information. The following table provides a summary of the number of participants in the plan at the measurement date of September 30, 2019:

Inactive members or beneficiaries currently receiving benefits	4
Inactive members entitled to but not yet receiving benefits	0
Active members	100
Total	<u>104</u>

OPEB Liability, Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources

The Village recognizes the OPEB liability and the OPEB expense in the financial statements, along with the related deferred outflows and inflows of resources. The OPEB liability is the difference between the total OPEB liability and the plan's fiduciary net position. Since the plan is currently unfunded, the net OPEB liability is equal to and reported as total OPEB liability.

At September 30, 2020, the Village reported an OPEB liability of \$390,250 that is based on an Alternative Measurement Method calculation performed as of a valuation date of September 30, 2019 and measurement date of September 30, 2019.

VILLAGE OF TEQUESTA, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

For the fiscal year ended September 30, 2020, the Village recognized OPEB expense of \$254,438.

Total OPEB Liability - Beginning (September 30, 2018)	\$ 644,688
Service cost	50,439
Interest on the Total OPEB Liability	25,960
Difference between expected and actuarial experience of the Total OPEB Liability	(309,165)
Changes in assumptions and other inputs	12,964
Benefit payments	<u>(34,636)</u>
Net change in Total OPEB Liability	<u>(254,438)</u>
Total OPEB Liability - Ending (September 30, 2019)	<u><u>\$ 390,250</u></u>

In addition, the Village reported an outflow of resources due to the benefits paid after the measurement date in the amount of \$19,040. There were no deferred inflows related to OPEB.

Actuarial methods, assumptions and other inputs. The total OPEB liability was determined using Alternative Measurement Method (AMM) as authorized by GASB Statement No. 75.

Valuation Date	September 30, 2019
Measurement Date	September 30, 2019
Actuarial Cost Method	Entry age normal
Inflation	2.25 %
Discount Rate	2.75%
Salary Increase	6.00%
Retirement Age	Varies based on several factors including plan-specified retirement eligibility provisions and experiences
Mortality	PR-2000 Combined Healthy Participant mortality tables, projected the year 2000 using Projection Scale AA
Healthcare Cost Trend Rates	6.50% for FY beginning 2020, 6.25% for FY beginning 2021 and then gradually decreasing to an ultimate trend rate of 4.00% in 2029
Other information	
Notes	Changes in assumptions and other inputs reflected in the schedule of changes in the Total OPEB Liability include: <ul style="list-style-type: none">- discount rate changed to 2.75% (from 3.83%)- premiums were updated based on information provided- updated inflation and healthcare cost trend rates as described above There were no benefit changes during the year.

VILLAGE OF TEQUESTA, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

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

As authorized by GASB Statement No. 75, the Alternative Measurement Method allows to use simplifications of certain assumptions in measuring the costs and liabilities.

Discount Rate

For plans that do not have formal assets, the discount rate is equal to the tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date. For the purpose of this AMM calculation, the municipal bond rate is 2.75% (based on the daily rate of Fidelity's "20-Year Municipal GO AA Index" closest to but not later than the measurement date). The discount rate was 3.83% as of the beginning of the measurement year.

Sensitivity of Total OPEB Liability

Regarding the sensitivity of the total OPEB liability to changes in the discount rate, the following presents the plan's total OPEB liability, calculated using a discount rate of 2.75%, as well as what the plan's total OPEB liability would be if it were calculated using a discount rate that is one percent lower or one percent higher.

	<u>Sensitivity of Total OPEB Liability to the Discount Rate Assumption</u>		
	Current Discount Rate		
	1% Decrease	Assumption	1% Increase
	1.75%	2.75%	3.75%
Village's OPEB liability	\$ 400,637	\$ 390,250	\$ 373,795

Regarding the sensitivity of the total OPEB liability to changes in the healthcare cost trend rates, the following presents the plan's total OPEB liability, calculated using the assumed trend rates as well as what the plan's total OPEB liability would be if it were calculated using a trend rate (6.5%) that is one percent lower or one percent higher.

	<u>Sensitivity of Total OPEB Liability to the Healthcare Cost Trend Rate Assumption</u>		
	Current Healthcare Cost		
	1% Decrease	Trend Rate Assumption	1% Increase
	5.5%	6.5%	7.5%
Village's OPEB liability	\$ 352,607	\$ 390,250	\$ 433,710

VILLAGE OF TEQUESTA, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

H. Construction and Other Commitments

The Village has active construction projects as of September 30, 2020. The projects include various water, stormwater, architect services for the new recreation facility and purchase of a new fire rescue vehicle. At year end, The Village had the following significant related to uncompleted contacts for construction and equipment:

Description	Remaining Commitment
Governmental Funds:	
2020 Fire rescue vehicle	\$ 298,661
Architect services for new recreation facility	46,563
	<u>345,224</u>
Business-type Activities:	
Water utility projects	650,962
Stormwater projects	233,630
	<u>\$ 884,592</u>

All commitments are financed from existing Village resources.

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.

I. Contracted Services – Refuse and Recycling Collection

The Village entered into a new agreement with Waste Management, Inc. of Florida with the initial term for a period of eight years beginning October 1, 2017 and ending September 30, 2025 with optional renewal for one additional five year period. 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 annual change in the collection component is determined using the Water, Sewer, and Trash Collection CPI published monthly by The Bureau of Labor Statistics during the most recent previous twelve consecutive months period beginning on April 1 and ending March 31.

J. 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, it 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, statutory accidental death and dismemberment, firefighter cancer program coverage, and railroad coverage. Deductibles and limits vary by coverage and are secured based upon the Village's tolerance of risk retention in each area.

VILLAGE OF TEQUESTA, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

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 in our care, custody and control 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 property claims up to \$100,000 via a policy deductible. FMIT issued members in good standing a return of premium credit. The Village received a total credit of \$7,369 related to policy year 2018/2019.

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 2019/2020 resulted in the Village being refunded a total of \$8,456 in fiscal year 2021.

K. Lease Obligations

Capital Lease - Police Fleet

The Village entered into a capital lease with Enterprise Fleet Management Trust in the amount of \$105,305 with funding on September 18, 2020 for the financing of three Dodge Durango vehicles. The applicable interest rate is 3.15% and interest and principal payments are due monthly. This is a five (5) year lease with sixty (60) payments.

The following is the schedule of the of the future minimum lease payments under this capital lease arrangement at September 30, 2020:

Fiscal Year Ending September 30:	Amount
2021	\$ 24,019
2022	24,019
2023	24,019
2024	24,019
2025	26,596
Total minimum lease payments	122,672
Less amount presenting interest	(17,857)
Present Value of Future Minimum Lease Payments	\$ 104,815

Capital Lease – Police Tasers

The Village entered into a 60-month capital lease with Axon Enterprise, Inc. in the amount of \$31,100 with funding on September 18, 2018 for the financing of twenty (20) tasers. The payments are due annually.

The following is the schedule of the future minimum lease payments under this capital lease arrangement at September 30, 2020:

Fiscal Year Ending September 30:	Amount
2021	\$ 6,620
2022	6,620
Total minimum lease payments	13,240
Present Value of Future Minimum Lease Payments	\$ 13,240

VILLAGE OF TEQUESTA, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

Capital Lease - Fire Equipment

The Village entered into a Master Equipment Lease Purchase agreement with Community First National Bank in the amount of \$132,774 with funding on January 5, 2016 for the financing of fire equipment. The applicable interest rate is 2.889% and interest and principal payments are due annually on January 5th. The lease matured on 01/05/2020 and paid off at fiscal year ending 9/30/2020.

Capital Lease- Fire Pumper

The Village entered into a capital lease with SunTrust in the amount of \$432,844 with funding on October 29, 2013 for the financing of a fire pumper. The applicable interest rate is 2.423% and interest and principal payments are due annually on November 11th. This is a nine (9) year lease with ten (10) payments.

Pursuant to Section 4.4(b) of the Agreement, the interest rate automatically increased from 2.42% to 2.94%, effective as of January 1, 2018, due to a decrease in the maximum federal corporate income tax rate.

The following is a new schedule of the future minimum lease payments under this capital lease arrangement at September 30, 2020:

Fiscal Year Ending September 30:	Amount
2021	\$ 48,794
2022	48,794
2023	48,794
Total minimum lease payments	146,382
Less amount representing interest	(8,203)
Present Value of Future Minimum Lease Payments	\$ 138,179

L. Long-Term Liabilities

Promissory Notes

The Village 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 4 to 10 years and have interest rates from 3.685% to 4.96% per year. The outstanding notes from direct borrowings and direct placements related to governmental activities of \$712,790 contain events of default and remedies whereby failure of the Village to pay the principal and interest on any debt when due or failure to observe and perform any covenant or condition applicable to the various Village obligations, constitutes an "event of default." Upon the occurrence of any event of default, the noteholder may declare all outstanding amounts become immediately due.

The Village's outstanding notes from direct borrowings related to its business-type activities of \$3,119,112 are secured by pledged revenues of the water utility system or by a pledge of a covenant to budget and appropriate non-ad valorem revenues. These notes contain (1) a provision that, in an event of default, the timing of repayment of outstanding amounts may become immediately due if pledged revenues during the fiscal year are less than 120% of debt service requirements for that year and (2) a provision that if the Village is unable to make payment, outstanding amounts may become due immediately.

VILLAGE OF TEQUESTA, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

The Notes outstanding at September 30, 2020 are as follows:

Promissory Notes Payable	Signed Date	Original Borrowing	Interest Rate	Final Maturity	Outstanding 9/30/2020
Government Activities					
Public Improvements/P.S. Building	9/13/2002	\$ 5,000,000	4.28%	9/13/2022	<u>\$ 712,790</u>
Business-type Activities					
Water Plant Expansion	6/30/2004	\$ 645,170	4.96%	4/1/2021	\$ 36,895
Public Improvement (Refunding)	7/14/2008	6,554,935	3.69%	3/1/2028	<u>3,082,217</u>
Total Business-type Activities					<u><u>\$ 3,119,112</u></u>

Legal Debt Margin

The Village is subject to a bonded debt limitation of 10% of total assessed value of taxable real property. The final gross taxable value at September 30, 2020 was \$1,151,534,124. As of September 30, 2020 the Village did not exceed the debt limit of \$115,153,412.

Changes in Long-Term Liabilities

Changes in the Village's long-term liabilities for the fiscal year ended September 30, 2020 are as follows:

Governmental Activities

	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
Governmental Activities					
Note Payable - 2002	\$ 1,046,986	\$ -	\$ 334,196	\$ 712,790	\$ 348,783
Capital leases	228,793	105,305	77,864	256,234	71,799
Compensated absences	<u>656,329</u>	<u>224,160</u>	<u>97,642</u>	<u>782,847</u>	<u>102,200</u>
Total Governmental Activities	<u>\$ 1,932,108</u>	<u>\$ 329,465</u>	<u>\$ 509,702</u>	<u>\$ 1,751,871</u>	<u>\$ 522,782</u>

* For governmental activities, the liability for compensated absences, pension and OPEB liabilities are liquidated by the general fund.

