

VILLAGE OF TEQUESTA, FLORIDA

2016 Comprehensive Annual Financial Report



Fiscal Year Ended September 30, 2016

VILLAGE OF TEQUESTA COUNCIL MEMBERS 2016



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

VILLAGE OF TEQUESTA, FLORIDA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2016

Prepared By
Finance Department
The Village of Tequesta, Florida

VILLAGE OF TEQUESTA, FLORIDA

TABLE OF CONTENTS

I. INTRODUCTORY SECTION

Letter of Transmittal	i-iii
Certificate of Achievement for Excellence in Financial Reporting	iv
Organization Chart	v
List of Principal Officials	vi

II. FINANCIAL SECTION

INDEPENDENT AUDITORS' REPORT	1-3
MANAGEMENT'S DISCUSSION AND ANALYSIS (Required Supplementary Information)	4-18
BASIC FINANCIAL STATEMENTS	
Government-Wide Financial Statements	
Statement of Net Position	19
Statement of Activities	20
Fund Financial Statements	
Balance Sheet – Governmental Funds	21
Reconciliation of the Balance Sheet of Governmental Funds to the	
Statement of Net Position	22
Statement of Revenues, Expenditures and Changes in Fund Balances –	
Governmental Funds	23
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund	
Balances of Governmental Funds to the Statement of Activities	24
Statement of Net Position – Proprietary Funds	25
Statement of Revenues, Expenses and Changes in Net Position – Proprietary Funds	26
Statement of Cash Flows – Proprietary Funds	27
Statement of Fiduciary Net Position – Fiduciary Funds	28
Statement of Changes in Fiduciary Net Position – Fiduciary Funds	29
Notes to Basic Financial Statements	30-97
REQUIRED SUPPLEMENTARY INFORMATION	
Budgetary Comparison Schedule – General Fund	98
Note to the Budgetary Comparison Schedule	99
Firefighters' Pension Trust Fund	
Schedule of Changes in the Village's Net Pension Liability and Related Ratios	100
Schedule of Village Contributions	101
Schedule of Investment Returns	102
Police Officers' Pension Trust Fund	
Schedule of Changes in the Village's Net Pension Liability and Related Ratios	103
Schedule of Village Contributions	104
Schedule of Investment Returns	105
General Employees' Pension Trust Fund	
Schedule of Changes in the Village's Net Pension Liability (Asset) and Related Ratios	106
Schedule of Village Contributions	107
Schedule of Investment Returns	108
Schedule of Funding Progress - Other Post Employment Benefits	109
Schedule of Village's Proportionate Share of the Net Pension Liability –	
Florida Retirement System Pension	110
Schedule of the Village's Proportionate Share of the Net Pension Liability –	
Retiree Health Insurance Subsidiary Program	111
Schedule of the Village's Contributions – Florida Retirement System Pension Plan	112
Schedule of the Village's Contributions – Retiree Health Insurance Subsidy Program	113

VILLAGE OF TEQUESTA, FLORIDA

TABLE OF CONTENTS

II. FINANCIAL SECTION (CONTINUED)

SUPPLEMENTARY INFORMATION

Combining and Individual Fund Statements and Schedules	
Combining Balance Sheet – Nonmajor Governmental Funds	114
Combining Statement of Revenues, Expenditures and Changes in Fund Balances –	
Nonmajor Governmental Funds	115
Budgetary Comparison Schedule – Special Law Enforcement Trust Fund	116
Budgetary Comparison Schedule – Capital Improvement Fund	117
Budgetary Comparison Schedule – Capital Projects Fund	118
Combining Statement of Fiduciary Net Position	119
Combining Statement of Changes in Fiduciary Net Position	120

III. STATISTICAL SECTION

Net Position by Component	121
Changes in Net Position	122-123
Fund Balances, Governmental Funds	124
Changes in Fund Balances, Governmental Funds	125
Assessed and Estimated Actual Value of Taxable Property	126
Property Tax Rates – All Direct and Overlapping Governments	127
Principal Property Taxpayers	128
Property Tax Levies and Collections	129
Ratios of Outstanding Debt by Type	130
Ratio of Net Outstanding Debt to Assessed Value and Net Bonded Debt	
Per Capita	131
Computation of Legal Debt Margin	132
Direct and Overlapping Governmental Activities Debt	133
Pledged-Revenue Coverage – Revenue Bonds - 1994	134
Demographic and Economic Statistics	135
Principal Employers – Palm Beach County	136
Full-time-Equivalent Village Government Employees by Function/Program	137
Operating Indicators by Function/Program	138
Capital Asset Statistics by Function/Program	139

IV. REPORTING SECTION

Independent Auditors' Report on Compliance and on Internal Control over Financial	
Reporting and on Compliance and Other Matters based on an Audit of Financial	
Statements Performed in Accordance with <i>Government Auditing Standards</i>	140-141
Management Letter in Accordance with the Rules of the Auditor General of the	
State of Florida	142-143
Independent Accountants' Report On Compliance Pursuant To Section 218.415	
Florida Statutes	144



INTRODUCTORY SECTION



Village of Tequesta

345 Tequesta Drive
Tequesta, FL 33469-0273
(561) 768-0424
www.Tequesta.org

June 28, 2017

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

Florida law requires that every general purpose local government publish, within nine months of the close of each fiscal year, a complete set of audited financial statements. This report is published to fulfill that requirement for the fiscal year ended September 30, 2016.

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

Marcum LLP, Certified Public Accountants, have issued an unmodified (“clean”) opinion on the Village of Tequesta’s financial statements for the fiscal year ended September 30, 2016. 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.

PROFILE OF THE VILLAGE OF TEQUESTA

The Village of Tequesta, Florida (the Village) is a municipal corporation organized June 4, 1957 pursuant to Special Act 57-1915, Laws of Florida. It is approximately 2 square miles and is located in northern Palm Beach County, Florida. It is almost completely built-out/developed.

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 of Tequesta’s 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 services, stormwater 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 the budget amendments be approved by the Village Council, while changes to the total fund budget requires approval of the Village Council by resolution.

Local Economy

The Village, located in Palm Beach County, is the third most populous county in the State of Florida (approximately 1.3 million). The latest population estimate prepared by the U.S. Census Bureau indicates that current population of the Village of Tequesta is 5,629. 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.

According to the Bureau of Labor Statistics, U.S. Department of Labor, over the past year, 43 states, including Florida, had job growth from a year earlier. The national unemployment rate for September 2016 was 5.0% with the unemployment rate in Florida at 4.9% which was 0.3% lower than the prior year. The unemployment rate for Palm Beach County at the fiscal year end was 5.2%, which was consistent with the previous year. We have seen a continued improvement as the rate fell to 4.7% in February 2016. According to analysis by Florida TaxWatch and CareerSource Palm Beach County, "...candidates are leaving existing jobs for better positions and those who have been out of the labor force are returning to employment" which indicates economic growth.

According to the U.S. Census Bureau, the median household income for Tequesta was \$54,794 which continues to be significantly higher than Florida as a whole (\$47,507). Tequesta continues to see a positive change in the housing market as property values continue to increase, another indicator of a growing economy. Per the Palm Beach County Property Appraiser's Office, gross taxable value for calculating ad valorem proceeds increased from \$864 million during fiscal year 2015 to \$932 million used to calculate 2016 revenues. Property values continued to increase and the gross taxable value used to calculate 2017 ad valorem tax revenue is approximate \$1 billion. Based upon these indicators, the Village is developing its operating budget with the expectation that the economy will continue to improve and that there will be a steady increase in property values over the next few years.

Long-Term Financial Planning and Major Initiatives

Unassigned fund balance in the general fund at fiscal year-end was 18.98% of total general fund revenues. This amount was above policy guidelines set by the Council for budgetary and planning purposes (i.e., two months of general fund revenues, approximately 16.7%), however it is lower than the prior year (19.54%). 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 very importantly, a Village Council that is very responsive to the needs of the residents and staff and who donate so much of their time to this community.

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

MAJOR INITIATIVES

- Continue to explore alternative revenue sources, at both the state and federal level, with the assistance of a professional lobbyist.
- Continue to find ways to reduce the cost of health care and retirement costs.
- Implement a 6-year capital improvement /capital replacement plan.
- To keep on track with maintenance and improvements outlined in a utility revenue sufficiency and rate adequacy study to meet the Village's objectives for a sustained high quality utility service by providing a stable funding plan.
- Develop plans and specifications for the construction of the new Community Center.
- Implement 5-year automatic read meters and technology for the Village Water Utility.

Relevant Financial Policies

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

AWARDS AND ACKNOWLEDGEMENTS

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Village for its comprehensive annual financial report for the fiscal year ended September 30, 2015. This was the thirty-third consecutive year that the Village has received this prestigious award. In order to be awarded a Certificate of Achievement, the Village had to publish an easily readable and efficiently organized comprehensive annual financial report. This report satisfied both generally accepted accounting principles and applicable legal requirements.

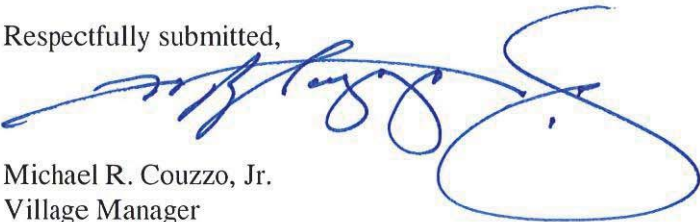
A Certificate of Achievement is valid for a period of one year. We believe that our current comprehensive annual financial report will continue to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

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

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

Respectfully submitted,

Michael R. Couzzo, Jr.
Village Manager

A handwritten signature in blue ink, appearing to read 'Michael R. Couzzo, Jr.', is written over a large, stylized blue circular mark.



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, 2015

Executive Director/CEO

VILLAGE OF TEQUESTA, FLORIDA

ORGANIZATION CHART

SEPTEMBER 30, 2016



VILLAGE OF TEQUESTA, FLORIDA

LIST OF PRINCIPAL OFFICIALS

SEPTEMBER 30, 2016

VILLAGE COUNCIL

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

VILLAGE OFFICIALS

Michael R. Couzzo, Jr.	Village Manager
Corbett, White, Davis & Ashton, PA	Village Attorney
Lori McWilliams, MMC	Village Clerk
JoAnn Forsythe, CPA	Finance Director
Joel Medina	Fire Chief
Christopher L. Elg	Police Chief
NZ Consultants, Inc.	Planning and Zoning Director
Jose Rodriques	Acting Building Official
Michael R. Couzzo, Jr.	Utilities/Public Works Director
Greg Corbitt	Parks and Recreation Director
Merlene Reid, MS, SPHR	Human Resources Director

VILLAGE INDEPENDENT AUDITORS

Marcum LLP



FINANCIAL SECTION



INDEPENDENT AUDITORS' REPORT

INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Tequesta, Florida (the Village) as of and for the fiscal year ended September 30, 2016 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 and error.

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Tequesta, Florida as of September 30, 2016 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 and budgetary comparison information, schedules of net pension liability (assets) and ratios, contributions, investment returns, funding progress, proportionate share of the net pension liability – Florida Retirement System Pension and Retiree Health Insurance Subsidy Program on pages 4-18 and 98-113 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the 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 relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 28, 2017 on our consideration of the Village's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Village's internal control over financial reporting and compliance.

Marcum LLP

West Palm Beach, Florida
June 28, 2017



MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)

Village of Tequesta, Florida

Management's Discussion and Analysis

As management of the Village of Tequesta, we offer readers of the Village's financial statement this narrative overview and analysis of the financial activities of the Village for the fiscal year ended September 30, 2016. 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 iii of this report.

Financial Highlights

- The Village implemented GASB Statement No. 72, *Fair Value Measurement and Application*, in fiscal year ended September 30, 2016. The objective of this statement is to improve the reporting by clarifying the definition of fair value for financial reporting. This statement requires most investments be measured at fair value. The determination of whether an asset is an investment, is made by management at the time of acquisition and retained for reporting purposes even if the usage of the asset changes.
- 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 \$31,342,647. Of total net position, 24.7% (\$7,729,272) is unrestricted and may be used to meet the ongoing obligations to the citizens and creditors.
- The Village of Tequesta's total net position decreased during the current period. Governmental activities changed net position by \$(365,822), due largely to the net pension liability of the Firefighters Pension increasing \$919,896. The business-type activities net position decrease by \$(24,818) due mainly to the cost of repair and maintenance projects during the year.
- At the close of the current fiscal year, the Village of Tequesta's governmental funds reported an increase in combined fund balances of \$477,973 from the prior year.
- 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 \$3,139,765.
- The Village of Tequesta's total outstanding noncurrent liabilities increased \$623,484 due mainly to an increase in the net pension liability and an increase related to OPEB.
- The Village did not expend \$750,000 or more in federal award or state financial assistance in the fiscal year ended September 30, 2016 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 included general government, public safety, transportation and leisure services. The business-type activities of the Village included water, stormwater and refuse and recycling.

The government-wide financial statements can be found on pages 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 four individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balance for the General Fund which is considered a major fund. Data from the other three governmental funds is combined into a single aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements in the combining and individual fund statements and schedules section of this report.

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

The Village of Tequesta's governmental fund financial statements can be found on pages 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 30-97 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 and related ratios, contributions and pension investment returns. Required supplementary information can be found on pages 98-113 of this report.

The combining statements 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 114-120 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 \$31,342,647 at the close of the 2016 fiscal year. Net Position in governmental activities recorded a change of (2.76)% due mainly to an increase in the pension and OPEB liabilities. The Village's business-type activities recorded a (0.13)% change in total net position. The majority of this change was due to decrease of current and other assets by \$253,765 and depreciation of capital assets of \$1,183,700.

Village of Tequesta's Net Position						
	Governmental Activities		Business-type Activities		Total	
	2016	2015	2016	2015	2016	2015
Current and other assets	\$ 5,969,662	\$ 5,539,177	\$ 6,627,007	\$ 6,373,242	\$ 12,596,669	\$ 11,912,419
Capital assets, net	12,463,825	12,869,677	17,014,504	17,327,421	29,478,329	30,197,098
Total assets	18,433,487	18,408,854	23,641,511	23,700,663	42,074,998	42,109,517
Total deferred outflows of resources	1,419,601	788,437	487,159	369,925	1,906,760	1,158,362
Noncurrent liabilities	5,673,775	4,834,544	5,027,741	5,243,487	10,701,516	10,078,031
Other liabilities	572,304	698,598	532,365	246,333	1,104,669	944,931
Total liabilities	6,246,079	5,533,142	5,560,106	5,489,820	11,806,185	11,022,962
Total deferred inflows of resources	703,017	394,336	129,909	117,299	832,926	511,635
Net position						
Net investment in capital assets	9,948,379	10,058,956	12,321,453	12,681,504	22,269,832	22,740,460
Restricted	1,343,543	1,572,614			1,343,543	1,572,614
Unrestricted	1,612,070	1,638,243	6,117,202	5,781,969	7,729,272	7,420,212
Total net position	\$ 12,903,992	\$ 13,269,813	\$ 18,438,655	\$ 18,463,473	\$ 31,342,647	\$ 31,733,286

The largest portion of the Village's total net position (71.1%) represents investments in capital assets (e.g., land, buildings, machinery and equipment), less 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 (4.3%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$7,729,272 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, Net Position



9/30	Net Investments in capital assets	Unrestricted	Restricted
2015	\$22,740,460	\$7,420,212	\$1,572,614
2016	\$22,269,832	\$7,729,272	\$1,343,543

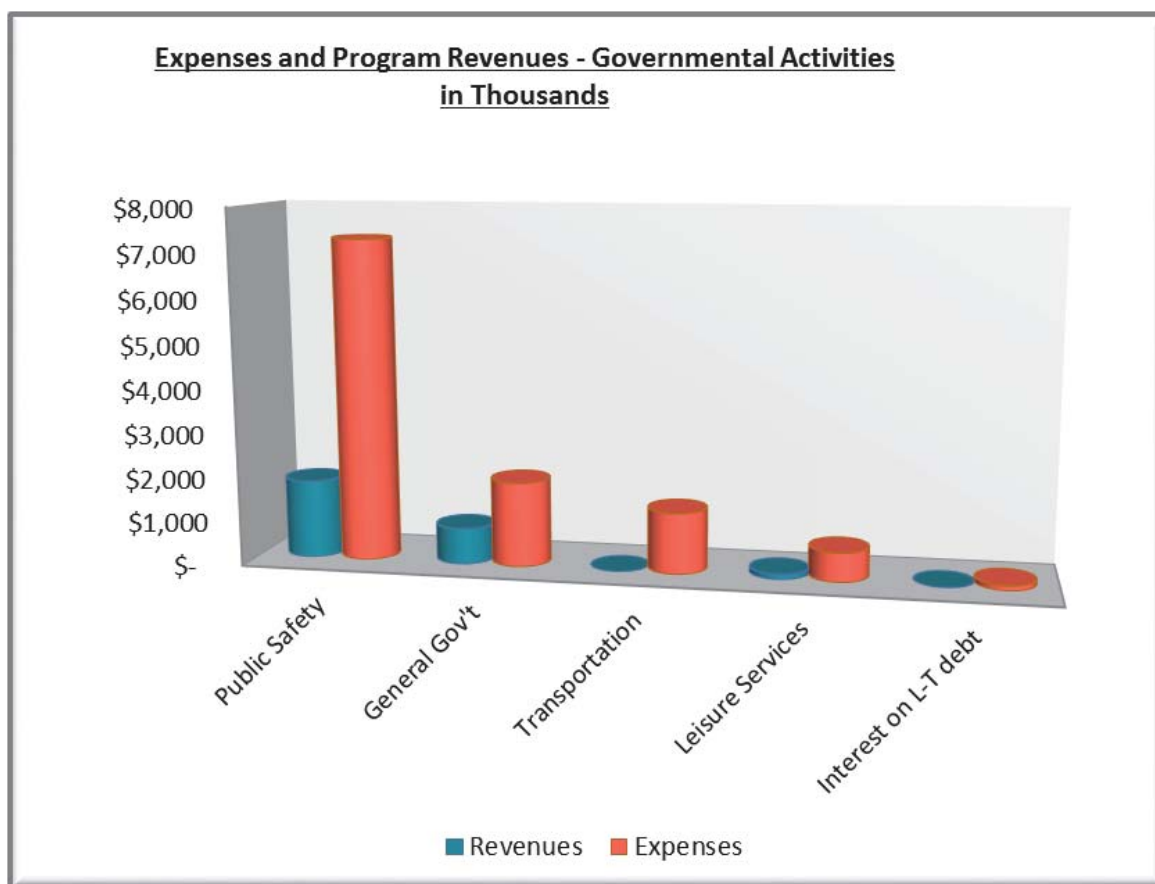
Village of Tequesta's Changes in Net Position

Village of Tequesta Changes in Net Position						
	Governmental Activities		Business-type Activities		Total	
	2016	2015	2016	2015	2016	2015
Revenues:						
Program Revenues:						
Charges for Services	\$ 2,618,282	\$ 2,417,944	\$ 5,642,301	\$ 5,220,640	\$ 8,260,583	\$ 7,638,584
Operating Grants & Contributions	83,333	48,300	-	-	83,333	48,300
General Revenues:						
Ad valorem Taxes	5,683,707	5,275,411	-	-	5,683,707	5,275,411
Other Taxes	1,271,278	1,304,313	-	-	1,271,278	1,304,313
Franchise fees on gross receipts	449,126	462,312	-	-	449,126	462,312
Unrestricted intergovernmental	822,390	811,044	-	-	822,390	811,044
Unrestricted investment earnings	8,465	7,139	14,601	9,986	23,066	17,125
Other Miscellaneous	50,164	30,812	25,408	20,431	75,572	51,243
Total Revenue	<u>10,986,745</u>	<u>10,357,275</u>	<u>5,682,310</u>	<u>5,251,057</u>	<u>16,669,055</u>	<u>15,608,332</u>
Expenses:						
General government	1,918,843	1,689,649	-	-	1,918,843	1,689,649
Public safety	7,270,731	5,825,983	-	-	7,270,731	5,825,983
Transportation	1,381,760	1,167,373	-	-	1,381,760	1,167,373
Leisure Services	663,524	571,880	-	-	663,524	571,880
Interest expense/other fiscal charges	117,709	124,331	225,335	234,356	343,044	358,687
Water utility services			4,501,514	4,677,460	4,501,514	4,677,460
Stormwater services			490,405	262,413	490,405	262,413
Refuse & recycling services		-	489,874	499,670	489,874	499,670
Total Expenses	<u>11,352,567</u>	<u>9,379,216</u>	<u>5,707,128</u>	<u>5,673,899</u>	<u>17,059,695</u>	<u>15,053,115</u>
Increase (decrease) in net position	(365,822)	978,059	(24,818)	(422,842)	(390,640)	555,217
Net position - beginning	\$ 13,269,813	\$ 12,291,754	\$ 18,463,473	\$ 18,886,315	\$ 31,733,286	\$ 31,178,069
Net position - ending	<u>\$ 12,903,991</u>	<u>\$ 13,269,813</u>	<u>\$ 18,438,655</u>	<u>\$ 18,463,473</u>	<u>\$ 31,342,646</u>	<u>\$ 31,733,286</u>

For fiscal year ending September 30, 2016, the Village of Tequesta's overall net position decreased from the prior fiscal year. While revenues increased in both governmental activities and business-type activities, expenses exceeded revenues for FYE 9-30-2016 by \$390,639. Revenues increased in business-type activities due mainly to an increase in water rates. As mentioned above, the largest changes were due to an increase in pension expense (NPL) and depreciation of capital assets.

