

Village of Tequesta, Florida

Annual Comprehensive Financial Report



For Fiscal Year Ended
September 30, 2022



2022 Village of Tequesta Council

L to R: Vice-Mayor Kyle Stone, Council Member Aaron Johnson,
Council Member Frank D'Ambra III,
Council Member Laurie Brandon, Mayor Molly Young

VILLAGE OF TEQUESTA, FLORIDA
ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

Prepared By
Finance Department
The Village of Tequesta, Florida

VILLAGE OF TEQUESTA, FLORIDA

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VILLAGE OF TEQUESTA, FLORIDA

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INTRODUCTORY SECTION

Village of Tequesta

345 Tequesta Drive
Tequesta, FL 33469



561-768-0700
www.tequesta.org

March 15, 2023

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

We are pleased to submit the Annual Comprehensive Financial Report of the Village of Tequesta, Florida (the Village), for the fiscal year ended September 30, 2022.

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

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

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

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

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

Mauldin & Jenkins, Certified Public Accountants, have issued an unmodified ("clean") opinion on the Village of Tequesta's financial statements for the fiscal year ended September 30, 2022. The independent auditors' report is located at the front of the financial section of this report.

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

THE VILLAGE OF TEQUESTA

Profile

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

The Village's growth potential is restricted by the natural boundaries of the Atlantic Ocean to the east, the Loxahatchee River to the west, the Town of Jupiter to the south and Martin County to the north.



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

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

Services Provided

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

Accounting and Internal Control

Management of the Village is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the Village are protected from loss, theft or misuse and to ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with accounting principles generally accepted in the United States of America. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The

concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

Single Audit

As a recipient of federal, state and county financial assistance, the Village is also responsible for ensuring that an adequate internal control structure is in place to ensure compliance with applicable laws and regulations related to those programs. The Village was subject to an audit in accordance with the Uniform Guidance or the Florida Single Audit Act for the fiscal year ended September 30, 2022 under the provisions of the U.S. Office of Management and Budget Compliance Supplement (Uniform Guidance) and the Rules of the Auditor General, State of Florida. The information related to the Single Audit, including the schedule of expenditure of federal awards and state projects, schedule of findings and questioned costs, and auditors' reports on the internal control over compliance and compliance with applicable laws and regulations are included in a separate report. This report disclosed no instances of material weaknesses in internal control over financial reporting and over compliance, or significant violations of applicable laws and regulations.

Budgetary Controls

The Council is required to adopt an initial budget prior to the beginning of the fiscal year October 1. In accordance with state laws the Approved Budget is posted on the Village's website within 30 days of adoption. This annual budget serves as the foundation for the Village of Tequesta's financial planning and control. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the Village's governing body. Activities of the General Fund, Special Revenue Funds, and Capital Project Funds are included in the annual appropriated budget. The budget is prepared by fund, function (e.g., public safety), and department (e.g., police) and is adopted by fund total. Department Directors may transfer resources within a department with the approval of the Village Manager. Transfers between funds or exceeding the amounts appropriated in any fund require budget amendments be approved by the Village Council. The legal level of budgetary control is therefore at the fund level.

Local Economy

The Village, located in the north end of Palm Beach County, which is the third most populous county in the State of Florida (approximately 1.5 million residents). The latest population estimate prepared by the Bureau of Economic and Business Research, University of Florida indicates that the current population of the Village of Tequesta is 6,152. Tequesta is home to middle to upper-income suburban families; has a small commercial area and no major industries located within its boundaries. It is home to a number of assisted living facilities, private schools and a high-end treatment center.

The unemployment rate in the United States was 3.5% as of September 2022 and 4.8% just one year earlier. This compares to the Florida's unemployment rate was 2.5% as of September 2022 and 3.9% just one year earlier. Palm Beach County's unemployment rate was 2.6% as of September 2022 and 3.9% just one year earlier. The future continues to look good for the Village of Tequesta.

The entire country is feeling the effects of significant and prolonged inflation. The CPI increased 8.2% from September 2021 to 2022 and the corresponding increase from September 2020 to 2021 was 5.4% which is much higher than the feds goal of keeping inflation around 2%. This is impacting the purchasing power of the Village and our residents.

The housing market is slowing as the fed works to reduce the high inflation levels. The resulted in federal funds rates increasing to 4.50% to 4.75% (highest since September 18, 2017) and pushed mortgage rates much higher 6% to 7%. Housing starts are decreasing (-4.5% in Florida for January 2023 according to the Florida Realtors) in 2023 due to the higher mortgage rates. Tequesta continues to see rising property values. Per the Palm Beach County Property Appraiser's Office, gross taxable value for

calculating ad valorem proceeds increased from \$1.221 billion during calendar year 2021 to \$1.293 billion during calendar year 2022 revenues. Construction projects in the Village are anticipated to add approximately 12% to the gross taxable value.

Strategic Plan

The Village of Tequesta Village Council continue to utilize strategic planning to guide the future of the village. The Strategic plan identifies the four main goals along with strategic objectives and actions to support overall goals:

- Maintain level of services at the intended level of Operational Excellence.
- Update infrastructure.
- Maintain and enhance the distinctive character and culture of the Village.
- Maintain and strengthen the financial stability of the Village.

The Village Council adopted the following vision for our future:

We will preserve and enhance the unique character, community spirit, small town values, and superior quality of life for all who reside, visit, and work in the Village of Tequesta.

The Village Council's adopted mission:

The Village of Tequesta's mission is to protect the health, safety, and well-being of the community, provide exception, fiscally sound, and efficient customer service, uphold the public interest and advance the community vision.

The Village Council added two new values as part of this year's strategic planning meeting:

- Excellence.
- Ethics & Transparency.
- Quality of Life.
- Employees.
- Communication – new.
- Compassion – new.

Long-Term Financial Planning and Major Initiatives

The continued goal of the Village is to maintain a consistently high quality of services to the residents, while protecting the assets, the level of service and the quality of life that the residents have come to expect. It is the result of hard work by the Village staff, and fiscally sound, responsible decisions by the Village Council that allows the Village to meet service demands while minimizing the financial burden on its residents. The Village is very fortunate to have a citizenry that is active on many boards and committees, a working staff that has shown its willingness to take on additional responsibilities, an expanded workload and perhaps most importantly, a Village Council that is very responsive to the needs of the residents and staff and who donate so much of their time to this community.

The Village's primary focus is providing exceptional municipal services to its residents in the most efficient and cost effective manner possible. Continued economic challenges require innovative approaches on both sides of the balance sheet. Efforts to expand contractual services to generate additional revenue should continue to be considered.

The Village continues to explore grant funding opportunities and partnerships in an effort to control cost while improving services and equipment.

MAJOR INITIATIVES

- Continue to explore alternative revenue sources, at both the state and federal level, with the assistance of grant writers and other professional consultant services.
- Asking the Village's citizens if they support issuing General Obligation bonds as a long-term funding strategy for Parks and Green Spaces.
- Strengthen our relationships with local businesses to recruit and retain businesses in the Village.
- Developing a sustainable business plan for the new Recreation Center.
- Continue and enhance the annual street and sidewalk maintenance program.
- Make upgrades to the Water Treatment Plant, which includes energy conservation projects, to provide safe, reliable, cost-effective and environmentally responsible potable water.
- Maintain a reliable drinking water supply by rehabilitating upper Floridian aquifer wells and construct a new surficial well.
- To advance a long-range plan for the replacement of the aging water distribution system.

AWARDS AND ACKNOWLEDGEMENTS

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Village for its annual comprehensive financial report for the fiscal year ended September 30, 2021. The Village has received this prestigious award for forty for consecutive years. The Village must publish an easily readable and efficiently organized annual comprehensive 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 annual comprehensive 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.

We would like to thank the staff of the Finance Department for their efforts in preparing this report and all Village departments for their cooperation and assistance throughout the past year. Special appreciation is also extended to Ms. Tatiana Racanati, Assistant Finance Director, whose dedicated service made the completion of this report all the more possible.

We also want to thank the Mayor and Village Council for providing leadership and taking necessary actions to continue a standard of financial excellence for the Village.

Respectfully submitted,



Jeremy Allen, ICMA-CM
Village Manager



Jeff Snyder, CPA, CGMA
Finance Director



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**Village of Tequesta
Florida**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

September 30, 2021

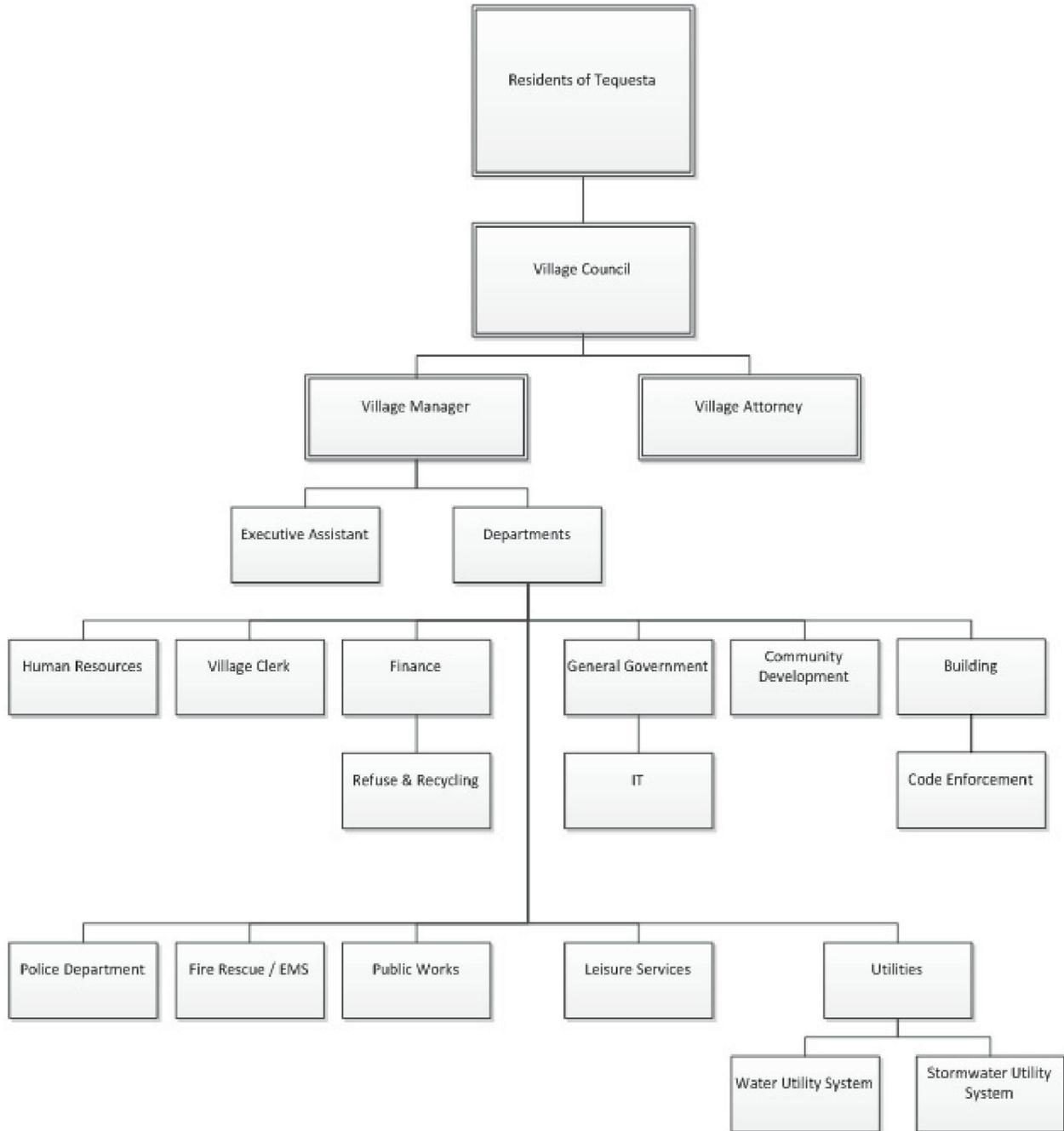
Christopher P. Morill

Executive Director/CEO

VILLAGE OF TEQUESTA, FLORIDA

ORGANIZATION CHART

SEPTEMBER 30, 2022



VILLAGE OF TEQUESTA, FLORIDA

LIST OF PRINCIPAL OFFICIALS

SEPTEMBER 30, 2022

VILLAGE COUNCIL

Molly Young
Kyle Stone
Laurie Brandon
Frank D'Ambra, III
Aaron Johnson

Mayor
Vice-Mayor
Councilmember
Councilmember
Councilmember

VILLAGE OFFICIALS

Jeremy Allen, ICMA-CM
Davis & Associates, PA
Lori McWilliams, MMC
Jeffery Snyder, CPA, CGMA
Jim Trube
Gus Medina
Merlene Reid, Ed.D., SPHR
NZ Consultants, Inc.
Jose Rodriguez
Greg Corbitt
Marjorie Craig, PE

Village Manager
Village Attorney
Village Clerk
Finance Director
Fire Chief
Police Chief
Human Resources Director
Planning and Zoning Director
Building Director
Parks and Recreation Director
Utilities Director

VILLAGE INDEPENDENT AUDITORS

Mauldin & Jenkins, LLC



FINANCIAL SECTION



INDEPENDENT AUDITORS' REPORT



INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Tequesta, Florida (the "Village") as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village, as of September 30, 2022, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Village and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter

As described in Note 1J to the financial statements, as of October 1, 2021, the Village adopted new accounting guidance, GASB Statement No. 87, *Leases*. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Village's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Village's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Village's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis (on pages 4 through 18), the General Fund Budgetary Comparison Schedule, the Schedule of Changes in the Net Pension Liability (Asset) and Related Ratios, the Schedule of Village Contributions, the Schedule of Investment Returns, the Schedule of Changes in the Total OPEB Liability and Related Ratios, and the Schedules of Proportionate Share of the Net Pension Liability (on pages 98 through 113) be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary 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 accompanying combining and individual nonmajor fund financial statements and schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 8, 2023, on our consideration of the Village's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Village's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.

Mauldin & Jenkins, LLC

Bradenton, Florida
March 8, 2023



**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 the following narrative overview and analysis of the financial activities of the Village of Tequesta (Village) for the fiscal year ended September 30, 2022. We encourage readers to consider this overview and analysis in combination with the basic financial statements, notes to the financial statements, and the additional information that we have furnished in the letter of transmittal found on pages i to iv of this report.

Financial Highlights

- The assets and deferred outflows of resources of the Village of Tequesta exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$44,353,314. Of total net position, 16,213,716 (36.6%) is unrestricted and may be used to meet the ongoing obligations to the citizens and creditors.
- The Village's total net position increased during the current period. Net position for governmental activities increased by \$2,995,972, half of which was the recognition of the American Rescue Plan Act grant that the Village received. The business-type activities net position increased by \$1,124,442, due mainly to modest increases in user fees to fund needed capital improvements in the systems.
- At the close of the current fiscal year, the Village's governmental funds reported a change in combined fund balances of \$(256,155) due to a planned spend down of reserves for the completion of the community center building project.
- At the end of the current fiscal year, total fund balance for the general fund was \$8,011,879, or 54.9% of general fund operating expenditures and other financing uses. Of this balance, \$812,308 was non-spendable for inventories and prepaid expenditures; \$288,000 was restricted for debt service and \$500,000 was committed to hurricane/disaster relief; \$2,036,098 was assigned for the subsequent year's budget; and \$4,375,473, or 30.0% of general fund operating expenditures and other financing uses was unassigned. At the end of the fiscal year, unrestricted fund balance (the total of the *committed, assigned and unassigned* components of fund balance) reported in the general fund was \$6,911,571.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Village'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 contains 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's finances, in a manner similar to a private-sector business.

The *statement of net position* presents financial information on all of the Village'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'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 that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the Village includes general government, public safety, transportation and leisure services. The business-type activities of the Village includes water, stormwater and refuse and recycling.

The government-wide financial statements can be found on pages **19-20** of this report.

Fund Financial Statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Village of Tequesta, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with financial and legal requirements. All of the funds of the Village 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 utilize the modified accrual basis of accounting which focuses 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 is 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 maintains five individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund and Capital Projects Fund which are considered major funds. 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 adopts an annual appropriated budget for its governmental funds. A budgetary comparison schedule has been provided for the General Fund to demonstrate compliance with this budget.

The Village's governmental fund financial statements can be found on pages **21-24** of this report.

Proprietary Funds. The Village maintains one type of proprietary fund – enterprise funds. *Enterprise funds* utilize the full accrual basis of accounting which is the same basis used to report the same functions presented as *business-type activities* in the government-wide financial statements. The Village uses enterprise funds to account for its water, stormwater, and refuse and recycling 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 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's progress in funding its obligation to provide pension benefits and OPEB benefits to its employees, as well as the Village's net pension liability (asset) and related ratios, contributions and pension investment returns. Required supplementary information can be found on pages **98-113** of this report.

The combining and individual fund statements and schedules referred to earlier in connection with non-major governmental funds and fiduciary funds are presented immediately following the required supplementary information on pensions and OPEB. Combining and individual fund statements and schedules can be found on pages **114-121** of this report.

Government-wide Overall Financial Analysis

Net position over time, may serve as a useful indicator of a government's financial position. In the case of the Village of Tequesta, assets and deferred outflows of resources exceeded liabilities and deferred inflows at the close of the most recent fiscal year. This change is discussed below.

Village of Tequesta's Total Net Position

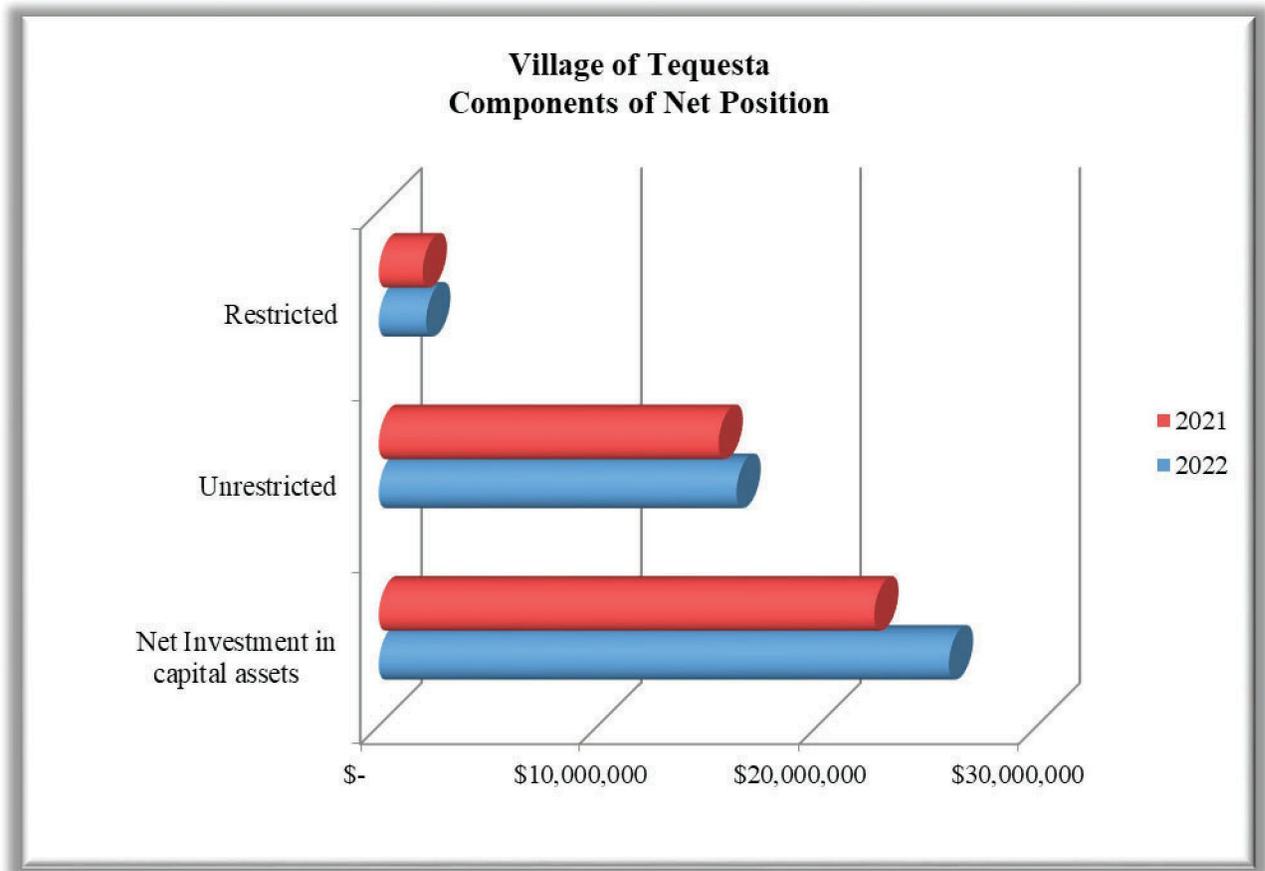
The Village of Tequesta's total assets and deferred outflows exceeded total liabilities and deferred inflows by \$44,353,314 at the close of the 2022 fiscal year. Net Position in governmental activities recorded an increase of 17.88%. The Village's business-type activities recorded a 5.04% increase in total net position. The majority of this change was due to a change of current and other assets by \$2,910,898 which is a result of better than anticipated pension returns and the implementation of GASB No.87 on leases provided an increase in receivables as well as a new entry for deferred inflow leases. The completion of the community center building resulted in an increase in capital assets of \$1,510,627. Noncurrent liabilities also decreased by \$1,964,908.

| Village of Tequesta's Net Position | | | | | | |
|--------------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|
| | Governmental | | Business-type | | Total | |
| | Activities | | Activites | | | |
| | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 |
| Current and other assets | \$ 15,818,554 | \$ 12,907,656 | \$ 9,130,155 | \$ 7,637,085 | \$ 24,948,709 | \$ 20,544,741 |
| Capital assets, net | 17,364,642 | 15,854,015 | 17,980,929 | 18,133,873 | 35,345,571 | 33,987,888 |
| Total assets | 33,183,196 | 28,761,671 | 27,111,084 | 25,770,958 | 60,294,280 | 54,532,629 |
| Total deferred outflows of resources | 1,990,091 | 2,078,861 | 553,740 | 573,963 | 2,543,831 | 2,652,824 |
| Noncurrent liabilities | 7,965,616 | 9,930,524 | 2,463,697 | 2,774,913 | 10,429,313 | 12,705,437 |
| Other liabilities | 1,292,358 | 2,323,967 | 850,192 | 788,275 | 2,142,550 | 3,112,242 |
| Total liabilities | 9,257,974 | 12,254,491 | 3,313,889 | 3,563,188 | 12,571,863 | 15,817,679 |
| Total deferred inflows of resources | 4,905,811 | 825,347 | 934,169 | 489,409 | 5,839,980 | 1,314,756 |
| Net position | | | | | | |
| Net investment in capital assets | 10,335,163 | 7,103,735 | 15,642,791 | 15,470,616 | 25,977,954 | 22,574,351 |
| Restricted | | | | | | |
| Infrastructure | 568,199 | 59,172 | - | - | 568,199 | 59,172 |
| Debt Service | 288,000 | 561,007 | 391,822 | 376,728 | 679,822 | 937,735 |
| Building | 832,828 | 864,932 | - | - | 832,828 | 864,932 |
| Law Enforcement | 80,795 | 143,689 | - | - | 80,795 | 143,689 |
| Unrestricted | 8,831,563 | 9,028,159 | 7,382,153 | 6,444,980 | 16,213,716 | 15,473,139 |
| Total net position | \$ 20,936,548 | \$ 17,760,694 | \$ 23,416,766 | \$ 22,292,324 | \$ 44,353,314 | \$ 40,053,018 |

The largest portion of the Village's total net position (58.6%) represents investments in capital assets (e.g., land, buildings, machinery and equipment), less depreciation and any related outstanding debt and deferred inflows/outflows used to acquire those assets. The Village uses these capital assets to provide services to citizens; consequently, they are not available for future spending. Although the Village's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the Village's net position (4.9%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$16,213,716 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 is able to report positive balances in all categories of net position, both for the government as a whole, as well as for its separate governmental and business-type activities. The same situation held true for the prior fiscal year.