Business-type Activities

	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
Business-type Activities					
Note Payable (2004)	\$ 77,895	\$ -	\$ 41,000	\$ 36,895	\$ 36,895
Note Payable (2008)	3,429,686	-	347,469	3,082,217	361,102
Compensated absences	<u>133,513</u>	<u>36,127</u>	<u>463</u>	<u>169,177</u>	<u>15,000</u>
Total Business-type Activities	<u>\$ 3,641,094</u>	<u>\$ 36,127</u>	<u>\$ 388,932</u>	<u>\$ 3,288,289</u>	<u>\$ 412,997</u>

VILLAGE OF TEQUESTA, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

The debt service requirements for the Village's notes are as follows:

Governmental Activities

Fiscal Year Ending September 30:	Promissory Notes		
	Principal	Interest	Total
2021	\$ 348,783	\$ 23,718	\$ 372,501
2022	364,007	8,494	372,501
Total	\$ 712,790	\$ 32,212	\$ 745,002

Business-type Activities

Fiscal Year Ending September 30:	Promissory Notes Business-type Activities		
	Principal	Interest	Total
2021	\$ 397,999	\$ 109,757	\$ 507,756
2022	376,729	94,117	470,846
2023	391,823	79,732	471,555
2024	406,556	64,977	471,533
2025	420,915	49,309	\$ 470,224
2026-2028	1,125,090	51,655	1,176,745
Total	\$ 3,119,112	\$ 449,547	\$ 3,568,659

Total Primary Government Debt

Fiscal Year Ending September 30:	Total Primary Government Debt		
	Principal	Interest	Total
2021	\$ 746,782	\$ 133,475	\$ 880,257
2022	740,736	102,611	843,347
2023	391,823	79,732	471,555
2024	406,556	64,977	471,533
2025	420,915	49,309	
2026-2028	1,125,090	51,656	1,176,746
Total	\$ 3,831,902	\$ 481,760	\$ 4,313,662

M. Fund Balance

Minimum Fund Balance Policy

The Village Council has adopted a financial policy to maintain a minimum level of unassigned fund balance in the general fund. The target level is set at two months of general fund operating expenditures over annual revenues (approximately 17%). 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, 2020

At September 30, 2020 the unassigned fund balance was below the minimum target level - 14.16%, which is a 3.23% increase compared to the prior fiscal year. Management continues to propose and implement measures to cover the shortfall in unassigned fund balance.

N. Interfund Transfers

The composition of interfund transfers for the fiscal year ended September 30, 2020 is as follows:

Interfund Transfers

	Transfers In			
	Capital Improvement Fund (1)	General Fund (2)	Building Fund (3)	Total
Transfers Out				
General Fund	\$ 173,585	\$ -	\$ 1,151,130	\$ 1,324,715
Building Fund	-	195,378	-	195,378
Total Interfund Transfers	\$ 173,585	\$ 195,378	\$ 1,151,130	\$ 1,520,093

- (1) Transfer is to restrict infrastructure tax to fund capital projects and improvements.
- (2) Indirect costs reimbursement.
- (3) Transfer of restricted building fund balance to its own fund.

O. 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.

P. Subsequent events

On January 21, 2021, the Village entered into a loan agreement with Sterling National Bank for the issuance of Capital Improvement Revenue Note, Series 2021 in an amount of \$6,890,000 over 20 years. The proceeds of this loan will provide for (i) cost of issuance; (ii) construction of a new community center; (iii) street and sidewalk improvements; (iv) other miscellaneous public safety and public works improvements; and (v) other parks and recreational improvements. The issue provides for semi-annual principal and interest payments at an interest rate of 2.18% with a final maturity date of October 1, 2040.

On February 18, 2021, the Village entered into a 3-year equipment lease financing arrangement with Truist Bank for the acquisition of computer hardware in connection with its SAN (Storage Area Network) Project. The total amount financed was \$168,389.09 at an interest rate of 1.67%. Principal and interest payments are made annually with a final maturity date of February 18, 2024.



REQUIRED SUPPLEMENTARY INFORMATION

VILLAGE OF TEQUESTA, FLORIDA

REQUIRED SUPPLEMENTARY INFORMATION BUDGETARY COMPARISON SCHEDULE GENERAL FUND

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Ad valorem taxes	\$ 7,482,400	\$ 7,482,400	\$ 7,497,093	\$ 14,693
Other taxes	1,547,900	1,639,276	1,711,817	72,541
Charges for services	1,410,950	1,420,950	1,387,467	(33,483)
Intergovernmental	888,300	888,300	815,868	(72,432)
Intragovernmental	725,450	725,450	725,436	(14)
Licenses and permits	737,100	-	680	680
Franchise fees	460,000	460,000	447,682	(12,318)
Rents and royalties	221,600	221,600	218,931	(2,669)
Miscellaneous	50,750	50,750	19,941	(30,809)
Fines and forfeitures	16,000	16,000	11,708	(4,292)
Grants, contributions and donations	5,000	55,000	101,798	46,798
Investment earnings	115,000	115,000	48,065	(66,935)
Total Revenues	13,660,450	13,074,726	12,986,486	(88,240)
Expenditures				
Current:				
General government	2,369,350	2,373,389	2,207,621	165,768
Public safety	7,964,180	7,462,703	7,385,605	77,098
Transportation	1,405,400	1,400,035	1,309,050	90,985
Leisure services	686,950	685,250	603,268	81,982
Capital outlay	510,000	595,059	298,728	296,331
Debt service:				
Principal	411,620	427,061	412,060	15,001
Interest	44,500	47,968	44,058	3,910
Total Expenditures	13,392,000	12,991,465	12,260,390	731,075
Excess (Deficiency) of Revenues Over Expenditures	268,450	83,261	726,096	642,835
Other Financing Sources (Uses)				
Transfers in	-	195,378	195,378	-
Transfers out	(127,100)	(127,100)	(1,324,715)	(1,197,615)
Proceeds on sale of capital assets	15,000	30,689	21,976	(8,713)
Issuance of debt	-	96,505	105,305	8,800
Total Other Financing Sources (Uses)	(112,100)	195,472	(1,002,056)	(1,197,528)
Net Change in Fund Balance	156,350	278,733	(275,960)	(554,693)
Fund Balance - Beginning	3,670,429	3,670,429	3,670,429	-
Fund Balance - Ending	\$ 3,826,779	\$ 3,949,162	\$ 3,394,469	\$ (554,693)

See note to budgetary comparison schedule.

VILLAGE OF TEQUESTA, FLORIDA

NOTE TO THE BUDGETARY COMPARISON SCHEDULE

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

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. However, the legal level of budgetary control is at the department level. What this means is that any amendment that changes the department'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 fiscal year, there were no supplemental appropriations. Appropriations are legally controlled at the department level and expenditures may not legally exceed budgeted appropriations at that level.

VILLAGE OF TEQUESTA

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS

FIREFIGHTERS' PENSION TRUST FUND

Measurement Date, September 30,	2020	2019	2018	2017	2016	2015	2014
Total Pension Liability							
Service cost	\$ 447,688	\$ 333,395	\$ 392,933	\$ 366,393	\$ 348,504	\$ 334,559	\$ 312,030
Interest	951,218	878,984	827,256	788,885	778,642	679,400	582,897
Changes of benefit terms	(6,147)	22,243	-	-	-	318,787	-
Difference between expected and actual experience	346,662	(41,742)	71,910	(22,327)	(401,835)	108,010	450
Changes of assumptions	-	378,870	-	(136,724)	300,255	-	-
Benefit payments	(216,799)	(216,799)	(518,495)	(163,805)	(438,149)	(61,913)	(53,637)
Refunds	(8,648)	-	-	(1,852)	-	-	-
Other	-	-	(151,438)	(151,438)	(242,266)	118,555	30,162
Net Change in Total Pension Liability	1,513,974	1,354,951	622,166	679,132	345,151	1,497,398	871,902
Total Pension Liability - Beginning	13,253,864	11,898,913	11,276,747	10,597,615	10,252,464	8,755,066	7,883,164
Total Pension Liability - Ending (a)	\$ 14,767,838	\$ 13,253,864	\$ 11,898,913	\$ 11,276,747	\$ 10,597,615	\$ 10,252,464	\$ 8,755,066
Plan Fiduciary Net Position							
Contributions - employer	\$ 443,018	\$ 332,559	\$ 182,198	\$ 209,615	\$ 60,162	\$ 335,771	\$ 351,652
Contributions - employer (from State)*	171,939	156,424	307,956	300,401	394,709	189,010	100,617
Contributions - member	101,983	94,343	90,424	79,564	68,982	64,721	65,803
Net Investment income	1,021,058	358,277	943,640	974,383	609,318	77,213	567,786
Benefit payments	(216,799)	(216,799)	(518,495)	(163,805)	(438,149)	(61,913)	(53,637)
Refunds	(8,648)	-	-	(1,852)	-	-	-
Administrative expense	(25,874)	(30,043)	(31,858)	(18,789)	(27,450)	(27,290)	(18,921)
Other (Use of State Contribution Reserve)	-	-	(151,438)	(151,438)	(242,266)	-	-
Net Change in Plan Fiduciary Net Position	1,486,677	694,761	822,427	1,228,079	425,306	577,512	1,013,300
Plan Fiduciary Net Position - Beginning	11,572,288	10,877,527	10,055,100	8,827,021	8,401,715	7,824,203	6,810,903
Plan Fiduciary Net Position - Ending (b)	\$ 13,058,965	\$ 11,572,288	\$ 10,877,527	\$ 10,055,100	\$ 8,827,021	\$ 8,401,715	\$ 7,824,203
Net Pension Liability - Ending (a) - (b)	\$ 1,708,873	\$ 1,681,576	\$ 1,021,386	\$ 1,221,647	\$ 1,770,594	\$ 1,850,749	\$ 930,863
Plan Fiduciary Net Position as a Percentage							
of Total Pension Liability	88.43%	87.31%	91.42%	89.17%	83.29%	81.95%	89.37%
Covered Payroll	\$ 1,699,718	\$ 1,572,385	\$ 1,507,072	\$ 1,446,616	\$ 1,379,650	\$ 1,294,416	\$ 1,316,060
Net Pension Liability as a Percentage of Covered Payroll	100.54%	106.94%	67.77%	84.45%	128.34%	142.98%	70.73%

*State Contribution Reserve was used to offset the Village's contribution requirements for the fiscal year ending 2016, 2017 and 2018.

This schedule is presented as required, however, until a full 10-year trend is compiled, the Village is only presenting information for those years for which information is available.

VILLAGE OF TEQUESTA

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF VILLAGE CONTRIBUTIONS FIREFIGHTERS' PENSION TRUST FUND

Fiscal Year Ended September 30,	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll	Actual Contribution as a % of Covered Payroll
2014	\$ 416,665	\$ 422,107	\$ (5,442)	\$ 1,316,060	32.07%
2015	403,211	406,226	(3,015)	1,294,416	31.38%
2016	454,871	454,871	-	1,379,650	32.97%
2017	498,504	510,016	(11,512)	1,446,616	35.26%
2018	485,729	490,154	(4,425)	1,507,072	32.52%
2019	474,074	488,983	(14,909)	1,572,385	31.10%
2020	614,958	614,958	-	1,699,718	36.18%

Notes to Schedule

Valuation Date

10/1/2018

Actuarially determined contribution rates are calculated as of October 1, which is two years prior to the end of the fiscal year in which contributions are reported.

Methods and assumptions used to determined contribution rates:

Actuarial cost method	Entry age normal
Amortization method	Level dollar, closed
Remaining amortization period	20 years
Asset valuation method	5-year smoothed market
Inflation	2.50%
Salary increases	6.0%, including inflation
Investment rate of return	7.00%
Retirement age	100% upon reaching normal retirement age. Probability of early retirement is 5% or each year eligible.
Mortality	RP-2000 Combined Healthy Participant Mortality Table (for pre-retirement mortality) and the PR-2000 Mortality Table for Annuitants (for post-retirement mortality), with mortality improvements projected to all future years after 2000 using Scale BB. For males, the base mortality rates include a 90% blue collar adjustment and a 10% white collar adjustment. For females, the base mortality rates include a 100% white collar adjustment. Same rates used for a Special Risk Class members of the FRS in the July 1, 2017 Actuarial Valuation Report, as mandated by Chapter 112.63, Florida Statutes.