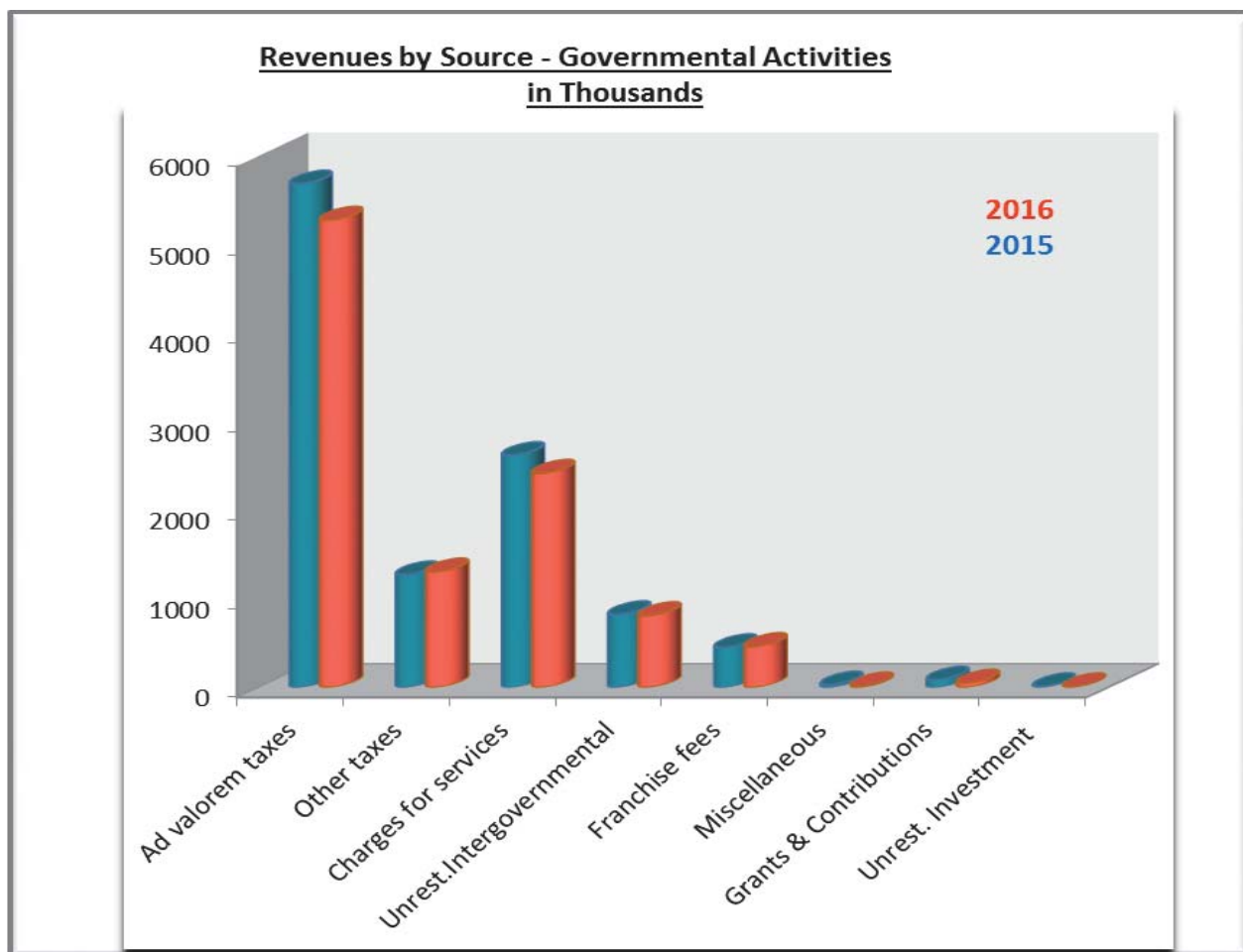
Governmental Activities – Expenses and Program Revenues

Governmental activities. Overall program revenues increased from the prior year due to increases in property values and permit fees. However, increased pension and depreciation expenses resulted in an overall decrease in net position of \$(365,822).

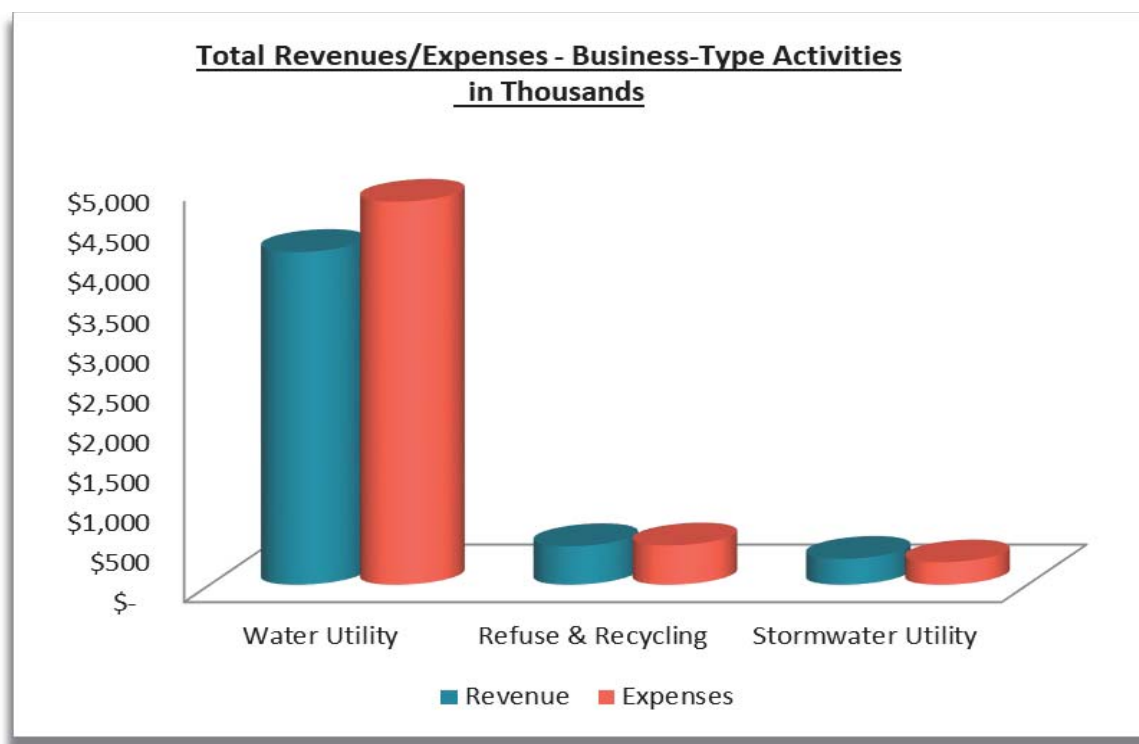


The Village's programs/functions include General Government, Public Safety, Transportation and Leisure Services. The net cost shows the extent to which the Village's general revenues support each of the Village's programs/functions. The net cost of all governmental activities this year was \$8,650,952, a 25% increase from the prior period. The largest increase in net cost was from the function of public safety which increased \$1.3 million (31%). As shown on the Statement of Activities, the functions directly benefiting from the programs generated revenue of approximately \$2.7 million with \$8.3 million financed through general revenues.

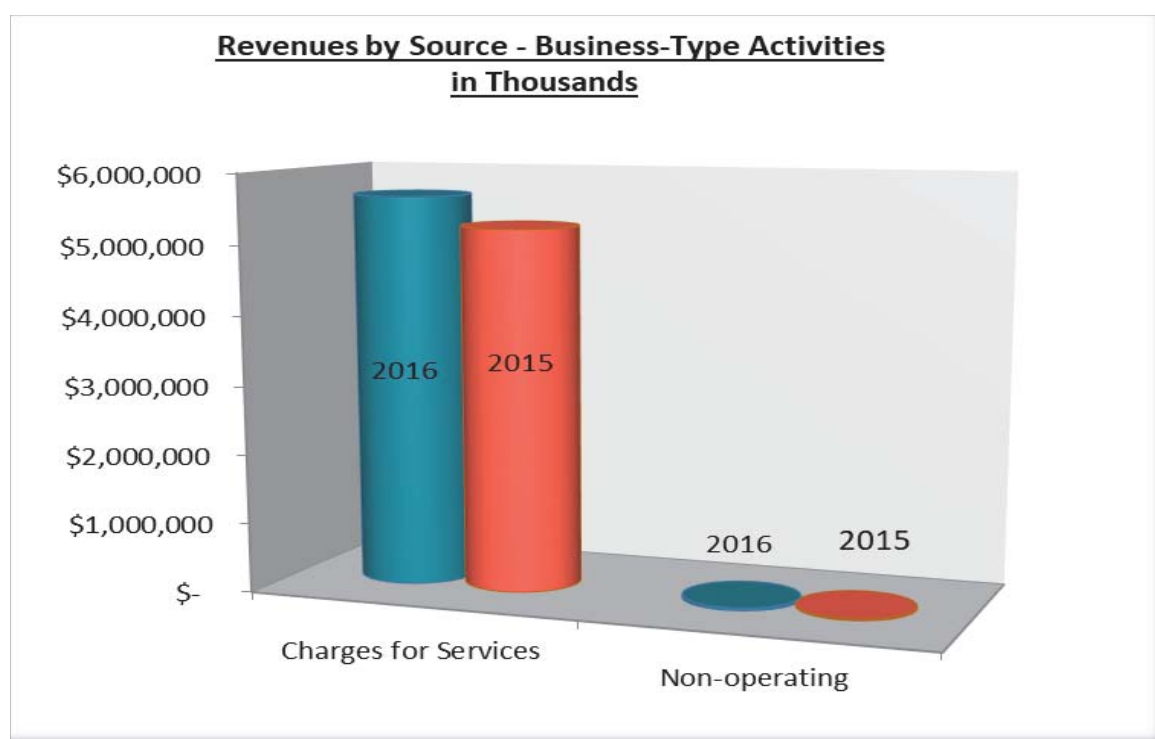
The following is a comparison of revenues by source for governmental activities for fiscal year 2016 and 2015.



Business-type Activities. The Village of Tequesta's business-type activities reported operating revenues exceeding expenses by \$160,508. Non-operating revenues were \$40,009. This resulted in a change in net position of \$(24,818) from the prior year.



As shown in the chart below, revenues from *charges for services* reported in business-type activities increased \$421,661 from the prior year. Increase rates in the Water Utility resulted in increased revenues of 9% (\$404,464) from the prior year. Refuse and Recycling and Stormwater Utility reported smaller increases in revenues (2% and 3%). Non-operating income includes investment earnings, as well as miscellaneous revenue from payments for the construction portion of the Tropic Vista water extension.

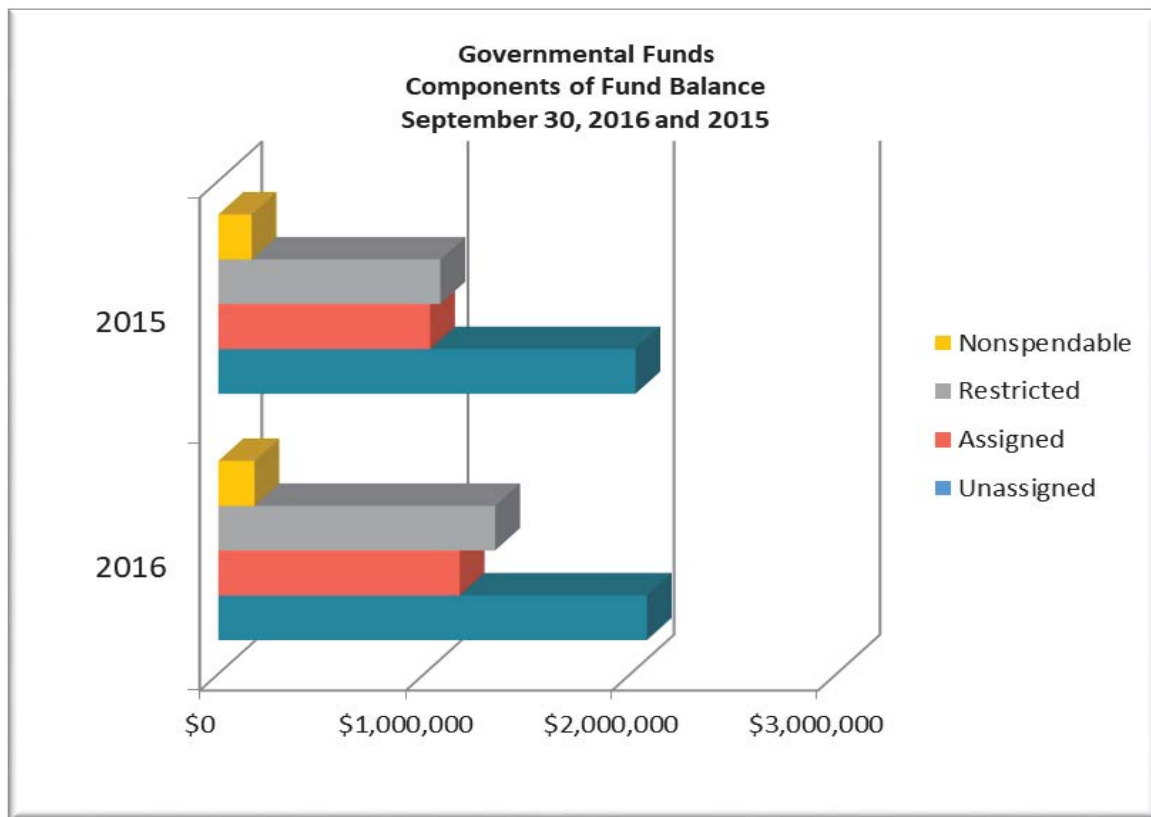


Financial Analysis of the Village's Funds

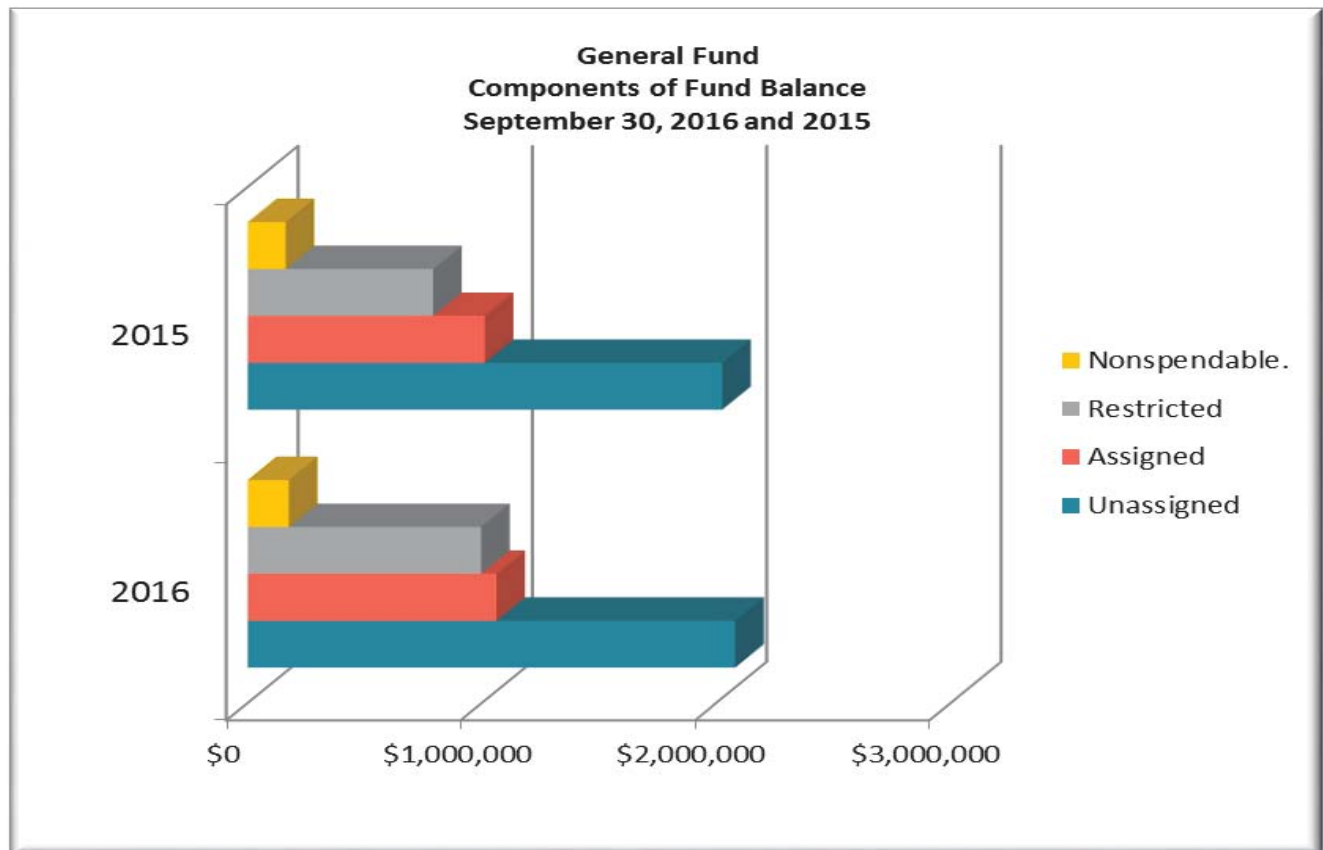
As noted earlier, the Village of Tequesta uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

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 use for a particular purpose by either an external party, the Village of Tequesta itself, or a group or individual that has been delegated authority to assign resources for use for particular purposes by the Village of Tequesta's Council.

At September 30, 2016 the Village of Tequesta's governmental funds reported total combined fund balances of \$4,768,525. Approximately \$2,079,187 (44%) of the combined governmental fund balances is *unassigned* and is available for spending at the Village's discretion. Approximately 25% is *assigned* with the largest portion (\$1 million) assigned for hurricane/disaster emergency. Approximately \$1.3 million is *restricted* for a particular purpose (i.e. debt service, Law Enforcement Trust funds, etc.). \$174,985 is in nonspendable form (i.e. inventories, prepaid items, etc.). Total combined fund balances have increased 11.14% from the prior year with the largest increase (\$265,996) reported in total restricted fund balances.



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 \$4,310,262, an increase of \$323,116 from the prior year. Unassigned fund balance of \$2,079,187, increased 3% 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 20% of fiscal year 2016 General Fund expenditures and total fund balance represents approximately 41% of total expenditures. The Village of Tequesta adopted a policy to keep unassigned fund balance at a minimum of two months (17%) of expenditures and unassigned fund balance exceeds the required minimum.



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					
Revenue Sources	2016	% of Total	Change		2015
			\$	%	
Ad valorem taxes	\$ 5,683,707	51.9%	\$ 408,296	7.7%	\$ 5,275,411
Other taxes	1,271,278	11.6%	(33,034)	-2.5%	1,304,312
Charges for services	1,246,301	11.4%	54,159	4.5%	1,192,142
Intergovernmental	825,990	7.5%	(15,960)	-1.9%	841,950
Intragovernmental	550,350	5.0%	15,934	3.0%	534,416
Franchise fees	449,126	4.1%	(13,186)	-2.9%	462,312
Licenses and permits	554,591	5.1%	208,062	60.0%	346,529
Rents and Royalties	198,682	1.8%	6,426	3.3%	192,256
Fines and forfeitures	55,944	0.5%	(33,771)	-37.6%	89,715
Miscellaneous	108,122	1.0%	70,710	189.0%	37,412
Investment earnings	8,465	0.1%	1,325	18.6%	7,140
Total Revenue	<u>\$ 10,952,556</u>	<u>100%</u>	<u>\$ 668,961</u>	<u>6.5%</u>	<u>\$ 10,283,595</u>

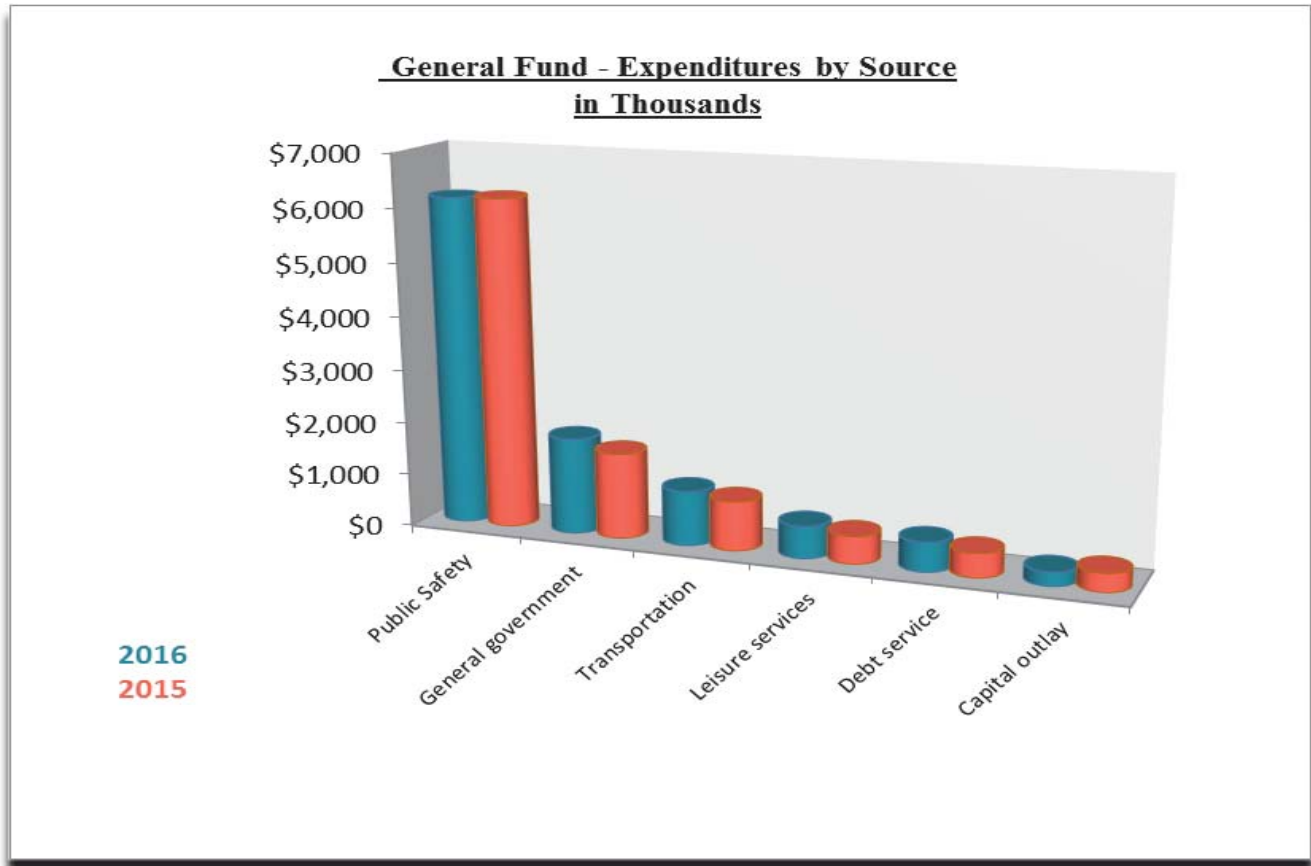
As noted in the table above, total General Fund revenues increased \$668,961 (6.5%). The two largest increases were due to: 1) increased property values resulting in increased revenue from ad valorem taxes and 2) increased permit fees which is indicative of the cyclical nature of this revenue.