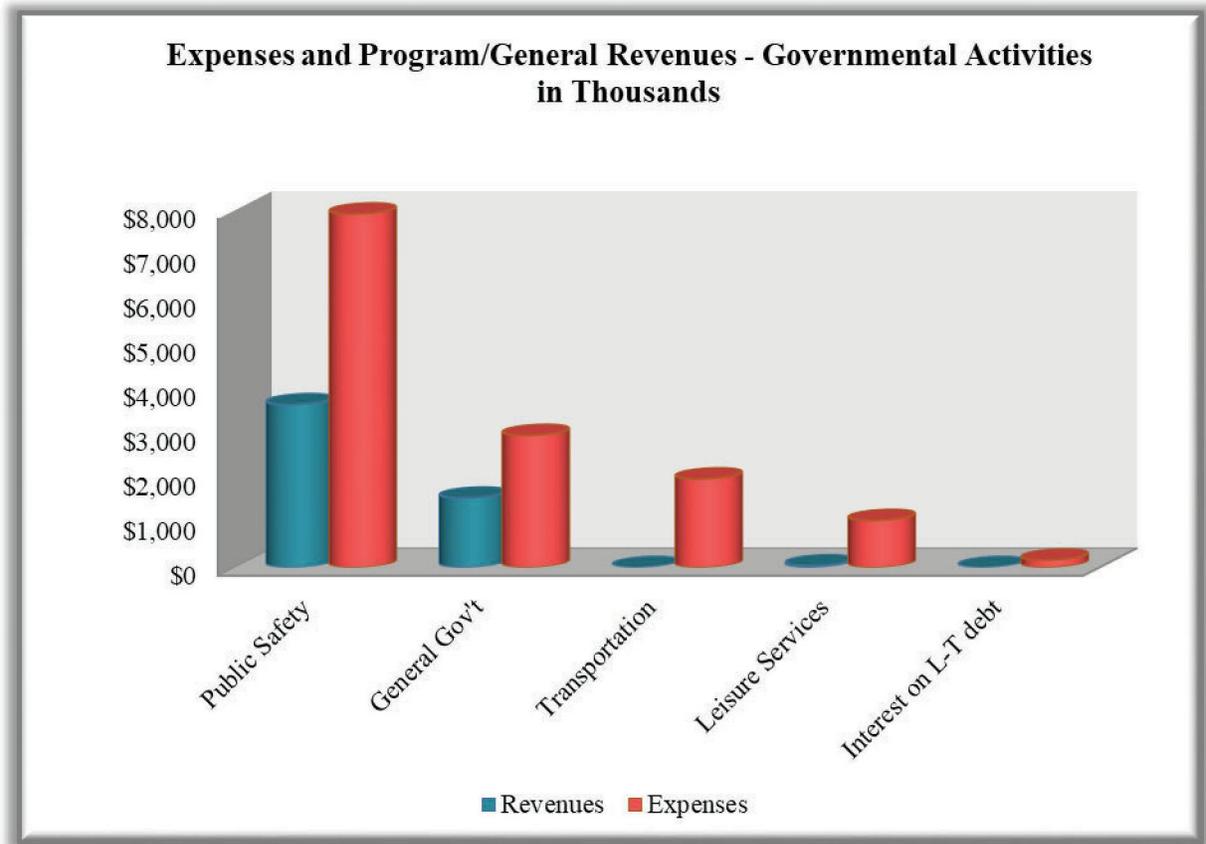
Village of Tequesta's Changes in Net Position

| Village of Tequesta | | | | | | |
|---|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| Changes in Net Position | | | | | | |
| | Governmental | | Business-type | | Total | |
| | Activities | | Activities | | | |
| | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 |
| Revenues: | | | | | | |
| Program Revenues: | | | | | | |
| Charges for Services | \$ 3,603,521 | \$ 4,358,422 | \$ 7,577,143 | \$ 7,578,612 | \$ 11,180,664 | \$ 11,937,034 |
| Operating Grants & Contributions | 1,581,739 | 1,676,429 | - | 19,157 | 1,581,739 | 1,695,586 |
| Capital Grants & Contributions | 61,667 | 63,568 | 108,464 | - | 170,131 | 63,568 |
| General Revenues: | | | | | | |
| Ad valorem Taxes | 8,260,937 | 7,848,744 | - | - | 8,260,937 | 7,848,744 |
| Other Taxes | 2,170,196 | 1,966,890 | - | - | 2,170,196 | 1,966,890 |
| Franchise fees on gross receipts | 530,165 | 509,963 | - | - | 530,165 | 509,963 |
| Unrestricted intergovernmental | 1,062,117 | 901,243 | - | - | 1,062,117 | 901,243 |
| Unrestricted investment earnings | 58,188 | 13,296 | (6,014) | 7,917 | 52,174 | 21,213 |
| Gain (loss) on sale of capital assets | 972 | 26,524 | 6,803 | 29,834 | 7,775 | 56,358 |
| Other Miscellaneous | 23,999 | 54,949 | 45,162 | 64,074 | 69,161 | 119,023 |
| Total Revenues | <u>17,353,501</u> | <u>17,420,028</u> | <u>7,731,558</u> | <u>7,699,594</u> | <u>25,085,059</u> | <u>25,119,622</u> |
| Expenses: | | | | | | |
| General government | 2,961,670 | 3,121,260 | - | - | 2,961,670 | 3,121,260 |
| Public safety | 7,926,208 | 7,507,748 | - | - | 7,926,208 | 7,507,748 |
| Transportation | 1,986,016 | 1,944,570 | - | - | 1,986,016 | 1,944,570 |
| Leisure Services | 1,055,418 | 701,364 | - | - | 1,055,418 | 701,364 |
| Interest expense/other fiscal charges | 239,652 | 59,662 | 116,584 | 131,391 | 356,236 | 191,053 |
| Water utility services | - | - | 5,434,986 | 5,679,124 | 5,434,986 | 5,679,124 |
| Stormwater services | - | - | 715,004 | 524,732 | 715,004 | 524,732 |
| Refuse & recycling services | - | - | 529,107 | 511,299 | 529,107 | 511,299 |
| Total Expenses | <u>14,168,964</u> | <u>13,334,604</u> | <u>6,795,681</u> | <u>6,846,546</u> | <u>20,964,645</u> | <u>20,181,150</u> |
| Increase in net position before transfers | 3,184,537 | 4,085,424 | 935,877 | 853,048 | 4,120,414 | 4,938,472 |
| Transfers | (188,565) | 21,891 | 188,565 | (21,891) | - | - |
| Increase in net position | <u>2,995,972</u> | <u>4,107,315</u> | <u>1,124,442</u> | <u>\$ 831,157</u> | <u>4,120,414</u> | <u>4,938,472</u> |
| Net position - beginning (restated) | <u>17,940,576</u> | <u>13,653,379</u> | <u>22,292,324</u> | <u>21,461,167</u> | <u>40,232,900</u> | <u>35,114,546</u> |
| Net position - ending | <u>\$ 20,936,548</u> | <u>\$ 17,760,694</u> | <u>\$ 23,416,766</u> | <u>\$ 22,292,324</u> | <u>\$ 44,353,314</u> | <u>\$ 40,053,018</u> |

For fiscal year ended September 30, 2022, the Village's overall net position increased from the prior fiscal year. Revenues increased in the governmental activities as well as in business-type activities. Combined entity wide revenues exceeded expenses for fiscal year ended September 30, 2022 by \$4,120,414. Combined revenues entity-wide remained rather flat between FY 2021-22 and FY 2020-21 due to increases in ad valorem taxes (property values appreciating) and decreases in charges for services (reduced plan review fees for large construction project completion during the year). Revenues increased in business-type activities due to a modest increase in water utility fees.

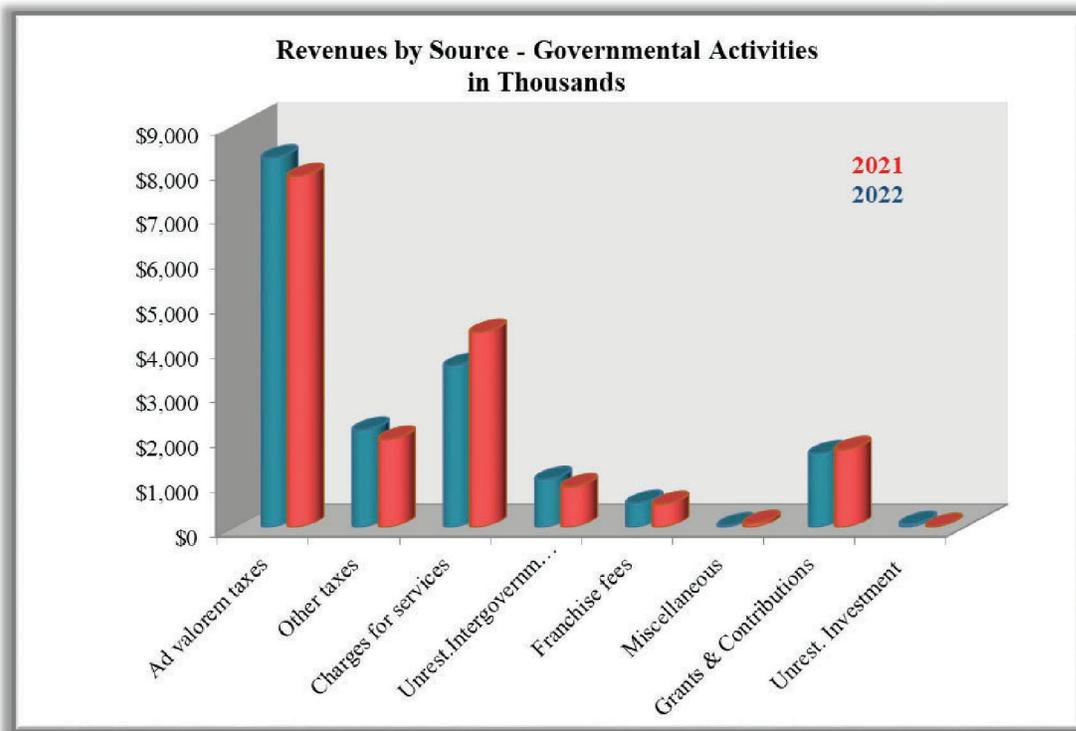
Governmental Activities – Expenses and Program/General Revenues

Governmental activities. As previously stated, overall revenue from governmental activities decreased from the prior year due largely to a reduction in fire plan review fees large project. The increase in property tax revenue was primarily due to increases in property values. Also significantly impacting the Village's operation results was the infusion of operating grants, ARPA and COVID-19 funds in the current fiscal year as well as the prior fiscal year. The results of the Village's operations allowed for an overall increase in net position of \$2,995,972.

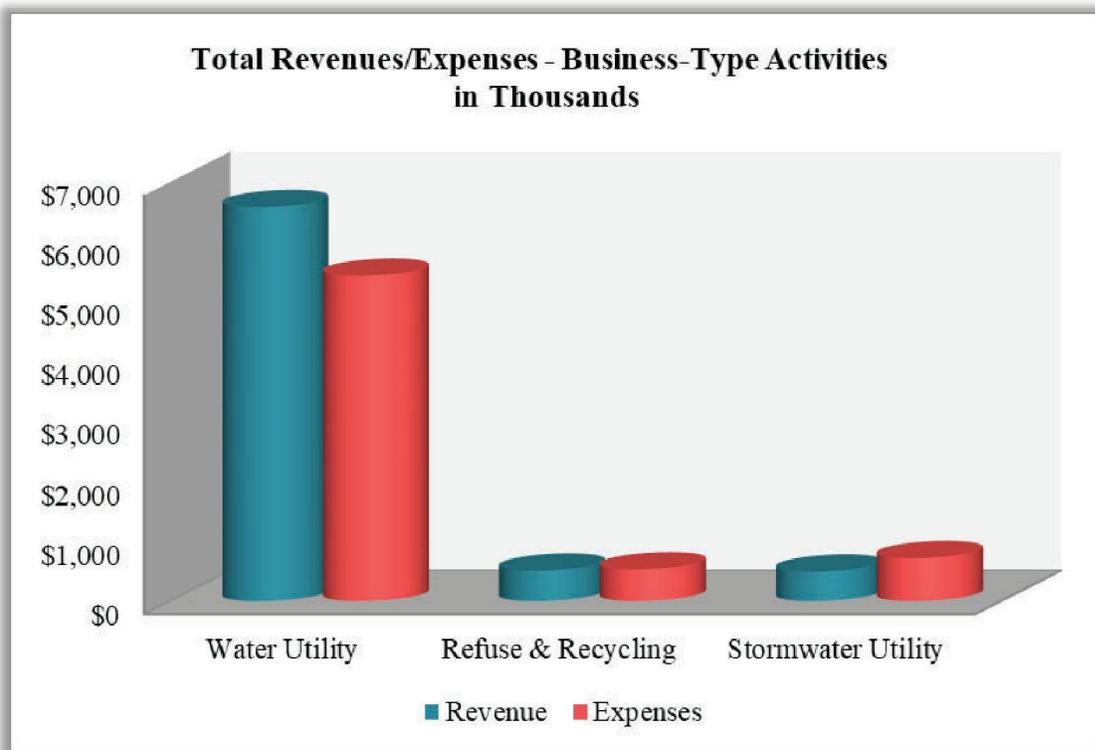


The Village's programs/functions include General Government, Public Safety, Transportation and Leisure Services. The net cost shows the extent to which the Village's general revenues support each of the Village's programs/functions. The net cost of all governmental activities this year was \$8,922,037, a 23.30% increase from the prior period. Revenues decreases in building permit fees and fire plan review fees (due to a very large project started in the prior fiscal year) impacted net income for governmental activities. As shown on the Statement of Activities, the functions directly benefiting from the programs generated revenue of \$5,246,927 with \$11,918,009 financed through general revenues.

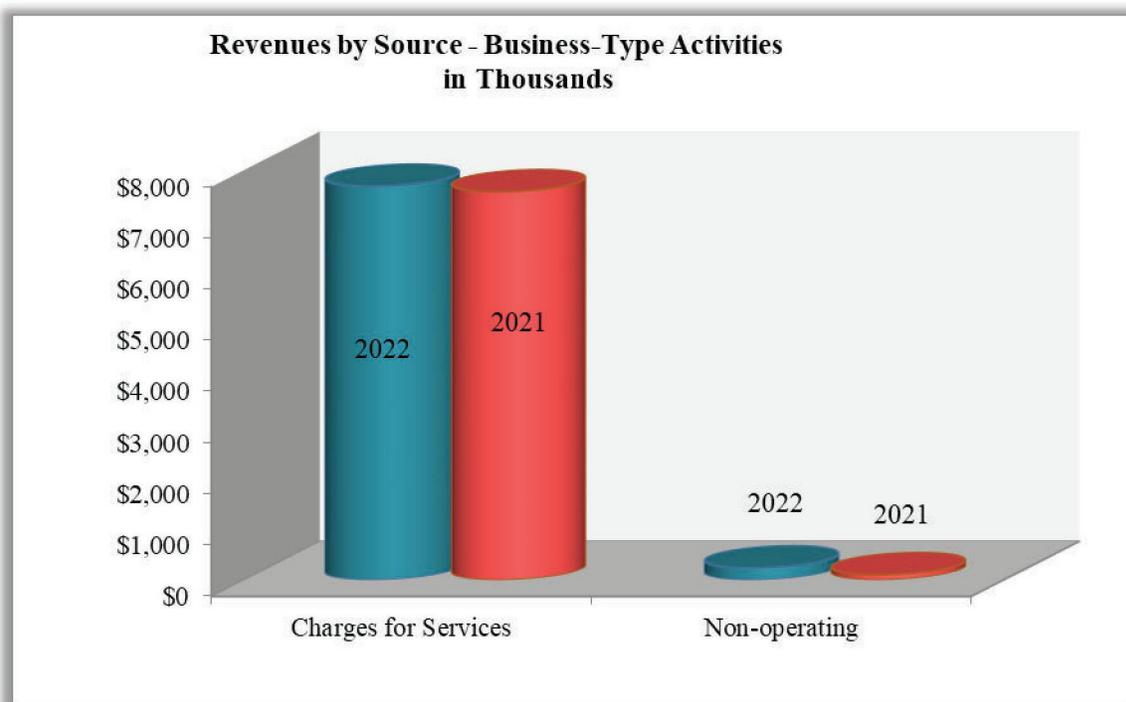
The following is a comparison of revenues by source for governmental activities for fiscal year 2022 and 2021.



Business-type Activities. The Village's business-type activities reported operating revenues exceeding expenses by \$889,926. Non-operating revenues were \$234,516. This resulted in an increase in net position of \$1,124,442 from the prior year.



As shown in the chart below, revenues from *charges for services* reported in business-type activities increased by \$(1,469) from the prior year. A modest increase in water sales in the Water Utility Fund resulted in revenues remaining very flat with less than a 1% change. The Stormwater Utility reported increases in revenues of 8.9% and Refuse and Recycling revenues remained fairly constant. Non-operating income includes investment earnings, loss on disposal of capital assets, as well as capital connection fees. This revenue category increased by 130.4% from the previous fiscal year due to a transfer of ARPA funds to the Stormwater Utility fund for a much needed system repairs.

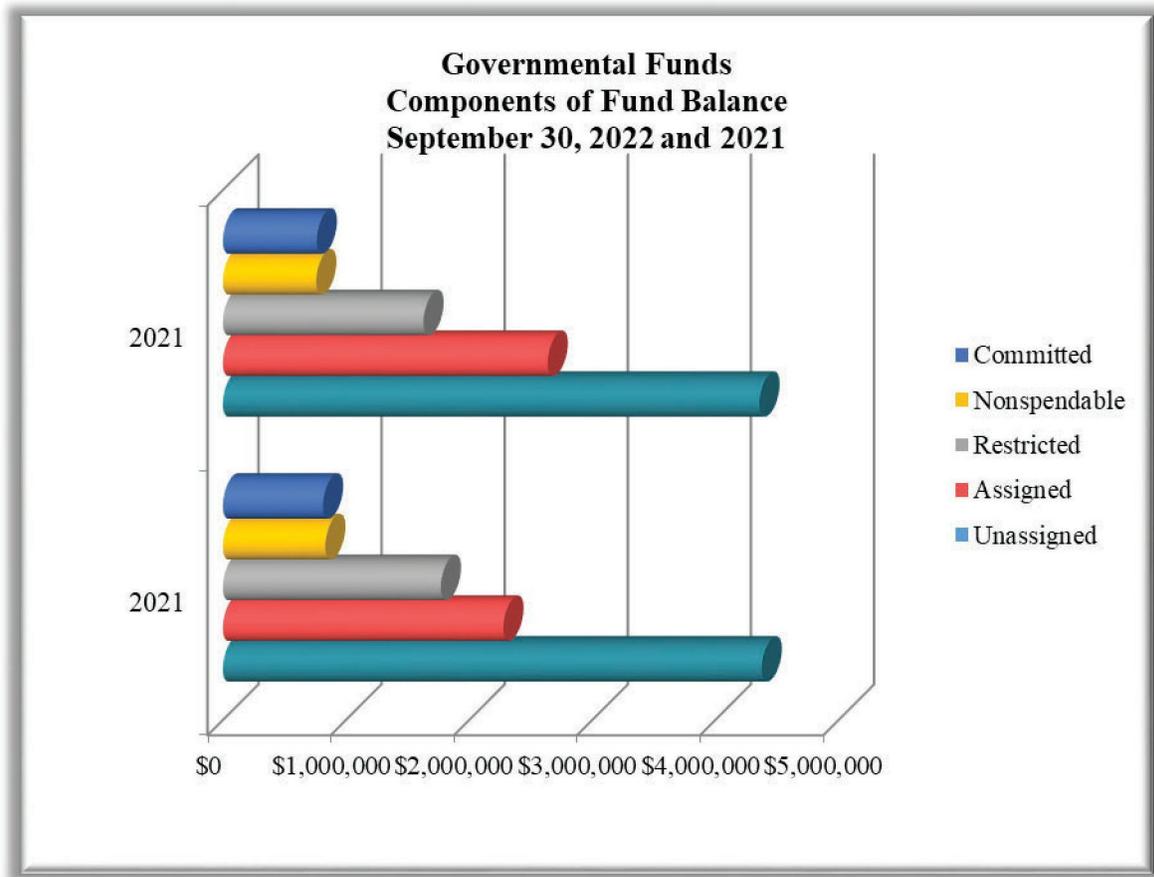


Financial Analysis of the Village’s Funds

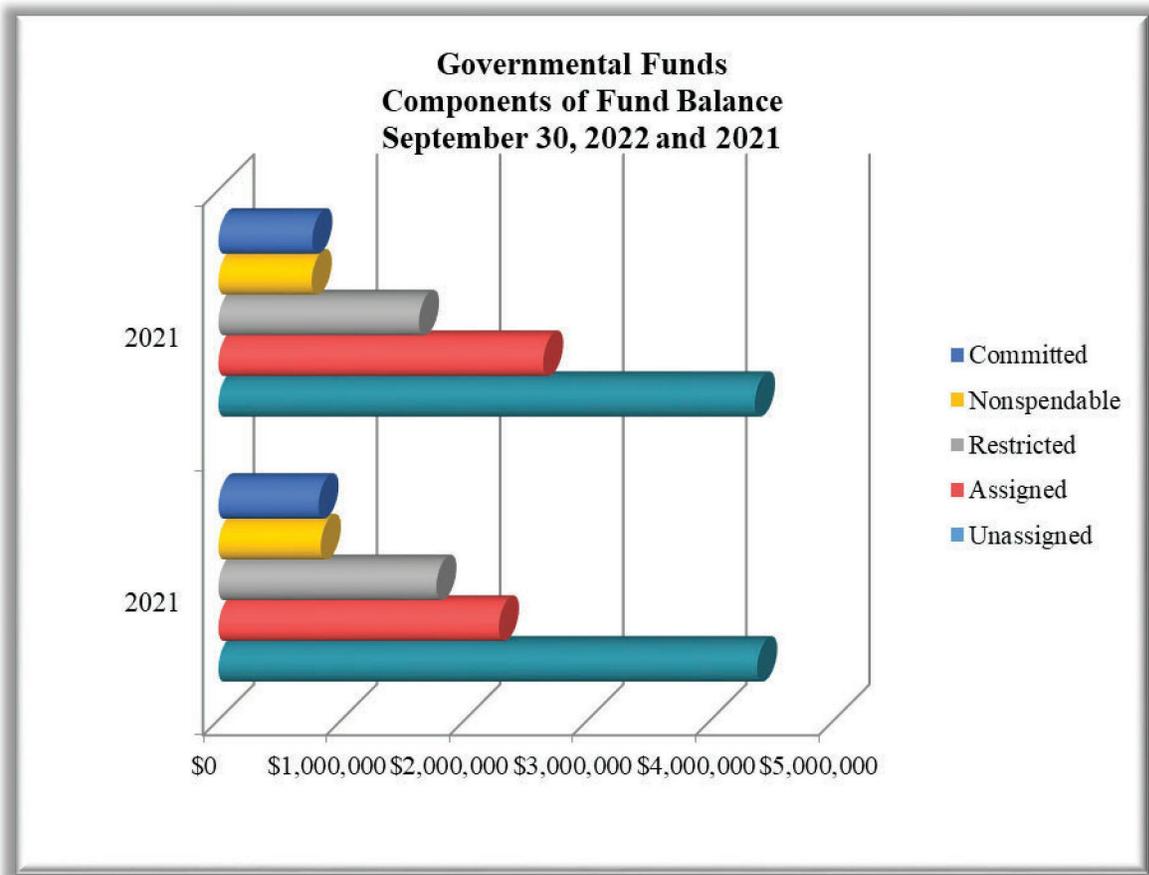
As noted earlier, the Village uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds: The focus of the Village’s *governmental funds* is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Village’s financing requirements. In particular, *unassigned fund balance* may serve as a useful measure of a government’s net resources available for discretionary use as they represent the portion of fund balance which has not yet been limited to be used for a particular purpose by either an external party, the Village 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, 2022 the Village’s governmental funds reported total combined fund balances of \$10,066,920. \$4,375,473 (43%) of the combined governmental fund balances is *unassigned* and is available for spending at the Village’s discretion. Approximately 30.7% or \$3,090,473 is *assigned or committed*, with the largest portion assigned to subsequent year’s budget. Approximately 17.6 % or \$1,769,822 is *restricted* for a particular purpose (i.e. debt service, Law Enforcement Trust funds, etc.). \$831,152 is in nonspendable form (i.e. inventories, prepaid items, etc.). Total combined fund balances have decreased 0.75% from the prior year.



The General Fund is the chief operating fund of the Village. At the end of the current fiscal year total fund balance was \$8,011,879, an increase of \$1,805,499 from the prior year. Unassigned fund balance of \$4,375,473, increased by \$18,609 (0.43%) 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 32% of fiscal year 2022 General Fund expenditures and total fund balance represents approximately 58% of total expenditures. The Village's policy to keep unassigned fund balance at a minimum of two months (17%) of expenditures.