Other information

See discussion of valuation results in the October 1, 2018 Actuarial Valuation report, dated March 20, 2019.

This schedule is presented as required, however, until a full 10-year trend is compiled, information is presented for those years available.

VILLAGE OF TEQUESTA

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF INVESTMENT RETURNS FIREFIGHTERS' PENSION TRUST FUND

Fiscal Year Ended September 30,	2020	2019	2018	2017	2016	2015	2014
Annual money-weighted rate of return, net of investment expenses	8.30%	2.93%	8.92%	10.58%	7.69%	0.38%	7.46%

This schedule is presented as required, however, until a full 10-year trend is compiled, the Village is only presenting information for those years for which information is available.

VILLAGE OF TEQUESTA

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF CHANGES IN THE VILLAGE'S NET PENSION ASSET AND RELATED RATIOS POLICE OFFICERS' PENSION TRUST FUND

Measurement Date, September 30,	2020	2019	2018	2017	2016	2015	2014
Total Pension Liability							
Service cost	\$ 304,219	\$ 100,925	\$ 98,621	\$ 80,711	\$ 110,495	\$ 126,703	\$ 161,156
Interest	345,149	215,318	193,922	200,356	201,452	213,603	169,526
Benefit changes	-	821,833	-	-	-	(39,467)	-
Difference between expected and actual experience	(121,364)	(85,146)	34,217	(329,387)	(226,384)	(391,613)	-
Changes of assumptions	-	120,973	-	(30,633)	75,463	-	-
Benefit payments	(49,095)	(40,184)	(27,708)	(27,708)	(27,708)	(30,312)	(10,073)
Refunds	(42,075)	-	-	-	(52,038)	-	(43,331)
Other (increase in State contribution reserve)	(202,087)	649,262	-	-	-	-	-
Net Change in Total Pension Liability	234,747	1,782,981	299,052	(106,661)	81,280	(121,086)	277,278
Total Pension Liability - Beginning	4,672,055	2,889,074	2,590,022	2,696,683	2,615,403	2,736,489	2,459,211
Total Pension Liability - Ending (a)	\$ 4,906,802	\$ 4,672,055	\$ 2,889,074	\$ 2,590,022	\$ 2,696,683	\$ 2,615,403	\$ 2,736,489
Plan Fiduciary Net Position							
Contributions - employer	\$ -	\$ 317,338	\$ 175,116	\$ 40,829	\$ 38,638	\$ 80,782	\$ 111,164
Contributions - employer (from State)	293,462	649,262	-	-	-	-	-
Contributions - member	70,327	65,446	31,338	16,998	17,067	20,545	25,888
Net Investment income	477,038	143,441	344,620	357,477	306,504	20,718	219,219
Benefit payments	(49,095)	(40,184)	(27,708)	(27,708)	(27,708)	(30,312)	(10,073)
Refunds	(42,075)	-	-	-	(52,038)	-	(43,331)
Administrative expense	(25,874)	(30,034)	(31,858)	(18,788)	(27,026)	(27,967)	(18,677)
Other - use of State contribution reserve	(202,087) *	297,733 **	-	-	-	-	-
Net Change in Plan Fiduciary Net Position	521,696	1,403,002	491,508	368,808	255,437	63,766	284,190
Plan Fiduciary Net Position - Beginning	5,649,465	4,246,463	3,754,955	3,386,147	3,130,710	3,066,944	2,782,754
Plan Fiduciary Net Position - Ending (b)	\$ 6,171,161	\$ 5,649,465	\$ 4,246,463	\$ 3,754,955	\$ 3,386,147	\$ 3,130,710	\$ 3,066,944
Net Pension Asset - Ending (a) - (b)	\$(1,264,359)	\$ (977,410)	\$(1,357,389)	\$(1,164,933)	\$ (689,464)	\$ (515,307)	\$ (330,455)
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	125.77%	120.92%	146.98%	144.98%	125.57%	119.70%	112.08%
Covered Payroll	\$ 1,229,934	\$ 1,153,957	\$ 582,166	\$ 339,957	\$ 341,342	\$ 410,897	\$ 517,760
Net Pension Asset as a Percentage of Covered Payroll	(102.80)%	(84.70)%	(233.16)%	(342.67)%	(201.99)%	(125.41)%	(63.82)%

* State contribution reserve was used to offset the Village's contribution requirements for fiscal year ending 2020.

** Transfers from 401(a) plan.

This schedule is presented as required, however, until a full 10-year trend is compiled, the Village is only presenting information for those years for which information is available.

VILLAGE OF TEQUESTA

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF VILLAGE CONTRIBUTIONS POLICE OFFICERS' PENSION TRUST FUND

Fiscal Year Ended September 30,	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll	Actual Contribution as a % of Covered Payroll
2014	\$ 111,164	\$ 111,164	\$ -	\$ 517,760	21.47%
2015	80,782	80,782	-	410,897	19.66%
2016	37,377	38,638	(1,261)	341,342	11.32%
2017	40,659	40,829	(170)	339,957	12.01%
2018	175,116	175,116	-	582,166	30.08%
2019	317,338	317,338	-	1,153,957	27.50%
2020	293,462 *	293,462	-	1,229,934	23.86%

Notes to Schedule

*The actual employer contribution consists of the annual state contribution of \$91,375 and the Chapter 185 reserve balance of \$202,087.

Valuation Date 10/01/2018

Actuarially determined contribution rates are calculated as of October 1, which is two years prior to the end of the fiscal year in which contributions are reported.

Methods and assumptions used to determined contribution rates:

Actuarial cost method	Entry age normal
Amortization method	Level dollar, closed
Remaining amortization period	20 years
Asset valuation method	5-year smoothed market
Inflation	2.50%
Salary increases	6.0%, including inflation
Investment rate of return	7.00%
Retirement age	100% upon reaching normal retirement age. Probability of early retirement is 5% or each year eligible.
Mortality	RP-2000 Combined Healthy Participant Mortality Table (for pre-retirement mortality) and the PR-2000 Mortality Table for Annuitants (for post-retirement mortality), with mortality improvements projected to all future years after 2000 using Scale BB. For males, the base mortality rates include a 90% blue collar adjustment and a 10% white collar adjustment. For females, the base mortality rates include a 100% white collar adjustment. Same rates used for a Special Risk Class members of the FRS in the July 1, 2017 Actuarial Valuation Report, as mandated by Chapter 112.63, Florida Statutes.

Other Information: See discussion of valuation results in the October 1, 2018 Actuarial Valuation report, dated March 20, 2019

This schedule is presented as required, however, until a full 10-year trend is compiled, information is presented for those years available.

VILLAGE OF TEQUESTA

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF INVESTMENT RETURNS POLICE OFFICERS' PENSION TRUST FUND

Fiscal Year Ended September 30,	2020	2019	2018	2017	2016	2015	2014
Annual money-weighted rate of return, net of investment expenses	8.30%	2.93%	8.92%	10.58%	7.69%	0.38%	7.46%

This schedule is presented as required, however, until a full 10-year trend is compiled, the Village is only presenting information for those years for which information is available.

VILLAGE OF TEQUESTA

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF CHANGES IN THE VILLAGE'S NET PENSION LIABILITY (ASSET) AND RELATED RATIOS GENERAL EMPLOYEES' PENSION TRUST FUND

Measurement Date, September 30,	2020	2019	2018	2017	2016	2015	2014
Total Pension Liability							
Service cost	\$ 547,702	\$ 461,164	\$ 447,305	\$ 380,051	\$ 359,231	\$ 300,325	\$ 278,029
Interest	468,322	425,911	373,859	329,590	285,954	253,701	216,124
Benefit changes	-	-	-	-	-	-	-
Difference between actual and expected experience	101,865	(156,013)	66,509	(112,103)	(40,094)	(157,539)	-
Assumption changes	127,729	-	-	362,784	-	-	-
Benefit payments	(161,419)	(160,588)	(79,332)	(41,859)	(16,657)	(11,918)	(8,534)
Refunds	(53,330)	(48,114)	(27,837)	(13,511)	(16,161)	(5,959)	(4,454)
Net Change in Total Pension Liability	1,030,869	522,360	780,504	904,952	572,273	378,610	481,165
Total Pension Liability - Beginning	6,249,987	5,727,627	4,947,123	4,042,171	3,469,898	3,091,288	2,610,123
Total Pension Liability - Ending (a)	\$ 7,280,856	\$ 6,249,987	\$ 5,727,627	\$ 4,947,123	\$ 4,042,171	\$ 3,469,898	\$ 3,091,288
Plan Fiduciary Net Position							
Contributions - employer and State	\$ 391,341	\$ 362,848	\$ 350,412	\$ 305,931	\$ 201,704	\$ 194,376	\$ 184,627
Contributions - member	180,175	161,553	156,434	143,361	134,829	115,288	100,560
Net investment income	615,311	235,519	417,228	562,828	191,848	(36,136)	308,314
Benefit payments	(161,419)	(160,588)	(79,332)	(41,859)	(16,657)	(11,918)	(8,534)
Refunds	(53,330)	(48,114)	(27,837)	(13,511)	(16,161)	(5,959)	(4,454)
Administrative expense	(54,652)	(48,241)	(43,300)	(37,296)	(44,359)	(38,098)	(25,678)
Net Change in Plan Fiduciary Net Position	917,426	502,977	773,605	919,454	451,204	217,553	554,835
Plan Fiduciary Net Position - Beginning	6,211,730	5,708,753	4,935,148	4,015,694	3,564,490	3,346,937	2,792,102
Plan Fiduciary Net Position - Ending (b)	\$ 7,129,156	\$ 6,211,730	\$ 5,708,753	\$ 4,935,148	\$ 4,015,694	\$ 3,564,490	\$ 3,346,937
Net Pension Liability (Asset) - Ending (a) - (b)	\$ 151,700	\$ 38,257	\$ 18,874	\$ 11,975	\$ 26,477	\$ (94,592)	\$ (255,649)
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	97.92%	99.39%	99.67%	99.76%	99.34%	102.73%	108.27%
Covered Payroll	\$ 3,603,500	\$ 3,231,060	\$ 3,128,680	\$ 2,867,220	\$ 2,696,572	\$ 2,305,760	\$ 2,011,191
Net Pension Liability (Asset) as a Percentage of Covered Payroll	4.21%	1.18%	0.60%	0.42%	0.98%	(4.10)%	(12.71)%

This schedule is presented as required, however, until a full 10-year trend is compiled, the Village is only presenting information for those years for which information is available.

VILLAGE OF TEQUESTA

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF VILLAGE CONTRIBUTIONS GENERAL EMPLOYEES' PENSION TRUST FUND

Fiscal Year Ended September 30,	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll	Actual Contribution as a % of Covered Payroll
2014	\$ 184,627	\$ 184,627	\$ -	\$ 2,011,191	9.18%
2015	194,376	194,376	-	2,305,760	8.43%
2016	201,704	201,704	-	2,696,572	7.48%
2017	235,972	305,931	(69,959)	2,867,220	10.67%
2018	350,412	350,412	-	3,128,680	11.20%
2019	362,848	362,848	-	3,231,060	11.23%
2020	391,341	391,341	-	3,603,500	10.86%

Notes to Schedule

Valuation Date 10/01/2018

Actuarially determined contribution rates are calculated as of October 1, which is two years prior to the end of the fiscal year in which contributions are reported.