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

General Fund Expenditures by Function/Classification					
Function	2016	% of Total	Change		2015
			\$	%	
Public Safety	\$ 6,154,309	59.1%	\$ (31,607)	-0.5%	\$ 6,185,916
General government	1,811,777	17.4%	196,438	12.2%	1,615,339
Transportation	1,028,712	9.9%	96,871	10.4%	931,841
Leisure services	609,009	5.8%	81,786	15.5%	527,223
Debt service	553,539	5.3%	94,577	20.6%	458,962
Capital outlay	261,191	2.5%	(88,234)	-25.3%	349,425
Total expenditures	<u>\$ 10,418,537</u>	<u>100%</u>	<u>\$ 349,831</u>	<u>3.5%</u>	<u>\$ 10,068,706</u>

Total General fund expenditures increased from the prior year 3.5%. Only expenditures in public safety and for capital outlay reported decreases. The decrease in capital outlay \$(88,234) was mainly due to capital projects funded and reported in the capital projects fund rather than the general fund. The decreases were offset by increases in expenditures in the functions of: general government, transportation and leisure services. The cost of debt increased 5.3% from the prior year due to a capital leases entered into during the

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



Ending fund balances for the Capital Projects Fund is \$4,313 and the Capital Improvement fund is \$105,919 at September 30, 2016. Fund balances in both funds are assigned for capital projects/improvements. The Capital Projects Fund and the Capital Improvement Fund receive revenue from capital grants and transfers-in from other funds.

General Fund Budgetary Highlights

The General Fund original budget was increased by \$180,559. Major area that increased was mainly in operations in the Fire department (\$42,773).

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 \$18,438,655 a decrease of \$(24,818) 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 (not including restatement of beginning balance)	
	2016	2015	2016	2015
Water	\$ 324,981	\$ (255,429)	\$ 138,433	\$ (439,714)
Stormwater	(165,400)	57,580	(164,333)	38,097
Refuse and Recycling	927	(21,054)	1,082	(21,225)
	<u>\$ 160,508</u>	<u>\$ (218,903)</u>	<u>\$ (24,818)</u>	<u>\$ (422,842)</u>

Capital Assets and Debt Administration

Capital assets: The Village's capital assets for its governmental and business-type activities total \$29,478,329 (net accumulated depreciation) as of September 30, 2016. The Village acquired \$1,180 thousand in assets during the year and disposed of \$108 thousand during the year.

Additional information on the Village's capital assets can be found in Note 3 D., Capital Assets, starting on page 52 of this report.

VILLAGE OF TEQUESTA Capital Assets			
Capital Assets	Governmental Activities	Business-type Activities	2016 Total
Land	\$ 634,017	\$ 83,335	\$ 717,352
Construction in progress	31,505	837,117	868,622
Buildings	8,043,526	979,512	9,023,038
Improvements	2,385,930	58,720	2,444,650
Infrastructure	4,614,815	32,596,845	37,211,660
Machinery & Equipment	4,374,107	1,778,302	6,152,409
Intangibles	201,377	48,649	250,026
Other - K-9	25,763	-	25,763
Total capital assets	20,311,040	36,382,480	56,693,520
Less accumulated depreciation	(7,847,215)	(19,367,976)	(27,215,191)
Total capital assets, net	<u>\$ 12,463,825</u>	<u>\$ 17,014,504</u>	<u>\$ 29,478,329</u>

Noncurrent liabilities: At the end of the current fiscal year, the Village had a total of \$10,701,516 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 implementing GASB No. 68 in 2015, the Village recognized a net pension liability (NPL) of \$2,609,430. The Village is presenting the NPL as a separate component of the noncurrent liabilities on the face of the financial statements to present more clearly the Village's long-term pension obligations. A more detailed explanation can be found in Note 3.K – Noncurrent Liabilities starting on page 92.

Village of Tequesta - Noncurrent Liabilities						
	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	2016	2015	2016	2015	2016	2015
Notes payable	\$ 1,968,023	\$ 2,249,720	\$ 4,592,420	\$ 4,925,818	\$ 6,560,443	\$ 7,175,538
Capital leases	547,423	561,001	-	-	547,423	561,001
Compensated absences	517,571	532,958	163,108	159,764	680,679	692,722
Net OPEB Obligation	230,126	222,700	73,415	36,300	303,541	259,000
Noncurrent Liabilities	3,263,143	3,566,379	4,828,943	5,121,882	8,092,086	8,688,261
Net Pension Liability	2,410,632	1,268,165	198,798	121,605	2,609,430	1,389,770
Total Noncurrent Liabilities	<u>\$ 5,673,775</u>	<u>\$ 4,834,544</u>	<u>\$ 5,027,741</u>	<u>\$ 5,243,487</u>	<u>\$ 10,701,516</u>	<u>\$ 10,078,031</u>

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 2015-2016 fiscal year budgets.

- The Village Council's decision to hold the millage rate at 6.292 as the Village expects property values to rise.
- There has been a positive move in the housing market, new home construction is increasing and inventory of homes has decreased significantly from the prior period. The Village is experiencing increased revenues from permits as remaining inventory in commercial areas develop.
- Millennials now represent the largest segment of the workforce and "have recently inched past the other generations to corner the largest share of the US labor market" (2016 Deloitte Millennial Survey)
- Interest rates remained low as the Federal Reserve continues to remain slow in taking any action to raise rates significantly.
- Revenues from sales taxes increased from the prior year and the State of Florida continues to work to capture online sales taxes.
- The CPI remains lower than 2%, (the number the federal government is looking for).
- The U.S. Gross Domestic Product has been growing at a 1.9%.
- The Village of Tequesta's water rates increased 7% during the year 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, 2016

	Governmental Activities	Business- type Activities	Total
Assets			
Cash	\$ 4,676,147	\$ 5,814,594	\$ 10,490,741
Investments	188,361	130,525	318,886
Receivables, net	354,455	503,117	857,572
Inventories	32,314	90,979	123,293
Prepaid items	142,671	53,607	196,278
Net pension asset	575,714	34,185	609,899
Capital assets not being depreciated	665,522	920,452	1,585,974
Capital assets being depreciated, net	<u>11,798,303</u>	<u>16,094,052</u>	<u>27,892,355</u>
Total Assets	<u>18,433,487</u>	<u>23,641,511</u>	<u>42,074,998</u>
Deferred Outflows of Resources			
Deferred outflows - pensions	1,419,601	229,726	1,649,327
Deferred charge on refunding	<u>-</u>	<u>257,433</u>	<u>257,433</u>
Total Deferred Outflows of Resources	<u>1,419,601</u>	<u>487,159</u>	<u>1,906,760</u>
Liabilities			
Accounts payable	197,090	481,800	678,890
Accrued liabilities	297,428	17,408	314,836
Customer deposits	-	31,232	31,232
Unearned revenue	72,218	-	72,218
Due to other governments	5,568	1,925	7,493
Noncurrent liabilities:			
Due within one year	496,927	392,959	889,886
Due in more than one year	2,766,216	4,435,984	7,202,200
Net pension liability	<u>2,410,632</u>	<u>198,798</u>	<u>2,609,430</u>
Total Liabilities	<u>6,246,079</u>	<u>5,560,106</u>	<u>11,806,185</u>
Deferred Inflows of Resources			
Deferred inflows - pensions	649,899	129,909	779,808
Deferred inflows - taxes collected in advance	<u>53,118</u>	<u>-</u>	<u>53,118</u>
Total Deferred Inflows of Resources	<u>703,017</u>	<u>129,909</u>	<u>832,926</u>
Net Position			
Net investment in capital assets	9,948,379	12,321,453	22,269,832
Restricted:			
Debt Service	451,131	-	451,131
Building	544,381	-	544,381
Law Enforcement	348,031	-	348,031
Unrestricted	<u>1,612,070</u>	<u>6,117,202</u>	<u>7,729,272</u>
Total Net Position	<u>\$ 12,903,992</u>	<u>\$ 18,438,655</u>	<u>\$ 31,342,647</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, 2016

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position Primary Government		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Primary Government							
Governmental Activities							
General government	\$ 1,918,843	\$ 814,596	\$ -	\$ -	\$ (1,104,247)	\$ -	\$ (1,104,247)
Public safety	7,270,731	1,734,116	5,005	24,200	(5,507,410)	-	(5,507,410)
Transportation	1,381,760	-	-	-	(1,381,760)	-	(1,381,760)
Leisure services	663,524	69,570	4,500	49,628	(539,826)	-	(539,826)
Interest on long-term debt	117,709	-	-	-	(117,709)	-	(117,709)
Total governmental activities	<u>11,352,567</u>	<u>2,618,282</u>	<u>9,505</u>	<u>73,828</u>	<u>(8,650,952)</u>	<u>-</u>	<u>(8,650,952)</u>
Business-type Activities							
Water	4,726,849	4,826,495	-	-	-	99,646	99,646
Stormwater utility	490,405	325,005	-	-	-	(165,400)	(165,400)
Refuse and Recycling	489,874	490,801	-	-	-	927	927
Total business-type activities	<u>5,707,128</u>	<u>5,642,301</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(64,827)</u>	<u>(64,827)</u>
Total primary government	<u>\$ 17,059,695</u>	<u>\$ 8,260,583</u>	<u>\$ 9,505</u>	<u>\$ 73,828</u>	<u>(8,650,952)</u>	<u>(64,827)</u>	<u>(8,715,779)</u>
General Revenues							
Ad valorem taxes					5,683,707	-	5,683,707
Utility taxes					727,648	-	727,648
Communication service tax					296,536	-	296,536
Insurance premium taxes					152,443	-	152,443
Business taxes					94,651	-	94,651
Franchise fees based on gross receipts					449,126	-	449,126
Unrestricted intergovernmental revenues					822,390	-	822,390
Unrestricted investment earnings					8,465	14,601	23,066
Sale of capital assets					23,123	-	23,123
Miscellaneous revenues					27,041	25,408	52,449
Total general revenues					<u>8,285,130</u>	<u>40,009</u>	<u>8,325,139</u>
Change in net position					(365,822)	(24,818)	(390,640)
Net Position - Beginning					<u>13,269,814</u>	<u>18,463,473</u>	<u>31,733,287</u>
Net Assets - Ending					<u>\$ 12,903,992</u>	<u>\$ 18,438,655</u>	<u>\$ 31,342,647</u>

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

VILLAGE OF TEQUESTA, FLORIDA

**BALANCE SHEET
GOVERNMENTAL FUNDS**

SEPTEMBER 30, 2016

	General Fund	Other Governmental Funds	Total Governmental Funds
Assets			
Cash	\$ 4,154,420	\$ 521,727	\$ 4,676,147
Investments	188,361	-	188,361
Receivables, net	354,455	-	354,455
Inventories	32,314	-	32,314
Prepaid items	142,671	-	142,671
Total Assets	<u>\$ 4,872,221</u>	<u>\$ 521,727</u>	<u>\$ 5,393,948</u>
Liabilities			
Accounts payable	\$ 133,626	\$ 63,464	\$ 197,090
Accrued liabilities	297,428	-	297,428
Unearned revenue	72,219	-	72,219
Due to other governments	5,568	-	5,568
Total Liabilities	<u>508,841</u>	<u>63,464</u>	<u>572,305</u>
Deferred Inflows of Resources			
Deferred inflows - taxes collected in advance	53,118	-	53,118
Total Deferred Inflows of Resources	<u>53,118</u>	<u>-</u>	<u>53,118</u>
Fund Balances			
Nonspendable:			
Inventories	32,314	-	32,314
Prepaid items	142,671	-	142,671
Restricted:			
Debt Service	451,131	-	451,131
Building	544,381	-	544,381
Law Enforcement	-	348,031	348,031
Assigned to:			
Subsequent years budget	60,578	-	60,578
Hurricane disaster emergency	1,000,000	-	1,000,000
Capital Projects	-	110,232	110,232
Unassigned:			
General Fund	2,079,187	-	2,079,187
Total Fund Balances	<u>4,310,262</u>	<u>458,263</u>	<u>4,768,525</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 4,872,221</u>	<u>\$ 521,727</u>	<u>\$ 5,393,948</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, 2016

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

Total Fund Balances - Governmental Funds	\$ 4,768,525
Net pension asset is not considered to represent a financial asset in the governmental funds.	575,714
Net capital assets used in the governmental activities are not financial resources and, therefore are not reported in the governmental funds.	12,463,825
Deferred outflows of resources related to pension transactions not reported in the governmental funds.	1,419,601
Deferred inflows of resources related to pension transactions recognized in the funds.	(649,899)
Long-term liabilities, including notes payable, are not due and payable in the current period and, therefore, are not reported in the governmental funds.	(3,263,143)
Net pension liability is not due and payable in the current period and, therefore, not reported in the funds.	<u>(2,410,632)</u>
Net Position of Governmental Activities	<u>\$ 12,903,992</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, 2016

	General Fund	Other Governmental Funds	Total Governmental Funds
Revenues			
Ad valorem taxes	\$ 5,683,707	\$ -	\$ 5,683,707
Other taxes	1,271,278	-	1,271,278
Charges for services	1,246,301	-	1,246,301
Intergovernmental	825,990	-	825,990
Intragovernmental	550,350	-	550,350
Licenses and permits	554,591	-	554,591
Franchise fees	449,126	-	449,126
Rents and royalties	198,682	-	198,682
Miscellaneous	28,389	-	28,389
Fines and forfeitures	55,944	11,066	67,010
Grants, contributions and donations	79,733	-	79,733
Investment earnings	8,465	-	8,465
Total Revenues	<u>10,952,556</u>	<u>11,066</u>	<u>10,963,622</u>
Expenditures			
Current:			
General government	1,811,777	-	1,811,777
Public safety	6,154,309	-	6,154,309
Transportation	1,028,712	174,801	1,203,513
Leisure services	609,009	-	609,009
Capital outlay	261,191	48,208	309,399
Debt service:			
Principal	428,048	-	428,048
Interest	106,848	-	106,848
Fiscal Charges	18,643	-	18,643
Total Expenditures	<u>10,418,537</u>	<u>223,009</u>	<u>10,641,546</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>534,019</u>	<u>(211,943)</u>	<u>322,076</u>
Other Financing Sources (Uses)			
Transfers in	-	366,800	366,800
Transfers out	(366,800)	-	(366,800)
Sale of assets	23,123	-	23,123
Proceeds from capital lease	132,774	-	132,774
Total other financing sources (uses)	<u>(210,903)</u>	<u>366,800</u>	<u>155,897</u>
Total other financing sources (uses)	<u>(210,903)</u>	<u>366,800</u>	<u>155,897</u>
Net change in fund balances	323,116	154,857	477,973
Fund Balances - Beginning	<u>3,987,146</u>	<u>303,406</u>	<u>4,290,552</u>
Fund Balances - Ending	<u>\$ 4,310,262</u>	<u>\$ 458,263</u>	<u>\$ 4,768,525</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, 2016

Amounts reported for governmental activities in the statement of activities
(Page 20) are different because:

Net change in fund balances - total governmental funds (Page 23)	\$ 477,973
--	------------

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 in the current period.

The details of the difference are as follows:

Capital outlay	309,399	
Depreciation expense	<u>(715,251)</u>	
Net Adjustment		(405,852)

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.

Capital lease	(132,774)	
Payment on notes payable	281,697	
Payment on capital lease	<u>146,351</u>	
		295,274

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

The details of the difference are as follows:

Compensated absences	15,388	
Net OPEB obligation	(7,426)	
Net pension liabilities	<u>(741,179)</u>	
		<u>(733,217)</u>

Change in net position of governmental activities (Page 20)	<u><u>\$ (365,822)</u></u>
---	----------------------------

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

VILLAGE OF TEQUESTA, FLORIDA

STATEMENT OF NET POSITION PROPRIETARY FUNDS

SEPTEMBER 30, 2016

	Business-type Activities			
	Water Fund	Stormwater	Nonmajor Refuse & Recycling	Total
Assets				
Current Assets:				
Cash	\$ 4,657,334	\$ 1,035,826	\$ 121,434	\$ 5,814,594
Investments	117,696	6,334	6,495	130,525
Receivables, net	496,437	2,100	4,580	503,117
Inventories	90,393	586	-	90,979
Prepaid items	51,605	2,002	-	53,607
Total Current Assets	5,413,465	1,046,848	132,509	6,592,822
Non-current Assets:				
Net pension asset	31,188	2,997	-	34,185
Capital assets not being depreciated	920,452	-	-	920,452
Capital assets being depreciated, net	14,763,480	1,330,572	-	16,094,052
Total Non-Current Assets	15,715,120	1,333,569	-	17,048,689
Total Assets	21,128,585	2,380,417	132,509	23,641,511
Deferred Outflows of Resources				
Deferred outflows - pensions	215,817	13,909	-	229,726
Deferred charge on refunding	257,433	-	-	257,433
Total Deferred Outflows of Resources	473,250	13,909	-	487,159
Liabilities				
Current Liabilities:				
Accounts payable	\$ 440,042	\$ 1,572	\$ 40,186	\$ 481,800
Accrued liabilities	17,408	-	-	17,408
Customer deposits	31,232	-	-	31,232
Compensated absences - current	45,100	-	-	45,100
Due to other governments	1,925	-	-	1,925
Notes payable - current	347,859	-	-	347,859
Total Current Liabilities	883,566	1,572	40,186	925,324
Noncurrent Liabilities:				
Compensated absences	116,775	1,233	-	118,008
Notes payable	4,244,561	-	-	4,244,561
Net pension liability	198,798	-	-	198,798
Net OPEB obligation	65,650	7,765	-	73,415
Total Noncurrent Liabilities	4,625,784	8,998	-	4,634,782
Total Liabilities	5,509,350	10,570	40,186	5,560,106
Deferred Inflows of Resources				
Deferred inflows - pensions	123,879	6,030	-	129,909
Total Deferred Inflows of Resources	123,879	6,030	-	129,909
Net Position				
Net investment in capital assets	10,990,881	1,330,572	-	12,321,453
Unrestricted	4,977,725	1,047,154	92,323	6,117,202
Total Net Position	\$ 15,968,606	\$ 2,377,726	\$ 92,323	\$ 18,438,655

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

VILLAGE OF TEQUESTA, FLORIDA

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

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2016

	Business-type Activities			
	Water Fund	Stormwater	Nonmajor Refuse & Recycling	Total
Operating Revenues				
Charges for services:				
Metered water sale	\$ 4,736,457	\$ -	\$ -	\$ 4,736,457
Tap fees	90,038	-	-	90,038
Stormwater fees	-	325,005	-	325,005
Refuse and recycling fees	-	-	490,801	490,801
Total Operating Revenues	<u>4,826,495</u>	<u>325,005</u>	<u>490,801</u>	<u>5,642,301</u>
Operating Expenses				
Cost of sales and services:				
Plant production	1,770,610	-	-	1,770,610
Distribution	691,668	-	-	691,668
Stormwater	-	371,684	-	371,684
Purchased services	-	-	482,424	482,424
Management services	530,200	12,700	7,450	550,350
Administration	431,357	-	-	431,357
Depreciation	1,077,679	106,021	-	1,183,700
Total Operating Expenses	<u>4,501,514</u>	<u>490,405</u>	<u>489,874</u>	<u>5,481,793</u>
Operating Income (Loss)	<u>324,981</u>	<u>(165,400)</u>	<u>927</u>	<u>160,508</u>
Non-Operating Revenues (Expenses)				
Miscellaneous revenue	25,408	-	-	25,408
Investment earnings	13,379	1,067	155	14,601
Interest expense	(202,974)	-	-	(202,974)
Other fiscal charges	(22,361)	-	-	(22,361)
Total Non-Operating Revenues (Expenses)	<u>(186,548)</u>	<u>1,067</u>	<u>155</u>	<u>(185,326)</u>
Change in Net Position	<u>138,433</u>	<u>(164,333)</u>	<u>1,082</u>	<u>(24,818)</u>
Net Position - Beginning	<u>15,830,173</u>	<u>2,542,059</u>	<u>91,241</u>	<u>18,463,473</u>
Net Position - Ending	<u>\$ 15,968,606</u>	<u>\$ 2,377,726</u>	<u>\$ 92,323</u>	<u>\$ 18,438,655</u>

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

VILLAGE OF TEQUESTA, FLORIDA

STATEMENT OF CASH FLOWS PROPRIETARY FUNDS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2016

	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	\$ 4,696,755	\$ 324,832	\$ 489,972	\$ 5,511,559
Cash paid to suppliers	(1,586,477)	(258,233)	(490,706)	(2,335,416)
Cash paid to employees	(1,565,554)	(123,314)	-	(1,688,868)
Net Cash Provided by (Used in) Operating Activities	<u>1,544,724</u>	<u>(56,715)</u>	<u>(734)</u>	<u>1,487,275</u>
Cash Flows from Capital and Related Financing Activities				
Acquisition and construction of capital assets	(870,783)	-	-	(870,783)
Principal payments on long-term debt	(333,398)	-	-	(333,398)
Interest and fiscal charges paid	(225,334)	-	-	(225,334)
Net Cash Used in Capital and Related Financing Activities	<u>(1,429,515)</u>	<u>-</u>	<u>-</u>	<u>(1,429,515)</u>
Cash Flows from Investing Activities				
Interest and miscellaneous income	61,254	1,033	120	62,407
Purchase of investments	(636)	-	-	(636)
Net Cash Provided by Investing Activities	<u>60,618</u>	<u>1,033</u>	<u>120</u>	<u>61,771</u>
Net Increase in Cash	<u>175,827</u>	<u>(55,682)</u>	<u>(614)</u>	<u>119,531</u>
Cash - Beginning	<u>4,481,507</u>	<u>1,091,508</u>	<u>122,048</u>	<u>5,695,063</u>
Cash - Ending	<u>\$ 4,657,334</u>	<u>\$ 1,035,826</u>	<u>\$ 121,434</u>	<u>\$ 5,814,594</u>
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities				
Operating income (loss)	\$ 324,981	\$ (165,400)	\$ 927	\$ 160,508
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation	1,077,679	106,021	-	1,183,700
Changes in operating assets, liabilities and deferred inflows/outflows of resources:				
(Increase) decrease in:				
Accounts receivable	(129,740)	(173)	(829)	(130,742)
Inventories	(47,357)	(119)	-	(47,476)
Deferred outflow of resources	(130,465)	(9,236)	-	(139,701)
Net pension asset	53,711	3,142	-	56,853
Prepaid items	(10,472)	(1,691)	-	(12,163)
Increase (decrease) in:				
Accounts payable	288,614	(415)	(832)	287,367
Accrued liabilities	(1,613)	-	-	(1,613)
Customer deposits	(1,531)	-	-	(1,531)
Compensated absences	2,962	383	-	3,345
Deferred inflows of resources	8,302	4,308	-	12,610
Net pension liability	77,193	-	-	77,193
Due to other governments	1,810	-	-	1,810
Net OPEB obligation	30,650	6,465	-	37,115
Net Cash Provided by (Used in) Operating Activities	<u>\$ 1,544,724</u>	<u>\$ (56,715)</u>	<u>\$ (734)</u>	<u>\$ 1,487,275</u>

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

VILLAGE OF TEQUESTA, FLORIDA

STATEMENT OF FIDUCIARY NET POSITION

SEPTEMBER 30, 2016

	Pension Trust Funds
Assets	
Cash and cash equivalents	\$ 256,848
Investments	
Equities	10,452,781
Fixed Income	4,095,090
Real Estate Fund	1,384,018
Total investments	15,931,889
Prepaid items	22,199
Contributions receivable	27,496
Accrued interest	18,068
Due to broker	10,784
Total Assets	16,267,284
Liabilities	
Accounts payable	38,423
Total Liabilities	38,423
Net Position Restricted for Pension Benefits	\$ 16,228,861

The accompanying notes are an integral part of this statement.