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

General Fund Revenues – by Source

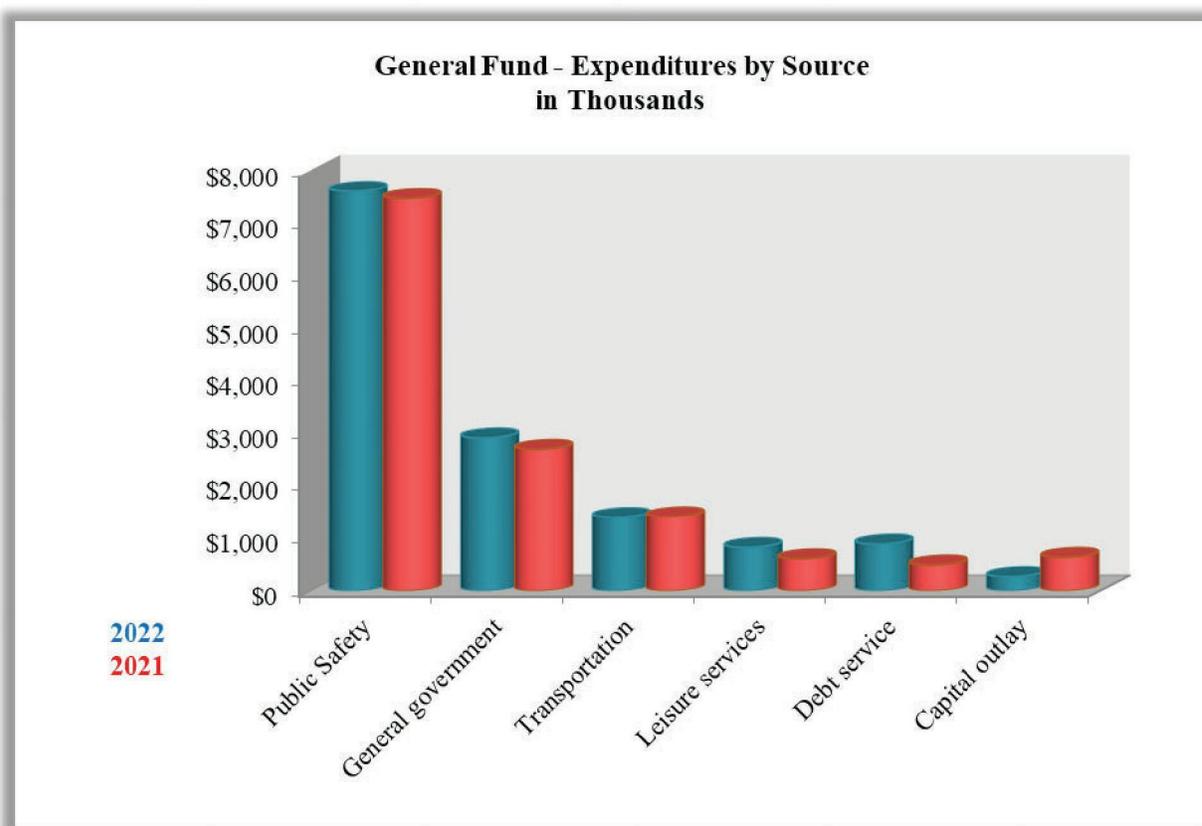
| GENERAL FUND | | | | | |
|--------------------------------|----------------------|-------------------|-------------------|-------------|----------------------|
| REVENUES | | | | | |
| Change | | | | | |
| Revenue Sources | 2022 | % of Total | \$ | % | 2021 |
| Ad valorem taxes | \$ 8,260,937 | 50.1% | \$ 412,193 | 5.3% | \$ 7,848,744 |
| Other taxes | 2,170,196 | 13.2% | 203,306 | 10.3% | 1,966,890 |
| Charges for services | 1,648,315 | 10.0% | (433,643) | (20.8)% | 2,081,958 |
| Intergovernmental | 1,062,117 | 6.4% | (1,577,210) | (59.8)% | 2,639,327 |
| Intragovernmental | 856,342 | 5.2% | (174,955) | (17.0)% | 1,031,297 |
| Franchise fees | 530,165 | 3.2% | 20,202 | 4.0% | 509,963 |
| Licenses and permits | 8,350 | 0.1% | 7,300 | 695.2% | 1,050 |
| Rents and Royalties | 231,443 | 1.4% | 4,437 | 2.0% | 227,006 |
| Fines and forfeitures | 15,023 | 0.1% | (7,783) | (34.1)% | 22,806 |
| Misc. grants and contributions | 1,659,940 | 10.1% | 1,604,891 | 2915.4% | 55,049 |
| Investment earnings | 51,163 | 0.3% | 43,613 | 577.7% | 7,550 |
| Total Revenue | <u>\$ 16,493,991</u> | <u>100%</u> | <u>\$ 102,351</u> | <u>0.6%</u> | <u>\$ 16,391,640</u> |

As noted in the table above, total General Fund revenues increased by \$102,351 (0.6%). The largest changes were due to: 1) increased ad valorem tax revenue resulting from increased property values; 2) decreased fire plan review/land development fees due to new residential developments; 3) decreased indirect cost revenue recovery stemming from a reduction charged to the Water utility enterprise fund; and 4) recognition of grant revenue under the American Rescue Plan Act funding was recorded as intergovernmental last year and miscellaneous grants in current year.

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

| General Fund | | | | | |
|--|----------------------|-------------------|-------------------|-------------|----------------------|
| Expenditures by Function/Classification | | | | | |
| Change | | | | | |
| Function | 2022 | % of Total | \$ | % | 2021 |
| General government | \$ 2,905,106 | 20.9% | \$ 214,445 | 8.0% | \$ 2,690,661 |
| Public Safety | 7,602,757 | 54.8% | 139,109 | 1.9% | 7,463,648 |
| Transportation | 1,391,122 | 10.0% | (12,828) | (0.9)% | 1,403,950 |
| Leisure services | 820,522 | 5.9% | 214,159 | 35.3% | 606,363 |
| Debt service | 884,770 | 6.4% | 395,011 | 80.7% | 489,759 |
| Capital outlay | 270,273 | 1.9% | (364,056) | (57.4)% | 634,329 |
| Total expenditures | <u>\$ 13,874,550</u> | <u>100%</u> | <u>\$ 585,840</u> | <u>4.4%</u> | <u>\$ 13,288,710</u> |

Total General fund expenditures increased from the prior year by \$585,840 or 4.4%. Comprehensive Planning accounted for a significant portion of the general government increase, \$130,000 is due to major development activity. The large change in Leisure services is related to the construction of the new community center and the costs of relocating and start up for the completed building. The Village's purchase of an ambulance and acquisition of computer hardware during the prior fiscal year resulted in the decrease of \$364,056 or 57.4%. Below is a graphical presentation of how the Village expends funds and how they compare to the prior period.



The fund balance of the Village's Capital Projects fund Major Fund decreased by \$2,413,716 from the prior year, as a result of spending the issuance of debt from to complete the construction of the new community center at Constitution Park. This fund also had decreased expenditures of \$2,389,552 from the prior year due primarily to costs incurred in connection with construction of the community center project.

At September 30, 2022, ending fund balances for the Non-major Special Revenue funds are as follows: Building Fund - \$872,530; Special Law Enforcement Fund - \$133,522. The ending fund balances in the Non-major Capital Projects Fund are as follows: Capital Improvement Fund - \$912,611. Fund balances in these funds are restricted or assigned for capital projects/improvements; public safety/enforcement of the building code. The Building Fund derives its revenue primarily from building permit fees, while the Special Law Enforcement Fund receive its revenue from the U.S. Department of Justice from asset forfeitures/seizures. The Capital Improvement Fund receives revenue primarily from capital grants and transfers-in from other funds.

General Fund Budgetary Highlights

The General Fund original budgeted expenditures were increased by \$2,137,500, the majority of which was for the purchase of two fire trucks which was planned to be funded from a bank loan. Unfortunately the two fire trucks are casualties of the supply chain issues and will not be completed until fiscal year 2022-23 or possibly the following year. The General Fund expenditures were less than appropriations by \$748,552 or 5.4% when the cost of the fire trucks, \$1,865,588 are removed.

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 \$23,416,766 an increase of \$1,124,442 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 (Loss) and Net Position | | | | |
| | Operating Income (Loss) | | Change in Net Position | |
| | 2022 | 2021 | 2022 | 2021 |
| Water | \$ 1,144,584 | \$ 418,690 | \$ 1,174,434 | \$ 913,413 |
| Stormwater | (224,737) | (64,013) | (28,351) | (57,963) |
| Refuse and Recycling | (21,801) | (24,656) | (21,641) | (24,293) |
| | <u>\$ 898,046</u> | <u>\$ 330,021</u> | <u>\$ 1,124,442</u> | <u>\$ 831,157</u> |

Capital Assets and Debt Administration

Capital assets: The Village's capital assets for its governmental and business-type activities total \$35,345,571 (net accumulated depreciation) as of September 30, 2022. The Village acquired \$3,231,808 in assets during the year and disposed of \$378,175 during the year.

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

| VILLAGE OF TEQUESTA | | | | | | |
|-------------------------------|-------------------------|----------------------|--------------------------|----------------------|----------------------|----------------------|
| Capital Assets | | | | | | |
| | Governmental Activities | | Business-type Activities | | Total | |
| | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 |
| Land | \$ 634,017 | \$ 634,017 | \$ 83,335 | \$ 83,335 | \$ 717,352 | \$ 717,352 |
| Construction in progress | 18,750 | 4,536,072 | 834,115 | 216,730 | 852,865 | 4,752,802 |
| Buildings | 14,693,652 | 8,004,908 | 972,980 | 972,980 | 15,666,632 | 8,977,888 |
| Improvements | 2,509,454 | 2,509,454 | 58,720 | 58,720 | 2,568,174 | 2,568,174 |
| Infrastructure | 5,265,715 | 5,223,601 | 37,702,900 | 37,644,930 | 42,968,615 | 42,868,531 |
| Machinery & Equipment | 4,997,633 | 4,654,716 | 2,071,294 | 2,110,855 | 7,068,927 | 6,765,571 |
| Intangibles | - | 274,455 | 48,649 | 129,096 | 48,649 | 403,551 |
| Other - K-9 | 20,549 | 20,549 | - | - | 20,549 | 20,549 |
| Total capital assets | <u>28,139,770</u> | <u>25,857,772</u> | <u>41,771,993</u> | <u>41,216,646</u> | <u>69,911,763</u> | <u>67,074,418</u> |
| Less accumulated depreciation | <u>(10,775,128)</u> | <u>(10,003,757)</u> | <u>(23,807,352)</u> | <u>(23,082,773)</u> | <u>(34,582,480)</u> | <u>(33,086,530)</u> |
| Total capital assets, net | <u>\$ 17,364,642</u> | <u>\$ 15,854,015</u> | <u>\$ 17,964,641</u> | <u>\$ 18,133,873</u> | <u>\$ 35,329,283</u> | <u>\$ 33,987,888</u> |

Noncurrent liabilities: At the end of the current fiscal year, the Village had a total of \$11,388,940 of noncurrent liabilities. The largest portion are debt instruments in the form of promissory notes with Bank of America that are secured by general revenue sources. The table below summarizes the Village's debt position.

In accordance with GASB Statements No's. 68 and 75, the Village recognized a net pension liability (NPL) of \$183,405 and a total OPEB liability of \$913,400, respectively. The Village is presenting the NPL and OPEB liability as separate components of the noncurrent liabilities on the face of the financial statements to present more clearly the Village's long-term pension and other post-employment benefit obligations. A more detailed explanation can be found in Note 3.K – Noncurrent Liabilities.

| Village of Tequesta - Noncurrent Liabilities | | | | | | |
|--|-------------------------|---------------|--------------------------|--------------|---------------|---------------|
| | Governmental Activities | | Business-type Activities | | Total | |
| | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 |
| Notes payable | \$ 6,693,000 | \$ 7,254,007 | \$ 2,344,386 | \$ 2,721,115 | \$ 9,037,386 | \$ 9,975,122 |
| Financed purchases | 336,478 | 493,543 | - | - | 336,478 | 493,543 |
| Compensated absences | 72,954 | 791,398 | 143,902 | 144,219 | 216,856 | 935,617 |
| Total OPEB Liability | 714,574 | 344,733 | 198,826 | 102,540 | 913,400 | 447,273 |
| Noncurrent Liabilities | 7,817,006 | 8,883,681 | 2,687,114 | 2,967,874 | 10,504,120 | 11,851,555 |
| Net Pension Liability | - | 1,870,706 | 183,405 | 198,767 | 183,405 | 2,069,473 |
| Total Noncurrent Liabilities | \$ 7,817,006 | \$ 10,754,387 | \$ 2,870,519 | \$ 3,166,641 | \$ 10,687,525 | \$ 13,921,028 |

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 2022-2023 fiscal year budget:

- The Village Council's decision to keep the millage rate constant at 6.6290.
- Significant sales in existing homes caused the gross taxable value of properties to increase 14.5%. Approximately 80% of the residential housing have the homestead exemption.
- Inflation eroding buying power for the Village purchases.
- Interest rates were increasing due to significant inflation which will increase interest earnings for excess cash.
- The Village Council approved water rate increase of 3.5% to fund capital needs.
- Village Council approved increase of 3.5% in refuse and recycling rates.
- Village Council approved increase of 5.0% in stormwater rates.

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, 2022

| | Governmental Activities | Business- type Activities | Total |
|---|----------------------------|---------------------------------|----------------------|
| Assets | | | |
| Cash | \$ 6,703,821 | \$ 4,937,354 | \$ 11,641,175 |
| Investments | 2,451,086 | 2,451,085 | 4,902,171 |
| Receivables, net | 2,157,247 | 925,712 | 3,082,959 |
| Inventories | 65,637 | 223,061 | 288,698 |
| Prepaid items | 765,515 | 88,997 | 854,512 |
| Net pension asset | 3,675,248 | 503,946 | 4,179,194 |
| Capital assets not being depreciated | 652,767 | 917,450 | 1,570,217 |
| Capital assets being depreciated, net | 16,711,875 | 17,063,479 | 33,775,354 |
| Total Assets | 33,183,196 | 27,111,084 | 60,294,280 |
| Deferred Outflows of Resources | | | |
| Deferred outflows - pensions | 1,666,803 | 341,154 | 2,007,957 |
| Deferred outflows - OPEB | 323,288 | 89,954 | 413,242 |
| Deferred charge on refunding | - | 122,632 | 122,632 |
| Total Deferred Outflows of Resources | 1,990,091 | 553,740 | 2,543,831 |
| Liabilities | | | |
| Accounts payable | 376,584 | 362,468 | 739,052 |
| Accrued liabilities | 351,951 | 36,270 | 388,221 |
| Accrued interest payable | 72,954 | - | 72,954 |
| Customer deposits | - | 42,430 | 42,430 |
| Unearned revenue | 4,300 | - | 4,300 |
| Due to other governments | 6,718 | 2,202 | 8,920 |
| Noncurrent liabilities: | | | |
| Due within one year | 552,805 | 406,822 | 959,627 |
| Due in more than one year | 7,251,042 | 2,081,466 | 9,332,508 |
| Total OPEB liability due in more than one year | 714,574 | 198,826 | 913,400 |
| Net pension liability due in more than one year | - | 183,405 | 183,405 |
| Total Liabilities | 9,330,928 | 3,313,889 | 12,644,817 |
| Deferred Inflows of Resources | | | |
| Deferred inflows - pensions | 3,568,978 | 934,169 | 4,503,147 |
| Deferred inflows - leases | 1,336,833 | - | 1,336,833 |
| Total Deferred Inflows of Resources | 4,905,811 | 934,169 | 5,839,980 |
| Net Position | | | |
| Net investment in capital assets | 10,335,163 | 15,642,791 | 25,977,954 |
| Restricted: | | | |
| Infrastructure | 568,199 | - | 568,199 |
| Debt Service | 288,000 | 391,822 | 679,822 |
| Building | 832,828 | - | 832,828 |
| Law Enforcement | 80,795 | - | 80,795 |
| Unrestricted | 8,831,563 | 7,382,153 | 16,213,716 |
| Total Net Position | \$ 20,936,548 | \$ 23,416,766 | \$ 44,353,314 |

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, 2022

| Functions/Programs | Program Revenues | | | | Net (Expense) Revenue and Changes in Net Position | | |
|--|----------------------|-------------------------|--|--|--|-----------------------------|----------------------|
| | Expenses | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Primary Government | | |
| | | | | | Governmental Activities | Business-type Activities | Total |
| Primary Government | | | | | | | |
| Governmental Activities | | | | | | | |
| General government | \$ 2,961,670 | \$ 1,548,158 | \$ - | \$ - | \$ (1,413,512) | \$ - | \$ (1,413,512) |
| Public safety | 7,926,208 | 2,017,300 | 1,572,585 | 61,667 | (4,274,656) | - | (4,274,656) |
| Transportation | 1,986,016 | - | 8,654 | - | (1,977,362) | - | (1,977,362) |
| Leisure services | 1,055,418 | 38,063 | 500 | - | (1,016,855) | - | (1,016,855) |
| Interest on long-term debt | 239,652 | - | - | - | (239,652) | - | (239,652) |
| Total governmental activities | <u>14,168,964</u> | <u>3,603,521</u> | <u>1,581,739</u> | <u>61,667</u> | <u>(8,922,037)</u> | <u>-</u> | <u>(8,922,037)</u> |
| Business-type Activities | | | | | | | |
| Water | 5,551,570 | 6,579,570 | - | 108,464 | - | 1,136,464 | 1,136,464 |
| Stormwater utility | 715,004 | 490,267 | - | - | - | (224,737) | (224,737) |
| Refuse and Recycling | 529,107 | 507,306 | - | - | - | (21,801) | (21,801) |
| Total business-type activities | <u>6,795,681</u> | <u>7,577,143</u> | <u>-</u> | <u>108,464</u> | <u>-</u> | <u>889,926</u> | <u>889,926</u> |
| Total primary government | <u>\$ 20,964,645</u> | <u>\$ 11,180,664</u> | <u>\$ 1,581,739</u> | <u>\$ 170,131</u> | <u>(8,922,037)</u> | <u>889,926</u> | <u>(8,032,111)</u> |
| General Revenues and transfers | | | | | | | |
| General revenues: | | | | | | | |
| Ad valorem taxes | | | | | 8,260,937 | - | 8,260,937 |
| Utility taxes | | | | | 888,384 | - | 888,384 |
| Communication service tax | | | | | 327,900 | - | 327,900 |
| Insurance premium taxes | | | | | 293,595 | - | 293,595 |
| Infrastructure surtax | | | | | 568,037 | - | 568,037 |
| Business taxes | | | | | 92,280 | - | 92,280 |
| Franchise fees based on gross receipts | | | | | 530,165 | - | 530,165 |
| Unrestricted intergovernmental revenues | | | | | 1,062,117 | - | 1,062,117 |
| Unrestricted investment earnings | | | | | 58,188 | (6,014) | 52,174 |
| Gain on sale of capital assets | | | | | 972 | 6,803 | 7,775 |
| Miscellaneous revenues | | | | | 23,999 | 45,162 | 69,161 |
| Transfers | | | | | (188,565) | 188,565 | - |
| Total general revenues and transfers | | | | | <u>11,918,009</u> | <u>234,516</u> | <u>12,152,525</u> |
| Change in net position | | | | | 2,995,972 | 1,124,442 | 4,120,414 |
| Net Position - Beginning (restated) | | | | | <u>17,940,576</u> | <u>22,292,324</u> | <u>40,232,900</u> |
| Net Position - Ending | | | | | <u>\$ 20,936,548</u> | <u>\$ 23,416,766</u> | <u>\$ 44,353,314</u> |

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

VILLAGE OF TEQUESTA, FLORIDA

BALANCE SHEET
GOVERNMENTAL FUNDS

SEPTEMBER 30, 2022

| | General Fund | Capital Projects | Nonmajor Governmental Funds | Total Governmental Funds |
|--|----------------------|---------------------|-----------------------------------|--------------------------------|
| Assets | | | | |
| Cash | \$ 4,632,774 | \$ 136,361 | \$ 1,934,686 | \$ 6,703,821 |
| Investments | 2,451,086 | - | - | 2,451,086 |
| Receivables, net | 2,157,188 | 17 | 42 | 2,157,247 |
| Inventories | 65,355 | - | 282 | 65,637 |
| Prepaid items | 746,953 | - | 18,562 | 765,515 |
| Total Assets | <u>\$ 10,053,356</u> | <u>\$ 136,378</u> | <u>\$ 1,953,572</u> | <u>\$ 12,143,306</u> |
| Liabilities | | | | |
| Accounts payable | \$ 354,995 | \$ - | \$ 21,589 | \$ 376,584 |
| Accrued liabilities | 343,952 | - | 7,999 | 351,951 |
| Unearned revenue | 4,300 | - | - | 4,300 |
| Due to other governments | 1,397 | - | 5,321 | 6,718 |
| Total Liabilities | <u>704,644</u> | <u>-</u> | <u>34,909</u> | <u>739,553</u> |
| Deferred Inflows of Resources | | | | |
| Deferred inflows - leases | 1,336,833 | - | - | 1,336,833 |
| Total Deferred Inflows of Resources | <u>1,336,833</u> | <u>-</u> | <u>-</u> | <u>1,336,833</u> |
| Fund Balances | | | | |
| Nonspendable: | | | | |
| Inventories | 65,355 | - | 282 | 65,637 |
| Prepaid items | 746,953 | - | 18,562 | 765,515 |
| Restricted: | | | | |
| Infrastructure | - | - | 568,199 | 568,199 |
| Debt Service | 288,000 | - | - | 288,000 |
| Building | - | - | 832,828 | 832,828 |
| Law Enforcement | - | - | 80,795 | 80,795 |
| Committed to: | | | | |
| Disaster Reserve | 500,000 | - | - | 500,000 |
| Capital Projects | - | - | 312,722 | 312,722 |
| Assigned to: | | | | |
| Capital Projects | - | 128,378 | 31,690 | 160,068 |
| Subsequent years budget | 2,036,098 | 8,000 | 73,585 | 2,117,683 |
| Unassigned: | | | | |
| General Fund | 4,375,473 | - | - | 4,375,473 |
| Total Fund Balances | <u>8,011,879</u> | <u>136,378</u> | <u>1,918,663</u> | <u>10,066,920</u> |
| Total Liabilities and Fund Balances | <u>\$ 10,053,356</u> | <u>\$ 136,378</u> | <u>\$ 1,953,572</u> | <u>\$ 12,143,306</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, 2022

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

| | |
|---|-----------------------------|
| Total Fund Balances - Governmental Funds | \$ 10,066,920 |
| Net pension asset is not considered to represent a financial asset in the governmental funds. | 3,675,248 |
| Net capital assets used in the governmental activities are not financial resources and, therefore are not reported in the governmental funds. | 17,364,642 |
| Deferred outflows of resources related to pensions and OPEB transactions not reported in the governmental funds. | 1,990,091 |
| Deferred inflows of resources related to pension transactions not recognized in the governmental funds. | (3,568,978) |
| Long-term liabilities, including notes payable, are not due and payable in the current period and, therefore, are not reported in the governmental funds. | (7,876,801) |
| Total OPEB liability is not due and payable in the current period and, therefore, not reported in the governmental funds. | <u>(714,574)</u> |
| Net Position of Governmental Activities | <u>\$ 20,936,548</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, 2022

| | General Fund | Capital Projects | Nonmajor Governmental Funds | Total Governmental Funds |
|--|-----------------|---------------------|-----------------------------------|--------------------------------|
| Revenues | | | | |
| Ad valorem taxes | \$ 8,260,937 | \$ - | \$ - | \$ 8,260,937 |
| Other taxes | 2,170,196 | - | - | 2,170,196 |
| Charges for services | 1,648,315 | - | 5,546 | 1,653,861 |
| Intergovernmental | 1,062,117 | - | - | 1,062,117 |
| Intragovernmental | 856,342 | - | - | 856,342 |
| Licenses and permits | 8,350 | - | 751,857 | 760,207 |
| Franchise fees | 530,165 | - | - | 530,165 |
| Rents and royalties | 231,443 | - | - | 231,443 |
| Miscellaneous | 16,534 | - | 55 | 16,589 |
| Fines and forfeitures | 15,023 | - | 94,055 | 109,078 |
| Grants, contributions and donations | 1,643,406 | - | - | 1,643,406 |
| Investment earnings | 51,163 | 1,087 | 5,938 | 58,188 |
| Total Revenues | 16,493,991 | 1,087 | 857,451 | 17,352,529 |
| Expenditures | | | | |
| Current: | | | | |
| Leisure services | 820,522 | 7,132 | - | 827,654 |
| Public safety | 7,602,757 | - | 812,080 | 8,414,837 |
| Transportation | 1,391,122 | 255,000 | 186,149 | 1,832,271 |
| General government | 2,905,106 | - | - | 2,905,106 |
| Capital outlay | 270,273 | 2,152,671 | 133,509 | 2,556,453 |
| Debt service: | | | | |
| Principal | 718,072 | - | - | 718,072 |
| Interest | 166,698 | - | - | 166,698 |
| Total Expenditures | 13,874,550 | 2,414,803 | 1,131,738 | 17,421,091 |
| Excess (Deficiency) of Revenues Over Expenditures | 2,619,441 | (2,413,716) | (274,287) | (68,562) |
| Other Financing Sources (Uses) | | | | |
| Transfers in | - | - | 806,231 | 806,231 |
| Transfers out | (994,796) | - | - | (994,796) |
| Proceeds on sale of capital assets | 972 | - | - | 972 |
| Total other financing sources (uses) | (993,824) | - | 806,231 | (187,593) |
| Net change in fund balances | 1,625,617 | (2,413,716) | 531,944 | (256,155) |
| Fund Balances - Beginning (restated) | 6,386,262 | 2,550,094 | 1,386,719 | 10,323,075 |
| Fund Balances - Ending | \$ 8,011,879 | \$ 136,378 | \$ 1,918,663 | \$ 10,066,920 |

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, 2022

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

| | | |
|--|--|--------------|
| Net change in fund balances - total governmental funds | | \$ (256,155) |
|--|--|--------------|

Governmental funds report capital outlay as expenditures. However, in the
statement of activities, the cost of those assets is allocated over their estimated
useful lives and reported as depreciation expense. This is the amount by which
capital outlay exceeded depreciation/amortization in the current period.