Methods and assumptions used to determined contribution rates:

Actuarial cost method	Aggregate method
Amortization method	N/A
Remaining amortization period	N/A
Asset valuation method	5-year smoothed market
Inflation	2.50%
Salary increases	6.0%, including inflation
Investment rate of return	7.00%
Rate of retirement	100% when first eligible for normal retirement; 5% for each year eligible for early retirement.
Mortality	RP-2000 Combined Healthy Participant Mortality Table (for pre-retirement mortality) and the PR-2000 Mortality Table for Annuitants (for post-retirement mortality), with mortality improvements projected to all future years after 2000 using Scale BB. For males, the base mortality rates include a 50% blue collar adjustment and a 50% white collar adjustment. For females, the base mortality rates include a 100% white collar adjustment. Same rates used for a Regular Class members of the FRS in the July 1, 2017 Actuarial Valuation Report, as mandated by Chapter 112.63, Florida Statutes.
Other information	See discussion of valuation results from the October 1, 2018 Actuarial Valuation report.

This schedule is presented as required, however, until a full 10-year trend is compiled, the Village is only presenting information for those years for which information is available.

VILLAGE OF TEQUESTA

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF INVESTMENT RETURNS GENERAL EMPLOYEES' PENSION TRUST FUND

Fiscal Year Ended September 30,	2020	2019	2018	2017	2016	2015	2014
Annual money-weighted rate of return, net of investment expenses	8.83%	3.36%	7.28%	12.52%	3.97%	(2.11)%	9.73%

This schedule is presented as required, however, until a full 10-year trend is compiled, the Village is only representing information for those years for which information is available.

VILLAGE OF TEQUESTA

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS

OTHER POST-EMPLOYMENT BENEFITS

Measurement Date, September 30,	2019	2018	2017
Total OPEB Liability			
Service cost	\$ 50,439	\$ 51,371	\$ 53,040
Interest	25,960	22,929	19,739
Difference between expected and actual experience	(309,165)	-	-
Changes of assumptions and other inputs	12,964	(13,500)	(14,020)
Benefit payments	(34,636)	(39,712)	(37,725)
Net Change in Total OPEB Liability	(254,438)	21,088	21,034
Total OPEB Liability - Beginning	644,688	623,600	602,566
Total OPEB Liability - Ending	<u>\$ 390,250</u>	<u>\$ 644,688</u>	<u>\$ 623,600</u>
Covered - Employee Payroll	\$ 7,284,363	\$ 6,694,984	\$ 5,708,842
Total OPEB Liability as a percentage of Covered Payroll	5.36%	9.63%	10.92%

Notes to Schedule

Changes of benefit terms. There were no benefit changes during the year.

Changes of assumptions. Changes of assumptions and other inputs reflect the effect of changes in the discount rate each period. Discount rate changed to 2.75% from 3.83%.

The following is a select health cost trends:

FY Beginning	
2020	6.50%
2021	6.25%
2022	6.00%
2023	5.75%
2024	5.50%
2025	5.50%
2026	5.25%
2027	5.25%
2028	5.00%
Ultimate health cost trend	4.00%
Salary Scale	6.00%

The Village of Tequesta implemented GASB Statement No.75 in fiscal year ending 9/30/2018 with a measurement date of 9/30/2017. This schedule is presented as required, however, until a full 10-year trend is compiled, the Village is only presenting information for those years for which information is available.

VILLAGE OF TEQUESTA

REQUIRED SUPPLEMENTARY INFORMATION

FLORIDA RETIREMENT SYSTEM (FRS) SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

Fiscal Year Ended June 30,	2020	2019	2018	2017	2016	2015	2014	2013
Proportion of the net pension liability	0.00165%	0.00158%	0.00166%	0.00189%	0.00227%	0.00223%	0.00291%	0.00397%
Proportionate share of the net pension liability	\$ 717,034	\$ 543,212	\$ 501,303	\$ 561,097	\$ 572,594	\$ 287,876	\$ 177,517	\$ 683,841
Covered payroll	\$ 222,110	\$ 285,622	\$ 369,696	\$ 391,643	\$ 492,907	\$ 508,785	\$ 635,666	\$ 716,621
Proportionate share of the net pension liability as a percentage of its covered payroll	322.83%	190.19%	135.60%	143.27%	116.17%	56.58%	27.93%	95.43%
Plan fiduciary net position as a percentage of the total pension liability	78.85%	82.61%	84.26%	83.89%	84.88%	92.00%	96.09%	88.54%

The amounts presented for each fiscal year were determined as of 6/30.

This schedule is presented as required, however, until a full 10-year trend is compiled, information is presented for only those years for which information is available.

VILLAGE OF TEQUESTA

REQUIRED SUPPLEMENTARY INFORMATION

HEALTH INSURANCE SUBSIDY PROGRAM (HIS) SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

Fiscal Year Ended June 30,	2020	2019	2018	2017	2016	2015	2014	2013
Proportion of the net pension liability	0.00090%	0.00094%	0.00113%	0.00121%	0.00160%	0.00168%	0.00214%	0.00247%
Proportionate share of the net pension liability	\$ 109,870	\$ 104,854	\$ 119,802	\$ 129,440	\$ 186,087	\$ 171,031	\$ 200,044	\$ 214,766
Covered payroll	\$ 222,110	\$ 285,622	\$ 369,696	\$ 391,643	\$ 492,907	\$ 508,785	\$ 635,666	\$ 716,621
Proportionate share of the net pension liability as a percentage of its covered payroll	49.47%	36.71%	32.41%	33.05%	37.75%	33.62%	31.47%	29.97%
Plan fiduciary net position as a percentage of the total pension liability	3.00%	2.63%	2.15%	1.64%	0.97%	0.50%	0.99%	178.00%

The amounts presented for each fiscal year were determined as of 6/30.

This schedule is presented as required, however, until a full 10-year trend is compiled, information is presented for only those years for which information is available.

VILLAGE OF TEQUESTA

REQUIRED SUPPLEMENTARY INFORMATION

FLORIDA RETIREMENT SYSTEM (FRS) SCHEDULE OF VILLAGE CONTRIBUTIONS

Fiscal Year Ended September 30,	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Contractually required contribution	\$ 58,313	\$ 52,059	\$ 48,540	\$ 47,988	\$ 62,966	\$ 43,642	\$ 58,404	\$ 72,698
Contributions in relation to the contractually required contribution	<u>(58,313)</u>	<u>(52,059)</u>	<u>(48,540)</u>	<u>(47,988)</u>	<u>(62,966)</u>	<u>(43,642)</u>	<u>(58,404)</u>	<u>(72,698)</u>
Contribution deficiency (excess)	<u>\$ -</u>							
Covered payroll	\$ 233,482	\$ 261,899	\$ 362,908	\$ 382,869	\$ 451,085	\$ 484,772	\$ 569,299	\$ 651,093
Contributions as a percentage of covered payroll	24.98%	19.88%	13.38%	12.53%	13.96%	9.00%	10.26%	11.17%

The information in this schedule determined as of the Village's most recent fiscal year.

This schedule is presented as required, however, until a full 10-year trend is compiled, information is presented for only those years for which information is available.

VILLAGE OF TEQUESTA

REQUIRED SUPPLEMENTARY INFORMATION

HEALTH INSURANCE SUBSIDY PROGRAM (HIS) SCHEDULE OF VILLAGE CONTRIBUTIONS

Fiscal Year Ended September 30,	2020	2019	2018	2017	2016	2015	2014	2013
Contractually required contribution	\$ 3,876	\$ 4,348	\$ 6,024	\$ 6,356	\$ 7,488	\$ 5,381	\$ 6,832	\$ 8,204
Contributions in relation to the contractually required contribution	(3,876)	(4,348)	(6,024)	(6,356)	(7,488)	(5,381)	(6,832)	(8,204)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 233,482	\$ 261,899	\$ 362,908	\$ 382,869	\$ 451,085	\$ 484,772	\$ 569,299	\$ 651,093
Contributions as a percentage of covered payroll	1.66%	1.66%	1.66%	1.66%	1.66%	1.11%	1.20%	1.26%

The information in this schedule determined as of the Village's most recent fiscal year.

This schedule is presented as required, however, until a full 10-year trend is compiled, information is presented for only those years for which information is available.



**COMBINING AND INDIVIDUAL FUND
STATEMENTS AND SCHEDULES**



NONMAJOR GOVERNMENTAL FUNDS

NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

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

Building Fund - This fund accounts for permit fees required on all public or private buildings, structures, and facilities. The revenue obtained shall be used solely for carrying out responsibilities in enforcing Florida Building Code.

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 Funds 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, 2020**

	Special Revenue		Capital Projects		Total Nonmajor Governmental Funds
	Building Fund	Special Law Enforcement Fund	Capital Improvement Fund	Capital Projects Fund	
Assets					
Cash	\$ 685,023	\$ 84,976	\$ 320,003	\$ 68,965	\$ 1,158,967
Receivables, net	5	-	-	-	5
Inventories	201	-	-	-	201
Prepaid items	2,855	-	-	-	2,855
Total Assets	<u>\$ 688,084</u>	<u>\$ 84,976</u>	<u>\$ 320,003</u>	<u>\$ 68,965</u>	<u>\$ 1,162,028</u>
Liabilities and Fund Balances					
Liabilities					
Accounts payable	13,480	-	1,348	12,699	27,527
Accrued liabilities	15,301	-	-	-	15,301
Due to other governments	3,370	-	-	-	3,370
Total Liabilities	<u>32,151</u>	<u>-</u>	<u>1,348</u>	<u>12,699</u>	<u>46,198</u>
Fund Balances					
Nonspendable Inventories	201	-	-	-	201
Nonspendable Prepaid Items	2,855	-	-	-	2,855
Restricted for:					
Infrastructure	-	-	240,480	-	240,480
Building	652,877	-	-	-	652,877
Law Enforcement	-	84,976	-	-	84,976
Capital Projects	-	-	46,485	-	46,485
Committed to:					
Assigned to:					
Capital Projects	-	-	31,690	9,703	41,393
Subsequent years budget	-	-	-	46,563	46,563
Total Fund Balances	<u>655,933</u>	<u>84,976</u>	<u>318,655</u>	<u>56,266</u>	<u>1,115,830</u>
Total Liabilities and Fund Balances	<u>\$ 688,084</u>	<u>\$ 84,976</u>	<u>\$ 320,003</u>	<u>\$ 68,965</u>	<u>\$ 1,162,028</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, 2020**

	Special Revenue		Capital Projects		Total Nonmajor Governmental Funds
	Building Fund	Special Law Enforcement Fund	Capital Improvement Fund	Capital Projects Fund	
Charges for services	\$ 215	\$ -	\$ -	\$ -	\$ 215
Licenses and permits	385,193	-	-	-	385,193
Miscellaneous	55	-	-	-	55
Grants, contributions and donations	-	4,265	-	-	4,265
Investment earnings	2,821	232	3,484	-	6,537
Revenues	<u>388,284</u>	<u>4,497</u>	<u>3,484</u>	<u>-</u>	<u>396,265</u>
Expenditures					
Current:					
Public safety	666,889	1,512	-	-	668,401
Capital outlay	21,214	-	302,022	98,047	421,283
Total Expenditures	<u>688,103</u>	<u>1,512</u>	<u>302,022</u>	<u>98,047</u>	<u>1,089,684</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(299,819)</u>	<u>2,985</u>	<u>(298,538)</u>	<u>(98,047)</u>	<u>(693,419)</u>
Other Financing Sources (Uses)					
Transfers in	1,151,130	-	173,585	-	1,324,715
Transfers out	(195,378)	-	-	-	(195,378)
Total Other Financing Sources (Uses)	<u>955,752</u>	<u>-</u>	<u>173,585</u>	<u>-</u>	<u>1,129,337</u>
Net Change in Fund Balances	655,933	2,985	(124,953)	(98,047)	435,918
Fund Balances - Beginning of Year	-	81,991	443,608	154,313	679,912
Fund Balances - End of Year	<u>\$ 655,933</u>	<u>\$ 84,976</u>	<u>\$ 318,655</u>	<u>\$ 56,266</u>	<u>\$ 1,115,830</u>