VILLAGE OF TEQUESTA, FLORIDA

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2016

	Pension Trust Funds
Additions	
Contributions:	
Employer (including State)	\$ 452,946
Employee	220,879
Total Contributions	673,825
Investment Earnings	
Net (decrease) in fair value of investments	(219,273)
Gain on sale of investments	842,531
Interest earnings	572,415
	1,195,673
Less investment expenses	(90,607)
Net Investment Earnings	1,105,066
Miscellaneous	2,604
Total Additions	1,781,495
Deductions	
Benefits paid	482,514
Refund of contributions	68,199
Administrative expenses	98,836
Total Deductions	649,549
Change in Net Position	1,131,946
Net Position Restricted for Pension Benefits	
Beginning	15,096,915
Ending	\$ 16,228,861

The accompanying notes are an integral part of this statement.



NOTES TO BASIC FINANCIAL STATEMENTS

VILLAGE OF TEQUESTA, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2016

Note 1 – Summary of Significant Accounting Policies

A. Description of Government-Wide Financial Statements

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

B. Reporting Entity

The Village of Tequesta, Florida (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. The Village has no component units to report for the fiscal year ending September 30, 2016.

C. Basis of Presentation – Government-Wide Financial Statements

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

VILLAGE OF TEQUESTA, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2016

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments in lieu of taxes where the amounts are reasonably equivalent in value to the interfund services provided and other charges between the Village of Tequesta's water and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

The Statement of Net Position reports all financial and capital resources of the Village's governmental and business-type activities. *Governmental activities* are those supported by taxes and intergovernmental revenues. *Business-type activities* rely to a significant extent on fees and charges for support. The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment 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' and the General Employees' Pension Trust Funds, which accumulate resources for pension benefit payments to qualified employees.

VILLAGE OF TEQUESTA, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2016

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 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 45 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.

VILLAGE OF TEQUESTA, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2016

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

The *proprietary 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 at the last reported sales price on the last business day of the fiscal year, 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, 2016

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 218 and 215 of the Florida Statutes. These rules provide guidance and establish the policies and general operating procedures for the administration of the Florida PRIME. Florida PRIME invests in a pool of investments whereby the Village owns a share of the respective pool, not the underlying securities. GASB issued Statement No. 79, *Certain External Investment Pools and Pool Participants* establishing 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.

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 more than \$1,000 and an estimated useful life in excess of two years. For infrastructure and intangible assets the same estimated minimum useful life is used (in excess of two years), 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, 2016

Interest incurred during the construction phase of capital assets of enterprise funds is included as part of the capitalized value of the assets constructed. The amount of interest capitalized depends on the specific circumstances and is not applied to the governmental funds or the government-wide financial statements. There was no interest capitalized in 2016.

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 two items that qualify for reporting in this category. They are; 1) Deferred outflows related to pensions and; 2) 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 two types of items that qualify for reporting in this category; 1) Deferred inflows related to pensions and; 2) deferred inflows of resources from local business taxes received in advance. These amounts will be recognized in the period in which they become earned.

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

VILLAGE OF TEQUESTA, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2016

the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the Village's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

8. Fund Balance Policies

The Village classifies fund balance in accordance with GASB *Statement No.54 Fund Balance Reporting and Governmental Fund Type Definition*. 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 constraints 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 balance are amounts that can not 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.

VILLAGE OF TEQUESTA, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2016

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 2016 was 6.2920 mills. Tax bills are mailed out November 1st and discounts are available for payment made in the following months; November 4%, December 3%, January 2% and February 1%. Taxes become delinquent on April 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, 2016

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 Governmental Accounting Standards Board Statements

The Village adopted GASB *Statement No.72 Fair value Measurement and Applications* for the fiscal year ended September 30, 2016. GASB No.72 requires to use of valuation technics which are appropriate under the circumstances and are either a market approach, a cost approach or income approach. GASB No.72 establishes a hierarchy of inputs to measure fair value consisting of three levels. Level 1 inputs are quoted prices in active markets for identical assets or liabilities. Level 2 inputs are inputs, other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. Level 3 inputs are unobservable inputs, and typically reflect management's estimates of assumptions that market participants would use in pricing the asset or liability. GASB No.72 also contains note disclosure requirements regarding the hierarchy of valuation inputs and techniques that was used for the fair value measurements. The adoption of GASB No.72 is reflected in Note 3.

GASB *Statement No.79 Certain External Investment Pools and Pool Participants*, addresses accounting and financial reporting for certain external investment pools and pool participants. Specifically, it establishes criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost for financial reporting purposes. An external investment pool qualifies for that reporting if it meets all of the applicable criteria established in this Statement. The specific criteria address (1) how the external investment pool transacts with participants; (2) requirements for portfolio maturity, quality, diversification, and liquidity; and (3) calculation and requirements of a shadow price. Significant noncompliance prevents the external investment pool from measuring all of its investments at amortized cost for financial reporting purposes. Professional judgment is required to determine if instances of noncompliance with the criteria established by this Statement during the reporting period, individually or in the aggregate, were significant. Additional note disclosure is reflected in Note 3B.

VILLAGE OF TEQUESTA, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2016

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 \$12,463,825 as explained in the following detail (additional details shown in Note 3.D.):

Capital assets not being depreciated:	
Land	\$ 634,017
Construction in progress	31,505
Capital assets being depreciated:	
Buildings, net	5,518,344
Improvements other than buildings, net	1,188,408
Infrastructure, net	3,890,796
Machinery and equipment, net	1,167,370
Intangible, net	16,823
Other K-9, net	<u>16,562</u>
Net Adjustment to Increase Fund Balance-	
Total Governmental Funds to Arrive at	
Net Position - Governmental Activities	<u><u>\$ 12,463,825</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 \$3,263,142 difference are as follows:

Note payable	\$ 1,968,023
Capital leases	547,423
Compensated absences	517,571
Other post-employment benefits	<u>230,126</u>
Net Adjustment to Reduce Fund Balance -	
Total Governmental Funds to Arrive at	
Net Position – Governmental Activities	<u><u>\$ 3,263,143</u></u>

VILLAGE OF TEQUESTA, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2016

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, 2016, 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 investments in the Florida PRIME are reported at amortized cost and not insured by FDIC or any other governmental agency.

GASB issued Statement No. 79, *Certain External Investment Pool and Pool participants* establishing 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, 2016

As of September 30, 2016, 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	318,886	50 days	AAAm	3%
Total Investments	318,886			
Demand deposits	10,488,991			97%
Other cash	1,750			0%
Total deposits and cash	10,490,741			
Total Deposits and Investments	\$ 10,807,877			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. The current rating is AAAm.

Concentration of Credit Risk – Disclosure is required when the percentage of investments is 5% or more in any one issuer. At September 30, 2016, 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.

VILLAGE OF TEQUESTA, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2016

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."

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, 2016, there were no redemption fees or 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, 2016 and the investments of the Public Safety Trust Fund were in compliance with the investment policy.

VILLAGE OF TEQUESTA, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2016

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, 2016 (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 fixed income 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). 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 in real estate partnerships with various joint venture partners. Fair value represents the Fund's share of the net asset value of the investment. The fund had no outstanding commitments.

VILLAGE OF TEQUESTA, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2016

As of September 30, 2016 the Public Safety Pension Trust Fund has the following recurring fair value instruments:

	9/30/16	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Equities				
Common stocks	\$ 3,063,345	\$ 3,063,345	\$ -	\$ -
Mutual funds equities	4,841,207	4,841,207		
Total equity	7,904,552	7,904,552		
Fixed income				
Corporate bonds	479,607		479,607	
U.S. Agencies	791,412		791,412	
U.S. Treasury Bills	463,293		463,293	
Mortgage backed securities	764,909		764,909	
Bond mutual fund	574,518	574,518		
Total fixed income	3,073,739	574,518	2,499,221	
Total investments by fair value	\$ 10,978,291	\$ 8,479,070	\$ 2,499,221	\$ -
Investments at net asset value (NAV)		Redemption Frequency	Redemption Notice Period	
Real estate fund	1,017,660	Quarterly	30 days	
Total investments measured at NAV	1,017,660			
Total investments	\$ 11,995,951			

VILLAGE OF TEQUESTA, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2016

As of September 30, 2016, 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	\$ 17,091			0.14%	-
Short Term Money Market Fund	170,000			1.40%	1.39%
Total Cash and Cash Equivalents	187,091				
Equities					
Common Stocks	3,063,345			25.14%	25.08%
Mutual Funds	4,841,207			39.74%	39.64%
Total Equities	7,904,552				
Fixed Income					
Corporate Bonds:		0.89 years			
Bonds	355,879		A3	2.92%	2.91%
Bonds	38,871		Baa1	0.32%	0.32%
Bonds	84,857		Baa3	0.70%	0.69%
U.S. Agencies	2,019,614	4.79 years	Aaa	16.58%	16.54%
Bond Fund	574,518			4.72%	4.70%
Total Fixed Income	3,073,739				
Real Estate Fund	1,017,660			8.35%	8.33%
Total investments	11,995,951				
Total cash and investments	\$ 12,183,042			100.00%	99.60%

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, 2016, there were no direct investments in debt instruments. However, 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.

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:

VILLAGE OF TEQUESTA, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2016

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

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

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, 2016, 19.49% of the fair value of the fund was invested in foreign securities.
- 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 year ended September 30, 2016 and 2015, 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 7.69% and 0.38 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.

VILLAGE OF TEQUESTA, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2016

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, 2016 and 2015 are as follows:

Asset Class	Target Allocation	Range	Long-Term Expected Real Rate of Return	
			2016	2015
Domestic Equity	50%	45%-55%	7.5%	10%
International Equity	15%	10%-20%	8.5%	11%
Total Equities	65%	60%-70%		
Domestic Core Fixed Income	20%	15%-25%	2.5%	5%
Diversified Fixed Income	5%	0%-10%	3.5%	6%
Total Fixed Income	25%	20%-30%		
Core Real Estate	10%	5%-15%	4.5%	7%

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 and the Village of Tequesta. There were no changes to the Investment Policy Statement for the fiscal year ended September 30, 2016 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 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.

VILLAGE OF TEQUESTA, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2016

Equity securities classified as Level 1 of the fair value hierarchy are valued using quoted prices at September 30, 2016 (or the most recent market close date if the markets are closed on September 30) in active markets. This includes common stock and mutual fund equities.

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). 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 in real estate partnerships with various joint venture partners. Fair value represents the Fund's share of the net asset value of the investment. The fund had no outstanding commitments.

As of September 30, 2016 the General Employees' Pension Trust Fund has the following recurring fair value instruments:

	9/30/16	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Equities				
Common stocks	\$ 1,932,832	\$ 1,932,832	\$ -	\$ -
Mutual funds equities	615,397	615,397		
Total equities	2,548,229	2,548,229		
Fixed income				
Corporate bonds	291,628		291,628	
U.S. Treasury bills	216,165		216,165	
U.S. Agencies	42,983		42,983	
Mortgage backed securities	3,371		3,371	
Bond mutual fund	197,483	197,483		
Exchange traded funds	269,721	269,721		
Total fixed income	1,021,351	467,204	554,147	
Total investments by fair value	\$ 3,569,580	\$ 3,015,433	\$ 554,147	\$ -
Investments at net asset value (NAV)		Redemption Frequency	Redemption Notice Period	
Real estate fund	366,358	Quarterly	30 days	
Total investments measured at NAV	366,358			
Total investments	\$ 3,935,938			

VILLAGE OF TEQUESTA, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2016

At September 30, 2016, 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	\$ 3,257			0.08%	0.08%
Short Term Money Market Fund	66,500			1.66%	1.66%
Total Cash and Cash equivalents	69,757				
Equities					
Common stocks	1,932,832			48.25%	48.13%
Mutual funds	615,397			15.36%	15.32%
Total Equities	2,548,229				
Fixed Income					
Corporate Bonds:		2.54 years			
Bonds	78,585		A3	1.96%	1.96%
Bonds	50,064		Aaa	1.25%	1.25%
Bonds	25,813		Ba1	0.64%	0.64%
Bonds	54,256		Baa1	1.35%	1.35%
Bonds	55,600		Baa2	1.39%	1.38%
Bonds	27,313		Baa3	0.68%	0.68%
ETF - Exchange Traded Fund	269,721			6.73%	6.72%
U.S. Agencies	262,519	5.76 years	Aaa	6.55%	6.54%
Mutual Fund	197,480			4.93%	4.92%
Total Fixed Income	1,021,351				
Real Estate Fund	366,358			9.15%	9.12%
Total Investments	3,935,938				
Total Cash and Investments	\$ 4,005,695			100.00%	99.75%

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, 2016, the weighted average maturity in years for each investment type is included in the preceding table and ranges from 2.54 to 5.76 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;

VILLAGE OF TEQUESTA, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2016

- Bonds, stocks, or commingled funds administered by national or state banks, or other evidences or indebtedness, issued or guaranteed by a corporation organized under the laws of the United States, any state or organized territory of the United States, or District of Columbia provided that the securities meet the following ranking criteria:
 - Fixed income investments holding a rating in one of the four highest classifications by a major rating service.
 - Equities that are traded on a National Exchange.

Concentration of Credit Risk - the 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 of loss attributed to the magnitude of an investment in a single issuer. 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, 2016, 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, 2016, 20.3% of the fair value of the fund was invested in foreign securities.
- 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 year ended September 30, 2016 and 2015, the overall annual money-weighted rate of return (long-term expected real rate of return) on the General Employees' Pension Plan investments was 3.97% and -2.11% 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

VILLAGE OF TEQUESTA, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2016

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.

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, 2016 and 2015 are as follows:

Asset Class	Target Allocation	Range	Long-Term Expected Real Rate of Return	
			2016	2015
Domestic Equity	50%	45%-55%	7.5%	10%
International Equity	15%	10%-20%	8.5%	11%
Total Equities	65%	60%-70%		
Domestic Core Fixed Income	20%	15%-25%	2.5%	5%
Diversified Fixed Income	5%	0%-10%	3.5%	6%
Total Fixed Income	25%	20%-30%		
Core Real Estate	10%	5%-15%	4.5%	7%

C. Receivables

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

	General	Water	Storm-water	Nonmajor Funds	Total
Accounts	\$ 184,577	\$ 499,110	\$ 52	\$ 1,869	\$ 685,608
Intergovernmental	135,931	206	2,048	2,711	140,896
Other taxes	51,227	-	-	-	51,227
Gross receivables	371,735	499,316	2,100	4,580	877,731
Less: allowance for uncollectibles	(17,280)	(2,879)	-	-	(20,159)
Net Total Receivables	<u>\$ 354,455</u>	<u>\$ 496,437</u>	<u>\$ 2,100</u>	<u>\$ 4,580</u>	<u>\$ 857,572</u>

VILLAGE OF TEQUESTA, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2016

D. Capital Assets

Capital assets activity for the fiscal year ended September 30, 2016, was as follows:

	Beginning Balance	Additions	Deductions	Ending Balance
Governmental Activities				
Capital assets not being depreciated:				
Land	\$ 634,017	\$ -	\$ -	\$ 634,017
Construction-in-progress	107,226	31,505	(107,226)	31,505
Total Capital Assets Not Being Depreciated	<u>741,243</u>	<u>31,505</u>	<u>(107,226)</u>	<u>665,522</u>
Capital assets being depreciated:				
Buildings	8,043,526	-	-	8,043,526
Improvements other than buildings	2,385,930	-	-	2,385,930
Infrastructure	4,544,072	70,743	-	4,614,815
Machinery and equipment	4,165,556	314,377	(105,826)	4,374,107
Intangibles	201,377	-	-	201,377
Other K-9	25,763	-	-	25,763
Total Capital Assets Being Depreciated	<u>19,366,224</u>	<u>385,120</u>	<u>(105,826)</u>	<u>19,645,518</u>
Less accumulated depreciation for:				
Buildings	(2,324,094)	(201,088)	-	(2,525,182)
Improvements other than buildings	(1,107,694)	(89,828)	-	(1,197,522)
Infrastructure	(615,009)	(109,010)	-	(724,019)
Machinery and equipment	(3,034,565)	(277,998)	105,826	(3,206,737)
Intangibles	(150,907)	(33,646)	-	(184,553)
Other K-9	(5,521)	(3,681)	-	(9,202)
Total Accumulated Depreciation	<u>(7,237,790)</u>	<u>(715,251)</u>	<u>105,826</u>	<u>(7,847,215)</u>
Total Capital Assets Being Depreciated, Net	<u>12,128,434</u>	<u>(330,131)</u>	<u>-</u>	<u>11,798,303</u>
Governmental Activities Capital Assets, Net	<u>\$ 12,869,677</u>	<u>\$ (298,626)</u>	<u>\$ (107,226)</u>	<u>\$ 12,463,825</u>

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

Governmental Activities	
General government	\$ 98,285
Public safety	393,158
Transportation	175,723
Leisure services	48,085
Total Depreciation Expense - Governmental Activities	<u>\$ 715,251</u>

VILLAGE OF TEQUESTA, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2016

	Beginning Balance	Additions	Deductions	Ending Balance
Business-type Activities:				
Capital assets not being depreciated:				
Land	\$ 83,335	\$ -	\$ -	\$ 83,335
Construction in progress	34,220	837,117	(34,220)	837,117
Total Capital Assets Not Being Depreciated	<u>117,555</u>	<u>837,117</u>	<u>(34,220)</u>	<u>920,452</u>
Capital assets being depreciated:				
Buildings	979,512		-	979,512
Improvements other than buildings	58,720	-	-	58,720
Infrastructure	32,596,845	-	-	32,596,845
Machinery & Equipment	1,761,820	19,237	(2,755)	1,778,302
Intangible	-	48,649	-	48,649
Total capital assets being depreciated	<u>35,396,897</u>	<u>67,886</u>	<u>(2,755)</u>	<u>35,462,028</u>
Less accumulated depreciation for:				
Buildings	(651,153)	(20,429)		(671,582)
Improvements other than buildings	(19,965)	(2,349)	-	(22,314)
Infrastructure	(16,350,816)	(980,395)	-	(17,331,211)
Machinery & Equipment	(1,165,097)	(175,662)	2,755	(1,338,004)
Intangible	-	(4,865)	-	(4,865)
Total Accumulated Depreciation	<u>(18,187,031)</u>	<u>(1,183,700)</u>	<u>2,755</u>	<u>(19,367,976)</u>
Total Capital Assets Being Depreciated, Net	<u>17,209,866</u>	<u>(1,115,814)</u>	<u>-</u>	<u>16,094,052</u>
Business-type Activity Capital Assets, Net	<u>\$ 17,327,421</u>	<u>\$ (278,697)</u>	<u>\$ (34,220)</u>	<u>\$ 17,014,504</u>

Depreciation expense charged to the water and stormwater funds of the business-type activities was \$1,183,700,

VILLAGE OF TEQUESTA, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2016

E. Accrued Liabilities

Accrued liabilities reported by governmental funds at September 30, 2016, were as follows:

	General Fund	Total Governmental Funds
Salary and employee benefits	\$ 294,208	\$ 294,208
Other	3,220	3,220
Total Accrued Liabilities	\$ 297,428	\$ 297,428

F. Pension Obligations

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

General Information. 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 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

VILLAGE OF TEQUESTA, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2016

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 of 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 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.

VILLAGE OF TEQUESTA, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2016

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. Contribution rates during the 2015-2016 fiscal year were as follows:

Class	Employee	Employer (1)
Regular	3%	7.26%
Special Risk	3%	22.04%
Special Risk Administrative Support	3%	32.95%
Elected County, City Officers'	3%	42.27%
Senior Management Service	3%	21.43%
DROP participants	-	12.86%
Reemployed Retiree	(2)	(2)

Notes: (1) Employer rates include 1.66 percent for the postemployment health insurance subsidy. Also, employer rates, other than for DROP participants, include 0.04 percent for administrative costs of the FRS Investment Plan.

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

The Village's contributions to the Pension Plan totaled \$55,478 for the fiscal year ended September 30, 2016. 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 an actuarial valuation as of the valuation date July 1, 2016, 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, which differs from the Ultimate Entry Age Normal cost allocation method used in the funding valuation for the plan. The net pension liability was measured as of June 30, 2016.

At September 30, 2016, the Village reported a liability of \$572,594 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 2015-2016 fiscal year contributions relative to the 2014-2015 fiscal year contributions of all participating members. At June 30, 2016 Measurement Date, the Village's proportionate share was 0.002267691%, which was a increase of 0.00038% from its proportionate share measure as of June 30, 2015.

VILLAGE OF TEQUESTA, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2016

For the fiscal year ended September 30, 2016, the Village recognized pension expense of \$87,308 as follows:

Service Cost	\$ 48,368
Interest Cost	274,597
Effect of Plan Changes	733
Effect of economic/demographic gains or losses (difference between expected and actuarial experience)	7,692
Effect of assumptions changes or inputs	8,173
Member contributions	(16,117)
Projected investment earnings	(251,156)
Changes in proportion and differences between contributions and proportionate share of contributions	-
Net difference between projected and actual investment earnings	14,598
Administrative expenses	420
Total	<u><u>\$ 87,308</u></u>

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)	\$ (5,331)	\$ 43,843
Effect of assumptions changes or inputs	-	34,640
Changes in proportion and differences between contributions and proportionate share of contributions	(168,333)	4,626
Net differences between projected and actual investment earnings		148,008
Village Pension Plan contributions subsequent to the measurement date	-	11,723
Total	<u><u>\$ (173,664)</u></u>	<u><u>\$ 242,840</u></u>

The deferred outflows of resources related to the Pension Plan contributions subsequent to the measurement date, totaling \$11,723 will be recognized as a reduction of the net pension liability in the fiscal year ended September 30, 2017.

VILLAGE OF TEQUESTA, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2016

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
2017	\$ (14,582)
2018	(14,582)
2019	43,121
2020	35,629
2021	4,676
Thereafter	3,191
	<u>\$ 57,453</u>

Discount Rate

The discount rate used to measure the total pension liability was 7.60%. 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. Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected rate of return.

Discount rate	7.60%
Long-term expected rate of return, net of investment expense	7.60%
Municipal bond rate	N/A

Actuarial Assumptions

The actuarial assumptions that determined the total pension liability as of June 30, 2016, were based on the results of an actuarial experience study for the period July 1, 2008 – June 30, 2013.