The details of the difference are as follows:

| | | |
|-----------------------------------|--------------------|-----------|
| Capital outlay | 2,556,453 | |
| Depreciation/amortization expense | <u>(1,045,826)</u> | 1,510,627 |

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.

| | | |
|-------------------------------|----------------|---------|
| Payment on notes payable | 561,007 | |
| Payment on financed purchases | <u>157,065</u> | 718,072 |

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

The details of the difference are as follows:

| | | |
|--------------------------|------------------|------------------|
| Accrued interest payable | (72,954) | |
| Compensated absences | 17,029 | |
| Total OPEB liability | (62,156) | |
| Net pension related | <u>1,141,509</u> | <u>1,023,428</u> |

| | | |
|---|--|----------------------------|
| Change in net position of governmental activities | | <u><u>\$ 2,995,972</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, 2022

| | Business-type Activities | | | Total |
|---|--------------------------|---------------------|-----------------------------------|----------------------|
| | Water Fund | Stormwater | Nonmajor Refuse & Recycling | |
| Assets | | | | |
| Current Assets: | | | | |
| Cash | \$ 4,769,375 | \$ 54,903 | \$ 113,076 | \$ 4,937,354 |
| Investments | 2,451,085 | - | - | 2,451,085 |
| Receivables, net | 911,791 | 11,003 | 2,918 | 925,712 |
| Inventories | 223,012 | 49 | - | 223,061 |
| Prepaid items | 88,205 | 792 | - | 88,997 |
| Total Current Assets | 8,443,468 | 66,747 | 115,994 | 8,626,209 |
| Non-current Assets: | | | | |
| Net pension asset | 463,787 | 40,159 | - | 503,946 |
| Capital assets not being depreciated | 911,232 | 6,218 | - | 917,450 |
| Capital assets being depreciated, net | 15,132,455 | 1,931,024 | - | 17,063,479 |
| Total Non-Current Assets | 16,507,474 | 1,977,401 | - | 18,484,875 |
| Total Assets | 24,950,942 | 2,044,148 | 115,994 | 27,111,084 |
| Deferred Outflows of Resources | | | | |
| Deferred outflows - pensions | 320,180 | 20,974 | - | 341,154 |
| Deferred outflows - OPEB | 82,858 | 7,096 | - | 89,954 |
| Deferred charge on refunding | 122,632 | - | - | 122,632 |
| Total Deferred Outflows of Resources | 525,670 | 28,070 | - | 553,740 |
| Liabilities | | | | |
| Current Liabilities: | | | | |
| Accounts payable | \$ 255,449 | \$ 63,668 | \$ 43,351 | \$ 362,468 |
| Accrued liabilities | 34,494 | 1,776 | - | 36,270 |
| Customer deposits | 42,430 | - | - | 42,430 |
| Compensated absences | 15,000 | - | - | 15,000 |
| Due to other governments | 2,202 | - | - | 2,202 |
| Notes payable | 391,822 | - | - | 391,822 |
| Total Current Liabilities | 741,397 | 65,444 | 43,351 | 850,192 |
| Noncurrent Liabilities: | | | | |
| Compensated absences | 128,261 | 641 | - | 128,902 |
| Notes payable | 1,952,564 | - | - | 1,952,564 |
| Net pension liability | 183,405 | - | - | 183,405 |
| Total OPEB liability | 183,141 | 15,685 | - | 198,826 |
| Total Noncurrent Liabilities | 2,447,371 | 16,326 | - | 2,463,697 |
| Total Liabilities | 3,188,768 | 81,770 | 43,351 | 3,313,889 |
| Deferred Inflows of Resources | | | | |
| Deferred inflows - pensions | 891,769 | 42,400 | - | 934,169 |
| Total Deferred Inflows of Resources | 891,769 | 42,400 | - | 934,169 |
| Net Position | | | | |
| Net investment in capital assets | 13,769,738 | 1,873,053 | - | 15,642,791 |
| Restricted: | | | | |
| Debt Service | 391,822 | - | - | 391,822 |
| Unrestricted | 7,234,515 | 74,995 | 72,643 | 7,382,153 |
| Total Net Position | \$ 21,396,075 | \$ 1,948,048 | \$ 72,643 | \$ 23,416,766 |

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, 2022

| | Business-type Activities | | | Total |
|--|--------------------------|---------------------|-----------------------------------|----------------------|
| | Water Fund | Stormwater | Nonmajor Refuse & Recycling | |
| Operating Revenues | | | | |
| Charges for services: | | | | |
| Metered water sale | \$ 6,579,570 | \$ - | \$ - | \$ 6,579,570 |
| Stormwater fees | - | 490,267 | - | 490,267 |
| Refuse and recycling fees | - | - | 507,306 | 507,306 |
| Total Operating Revenues | <u>6,579,570</u> | <u>490,267</u> | <u>507,306</u> | <u>7,577,143</u> |
| Operating Expenses | | | | |
| Cost of sales and services: | | | | |
| Plant production | 2,446,029 | - | - | 2,446,029 |
| Distribution | 971,027 | - | - | 971,027 |
| Stormwater | - | 481,131 | - | 481,131 |
| Purchased services | - | - | 520,400 | 520,400 |
| Management services | 655,209 | 86,413 | 8,707 | 750,329 |
| Administration | 681,882 | - | - | 681,882 |
| Depreciation/amortization | 680,839 | 147,460 | - | 828,299 |
| Total Operating Expenses | <u>5,434,986</u> | <u>715,004</u> | <u>529,107</u> | <u>6,679,097</u> |
| Operating Income (Loss) | <u>1,144,584</u> | <u>(224,737)</u> | <u>(21,801)</u> | <u>898,046</u> |
| Non-Operating Revenues (Expenses) | | | | |
| Investment earnings (loss) | (6,242) | 68 | 160 | (6,014) |
| Interest expense | (116,584) | - | - | (116,584) |
| Gain on disposal of capital assets | 6,803 | - | - | 6,803 |
| Transfers in | - | 188,565 | - | 188,565 |
| Miscellaneous revenue | 37,409 | 7,753 | - | 45,162 |
| Capital contributions | 108,464 | - | - | 108,464 |
| Total Non-Operating Revenues, Net | <u>29,850</u> | <u>196,386</u> | <u>160</u> | <u>226,396</u> |
| Change in Net Position | <u>1,174,434</u> | <u>(28,351)</u> | <u>(21,641)</u> | <u>1,124,442</u> |
| Net Position - Beginning | <u>20,221,641</u> | <u>1,976,399</u> | <u>94,284</u> | <u>22,292,324</u> |
| Net Position - Ending | <u>\$ 21,396,075</u> | <u>\$ 1,948,048</u> | <u>\$ 72,643</u> | <u>\$ 23,416,766</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, 2022

| | Business-type Activities | | | Totals |
|--|--------------------------|--------------------|----------------------|---------------------|
| | Water Fund | Storm Water Fund | Refuse Nonmajor Fund | |
| Cash Flows from Operating Activities | | | | |
| Cash received from customers, governments and other funds | \$ 6,500,317 | \$ 498,359 | \$ 508,141 | \$ 7,506,817 |
| Cash paid to suppliers | (2,796,963) | (417,389) | (527,637) | (3,741,989) |
| Cash paid to employees | (1,890,715) | (136,741) | - | (2,027,456) |
| Net Cash Provided by (Used in) Operating Activities | 1,812,639 | (55,771) | (19,496) | 1,737,372 |
| Cash Flows from Non Capital Financing Activities | | | | |
| Short-term interfund borrowings | 45,000 | (45,000) | - | - |
| Transfers from other funds | - | 188,565 | - | 188,565 |
| Net Cash Provided by Non Capital Financing Activities | 45,000 | 143,565 | - | 188,565 |
| Cash Flows from Capital and Related Financing Activities | | | | |
| Acquisition and construction of capital assets | (611,167) | (64,188) | - | (675,355) |
| Cash received from sale of capital assets | 6,803 | - | - | 6,803 |
| Capital contributions - grants | 108,464 | - | - | 108,464 |
| Principal payments on long-term debt | (376,729) | - | - | (376,729) |
| Interest paid | (95,274) | - | - | (95,274) |
| Net Cash Used in Capital and Related Financing Activities | (967,903) | (64,188) | - | (1,032,091) |
| Cash Flows from Investing Activities | | | | |
| Purchase of investments | (2,459,341) | - | - | (2,459,341) |
| Interest and miscellaneous income | 80,082 | 7,821 | 160 | 88,063 |
| Net Cash Provided by (Used in) Investing Activities | (2,379,259) | 7,821 | 160 | (2,371,278) |
| Net Change in Cash and Cash Equivalents | (1,489,523) | 31,427 | (19,336) | (1,477,432) |
| Cash and Cash Equivalents - Beginning | 6,258,898 | 23,476 | 132,412 | 6,414,786 |
| Cash and Cash Equivalents - Ending | \$ 4,769,375 | \$ 54,903 | \$ 113,076 | \$ 4,937,354 |
| Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities | | | | |
| Operating income (loss) | \$ 1,144,584 | \$ (224,737) | \$ (21,801) | \$ 898,046 |
| Adjustments to reconcile operating Income (Loss) to net cash provided by (used in) operating activities: | | | | |
| Depreciation/Amortization | 680,839 | 147,460 | - | 828,299 |
| Changes in operating assets, liabilities and deferred inflows/ outflows of resources: | | | | |
| (Increase) decrease in: | | | | |
| Accounts receivable | (72,011) | 8,092 | 835 | (63,084) |
| Inventories | 421 | 291 | - | 712 |
| Prepaid items | 5,837 | 405 | - | 6,242 |
| Increase (decrease) in: | | | | |
| Accounts payable | 23,135 | 21,569 | 1,470 | 46,174 |
| Accrued liabilities | 6,763 | 335 | - | 7,098 |
| Customer deposits | (7,242) | - | - | (7,242) |
| Long-term assets/liabilities | 28,363 | (9,186) | - | 19,177 |
| Due to other governments | 1,950 | - | - | 1,950 |
| Net Cash Provided by (Used in) Operating Activities | \$ 1,812,639 | \$ (55,771) | \$ (19,496) | \$ 1,737,372 |
| Schedule of non-cash capital and related financing activities: | | | | |
| Unrealized loss on investments | \$ 48,915 | \$ - | \$ - | \$ 48,915 |

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

VILLAGE OF TEQUESTA, FLORIDA
STATEMENT OF FIDUCIARY NET POSITION

SEPTEMBER 30, 2022

| | <u>Pension Trust Funds</u> |
|---|------------------------------------|
| Assets | |
| Cash and cash equivalents | \$ 555,669 |
| Investments | |
| Equities | 17,109,363 |
| Fixed Income | 6,161,808 |
| Real Estate Fund | <u>3,882,142</u> |
| Total investments | <u>27,153,313</u> |
| Contributions receivable | 224,133 |
| Accrued interest receivable | 38,392 |
| Prepaid items | 55,199 |
| Due from broker | <u>240,690</u> |
| Total Assets | <u>28,267,396</u> |
| Liabilities | |
| Accounts payable | 32,009 |
| Due to broker | 11,288 |
| Deferred inflows | <u>92,655</u> |
| Total Liabilities | <u>135,952</u> |
| Net Position Restricted for Pension Benefits | <u><u>\$ 28,131,444</u></u> |

The accompanying notes are an integral part of these statement.

VILLAGE OF TEQUESTA, FLORIDA
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

| | <u>Pension Trust Funds</u> |
|---|------------------------------------|
| Additions | |
| Contributions: | |
| State of Florida | \$ 293,595 |
| Employer | 783,931 |
| Employee | 366,672 |
| Total Contributions | <u>1,444,198</u> |
| Investment Earnings | |
| Net appreciation in fair value of investments | (5,701,624) |
| Gain on sale of investments | 399,324 |
| Interest and dividends | 502,248 |
| | <u>(4,800,052)</u> |
| Less investment expenses | <u>(115,901)</u> |
| Net Investment Earnings | <u>(4,915,953)</u> |
| Total Additions | <u>(3,471,755)</u> |
| Deductions | |
| Benefits paid | 584,937 |
| Refund of contributions | 423,148 |
| Administrative expenses | 110,489 |
| | <u>1,118,574</u> |
| Total Deductions | <u>1,118,574</u> |
| Change in Net Position | (4,590,329) |
| Net Position Restricted for Pension Benefits | |
| Beginning of year | <u>32,721,773</u> |
| End of year | <u>\$ 28,131,444</u> |

The accompanying notes are an integral part of these statement.



NOTES TO BASIC FINANCIAL STATEMENTS

VILLAGE OF TEQUESTA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

Note 1 – Summary of Significant Accounting Policies

A. Description of Government-Wide Financial Statements

The government-wide financial statements (i.e. the statement of net position and the statement of activities) report information on all non-fiduciary activities of the primary government and any component units. All fiduciary funds are presented separately. *Governmental activities*, which normally are supported by taxes, intergovernmental revenues, and other non-exchange transactions, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges to external customers for support.

B. Reporting Entity

The Village of Tequesta, Florida (the Village) is a municipal corporation organized in 1957 pursuant to Special Act 57-1915, Laws of Florida. The Village has a Council-Manager form of government governed by a five (5) member Council elected at large. Each year, the Council appoints one of its members Mayor, to serve at the pleasure of Council for one year. The Village's major operations include public safety (police, fire rescue/EMS, building and code enforcement), transportation (streets and roads), leisure services (culture and recreation), water, stormwater, refuse & recycling services and general and administrative.

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

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

C. Basis of Presentation – Government-Wide Financial Statements

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

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

VILLAGE OF TEQUESTA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

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

The Village reports the following major enterprise funds:

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

Additionally, the Village reports the following fund type:

The *pension trust funds* account for the activities of the Public Safety Employees' (Police and Fire) and the General Employees' Pension Trust Funds, which accumulate resources for pension benefit payments to qualified employees.

During the course of operations, the Village has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds (short-term) and advances to/from other funds (long-term). While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities are eliminated so that

VILLAGE OF TEQUESTA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

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 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, including lease liabilities, as well as expenditures related to compensated absences, and claims and judgments, are recorded only when payment is due. Capital asset acquisitions, including entering into contracts giving the Village the right to use leased assets, are reported as expenditures in governmental funds. Issuance of long-term debt and financing through leases are reported as other financing sources.

Property taxes, sales taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). Expenditure driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). All other revenue items are considered to be measurable and available only when cash is received by the Village.

VILLAGE OF TEQUESTA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

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

The *pension trust funds* are reported on the accrual basis of accounting. Plan member and state contributions are recognized as revenues in the period that the contributions are due. Employer contributions to each Plan are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. All plan investments are reported at fair value, except for a money market fund which is reported at amortized cost; securities traded in the over-the-counter market and listed securities for which no sales were reported on that date are valued at the last reported bid price. Securities without an established fair value are reported at estimated fair value. Purchases and sales of securities are recorded on a trade-date basis.

F. Budgetary Information

1. Budgetary Basis of Accounting

Annual budgets are adopted on a basis consistent with generally accepted accounting principles. The appropriated budget is prepared by fund, function and department. Per established procedures approved by the Village Council, the designated budget officer may approve a department head's request to transfer appropriations between accounts, within a department. Although the Village Council requires all inter-department budget amendments to go before the Village Council, the budget was adopted on a fund basis and the legal level of budgetary control is at the department level. 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 executory contract is expected in the next year) are re-appropriated and become part of the subsequent year's budget pursuant to state regulations.

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

1. Cash

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

2. Investments

The Village has adopted an investment policy in accordance with Section 218.415, Florida Statutes that allows the Village to invest in relatively low risk securities, such as certificates of deposit, money market accounts, and U.S. Government Securities and Agencies. Investments are stated at fair value or amortized cost which approximates fair value.

VILLAGE OF TEQUESTA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

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 \$5,000 or more and an estimated useful life in excess of one year. For infrastructure and intangible assets the same estimated minimum useful life is used (in excess of one year), but only those projects that cost more than \$25,000 are reported as capital assets. In the case of the initial capitalization of general infrastructure assets (i.e., those reported by governmental activities), the Village chose not to capitalize infrastructure acquired in fiscal years ending prior to September 30, 2004. As the Village constructs or acquires additional capital assets each period they are capitalized and reported at historical cost. The reported value excludes normal maintenance and repairs which are essentially amounts spent in relation to capital assets that do not increase the capacity or efficiency of the item or increase its estimated useful life. Donated capital assets are recorded at their acquisition value at the date of donation.

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 – 40 years |
| Infrastructure | 20 – 50 years |
| Machinery and equipment | 5 – 15 years |
| Intangibles | 5 – 20 years |
| Other | 5 – 15 years |

VILLAGE OF TEQUESTA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

5. Leases

Lessor

The Village is a lessor for noncancellable leases of certain parcels of real property.

Lease receivable is measured at the commencement date at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

Lease assets are reported with other capital assets and lease receivables are reported on the balance sheet and on the statement of net position.

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

In addition to liabilities, the statement of net position reports a separate section for *deferred inflows of resources*. This separate financial statement element represents an acquisition of net assets 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 items that qualify for reporting in this category - 1) Deferred inflows related to pensions and 2) Deferred inflows related to leases. This items reported in the balance sheet governmental funds and/or government-wide statement of net position and the statement of net position of the proprietary funds.

7. 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.

8. Fund Balance Flow Assumptions

Sometimes the Village will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in

VILLAGE OF TEQUESTA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

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.

9. Fund Balance Policies

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

The Village reports the following fund classifications:

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

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

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

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

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

The General Fund is the only fund that reports a positive unassigned fund balance amount. The other governmental funds may report negative unassigned fund balance if that fund's expenditures

VILLAGE OF TEQUESTA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

incurred for specific purposes exceed the amounts that are restricted, committed, or assigned to those purposes.

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 Village's millage rate to a maximum of 10 mills, excluding voter-approved debt service millage rates. The millage rate for the Village in fiscal year 2022 was 6.6290 mills. Tax bills are mailed out November 1st and discounts are available for payments made in the following months; November 4%, December 3%, January 2% and February 1%. Taxes become delinquent on April 1st. The owner of a tax certificate may at any time after taxes have been delinquent (April 1), for two years, file an application for a tax deed sale. Tax deeds are issued to the highest bidder for the property which is sold at public auction.

The Tax Collector remits current taxes collected through four distributions to the Village in the first two months of the tax year and one distribution each month thereafter. The Village recognizes property tax revenue in the period in which they are levied. The Tax Collector pays the Village interest on monies held from day of collection to day of distribution.

3. Compensated Absences

Vacation

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

Sick Leave

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

VILLAGE OF TEQUESTA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

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

Proprietary funds distinguish *operating* revenues and expenses from *non-operating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the water fund, refuse and recycling fund and stormwater fund are charges to customers for sales and services. The water fund also recognizes as operating revenue, the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for the enterprise funds include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

I. Use of Estimates

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

J. Implementation of new GASB Pronouncements

In June 2017, GASB issued Statement No. 87, *Leases*, which is effective for the Village beginning with its fiscal year ending September 30, 2022. This Statement outlines new guidance that establishes a single approach to accounting for and reporting leases by state and local governments. The goal is to better align reporting these leases with their particular situations, as well as provide greater transparency and usefulness of financial statements. The result of implementing this pronouncement resulted in a \$179,882 increase in the fund balance of the Village's General Fund and similarly increased the governmental activities net position of the Statement of Activities.

In May 2019, GASB issued Statement No. 91, *Conduit Debt Obligations*, which will be effective for the Village beginning with its fiscal year ending September 30, 2023. This standard will provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosure. The implementation of this pronouncement will not result in any financial impact to the Village.

In January 2020, GASB issued Statement No. 92, *Omnibus 2020*, which is effective for the Village beginning with its fiscal year ending September 30, 2022. This standard will enhance comparability in accounting and financial reporting and will improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics and includes specific provisions about the following: (1) The effective date of Statement No. 87, *Leases*, and Implementation Guide No. 2019-3, *Leases*, for interim financial reports; (2) Reporting of

VILLAGE OF TEQUESTA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

intra-entity transfers of assets between a primary government employer and a component unit defined benefit pension plan or defined benefit other postemployment benefit (OPEB) plan; (3) The applicability of Statements No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68*, and Amendments to Certain Provisions of GASB Statements 67 and 68, as amended, and No. 74, *Financial Reporting for Post-employment Benefit Plans Other Than Pension Plans*, as amended, to reporting assets accumulated for post-employment benefits; (4) The applicability of certain requirements of Statement No. 84, *Fiduciary Activities*, to post-employment benefit arrangements; (5) Measurement of liabilities (and assets, if any) related to asset retirement obligations (ARO's) in a government acquisition; (6) Reporting by public entity risk pools for amounts that are recoverable from reinsurers or excess insurers; (7) Reference to nonrecurring fair value measurements of assets or liabilities in authoritative literature; (8) Terminology used to refer to derivative instruments. The implementation of this pronouncement did not result in any financial impact to the Village.

In March 2020, GASB issued Statement No. 93, *Replacement of Interbank Offered Rates*, which is effective for the Village beginning with its year ending year end September 30, 2022, with the exception of the removal of LIBOR as an appropriate benchmark interest rate which will become effective September 30, 2023. The objective of this Statement is to address accounting and financial reporting implications that result from the replacement of an Interbank Offered Rate. This Statement achieves that objective by: (1) Providing exceptions for certain hedging derivative instruments to the hedge accounting termination provisions when an IBOR is replaced as the reference rate of the hedging derivative instrument's variable payment; (2) Clarifying the hedge accounting termination provisions when a hedged item is amended to replace the reference rate; (3) Clarifying that the uncertainty related to the continued availability of IBOR's does not, by itself, affect the assessment of whether the occurrence of a hedged expected transaction is probable; (4) Removing LIBOR as an appropriate benchmark interest rate for the qualitative evaluation of the effectiveness of an interest rate swap; (5) Identifying a Secured Overnight Financing Rate and the Effective Federal Funds Rate as appropriate benchmark interest rates for the qualitative evaluation of the effectiveness of an interest rate swap; (6) Clarifying the definition of reference rate, as it is used in Statement 53, as amended. The implementation of this pronouncement did not result in any financial impact to the Village.

In April 2020, GASB issued Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, which will be effective for the Village beginning with its fiscal year ending September 30, 2023. The objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPP's). This Statement also provides guidance for accounting and financial reporting for availability payment arrangements (APA's). The requirements of this Statement will improve financial reporting by establishing the definitions of PPP's and APA's and providing uniform guidance on accounting and financial reporting for transactions that meet those definitions. The implementation of this pronouncement did not result in any financial impact to the Village.

In June 2020, GASB issued Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans – An Amendment of GASB Statements No. 14 and No. 84, and a Supersession of GASB Statement No. 32*, which is effective for the Village beginning with its fiscal year ending September 30, 2022. The objective of this Statement is to (1) increase consistency and comparability related to the reporting

VILLAGE OF TEQUESTA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other post-employment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans. The implementation of this pronouncement did not result in any financial impact to the Village.

VILLAGE OF TEQUESTA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

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 \$17,364,642 as explained in the following detail (additional details shown in Note 3.D.):

| | |
|---|-----------------------------|
| Capital assets not being depreciated: | |
| Land | \$ 634,017 |
| Construction in progress | 18,750 |
| Capital assets being depreciated: | |
| Buildings, net | 10,812,921 |
| Improvements other than buildings, net | 813,751 |
| Infrastructure, net | 3,838,690 |
| Machinery and equipment, net | 1,239,175 |
| Other K-9, net | <u>7,338</u> |
| Net Adjustment to Increase Fund Balance - Total Governmental Funds to Arrive at Net Position - Governmental Activities | <u>\$ 17,364,642</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 \$7,876,801 difference are as follows:

| | |
|---|----------------------------|
| Note payable | \$ 6,693,000 |
| Financed purchases | 336,478 |
| Compensated absences | 774,369 |
| Accrued interest payable | <u>72,954</u> |
| Net Adjustment to Reduce Fund Balance - Total Governmental Funds to Arrive at Net Position – Governmental Activities | <u>\$ 7,876,801</u> |

VILLAGE OF TEQUESTA, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

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 (QPD) 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, 2022, none of the Village's primary bank balances or certificates of deposit 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 Florida local government investment pool valance consists of two governmental investment pools: Florida Cooperative Liquid Assets Securities System (FLCLASS) and Florida Surplus Asset Fund (FLSAFE). The pools are organized under Florida Statutes Section 163, the Florida Interlocal Cooperation Act, by Florida public agencies for the purpose of operating an independent investment pool for local governments and administered by a Board of Trustees elected by the participants in the pool. FLCLASS and FLSAFE are operated in a manner consistent with SEC Rule 2a7 of the Investment Company Act of 1940. Rule 2a7 allows SEC registered mutual funds to use amortized cost rather than fair value, to report net position used to compute share prices if certain conditions are met. Those conditions included restrictions on the types of investments held, restrictions on the term to maturity of individual investments, the dollar weighted average of the portfolio, requirement for portfolio diversification, and requirement of divestiture considerations in the event of security downgrades and defaults, plus required actions if the fair value of the portfolio deviates from amortized costs by a specific amount. The fair value of the position in the pools is considered to be the same as the Village's account balance (amortized cost) in the pool. These pools are not insured by FDIC or any other governmental agency.

VILLAGE OF TEQUESTA, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

As of September 30, 2022, the Village had the following demand deposits and investments:

| Deposits and Investments | Reported Value | Weighted Average Maturity | Credit Rating (S&P) | Percent Distribution |
|---------------------------------------|----------------------|---------------------------------|---------------------------|-------------------------|
| Demand deposits | \$ 3,456,816 | | | 20.90% |
| Florida Class | 3,824,020 | | AAAm | 23.12% |
| Florida Safe | <u>4,360,339</u> | | AAAm | 26.36% |
| Total Deposits | 11,641,175 | | | |
| Certificates of deposit | 2,000,000 | 2.4 years | | 12.09% |
| US Government Agencies | <u>2,902,171</u> | 2.4 years | AA | <u>17.54%</u> |
| Total Investments | <u>4,902,171</u> | | | |
| Total Deposits and Investments | <u>\$ 16,543,346</u> | | | <u>100%</u> |

Interest Rate Risk - Interest rate risk exists when there is a possibility that changes in interest rates could adversely affect an investment's fair value. The Village's investment policy limits investments to the following: (1) current operating funds should have maturities of no longer than 24 months and (2) core funds shall have a final maturity of five and one-half (5.5) years or less from the date of purchase. The overall weighted average duration of principal return for the core funds shall be less than 3 years.

Credit Risk - Credit risk exists when there is a possibility that the issuer or other counter-party to an investment transaction may be unable to fulfill its obligations. The Village's investment policy allows investments in U.S. Government-sponsored agencies and enterprises, commercial paper, the Florida PRIME investment pool, interlocal investment pools. The Village invests surplus funds in FLCLASS and FLSAFE Investment Pools. Both are rated by Standard & Poor's as AAAm, the highest rating for 2a7 investment pools.

Concentration of Credit Risk - Maximum investment concentration ranges from 25% for other municipal bonds to 100% for US Treasuries. At September 30, 2022, the Village's investments were within the established policy levels for all investments to mitigate this 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 invested in US Government Agencies held by a third party custodian and the highest rating by S&P for both local government investment pools; FLCLASS and FLSAFE.