VILLAGE OF TEQUESTA, FLORIDA
BUDGETARY COMPARISON SCHEDULE
BUILDING FUND
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Charges for services	\$ -	\$ -	\$ 215	\$ 215
Licenses and permits	-	508,000	385,193	(122,807)
Miscellaneous	-	-	55	55
Investment earnings	-	-	2,821	2,821
Total Revenues	-	508,000	388,284	(119,716)
Expenditures				
Public safety	-	690,291	666,889	23,402
Capital outlay	-	26,500	21,214	5,286
Total Expenditures	-	716,791	688,103	28,688
(Deficiency) of Revenues Over Expenditures	-	(208,791)	(299,819)	(91,028)
Other Financing Sources (Uses)				
Transfers in	-	-	1,151,130	1,151,130
Transfers out	-	(195,378)	(195,378)	-
Total Other Financing Sources (Uses)	-	(195,378)	955,752	1,151,130
Net Change in Fund Balance	-	(404,169)	655,933	1,060,102
Fund Balance - Beginning	-	-	-	-
Fund Balance - Ending	\$ -	\$ (404,169)	\$ 655,933	\$ 1,060,102

VILLAGE OF TEQUESTA, FLORIDA

**BUDGETARY COMPARISON SCHEDULE
SPECIAL LAW ENFORCEMENT TRUST FUND
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Grants, contributions and donations	\$ -	\$ -	\$ 4,265	\$ 4,265
Investment earnings	-	-	232	232
Total Revenues	-	-	4,497	4,497
Expenditures				
Public safety	-	2,296	1,512	784
Capital outlay	-	-	-	-
Total Expenditures	-	2,296	1,512	784
Net Change in Fund Balance	-	(2,296)	2,985	5,281
Fund Balance - Beginning	87,034	87,034	81,991	(5,043)
Fund Balance - Ending	<u>\$ 87,034</u>	<u>\$ 84,738</u>	<u>\$ 84,976</u>	<u>\$ 238</u>

VILLAGE OF TEQUESTA, FLORIDA

**BUDGETARY COMPARISON SCHEDULE
CAPITAL IMPROVEMENT FUND
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Investment earnings	\$ -	\$ -	\$ 3,484	\$ 3,484
Total Revenues	<u>-</u>	<u>-</u>	<u>3,484</u>	<u>3,484</u>
Expenditures				
Capital outlay	<u>-</u>	<u>349,775</u>	<u>302,022</u>	<u>47,753</u>
Total Expenditures	<u>-</u>	<u>349,775</u>	<u>302,022</u>	<u>47,753</u>
(Deficiency) of Revenues Over Expenditures	<u>-</u>	<u>(349,775)</u>	<u>(298,538)</u>	<u>51,237</u>
Other Financing Sources (Uses)				
Transfers in	<u>127,100</u>	<u>127,100</u>	<u>173,585</u>	<u>46,485</u>
Total Other Financing Sources (Uses)	<u>127,100</u>	<u>127,100</u>	<u>173,585</u>	<u>46,485</u>
Net Change in Fund Balance	127,100	(222,675)	(124,953)	97,722
Fund Balance - Beginning	<u>475,919</u>	<u>475,919</u>	<u>443,608</u>	<u>(32,311)</u>
Fund Balance - Ending	<u>\$ 603,019</u>	<u>\$ 253,244</u>	<u>\$ 318,655</u>	<u>\$ 65,411</u>

VILLAGE OF TEQUESTA, FLORIDA

**BUDGETARY COMPARISON SCHEDULE
CAPITAL PROJECTS FUND
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues	\$ -	\$ -	\$ -	\$ -
Expenditures				
Leisure services	\$ 154,000	\$ -	\$ -	\$ -
Capital outlay	-	154,000	98,047	55,953
Total Expenditures	154,000	154,000	98,047	55,953
Net Change in Fund Balance	(154,000)	(154,000)	(98,047)	55,953
Fund Balance - Beginning	(45,686)	(45,686)	154,313	199,999
Fund Balance - Ending	<u>\$ (199,686)</u>	<u>\$ (199,686)</u>	<u>\$ 56,266</u>	<u>\$ 255,952</u>



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 post-employment benefit plans, or other employee benefit plans. The Village accounts for two defined benefit plans (Public Safety reports separate trust funds for Police Officers and Firefighters) and a separate fund is reported for each individual trust fund. The three trust funds 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.

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

SEPTEMBER 30, 2020

	Firefighters' Pension Trust Fund	Police Officers' Pension Trust Fund	General Employees' Pension Trust Fund	Total
Assets				
Cash and cash equivalents	\$ 199,893	\$ 97,026	\$ 41,678	\$ 338,597
Investments				
Equities	8,665,406	4,084,574	4,842,805	17,592,785
Fixed Income	3,035,393	1,430,860	1,681,671	6,147,924
Real Estate Fund	942,770	444,349	530,254	1,917,373
Total investments	<u>12,643,569</u>	<u>5,959,783</u>	<u>7,054,730</u>	<u>25,658,082</u>
Accounts receivable	171,940	116,626	-	288,566
Contributions receivable	40,315	3,454	27,365	71,134
Accrued interest receivable	10,061	4,742	7,513	22,316
Prepaid items	<u>18,067</u>	<u>4,091</u>	<u>13,173</u>	<u>35,331</u>
Total Assets	<u>13,083,845</u>	<u>6,185,722</u>	<u>7,144,459</u>	<u>26,414,026</u>
Liabilities				
Accounts payable	10,184	7,635	15,303	33,122
Due to broker	<u>14,696</u>	<u>6,926</u>	<u>-</u>	<u>21,622</u>
Total Liabilities	<u>24,880</u>	<u>14,561</u>	<u>15,303</u>	<u>54,744</u>
Net Position Restricted for Pension Benefits	<u>\$ 13,058,965</u>	<u>\$ 6,171,161</u>	<u>\$ 7,129,156</u>	<u>\$ 26,359,282</u>

VILLAGE OF TEQUESTA, FLORIDA

COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

	Firefighters' Pension Trust Fund	Police Officers' Pension Trust Fund	General Employees' Pension Trust Fund	Total
Additions				
Contributions:				
State of Florida	\$ 171,939	\$ 91,375	\$ -	\$ 263,314
Employer	443,018	-	391,341	834,359
Employee	101,983	70,327	180,175	352,485
Total Contributions	<u>716,940</u>	<u>161,702</u>	<u>571,516</u>	<u>1,450,158</u>
Investment Earnings				
Net appreciation in fair value of investments	763,139	359,510	500,164	1,622,813
Gain on sale of investments	78,198	37,676	23,247	139,121
Interest and dividends	212,077	102,393	127,757	442,227
Total investment earnings	<u>1,053,414</u>	<u>499,579</u>	<u>651,168</u>	<u>2,204,161</u>
Less investment expenses	(32,392)	(22,573)	(38,142)	(93,107)
Net Investment earnings	<u>1,021,022</u>	<u>477,006</u>	<u>613,026</u>	<u>2,111,054</u>
Miscellaneous	36	32	2,286	2,354
Total Additions	<u>1,737,998</u>	<u>638,740</u>	<u>1,186,828</u>	<u>3,563,566</u>
Deductions				
Benefits paid	216,799	49,095	161,419	427,313
Refund of contributions	8,648	42,075	53,330	104,053
Administrative expenses	25,874	25,874	54,653	106,401
Total Deductions	<u>251,321</u>	<u>117,044</u>	<u>269,402</u>	<u>637,767</u>
Change in Net Position	1,486,677	521,696	917,426	2,925,799
Net Position Restricted for Pension Benefits				
Beginning of year	11,572,288	5,649,465	6,211,730	23,433,483
End of year	<u>\$ 13,058,965</u>	<u>\$ 6,171,161</u>	<u>\$ 7,129,156</u>	<u>\$ 26,359,282</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.	122-126
	<u>Revenue Capacity</u>	
	These schedules contain information to help the reader assess the Village's most significant local revenue source, the property tax.	127-130
	<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.	131-134
	<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.	135-136
	<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.	137-139

Sources: Unless otherwise 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)

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Governmental Activities										
Net investment in capital assets	\$ 10,730,256	\$ 10,591,778	\$ 10,261,476	\$ 10,284,849	\$ 10,058,956	\$ 9,948,379	\$ 10,023,291	\$ 10,678,761	\$ 10,470,562	\$ 10,473,238
Restricted	-	579,809	579,320	940,739	1,572,614	1,343,543	1,776,769	1,615,279	2,067,445	1,398,916
Unrestricted	4,442,410	3,510,237	3,011,737	2,739,726	1,638,243	1,612,070	1,157,654	978,157	1,086,789	1,781,225
Total Governmental Activities Net Position	<u>\$ 15,172,666</u>	<u>\$ 14,681,824</u>	<u>\$ 13,852,533</u>	<u>\$ 13,965,314</u>	<u>\$ 13,269,813</u>	<u>\$ 12,903,992</u>	<u>\$ 12,957,714</u>	<u>\$ 13,272,197</u>	<u>\$ 13,624,796</u>	<u>\$ 13,653,379</u>
Business-type Activities:										
Net investment in capital assets	\$ 14,673,046	\$ 14,718,841	\$ 14,167,067	\$ 13,402,412	\$ 12,681,504	\$ 12,321,453	\$ 13,078,584	\$ 12,774,847	\$ 13,012,584	\$ 14,166,351
Restricted	-	-	-	-	-	-	-	-	-	397,997
Unrestricted	4,315,056	4,884,793	5,408,598	5,632,617	5,781,969	6,117,202	5,883,331	6,972,014	7,967,052	6,896,819
Total Business-type Activities Net Position	<u>\$ 18,988,102</u>	<u>\$ 19,603,634</u>	<u>\$ 19,575,665</u>	<u>\$ 19,035,029</u>	<u>\$ 18,463,473</u>	<u>\$ 18,438,655</u>	<u>\$ 18,961,915</u>	<u>\$ 19,746,861</u>	<u>\$ 20,979,636</u>	<u>\$ 21,461,167</u>
Primary government:										
Net investment in capital assets	\$ 25,403,302	\$ 25,310,619	\$ 24,428,543	\$ 23,687,261	\$ 22,740,460	\$ 22,269,832	\$ 23,101,875	\$ 23,453,608	\$ 23,483,146	\$ 24,639,589
Restricted	-	579,809	579,320	940,739	1,572,614	1,343,543	1,776,769	1,615,279	2,067,445	1,796,913
Unrestricted	8,757,466	8,395,030	8,420,335	8,372,343	7,420,212	7,729,272	7,040,985	7,950,171	9,053,841	8,678,044
Total Governmental Activities Net Position	<u>\$ 34,160,768</u>	<u>\$ 34,285,458</u>	<u>\$ 33,428,198</u>	<u>\$ 33,000,343</u>	<u>\$ 31,733,286</u>	<u>\$ 31,342,647</u>	<u>\$ 31,919,629</u>	<u>\$ 33,019,058</u>	<u>\$ 34,604,432</u>	<u>\$ 35,114,546</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)