Valuation Date	July 1, 2016
Measurement date	June 30, 2016
Inflation	2.60%
Salary increases including inflation	3.25%
Mortality	Generational RP-2000 with Projection Scale BB
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 7.60 %, 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 (6.6%) or one percentage point higher (8.60 %) than the current rate.

	1% Decrease 6.60%	Current Discount Rate 7.60%	1% Increase 8.60%
Village's proportionate share of net pension liability	\$ 986,153	\$ 572,594	\$ 171,734

VILLAGE OF TEQUESTA, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2016

Long-Term Expected Rate of Return

The long-term expected rate of return on Pension Plan investments was not based on historical returns, but instead 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%	3.0%	3.0%	1.7%
Fixed income	18%	4.7%	4.6%	4.6%
Global equity	53%	8.1%	6.8%	17.2%
Real estate	10%	6.4%	5.8%	12.0%
Private equity	6%	11.5%	7.8%	30.0%
Strategic investments	12%	6.1%	5.6%	11.1%
Assumed Inflation - Mean			2.6%	1.9%

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, 2016 the Village reported a payable in the amount of \$2,382 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.

VILLAGE OF TEQUESTA, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2016

Benefits Provided – For the fiscal year ended June 30, 2016, eligible retirees and beneficiaries received a monthly HIS payment equal to the number of years of creditable service completed at the time of retirement multiplied by \$5. The payments are at least \$30 but not more than \$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.

Contributions – For the fiscal year ended June 30, 2016, eligible retirees and beneficiaries received a monthly HIS payment equal to the number of years of creditable service completed at the time of retirement multiplied by \$5. The payments are at least \$30 but not more than \$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 health insurance coverage, which can include Medicare.

The Village's contributions to the HIS Plan totaled \$7,488 for the fiscal year ended September 30, 2016.

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

Actuarial valuations for the HIS Program are conducted biennially. The June 30, 2016 liabilities is based on census data and demographic assumptions from the July 1, 2016 actuarial valuation.

At September 30, 2016, the Village reported a liability of \$186,087 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 2015-16 fiscal year contributions relative to the 2014-15 fiscal year contributions of all participating members. At June 30, 2016, the Village's proportionate share was 0.001596684%, which was a decrease of 0.00008% from its proportionate share measured as of June 30, 2015.

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 No. 67.

VILLAGE OF TEQUESTA, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2016

For the fiscal year ended September 30, 2016, the Village recognized pension expense of \$15,461 as follows:

Service Cost	\$	4,099
Interest Cost		6,239
Effect of Plan Changes		-
Effect of economic/demographic gains or losses (difference between expected and actuarial experience)		(68)
Effect of assumptions changes or inputs		5,203
Member contributions		-
Projected investment earnings		(50)
Changes in proportion and differences between contributions and proportionate share of contributions		-
Net difference between projected and actual investment earnings		35
Administrative expenses		3
Total	\$	15,461

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)	\$ (424)	\$ -
Effect of assumptions changes or inputs	-	29,202
Changes in proportion and differences between contributions and proportionate share of contributions	(53,222)	-
Net differences between projected and actual investment earnings	-	94
Village Pension Plan contributions subsequent to the measurement date	-	1,541
Total	\$ (53,646)	\$ 30,837

The deferred outflows of resources related to the HIS Plan, totaling \$1,541 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, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the HIS

VILLAGE OF TEQUESTA, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2016

Plan will be recognized in pension expense as follows:

Fiscal Year Ending	Amount
2017	\$ (5,625)
2018	(5,625)
2019	(5,643)
2020	(5,652)
2021	(3,179)
Thereafter	1,374
	<u>\$ (24,350)</u>

Discount Rate

The discount rate used to measure the total pension liability was 2.85%. In general, the discount rate for calculating the total pension liability 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, and the single equivalent discount rate is equal to the municipal bond rate selected by the HIS Plan sponsor. The Bond Buyer General Obligation 20-Bond Municipal Bond Index was adopted as the applicable municipal bond index.

Discount rate	2.85%
Long-term expected rate of return, net of investment expense	N/A
Bond Buyer General Obligation 20-Bond Municipal Bond Index	2.85%

Actuarial Assumptions

The actuarial assumptions that determined the total pension liability as of June 30, 2016, were based on certain results of an actuarial experience study of the FRS for the period July 1, 2008 - June 30, 2013.

Valuation Date	July 1, 2016
Measurement date	June 30, 2016
Inflation	2.60%
Salary increases including inflation	3.25%
Mortality	Generational RP-2000 with Projection Scale BB; details in valuation report
Actuarial cost method	Individual Entry Age

VILLAGE OF TEQUESTA, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2016

Sensitivity Analysis

The following presents the net pension liability of the HIS, calculated using the discount rate of 3.80 %, 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 (2.80%) or one percentage point higher (4.80%) than the current rate.

	1% Decrease 1.85%	Current Discount Rate 2.85%	1% Increase 3.85%
Village's proportionate share of net pension liability	\$ 213,484	\$ 186,087	\$ 163,349

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 and 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.

General Employees' Pension Board consist of five Trustees. Two are legal residents of the municipality, appointed by the Village of Tequesta Council, and two are the full time General Employee members. The fifth Trustee is selected by a majority vote of the other Trustees.

Public Safety Board consist of five Trustees. Two are legal residents of the municipality, appointed by the Village of Tequesta 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.

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).

Effective February 1, 2013, the PPTF was not available to new employees, however, Police officers, who began work with the Village after February 1, 2013 are able to participate in a defined contribution plan (described in note 3F below).

Membership in the Village of Tequesta's defined benefit pension plans as of the actuarial valuation date of October 1, 2015:

	FPTF	PPTF	GPTF
Number of:			
Retirees and beneficiaries	3	2	2
Inactive, nonretired members	1	2	2
Active members	17	6	45
Total	21	10	49

VILLAGE OF TEQUESTA, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2016

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, 2015 measurement date was determined as of the beginning of the year, October 1, 2014 (based on actuarial valuation results as reported in the October 1, 2014 actuarial valuation). Using a measurement date of September 30, 2015 allows for timelier reporting at the end of the year. The GPTF report was dated January 8, 2015 and the FPTF and PPTF reports were dated January 19, 2015 (along with changes presented in the February 12, 2015 and June 28, 2015 Actuarial Impact Statements). These liabilities are used for GASB Statement No. 68 reporting for the reporting period ending September 30, 2016.

The total pension liability for the Village of Tequesta'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, 2014	Oct. 1, 2014	Oct. 1, 2014
Measurement Date of the net pension liability	Sep. 30, 2015	Sep. 30, 2015	Sep. 30, 2015
Village's Fiscal Year Ended Date for Reporting Purposes	Sep. 30, 2016	Sep. 30, 2016	Sep. 30, 2016
Date of the Actuarial Report	Jan. 19, 2015	Jan. 19, 2015	Jan. 8, 2015

Pension Expense

Fiscal Year Ended September 30, 2016

Based on Measurement Period Ended September 30, 2015

	FPTF	PPTF	GPTF
Service Cost	\$ 334,559	\$ 126,703	\$ 300,325
Interest on the Total Pension Liability	679,400	213,603	253,701
Current-Period benefit Changes	318,787	(39,467)	-
Employee Contributions (made negative for addition here)	(64,721)	(20,545)	(115,288)
Projected Earnings on Plan Investments (made negative for additions here)	(605,576)	(231,635)	(260,534)
Administrative Expense	27,290	27,967	38,098
Other Changes in Total Pension Liability	118,555	-	-
Recognition of Outflow (Inflow) of Recourses due to Liabilities	14,158	(58,450)	(21,005)
Recognition of Outflow (Inflow) of Recourses due to Assets	97,621	40,568	41,402
Total Pension Expense	\$ 920,073	\$ 58,744	\$ 236,699

VILLAGE OF TEQUESTA, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2016

The deferred outflow of resources, resulting from the Village's contributions to the Plans subsequent to the measurement date of September 30, 2015 will be recognized as a reduction of the Village's net pension liability in the fiscal year ended September 30, 2017. 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	\$ 93,945	\$ -
Changes in assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	422,690	(24,157)
Contribution subsequent to measurement date	212,605	
Total	<u>\$ 729,240</u>	<u>\$ (24,157)</u>

Police:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	\$ (333,163)
Changes in assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	168,734	(4,846)
Contribution subsequent to measurement date	38,638	
Total	<u>\$ 207,372</u>	<u>\$ (338,009)</u>

General:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	\$ (136,534)
Changes in assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	237,336	(53,798)
Contribution subsequent to measurement date	201,702	
Total	<u>\$ 439,038</u>	<u>\$ (190,332)</u>

VILLAGE OF TEQUESTA, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2016

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

Year Ending September 30,	Net Deferred Inflows and Outflows of Resources		
	FPTF	PPTF	GPTF
2017	\$ 112,079	\$ (17,882)	\$ 20,397
2018	112,079	(17,882)	20,397
2019	112,078	(17,883)	20,395
2020	120,129	(16,265)	38,329
2021	14,458	(58,450)	(21,005)
Thereafter	21,655	(40,913)	(31,509)
Total	<u>\$ 492,478</u>	<u>\$ (169,275)</u>	<u>\$ 47,004</u>

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, 2015 (measurement date in accordance with GASB Statement No.68).

Measurement Year Ended September 30,	Fire 2015	Police 2015	General 2015
Total Pension Liability	\$ 10,252,464	\$ 2,615,403	\$ 3,469,898
Plan Net Position	<u>8,401,715</u>	<u>3,130,710</u>	<u>3,564,490</u>
Net Pension Liability (Asset)	<u>\$ 1,850,749</u>	<u>\$ (515,307)</u>	<u>\$ (94,592)</u>
Plan Net Position as a % of Total Pension Liability	81.95%	119.70%	102.73%

VILLAGE OF TEQUESTA, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2016

In accordance with GASB Statement No. 67, information as of September 30, 2016 has been disclosed:

Measurement Year Ended September 30,	Fire 2016	Police 2016	General 2016
Total Pension Liability	\$ 10,597,615	\$ 2,696,683	\$ 4,042,171
Plan Net Position	8,827,021	3,386,147	4,015,694
Net Pension Liability (Asset)	<u>\$ 1,770,594</u>	<u>\$ (689,464)</u>	<u>\$ 26,477</u>

Plan Net Position as a % of Total Pension Liability	83.29%	125.57%	99.34%
--	--------	---------	--------

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 (Asset)
Balances at September 30, 2014	\$ 8,755,066	\$ 7,824,203	\$ 930,863
Changes for the year:			
Service cost	334,559	-	334,559
Interest	679,400	-	679,400
Benefit changes	318,787	-	318,787
Differences between expected and actual experience	108,010	-	108,010
Contributions - employer	-	335,771	(335,771)
Contributions - state	-	189,010	(189,010)
Contributions - employee	-	64,721	(64,721)
Net investment income	-	77,213	(77,213)
Benefit payments, including refunds of employee contributions	(61,913)	(61,913)	-
Administrative expense	-	(27,290)	27,290
Other (increase in State reserves)	118,555	-	118,555
Net changes	<u>1,497,398</u>	<u>577,512</u>	<u>919,886</u>
Balances at September 30, 2015	<u>\$ 10,252,464</u>	<u>\$ 8,401,715</u>	<u>\$ 1,850,749</u>

VILLAGE OF TEQUESTA, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2016

POLICE OFFICERS' PENSION TRUST CHANGES IN NET PENSION LIABILITY (ASSET)

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
	(a)	(b)	(a)-(b)
Balances at September 30, 2014	\$ 2,736,489	\$ 3,066,944	\$ (330,455)
Changes for the year:			
Service cost	126,703	-	126,703
Interest	213,603	-	213,603
Benefit changes	(39,467)	-	(39,467)
Differences between expected and actual experience	(391,613)	-	(391,613)
Contributions - employer	-	80,782	(80,782)
Contributions - state	-	-	-
Contributions - members	-	20,545	(20,545)
Net investment income	-	20,718	(20,718)
Benefit payments, including refunds of employee contributions	(30,312)	(30,312)	-
Administrative expense	-	(27,967)	27,967
Net changes	(121,086)	63,766	(184,852)
Balances at September 30, 2015	<u>\$ 2,615,403</u>	<u>\$ 3,130,710</u>	<u>\$ (515,307)</u>

VILLAGE OF TEQUESTA, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2016

GENERAL EMPLOYEES' PENSION TRUST CHANGES IN NET PENSION LIABILITY (ASSET)

	Total Pension Liability	Increase (Decrease) Plan Fiduciary Net Position	Net Pension Liability (Asset)
Balances at September 30, 2014	\$ 3,091,288	\$ 3,346,937	\$ (255,649)
Changes for the year:			
Service cost	300,325	-	300,325
Interest	253,701	-	253,701
Differences between expected and actual experience	(157,539)	-	(157,539)
Contributions - employer	-	194,376	(194,376)
Contributions - member	-	115,288	(115,288)
Net investment income	-	(36,136)	36,136
Benefit payments, including refunds of employee contributions	(17,877)	(17,877)	-
Administrative expense	-	(38,098)	38,098
Net changes	378,610	217,553	161,057
Balances at September 30, 2015	<u>\$ 3,469,898</u>	<u>\$ 3,564,490</u>	<u>\$ (94,592)</u>

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

A single discount rate of 7.50% as of September 30, 2016 and 2015 was used to measure the total pension liability. This single discount rate was based on the expected rate of return on pension plan investments of 7.50%. 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, 2016

Regarding the sensitivity of the net pension liability to changes in the single discount rate, the table below presents the plan's net pension liability, calculated using a single discount rate of 7.50%, 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 6.50%	Current Single Discount Rate Assumption 7.50%	1% Increase 8.50%
Fiscal Year Ended September 30, 2015			
Firefighters'	\$ 3,100,259	\$ 1,850,749	\$ 804,393
Police Officers'	(169,381)	(515,307)	(797,737)
General Employees'	379,461	(94,592)	(486,397)

In accordance with GASB Statement No. 67, information as of September 30, 2016 has been disclosed:

	1% Decrease 6.50%	Current Single Discount Rate Assumption 7.50%	1% Increase 8.50%
Fiscal Year Ended September 30, 2016			
Firefighters'	\$ 3,114,908	\$ 1,770,594	\$ 644,432
Police Officers'	(347,386)	(689,464)	(970,907)
General Employees'	565,614	26,477	(424,457)

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. 15-15, passed and adopted on August 13, 2015. The Plan is also governed by certain provisions of Chapter 175, Florida Statutes, Part VII, Chapter 112, Florida Statutes and the Internal Revenue Code

B. Effective Date

Adopted August 13, 2015

C. Plan Year

October 1 through September 30

VILLAGE OF TEQUESTA, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2016

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 hired before February 1, 2013 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 of Tequesta. 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.

Benefit - For police officers and firefighters hired before August 14, 2015 (*firefighters*:

VILLAGE OF TEQUESTA, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2016

Credited Service only prior to September 1, 2015) (this section is being clarified to state, “for police officers hired before February 2013 and firefighters hired before August 14, 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

I. Normal Retirement

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 firefighters hired on or after August 14, 2015:

2.0% of AFC multiplied by the first 10 years of Credited Service

2.5% of AFC multiplied by all years of Credited Service over 10 years

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, 2016

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, 2016

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, 2016

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 and 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: None.

Chapter 175 Premium Tax Revenue: The Village is permitted to use all annual Chapter 175 revenue as a credit toward the Required Employer Contribution and to apply the Chapter 175 reserve of \$545,142 to reduce the Required Employer Contributions for the fiscal years ending September 30, 2016 through September 30, 2018, as determined by the Village.

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, 2016

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 three DROP plan participants with the assets balance rollforward of \$220,510 at fiscal year ending September 30, 2016.

Y. Deferred Retirement Option Plan

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, 2016

AA. Changes from Previous Valuation

The results as of October 1, 2014 reflect Ordinance No. 1-15 (adopted March 12, 2015) and Ordinance No. 15-15 (adopted August 13, 2015) as summarized on the next page.

Changes under Ordinance No. 1-15

- Payments for unused leave earned after October 1, 2013 for fighters and October 1, 2014 for police officers are excluded from pensionable salary.
- Effective October 1, 2013 for firefighters and October 1, 2014 for police officers, overtime hours are limited to 300 hours per year.

The Actuarial Impact Statement dated February 12, 2015 measured the financial effect of this Ordinance.

Changes under Ordinance No. 15-15

For Firefighters:

- The benefit multiplier for current active members is changed to a flat 3% prospectively.
- The benefit multiplier for future new members is changed to 2% for the first ten years of service and 2.5% thereafter.
- The vesting period is changed to ten years for future new members.
- The employee contribution rate is increased from 5% to 5.5% for the fiscal year ending September 30, 2017 and to 6% thereafter. The employee contribution rate would revert back to 5% if the Village opts out of participation in Chapter 175.
- The optional sell back of vacation and sick leave is allowed upon entering the DROP. For sick leave, 25% of the available balance could be sold back for members with less than ten years of service and 50% of the available balance could be sold back for members with at least ten years of service. The maximum accrual of sick leave is 1,600 hours. For vacation leave, 100% of the available balance could be sold back, with a maximum accrual of 320 hours.
- The Village is permitted to use all annual Chapter 175 reserve of \$545,142 to reduce the Required Employer contributions for the fiscal years ending September 30, 2016 through September 30, 2018, as determined by the Village.
- The interest rate credited to DROP accounts continues to be the same as the net Pension Plan rate of return; however, the rate credited cannot be less than 0% nor greater than 7.5%.

The Actuarial Impact Statement dated June 28, 2015 measured the financial effect of this Ordinance.

Funding Policy. The contribution requirements of plan members and the Village are established and may be amended by the Village Council. As explained above, plan members, with the exception of DROP participants, are required to contribute a percentage of their annual covered salary, the Village is permitted to use Chapter 175 revenue and the Village is required to contribute at an actuarially determined rate. The employer contribution rate for the measurement year ending September 30, 2015 is 19.66% for police officers and 31.38% for firefighters. The amount of insurance premium taxes collected and remitted to the Plan totaled 152,443 for fiscal year ended September 30, 2016.

VILLAGE OF TEQUESTA, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2016

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, 2016.

FIREFIGHTERS' PENSION TRUST FUND STATEMENT OF FIDUCIARY NET POSITION SEPTEMBER 30, 2016

Assets

Cash and cash equivalents	\$ 133,250
Investments	
Equities	5,708,553
Fixed income	2,219,765
Real estate funds	734,972
Total investments	8,663,290
Prepaid items	15,493
Contributions receivable	13,036
Accrued interest receivable	8,472
Due to broker	7,788

Total Assets	<u>8,841,329</u>
---------------------	------------------

Liabilities

Accounts payable	<u>14,308</u>
------------------	---------------

Total Liabilities	<u>14,308</u>
--------------------------	---------------

Net Position Restricted for

Pension Benefits	<u>\$ 8,827,021</u>
------------------	---------------------

VILLAGE OF TEQUESTA, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2016

FIREFIGHTERS' PENSION TRUST FUND STATEMENT OF CHANGES IN FIDUCIARY NET POSITION FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2016

Additions

Contributions:

Employer (including State)	\$	212,605
Employee		<u>68,983</u>

Total Contributions		<u>281,588</u>
----------------------------	--	----------------

Investment earnings		
Net (decrease) in fair of investments		(102,644)
Gain on sale of investments		402,353
Interest earnings		<u>340,452</u>
Total investment earnings		640,161
Less investment expenses		<u>(31,488)</u>
Net investment earnings		608,673
Miscellaneous		<u>645</u>

Total Additions		<u>890,906</u>
------------------------	--	----------------

Deductions

Benefits paid		438,149
Administrative expenses		<u>27,451</u>

Total Deductions		<u>465,600</u>
-------------------------	--	----------------

Change in Net Position		425,306
-------------------------------	--	---------

Net Position Restricted for Pension Benefits

Beginning		<u>8,401,715</u>
Ending	\$	<u><u>8,827,021</u></u>

VILLAGE OF TEQUESTA, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2016

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, 2016.

POLICE OFFICERS' PENSION TRUST FUND STATEMENT OF FIDUCIARY NET POSITION SEPTEMBER 30, 2016

Assets

Cash and cash equivalents	\$ 53,841
Investments	
Equities	2,195,999
Fixed income	853,974
Real estate funds	282,688
Total investments	<u>3,332,661</u>
Prepaid items	4,151
Contributions receivable	1,376
Accrued interest receivable	2,886
Due to broker	<u>2,996</u>
Total Assets	<u>3,397,911</u>
Liabilities	
Accounts payable	<u>11,764</u>
Total Liabilities	<u>11,764</u>
Net Position Restricted for Pension Benefits	<u>\$ 3,386,147</u>

VILLAGE OF TEQUESTA, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2016

POLICE OFFICERS' PENSION TRUST FUND STATEMENT OF CHANGES IN FIDUCIARY NET POSITION FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2016

Additions

Contributions:

Employer	\$	38,638
Employee		<u>17,067</u>

Total Contributions		<u>55,705</u>
----------------------------	--	---------------

Investment earnings

Net (decrease) in fair value of investments		(39,516)
Gain on sale of investments		239,193
Interest earnings		<u>132,903</u>
Total investment earnings		332,580
Less investment expenses		<u>(26,721)</u>
Net investment earnings		305,859
Miscellaneous		<u>645</u>

Total Additions		<u>362,209</u>
------------------------	--	----------------

Deductions

Benefits paid		27,708
Refund of contributions		52,038
Administrative expenses		<u>27,026</u>

Total Deductions		<u>106,772</u>
-------------------------	--	----------------

Change in Net Position		255,437
-------------------------------	--	---------

Net Position Restricted for

Pension Benefits

Beginning		<u>3,130,710</u>
Ending	\$	<u><u>3,386,147</u></u>

VILLAGE OF TEQUESTA, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2016

General Employees' Pension Plan

S. Ordinances

Plan established under the Code of Ordinances for 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.

T. Effective Date

December 11, 2003

U. Plan Year

October 1 through September 30

V. Type of Plan

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

W. 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.

X. Credited Service

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

Y. 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.

Z. 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, 2016

AA. 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

BB. 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

CC. Delayed Retirement

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

DD. 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, 2016

EE. 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

FF. 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.

GG. 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.

HH. 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, 2016

II. 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.

JJ. 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.

KK. 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%.

LL. Member Contributions

5% of Compensation

MM. Employer Contributions

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

NN. Cost of Living Increases

Not Applicable

OO. 13th Check

Not Applicable

VILLAGE OF TEQUESTA, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2016

PP. Deferred Retirement Option Plan

Not Applicable

QQ. 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.

RR. 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, 2016.