Fair value of Investments - The Village follows the provision of GASB Codification, 150: Investments, which establishes a framework for measuring the fair value of investments in a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The three levels of the fair value hierarchy under GASBC 150 are described below:

VILLAGE OF TEQUESTA, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

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.

As of September 30, 2022 the Village has the following recurring fair value investments:

| | 9/30/22 | Quoted Prices in Active Markets for Identical Assets (Level 1) | Significant Observable Inputs (Level 2) | Significant Unobservable Inputs (Level 3) |
|--|---------------|---|--|--|
| Fixed income | | | | |
| U.S. Agencies | \$ 2,902,172 | \$ - | \$ 2,902,172 | \$ - |
| Total fixed income | 2,902,172 | - | 2,902,172 | - |
| Total investments at fair value | 2,902,172 | \$ - | \$ 2,902,172 | \$ - |
| Investment at net asset value (NAV) | | | | |
| FL Class | 3,824,020 | | | |
| FL Safe | 4,360,339 | | | |
| Investment at net asset value (NAV) | 8,184,359 | | | |
| Investments at cost | | | | |
| Certificates of deposit (exempt) | 2,000,000 | | | |
| Total investments | 13,086,531 | | | |
| Demand Deposits | 3,456,815 | | | |
| Total cash equivalent and investments | \$ 16,543,346 | | | |

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, 2022. The investments of the Public Safety Pension Trust Fund were in compliance with the investment policy.

Fair Value Hierarchy

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

VILLAGE OF TEQUESTA, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

- 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, 2022 (or the most recent market close date if the markets are closed on September 30) in active markets. This includes common stock, equity mutual funds and bond mutual funds.

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

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

As of September 30, 2022 the Public Safety Pension Trust Fund has the following recurring fair value investments:

| | 9/30/22 | Quoted Prices in Active Markets for Identical Assets (Level 1) | Significant Observable Inputs (Level 2) | Significant Unobservable Inputs (Level 3) |
|--|----------------------|---|--|--|
| Equities | | | | |
| Mutual funds equities | \$ 12,570,550 | \$ 12,570,550 | | |
| Total equities | 12,570,550 | 12,570,550 | | |
| Fixed income | | | | |
| Corporate bonds | 890,391 | | 890,391 | |
| U.S. Government bonds | 2,498,405 | | 2,498,405 | |
| U.S. Agencies | 299,240 | | 299,240 | |
| Bond mutual fund | 639,144 | 639,144 | | |
| Total fixed income | 4,327,180 | 639,144 | 3,688,036 | |
| Total investments at fair value | 16,897,730 | \$ 13,209,694 | \$ 3,688,036 | \$ - |
| Investment at net asset value (NAV) | | | Redemption Frequency | Redemption Notice Period |
| Real Estate Fund | 2,814,046 | | Quarterly | 30 days |
| Total investments | \$ 19,711,776 | | | |

VILLAGE OF TEQUESTA, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

As of September 30, 2022, 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 | \$ 36,164 | | | 0.18% | -% |
| Short-Term Money Market Fund | 240,000 | | | 1.20% | 1.18% |
| Total Cash and Cash Equivalents | 276,164 | | | | |
| Equities | | | | | |
| Mutual Funds | 12,570,550 | | | 62.89% | 61.65% |
| Total Equities | 12,570,550 | | | | |
| Fixed Income | | | | | |
| Corporate Bonds: | | 7.10 years | | | |
| Bonds | 419,679 | | A1 | 2.10% | 2.06% |
| Bonds | 265,647 | | A2 | 1.33% | 1.30% |
| Bonds | 205,065 | | A3 | 1.03% | 1.01% |
| U.S. Government Bonds | 2,498,405 | | | 12.50% | 12.25% |
| U.S. Agencies | 299,240 | 10.96 years | AAA | 1.50% | 1.47% |
| Bond Mutual Fund | 639,144 | | | 3.20% | 3.13% |
| Total Fixed Income | 4,327,180 | | | | |
| Real Estate Fund | 2,814,046 | | | 14.08% | 13.80% |
| Total investments | 19,711,776 | | | | |
| Total cash and investments | \$ 19,987,940 | | | 100.00% | 98.03% |

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, 2022, 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.
- At September 30, 2022, the weighted average maturity in years for each investment type is included in the preceding table and ranges from 7.10 to 10.96 years.

VILLAGE OF TEQUESTA, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

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

- Limiting investments in common stock, capital stock or convertible stock of any one issuing company or aggregate of any one issuing company to 5% of the outstanding capital stock of the company.
- Limiting the value of corporate bonds issued by any single corporation to not more than 5% of the total fund.
- Limiting investments in corporate common stock and convertible bonds (not to exceed 70% of the fund assets at fair value). Mortgage-backed securities issued by non-government entities are limited to 15% of the fixed income portfolio.
- Limiting investments in foreign securities (not to exceed 25% of the value at cost of the fund).

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

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

Foreign Currency Risk - is the risk of an investment's value changing due to changes in currency exchange rates. Exposure to foreign currency risk is low as:

- Foreign investments are through ADR's (shares listed in the U.S.), mutual funds (registered in the U.S.), or Yankee bonds (denominated in U.S. dollars should not to exceed 5% of total fund).
- The investment policy permits a maximum of 25% of the fair value of the fund securities to be invested in foreign securities.
- At September 30, 2022, 15.57% of the fair value of the fund was invested in international funds.
- All the international securities are denominated in U.S. dollars. There is no foreign currency risk.

Money Weighted Rate of Return and Target Allocation

For the fiscal years ended September 30, 2022 and 2021, 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 (15.03)% and 20.27% 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, 2022

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, 2022 and 2021 are as follows:

| Asset Class | Target Allocation | Range | Long-Term Expected Real Rate of Return | |
|----------------------------|-------------------|---------|--|------|
| | | | 2022 | 2021 |
| Domestic Equity | 50% | 45%-55% | 7.5% | 7.5% |
| International Equity | 15% | 10%-20% | 8.5% | 8.5% |
| Total Equities | 65% | 60%-70% | | |
| Domestic Core Fixed Income | 20% | 15%-25% | 2.5% | 2.5% |
| Diversified Fixed Income | 5% | 0%-10% | 3.5% | 3.5% |
| Total Fixed Income | 25% | 20%-30% | | |
| Core Real Estate | 10% | 5%-15% | 4.5% | 4.5% |

Investments – General Employees' Pension Trust Fund

Investment Policy Statement

The General Employees' Pension Board of Trustees, as fiduciaries, adopts an Investment Policy Statement and directs that it applies to all assets under their control. It is the Board's intention to review the policy at least annually subsequent to the actuarial report and to amend this statement to reflect any changes in philosophy, objectives, or guidelines. When the Investment Manager feels that the specific objectives defined in the statement cannot be met, or the guidelines constrict performance, the Investment Manager will present a formal modified investment policy statement to the Board of Trustees at a meeting for the Board's review. Once the Board has adopted, the new investment policy goes into effect 31 days after it has been filed with the State of Florida. There were no changes to the Investment Policy Statement for the fiscal year ended September 30, 2022 and investments of the General Employees' Pension Trust Fund were in compliance with the investment policy.

Fair Value Hierarchy

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

- Level 1 - investments reflect unadjusted quoted prices in active markets for identical assets;
- Level 2 - investments reflect prices that are based on inputs that are either directly or indirectly observable for an asset (including quoted prices for similar assets), which may include inputs in markets that are not considered to be active;
- Level 3 - investments reflect prices based upon unobservable inputs for an asset.

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

Debt and equity securities classified as Level 1 of the fair value hierarchy are valued using quoted prices at September 30, 2022 (or the most recent market close date if the markets are closed on September 30) in active markets. This includes common stock, mutual funds and fixed income funds.

VILLAGE OF TEQUESTA, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

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

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

As of September 30, 2022 the General Employees' Pension Trust Fund has the following recurring fair value investments:

| | 9/30/22 | Quoted Prices in Active Markets for Identical Assets (Level 1) | Significant Observable Inputs (Level 2) | Significant Unobservable Inputs (Level 3) |
|--|---------------------|---|--|--|
| Equities | | | | |
| Common stocks | \$ 1,802,307 | \$ 1,802,307 | | \$ - |
| Mutual funds equities | 2,736,506 | 2,736,506 | | |
| Total equities | 4,538,813 | 4,538,813 | | |
| Fixed income | | | | |
| Corporate bonds | 559,323 | | 559,323 | |
| U.S. Government bonds | 331,038 | | 331,038 | |
| U.S. Agencies | 205,653 | | 205,653 | |
| Bond mutual fund | 294,451 | 294,451 | | |
| Exchange traded funds | 444,163 | 444,163 | | |
| Total fixed income | 1,834,628 | 738,614 | 1,096,014 | |
| Total investments at fair value | 6,373,441 | \$ 5,277,427 | \$ 1,096,014 | \$ - |
| Investment at net asset value (NAV) | | | Redemption Frequency | Redemption Notice Period |
| Real Estate Fund | 1,068,096 | | Quarterly | 30 days |
| Total investments | \$ 7,441,537 | | | |

VILLAGE OF TEQUESTA, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

At September 30, 2022, 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 | \$ 24,006 | | | 0.31% | 0.31% |
| Short Term Money Market Fund | 255,500 | | | 3.31% | 3.30% |
| Total Cash and Cash equivalents | 279,506 | | | | |
| Equities | | | | | |
| Common stocks | 1,802,307 | | | 23.34% | 23.28% |
| Mutual funds | 2,736,506 | | | 35.44% | 35.34% |
| Total Equities | 4,538,813 | | | | |
| Fixed Income | | | | | |
| Corporate Bonds: | | 1.29 years | | | |
| Bonds | 44,249 | | A1 | 0.57% | 0.57% |
| Bonds | 164,250 | | A2 | 2.13% | 2.12% |
| Bonds | 119,900 | | A3 | 1.55% | 1.55% |
| Bonds | 230,924 | | Baa | 2.99% | 2.98% |
| ETF - Exchange Traded Fund | 444,163 | | | 5.75% | 5.74% |
| U.S. Government Bonds | 331,038 | | | 4.29% | 4.28% |
| U.S. Agencies | 205,653 | 1.55 years | AAA | 2.66% | 2.66% |
| Mutual Fund | 294,451 | | | 3.81% | 3.80% |
| Total Fixed Income | 1,834,628 | | | | |
| Real Estate Fund | 1,068,096 | | | 13.83% | 13.80% |
| Total Investments | 7,441,537 | | | | |
| Total Cash and Investments | \$ 7,721,043 | | | 100.00% | 99.72% |

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, 2022, the weighted average maturity in years for each investment type is included in the preceding table and ranges from 1.29 to 1.55 years.

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

The Plan limits exposure that a debt issuer will not fulfill its obligations by limiting investments made or held in the fund to:

- Obligations issued by the U.S. Government or obligations guaranteed as to principal and interest by the U.S. government or by an agency of the U.S. Government;
- Bonds, stocks, or commingled funds administered by national or state banks, or other evidences or indebtedness, issued or guaranteed by a corporation organized under the laws of the United States, any state or organized territory of the United States, or District of Columbia provided that the securities meet the following ranking criteria:
 - o Fixed income investments holding a rating in one of the four highest classifications by a major rating service.
 - o Equities that are traded on a National Exchange.

VILLAGE OF TEQUESTA, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

Concentration of Credit Risk - the risk of loss attributed to the magnitude of an investment in a single issuer. The Plan's investment policy limits exposure by:

- Limiting investments in common stock or capital stock of any one issuing company or aggregate of any one issuing company to 5% of the outstanding capital stock of the company.
- Limiting the value of bonds issued by any single corporation not to exceed 10% of the total fund.
- Limiting investments in corporate common stock and convertible bonds not to exceed 70% of the fund assets at fair value.
- Limiting investments in foreign securities not to exceed 25% of the fair value of the fund.

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

- Requiring all securities to be held by a third party custodian in the name of the Plan. As of September 30, 2022, 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, 2022, 15.22% of the fair value of the fund was invested in international funds.
- All the international securities are denominated in U.S. dollars. There is no foreign currency risk.

Money Weighted Rate of Return and Target Allocation

For the fiscal years ended September 30, 2022 and 2021, the overall annual money-weighted rate of return (long-term expected real rate of return) on the General Employees' Pension Plan investments was (15.89)% and 19.38% 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, 2022

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, 2022 and 2021 are as follows:

| Asset Class | Target Allocation | Range | Long-Term Expected Real Rate of Return | |
|----------------------------|-------------------|----------------|--|------|
| | | | 2022 | 2021 |
| Domestic Equity | 50% | 45%-55% | 7.5% | 7.5% |
| International Equity | 15% | 10%-20% | 8.5% | 8.5% |
| Total Equities | 65% | 60%-70% | | |
| | | | | |
| Domestic Core Fixed Income | 20% | 15%-25% | 2.5% | 2.5% |
| Diversified Fixed Income | 5% | 0%-10% | 3.5% | 3.5% |
| Total Fixed Income | 25% | 20%-30% | | |
| | | | | |
| Core Real Estate | 10% | 5%-15% | 4.5% | 4.5% |

C. Receivables

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

| | General | Capital Projects | Water | Storm-water | Nonmajor Funds | Total |
|------------------------------------|---------------------|------------------|-------------------|------------------|-----------------|---------------------|
| Leases | \$ 1,392,707 | \$ - | \$ - | \$ - | \$ - | \$ 1,392,707 |
| Accounts | 331,982 | 17 | 890,665 | 6 | 53 | 1,222,723 |
| Intergovernmental | 403,148 | - | 345 | 10,997 | 2,907 | 417,397 |
| Franchise fees | 58,752 | - | - | - | - | 58,752 |
| Other taxes | 65,894 | - | - | - | - | 65,894 |
| Interest | 25,827 | - | 23,660 | - | - | 49,487 |
| Gross receivables | 2,278,310 | 17 | 914,670 | 11,003 | 2,960 | 3,206,960 |
| Less: allowance for uncollectibles | (121,122) | - | (2,879) | - | - | (124,001) |
| Net Total Receivables | \$ 2,157,188 | \$ 17 | \$ 911,791 | \$ 11,003 | \$ 2,960 | \$ 3,082,959 |

VILLAGE OF TEQUESTA, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

D. Capital Assets

Capital assets activity for the fiscal year ended September 30, 2022, was as follows:

| | Beginning Balance | Additions | Deductions | Ending Balance |
|--|----------------------|---------------------|----------------------|----------------------|
| Governmental Activities | | | | |
| Capital assets not being depreciated/amortized: | | | | |
| Land | \$ 634,017 | \$ - | \$ - | \$ 634,017 |
| Construction-in-progress | 4,536,072 | 18,750 | (4,536,072) | 18,750 |
| Total Capital Assets Not Being Depreciated/Amortized | 5,170,089 | 18,750 | (4,536,072) | 652,767 |
| Capital assets being depreciated/amortized: | | | | |
| Buildings | 8,004,908 | 6,688,744 | - | 14,693,652 |
| Improvements other than buildings | 2,509,454 | - | - | 2,509,454 |
| Infrastructure | 5,223,601 | 42,114 | - | 5,265,715 |
| Machinery and equipment | 4,654,716 | 342,917 | - | 4,997,633 |
| Intangibles | 274,455 | - | (274,455) | - |
| Other K-9 | 20,549 | - | - | 20,549 |
| Total Capital Assets Being Depreciated/Amortized | 20,687,683 | 7,073,775 | (274,455) | 27,487,003 |
| Less accumulated depreciation/amortization for: | | | | |
| Buildings | (3,513,390) | (367,341) | - | (3,880,731) |
| Improvements other than buildings | (1,605,387) | (90,316) | - | (1,695,703) |
| Infrastructure | (1,296,126) | (130,899) | - | (1,427,025) |
| Machinery and equipment | (3,314,753) | (443,705) | - | (3,758,458) |
| Intangibles | (263,826) | (10,629) | 274,455 | - |
| Other K-9 | (10,275) | (2,936) | - | (13,211) |
| Total Accumulated Depreciation/Amortization | (10,003,757) | (1,045,826) | 274,455 | (10,775,128) |
| Total Capital Assets Being Depreciated/Amortized, Net | 10,683,926 | 6,027,949 | - | 16,711,875 |
| Governmental Activities Capital Assets, Net | \$ 15,854,015 | \$ 6,046,699 | \$(4,536,072) | \$ 17,364,642 |

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

| | |
|--|---------------------|
| Governmental Activities | |
| General government | \$ 125,024 |
| Public safety | 502,805 |
| Transportation | 185,486 |
| Leisure services | 232,511 |
| Total Depreciation/Amortization Expense - Governmental Activities | \$ 1,045,826 |

VILLAGE OF TEQUESTA, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

| | Beginning Balance | Additions | Deductions | Ending Balance |
|--|----------------------|---------------------|------------------|----------------------|
| Business-type Activities: | | | | |
| Capital assets not being depreciated/amortized: | | | | |
| Land | \$ 83,335 | \$ - | \$ - | \$ 83,335 |
| Construction in progress | 216,730 | 617,385 | - | 834,115 |
| Total Capital Assets Not Being Depreciated/Amortized | 300,065 | 617,385 | - | 917,450 |
| Capital assets being depreciated/amortized: | | | | |
| Buildings | 972,980 | - | - | 972,980 |
| Improvements other than buildings | 58,720 | - | - | 58,720 |
| Infrastructure | 37,644,930 | 57,970 | - | 37,702,900 |
| Machinery and equipment | 2,094,567 | - | (23,273) | 2,071,294 |
| Intangibles | 129,096 | - | (80,447) | 48,649 |
| Leased machinery and equipment | 16,288 | - | - | 16,288 |
| Total capital assets being depreciated/amortized | 40,916,581 | 57,970 | (103,720) | 40,870,831 |
| Less accumulated depreciation/amortization for: | | | | |
| Buildings | (748,724) | (15,211) | - | (763,935) |
| Improvements other than buildings | (34,058) | (2,349) | - | (36,407) |
| Infrastructure | (20,391,542) | (712,183) | - | (21,103,725) |
| Machinery and equipment | (1,785,762) | (87,261) | 23,273 | (1,849,750) |
| Intangibles | (121,058) | (8,038) | 80,447 | (48,649) |
| Leased machinery and equipment | (1,629) | (3,257) | - | (4,886) |
| Total Accumulated Depreciation/Amortization | (23,082,773) | (828,299) | 103,720 | (23,807,352) |
| Total Capital Assets Being Depreciated/Amortized, Net | 17,833,808 | (770,329) | - | 17,063,479 |
| Business-type Activity Capital Assets, Net | \$ 18,133,873 | \$ (152,944) | \$ - | \$ 17,980,929 |

Depreciation/amortization expense charged to the water and stormwater funds of the business-type activities was \$828,299. The depreciation/amortization expense breakdown by activity is as follows:

| | |
|---|-------------------|
| Water utility | \$ 680,839 |
| Stormwater | 147,460 |
| Total depreciation/amortization expense | \$ 828,299 |

VILLAGE OF TEQUESTA, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

E. Accrued Liabilities

Accrued liabilities reported by governmental funds at September 30, 2022, were as follows:

| | General Fund | Other Governmental Funds | Total Governmental Funds |
|----------------------------------|-------------------|--------------------------------|--------------------------------|
| Salary and employee benefits | \$ 332,304 | \$ 7,999 | \$ 340,303 |
| Other | 11,648 | - | 11,648 |
| Total Accrued Liabilities | \$ 343,952 | \$ 7,999 | \$ 351,951 |

F. Pension Obligations

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

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

Full time employees hired before January 1, 1996 are eligible to participate in the Florida Retirement System (FRS), as provided by Chapters 121 and 112, Florida Statutes, a cost-sharing, multiple-employer defined benefit plan administered by the State Board of Administration (“SBA”). The FRS provides retirement and disability benefits, annual cost of living adjustments and death benefits to plan members and beneficiaries. A post-employment health insurance subsidy is also provided to eligible employees. Benefits are established by Chapter 121, Florida Statutes and Chapter 22B, Florida Administrative Code. Amendments to the law can only be made by an act of the Florida Legislature.

The State of Florida issues a publicly available financial report that includes financial statements and required supplementary information for the FRS. The latest available report may be obtained by writing to the State of Florida Division of Retirement, Department of Management Services, P.O. Box 9000, Tallahassee, Florida 32315-9000 or visiting the website at www.dms.myflorida.com/workforce_operations/retirement/publications.

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

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

VILLAGE OF TEQUESTA, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

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

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

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

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

Contributions – Effective July 1, 2011, both employees and employers are required to contribute to establish service credit for work performed in a regular established position. Effective July 1, 2002, the Florida Legislature established a uniform contribution rate system for the FRS, covering both the Pension Plan and the Investment Plan. The uniform rates for fiscal year 2021-2022 are as follows:

VILLAGE OF TEQUESTA, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

| Class | Employee | Employer (1) | Total |
|--|----------|--------------|--------|
| Regular | 3% | 9.10% | 12.10% |
| Special Risk | 3% | 24.17% | 27.17% |
| Special Risk Administrative Support | 3% | 36.04% | 39.04% |
| Elected Officers' | | | |
| Judges | 3% | 39.19% | 42.19% |
| Governor, Lt.Governor, Cabinet, Legislators, | | | |
| State Attorneys, Public Defenders | 3% | 62.01% | 65.01% |
| Elected County, City Officers' | 3% | 49.07% | 52.07% |
| Senior Management Service | 3% | 27.29% | 30.29% |
| DROP participants | - | 16.68% | 16.68% |
| Reemployed Retiree | (2) | (2) | (2) |

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

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

The Village's total contributions to the FRS Pension Plan totaled \$13,668 for the fiscal year ended September 30, 2022.

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

The total pension liability for the FRS was determined by the plan's actuary and reported in the plan's GASB 67 valuation as of June 30, 2022, calculated based on the discount rate and actuarial assumptions below. The total pension liability is calculated using the Individual Entry Age Normal cost allocation method. The net pension liability was measured as of June 30, 2022.

At September 30, 2022, the Village reported a liability of \$152,863 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 contributions for the year ended June 30, 2022 relative to the contributions made during the year ended June 30, 2021 of all participating members. At the June 30, 2022 Measurement Date, the Village's proportionate share was 0.000410833, which was a decrease of 0.0009352% from its proportionate share measured as of June 30, 2021.

VILLAGE OF TEQUESTA, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

For the fiscal year ended September 30, 2022, the Village reported deferred outflow of resources and deferred inflows of resources related to pensions from the following sources:

| Deferred Outflows/Inflows of Resources | Deferred Outflows | Deferred Inflows |
|--|----------------------|---------------------|
| Effect of economic/demographic gains or losses (differences between expected and actual experience) \$ | 7,260 | \$ - |
| Effect of assumptions changes or inputs | 18,826 | - |
| Changes in proportion and differences between contributions and proportionate share of contributions | 9,648 | (291,789) |
| Net differences between projected and actual investment earnings | 10,094 | - |
| Village Pension Plan contributions subsequent to the measurement date | 3,539 | - |
| Total | \$ 49,367 | \$ (291,789) |

The deferred outflows of resources related to the Pension Plan contributions subsequent to the measurement date, totaling \$3,539 will be recognized as a reduction of the net pension liability in the fiscal year ended September 30, 2023.

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 |
|--------------------|--------------|
| 2023 | \$ (64,305) |
| 2024 | (62,273) |
| 2025 | (64,628) |
| 2026 | (32,793) |
| 2027 | (21,962) |
| | \$ (245,961) |

Discount Rate

The discount rate used to measure the total pension liability was 6.70%. The Pension Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees if future experience follows assumptions and the Actuarially Determined Contribution is contributed in full each year. Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected rate of return.

| | |
|--|-------|
| Discount rate | 6.70% |
| Long-term expected rate of return, net of investment expense | 6.70% |
| Municipal bond rate | N/A |

VILLAGE OF TEQUESTA, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

Actuarial Assumptions

The actuarial assumptions that determined the total pension liability as of June 30, 2022, were based on the results of an actuarial experience study for the period July 1, 2013 – June 30, 2018.

| | |
|--------------------------------------|--|
| Valuation Date | July 1, 2022 |
| Measurement date | June 30, 2022 |
| Inflation | 2.40% |
| Salary increases including inflation | 3.25% |
| Mortality | PUB-2010 base table varies by member category and sex, projected generationally with Scale MP-2018 details in valuation report |
| Actuarial cost method | Individual Entry Age |

Sensitivity Analysis

The following presents the Village's portion of the net pension liability of the FRS, calculated using the discount rate of 6.70%, as well as what the FRS's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (5.70%) or one percentage point higher (7.70%) than the current rate.

| | 1% Decrease 5.70% | Current Discount Rate 6.70% | 1% Increase 7.70% |
|---|-------------------------|-----------------------------------|-------------------------|
| Village's proportionate share of net pension liability | \$ 264,366 | \$ 152,863 | \$ 59,633 |

Long-Term Expected Rate of Return

The long-term expected rate of return assumption of 6.70% on consists of two building block components: 1) an inferred real (in excess of inflation) return of 4.20%, which is consistent with the 4.38% real return from the capital market outlook model developed by the FRS consulting actuary, Milliman; and 2) a long-term average annual inflation assumption of 2.40% as adopted in October 2022 by the FRS Actuarial Assumption Conference. In the opinion of the FRS consulting actuary both components and the overall 6.70% return assumption were determined to be reasonable and appropriate per Actuarial Standards of Practice. The 6.70% reported investment return assumption chosen by the 2022 FRS Actuarial Assumption Conference for funding policy purposes.

The table below contains a summary of Milliman's assumptions for each of the asset class in which the plan was invested at the time based on the long-term target asset allocation. Each asset class assumption is based on a consistent set of underlying assumptions and includes an adjustment for the inflation assumption. This assumptions are not based on historical returns, but instead are based on a forward-looking capital market economic model.