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Expenditures										
Governmental activities:										
General government	\$ 1,591,575	\$ 1,629,115	\$ 1,642,948	\$ 1,770,326	\$ 1,714,571	\$ 1,918,843	\$ 2,201,162	\$ 2,308,838	\$ 2,411,174	\$ 2,353,750
Public safety	5,989,357	6,210,365	6,207,866	6,222,408	5,812,114	7,270,731	7,004,196	7,023,664	8,455,155	8,806,935
Transportation	857,456	898,458	1,049,062	1,009,693	1,161,613	1,381,760	1,650,162	1,945,513	1,436,674	1,496,229
Leisure services	635,671	635,110	640,513	583,445	566,585	663,524	699,068	704,448	771,783	675,172
Interest on long-term debt	158,685	146,868	135,204	114,398	124,331	117,709	111,504	96,109	71,803	44,058
Total Governmental Activities Expenditures	9,232,744	9,519,916	9,675,593	9,700,270	9,379,214	11,352,567	11,666,092	12,078,572	13,146,589	13,376,144
Business-type activities:										
Water	3,829,330	4,017,097	4,204,955	4,782,022	4,911,816	4,726,849	5,038,740	4,871,601	5,079,244	5,964,202
Stormwater	194,331	207,526	221,283	279,051	262,413	490,405	338,758	687,878	485,566	453,776
Refuse and recycling	444,302	468,637	484,165	489,977	499,670	489,874	479,278	479,478	480,268	496,619
Total Business-type Activities Expenses	4,467,963	4,693,260	4,910,403	5,551,050	5,673,899	5,707,128	5,856,776	6,038,957	6,045,078	6,914,597
Total Primary Government Program Expenses	\$ 13,700,707	\$ 14,213,176	\$ 14,585,996	\$ 15,251,320	\$ 15,053,113	\$ 17,059,695	\$ 17,522,868	\$ 18,117,529	\$ 19,191,667	\$ 20,290,741
Program Revenues										
Governmental activities:										
Charges for services:										
General government	\$ 568,452	\$ 742,438	\$ 695,801	\$ 694,220	\$ 786,792	\$ 814,596	\$ 865,589	\$ 899,257	\$ 997,556	\$ 1,150,219
Public safety	1,283,728	1,270,308	1,142,593	1,755,652	1,563,375	1,734,116	1,775,824	1,867,606	1,845,894	1,552,009
Transportation	-	-	4,480	-	-	-	-	-	-	-
Leisure services	77,955	71,939	86,349	76,918	67,777	69,570	83,749	83,209	83,794	27,402
Operating grants and contributions	58,746	60,260	95,145	63,148	48,300	9,505	10,235	253,986	16,045	105,492
Capital grants and contributions	2,689,626	119,200	-	-	-	73,828	23,657	82,000	17,692	8,500
Total Governmental Activities Program Revenues	4,678,507	2,264,145	2,024,368	2,589,938	2,466,244	2,701,615	2,759,054	3,186,058	2,960,981	2,843,622
Business-type Activities										
Charges for services:										
Water	4,585,287	4,436,958	4,018,755	4,155,865	4,422,030	4,826,495	5,487,305	5,894,396	6,173,278	6,370,552
Stormwater	314,264	323,193	323,513	323,363	319,993	325,005	340,118	375,534	430,814	432,355
Refuse and recycling	436,142	487,392	482,422	480,795	478,616	490,801	493,753	488,121	486,893	487,874
Operating grants and contributions	-	-	-	-	-	-	-	-	-	-
Total Business-type Activities Program Revenues	5,335,693	5,247,543	4,824,690	4,960,023	5,220,639	5,642,301	6,321,176	6,758,051	7,090,985	7,290,781
Total Primary Government Program Revenues	\$ 10,014,200	\$ 7,511,688	\$ 6,849,058	\$ 7,549,961	\$ 7,686,883	\$ 8,343,916	\$ 9,080,230	\$ 9,944,109	\$ 10,051,966	\$ 10,134,403
Net (Expense) Revenue										
Governmental activities	\$ (4,554,237)	\$ (7,255,771)	\$ (7,651,225)	\$ (7,110,332)	\$ (6,912,970)	\$ (8,650,952)	\$ (8,898,038)	\$ (8,892,514)	\$ (10,185,608)	\$ (10,532,522)
Business-type activities	867,730	554,283	(85,713)	(591,027)	(453,260)	(64,827)	464,400	719,094	1,045,907	376,184
Total Primary Government Net Expense	\$ (3,686,507)	\$ (6,701,488)	\$ (7,736,938)	\$ (7,701,359)	\$ (7,366,230)	\$ (8,715,779)	\$ (8,433,638)	\$ (8,173,420)	\$ (9,139,701)	\$ (10,156,338)

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	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Governmental activities:										
Taxes:										
Property taxes	\$ 4,341,668	\$ 4,268,732	\$ 4,339,215	\$ 4,767,948	\$ 5,275,411	\$ 5,683,707	\$ 6,098,723	\$ 6,420,058	\$ 6,800,483	\$ 7,497,093
Other taxes	1,266,681	1,235,941	1,266,929	1,216,100	1,304,312	1,271,278	1,512,354	1,556,934	2,222,910	1,711,817
Franchise fees based on gross receipts	412,441	393,734	380,160	401,859	462,312	449,126	452,496	459,076	467,670	447,682
Unrestricted intergovernmental	724,400	718,277	735,924	770,616	811,044	822,390	830,570	848,666	861,647	807,939
Unrestricted investment earnings	32,775	49,173	22,316	13,184	7,139	8,465	15,605	92,520	133,769	54,602
Miscellaneous revenues	116,707	99,072	77,390	53,406	17,739	27,041	32,676	19,414	27,131	19,996
Gain on sale of capital assets	-	-	-	-	13,073	23,123	9,336	13,375	24,597	21,976
Total Governmental Revenues and transfers	<u>6,894,672</u>	<u>6,764,929</u>	<u>6,821,934</u>	<u>7,223,113</u>	<u>7,891,030</u>	<u>8,285,130</u>	<u>8,951,760</u>	<u>9,410,043</u>	<u>10,538,207</u>	<u>10,561,105</u>
Business-type Activities										
Unrestricted Investment earnings	28,074	30,448	20,727	14,976	9,986	14,601	28,064	86,097	147,356	59,333
Miscellaneous revenues	79,968	30,801	37,017	35,415	20,432	25,408	30,796	29,106	37,290	46,014
Gain on sale of capital assets	-	-	-	-	-	-	-	4,278	2,222	-
Total Business-type Activities	<u>108,042</u>	<u>61,249</u>	<u>57,744</u>	<u>50,391</u>	<u>30,418</u>	<u>40,009</u>	<u>58,860</u>	<u>119,481</u>	<u>186,868</u>	<u>105,347</u>
Total Primary Government	<u>7,002,714</u>	<u>6,826,178</u>	<u>6,879,678</u>	<u>7,273,504</u>	<u>7,921,448</u>	<u>8,325,139</u>	<u>9,010,620</u>	<u>9,529,524</u>	<u>10,725,075</u>	<u>10,666,452</u>
Change in net position:										
Governmental activities	2,340,435	(490,842)	(829,291)	112,781	978,059	(365,822)	53,722	517,529	352,599	28,583
Business-type activities	975,772	615,532	(27,969)	(540,636)	(422,842)	(24,818)	523,260	838,575	1,232,775	481,531
Total Primary Government	<u>\$ 3,316,207</u>	<u>\$ 124,690</u>	<u>\$ (857,260)</u>	<u>\$ (427,855)</u>	<u>\$ 555,217</u>	<u>\$ (390,640)</u>	<u>\$ 576,982</u>	<u>\$ 1,356,104</u>	<u>\$ 1,585,374</u>	<u>\$ 510,114</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)

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
General Fund										
Nonspendable	\$ 228,049	\$ 178,478	\$ 144,581	\$ 207,869	\$ 161,036	\$ 174,985	\$ 212,042	\$ 224,994	\$ 237,510	\$ 3,056
Restricted	419,591	549,034	575,287	668,050	790,582	995,512	1,440,911	1,506,888	1,562,700	420,583
Committed	-	-	-	-	-	-	-	-	391,214	500,000
Assigned	1,372,125	1,481,792	1,000,000	1,013,600	1,010,978	1,060,578	1,214,418	1,000,000	-	298,661
Unassigned	2,009,180	1,487,198	1,921,295	1,714,008	2,024,550	2,079,187	1,478,525	1,150,229	1,479,005	1,884,304
Total General Fund	<u>\$ 4,028,945</u>	<u>\$ 3,696,502</u>	<u>\$ 3,641,163</u>	<u>\$ 3,603,527</u>	<u>\$ 3,987,146</u>	<u>\$ 4,310,262</u>	<u>\$ 4,345,896</u>	<u>\$ 3,882,111</u>	<u>\$ 3,670,429</u>	<u>\$ 3,106,604</u>
All Other Governmental Funds										
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,056
Restricted	45,771	30,775	4,033	291,654	286,965	348,031	335,858	108,391	504,745	978,333
Committed	-	-	-	-	-	-	-	-	-	46,485
Assigned	646,977	608,377	159,726	9,726	16,441	110,232	60,149	234,838	175,167	87,956
Total Other Governmental Funds	<u>\$ 692,748</u>	<u>\$ 639,152</u>	<u>\$ 163,759</u>	<u>\$ 301,380</u>	<u>\$ 303,406</u>	<u>\$ 458,263</u>	<u>\$ 396,007</u>	<u>\$ 343,229</u>	<u>\$ 679,912</u>	<u>\$ 1,115,830</u>

VILLAGE OF TEQUESTA, FLORIDA

CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS

LAST TEN FISCAL YEARS

(MODIFIED ACCRUAL BASIS OF ACCOUNTING)