GENERAL EMPLOYEES' PENSION TRUST FUND STATEMENT OF FIDUCIARY NET POSITION SEPTEMBER 30, 2016

Assets

Cash and cash equivalents	\$ 69,757
Investments	
Equities	2,548,229
Fixed income	1,021,351
Real estate funds	366,358
Total investments	<u>3,935,938</u>
Prepaid items	2,555
Contributions receivable	13,084
Accrued interest receivable	<u>6,710</u>

Total Assets	<u>4,028,044</u>
---------------------	------------------

Liabilities

Accounts payable	<u>12,351</u>
------------------	---------------

Total Liabilities	<u>12,351</u>
--------------------------	---------------

Net Position Restricted for

Pension Benefits	<u>\$ 4,015,693</u>
------------------	---------------------

VILLAGE OF TEQUESTA, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2016

GENERAL EMPLOYEES' PENSION TRUST FUND STATEMENT OF CHANGES IN FIDUCIARY NET POSITION FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2016

Additions

Contributions:

Employer	\$	201,703
Employee		134,829

Total Contributions		<u>336,532</u>
----------------------------	--	----------------

Investment earnings		
Net (decrease) in fair value of investments		(77,113)
Gain on sale of investments		200,985
Interest earnings		99,060
Total investment earnings		<u>222,932</u>
Less investment expenses		<u>(32,398)</u>
Net investment earnings		190,534
Miscellaneous		<u>1,314</u>

Total Additions		<u>528,380</u>
------------------------	--	----------------

Deductions

Benefits paid		16,657
Refunds of contributions		16,161
Administrative expenses		<u>44,359</u>

Total Deductions		<u>77,177</u>
-------------------------	--	---------------

Net Increase		451,203
---------------------	--	---------

Net Position Restricted for Pension Benefits

Beginning		<u>3,564,490</u>
Ending	\$	<u><u>4,015,693</u></u>

VILLAGE OF TEQUESTA, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2016

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	9/30/15	\$ 94,592	\$	\$ 439,038	\$ 190,332	\$ 236,699
Firefighters Pension Trust Fund	9/30/15		1,850,749	729,240	24,157	920,073
Police Pension Trust Fund	9/30/15	515,307		207,372	338,009	58,744
FRS	6/30/16		572,594	30,837	53,646	87,308
HIS	6/30/16		186,087	242,840	173,664	15,461
Total		\$ 609,899	\$ 2,609,430	\$ 1,649,327	\$ 779,808	\$ 1,318,285

Village of Tequesta Defined Contribution Plan

The Village of Tequesta' 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 ICMA Retirement Corporation Governmental Money Purchase Plan and Trust with assets of the Plan held in trust for the exclusive benefit of the Plan participants and their beneficiaries. The assets shall be invested in the VantageTrust, and shall not be diverted to any other purpose. The employer's beneficial ownership of Plan assets held in the VantageTrust shall be held for the further exclusive benefit of the Plan participants. The Village Manager is the coordinator for the Plan and is authorized to execute all necessary agreements with the ICMA Retirement Corporation incidental to the administration of the Plan. The Village serves as Trustee under the Plan.

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

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

The Village is required to match employee contributions up to a maximum contribution of 5%. Employees are immediately vested in the Plan. Plan provisions are established and may be amended by the Village of Tequesta.

The Village does not hold or administer resources of the Plan and consequently, the Plan does not meet the requirements for inclusion in the Village's financial statements. The Plan does not issue a stand-alone financial report. The fair value of the plan assets at September 30, 2016 was \$235,341. Employee contributions to the Plan for fiscal year ended September 30, 2016 were \$38,955; the Village's contribution was \$48,522.

VILLAGE OF TEQUESTA, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2016

G. Other Postemployment Benefit (OPEB) Obligations

Village of Tequesta's Other Postemployment Benefits Plan

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

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

The annual OPEB cost for the Village for the current year and the related information for the fiscal year ended September 30, 2016 is as follows:

Required Contribution Rates

Employer	Pay-as-you-go
Plan members	N/A

VILLAGE OF TEQUESTA, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2016

Annual OPEB Cost and Net OPEB Obligation

Annual OPEB Cost

Annual Required Contribution (ARC)	\$	78,166
Interest on Net OPEB obligation		7,770
Adjustment to ARC		(8,633)
Total Annual OPEB Cost	\$	<u>77,303</u>

Net OPEB Obligation

Annual OPEB Cost	\$	77,303
Employer Contributions		(32,762)
Increase in Net OPEB Obligation		44,541
Net OPEB obligation (beginning of year)		<u>259,000</u>

Net OPEB Obligation (End of Year)	\$	<u>303,541</u>
--	-----------	-----------------------

The funded status of the Plan as of October 1, 2015, the most recent actuarial valuation date is as follows:

Schedule of Funding Progress

Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL) (2) - (1)	Funded Ratio (1) / (2)	Covered Payroll (4)	UAAL As % of Covered Payroll (3) / (4)
\$ -	\$ 599,693	\$ 599,693	0%	\$ 5,695,712	10.50%

Schedule of Employer Contributions

Fiscal Year Ended 9/30	Annual OPEB Cost	Amount Contributed	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2014	\$ 55,000	\$ 14,000	25%	\$ 217,000
2015	56,000	14,000	25%	259,000
2016	77,303	32,762	42%	303,541

VILLAGE OF TEQUESTA, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2016

Actuarial Assumptions

Fiscal year end	September 30, 2016
Valuation date	October 1, 2015
Mortality table	PR2000 Combined Healthy
Actuarial cost method	Entry Age Normal
General Price Inflation Rate	2.80%
Discount Rate	3.00%
Amortization method	30 years
Select health cost trends	6.00% for f/y/e 2016, 5.80% for 2017 until 2024
Ultimate health cost trend	4.25%
Payroll Growth Rate	3.00%

H. Construction Commitments

The Village had no significant construction commitments as of September 30, 2016.

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 solid waste and recyclable collection agreement with Waste Management Inc. of Florida on September 13, 2007 for a period of five years beginning October 01, 2007 and expiring September 30, 2013. With this agreement the Village granted Waste Management the exclusive franchise for solid waste collection of residential, commercial, industrial and roll-off refuse, recycling and vegetative waste. The Village, on August 5, 2010, entered into the first amendment to the agreement separating the diesel fuel and collection components of the rate allowing for separate calculation of an annual increase. The annual change in the collection component is determined using the CPI (June to June) while the annual change in the fuel component is determined using the change in the cost of diesel fuel determined by reference to EIA/DOE website that reports average prices. Effective September 30, 2010 the Village entered into a second amendment to the agreement extending the term of the current agreement and additional five (5) years from October 1, 2013 and expiring September 30, 2017.

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, the Village purchases commercial insurance to protect against areas of possible exposure germane to municipal entities such as property, liability, automobile, workers' compensation, crime, storage tank, inland marine and

VILLAGE OF TEQUESTA, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2016

railroad coverage. Deductibles and limits vary by coverage and are secured based upon the Village's tolerance of risk retention in each area.

At the Village Council's direction, the property deductible of \$100,000 is applicable for all perils excluding hurricane/windstorm damage. The Florida Municipal Insurance Trust (FMIT) applies a named storm deductible of 5% of the 100% value of real and personal property, personal property of others 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 properties valued under \$100,000. FMIT issued members in good standing a return of premium credit. The Village of Tequesta received a total credit of \$9,154 in fiscal year 2016 related to policy year 2013/2014 and \$6,299 related to policy year 2014/2015.

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 2015/2016 resulted in the Village being refunded a total of \$9,396 of which \$5,206 was workers' compensation related. This was due to actual employee wages being lower than estimated for the Trust term.

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

K. Lease Obligations

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. This is a four (4) year lease with five (5) payments.

The following is the schedule of the of the future minimum lease payments under this capital lease arrangement at September 30, 2016:

Fiscal Year Ending September 30:	Amount
2017	\$ 28,089
2018	28,089
2019	28,089
2020	28,089
Total minimum lease payments	112,356
Less amount representing interest	(7,671)
Present value of Future Minimum Lease Payments	\$ 104,685

VILLAGE OF TEQUESTA, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2016

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.

The following is a schedule of the future minimum lease payments under this capital lease arrangement at September 30, 2016:

Fiscal Year Ending September 30:	Amount
2017	\$ 48,135
2018	48,135
2019	48,135
2020	48,135
2021	48,135
2021-2023	96,269
Total minimum lease payments	336,944
Less amount representing interest	(30,428)
Present Value of Future Minimum Lease Payments	<u>\$ 306,516</u>

Capital Lease – Police Vehicles

The Village entered into a 36-month capital lease with First Capital Leasing in the amount of \$240,658 with funding on May 15, 2015 for the financing of seven (7) Ford Police Interceptors with up-fitting. The applicable interest rate is 3.007% (effective rate 3.049%) and interest and principal payments are due on the first of each month. The lease was subsequently assigned to KS StateBank.

The following is a schedule of the future minimum lease payments under the capital lease arrangement at September 30, 2016:

Fiscal Year Ending September 30:	Amount
2017	\$ 83,902
2018	55,933
Total minimum lease payments	139,835
Less amount representing interest	(3,613)
Present Value of Future Minimum Lease Payments	<u>\$ 136,222</u>

VILLAGE OF TEQUESTA, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2016

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 7 to 14 years and have interest rates from 3.685% to 4.96% per year. Notes outstanding at September 30, 2016 are as follows:

Promissory Notes Payable	Signed Date	Original Borrowing	Interest Rate	Final Maturity	Outstanding September 30, 2016
Government Activities					
Public Improvements/P.S. Building	9/13/2002	\$ 5,000,000	4.28%	9/13/2022	\$ 1,968,023
Business-type Activities					
Water Plant Expansion	6/30/2004	\$ 645,170	4.96%	4/1/2021	\$ 188,895
Public Improvement (Refunding)	7/14/2008	6,554,935	3.69%	3/1/2028	4,403,525
Total Business-type Activities					\$ 4,592,420

Legal Debt Margin

The Village is subject to a bonded debt limitation of 10% of total assessed value. The final gross taxable value at September 30, 2016 was \$930,983,422. As of September 30, 2016 the Village did not exceed the debt limit of \$93,098,342.

Changes in Long-Term Liabilities

Changes in the Village's long-term liabilities for the fiscal year ended September 30, 2016 are as follows:

Governmental Activities

	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
Governmental Activities					
Note Payable - 2002	\$ 2,249,720	\$ -	\$ 281,697	\$ 1,968,023	\$ 293,993
Capital leases	561,000	132,774	146,351	547,423	146,684
Compensated absences	532,957	43,247	58,633	517,571	56,250
Other post-employment benefits	222,700	7,426	-	230,126	-
Net pension liability	1,268,165	1,142,467		2,410,632	-
Total Governmental Activities	\$ 4,834,542	\$ 1,325,914	\$ 486,681	\$ 5,673,775	\$ 496,927

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

VILLAGE OF TEQUESTA, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2016

Business-type Activities

	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
Business-type Activities					
Note Payable (2004)	\$ 221,895	\$ -	\$ 33,000	\$ 188,895	\$ 35,000
Note Payable (2008)	4,703,923	-	300,398	4,403,525	312,859
Compensated absences	159,764	13,535	10,191	163,108	45,100
Other post-employment benefits	36,300	37,115	-	73,415	-
Net pension liability	121,605	77,193	-	198,798	-
Total Business-type Activities	<u>\$ 5,243,487</u>	<u>\$ 127,843</u>	<u>\$ 343,589</u>	<u>\$ 5,027,741</u>	<u>\$ 392,959</u>

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

Governmental Activities

Fiscal Year Ending September 30:	Principal	Promissory Notes Interest	Total
2017	\$ 293,993	\$ 78,509	\$ 372,502
2018	306,826	65,676	372,502
2019	320,218	52,283	372,501
2020	334,196	38,306	372,502
2021	348,783	23,718	372,501
2022	364,007	8,494	372,501
Total	<u>\$ 1,968,023</u>	<u>\$ 266,986</u>	<u>\$ 2,235,009</u>

Business-type Activities

Fiscal Year Ending September 30:	Principal	Promissory Notes Business-type Activities Interest	Total
2017	\$ 347,859	\$ 179,573	\$ 527,432
2018	361,778	153,956	515,734
2019	375,203	152,121	527,324
2020	388,466	125,366	513,832
2021	397,999	109,757	507,756
2022-2026	2,033,260	321,409	2,354,669
2026-2028	687,855	18,382	706,237
Total	<u>\$ 4,592,420</u>	<u>\$ 1,060,564</u>	<u>\$ 5,652,984</u>

VILLAGE OF TEQUESTA, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2016

Total Primary Government Debt

Fiscal Year Ending September 30:	Total Primary Government Debt		
	Principal	Interest	Total
2017	\$ 641,852	\$ 258,082	\$ 899,934
2018	668,604	219,632	888,236
2019	695,421	204,404	899,825
2020	722,662	163,672	886,334
2021	746,782	133,475	880,257
2022-2026	2,397,267	329,903	2,727,170
2027-2028	687,855	18,382	706,237
Total	\$ 6,560,443	\$ 1,327,550	\$ 7,887,993

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 annual revenues (approximately 16.7%). This amount is intended to provide fiscal stability when economic downturns and other unexpected events occur. If fund balance falls below the minimum target level because it has been used, essentially as a “revenue” source, as dictated by current circumstances, the policy provides for actions to replenish the amount to the minimum target level. Generally, replenishment is to occur within a three-year period.

N. Interfund Transfers

The composition of interfund transfers for the fiscal year ended September 30, 2016 is as follows:

Interfund Transfers

Transfers Out	Transfers In		Total
	Capital Improvement Fund	Law Enforcement Trust Fund	
General Fund (1)	\$ 316,800	\$ -	\$ 316,800
General Fund (2)	-	50,000	50,000
Total Interfund Transfers	\$ 316,800	\$ 50,000	\$ 366,800

(1) Transfer is to fund road improvements.

(2) Return of restricted funds to the Law Enforcement Trust Fund.

VILLAGE OF TEQUESTA, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2016

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.



REQUIRED SUPPLEMENTARY INFORMATION

VILLAGE OF TEQUESTA, FLORIDA

REQUIRED SUPPLEMENTARY INFORMATION BUDGETARY COMPARISON SCHEDULE GENERAL FUND

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2016

	Budgeted Amounts		Actual	Variance
	Original	Final	Amounts	with Final Budget Positive (Negative)
Revenues				
Ad valorem taxes	\$ 5,628,900	\$ 5,628,900	\$ 5,683,707	\$ 54,807
Other taxes	1,186,100	1,186,100	1,271,278	85,178
Charges for services	1,097,250	1,116,023	1,246,301	130,278
Intergovernmental	860,800	860,800	825,990	(34,810)
Intragovernmental	550,350	550,350	550,350	-
Licenses and permits	409,000	409,000	554,591	145,591
Franchise fees	456,000	456,000	449,126	(6,874)
Rents and royalties	197,900	197,900	198,682	782
Miscellaneous	7,150	7,150	28,389	21,239
Fines and forfeitures	54,000	54,000	55,944	1,944
Grants, contributions and donations	57,450	81,650	79,733	(1,917)
Investment earnings	8,500	8,500	8,465	(35)
Total Revenues	10,513,400	10,556,373	10,952,556	396,183
Expenditures				
Current:				
General government	1,867,310	1,912,889	1,811,777	101,112
Public safety	6,249,570	6,248,415	6,154,309	94,106
Transportation	1,081,230	1,108,105	1,028,712	79,393
Leisure services	619,040	617,535	609,009	8,526
Capital outlay	213,300	267,622	261,191	6,431
Debt service:				
Principal	454,300	454,300	428,048	26,252
Interest	110,850	110,850	106,848	4,002
Fiscal Charges	14,300	20,743	18,643	2,100
Total Expenditures	10,609,900	10,740,459	10,418,537	321,922
Excess (Deficiency) of Revenues Over (Under) Expenditures	(96,500)	(184,086)	534,019	718,105
Other Financing Sources (Uses)				
Transfers out	(316,800)	(366,800)	(366,800)	-
Sale of assets	250,000	6,000	23,123	17,123
Proceeds from capital lease	163,300	163,300	132,774	(30,526)
Total Other Financing Sources (Uses)	96,500	(197,500)	(210,903)	(13,403)
Net Change in Fund Balances	-	(381,586)	323,116	704,702
Fund Balances - Beginning	3,987,146	3,987,146	3,987,146	-
Fund Balances - Ending	\$ 3,987,146	\$ 3,605,560	\$ 4,310,262	\$ 704,702

See note to budgetary comparison schedule.

VILLAGE OF TEQUESTA, FLORIDA

NOTE TO THE BUDGETARY COMPARISON SCHEDULE

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2016

Note 1 – Budgets and Budgetary Accounting

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

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

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

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

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

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

During the year, total supplemental appropriations of \$180,559 were adopted for the General Fund. Appropriations are legally controlled at the fund 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

Fiscal Year Ended September 30,	2016	2015	2014
Total Pension Liability			
Service cost	\$ 348,504	\$ 334,559	\$ 312,030
Interest	778,642	679,400	582,897
Changes of benefit terms	-	318,787	-
Difference between expected and actual experience	(401,835)	108,010	450
Changes of assumptions	300,255	-	-
Benefit payments, including refunds of member contributions	(438,149)	(61,913)	(53,637)
Refunds	-	-	-
Other	(242,266)	118,555	30,162
Net Change in Total Pension Liability	345,151	1,497,398	871,902
Total Pension Liability - Beginning	10,252,464	8,755,066	7,883,164
Total Pension Liability - Ending (a)	\$ 10,597,615	\$ 10,252,464	\$ 8,755,066
Plan Fiduciary Net Position			
Contributions - employer	\$ 60,162	\$ 335,771	\$ 351,652
Contributions - employer (from State)*	394,709	189,010	100,617
Contributions - member	68,982	64,721	65,803
Net Investment income	609,318	77,213	567,786
Benefit payments	(438,149)	(61,913)	(53,637)
Refunds	-	-	-
Administrative expense	(27,450)	(27,290)	(18,921)
Other (Use of State Contribution Reserve)	(242,266)	-	-
Net Change in Plan Fiduciary Net Position	425,306	577,512	1,013,300
Plan Fiduciary Net Position - Beginning	8,401,715	7,824,203	6,810,903
Plan Fiduciary Net Position - Ending (b)	\$ 8,827,021	\$ 8,401,715	\$ 7,824,203
Net Pension Liability - Ending (a) - (b)	\$ 1,770,594	\$ 1,850,749	\$ 930,863
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	83.29%	81.95%	89.37%
Covered Employee Payroll*	\$ 1,379,650	\$ 1,294,416	\$ 1,316,060
Net Pension Liability as a Percentage of Employee Payroll	128.34%	142.98%	70.73%

*\$242,266 in State Contribution Reserve was used to offset the Village's contribution requirement for fiscal year ending 2016 as per the collective bargaining agreement.

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 Employee 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%

Notes to Schedule

Valuation Date 10/01/2014

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	3.00%
Salary increases	6.0% including inflation
Investment rate of return	7.25%
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 males and females with mortality improvement projected to all future years using Scale AA

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

	2016	2015	2014
Annual money-weighted rate of return, net of investment expenses	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 AND RELATED RATIOS POLICE OFFICERS' PENSION TRUST FUND

Fiscal Year Ended September 30,	2016	2015	2014
Total Pension Liability			
Service cost	\$ 110,495	\$ 126,703	\$ 161,156
Interest	201,452	213,603	169,526
Changes of benefit terms	-	(39,467)	-
Difference between expected and actual experience	(226,384)	(391,613)	-
Changes of assumptions	75,463	-	-
Benefit payments	(27,708)	(30,312)	(10,073)
Refunds	(52,038)	-	(43,331)
Other (increase in state reserve)		-	-
Net Change in Total Pension Liability	81,280	(121,086)	277,278
Total Pension Liability - Beginning	2,615,403	2,736,489	2,459,211
Total Pension Liability - Ending (a)	\$ 2,696,683	\$ 2,615,403	\$ 2,736,489
Plan Fiduciary Net Position			
Contributions - employer	\$ 38,638	\$ 80,782	\$ 111,164
Contributions - non-employer contributing entity	-	-	25,888
Contributions - member	17,067	20,545	
Net Investment income	306,504	20,718	219,219
Benefit payments	(27,708)	(30,312)	(10,073)
Refunds	(52,038)	-	(43,331)
Administrative expense	(27,026)	(27,967)	(18,677)
Net Change in Plan Fiduciary Net Position	255,437	63,766	284,190
Plan Fiduciary Net Position - Beginning	3,130,710	3,066,944	2,782,754
Plan Fiduciary Net Position - Ending (b)	3,386,147	3,130,710	3,066,944
Net Pension Asset - Ending (a) - (b)	\$ (689,464)	\$ (515,307)	\$ (330,455)
Plan Fiduciary Net Position as a Percentage of Total Pension Liability (Asset)	125.57%	119.70%	112.08%
Covered Employee Payroll	\$ 341,342	\$ 410,897	\$ 517,760
Net Pension Liability (Asset) as a Percentage of Covered-Employee Payroll	-201.99%	-125.41%	-63.82%

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 Employee 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%

Notes to Schedule

Valuation Date 10/1/2014

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	3.00%
Salary increases	6.0% including inflation
Investment rate of return	7.25%
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 males and females with mortality improvement projected to all future years using Scale AA
-----------	--

Other Information: See discussion of valuation results in the October 1, 2015

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

	2016	2015	2014
Annual money-weighted rate of return, net of investment expenses	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 AND RELATED RATIOS GENERAL EMPLOYEE'S PENSION TRUST FUND

Fiscal Year Ended September 30,	2016	2015	2014
Total Pension Liability			
Service cost	\$ 359,231	\$ 300,325	\$ 278,029
Interest	285,954	253,701	216,124
Benefit changes	-	-	-
Difference between actual & expected experience	(40,094)	(157,539)	-
Assumption changes	-	-	-
Benefit payments	(16,657)	(11,918)	(8,534)
Refunds	(16,161)	(5,959)	(4,454)
Other (increase in state reserve)	-	-	-
Net Change in Total Pension Liability	572,273	378,610	481,165
Total Pension Liability - Beginning	3,469,898	3,091,288	2,610,123
Total Pension Liability - Ending (a)	\$ 4,042,171	\$ 3,469,898	\$ 3,091,288
Plan Fiduciary Net Position			
Contributions - employer and state	\$ 201,704	\$ 194,376	\$ 184,627
Contributions - non-employer contributing entity	-	-	-
Contributions - member	134,829	115,288	100,560
Net investment income	191,848	(36,136)	308,314
Benefit payments	(16,657)	(11,918)	(8,534)
Refunds	(16,161)	(5,959)	(4,454)
Administrative expense	(44,359)	(38,098)	(25,678)
Net Change in Plan Fiduciary Net Position	451,204	217,553	554,835
Plan Fiduciary Net Position - Beginning	3,564,490	3,346,937	2,792,102
Plan Fiduciary Net Position - Ending (b)	\$ 4,015,694	\$ 3,564,490	\$ 3,346,937
Net Pension Asset - Ending (a) - (b)	\$ 26,477	\$ (94,592)	\$ (255,649)
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	99.34%	102.73%	108.27%
Covered Employee Payroll	\$ 2,696,572	\$ 2,305,760	\$ 2,011,191
Net Pension Liability as a Percentage of covered Employee Payroll	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 Employee 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%

Notes to Schedule

Valuation Date 10/1/2014

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
Amortization method	N/A
Remaining amortization period	N/A
Asset valuation method	5-year smoothed market
Inflation	3.00%
Salary increases	6.0% including inflation
Investment rate of return	7.50%
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 males and females with mortality improvement projected to all future years using Scale AA

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

	2016	2015	2014
Annual money-weighted rate of return, net of investment expenses	3.97%	-2.11%	9.73%

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

VILLAGE OF TEQUESTA

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF FUNDING PROGRESS OTHER POST-EMPLOYMENT BENEFITS

Actuarial Valuation Date	(a) Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded Actuarial Liability	Funded Ratio	Covered Payroll	Unfunded Actuarial Accrued Liability as a % Covered Payroll
October 1, 2009	\$ -	\$ 484,000	\$ 484,000	0%	\$ 4,111,000	11.8%
October 1, 2014	-	380,000	380,000	0%	5,218,000	7.3%
October 1, 2015	-	599,693	599,693	0%	5,695,712	10.5%

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

VILLAGE OF TEQUESTA

REQUIRED SUPPLEMENTARY INFORMATION

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

	2016	2015	2014	2013
Proportion of the net pension liability (asset)	0.00227%	0.00223%	0.00291%	0.00397%
Proportionate share of the net pension liability (asset)	\$ 572,594	\$ 287,876	\$ 177,517	\$ 683,841
Covered-employee payroll	451,085	484,772	569,299	651,093
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	126.94%	59.38%	31.18%	105.03%
Plan fiduciary net position as a percentage of the total pension liability	84.88%	92.00%	96.09%	88.54%

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

(1) 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.