VILLAGE OF TEQUESTA, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

| Asset Class | Target Allocation | Annual Arithmetic Return | Compound Annual (Geometric) Return | Standard Deviation |
|--------------------------|----------------------|--------------------------------|---|-----------------------|
| Cash | 1.0% | 2.6% | 2.6% | 1.1% |
| Fixed income | 19.8% | 4.4% | 4.4% | 3.2% |
| Global equity | 54.0% | 8.8% | 7.3% | 17.8% |
| Real estate | 10.3% | 7.4% | 6.3% | 15.7% |
| Private equity | 11.1% | 12.0% | 8.9% | 26.3% |
| Strategic investments | 3.8% | 6.2% | 5.9% | 7.8% |
| Assumed Inflation - Mean | | | 2.4% | 1.3% |

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, 2022 the Village reported zero payable in the employer for outstanding contributions to the Pension Plan, both FRS and Retiree Health Insurance Subsidy (HIS).

The Retiree Health Insurance Subsidy (HIS) Program

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

Benefits Provided – For the fiscal year ended June 30, 2022, eligible retirees and beneficiaries received a monthly HIS payment equal to the number of years of creditable service credited at retirement multiplied by \$5. The minimum payment is \$30 and maximum payment is \$150 per month, pursuant to Section 112.363, Florida Statutes. To be eligible to receive a HIS benefit, a retiree under one of the state-administered retirement system must provide proof of eligible health insurance coverage, which may include Medicare.

Contributions – For the fiscal year ended June 30, 2022, the contribution rate was 1.66% of payroll pursuant to section 112.363, Florida Statutes. HIS contributions are deposited in a separate trust fund from which HIS payments are authorized.

The Village’s total contributions to the HIS Plan totaled \$1,355 for the fiscal year ended September 30, 2022.

VILLAGE OF TEQUESTA, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

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

Actuarial valuations for the HIS Program are conducted biennially. The July 1, 2022, HIS valuation is the most recent valuation and was used to develop the liabilities for June 30, 2022. Liabilities originally calculated as of the actuarial valuation date have been recalculated as of a later GASB Measurement Date using standard actuarial roll forward procedures. The discount rates used at the two liability measurement dates differ due to changes in the applicable municipal bond index between dates.

At September 30, 2022, the Village reported a liability of \$30,542 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 contributions for the year ended June 30, 2022 relative to the contributions made during the year ended June 30, 2021 of all participating members. At June 30, 2022, the Village's proportionate share was 0.000288361%, which was a decrease of 0.0005857% from its proportionate share measured as of June 30, 2021.

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

For the fiscal year ended September 30, 2022, the Village reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| Deferred Outflows/Inflows of Resources | Deferred Outflows | Deferred Inflows |
|---|----------------------|---------------------|
| Effect of economic/demographic gains or losses (differences between expected and actual experience) | \$ 927 | \$ (134) |
| Effect of assumptions changes or inputs | 1,751 | (4,725) |
| Changes in proportion and differences between contributions and proportionate share of contributions | - | (78,542) |
| Net differences between projected and actual investment earnings | 44 | - |
| Village Pension Plan contributions subsequent to the measurement date | 347 | - |
| Total | \$ 3,069 | \$ (83,401) |

The deferred outflows of resources related to the HIS Plan, totaling \$347 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, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the HIS Plan will be recognized in pension expense as follows:

VILLAGE OF TEQUESTA, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

| Fiscal Year Ending | Amount |
|--------------------|-------------|
| 2023 | \$ (21,340) |
| 2024 | (16,670) |
| 2025 | (14,578) |
| 2026 | (12,264) |
| 2027 | (11,362) |
| Thereafter | (4,465) |
| | \$ (80,679) |

Discount Rate

The discount rate used to measure the total pension liability was 3.54%. In general, the discount rate for calculating the total pension liability under GASB 67 is equal to the single rate equivalent to discounting at the long-term expected rate of return for benefit payments prior to the projected depletion date. Because the HIS benefit is essentially funded on a pay-as-you-go basis, the depletion date is considered to be immediate. The single equivalent discount rate is equal to the municipal bond rate selected by the FRS Actuarial Assumption Conference. The discount rates used at the two dates differ due to changes in the applicable municipal bond index.

| | |
|--|-------|
| Discount rate | 3.54% |
| Long-term expected rate of return, net of investment expense | N/A |
| Bond Buyer General Obligation 20-Bond Municipal Bond Index | 3.54% |

Actuarial Assumptions

The actuarial assumptions that determined the total pension liability as of June 30, 2022, were based on certain results of an actuarial experience study of the FRS for the period July 1, 2013 - June 30, 2018.

| | |
|--------------------------------------|---|
| Valuation Date | July 1, 2022 |
| Measurement date | June 30, 2022 |
| Inflation | 2.40% |
| Salary increases including inflation | 3.25% |
| Mortality | Generational PUB-2010 with Projection Scale MP-2018; details in valuation report |
| Actuarial cost method | Individual Entry Age |

Sensitivity Analysis

The following presents the net pension liability of the HIS, calculated using the discount rate of 3.54%, 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 (2.54%) or one percentage point higher (4.54%) than the current rate.

| | 1% Decrease 2.54% | Current Discount Rate 3.54% | 1% Increase 4.54% |
|---|-------------------------|-----------------------------------|-------------------------|
| Village's proportionate share of net pension liability | \$ 34,943 | \$ 30,542 | \$ 26,901 |

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.

VILLAGE OF TEQUESTA, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

The Village of Tequesta Single-Employer Defined Benefit Pension Plans

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

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

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

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

Membership in the Village of Tequesta's defined benefit pension plans as of the actuarial valuation date of October 1, 2021:

| | <u>FPTF</u> | <u>PPTF</u> | <u>GPTF</u> |
|--|------------------|------------------|------------------|
| Number of: | | | |
| Inactive members or beneficiaries currently receiving benefits | 7 | 3 | 12 |
| Inactive members entitled to but not yet receiving benefits | 1 | 2 | 8 |
| Active members | <u>19</u> | <u>18</u> | <u>50</u> |
| Total | <u><u>27</u></u> | <u><u>23</u></u> | <u><u>70</u></u> |

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, 2021 measurement date were determined as of the beginning of the year, October 1, 2020 (based on actuarial valuation results as reported in the October 1, 2020 actuarial valuation). Using a measurement date of September 30, 2021 allows for timelier reporting at the end of the year. These liabilities are used for GASB Statement No. 68 reporting for the reporting fiscal year ending September 30, 2022.

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

VILLAGE OF TEQUESTA, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

| | FPTF | PPTF | GPTF |
|---|---------------|---------------|---------------|
| Actuarial Valuation Date | Oct. 1, 2020 | Oct. 1, 2020 | Oct. 1, 2020 |
| Measurement Date of the net pension liability | Sep. 30, 2021 | Sep. 30, 2021 | Sep. 30, 2021 |
| Village's Fiscal Year Ended Date for Reporting Purposes | Sep. 30, 2022 | Sep. 30, 2022 | Sep. 30, 2022 |

Pension Expense

Fiscal Year Ended September 30, 2022
(Based on Measurement Period Ended September 30, 2021)

| | FPTF | PPTF | GPTF |
|---|-------------------|--------------------|------------------|
| Service Cost | \$ 470,978 | \$ 327,856 | \$ 470,535 |
| Interest on the Total Pension Liability | 1,059,130 | 364,708 | 497,428 |
| Employee Contributions (made negative for additions here) | (104,656) | (75,796) | (171,792) |
| Projected Earnings on Plan Investments (made negative for additions here) | (930,408) | (438,639) | (473,599) |
| Administrative Expense | 26,570 | 28,748 | 40,526 |
| Other Changes in Plan Fiduciary Net Position (Contributions Transferred from 401(a) Plan) | - | 101,437 | - |
| Other Changes in Total Pension Liability (Increase in State Contribution Reserve) | - | (101,437) | - |
| Recognition of Outflow (Inflow) of Recourses due to Liabilities | 32,049 | (92,810) | (47,335) |
| Recognition of Outflow (Inflow) of Recourses due to Assets | (412,726) | (178,658) | (253,230) |
| Total Pension Expense | \$ 140,937 | \$ (64,591) | \$ 62,533 |

VILLAGE OF TEQUESTA, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

The deferred outflow of resources, resulting from the Village's contributions to the Plans subsequent to the measurement date of September 30, 2021 will be recognized as a reduction of the Village's net pension liability in the fiscal year ended September 30, 2022.

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 | \$ 292,819 | \$ 148,661 |
| Changes in assumptions | 263,460 | 315,877 |
| Net difference between projected and actual earnings on pension plan investments | - | 1,397,365 |
| Contribution subsequent to measurement date | 523,573 | - |
| Total | <u>\$ 1,079,852</u> | <u>\$ 1,861,903</u> |

Police:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|-----------------------------------|----------------------------------|
| Difference between expected and actual experience | \$ 4,465 | \$ 238,027 |
| Changes in assumptions | 36,574 | 77,617 |
| Net difference between projected and actual earnings on pension plan investments | - | 643,755 |
| Contribution subsequent to measurement date | 203,707 | - |
| Total | <u>\$ 244,746</u> | <u>\$ 959,399</u> |

General:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|-----------------------------------|----------------------------------|
| Difference between expected and actual experience | \$ 96,834 | \$ 402,470 |
| Changes in assumptions | 183,842 | 90,070 |
| Net difference between projected and actual earnings on pension plan investments | - | 814,115 |
| Contribution subsequent to measurement date | 350,247 | - |
| Total | <u>\$ 630,923</u> | <u>\$ 1,306,655</u> |

VILLAGE OF TEQUESTA, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

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

| Fiscal Year Ending September 30, | Net Deferred Inflows and Outflows of Resources | | |
|----------------------------------|--|---------------------|-----------------------|
| | FPTF | PPTF | GPTF |
| 2023 | \$ (322,878) | \$ (183,894) | \$ (240,406) |
| 2024 | (278,034) | (180,778) | (220,336) |
| 2025 | (338,333) | (220,590) | (286,934) |
| 2026 | (328,938) | (204,585) | (245,272) |
| 2027 | (7,162) | (40,347) | (33,031) |
| Thereafter | (30,279) | (88,166) | - |
| Total | \$ (1,305,624) | \$ (918,360) | \$ (1,025,979) |

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, 2021 (measurement date in accordance with GASB Statement No. 68).

| Measurement Date September 30, | Fire 2021 | Police 2021 | General 2021 |
|--------------------------------|---------------------|-----------------------|-----------------------|
| Total Pension Liability | \$ 15,707,456 | \$ 5,225,838 | \$ 7,609,284 |
| Plan Net Position | 16,221,717 | 7,621,215 | 8,878,840 |
| Net Pension Liability (Asset) | <u>\$ (514,261)</u> | <u>\$ (2,395,377)</u> | <u>\$ (1,269,556)</u> |

Plan Net Position as a % of Total Pension Liability

| | | | |
|--|---------|---------|---------|
| | 103.27% | 145.84% | 116.68% |
|--|---------|---------|---------|

In accordance with GASB Statement No. 67, information as of September 30, 2022 has been disclosed:

| Measurement Date September 30, | Fire 2022 | Police 2022 | General 2022 |
|--------------------------------|---------------------|-----------------------|-------------------|
| Total Pension Liability | \$ 16,613,857 | \$ 5,630,173 | \$ 8,500,338 |
| Plan Net Position | 13,745,648 | 6,643,342 | 7,742,454 |
| Net Pension Liability (Asset) | <u>\$ 2,868,209</u> | <u>\$ (1,013,169)</u> | <u>\$ 757,884</u> |

Plan Net Position as a % of Total Pension Liability

| | | | |
|--|--------|---------|--------|
| | 82.74% | 118.00% | 91.08% |
|--|--------|---------|--------|

VILLAGE OF TEQUESTA, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

Below is a detail of the net changes in pension liability (asset):

FIREFIGHTERS' PENSION TRUST CHANGES IN NET PENSION LIABILITY

| | Increase (Decrease) | | |
|--|----------------------------|--------------------------------|--------------------------|
| | Total Pension Liability | Plan Fiduciary Net Position | Net Pension Liability |
| Balances at September 30, 2020 | \$ 14,767,838 | \$ 13,058,965 | \$ 1,708,873 |
| Changes for the year: | | | |
| Service cost | 470,978 | - | 470,978 |
| Interest | 1,059,130 | - | 1,059,130 |
| Changes of benefit terms | - | - | - |
| Differences between expected and actual experience | (50,743) | - | (50,743) |
| Changes in assumptions | (322,948) | - | (322,948) |
| Contributions - employer | - | 410,585 | (410,585) |
| Contributions - state | - | 193,278 | (193,278) |
| Contributions - employee | - | 104,656 | (104,656) |
| Net investment Income | - | 2,697,602 | (2,697,602) |
| Benefit payments, including refunds of employee contributions | (216,799) | (216,799) | - |
| Administrative expense | - | (26,570) | 26,570 |
| Net Changes | 939,618 | 3,162,752 | (2,223,134) |
| Balances at September 30, 2021 | \$ 15,707,456 | \$ 16,221,717 | \$ (514,261) |

VILLAGE OF TEQUESTA, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

POLICE OFFICERS' PENSION TRUST CHANGES IN NET PENSION ASSET

| | Increase (Decrease) | | |
|--|----------------------------|--------------------------------|----------------------|
| | Total Pension Liability | Plan Fiduciary Net Position | Net Pension Asset |
| Balances at September 30, 2020 | \$ 4,906,802 | \$ 6,171,161 | \$ (1,264,359) |
| Changes for the year: | | | |
| Service cost | 327,856 | - | 327,856 |
| Interest | 364,708 | - | 364,708 |
| Changes of benefit terms | - | - | - |
| Differences between expected and actual experience | (135,030) | - | (135,030) |
| Changes of assumptions | (87,966) | - | (87,966) |
| Contributions - employer | - | 100,619 | (100,619) |
| Contributions - employer (from state) | - | 193,086 | (193,086) |
| Contributions - members | - | 75,796 | (75,796) |
| Net investment income | - | 1,259,833 | (1,259,833) |
| Benefit payments, including refunds of employee contributions | (49,095) | (49,095) | - |
| Administrative expense | - | (28,748) | 28,748 |
| Other | (101,437) | (101,437) | - |
| Net changes | 319,036 | 1,450,054 | (1,131,018) |
| Balances at September 30, 2021 | \$ 5,225,838 | \$ 7,621,215 | \$ (2,395,377) |

VILLAGE OF TEQUESTA, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

GENERAL EMPLOYEES' PENSION TRUST CHANGES IN NET PENSION LIABILITY

| | Increase (Decrease) | | |
|--|----------------------------|--------------------------------|--------------------------|
| | Total Pension Liability | Plan Fiduciary Net Position | Net Pension Liability |
| Balances at September 30, 2020 | \$ 7,280,856 | \$ 7,129,156 | \$ 151,700 |
| Changes for the year: | | | |
| Service cost | 470,535 | - | 470,535 |
| Interest | 497,428 | - | 497,428 |
| Differences between expected and actual experience | (332,590) | - | (332,590) |
| Changes of Assumptions | (109,651) | - | (109,651) |
| Contributions - employer and State | - | 380,003 | (380,003) |
| Contributions - member | - | 171,792 | (171,792) |
| Net investment income | - | 1,435,710 | (1,435,710) |
| Benefit payments, including refunds of employee contributions | (197,294) | (197,294) | - |
| Administrative expense | - | (40,527) | 40,527 |
| Net changes | 328,428 | 1,749,684 | (1,421,256) |
| Balances at September 30, 2021 | \$ 7,609,284 | \$ 8,878,840 | \$ (1,269,556) |

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

A single discount rate of 7.00% as of September 30, 2022, same as of September 30, 2021, was used to measure the total pension liability for the Police Officers' and Firefighters' Pension trusts. This single discount rate was based on the expected rate of return on pension plan investments of 7.00%. A discount rate of 6.50% was used to measure total pension liability for the General Employees' Pension Trust as of September 30, 2022 same as of September 30, 2021. This single discount rate was based on the expected rate of return on pension plan investments of 6.5% for both years. 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 (6.5%) 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, 2022

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

| | 1% Decrease 6.00% | Current Single Discount Rate Assumption 7.00% | 1% Increase 8.00% |
|--------------------------------------|-------------------------|--|-------------------------|
| Fiscal Year Ended September 30, 2021 | | | |
| Firefighters' | \$ 1,317,358 | \$ (514,261) | \$ (2,060,443) |
| Police Officers' | (1,752,614) | (2,395,377) | (2,925,012) |

| | Decrease 5.50% | Current Single Discount Rate Assumption 6.50% | 1% Increase 7.50% |
|--------------------------------------|-------------------|--|-------------------------|
| Fiscal Year Ended September 30, 2021 | | | |
| General Employees' | \$ (243,276) | \$ (1,269,556) | \$ (2,124,635) |

In accordance with GASB Statement No. 67, information as of September 30, 2022 has been disclosed:

| | 1% Decrease 6.00% | Current Single Discount Rate Assumption 7.00% | 1% Increase 8.00% |
|--------------------------------------|-------------------------|--|-------------------------|
| Fiscal Year Ended September 30, 2022 | | | |
| Firefighters' | \$ 4,774,365 | \$ 2,868,209 | \$ 1,257,798 |
| Police Officers' | (305,371) | (1,013,169) | (1,597,532) |

| | Decrease 5.50% | Current Single Discount Rate Assumption 6.50% | 1% Increase 7.50% |
|--------------------------------------|-------------------|--|-------------------------|
| Fiscal Year Ended September 30, 2022 | | | |
| General Employees' | \$ 1,903,784 | \$ 757,884 | \$ (190,798) |

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

Summary of Plan Provisions

A. Ordinances

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

VILLAGE OF TEQUESTA, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

Statutes and the Internal Revenue Code.

B. Effective Date

Adopted March 14, 2019

C. Plan Year

October 1 through September 30

D. Type of Plan

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

E. Eligibility Requirements

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

F. Credited Service

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

G. Compensation

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

H. Average Final Compensation (AFC)

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

I. Normal Retirement

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

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

Benefit - For police officers hired before February 1, 2013 and firefighters hired before August 14,

VILLAGE OF TEQUESTA, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

2015 (*firefighters: Credited Service only prior to September 1, 2015*):

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

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

3.0% of AFC multiplied by years of Credited Service

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

2.75% of AFC multiplied by all years of Credited Service

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

COLA: None

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

J. Early Retirement

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

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

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

COLA: None

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

VILLAGE OF TEQUESTA, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

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, 2022

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, 2022

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

COLA: None

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

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

S. Refunds

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

Benefit - Refund of the member's contributions.

T. Member Contributions

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

U. State Contributions

Chapter 185 Premium Tax Revenue: The Village is permitted to use all annual Chapter 185 revenue as a credit toward the Required Employer Contribution and to apply half of the Chapter 185 reserve of \$333,315 to reduce Required Employer Contribution. The remaining half of the Chapter 185 reserve of \$333,315 is allocated to a Share Palm for police officers.

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 Contribution for the fiscal year ending September 30, 2016 through September 30, 2018, as determined by 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, 2022

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.

Police officers must make a written election to participate in the DROP before the 27th year of employment. Firefighters must make a written election to participate in the DROP within two years of normal retirement eligibility.

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 - Police officers: The earlier of 5 years of participation in the DROP or 30 years of employment. Firefighters: 5 years.

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.

AA. Changes from Previous Valuation

None

The *Firefighters' Pension Trust Fund* (part of the PSEPP) does not issue separate stand-alone financial statements. Included below are the Statement of Fiduciary Net Position and the Statement of Changes in Fiduciary Net Position as of and for the fiscal year ended September 30, 2022.

VILLAGE OF TEQUESTA, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

FIREFIGHTERS' PENSION TRUST FUND STATEMENT OF FIDUCIARY NET POSITION SEPTEMBER 30, 2022

| | |
|---|-----------------------------|
| Assets | |
| Cash and cash equivalents | \$ 185,583 |
| Investments | |
| Equities | 8,449,900 |
| Fixed income | 2,908,722 |
| Real Estate Funds | 1,891,597 |
| Total investments | <u>13,250,219</u> |
| Contributions receivable | 208,464 |
| Accrued interest receivable | 17,753 |
| Prepaid items | 26,634 |
| Due from broker | <u>161,791</u> |
| Total Assets | <u>13,850,444</u> |
| Liabilities | |
| Accounts payable | <u>12,141</u> |
| Total Liabilities | <u>12,141</u> |
| Deferred Inflows of Resources | |
| Deferred inflows | <u>92,655</u> |
| Total Deferred Inflows of Resources | <u>92,655</u> |
| Net Position Restricted for Pension Benefits | <u><u>\$ 13,745,648</u></u> |

VILLAGE OF TEQUESTA, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

FIREFIGHTERS' PENSION TRUST FUND STATEMENT OF CHANGES IN FIDUCIARY NET POSITION FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

Additions

Contributions:

| | |
|------------------|------------|
| State of Florida | \$ 200,648 |
| Employer | 322,925 |
| Employee | 100,398 |

Total Contributions

623,971

Investment earnings

| | |
|--|-------------|
| Net appreciation in fair value of investment | (2,804,721) |
| Gain on sale of investments | 229,809 |
| Interest and dividends | 240,754 |

Total investment earnings (2,334,158)

Less investment expenses (41,678)

Net investment earnings (2,375,836)

Total Additions

(1,751,865)

Deductions

| | |
|-------------------------|---------|
| Benefits paid | 293,908 |
| Refund of contributions | 399,237 |
| Administrative expenses | 31,059 |

Total Deductions

724,204

Change in Net Position

(2,476,069)

Net Position Restricted for Pension Benefits

| | |
|-------------------|----------------------|
| Beginning of year | 16,221,717 |
| End of year | <u>\$ 13,745,648</u> |

VILLAGE OF TEQUESTA, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

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, 2022.

POLICE OFFICERS' PENSION TRUST FUND STATEMENT OF FIDUCIARY NET POSITION SEPTEMBER 30, 2022

| | |
|---|---------------------|
| Assets | |
| Cash and cash equivalents | \$ 90,581 |
| Investments | |
| Equities | 4,120,650 |
| Fixed income | 1,418,458 |
| Real Estate Funds | 922,449 |
| Total investments | <u>6,461,557</u> |
| Contributions receivable | 4,373 |
| Accrued interest receivable | 8,664 |
| Prepaid items | 8,018 |
| Due from broker | <u>78,899</u> |
| Total Assets | <u>6,652,092</u> |
| Liabilities | |
| Accounts payable | <u>8,750</u> |
| Total Liabilities | <u>8,750</u> |
| Net Position Restricted for Pension Benefits | <u>\$ 6,643,342</u> |

VILLAGE OF TEQUESTA, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

POLICE OFFICERS' PENSION TRUST FUND STATEMENT OF CHANGES IN FIDUCIARY NET POSITION FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

Additions

Contributions:

| | |
|------------------|-----------|
| State of Florida | \$ 92,947 |
| Employer | 110,759 |
| Employee | 84,799 |

Total Contributions 288,505

Investment earnings

| | |
|---|--------------------|
| Net appreciation in fair value of investments | (1,344,403) |
| Gain on sale of investments | 107,785 |
| Interest and dividends | 114,618 |
| Total investment earnings | (1,122,000) |
| Less investment expenses | (27,235) |
| Net investment earnings | <u>(1,149,235)</u> |

Total Additions (860,730)

Deductions

| | |
|-------------------------|--------|
| Benefits paid | 64,802 |
| Refund of contributions | 15,915 |
| Administrative expenses | 36,426 |

Total Deductions 117,143

Change in Net Position (977,873)

Net Position Restricted for Pension Benefits

| | |
|-------------------|---------------------|
| Beginning of year | 7,621,215 |
| End of year | <u>\$ 6,643,342</u> |

VILLAGE OF TEQUESTA, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

General Employees' Pension Plan

A. Ordinances

The Plan was established under the Code of Ordinances for the Village of Tequesta, Florida, Chapter 2, Article III, Division 1, Section 2-61 (a), and was most recently amended under Ordinance No. 12-19. The Plan is also governed by certain provisions of Part VII, Chapter 112, Florida Statutes and the Internal Revenue Code.

B. Effective Date

December 11, 2003

C. Plan Year

October 1 through September 30

D. Type of Plan

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

E. Eligibility Requirements

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

F. Credited Service

Service is measured as the period of continuous service as a general employee with the Village. No service is credited for any periods of employment for which the member received a refund of their contributions.

G. Compensation

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

H. Average Final Compensation (AFC)

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

VILLAGE OF TEQUESTA, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

I. Normal Retirement

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

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

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

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

COLA: None

J. Early Retirement

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

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

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

COLA: None

K. Delayed Retirement

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

L. Service Connected Disability

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

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

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

COLA: None

VILLAGE OF TEQUESTA, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

M. Non-Service Connected Disability

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

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

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

COLA: None

N. Death in the Line of Duty

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

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

Normal Form of Benefit - 10 Years Certain

COLA: None

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

O. Other Pre-Retirement Death

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

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

Normal Form of Benefit - 10 Years Certain

COLA: None

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

P. Post Retirement Death

Benefit determined by the form of benefit elected upon retirement.

VILLAGE OF TEQUESTA, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

Q. Optional Forms

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

R. Vested Termination

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

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

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

COLA: None

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

S. Refunds

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

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

T. Member Contributions

5% of Compensation

U. Employer Contributions

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

V. Cost of Living Increases

Not Applicable

W. 13th Check

Not Applicable

VILLAGE OF TEQUESTA, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

X. Deferred Retirement Option Plan

Not Applicable

Y. Other Ancillary Benefits

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

Z. Changes from Previous Valuation

There have been no changes since the last valuation.