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Revenues										
Taxes	\$ 5,608,349	\$ 5,504,673	\$ 5,606,144	\$ 5,984,048	\$ 6,579,723	\$ 6,954,985	\$ 7,611,077	\$ 7,976,992	\$ 9,023,393	\$ 9,208,910
Intergovernmental	776,500	755,792	752,728	816,323	841,950	825,990	836,780	893,555	869,592	815,868
Franchise fees	412,441	393,734	380,160	401,859	462,312	449,126	452,496	459,076	467,670	447,682
Charges for services	888,639	948,395	901,659	1,102,496	1,192,142	1,246,301	1,272,994	1,300,331	1,276,167	1,387,682
Intragovernmental	323,110	503,163	503,709	519,188	534,416	550,350	561,350	577,300	696,600	725,436
Grants, contributions and donations	-	126,944	61,185	21,166	17,394	79,733	27,682	291,097	25,792	106,063
Licenses and permits	332,913	417,702	330,569	433,428	346,529	554,591	646,126	753,211	653,497	385,873
Interest	32,775	49,173	22,316	13,184	7,139	8,465	15,605	92,520	133,769	54,602
Fines and forfeitures	204,273	57,539	42,187	319,598	150,323	67,010	32,743	8,241	87,490	11,708
Miscellaneous	141,902	86,064	98,341	64,855	20,017	28,389	40,660	20,547	27,131	19,996
Rents and royalties	162,651	167,636	147,303	136,906	192,256	198,682	203,965	209,856	213,490	218,931
Impact fees	-	18,257	-	-	-	-	-	-	-	-
Total Revenues	8,883,553	9,029,072	8,846,301	9,813,051	10,344,201	10,963,622	11,701,478	12,582,726	13,474,591	13,382,751
Expenditures										
Current:										
General government	1,410,417	1,469,615	1,528,314	1,614,291	1,615,339	1,811,777	2,104,039	2,210,205	2,275,900	2,207,621
Public safety	5,565,091	5,902,568	5,902,479	5,900,978	6,201,180	6,154,309	6,632,707	6,968,142	8,452,601	8,054,006
Transportation	714,934	725,833	879,169	858,787	1,010,126	1,203,513	1,462,522	1,761,729	1,243,062	1,309,050
Leisure services	548,729	552,002	561,938	507,069	527,223	609,009	629,764	647,830	700,649	603,268
Capital outlay	973,810	335,689	120,399	831,240	399,457	309,399	356,224	999,035	260,796	720,011
Debt service:										
Principal	271,035	282,537	247,809	306,411	334,630	428,048	440,676	429,614	395,856	412,060
Interest	148,186	137,027	125,054	114,398	113,986	106,848	92,164	74,486	59,573	44,058
Fiscal charges	10,499	9,841	11,870	12,736	10,345	18,643	19,340	21,623	12,230	-
Total Expenditures	9,642,701	9,415,112	9,377,032	10,145,910	10,212,286	10,641,546	11,737,436	13,112,664	13,400,667	13,350,074
Excess (Deficiency) of Revenues Over Expenditures	(759,148)	(386,040)	(530,731)	(332,859)	131,915	322,076	(35,958)	(529,938)	73,924	32,677
Other Financing Sources (Uses)										
Transfers in	250,000	251,300	420,440	150,000	85,000	366,800	106,000	740,100	422,754	1,520,093
Transfers-out	(250,000)	(251,300)	(420,440)	(150,000)	(85,000)	(366,800)	(106,000)	(740,100)	(422,754)	(1,520,093)
Issuance of debt	-	-	-	432,844	253,730	132,774	-	-	26,480	105,305
Other proceeds	-	-	-	-	-	23,123	9,336	13,375	24,597	21,976
Total Other Financing Sources (Uses)	-	-	-	432,844	253,730	155,897	9,336	13,375	51,077	127,281
Net Change in Fund Balances	\$ (759,148)	\$ (386,040)	\$ (530,731)	\$ 99,985	\$ 385,645	\$ 477,973	\$ (26,622)	\$ (516,563)	\$ 125,001	\$ 159,958
Debt Service as a Percentage of Noncapital Expenditures	4.84%	4.62%	4.03%	4.52%	4.57%	5.18%	4.68%	4.16%	3.47%	3.61%

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		
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%
2014	797,213,933	1,036,624,755	17,442,002	22,943,347	1,675,609	1,680,227	816,331,544	6.0500	1,061,248,329	77%
2015	844,999,610	1,154,086,000	17,344,269	22,968,598	1,593,192	1,832,732	863,937,071	6.2920	1,178,887,330	73%
2016	909,292,932	1,269,361,269	19,880,161	25,574,708	1,810,329	1,837,722	930,983,422	6.2920	1,296,773,699	72%
2017	978,487,013	1,404,754,183	21,837,763	27,617,131	1,900,210	1,907,953	1,002,224,986	6.2920	1,434,279,267	70%
2018	1,039,469,424	1,469,747,205	19,372,909	24,908,873	1,930,206	1,934,055	1,060,772,539	6.2920	1,496,590,133	71%
2019	1,100,472,687	1,551,282,505	21,121,271	26,506,260	1,940,096	1,944,199	1,123,534,054	6.2920	1,579,732,964	71%
2020	1,149,591,099	1,613,291,960	21,858,849	27,142,879	1,943,025	1,946,645	1,173,392,973	6.6290	1,642,381,484	71%

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 Ended 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
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
2014	6.0500	4.7815	0.2037	0.0587	7.5860	0.6065	0.1685	0.1364	0.0345	0.7025	1.0800
2015	6.2920	4.7815	0.1914	0.0548	7.5940	0.6024	0.1577	0.1285	0.0345	0.6745	1.0800
2016	6.2920	4.7815	0.1462	0.0506	7.5120	0.5985	0.1459	0.1216	0.0320	0.6677	1.0426
2017	6.2920	4.7815	0.1327	0.0471	7.0700	0.5933	0.1359	0.1145	0.0320	0.6833	0.8993
2018	6.2920	4.7815	0.1208	0.0441	6.7690	0.5891	0.2659	0.1089	0.0320	0.6590	0.7808
2019	6.2920	4.7815	0.1165	0.0417	6.5720	0.5901	0.2519	0.1042	0.0320	0.6403	0.7261
2020	6.6290	4.7815	0.0765	0.0397	7.1640	0.5870	0.2398	0.0998	0.0320	0.6497	0.7261

(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	2020			2011		
	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)	\$ 22,018,486	1	1.88%	\$ 13,848,742	1	1.77%
GHM Tequesta Holdings, LLC	17,747,410	2	1.51%			
Noble Centers, LLC (Tequesta Shoppes)	13,264,861	3	1.13%	8,047,394	2	1.03%
RCMR JV, LLC	11,807,832	4	1.01%			
Turnbery Beach Road, LLC	10,080,152	5	0.86%			
Terrace Communities Tequesta, LLC	9,627,251	6	0.82%	6,121,737	5	0.78%
Florida Power & Light Co.	9,179,557	7	0.78%	6,962,557	3	0.89%
ALS North America, Inc.	6,827,871	8	0.58%	3,400,000	7	0.44%
Tequesta Mall, LLC (SLO ML LLC)	5,803,140	9	0.49%	3,797,129	6	0.49%
Tequesta Country Club	5,015,881	10	0.43%			
Tequesta Investors LP				6,296,211	4	0.81%
Tracy Thomas J				3,195,299	8	0.41%
Elliott Edward W. Jr.				2,915,675	9	0.37%
Hersey Marta				2,906,568	10	0.37%
Total	<u>\$ 111,372,441</u>		<u>9.49%</u>	<u>\$ 57,491,312</u>		<u>7.36%</u>

Source: Palm Beach County Tax Collector's System, tax year 2020

VILLAGE OF TEQUESTA, FLORIDA

PROPERTY TAX LEVIES AND COLLECTIONS

LAST TEN FISCAL YEARS

Fiscal Year Ended September 30,	Taxes Levied for 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
2011	\$ 4,513,447	\$ 4,338,395	96.1%	\$ 22,377	\$ 4,360,772	96.6%
2012	4,425,793	4,254,037	96.1%	18,346	4,272,383	96.5%
2013	4,502,727	4,337,570	96.3%	21,847	4,359,417	96.8%
2014	4,946,692	4,755,463	96.1%	13,841	4,769,304	96.4%
2015	5,437,423	5,237,859	96.3%	3,796	5,241,655	96.4%
2016	5,866,490	5,651,698	96.3%	(186)	5,651,512	96.3%
2017	6,314,407	6,083,598	96.3%	(311)	6,083,287	96.3%
2018	6,674,381	6,422,680	96.2%	2,401	6,425,081	96.3%
2019	7,069,276	6,799,389	96.2%	562	6,799,951	96.2%
2020	7,778,422	7,494,948	96.4%	--	7,494,948	96.4%

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

(2) Includes discounts taken by property taxpayers.

Source: Palm Beach County Tax Collector's office.

VILLAGE OF TEQUESTA, FLORIDA

RATIOS OF OUTSTANDING DEBT BY TYPE

LAST TEN FISCAL YEARS

Fiscal Year Ended September 30	Governmental Activities		Business-type Activities	Total Primary Government	Percentage of Personal Income	Per Capita
	Notes Payable	Capital Leases	Notes Payable			
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%	1,474
2014	2,519,635	385,059	5,245,703	8,150,397	2.50%	1,448
2015	2,249,720	561,001	4,925,818	7,736,539	2.37%	1,366
2016	1,968,023	547,423	4,592,420	7,107,866	1.81%	1,247
2017	1,674,030	400,739	4,244,561	6,319,330	1.53%	1,103
2018	1,367,204	277,951	3,882,784	5,527,939	1.26%	944
2019	1,046,986	228,793	3,507,581	4,783,360	1.03%	818
2020	712,790	256,234	3,119,113	4,088,137	0.84%	696

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 Ended 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
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
2014	5,629	816,331,544	8,150,397	-	8,150,397	1.00%	1,448
2015	5,665	863,937,071	7,736,539	-	7,736,539	0.90%	1,366
2016	5,699	930,983,422	7,107,866	-	7,107,866	0.76%	1,247
2017	5,731	1,002,224,986	6,319,330	-	6,319,330	0.63%	1,103
2018	5,857	1,060,772,539	5,527,938	-	5,527,938	0.52%	944
2019	5,850	1,121,712,544	4,783,360	-	4,783,360	0.43%	818
2020	5,874	1,172,469,036	4,088,137	-	4,088,137	0.35%	696

(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

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Total Assessed Value										(1) \$ 1,151,534,124
Legal Debt Margin										
Debt limitation - 10% of total assessed value										(2) 115,153,412
Total bonded debt outstanding										-
Less amount in debt service fund										-
Total Debt Applicable to Limitation										<u>-</u>
Legal Debt Margin										<u>\$ 115,153,412</u>
Debt Limit	\$ 78,022,226	\$ 76,501,759	\$ 77,991,104	\$ 81,633,154	\$ 86,393,707	\$ 93,098,342	\$ 100,222,499	\$ 106,077,254	\$ 110,241,278	\$ 115,153,412
Total Net Debt Applicable to Limit	-	-	-	-	-	-	-	-	-	-
Legal debt margin	<u>\$ 78,022,226</u>	<u>\$ 76,501,759</u>	<u>\$ 77,991,104</u>	<u>\$ 81,633,154</u>	<u>\$ 86,393,707</u>	<u>\$ 93,098,342</u>	<u>\$ 100,222,499</u>	<u>\$ 106,077,254</u>	<u>\$ 110,241,278</u>	<u>\$ 115,153,412</u>
Total Net Debt Applicable to Limit as a Percentage of Debt Limit	0.00%	0.00%	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, 2020

Governmental Unit	Net Debt Outstanding (a)	Estimate Percentage Applicable to Tequesta (b)	Estimate Share of Direct and Overlapping Debt
OVERLAPPING			
Palm Beach County	\$ 44,740,000	0.59%	\$ 263,966
P.B.C. School Board	26,832,000	0.59%	<u>158,309</u>
Subtotal, overlapping debt			422,275
DIRECT DEBT			
Village of Tequesta	969,024	100.00%	<u>969,024</u>
Total direct and overlapping debt			<u><u>\$ 1,391,299</u></u>

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

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

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

VILLAGE OF TEQUESTA, FLORIDA

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)
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%
2014	5,629	326,397,565	57,985	49.9	6.0%
2015	5,665	379,067,810	66,914	49.9	5.3%
2016	5,699	391,766,357	68,743	49.9	5.2%
2017	5,731	412,322,526	71,946	49.9	3.7%
2018	5,857	437,834,178	74,754	49.9	3.1%
2019	5,850	466,596,000	79,760	49.9	3.2%
2020	5,874	489,116,232	83,268	49.9	6.6%

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.
- (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

CURRENT YEAR AND NINE YEARS AGO

Employer	2020			2011**		
	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
Palm Beach County School Board	22,049	1	N/A	21,718	1	N/A
Tenet Coastal Division Palm Beach County	6,505	2	N/A	5,127	3	N/A
Palm Beach County Government	5,438	3	N/A	11,381	2	N/A
NextEra Energy / Florida Power & Light	4,807	4	N/A	3,658	5	N/A
Florida Atlantic University	2,898	5	N/A	2,776	7	N/A
Hospital Corporation of America (HCA)	2,806 *	6	N/A	4,150	4	N/A
Boca Raton Regional Hospital	2,800 *	7	N/A			
Veterans Health Administration	2,700 *	8	N/A	2,205	9	N/A
The Breakers	2,300	9				
Bethesda Health, Inc	2,282 *	10	N/A	2,300	8	
Wackenhut Corporation				3,000	6	N/A
Boca Raton Resort and Club				2,200	10	N/A
	54,585		N/A	58,515		N/A

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

N/A = not available

* Updated figures unavailable at date of publication.