(2) Refer to GASB No. 68, § 81b - the information in this schedule determined as of the Village's most recent fiscal year.

VILLAGE OF TEQUESTA

REQUIRED SUPPLEMENTARY INFORMATION

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

	2016	2015	2014	2013
Proportion of the net pension liability (asset)	0.00160%	0.00168%	0.00214%	0.00247%
Proportionate share of the net pension liability (asset)	\$ 186,087	\$ 171,031	\$ 200,044	\$ 214,766
Covered-employee payroll	451,085	484,772	569,299	651,093
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	41.25%	35.28%	35.14%	32.99%
Plan fiduciary net position as a percentage of the total pension liability	0.97%	0.50%	0.99%	178.00%

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

(1) 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.

(2) Refer to GASB No. 68, § 81b - the information in this schedule determined as of the Village's most recent fiscal year.

VILLAGE OF TEQUESTA

REQUIRED SUPPLEMENTARY INFORMATION

FLORIDA RETIREMENT SYSTEM (FRS) SCHEDULE OF VILLAGE CONTRIBUTIONS

	2016	2015	2014	2013
Contractually required contribution	\$ 62,966	\$ 43,642	\$ 58,404	\$ 72,698
Contributions in relation to the contractually required contribution	(62,966)	(43,642)	(58,404)	(72,698)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
Covered-employee payroll	\$ 451,085	\$ 484,772	\$ 569,299	\$ 651,093
Contributions as a percentage of covered-employee payroll	13.96%	9.00%	10.26%	11.17%

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

(1) 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.

(2) Refer to GASB No. 68, § 81b - the information in this schedule determined as of the Village's most recent fiscal year.

VILLAGE OF TEQUESTA

REQUIRED SUPPLEMENTARY INFORMATION

HEALTH INSURANCE SUBSIDY PROGRAM (HIS) SCHEDULE OF VILLAGE CONTRIBUTIONS

	2016	2015	2014	2013
Contractually required contribution	\$ 7,488	\$ 5,381	\$ 6,832	\$ 8,204
Contributions in relation to the contractually required contribution	(7,488)	(5,381)	(6,832)	(8,204)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
Covered-employee payroll	\$ 451,085	\$ 484,772	\$ 569,299	\$ 651,093
Contributions as a percentage of covered-employee payroll	1.66%	1.11%	1.20%	1.26%

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

(1) 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.

(2) Refer to GASB No. 68, § 81b - the information in this schedule determined as of the Village's most recent fiscal year.



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, committed, or assigned to expenditures for particular purposes.

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

Capital Projects Funds

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

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

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

VILLAGE OF TEQUESTA, FLORIDA

COMBINING BALANCE SHEET NONMAJOR GOVERNMENTAL FUNDS SEPTEMBER 30, 2016

	Special Revenue	Capital Projects		Total Nonmajor Governmental Funds
	Special Law Enforcement Fund	Capital Improvement Fund	Capital Projects Fund	
Assets				
Cash	\$ 348,031	\$ 169,383	\$ 4,313	\$ 521,727
Total Assets	<u>\$ 348,031</u>	<u>\$ 169,383</u>	<u>\$ 4,313</u>	<u>\$ 521,727</u>
Liabilities and Fund Balances				
Liabilities				
Accounts payable	-	63,464	-	63,464
Total Liabilities	-	63,464	-	63,464
Fund Balances				
Restricted for:				
Law Enforcement	348,031	-	-	348,031
Assigned to:				
Capital Projects	-	105,919	4,313	110,232
Total Fund Balances	<u>348,031</u>	<u>105,919</u>	<u>4,313</u>	<u>458,263</u>
Total Liabilities and Fund Balances	<u>\$ 348,031</u>	<u>\$ 169,383</u>	<u>\$ 4,313</u>	<u>\$ 521,727</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, 2016**

	Special Revenue	Capital Projects		Total
	Special Law Enforcement Fund	Capital Improvement Fund	Capital Projects Fund	Nonmajor Governmental Funds
Revenues				
Fines and forfeitures	\$ 11,066	\$ -	\$ -	\$ 11,066
Total Revenues	11,066	-	-	11,066
Expenditures				
Current:				
Transportation	-	174,801	-	174,801
Capital outlay	-	48,208	-	48,208
Total Expenditures	-	223,009	-	223,009
Excess (Deficiency) of Revenues Over Expenditures	11,066	(223,009)	-	(211,943)
Other Financing Sources (Uses)				
Transfers in	50,000	316,800	-	366,800
Net Change in Fund Balances	61,066	93,791	-	154,857
Fund Balances - Beginning of Year	286,965	12,128	4,313	303,406
Fund Balances - End of Year	\$ 348,031	\$ 105,919	\$ 4,313	\$ 458,263

VILLAGE OF TEQUESTA, FLORIDA

BUDGETARY COMPARISON SCHEDULE SPECIAL LAW ENFORCEMENT TRUST FUND FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2016

	Budgeted Amounts		Actual	Variance
	Original	Final	Amounts	with Final Budget Positive (Negative)
Revenues				
Fines and forfeitures	\$ -	\$ -	\$ 11,066	\$ 11,066
Total Revenues	-	-	11,066	11,066
Other Financing Sources				
Transfers in	-	50,000	50,000	-
Net Change in Fund Balance	-	50,000	61,066	11,066
Fund Balance - Beginning	286,965	286,965	286,965	-
Fund Balance - Ending	<u>\$ 286,965</u>	<u>\$ 336,965</u>	<u>\$ 348,031</u>	<u>\$ 11,066</u>

VILLAGE OF TEQUESTA, FLORIDA

BUDGETARY COMPARISON SCHEDULE CAPITAL IMPROVEMENT FUND FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2016

	Budgeted Amounts		Actual	Variance
	Original	Final	Amounts	with Final Budget Positive (Negative)
Revenues	\$ -	\$ -	\$ -	\$ -
Expenditures				
Transportation	\$ -	\$ 174,800	\$ 174,801	\$ (1)
Capital outlay	316,800	150,000	48,208	101,792
Total Expenditures	316,800	324,800	223,009	101,791
Excess (Deficiency) of Revenues Over Expenditures	(316,800)	(324,800)	(223,009)	101,791
Other Financing Sources				
Transfers in	316,800	316,800	316,800	-
Net Change in Fund Balance	-	(8,000)	93,791	101,791
Fund Balance - Beginning	12,128	12,128	12,128	-
Fund Balance - Ending	<u>\$ 12,128</u>	<u>\$ 4,128</u>	<u>\$ 105,919</u>	<u>\$ 101,791</u>

VILLAGE OF TEQUESTA, FLORIDA

**BUDGETARY COMPARISON SCHEDULE
CAPITAL PROJECTS FUND
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2016**

	Budgeted Amounts		Actual	Variance
	Original	Final	Amounts	with Final Budget Positive (Negative)
Revenues	\$ -	\$ -	\$ -	\$ -
Net Change in Fund Balance	-	-	-	-
Fund Balance - Beginning	4,314	4,314	4,313	(1)
Fund Balance - Ending	<u>\$ 4,314</u>	<u>\$ 4,314</u>	<u>\$ 4,313</u>	<u>\$ (1)</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 hired prior to February 1, 2013.

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

VILLAGE OF TEQUESTA, FLORIDA

COMBINING STATEMENT OF FIDUCIARY NET POSITION

SEPTEMBER 30, 2016

	Firefighters' Pension Trust Fund	Police Officers' Pension Trust Fund	General Employees' Pension Trust Fund	Total
Assets				
Cash and cash equivalents	\$ 133,250	\$ 53,841	\$ 69,757	\$ 256,848
Investments				
Equities	5,708,553	2,195,999	2,548,229	10,452,781
Fixed Income	2,219,765	853,974	1,021,351	4,095,090
Real Estate Fund	734,972	282,688	366,358	1,384,018
Total investments	8,663,290	3,332,661	3,935,938	15,931,889
Prepaid items	15,493	4,151	2,555	22,199
Contributions receivable	13,036	1,376	13,084	27,496
Accrued interest	8,472	2,886	6,710	18,068
Due to broker	7,788	2,996	-	10,784
Total Assets	8,841,329	3,397,911	4,028,044	16,267,284
Liabilities				
Accounts payable	14,308	11,764	12,351	38,423
Total Liabilities	14,308	11,764	12,351	38,423
Net Position Restricted for Pension Benefits	<u>\$ 8,827,021</u>	<u>\$ 3,386,147</u>	<u>\$ 4,015,693</u>	<u>\$ 16,228,861</u>

VILLAGE OF TEQUESTA, FLORIDA

COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2016

	Firefighters' Pension Trust Fund	Police Officers' Pension Trust Fund	General Employees' Pension Trust Fund	Total
Additions				
Contributions:				
Employer (including State)	\$ 212,605	\$ 38,638	\$ 201,703	\$ 452,946
Employee	68,983	17,067	134,829	220,879
Total Contributions	281,588	55,705	336,532	673,825
Investment Earnings				
Net (decrease) in fair value of investments	(102,644)	(39,516)	(77,113)	(219,273)
Gain on sale of investments	402,353	239,193	200,985	842,531
Interest earnings	340,452	132,903	99,060	572,415
Total investment earnings	640,161	332,580	222,932	1,195,673
Less investment expenses	(31,488)	(26,721)	(32,398)	(90,607)
Net Investment earnings	608,673	305,859	190,534	1,105,066
Miscellaneous	645	645	1,314	2,604
Total Additions	890,906	362,209	528,380	1,781,495
Deductions				
Benefits paid	438,149	27,708	16,657	482,514
Refund of contributions	-	52,038	16,161	68,199
Administrative expenses	27,451	27,026	44,359	98,836
Total Deductions	465,600	106,772	77,177	649,549
Change in Net Position	425,306	255,437	451,203	1,131,946
Net Position Restricted for Pension Benefits				
Beginning	8,401,715	3,130,710	3,564,490	15,096,915
Ending	<u>\$ 8,827,021</u>	<u>\$ 3,386,147</u>	<u>\$ 4,015,693</u>	<u>\$ 16,228,861</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.	121-125
<u>Revenue Capacity</u> These schedules contain information to help the reader assess the Village's most significant local revenue source, the property tax.	126-129
<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.	130-134
<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 other wise noted, the information in these schedules is derived from the Comprehensive Annual Financial Reports for the relevant year.

VILLAGE OF TEQUESTA, FLORIDA

NET POSITION BY COMPONENT

LAST TEN FISCAL YEARS

(ACCRUAL BASIS OF ACCOUNTING)

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Governmental Activities										
Net invested in capital assets	\$ 6,679,855	\$ 6,959,332	\$ 7,330,897	\$ 7,525,570	\$ 10,730,256	\$ 10,591,778	\$ 10,261,476	\$ 10,284,849	\$ 10,058,956	\$ 9,948,379
Restricted	140,990	-	-	-	-	579,809	579,320	940,739	1,572,614	1,343,543
Unrestricted	5,402,774	6,459,522	6,218,462	5,306,661	4,442,410	3,510,237	3,011,737	2,739,726	1,638,243	1,612,070
Total Governmental Activities Net Position	\$ 12,223,619	\$ 13,418,854	\$ 13,549,359	\$ 12,832,231	\$ 15,172,666	\$ 14,681,824	\$ 13,852,533	\$ 13,965,314	\$ 13,269,813	\$ 12,903,992
Business-type Activities:										
Net invested in capital assets	\$ 14,513,500	\$ 14,082,989	\$ 13,713,525	\$ 13,037,012	\$ 14,673,046	\$ 14,718,841	\$ 14,167,067	\$ 13,402,412	\$ 12,681,504	\$ 12,321,453
Restricted	328,544	-	-	-	-	-	-	-	-	-
Unrestricted	3,046,229	3,581,512	3,997,271	4,975,318	4,315,056	4,884,793	5,408,598	5,632,617	5,781,969	6,117,202
Total Business-type Activities Net Position	\$ 17,888,273	\$ 17,664,501	\$ 17,710,796	\$ 18,012,330	\$ 18,988,102	\$ 19,603,634	\$ 19,575,665	\$ 19,035,029	\$ 18,463,473	\$ 18,438,655
Primary government:										
Net invested in capital assets	\$ 21,193,355	\$ 21,042,321	\$ 21,044,422	\$ 20,562,582	\$ 25,403,302	\$ 25,310,619	\$ 24,428,543	\$ 23,687,261	\$ 22,740,460	\$ 22,269,832
Restricted	469,534	-	-	-	-	579,809	579,320	940,739	1,572,614	1,343,543
Unrestricted	8,449,003	10,041,034	10,215,733	10,281,979	8,757,466	8,395,030	8,420,335	8,372,343	7,420,212	7,729,272
Total Governmental Activities Net Position	\$ 30,111,892	\$ 31,083,355	\$ 31,260,155	\$ 30,844,561	\$ 34,160,768	\$ 34,285,458	\$ 33,428,198	\$ 33,000,343	\$ 31,733,286	\$ 31,342,647

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)

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Expenditures										
Governmental activities:										
General government	\$ 1,391,654	\$ 1,344,038	\$ 1,501,344	\$ 1,503,750	\$ 1,591,575	\$ 1,629,115	\$ 1,642,948	\$ 1,770,326	\$ 1,714,571	\$ 1,918,843
Public safety	5,634,834	5,784,245	5,807,477	6,313,885	5,989,357	6,210,365	6,207,866	6,222,408	5,812,114	7,270,731
Transportation	766,226	736,844	774,966	843,960	857,456	898,458	1,049,062	1,009,693	1,161,613	1,381,760
Leisure services	559,583	539,450	639,590	710,685	635,671	635,110	640,513	583,445	566,585	663,524
Interest on long-term debt	229,074	206,126	180,770	169,792	158,685	146,868	135,204	114,398	124,331	117,709
Total Governmental Activities Expenditures	<u>8,581,371</u>	<u>8,610,703</u>	<u>8,904,147</u>	<u>9,542,022</u>	<u>9,232,744</u>	<u>9,519,916</u>	<u>9,675,593</u>	<u>9,700,270</u>	<u>9,379,214</u>	<u>11,352,567</u>
Business-type activities:										
Water	4,139,784	3,760,426	3,907,950	3,989,517	3,829,330	4,017,097	4,204,955	4,782,022	4,911,816	4,726,849
Stormwater	188,709	215,163	226,498	223,421	194,331	207,526	221,283	279,051	262,413	490,405
Refuse and recycling	306,347	420,081	444,449	431,156	444,302	468,637	484,165	489,977	499,670	489,874
Total Business-Type Activities Expenses	<u>4,634,840</u>	<u>4,395,670</u>	<u>4,578,897</u>	<u>4,644,094</u>	<u>4,467,963</u>	<u>4,693,260</u>	<u>4,910,403</u>	<u>5,551,050</u>	<u>5,673,899</u>	<u>5,707,128</u>
Total Primary Government Program Expenses	<u>\$ 13,216,211</u>	<u>\$ 13,006,373</u>	<u>\$ 13,483,044</u>	<u>\$ 14,186,116</u>	<u>\$ 13,700,707</u>	<u>\$ 14,213,176</u>	<u>\$ 14,585,996</u>	<u>\$ 15,251,320</u>	<u>\$ 15,053,113</u>	<u>\$ 17,059,695</u>
Program Revenues										
Governmental activities:										
Charges for services:										
General government	\$ 278,215	\$ 475,244	\$ 302,182	\$ 316,816	\$ 568,452	\$ 742,438	\$ 695,801	\$ 694,220	\$ 786,792	\$ 814,596
Public safety	1,006,947	863,391	783,774	899,639	1,283,728	1,270,308	1,142,593	1,755,652	1,563,375	1,734,116
Transportation	-	12	-	-	-	-	4,480	-	-	-
Leisure services	54,364	50,219	72,487	92,003	77,955	71,939	86,349	76,918	67,777	69,570
Operating grants and contributions	20,350	18,711	67,842	24,354	58,746	60,260	95,145	63,148	48,300	9,505
Capital grants and contributions	54,764	57,736	-	100,000	2,689,626	119,200	-	-	-	73,828
Total Governmental Activities Program Revenues	<u>1,414,640</u>	<u>1,465,313</u>	<u>1,226,285</u>	<u>1,432,812</u>	<u>4,678,507</u>	<u>2,264,145</u>	<u>2,024,368</u>	<u>2,589,938</u>	<u>2,466,244</u>	<u>2,701,615</u>
Business-Type Activities										
Charges for services:										
Water	3,850,508	3,463,564	3,863,439	4,076,132	4,585,287	4,436,958	4,018,755	4,155,865	4,422,030	4,826,495
Stormwater	303,273	299,729	314,569	313,126	314,264	323,193	323,513	323,363	319,993	325,005
Refuse and recycling	285,917	402,439	414,312	414,657	436,142	487,392	482,422	480,795	478,616	490,801
Community development	-	-	-	-	-	-	-	-	-	-
Operating grants and contributions	7,827	-	-	51,511	-	-	-	-	-	-
Capital grants and contributions	430,000	-	-	-	-	-	-	-	-	-
Total Business-Type Activities Program Revenues	<u>4,877,525</u>	<u>4,165,732</u>	<u>4,592,320</u>	<u>4,855,426</u>	<u>5,335,693</u>	<u>5,247,543</u>	<u>4,824,690</u>	<u>4,960,023</u>	<u>5,220,639</u>	<u>5,642,301</u>
Total Primary Government Program Revenues	<u>\$ 6,292,165</u>	<u>\$ 5,631,045</u>	<u>\$ 5,818,605</u>	<u>\$ 6,288,238</u>	<u>\$ 10,014,200</u>	<u>\$ 7,511,688</u>	<u>\$ 6,849,058</u>	<u>\$ 7,549,961</u>	<u>\$ 7,686,883</u>	<u>\$ 8,343,916</u>
Net (Expense) Revenue										
Governmental activities	\$ (7,166,731)	\$ (7,145,390)	\$ (7,677,862)	\$ (8,109,210)	\$ (4,554,237)	\$ (7,255,771)	\$ (7,651,225)	\$ (7,110,332)	\$ (6,912,970)	\$ (8,650,952)
Business-type activities	242,685	(229,938)	13,423	211,332	867,730	554,283	(85,713)	(591,027)	(453,260)	(64,827)
Total Primary Government Net Expense	<u>\$ (6,924,046)</u>	<u>\$ (7,375,328)</u>	<u>\$ (7,664,439)</u>	<u>\$ (7,897,878)</u>	<u>\$ (3,686,507)</u>	<u>\$ (6,701,488)</u>	<u>\$ (7,736,938)</u>	<u>\$ (7,701,359)</u>	<u>\$ (7,366,230)</u>	<u>\$ (8,715,779)</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 (CONTINUED)

LAST TEN FISCAL YEARS

(ACCRUAL BASIS OF ACCOUNTING)

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General Revenues										
Governmental activities:										
Taxes:										
Property taxes	\$ 6,139,007	\$ 5,661,200	\$ 5,173,808	\$ 4,643,816	\$ 4,341,668	\$ 4,268,732	\$ 4,339,215	\$ 4,767,948	\$ 5,275,411	\$ 5,683,707
Other taxes	1,157,128	1,123,272	1,285,063	1,315,006	1,266,681	1,235,941	1,266,929	1,216,100	1,304,312	1,271,278
Franchise fees based on gross receipts	477,711	462,296	466,541	435,766	412,441	393,734	380,160	401,859	462,312	449,126
Unrestricted intergovernmental	815,828	783,034	702,616	717,673	724,400	718,277	735,924	770,616	811,044	822,390
Unrestricted investment earnings	404,816	152,602	8,725	71,067	32,775	49,173	22,316	13,184	7,139	8,465
Miscellaneous revenues	106,647	37,621	171,614	208,754	116,707	99,072	77,390	53,406	17,739	27,041
Gain on sale of capital assets	-	-	-	-	-	-	-	-	13,073	23,123
Transfers	60,300	120,600	-	-	-	-	-	-	-	-
Total Governmental Revenues and transfers	9,161,437	8,340,625	7,808,367	7,392,082	6,894,672	6,764,929	6,821,934	7,223,113	7,891,030	8,285,130
Business-Type Activities										
Unrestricted investment earnings	321,718	86,811	(9,208)	49,973	28,074	30,448	20,727	14,976	9,986	14,601
Miscellaneous revenues	397,708	39,955	42,080	40,229	79,968	30,801	37,017	35,415	20,432	25,408
Gain (loss) on sale of capital assets	-	-	-	-	-	-	-	-	-	-
Transfers	(60,300)	(120,600)	-	-	-	-	-	-	-	-
Total Business-Type Activities	659,126	6,166	32,872	90,202	108,042	61,249	57,744	50,391	30,418	40,009
Total Primary Government	9,820,563	8,346,791	7,841,239	7,482,284	7,002,714	6,826,178	6,879,678	7,273,504	7,921,448	8,325,139
Change in net position:										
Governmental activities	1,994,706	1,195,235	130,505	(717,128)	2,340,435	(490,842)	(829,291)	112,781	978,059	(365,822)
Business-type activities	901,811	(223,772)	46,295	301,534	975,772	615,532	(27,969)	(540,636)	(422,842)	(24,818)
Total Primary Government	\$ 2,896,517	\$ 971,463	\$ 176,800	\$ (415,594)	\$ 3,316,207	\$ 124,690	\$ (857,260)	\$ (427,855)	\$ 555,217	\$ (390,640)