The *General Employees' Pension Trust Fund* does not issue separate stand-alone financial statements. Included below are the Statement of Fiduciary Net Position and the Statement of Changes in Fiduciary Net Position as of and for the fiscal year ended September 30, 2022.

GENERAL EMPLOYEES' PENSION TRUST FUND STATEMENT OF FIDUCIARY NET POSITION SEPTEMBER 30, 2022

| | |
|---|----------------------------|
| Assets | |
| Cash and cash equivalents | \$ 279,505 |
| Investments | |
| Equities | 4,538,813 |
| Fixed income | 1,834,628 |
| Real Estate Funds | 1,068,096 |
| Total investments | <u>7,441,537</u> |
| Contributions receivable | 11,296 |
| Accrued interest receivable | 11,975 |
| Prepaid items | <u>20,547</u> |
| Total Assets | <u>7,764,860</u> |
| Liabilities | |
| Accounts payable | 11,118 |
| Due to broker | <u>11,288</u> |
| Total Liabilities | <u>22,406</u> |
| Net Position Restricted for Pension Benefits | <u><u>\$ 7,742,454</u></u> |

VILLAGE OF TEQUESTA, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

GENERAL EMPLOYEES' PENSION TRUST FUND STATEMENT OF CHANGES IN FIDUCIARY NET POSITION FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

| | |
|---|---------------------|
| Additions | |
| Contributions: | |
| Employer | \$ 350,247 |
| Employee | 181,475 |
| Total Contributions | <u>531,722</u> |
| Investment earnings | |
| Net appreciation in fair value of investments | (1,552,500) |
| Gain on sale of investments | 61,730 |
| Interest and dividends | 146,876 |
| Total investment earnings | <u>(1,343,894)</u> |
| Less investment expenses | <u>(46,988)</u> |
| Net investment earnings | <u>(1,390,882)</u> |
| Miscellaneous | - |
| Total Additions | <u>(859,160)</u> |
| Deductions | |
| Benefits paid | 226,227 |
| Refund of contributions | 7,996 |
| Administrative expenses | 43,004 |
| Total Deductions | <u>277,227</u> |
| Change in Net Position | (1,136,387) |
| Net Position Restricted for Pension Benefits | |
| Beginning of year | 8,878,841 |
| End of year | <u>\$ 7,742,454</u> |

VILLAGE OF TEQUESTA, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

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 (Benefit) |
|---------------------------------------|------------------|---------------------|-----------------------|-------------------------------|------------------------------|---------------------------|
| General Employees' Pension Trust Fund | 9/30/21 | \$ 1,269,556 | - | \$ 630,923 | \$ 1,306,655 | \$ 62,533 |
| Firefighters Pension Trust Fund | 9/30/21 | 514,261 | - | 1,079,852 | 1,861,903 | 140,937 |
| Police Pension Trust Fund | 9/30/21 | 2,395,377 | - | 244,746 | 959,399 | (64,591) |
| FRS | 6/30/21 | | 152,863 | 49,367 | 291,789 | 21,466 |
| HIS | 6/30/21 | | 30,542 | 3,069 | 83,401 | 1,580 |
| Total | | \$ 4,179,194 | \$ 183,405 | \$ 2,007,957 | \$ 4,503,147 | \$ 161,925 |

Village of Tequesta Defined Contribution Plan

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

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

The Plan covered the Police Chief and Assistant Police Chief. Employees must designate a mandatory participation contribution between the range of 1% to 12% for the Plan year as a condition of participation in the Plan. The participant shall not have the right to discontinue or vary the rate after becoming a Plan participant. Newly eligible employees have an election window of 30 days from the date of eligibility to make the election to participate in the mandatory contribution portion of the Plan which will begin the first of the month following the end of the election window. This election is irrevocable and remains in force until the employee terminates employment or ceases to be eligible to participate in the Plan.

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

The Village does not hold or administer resources of the Plan and consequently, the Plan does not meet the requirements for inclusion in the Village's financial statements. The Plan does not issue a stand-alone financial report. The fair value of the Plan assets at September 30, 2022 was \$154,137. There is a decrease in the value of the assets compare to the prior fiscal year due to the loan issued to one of the plan participants. Employee contributions to the Plan for fiscal year ended September 30, 2022 were \$12,927; the Village's contributions were \$27,720.

VILLAGE OF TEQUESTA, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

G. Other Postemployment Benefits (OPEB)

Village of Tequesta's Other Postemployment Benefits Plan

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

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

Summary of Membership Information. The following table provides a summary of the number of participants in the plan at the measurement date of September 30, 2021:

| | |
|--|-----------|
| Inactive members or beneficiaries currently receiving benefits | 6 |
| Inactive members entitled to but not yet receiving benefits | 0 |
| Active members | 92 |
| Total | <u>98</u> |

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

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

The OPEB expense recognize each fiscal year is equal to the change in the total OPEB liability from the beginning of the year, not including the impact of the employer contributions, adjusted for deferred recognition of the liability.

At September 30, 2022, the Village reported an OPEB liability of \$913,400 that is based on an Alternative Measurement Method calculation performed as of a valuation date of September 30, 2021 and measurement date of September 30, 2021.

VILLAGE OF TEQUESTA, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

For the fiscal year ended September 30, 2022, the Village recognized OPEB expense of \$(466,127).

| | |
|--|--------------------------|
| Total OPEB Liability - Beginning (September 30, 2020) | \$ 447,273 |
| Service cost | 63,270 |
| Interest on the Total OPEB Liability | 12,060 |
| Changes in assumptions and other inputs | 411,041 |
| Benefit payments | <u>(20,244)</u> |
| Net change in Total OPEB Liability | <u>466,127</u> |
| Total OPEB Liability - Ending (September 30, 2021) | <u><u>\$ 913,400</u></u> |

In addition, the Village reported an deferred outflow of resources related to OPEB from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|-----------------------------------|----------------------------------|
| Changes in assumptions and other inputs | \$ 364,332 | \$ - |
| Benefit payments after the measurement date | 48,910 | - |
| Total | <u><u>\$ 413,242</u></u> | <u><u>\$ -</u></u> |

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the OPEB will be recognized in future OPEB expenses as follows:

| Fiscal Year Ending | Amount |
|--------------------|--------------------------|
| 2023 | \$ 46,709 |
| 2024 | 46,709 |
| 2025 | 46,709 |
| 2026 | 46,709 |
| 2027 | 46,709 |
| Thereafter | 130,787 |
| | <u><u>\$ 364,332</u></u> |

Actuarial methods, assumptions and other inputs. The total OPEB liability was determined using actuarial assumptions outlined below.

| | |
|-----------------------|--|
| Valuation Date | September 30, 2021 |
| Measurement Date | September 30, 2021 |
| Actuarial Cost Method | Entry age normal |
| Inflation | 2.25 % |
| Discount Rate | 2.19% |
| Salary Increase | For participants in the General Employees Plan, 4.75%-5.50% per year, including inflation. For participants in the Public Safety Plan, 6.0% per year, including inflation. |
| Retirement Age | Retirement rates used in the October 1, 2021 pension actuarial valuations of the General and Public Safety employees. |

VILLAGE OF TEQUESTA, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

| | |
|-----------------------------|---|
| Mortality | Mortality rates are the same as used in the July 1, 2021 actuarial valuation of the Florida Retirement System. These rates were taken from adjusted Pub-2010 mortality tables published by the SOA with generational mortality improvements using scale MP-2018. Adjustments to reference tables are based on the results of a statewide experience study covering the period 2013 through 2018. |
| Healthcare Cost Trend Rates | Based on the Getzen Model, with trends starting at 6.30% for 2022, 5.75% for 2023, and then gradually decreasing to an ultimate trend rate of 3.75%. |
| Aging factors | Based on the 2013 SOA Study "Health Care Cost - From Birth to Death". |
| Expenses | Administrative expenses are included in the per capita health costs. |
| Other information Notes | <p>The following assumption changes have been reflected in the Schedule of Changes in the Total OPEB Liability for the measurement period ending September 30, 2021:</p> <ul style="list-style-type: none">- The discount rate was changed from 2.41% to 2.19%.- The expected claims costs and premiums were updated to reflect recent information provided for this valuation.- The coverage acceptance assumption was updated to 20%.- Demographic assumptions were updated based on those used in the respective October 1, 2021 actuarial valuations of the pension plans.- Healthcare cost trend assumption was updated to reflect the Getzen forecasting model. <p>There were no benefit changes during the year.</p> |

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

Discount Rate

For plans that do not have formal assets, the discount rate is equal to the tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date. For the purpose of this valuation, the municipal bond rate is 2.19% (based on the daily rate closest to but not later than the measurement date of the "Fidelity 20-Year Municipal GO AA Index". The discount rate was 2.41% as of the beginning of the measurement year.

Sensitivity of Total OPEB Liability

Regarding the sensitivity of the total OPEB liability to changes in the discount rate, the following presents the plan's total OPEB liability, calculated using a discount rate of 2.19%, as well as what the plan's total OPEB liability would be if it were calculated using a discount rate that is one percent lower or one percent higher.

VILLAGE OF TEQUESTA, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

Sensitivity of Total OPEB Liability to the Discount Rate Assumption

| | Current Discount Rate | | |
|--------------------------|-----------------------|------------|-------------|
| | 1% Decrease | Assumption | 1% Increase |
| | 1.19% | 2.19% | 3.19% |
| Village's OPEB liability | \$ 984,408 | \$ 913,400 | \$ 848,306 |

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

Sensitivity of Total OPEB Liability to the Healthcare Cost Trend Rate Assumption

| | Current Healthcare Cost | | |
|--------------------------|-------------------------|-----------------------|--------------|
| | 1% Decrease | Trend Rate Assumption | 1% Increase |
| | | | |
| Village's OPEB liability | \$ 826,919 | \$ 913,400 | \$ 1,014,233 |

H. Construction and Other Commitments

The Village has active construction projects as of September 30, 2022, including fire rescue vehicles and various water, stormwater projects. At year end, The Village had the following significant related to uncompleted contracts for construction and equipment:

| Description | Remaining Commitment |
|--|----------------------|
| Governmental Activities | |
| Major funds | |
| General Fund | \$ 1,907,912 |
| Total Major Funds | 1,907,912 |
| Non-Major Funds | - |
| Total Governmental Activities | \$ 1,907,912 |
| Business-type Activities | |
| Major funds | |
| Water Utility (variety of projects) | \$ 427,967 |
| Total Major Funds | 427,967 |
| Non-Major Funds - Stormwater (variety of projects) | 127,347 |
| Total Business-type Activities | \$ 555,314 |

All commitments are financed from existing Village resources.

Village uses encumbrance accounting and, therefore, construction and commitments noted above represent outstanding encumbrances at September 30, 2022.

VILLAGE OF TEQUESTA, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

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's agreement with Waste Management, Inc. of Florida is for initial term for a period of eight years beginning October 1, 2017 and ending September 30, 2025 with optional renewal for one additional five year period. With this agreement the Village granted Waste Management the exclusive franchise for solid waste collection of residential, commercial, industrial and roll-off refuse, recycling and vegetative waste. The annual change in the collection component is determined using the Water, Sewer, and Trash Collection CPI published monthly by The Bureau of Labor Statistics during the most recent previous twelve consecutive months period beginning on April 1 and ending March 31.

J. Risk Management

The Village is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets, errors and omissions, injuries to employees and natural disasters. While the Village cannot always anticipate the areas in which potential claims may arise, it purchases commercial insurance to protect against areas of possible exposure connected to municipal entities such as property, liability, automobile, workers' compensation, crime, storage tank, inland marine, statutory accidental death and dismemberment, firefighter cancer program coverage, and railroad coverage. Deductibles and limits vary by coverage and are secured based upon the Village's tolerance of risk retention in each area.

At the Village Council's direction, the property deductible of \$100,000 is applicable for all perils excluding hurricane/windstorm damage. The Florida Municipal Insurance Trust (FMIT) applies a named storm deductible of 5% of the 100% value of real and personal property, personal property of others in our care, custody and control values at the time of loss or damage at the locations where the damage occurred, subject to the policy deductible, whichever is greater. The Village continues to self-insure all property claims up to \$100,000 via a policy deductible.

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 2021/2022 resulted in a total refund to the Village of \$8,062, due to payroll alterations that impacted the workers' compensation premium.

VILLAGE OF TEQUESTA, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

K. Financed Purchases

Financed Purchase - Computer Equipment

The Village entered into a master agreement with Truist Bank, a North Carolina banking corporation in the amount of \$168,390 with funding on February 18, 2021 for the financing of computer hardware equipment. The applicable interest rate is 1.67% and interest and principal payments are due annually on February 18th. This is a three (3) year contract with three (3) payments maturing at February 18, 2024.

The following is the schedule of the of the future minimum payments at September 30, 2022:

| Fiscal Year Ending September 30: | Amount |
|---|-------------------|
| 2023 | \$ 58,015 |
| 2024 | 58,015 |
| Total minimum payments | 116,030 |
| Less amount representing interest | (2,843) |
| Present Value of Future Minimum Payments | \$ 113,187 |

Financed Purchase - Police Fleet

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

The following is the schedule of the of the future minimum payments at September 30, 2022:

| Fiscal Year Ending September 30: | Amount |
|---|-------------------|
| 2023 | \$ 53,785 |
| 2024 | 53,785 |
| 2025 | 56,251 |
| 2026 | 27,815 |
| Total minimum payments | 191,636 |
| Less amount representing interest | (15,745) |
| Present Value of Future Minimum Payments | \$ 175,891 |

Financed Purchase – Police Tasers

The Village entered into a 60-month agreement with Axon Enterprise, Inc. in the amount of \$31,100 with funding on September 18, 2018 for the financing of twenty (20) tasers. It is paid off at fiscal year ending 9/30/2022.

Financed Purchase - Fire Pumper

The Village entered into agreement 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 contract with ten (10) payments.

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

VILLAGE OF TEQUESTA, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

The following is a new schedule of the future minimum payments at September 30, 2022:

| Fiscal Year Ending September 30: | Amount |
|---|-------------------------|
| 2023 | \$ 48,794 |
| Total minimum payments | <u>48,794</u> |
| Less amount representing interest | <u>(1,394)</u> |
| Present Value of Future Minimum Payments | <u>\$ 47,400</u> |

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 6 to 17 years and have interest rates from 2.18% to 4.28% per year. The outstanding notes from direct borrowings and direct placements related to governmental activities of \$6,693,000 contain events of default and remedies whereby failure of the Village to pay the principal and interest on any debt when due or failure to observe and perform any covenant or condition applicable to the various Village obligations, constitutes an "event of default." Upon the occurrence of any event of default, the noteholder may declare all outstanding amounts become immediately due.

The Village's outstanding notes from direct borrowings related to its business-type activities of \$2,344,386 are secured by pledged revenues of the water utility system or by a pledge of a covenant to budget and appropriate non-ad valorem revenues. These notes contain (1) a provision that, in an event of default, the timing of repayment of outstanding amounts may become immediately due if pledged revenues during the fiscal year are less than 120% of debt service requirements for that year and (2) a provision that if the Village is unable to make payment, outstanding amounts may become due immediately.

The Notes outstanding at September 30, 2022 are as follows:

| Promissory Notes Payable | Signed Date | Original Borrowing | Interest Rate | Final Maturity | Outstanding 9/30/2022 |
|---------------------------------------|----------------|-----------------------|------------------|-------------------|----------------------------|
| Government Activities | | | | | |
| Capital Improvements/Rec. Building | 1/21/2021 | \$ 6,890,000 | 2.18% | 10/01/2040 | <u>\$ 6,693,000</u> |
| Total Government Activities | | | | | <u>\$ 6,693,000</u> |
| Business-type Activities | | | | | |
| Public Improvement (Refunding) | 7/14/2008 | 6,554,935 | 3.69% | 3/1/2028 | <u>\$ 2,344,386</u> |
| Total Business-type Activities | | | | | <u>\$ 2,344,386</u> |

Legal Debt Margin

The Village is subject to a bonded debt limitation of 10% of total assessed value of taxable real property. The final gross taxable value at September 30, 2022 was \$1,273,804,833. As of September 30, 2022 the Village did not exceed the debt limit of \$127,380,483.

VILLAGE OF TEQUESTA, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

Changes in Long-Term Liabilities

Changes in the Village's long-term liabilities for the fiscal year ended September 30, 2022 are as follows:

Governmental Activities

| | Beginning Balance | Additions | Deletions | Ending Balance | Due Within One Year |
|--------------------------------------|----------------------|-------------------|-------------------|---------------------|------------------------|
| Governmental Activities | | | | | |
| Note Payable - 2021 | \$ 6,890,000 | \$ - | \$ 197,000 | \$ 6,693,000 | \$ 288,000 |
| Note Payable - 2002 | 364,007 | - | 364,007 | - | - |
| Financed purchases | 493,543 | - | 157,065 | 336,478 | 152,720 |
| Compensated absences | 791,398 | 143,534 | 160,562 | 774,369 | 112,085 |
| Total Governmental Activities | <u>\$ 8,538,948</u> | <u>\$ 143,534</u> | <u>\$ 878,634</u> | <u>\$ 7,803,847</u> | <u>\$ 552,805</u> |

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

Business-type Activities

| | Beginning Balance | Additions | Deletions | Ending Balance | Due Within One Year |
|---------------------------------------|----------------------|------------------|-------------------|---------------------|------------------------|
| Business-type Activities | | | | | |
| Note Payable (2008) | \$ 2,721,115 | \$ - | \$ 376,729 | \$ 2,344,386 | \$ 391,822 |
| Compensated absences | 144,219 | 18,406 | 18,723 | 143,902 | 15,000 |
| Total Business-type Activities | <u>\$ 2,865,334</u> | <u>\$ 18,406</u> | <u>\$ 395,452</u> | <u>\$ 2,488,288</u> | <u>\$ 406,822</u> |

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

Governmental Activities

| Fiscal Year Ending September 30: | Promissory Notes | | |
|-------------------------------------|---------------------|---------------------|---------------------|
| | Principal | Interest | Total |
| 2023 | \$ 288,000 | \$ 142,768 | \$ 430,768 |
| 2024 | 294,000 | 136,424 | 430,424 |
| 2025 | 301,000 | 129,939 | 430,939 |
| 2026 | 307,000 | 123,312 | 430,312 |
| 2027 | 314,000 | 116,543 | 430,543 |
| 2028-2041 | 5,189,000 | 831,485 | 6,020,485 |
| Total | <u>\$ 6,693,000</u> | <u>\$ 1,480,471</u> | <u>\$ 8,173,471</u> |

Business-type Activities

| Fiscal Year Ending September 30: | Promissory Notes | | |
|-------------------------------------|---------------------|-------------------|---------------------|
| | Principal | Interest | Total |
| 2023 | \$ 391,822 | \$ 79,732 | \$ 471,554 |
| 2024 | 406,556 | 64,977 | 471,533 |
| 2025 | 420,915 | 49,309 | \$ 470,224 |
| 2026 | 437,238 | 33,273 | \$ 470,511 |
| 2027 | 455,564 | 16,563 | \$ 472,127 |
| 2028 | 232,291 | 1,819 | 234,110 |
| Total | <u>\$ 2,344,386</u> | <u>\$ 245,673</u> | <u>\$ 2,590,059</u> |

VILLAGE OF TEQUESTA, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

Total Primary Government Debt

| Fiscal Year Ending | Total Primary Government Debt | | |
|--------------------|-------------------------------|---------------------|----------------------|
| September 30: | Principal | Interest | Total |
| 2023 | \$ 679,822 | \$ 222,501 | \$ 902,323 |
| 2024 | 700,556 | 201,401 | 901,957 |
| 2025 | 721,915 | 179,248 | 901,163 |
| 2026 | 744,238 | 156,585 | 900,823 |
| 2027 | 769,564 | 133,106 | 902,670 |
| 2028-2041 | 5,421,291 | 833,304 | 6,254,595 |
| Total | \$ 9,037,386 | \$ 1,726,145 | \$ 10,763,531 |

M. Fund Balance

Minimum Fund Balance Policy

The Village Council has adopted a financial policy to maintain a minimum level of unassigned fund balance in the general fund. The target level is set at two months of general fund operating expenditures (approximately 17%). This amount is intended to provide fiscal stability when economic downturns and other unexpected events occur. If fund balance falls below the minimum target level because it has been used, essentially as a “revenue” source, as dictated by current circumstances, the policy provides for actions to replenish the amount to the minimum target level. Generally, replenishment is to occur within a three-year period.

At September 30, 2022 the unassigned fund balance of the general fund was 29.97% and is above the minimum target level. It is a 2.73% decrease compared to the prior fiscal year.

N. Interfund Transfers

The composition of interfund transfers for the fiscal year ended September 30, 2022 is as follows:

Interfund Transfers

| | Capital Improvement Fund | Stormwater Fund | Total |
|----------------------------------|-----------------------------|--------------------|-------------------|
| Transfers Out | (1) | (2) | |
| General Fund | \$ 806,231 | \$ 188,565 | \$ 994,796 |
| Total Interfund Transfers | \$ 806,231 | \$ 188,565 | \$ 994,796 |

(1) Transfer is to restrict infrastructure and utility tax to fund capital projects and improvements

(2) Transfer of ARPA funds for qualified infrastructure projects and improvements.

VILLAGE OF TEQUESTA, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

O. Joint Ventures

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

P. Change in Accounting Principles – Adjustment to Beginning Fund Balance and Net Position

The Village implemented GASB Statement No.87, *Leases* for FYE September 30, 2022. The implementation of GASB Statement No. 87 required recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources.

A detail of the adjustment to the beginning fund balance defined in GASB Statement No. 87 is shown below:

Governmental activities

| | GASB No.87 adjustments | General Fund Balance | Governmental Activities Net Position |
|--|---------------------------|-------------------------|--|
| Beginning balance | | \$ 6,206,380 | \$ 17,760,694 |
| To record lease receivable | \$ 1,593,135 | | |
| To record deferred inflow of resources | (1,415,703) | | |
| Accrued interest lease receivable | 2,450 | | |
| Adjustment to beginning balance | \$ 179,882 | | |
| Ending balance (restated) | | <u>\$ 6,386,262</u> | <u>\$ 17,940,576</u> |

Business-type activities

The implementation of GASB Statement No.87 did not impact business-type activities net position or results of operations.



REQUIRED SUPPLEMENTARY INFORMATION

VILLAGE OF TEQUESTA, FLORIDA

**REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND**

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget Positive (Negative) |
|--|---------------------|---------------------|---------------------|--|
| | Original | Final | | |
| Revenues | | | | |
| Ad valorem taxes | \$ 8,158,070 | \$ 8,211,040 | \$ 8,260,937 | \$ 49,897 |
| Other taxes | 1,910,660 | 2,001,660 | 2,170,196 | 168,536 |
| Charges for services | 1,507,260 | 1,535,350 | 1,648,315 | 112,965 |
| Intergovernmental | 907,320 | 907,320 | 1,062,117 | 154,797 |
| Intragovernmental | 856,310 | 856,310 | 856,342 | 32 |
| Licenses and permits | 1,000 | 1,000 | 8,350 | 7,350 |
| Franchise fees | 462,000 | 462,000 | 530,165 | 68,165 |
| Rents and royalties | 255,190 | 255,190 | 231,443 | (23,747) |
| Miscellaneous | 13,730 | 13,730 | 16,534 | 2,804 |
| Fines and forfeitures | 18,500 | 18,500 | 15,023 | (3,477) |
| Grants, contributions and donations | 34,400 | 1,223,772 | 1,643,406 | 419,634 |
| Investment earnings | 8,300 | 8,300 | 51,163 | 42,863 |
| Total Revenues | 14,132,740 | 15,494,172 | 16,493,991 | 999,819 |
| Expenditures | | | | |
| Council | 77,350 | 77,350 | 68,481 | 8,869 |
| Manager | 306,720 | 306,720 | 310,343 | (3,623) |
| Human resources | 385,040 | 385,040 | 375,353 | 9,687 |
| Clerk | 373,940 | 373,940 | 333,203 | 40,737 |
| Finance | 715,220 | 715,220 | 693,756 | 21,464 |
| Legal | 190,000 | 190,000 | 166,842 | 23,158 |
| Comprehensive planning | 281,540 | 307,540 | 288,514 | 19,026 |
| General government | 314,310 | 280,310 | 230,734 | 49,576 |
| Information technology | 476,650 | 476,650 | 437,880 | 38,770 |
| Police | 3,313,760 | 3,351,317 | 3,356,877 | (5,560) |
| Code enforcement | 124,480 | 124,480 | 108,682 | 15,798 |
| Fire | 4,116,145 | 4,268,790 | 4,137,198 | 131,592 |
| Public works | 1,539,415 | 1,539,415 | 1,391,122 | 148,293 |
| Parks and recreation | 942,080 | 976,080 | 820,522 | 155,558 |
| Capital outlay | 308,260 | 2,229,558 | 270,273 | 1,959,285 |
| Debt service: | | | | |
| Principal | 719,520 | 719,520 | 718,072 | 1,448 |
| Interest | 166,760 | 166,760 | 166,698 | 62 |
| Total Expenditures | 14,351,190 | 16,488,690 | 13,874,550 | 2,614,140 |
| Excess (Deficiency) of Revenues Over Expenditures | (218,450) | (994,518) | 2,619,441 | 3,613,959 |
| Other Financing Sources (Uses) | | | | |
| Transfers out | (827,260) | (865,825) | (994,796) | (128,971) |
| Proceeds on sale of capital assets | - | - | 972 | 972 |
| Issuance of debt | - | 1,865,588 | - | (1,865,588) |
| Total Other Financing Sources (Uses) | (827,260) | 999,763 | (993,824) | (1,993,587) |
| Net Change in Fund Balance | (1,045,710) | 5,245 | 1,625,617 | 1,620,372 |
| Fund Balance - Beginning (restated) | 6,386,262 | 6,386,262 | 6,386,262 | - |
| Fund Balance - Ending | \$ 5,340,552 | \$ 6,391,507 | \$ 8,011,879 | \$ 1,620,372 |

VILLAGE OF TEQUESTA, FLORIDA
NOTE TO THE BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

Note 1 – Budgets and Budgetary Accounting

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

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

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

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

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

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

During the year, total supplemental appropriations of \$2,176,065 were adopted for the General Fund. Appropriations are legally controlled at the department level and expenditures may not legally exceed budgeted appropriations at that level.