** Updated figures for 2011 not published, information used updated 3/2010.

VILLAGE OF TEQUESTA, FLORIDA

FULL-TIME EMPLOYEES BY FUNCTION/PROGRAM

LAST TEN FISCAL YEARS

Function/Program	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Governmental Activities										
General government	10.5	10.5	11.5	10.5	10.3	10.3	10.8	11.8	13.3	12.9
Public safety	49.0	50.0	53.0	51.0	51.0	52.0	53.0	52.0	53.6	50.0
Transportation	4.0	4.0	5.0	5.0	5.9	6.9	8.1	7.1	8.3	5.3
Leisure services	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0
Total Governmental Activities	<u>66.5</u>	<u>67.5</u>	<u>72.5</u>	<u>69.5</u>	<u>70.2</u>	<u>72.2</u>	<u>74.9</u>	<u>73.9</u>	<u>78.2</u>	<u>71.2</u>
Business-type Activities										
Water	14.5	14.5	16.5	16.5	18.6	18.6	20.4	20.9	22.1	21.2
Stormwater	1.0	1.0	1.0	1.0	1.2	2.2	1.7	1.7	1.7	1.7
Total Business-type Activities	<u>15.5</u>	<u>15.5</u>	<u>17.5</u>	<u>17.5</u>	<u>19.8</u>	<u>20.8</u>	<u>22.1</u>	<u>22.6</u>	<u>23.8</u>	<u>22.9</u>
Total Primary Government	<u>82.0</u>	<u>83.0</u>	<u>90.0</u>	<u>87.0</u>	<u>90.0</u>	<u>93.0</u>	<u>97.0</u>	<u>97.0</u>	<u>102.0</u>	<u>94.0</u>

Source: Village of Tequesta Finance Department

Notes: A full-time employee is scheduled to work 2,080 hours per year (including vacation and sick leave). Full-time-equivalent employment is calculated by dividing total labor hours by 2,080.

VILLAGE OF TEQUESTA, FLORIDA

OPERATING INDICATORS BY FUNCTION/PROGRAM

LAST TEN FISCAL YEARS

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Governmental Activities										
General government										
Registered voters	4,543	4,676	4,854	4,702	4,634	4,813	4,017	4,951	5,056	5,204
Public safety:										
No. of full-time certified police officers	19	11 *	18	20	19	18	19	19	19	19
No. of calls received	3,266	3,272	3,571	3,548	3,853	3,109	3,442	3,443	3,614	3,571
No. of arrests	204	129	136	168	174	94	108	69	61	46
No. of parking violations	82	149	328	120	207	61	39	20	48	48
No. of incident numbers issued	595	622	691	725	552	345	312	254	259	181
Fire department:										
No. of full-time certified firefighters	22	21	21	18	22	22	22	22	21	21
No. of emergency responses	1,096	1,155	1,372	1,197	1,291	1,409	1,286	1,227	1,168	1,226
No. of transports	622	695	675	693	1,006	817	722	724	721	1,017
No. of fires extinguished/alarms	474	460	697	504	285	254	309	267	206	15
No. of inspections	462	495	539	713	499	654	742	608	767	405
Building, zoning:										
No. of building permits issued	800	883	914	929	1,034	1,583	1,755	1,356	1,226	1,198
No. of building inspections conducted	1,728	1,931	2,176	2,201	1,705	2,472	3,017	2,634	2,649	2,611
Leisure services:										
No. of Spring Classes	10	10	10	8	8	12	10	10	10	7
No. of Summer Classes	4	4	4	4	4	4	4	4	4	-
No. of Movies	3	3	3	4	3	3	3	3	2	-
Business-type Activities										
Water:										
No. of customers	5,019	4,996	5,037	5,039	5,038	5,055	5,042	5,087	5,084	5,070
Average daily consumption	2.698 mg	2.550 mg	2.454 mg	2.422 mg	2.500 mg	2.600 mg	2.700 mg	2.781 mg	2.642 mg	2.656 mg

Sources: Various Village departments

* 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 TEN FISCAL YEARS

Function/Program	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Governmental Activities										
General government:										
Municipal center	1	1	1	1	1	1	1	1	1	1
Public safety										
Police:										
No. of stations	1	1	1	1	1	1	1	1	1	1
No. of patrol units	15	11	10	11	10	12	10	12	11	11
Fire:										
No. of stations	1	1	1	1	1	1	1	1	1	2
No. of ambulances	3	3	3	3	2	2	2	2	2	2
No. of pumpers	3	3	3	3	3	3	2	2	2	2
Transportation:										
Miles of street lane miles	24	24	24	24	24	24	24	24	24	24
No. of bridges	1	1	1	1	1	1	1	1	1	1
Leisure services										
No. of parks	5	5	5	6 *	6	6	7	7	7	7
No. of park acreage	54	54	54	62 *	62	62	62	62	62	62
No. of playgrounds	2	2	2	2	2	2	2	2	2	2
No. of baseball/softball diamonds	3	3	3	3	3	3	3	3	3	3
No. of skate-parks	1	1	1	1	1	1	1	1	1	1
Business-type activities:										
Water:										
Miles of water mains	72	72	73	73	73	77	77	77	77	72
No. of fire hydrants	430	430	433	409	430	456	435	435	435	579
Storage capacity (thousands of gallons)	3,250	3,250	2,750	2,750	2,750	2,750	2,750	2,750	2,750	2,750

Sources: Various Village departments

* The green area has been identified as a park (Linear/Green Mile park)



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, Florida (the Village), as of and for the fiscal year ended September 30, 2020, 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 31, 2021.

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) as a basis for designing 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 Village'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 financial statements. 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 result 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 Village's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Marcum LLP

West Palm Beach, Florida
March 31, 2021

**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

Report on the Financial Statements

We have audited the financial statements of the Village of Tequesta, Florida (the Village), as of and for the fiscal year ended September 30, 2020, and have issued our report thereon dated March 31, 2021.

Auditors' Responsibility

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

Other Reporting Requirements

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*; and Independent Accountants' Report on an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports, which are dated March 31, 2021, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. The status of recommendations made in the preceding annual financial audit report have been addressed in the accompanying Appendix A to this report.

Official Title and Legal Authority

Section 10.554(1)(i)4., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. The Village was incorporated in 1957 by laws of Florida 57-1915. There are no component units related to the Village.

Financial Condition and Management

Section 10.554(1)(i)5.a. and 10.556(7), Rules of the Auditor General, require us to apply appropriate procedures and communicate the results of our determination as to whether or not the Village has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identification of the specific condition(s) met. In connection with our audit, we determined that the Village did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

Pursuant to Sections 10.554(1)(i)5.b. and 10.556(8), Rules of the Auditor General, we applied financial condition assessment procedures for the Village. It is management's responsibility to monitor the Village's financial condition, and our financial condition assessment was based in part on representations made by management and review of financial information provided by same. Our assessment was performed as of the fiscal year end.

Section 10.554(1)(i)2., Rules of the Auditor General, requires that we communicate any recommendations to improve financial management. In connection with our audit, we did identify an item reported in the accompanying Appendix A.

Additional Matters

Section 10.554(1)(i)3., Rules of the Auditor General, requires us to communicate noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but which warrants the attention of those charged with governance. In connection with our audit, please see the accompanying Appendix A.

Purpose of this Letter

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, Federal and other granting agencies, the Mayor and the Village Council, 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 31, 2021

VILLAGE OF TEQUESTA, FLORIDA

APPENDIX A – CURRENT YEAR AND PRIOR YEARS RECOMMENDATIONS TO IMPROVE FINANCIAL MANAGEMENT

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

MLC 2019-001 –UTILITY BILLING RATES

Prior Year's Observation

During our utility billings and collections testing, Marcum noted discrepancies between the authorized/approved utility rates being charged/billed to customers. The exception related to the “W2C-3/4” and “Cond-Condos” (represents approximately codings still being charged the rates that were effective October 1, 2017 versus that rates that were approved to be effective October 1, 2018. These two account codes represent approximately 4.6% of total accounts as of September 30, 2019. All utility bills should be processed with the authorized rates listed in the appropriate Ordinance approved by Village Council. Improper billing rates could create “over-billing(s)” and “under-billing(s)”; in this case, an under billing.

Prior Year's Recommendation

Marcum recommends that an internal control be developed to ensure that accurate data is input into the utility billing system. Authorized rates used by the Utility Billing Division, should be reviewed and compared against the corresponding Ordinance(s). This should reduce the incidence of discrepancies between the authorized rates and the rates charged/billed on the Village customer's utility bills. Additionally, if feasible and allowed by law, the Village should consider trying to recover any under billing.

Management's Response in the Prior Year

The Village has since reviewed the authorized rate for all customers and has put procedures in place to periodically review changes that are made by the Customer Service Division. The Utilities Director will be responsible for reviewing changes that are made by subordinate staff.

Current Year's Status

The Village has since addressed this observation.

VILLAGE OF TEQUESTA, FLORIDA

APPENDIX A – CURRENT YEAR AND PRIOR YEARS RECOMMENDATIONS TO IMPROVE FINANCIAL MANAGEMENT

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

MLC 2019-002 –MINIMUM FUND BALANCE POLICY

Prior Year's Observation

The Village Council adopted a fund balance policy in order to maintain a minimum level of unassigned fund balance in the general fund. The target level is set a two months of general fund operating expenditures. If the minimum fund balance falls below that required of the policy, the Village has three (3) fiscal years in order to replenish the unassigned fund balance. Since September 3, 2017, the unassigned fund balance has been below the minimum target level.

Prior Year's Recommendation

Essentially, by September 30, 2020, the unassigned fund balance should be replenished to comply with the minimum fund balance policy. However, given the current pandemic, the Village may fall short of its policy and should revisit its policy and/or the upcoming budget so to not fall too far below its policy.

Management's Response in the Prior Year

During the budgeting process for the upcoming fiscal year, Management proposed several measures to address the shortfall in the unassigned fund balance.

Current Year's Status

Recommendation remains the same as prior year noted above.

Management's Response in the Current Year

During the budgeting process for the upcoming fiscal year, Management will continue to impose the measures that have been previously included, and propose any necessary additional measures, to address the shortfall in the unassigned fund balance.

**INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE PURSUANT TO
SECTION 218.415 FLORIDA STATUTES**

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

We have examined the Village of Tequesta's (the Village) compliance with Section 218.415 Florida Statutes for the fiscal year ended September 30, 2020. Management is responsible for the Village's compliance with the specified requirements. Our responsibility is to express an opinion on the Village's compliance based on our examination.

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

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

In our opinion, the Village complied, in all material respects, with Section 218.415 Florida Statutes for the fiscal year ended September 30, 2020.

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

Marcum LLP

West Palm Beach, FL
March 31, 2021