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)

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General Fund										
Reserved	\$ 47,493	\$ 82,197	\$ 383,766	\$ 129,394	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	4,456,247	5,180,611	4,296,418	3,846,418	-	-	-	-	-	-
Nonspendable	-	-	-	-	228,049	178,478	144,581	207,869	161,036	174,985
Restricted	-	-	-	-	419,591	549,034	575,287	668,050	790,582	995,512
Assigned	-	-	-	-	1,372,125	1,481,792	1,000,000	1,013,600	1,010,978	1,060,578
Unassigned	-	-	-	-	2,009,180	1,487,198	1,921,295	1,714,008	2,024,550	2,079,187
Total General Fund	\$ 4,503,740	\$ 5,262,808	\$ 4,680,184	\$ 3,975,812	\$ 4,028,945	\$ 3,696,502	\$ 3,641,163	\$ 3,603,527	\$ 3,987,146	\$ 4,310,262
All Other Governmental Funds										
Reserved	196,426	12,752	29,508	117,838	-	-	-	-	-	-
Unreserved, reported in:										
Special revenue fund	362,582	391,527	22,037	21,072	-	-	-	-	-	-
Capital Projects funds	457,885	803,511	1,502,939	1,366,119	-	-	-	-	-	-
Restricted	-	-	-	-	45,771	30,775	4,033	291,654	286,965	348,031
Assigned	-	-	-	-	646,977	608,377	159,726	9,726	16,441	110,232
Total Other Governmental Funds	\$ 1,016,893	\$ 1,207,790	\$ 1,554,484	\$ 1,505,029	\$ 692,748	\$ 639,152	\$ 163,759	\$ 301,380	\$ 303,406	\$ 458,263

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

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

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

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Revenues										
Taxes	\$ 7,296,135	\$ 6,871,639	\$ 6,458,871	\$ 5,958,822	\$ 5,608,349	\$ 5,504,673	\$ 5,606,144	\$ 5,984,048	\$ 6,579,723	\$ 6,954,985
Intergovernmental	815,828	783,034	724,375	839,110	776,500	755,792	752,728	816,323	841,950	825,990
Franchise fees	477,711	462,296	466,541	435,766	412,441	393,734	380,160	401,859	462,312	449,126
Charges for services	526,922	574,937	597,269	687,332	888,639	948,395	901,659	1,102,496	1,192,142	1,246,301
Intragovernmental	273,150	280,100	292,990	307,740	323,110	503,163	503,709	519,188	534,416	550,350
Grants, contributions and donations	90,398	76,448	37,583	-	-	126,944	61,185	21,166	17,394	79,733
Licenses and permits	401,704	299,059	211,371	279,835	332,913	417,702	330,569	433,428	346,529	554,591
Interest	404,816	152,602	8,725	71,067	32,775	49,173	22,316	13,184	7,139	8,465
Fines and forfeitures	111,080	40,779	34,877	21,721	204,273	57,539	42,187	319,598	150,323	67,010
Miscellaneous	52,899	38,242	80,603	62,009	141,902	86,064	98,341	64,855	20,017	28,389
Rents and royalties	108,628	103,627	120,596	161,492	162,651	167,636	147,303	136,906	192,256	198,682
Impact fees	3,858	2,575	851	-	-	18,257	-	-	-	-
Total Revenues	10,563,129	9,685,338	9,034,652	8,824,894	8,883,553	9,029,072	8,846,301	9,813,051	10,344,201	10,963,622
Expenditures										
Current:										
General government	1,371,148	1,220,238	1,373,158	1,341,475	1,410,417	1,469,615	1,528,314	1,614,291	1,615,339	1,811,777
Public safety	5,291,398	5,439,202	5,411,745	5,830,734	5,565,091	5,902,568	5,902,479	5,900,978	6,201,180	6,154,309
Transportation	736,436	692,552	710,384	738,323	714,934	725,833	879,169	858,787	1,010,126	1,203,513
Leisure services	495,767	467,740	562,714	619,340	548,729	552,002	561,938	507,069	527,223	609,009
Capital outlay	1,892,075	257,373	752,980	594,224	973,810	335,689	120,399	831,240	399,457	309,399
Debt service:										
Principal	482,665	572,742	278,831	284,833	271,035	282,537	247,809	306,411	334,630	428,048
Interest	222,938	200,236	171,297	159,506	148,186	137,027	125,054	114,398	113,986	106,848
Fiscal charges	6,136	5,890	9,473	10,286	10,499	9,841	11,870	12,736	10,345	18,643
Total Expenditures	10,498,563	8,855,973	9,270,582	9,578,721	9,642,701	9,415,112	9,377,032	10,145,910	10,212,286	10,641,546
Excess (Deficiency) of Revenues Over Expenditures	64,566	829,365	(235,930)	(753,827)	(759,148)	(386,040)	(530,731)	(332,859)	131,915	322,076
Other Financing Sources (Uses)										
Transfers in	685,644	924,300	1,642,813	273,549	250,000	251,300	420,440	150,000	85,000	366,800
Transfers-out	(625,344)	(803,700)	(1,642,813)	(273,549)	(250,000)	(251,300)	(420,440)	(150,000)	(85,000)	(366,800)
Capital lease at inception	-	-	-	-	-	-	-	432,844	253,730	132,774
Other proceeds	-	-	-	-	-	-	-	-	-	23,123
Total Other Financing Sources (Uses)	60,300	120,600	-	-	-	-	-	432,844	253,730	155,897
Net Change in Fund Balances	\$ 124,866	\$ 949,965	\$ (235,930)	\$ (753,827)	\$ (759,148)	\$ (386,040)	\$ (530,731)	\$ 99,985	\$ 385,645	\$ 477,973
Debt Service as a Percentage of Noncapital Expenditures	8.20%	8.99%	5.28%	4.95%	4.84%	4.62%	4.03%	4.52%	4.57%	5.18%

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 Value of Taxable Property	Estimated Actual "Just"	Taxable Assessed Value	Taxable Assessed Value	Estimated Value of Taxable Property	Estimated Actual "Just"	Taxable Assessed Value	Taxable Assessed Value	Direct Tax Rate	Estimated Value of Taxable Property	
2007	\$ 959,650,125	\$ 1,369,028,275	\$ 21,925,090	\$ 21,925,090	\$ 385,284	\$ 385,284	\$ 385,284	\$ 981,960,499	6.4980	\$ 1,391,338,649	71%	
2008	992,309,662	1,410,466,330	24,589,752	27,733,698	489,214	489,214	1,017,388,628	5.7671	1,438,689,242	71%		
2009	905,243,765	1,263,380,924	20,238,412	26,800,875	724,859	730,883	926,207,036	5.7671	1,290,912,682	72%		
2010	813,253,151	1,087,782,592	19,867,770	25,872,707	713,541	718,791	833,906,426	5.7671	1,114,374,270	75%		
2011	759,663,152	990,741,690	20,087,425	26,205,842	471,680	476,546	780,222,257	5.7671	1,017,424,078	77%		
2012	746,532,525	972,735,340	17,997,653	23,646,754	487,407	491,873	765,017,585	5.7671	996,873,967	77%		
2013	760,886,279	985,098,719	17,464,955	23,010,389	1,559,808	1,564,811	779,911,042	5.7671	1,009,673,919	77%		
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%		

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		Everglades Construction	School District	County Library	S. Florida		Jupiter Inlet District	Fl. Island Nav. District (FIND)	Children's Services Council	County Health Care District	
		County	Debt				Water Mgmt. District	County Library				Nav. District (FIND)	County District
2007	6.4980	4.2800	0.1975	0.1000	7.8720	0.5989	0.5970	0.0916	0.0385	0.6199	0.9700		
2008	5.7671	3.7811	0.2002	0.0894	7.3560	0.5441	0.5346	0.0909	0.0345	0.5823	0.8900		
2009	5.7671	3.7811	0.1845	0.0894	7.2510	0.5427	0.5346	0.1000	0.0345	0.6009	0.9975		
2010	5.7671	4.3440	0.2174	0.0894	7.9830	0.5518	0.5346	0.1253	0.0345	0.6898	1.1451		
2011	5.7671	4.7500	0.2460	0.0894	8.1540	0.6069	0.5346	0.1364	0.0345	0.7513	1.1451		
2012	5.7671	4.7815	0.2110	0.0624	8.1800	0.6081	0.1785	0.1364	0.0345	0.7475	1.1250		
2013	5.7671	4.7815	0.2087	0.0613	7.7780	0.6066	0.1757	0.1364	0.0345	0.7300	1.1220		
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		

(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	2016			2007		
	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)	\$ 20,316,421	1	2.18%	\$ 19,143,709	1	1.95%
GHM Tequesta Holdings, LLC	15,215,066	2	1.63%			
DDR S.E. Tequesta, LLC (Teq. Shoppes)	12,723,792	3	1.37%	8,500,000	2	0.87%
Tequesta Investors, LP	10,017,391	4	1.08%			
Florida Power & Light Co.	8,478,244	5	0.91%			
Terrace Communities Tequesta, LLC	7,814,181	6	0.84%	8,161,692	3	0.83%
ALS North America, Inc.	5,684,356	7	0.61%			
SLO ML LLC	4,688,394	8	0.50%	5,200,942	6	0.53%
Taylor William B.	4,060,270	9	0.44%			
Elliot Edward W JR	4,044,754	10	0.43%			
Cohen Square, LLC				7,400,000	4	0.75%
Royal Tequesta LLC				5,307,556	5	0.54%
JMZ Tequesta Properties, INC				5,132,033	7	0.52%
AHC Purchaser Inc				4,700,000	8	0.48%
Tequesta Country Club				4,470,429	9	0.46%
Ttacy Thomas J				4,410,450	10	0.45%
Total	\$ 93,042,869		9.99%	\$ 72,426,811		7.38%

Source: Palm Beach County Tax Collector's System, tax year 2016

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		Collections in Subsequent Years	Total Collections to Date (2)	
		Fiscal Year of the Levy	Percentage of Levy		Amount	Percentage of Levy
		Amount				
2007	\$ 6,355,149	\$ 6,134,038	96.5%	\$ 10,492	\$ 6,144,530	96.7%
2008	5,863,796	5,663,439	96.6%	11,089	5,674,528	96.8%
2009	5,341,529	5,162,044	96.6%	24,896	5,186,940	97.1%
2010	4,809,222	4,627,732	96.2%	13,079	4,640,811	96.5%
2011	4,513,447	4,338,395	96.1%	17,892	* 4,356,287	96.5%
2012	4,425,793	4,254,037	96.1%	14,841	4,268,878	96.5%
2013	4,502,727	4,337,570	96.3%	20,385	4,357,955	96.8%
2014	4,946,692	4,755,463	96.1%	11,917	4,767,380	96.4%
2015	5,437,423	5,237,859	96.3%	681	5,238,540	96.3%
2016	5,866,490	5,651,698	96.3%	--	5,651,698	96.3%

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

(2) Includes discounts taken by property taxpayers.

*Break down by the years for this amount was not available.

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
	Revenue Bonds	Notes Payable	Capital Leases	Revenue Bonds	Notes Payable				
2007	\$ 259,846	\$ 4,118,053	\$ 338,150	\$ 6,670,000	\$ 437,952	\$ 11,824,001	4.61%	1,990	
2008	-	3,917,908	225,398	-	6,929,640	11,072,946	3.39%	1,877	
2009	-	3,709,027	155,448	-	6,668,462	10,532,937	3.03%	1,794	
2010	-	3,491,028	88,613	-	6,405,528	9,985,169	3.04%	1,774	
2011	-	3,263,515	45,092	-	6,132,618	9,441,225	2.92%	1,677	
2012	-	3,026,070	-	-	5,849,788	8,875,858	2.94%	1,572	
2013	-	2,778,261	-	-	5,553,570	8,331,831	2.65%	1,474	
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	

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		(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			
		Property	Taxable								
2007	5,942	\$	981,960,499	\$	11,824,001	\$	482,726	\$	11,341,275	1.15%	1,909
2008	5,898		1,017,388,628		11,072,946		369,490		10,703,456	1.05%	1,815
2009	5,872		926,207,036		10,532,937		-		10,532,937	1.14%	1,794
2010	5,629		833,906,426		9,985,171		-		9,985,171	1.20%	1,774
2011	5,629		780,222,257		9,441,225		-		9,441,225	1.21%	1,677
2012	5,646		765,017,585		8,875,858		-		8,875,858	1.16%	1,572
2013	5,652		779,911,042		8,331,831		-		8,331,831	1.07%	1,474
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

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

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

LEGAL DEBT MARGIN INFORMATION

Total Assessed Value	(1)	\$ 930,983,422
Legal Debt Margin		
Debt limitation - 10% of total assessed value	(2)	93,098,342
Total bonded debt outstanding	-	-
Less amount in debt service fund	-	-
Total Debt Applicable to Limitation		-
Legal Debt Margin		\$ 93,098,342

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Debt Limit	\$ 101,695,653	\$ 93,130,772	\$ 83,442,520	\$ 83,390,643	\$ 78,022,226	\$ 76,501,759	\$ 77,991,104	\$ 81,633,154	\$ 86,393,707	\$ 93,098,342
Total Net Debt Applicable to Limit	-	-	-	-	-	-	-	-	-	-
Legal debt margin	\$ 101,695,653	\$ 93,130,772	\$ 83,442,520	\$ 83,390,643	\$ 78,022,226	\$ 76,501,759	\$ 77,991,104	\$ 81,633,154	\$ 86,393,707	\$ 93,098,342

- (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, 2016

Governmental Unit	Net Debt Outstanding (a)	Estimate Percentage Applicable to Tequesta (b)	Estimate Share of Direct and Overlapping Debt
OVERLAPPING			
Palm Beach County	\$ 122,760,000	0.61%	\$ 748,836
P.B.C. School Board	15,175,000	0.61%	92,568
Subtotal, overlapping debt			841,404
DIRECT DEBT			
Village of Tequesta	2,515,446	100.00%	2,515,446
Total direct and overlapping debt			\$ 3,356,850

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

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

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

VILLAGE OF TEQUESTA, FLORIDA

PLEDGED- REVENUE COVERAGE

LAST TEN FISCAL YEARS

Fiscal Year	Pledged Revenues (1)	Less: Expenditures	Net Available Revenue	Debt Service (2)		Coverage
				Principal	Interest	
2007	\$ 593,649	\$ 143,370	\$ 450,279	\$ 120,154	\$ 23,216	3.14%
2008	515,700	275,836	239,864	259,846	15,990	0.87%
2009	-	-	-	-	-	-
2010	-	-	-	-	-	-
2011	-	-	-	-	-	-
2012	-	-	-	-	-	-
2013	-	-	-	-	-	-
2014	-	-	-	-	-	-
2015	-	-	-	-	-	-
2016	-	-	-	-	-	-

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

(1) Pledged revenues include franchise fees, licenses and permits from Fund 101.
Fund 101 closed in fiscal year 2009.

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

VILLAGE OF TEQUESTA, FLORIDA

DEMOGRAPHIC AND ECONOMIC STATISTICS

LAST TEN FISCAL YEARS

Fiscal Year	Population (1)	Personal Income (2)	Per Capita Personal Income (2)	Median Age (3)	Palm Beach County Unemployment Rate (4)
2007	5,942	\$ 256,397,300	\$ 43,150	47.5	3.3%
2008	5,898	326,224,278	55,311	47.5	7.3%
2009	5,872	347,311,184	59,147	47.5	9.7%
2010	5,629	328,497,182	58,358	47.5	11.4%
2011	5,629	323,447,969	57,461	49.9	11.0%
2012	5,646	302,061,000	53,500	49.9	9.2%
2013	5,652	314,409,456	55,628	49.9	7.1%
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%

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	2016			2007		
	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
Palm Beach County School Board	21,656	1	N/A	21,707	1	N/A
Palm Beach County Government	5,930	2	N/A	11,293	2	N/A
Tenet Healthcare Corporation	4,595	3	N/A	4,500	3	N/A
NextEra Energy / Florida Power & Light	4,005	4	N/A	3,250	5	N/A
Hospital Corporation of America (HCA)	3,476	5	N/A	3,411	4	N/A
Veterans Health Administration	2,700	6	N/A			
Florida Atlantic University	2,529	7	N/A	2,923	6	
Boca Raton Regional Hospital	2,500	8	N/A			
Jupiter Medical Center	2,195	9	N/A			
Bethesda Health, Inc	2,150	10	N/A			
The Breakers				2,300	7	N/A
Office Depot (Headquarters)				2,180	8	N/A
Boca Raton Community Hospital				1,860	9	N/A
Boca Raton Resort & Club				1,650	10	N/A
	<u>51,736</u>		<u>N/A</u>	<u>55,074</u>		<u>N/A</u>

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

VILLAGE OF TEQUESTA, FLORIDA

FULL-TIME EMPLOYEES BY FUNCTION/PROGRAM

LAST TEN FISCAL YEARS

Function/Program	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Governmental Activities										
General government	9.5	15.0	15.0	10.0	10.5	10.5	11.5	10.5	10.3	10.3
Public safety	51.0	50.0	49.0	50.0	49.0	50.0	53.0	51.0	51.0	52.0
Transportation	4.0	4.0	4.0	4.0	4.0	4.0	5.0	5.0	5.9	6.9
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	67.5	72.0	71.0	67.0	66.5	67.5	72.5	69.5	70.2	72.2
Business-Type Activities										
Water	15.5	15.0	16.0	15.0	14.5	14.5	16.5	16.5	18.6	18.6
Stormwater	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.2	2.2
Total Business-Type Activities	16.5	16.0	17.0	16.0	15.5	15.5	17.5	17.5	19.8	20.8
Total Primary Government	84.0	88.0	88.0	83.0	82.0	83.0	90.0	87.0	90.0	93.0

Source: Village of Tequesta Human Resource Department

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

VILLAGE OF TEQUESTA, FLORIDA
OPERATING INDICATORS BY FUNCTION/PROGRAM

LAST TEN FISCAL YEARS

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Governmental Activities										
General government										
Registered voters	4,007	4,439	4,612	4,505	4,543	4,676	4,854	4,702	4,634	4,813
Public safety:										
No. of full-time certified police officers	19	17	18	17	19	11 *	18	20	19	18
No. of calls received	3,500	3,535	3,533	3,178	3,266	3,272	3,571	3,548	3,853	3,109
No. of arrests	238	224	251	296	204	129	136	168	174	94
No. of parking violations	148	171	131	124	82	149	328	120	207	61
No. of incident numbers issued	853	965	887	881	595	622	691	725	552	345
Fire department:										
No. of full-time certified firefighters	19	20	21	21	22	21	21	18	22	22
No. of emergency responses	1,122	1,143	1,189	1,043	1,096	1,155	1,372	1,197	1,291	1,409
No. of transports	521	621	651	562	622	695	675	693	1,006	817
No. of fires extinguished/alarms	601	522	538	481	474	460	697	504	285	254
No. of inspections	412	435	476	480	462	495	539	713	499	654
Building, zoning:										
No. of building permits issued	998	906	784	812	800	883	914	929	1,034	1,583
No. of building inspections conducted	2,581	2,039	1,771	1,579	1,728	1,931	2,176	2,201	1,705	2,472
Leisure services:										
No. of Spring Classes	-	8	8	10	10	10	10	8	8	12
No. of Summer Classes	-	4	5	4	4	4	4	4	4	4
No. of Movies	-	4	4	3	3	3	3	4	3	3
Business-Type Activities										
Water:										
No. of customers	4,722	4,968	4,983	4,982	5,019	4,996	5,037	5,039	5,038	5,055
Average daily consumption	2.349 mg	2.351 mg	2.175 mg	2.175 mg	2.698 mg	2.550 mg	2.454 mg	2.422 mg	2.500 mg	2.600 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	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Governmental Activities										
General government:										
Municipal center	-	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	12	7	9	15	15	11	10	11	10	12
Fire:										
No. of stations	1	1	1	1	1	1	1	1	1	1
No. of ambulances	2	2	2	3	3	3	3	3	2	2
No. of pumps	3	2	2	3	3	3	3	3	3	3
Transportation:										
Miles of street lane miles	43	43	*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	3	3	4	4	5	5	5	6	**	6
No. of park acreage	48	48	50	53	54	54	54	62	**	62
No. of playgrounds	3	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	75	72	72	73	72	72	73	73	73	77
No. of fire hydrants	430	430	430	430	430	430	433	409	430	456
Storage capacity (thousands of gallons)	3,250	3,250	3,250	3,250	3,250	3,250	2,750	2,750	2,750	2,750

Sources: Various Village departments

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

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

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Tequesta (the Village), as of and for the fiscal year ended September 30, 2016 and the related notes to the financial statements, which collectively comprise the Village's basic financial statements, and have issued our report thereon dated June 28, 2017.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Marcum LLP

West Palm Beach, FL
June 28, 2017

**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, 2016, and have issued our report thereon dated June 28, 2017.

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 Florida Auditor General.

Other Reports

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*, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports, which are dated June 28, 2017, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. There were no recommendations made in the preceding annual financial audit report.

Official Title and Legal Authority

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

Financial Condition

Section 10.554(1)(i)5.a. and 10.556 (7), Rules of the Auditor General, require that we apply appropriate procedures and report the results of our determination as to whether or not the 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.c. and 10.556(8), Rules of the Auditor General, we applied financial condition assessment procedures. It is management's responsibility to monitor the Village's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same. This assessment was done as of the fiscal year end.

Annual Financial Report

Section 10.554(1)(i)5.b. and 10.556 (7), Rules of the Auditor General, require that we apply appropriate procedures and report the results of our determination as to whether the annual financial report for the Village for the fiscal year ended September 30, 2016, filed with the Florida Department of Financial Services pursuant to Section 218.32(1)(a), Florida Statutes, is in agreement with the annual financial audit report for the fiscal year ended September 30, 2016. In connection with our audit, we determined that these two reports were in agreement.

Other Matters

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

Section 10.554(1)(i)3., Rules of the Auditor General, requires that we address noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but which warrants the attention of those charged with governance. In connection with our audit, we did not have any such findings.

Purpose of this Letter

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, Federal and other granting agencies, Village Council, and 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
June 28, 2017

**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, 2016. 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, 2016.

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
June 28, 2017