VILLAGE OF TEQUESTA

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS

FIREFIGHTERS' PENSION TRUST FUND

| Measurement Date, September 30, | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 |
|---|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|---------------------|
| Total Pension Liability | | | | | | | | | |
| Service cost | \$ 444,381 | \$ 470,978 | \$ 447,688 | \$ 333,395 | \$ 392,933 | \$ 366,393 | \$ 348,504 | \$ 334,559 | \$ 312,030 |
| Interest | 1,106,369 | 1,059,130 | 951,218 | 878,984 | 827,256 | 788,885 | 778,642 | 679,400 | 582,897 |
| Changes of benefit terms | - | - | (6,147) | 22,243 | - | - | - | 318,787 | - |
| Difference between expected and actual experience | 48,796 | (50,743) | 346,662 | (41,742) | 71,910 | (22,327) | (401,835) | 108,010 | 450 |
| Changes of assumptions | - | (322,948) | - | 378,870 | - | (136,724) | 300,255 | - | - |
| Benefit payments | (693,145) | (216,799) | (216,799) | (216,799) | (518,495) | (163,805) | (438,149) | (61,913) | (53,637) |
| Refunds | - | - | (8,648) | - | - | (1,852) | - | - | - |
| Other | - | - | - | - | (151,438) | (151,438) | (242,266) | 118,555 | 30,162 |
| Net Change in Total Pension Liability | 906,401 | 939,618 | 1,513,974 | 1,354,951 | 622,166 | 679,132 | 345,151 | 1,497,398 | 871,902 |
| Total Pension Liability - Beginning | 15,707,456 | 14,767,838 | 13,253,864 | 11,898,913 | 11,276,747 | 10,597,615 | 10,252,464 | 8,755,066 | 7,883,164 |
| Total Pension Liability - Ending (a) | \$ 16,613,857 | \$ 15,707,456 | \$ 14,767,838 | \$ 13,253,864 | \$ 11,898,913 | \$ 11,276,747 | \$ 10,597,615 | \$ 10,252,464 | \$ 8,755,066 |
| Plan Fiduciary Net Position | | | | | | | | | |
| Contributions - employer | \$ 322,926 | \$ 410,585 | \$ 443,018 | \$ 332,559 | \$ 182,198 | \$ 209,615 | \$ 60,162 | \$ 335,771 | \$ 351,652 |
| Contributions - employer (from State)* | 200,648 | 193,278 | 171,939 | 156,424 | 307,956 | 300,401 | 394,709 | 189,010 | 100,617 |
| Contributions - member | 100,398 | 104,656 | 101,983 | 94,343 | 90,424 | 79,564 | 68,982 | 64,721 | 65,803 |
| Net Investment income | (2,375,836) | 2,697,602 | 1,021,058 | 358,277 | 943,640 | 974,383 | 609,318 | 77,213 | 567,786 |
| Benefit payments | (693,145) | (216,799) | (216,799) | (216,799) | (518,495) | (163,805) | (438,149) | (61,913) | (53,637) |
| Refunds | - | - | (8,648) | - | - | (1,852) | - | - | - |
| Administrative expense | (31,060) | (26,570) | (25,874) | (30,043) | (31,858) | (18,789) | (27,450) | (27,290) | (18,921) |
| Other (Use of State Contribution Reserve) | - | - | - | - | (151,438) | (151,438) | (242,266) | - | - |
| Net Change in Plan Fiduciary Net Position | (2,476,069) | 3,162,752 | 1,486,677 | 694,761 | 822,427 | 1,228,079 | 425,306 | 577,512 | 1,013,300 |
| Plan Fiduciary Net Position - Beginning | 16,221,717 | 13,058,965 | 11,572,288 | 10,877,527 | 10,055,100 | 8,827,021 | 8,401,715 | 7,824,203 | 6,810,903 |
| Plan Fiduciary Net Position - Ending (b) | \$ 13,745,648 | \$ 16,221,717 | \$ 13,058,965 | \$ 11,572,288 | \$ 10,877,527 | \$ 10,055,100 | \$ 8,827,021 | \$ 8,401,715 | \$ 7,824,203 |
| Net Pension Liability - Ending (a) - (b) | \$ 2,868,209 | \$ (514,261) | \$ 1,708,873 | \$ 1,681,576 | \$ 1,021,386 | \$ 1,221,647 | \$ 1,770,594 | \$ 1,850,749 | \$ 930,863 |
| Plan Fiduciary Net Position as a Percentage of Total Pension Liability | 82.74% | 103.27% | 88.43% | 87.31% | 91.42% | 89.17% | 83.29% | 81.95% | 89.37% |
| Covered Payroll | \$ 1,673,296 | \$ 1,744,261 | \$ 1,699,718 | \$ 1,572,385 | \$ 1,507,072 | \$ 1,446,616 | \$ 1,379,650 | \$ 1,294,416 | \$ 1,316,060 |
| Net Pension Liability as a Percentage of Covered Payroll | 171.41% | (29.48)% | 100.54% | 106.94% | 67.77% | 84.45% | 128.34% | 142.98% | 70.73% |

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

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

VILLAGE OF TEQUESTA

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF VILLAGE CONTRIBUTIONS FIREFIGHTERS' PENSION TRUST FUND

| Fiscal Year Ended September 30, | Actuarially Determined Contribution | Actual Contribution | Contribution Deficiency (Excess) | Covered Payroll | Actual Contribution as a % of Covered Payroll |
|---------------------------------------|---|------------------------|--|--------------------|---|
| 2014 | \$ 416,665 | \$ 422,107 | \$ (5,442) | \$ 1,316,060 | 32.07% |
| 2015 | 403,211 | 406,226 | (3,015) | 1,294,416 | 31.38% |
| 2016 | 454,871 | 454,871 | - | 1,379,650 | 32.97% |
| 2017 | 498,504 | 510,016 | (11,512) | 1,446,616 | 35.26% |
| 2018 | 485,729 | 490,154 | (4,425) | 1,507,072 | 32.52% |
| 2019 | 474,074 | 488,983 | (14,909) | 1,572,385 | 31.10% |
| 2020 | 614,958 | 614,958 | - | 1,699,718 | 36.18% |
| 2021 | 603,863 | 603,863 | - | 1,744,261 | 34.62% |
| 2022 | 523,574 | 523,574 | - | 1,673,296 | 31.29% |

* Excludes prepaid Employer contribution.

Notes to Schedule

Valuation Date

10/01/2020

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

Methods and assumptions used to determined contribution rates:

| | |
|-------------------------------|---|
| Actuarial cost method | Entry age normal |
| Amortization method | Level dollar, closed |
| Remaining amortization period | 20 years |
| Asset valuation method | 5-year smoothed market |
| Inflation | 2.50% |
| Salary increases | 6.0%, including inflation |
| Investment rate of return | 7.00% |
| Retirement age | 100% upon reaching normal retirement age. Probability of early retirement is 5% or each year eligible. |
| Mortality | The same version of PUB-2010 Headcount-Weighted Mortality Table as used by the Florida Retirement System (FRS) for Special Risk Class members in their July 1, 2019 actuarial valuation (with mortality improvements projected for healthy lives to all future years after 2010 using Scale MP-2018). Florida Statutes Chapter 112.63(1)(f) mandates the use of mortality tables from one of the most recently published FRS actuarial valuation reports. |

Other Information:

Notes See discussion of valuation results in the October 1, 2020 Actuarial Valuation report, dated February 5, 2021

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

VILLAGE OF TEQUESTA

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF INVESTMENT RETURNS FIREFIGHTERS' PENSION TRUST FUND

| Fiscal Year Ended September 30, | <u>2022</u> | <u>2021</u> | <u>2020</u> | <u>2019</u> | <u>2018</u> | <u>2017</u> | <u>2016</u> | <u>2015</u> | <u>2014</u> |
|--|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Annual money-weighted rate of return, net of investment expenses | (15.03)% | 20.27% | 8.30% | 2.93% | 8.92% | 10.58% | 7.69% | 0.38% | 7.46% |

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

VILLAGE OF TEQUESTA

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF CHANGES IN THE VILLAGE'S NET PENSION ASSET AND RELATED RATIOS

POLICE OFFICERS' PENSION TRUST FUND

| Measurement Date, September 30, | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 |
|---|-----------------------|-----------------------|-----------------------|---------------------|-----------------------|-----------------------|---------------------|---------------------|---------------------|
| Total Pension Liability | | | | | | | | | |
| Service cost | \$ 362,053 | \$ 327,856 | \$ 304,219 | \$ 100,925 | \$ 98,621 | \$ 80,711 | \$ 110,495 | \$ 126,703 | \$ 161,156 |
| Interest | 388,327 | 364,708 | 345,149 | 215,318 | 193,922 | 200,356 | 201,452 | 213,603 | 169,526 |
| Benefit changes | - | - | - | 821,833 | - | - | - | (39,467) | - |
| Difference between expected and actual experience | (148,672) | (135,030) | (121,364) | (85,146) | 34,217 | (329,387) | (226,384) | (391,613) | - |
| Changes of assumptions | - | (87,966) | - | 120,973 | - | (30,633) | 75,463 | - | - |
| Benefit payments | (64,802) | (49,095) | (49,095) | (40,184) | (27,708) | (27,708) | (27,708) | (30,312) | (10,073) |
| Refunds | (15,915) | - | (42,075) | - | - | - | (52,038) | - | (43,331) |
| Other (increase in State contribution reserve) | (116,656) | (101,437) | (202,087) | 649,262 | - | - | - | - | - |
| Net Change in Total Pension Liability | 404,335 | 319,036 | 234,747 | 1,782,981 | 299,052 | (106,661) | 81,280 | (121,086) | 277,278 |
| Total Pension Liability - Beginning | 5,225,838 | 4,906,802 | 4,672,055 | 2,889,074 | 2,590,022 | 2,696,683 | 2,615,403 | 2,736,489 | 2,459,211 |
| Total Pension Liability - Ending (a) | \$ 5,630,173 | \$ 5,225,838 | \$ 4,906,802 | \$ 4,672,055 | \$ 2,889,074 | \$ 2,590,022 | \$ 2,696,683 | \$ 2,615,403 | \$ 2,736,489 |
| Plan Fiduciary Net Position | | | | | | | | | |
| Contributions - employer | \$ 110,759 | \$ 100,619 | \$ - | \$ 317,338 | \$ 175,116 | \$ 40,829 | \$ 38,638 | \$ 80,782 | \$ 111,164 |
| Contributions - employer (from State)* | 209,603 | 193,086 | 293,462 | 649,262 | - | - | - | - | - |
| Contributions - member | 84,799 | 75,796 | 70,327 | 65,446 | 31,338 | 16,998 | 17,067 | 20,545 | 25,888 |
| Net Investment income | (1,149,235) | 1,259,833 | 477,038 | 143,441 | 344,620 | 357,477 | 306,504 | 20,718 | 219,219 |
| Benefit payments | (64,802) | (49,095) | (49,095) | (40,184) | (27,708) | (27,708) | (27,708) | (30,312) | (10,073) |
| Refunds | (15,915) | - | (42,075) | - | - | - | (52,038) | - | (43,331) |
| Administrative expense | (36,426) | (28,748) | (25,874) | (30,034) | (31,858) | (18,788) | (27,026) | (27,967) | (18,677) |
| Other - use of State contribution reserve | (116,656) | (101,437) | (202,087) | 297,733 | * | - | - | - | - |
| Net Change in Plan Fiduciary Net Position | (977,873) | 1,450,054 | 521,696 | 1,403,002 | 491,508 | 368,808 | 255,437 | 63,766 | 284,190 |
| Plan Fiduciary Net Position - Beginning | 7,621,215 | 6,171,161 | 5,649,465 | 4,246,463 | 3,754,955 | 3,386,147 | 3,130,710 | 3,066,944 | 2,782,754 |
| Plan Fiduciary Net Position - Ending (b) | \$ 6,643,342 | \$ 7,621,215 | \$ 6,171,161 | \$ 5,649,465 | \$ 4,246,463 | \$ 3,754,955 | \$ 3,386,147 | \$ 3,130,710 | \$ 3,066,944 |
| Net Pension Asset - Ending (a) - (b) | \$ (1,013,169) | \$ (2,395,377) | \$ (1,264,359) | \$ (977,410) | \$ (1,357,389) | \$ (1,164,933) | \$ (689,464) | \$ (515,307) | \$ (330,455) |
| Plan Fiduciary Net Position as a Percentage of Total Pension Liability | | | | | | | | | |
| Covered Payroll | \$ 118.00% | \$ 145.84% | \$ 125.77% | \$ 120.92% | \$ 146.98% | \$ 144.98% | \$ 125.57% | \$ 119.70% | \$ 112.08% |
| Net Pension Asset as a Percentage of Covered Payroll | (68.88)% | (183.67)% | (102.80)% | (84.70)% | (233.16)% | (342.67)% | (201.99)% | (125.41)% | (63.82)% |

* State contribution reserve was used to offset the Village's contribution requirements for fiscal year ending 2020 and 2021.
 ** Transfers from 401(a) plan.

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

VILLAGE OF TEQUESTA

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF VILLAGE CONTRIBUTIONS POLICE OFFICERS' PENSION TRUST FUND

| Fiscal Year Ended September 30, | Actuarially Determined Contribution | Actual Contribution | Contribution Deficiency (Excess) | Covered Payroll | Actual Contribution as a % of Covered Payroll |
|---------------------------------------|---|------------------------|--|--------------------|---|
| 2014 | \$ 111,164 | \$ 111,164 | - | \$ 517,760 | 21.47% |
| 2015 | 80,782 | 80,782 | - | 410,897 | 19.66% |
| 2016 | 37,377 | 38,638 | (1,261) | 341,342 | 11.32% |
| 2017 | 40,659 | 40,829 | (170) | 339,957 | 12.01% |
| 2018 | 175,116 | 175,116 | - | 582,166 | 30.08% |
| 2019 | 317,338 | 317,338 | - | 1,153,957 | 27.50% |
| 2020 | 293,462 | 293,462 | - | 1,229,934 | 23.86% |
| 2021 | 293,705 | 293,705 | - | 1,304,196 | 22.52% |
| 2022 | 320,362 | 320,362 | - | 1,470,899 | 21.78% |

Notes to Schedule

Valuation Date

10/01/2020

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

Methods and assumptions used to determined contribution rates:

| | |
|-------------------------------|---|
| Actuarial cost method | Entry age normal |
| Amortization method | Level dollar, closed |
| Remaining amortization period | 20 years |
| Asset valuation method | 5-year smoothed market |
| Inflation | 2.50% |
| Salary increases | 6.0%, including inflation |
| Investment rate of return | 7.00% |
| Retirement age | 100% upon reaching normal retirement age. Probability of early retirement is 5% or each year eligible. |
| Mortality | RP-2000 Combined Healthy Participant Mortality Table (for pre-retirement mortality) and the PR-2000 Mortality Table for Annuitants (for post-retirement mortality), with mortality improvements projected to all future years after 2000 using Scale BB. For males, the base mortality rates include a 90% blue collar adjustment and a 10% white collar adjustment. For females, the base mortality rates include a 100% white collar adjustment. Same rates used for a Special Risk Class members of the FRS in the July 1, 2018 Actuarial Valuation Report, as mandated by Chapter 112.63, Florida Statutes. |

Other information

See discussion of valuation results in the October 1, 2019 Actuarial Valuation report, dated January 31, 2020.

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

VILLAGE OF TEQUESTA

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF INVESTMENT RETURNS POLICE OFFICERS' PENSION TRUST FUND

| Fiscal Year Ended September 30, | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 |
|--|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Annual money-weighted rate of return, net of investment expenses | (15.03)% | 20.27% | 8.30% | 2.93% | 8.92% | 10.58% | 7.69% | 0.38% | 7.46% |

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

VILLAGE OF TEQUESTA

REQUIRED SUPPLEMENTARY INFORMATION

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

| Measurement Date, September 30, | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 |
|---|--------------|----------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Total Pension Liability | | | | | | | | | |
| Service cost | \$ 502,759 | \$ 470,535 | \$ 547,702 | \$ 461,164 | \$ 447,305 | \$ 380,051 | \$ 359,231 | \$ 300,325 | \$ 278,029 |
| Interest | 519,671 | 497,428 | 468,322 | 425,911 | 373,859 | 329,590 | 285,954 | 253,701 | 216,124 |
| Benefit changes | - | - | - | - | - | - | - | - | - |
| Difference between actual and expected experience | 102,847 | (332,590) | 101,865 | (156,013) | 66,509 | (112,103) | (40,094) | (157,539) | - |
| Assumption changes | - | (109,651) | 127,729 | - | - | 362,784 | - | - | - |
| Benefit payments | (226,227) | (178,474) | (161,419) | (160,588) | (79,332) | (41,859) | (16,657) | (11,918) | (8,534) |
| Refunds | (7,996) | (18,820) | (53,330) | (48,114) | (27,837) | (13,511) | (16,161) | (5,959) | (4,454) |
| Net Change in Total Pension Liability | 891,054 | 328,428 | 1,030,869 | 522,360 | 780,504 | 904,952 | 572,273 | 378,610 | 481,165 |
| Total Pension Liability - Beginning | 7,609,284 | 7,280,856 | 6,249,987 | 5,727,627 | 4,947,123 | 4,042,171 | 3,469,898 | 3,091,288 | 2,610,123 |
| Total Pension Liability - Ending (a) | \$ 8,500,338 | \$ 7,609,284 | \$ 7,280,856 | \$ 6,249,987 | \$ 5,727,627 | \$ 4,947,123 | \$ 4,042,171 | \$ 3,469,898 | \$ 3,091,288 |
| Plan Fiduciary Net Position | | | | | | | | | |
| Contributions - employer and State | \$ 350,247 | \$ 380,003 | \$ 391,341 | \$ 362,848 | \$ 350,412 | \$ 305,931 | \$ 201,704 | \$ 194,376 | \$ 184,627 |
| Contributions - member | 181,475 | 171,792 | 180,175 | 161,553 | 156,434 | 143,361 | 134,829 | 115,288 | 100,560 |
| Net investment income | (1,390,881) | 1,435,710 | 615,311 | 235,519 | 417,228 | 562,828 | 191,848 | (36,136) | 308,314 |
| Benefit payments | (226,227) | (178,474) | (161,419) | (160,588) | (79,332) | (41,859) | (16,657) | (11,918) | (8,534) |
| Refunds | (7,996) | (18,820) | (53,330) | (48,114) | (27,837) | (13,511) | (16,161) | (5,959) | (4,454) |
| Administrative expense | (43,004) | (40,527) | (54,652) | (48,241) | (43,300) | (37,296) | (44,359) | (38,098) | (25,678) |
| Net Change in Plan Fiduciary Net Position | (1,136,386) | 1,749,684 | 917,426 | 502,977 | 773,605 | 919,454 | 451,204 | 217,553 | 554,835 |
| Plan Fiduciary Net Position - Beginning | 8,878,840 | 7,129,156 | 6,211,730 | 5,708,753 | 4,935,148 | 4,015,694 | 3,564,490 | 3,346,937 | 2,792,102 |
| Plan Fiduciary Net Position - Ending (b) | \$ 7,742,454 | \$ 8,878,840 | \$ 7,129,156 | \$ 6,211,730 | \$ 5,708,753 | \$ 4,935,148 | \$ 4,015,694 | \$ 3,564,490 | \$ 3,346,937 |
| Net Pension Liability (Asset) - Ending (a) - (b) | \$ 757,884 | \$ (1,269,556) | \$ 151,700 | \$ 38,257 | \$ 18,874 | \$ 11,975 | \$ 26,477 | \$ (94,592) | \$ (255,649) |
| Plan Fiduciary Net Position as a Percentage of Total Pension Liability | | | | | | | | | |
| Covered Payroll | 91.08% | 116.68% | 97.92% | 99.39% | 99.67% | 99.76% | 99.34% | 102.73% | 108.27% |
| Net Pension Liability (Asset) as a Percentage of Covered Payroll | 3,629,500 | \$ 3,435,840 | \$ 3,603,500 | \$ 3,231,060 | \$ 3,128,680 | \$ 2,867,220 | \$ 2,696,572 | \$ 2,305,760 | \$ 2,011,191 |
| | 20.88% | (36.95)% | 4.21% | 1.18% | 0.60% | 0.42% | 0.98% | (4.10)% | (12.71)% |

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

VILLAGE OF TEQUESTA

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF VILLAGE CONTRIBUTIONS GENERAL EMPLOYEES' PENSION TRUST FUND

| Fiscal Year Ended September 30, | Actuarially Determined Contribution | Actual Contribution | Contribution Deficiency (Excess) | Covered Payroll | Actual Contribution as a % of Covered Payroll |
|---------------------------------------|---|------------------------|--|--------------------|---|
| 2014 | \$ 184,627 | \$ 184,627 | \$ - | 2,011,191 | 9.18% |
| 2015 | 194,376 | 194,376 | - | 2,305,760 | 8.43% |
| 2016 | 201,704 | 201,704 | - | 2,696,572 | 7.48% |
| 2017 | 235,972 | 305,931 | (69,959) | 2,867,220 | 10.67% |
| 2018 | 350,412 | 350,412 | - | 3,128,680 | 11.20% |
| 2019 | 362,848 | 362,848 | - | 3,231,060 | 11.23% |
| 2020 | 391,341 | 391,341 | - | 3,603,500 | 10.86% |
| 2021 | 380,003 | 380,003 | - | 3,435,840 | 11.06% |
| 2022 | 350,247 | 350,247 | - | 3,629,500 | 9.65% |

Notes to Schedule

Valuation Date 10/01/2020

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

Methods and assumptions used to determined contribution rates:

| | |
|-------------------------------|---|
| Actuarial cost method | Aggregate method |
| Amortization method | N/A |
| Remaining amortization period | N/A |
| Asset valuation method | 5-year smoothed market |
| Inflation | 2.25% |
| Salary increases | 4.75% to 5.50%, including inflation, based on years of service. |
| Investment rate of return | 6.50% |
| Retirement age | 100% if eligible for normal retirement before age 62, else age based from 30% at age 62 to 100% at age 70; 5% for each year eligible for early retirement. |
| Mortality | The same version of PUB-2010 Headcount-Weighted Mortality Table as used by the Florida Retirement System (FRS) for Special Risk Class members in their July 1, 2020 actuarial valuation (with mortality improvements projected for healthy lives to all future years after 2010 using Scale MP-2018). Florida Statutes Chapter 112.63(1)(f) mandates the use of mortality tables from one of the most recently published FRS actuarial valuation reports. |

Other information:

Notes See discussion of valuation results from the October 1, 2020 Actuarial Valuation report.

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

VILLAGE OF TEQUESTA

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF INVESTMENT RETURNS GENERAL EMPLOYEES' PENSION TRUST FUND

| Fiscal Year Ended September 30, | <u>2022</u> | <u>2021</u> | <u>2020</u> | <u>2019</u> | <u>2018</u> | <u>2017</u> | <u>2016</u> | <u>2015</u> | <u>2014</u> |
|--|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Annual money-weighted rate of return, net of investment expenses | (15.89)% | 19.38% | 8.83% | 3.36% | 7.28% | 12.52% | 3.97% | (2.11)% | 9.73% |

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

VILLAGE OF TEQUESTA

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS

OTHER POST-EMPLOYMENT BENEFITS

| Measurement Date, September 30, | 2021 | 2020 | 2019 | 2018 | 2017 |
|---|-------------------|-------------------|-------------------|-------------------|-------------------|
| Total OPEB Liability | | | | | |
| Service cost | \$ 63,270 | \$ 57,961 | \$ 50,439 | \$ 51,371 | \$ 53,040 |
| Interest | 12,060 | 12,064 | 25,960 | 22,929 | 19,739 |
| Difference between expected and actual experience | - | - | (309,165) | - | - |
| Changes of assumptions and other inputs | 411,041 | 6,038 | 12,964 | (13,500) | (14,020) |
| Benefit payments | (20,244) | (19,040) | (34,636) | (39,712) | (37,725) |
| Net Change in Total OPEB Liability | 466,127 | 57,023 | (254,438) | 21,088 | 21,034 |
| Total OPEB Liability - Beginning | 447,273 | 390,250 | 644,688 | 623,600 | 602,566 |
| Total OPEB Liability - Ending | <u>\$ 913,400</u> | <u>\$ 447,273</u> | <u>\$ 390,250</u> | <u>\$ 644,688</u> | <u>\$ 623,600</u> |
| Covered - Employee Payroll | \$ 7,825,935 | \$ 7,597,995 | \$ 7,284,363 | \$ 6,694,984 | \$ 5,708,842 |
| Total OPEB Liability as a percentage of Covered-Employee Payroll | 11.67% | 5.89% | 5.36% | 9.63% | 10.92% |

Notes to Schedule

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

Changes of assumptions. Changes of assumptions and other inputs reflect the effect of changes in the discount rate each period. Discount rate changed to 2.19% from 2.41%. Inflation is 2.25%.

There are no plan assets accumulated in the trust fund that meets the criteria of GASB Statement No. 75 to pay related benefits.

The following is a select health cost trends:

| | |
|----------------------------|---|
| FY Beginning | |
| 2022 | 6.30% |
| 2023 | 5.75% |
| 2024 | 5.60% |
| 2025 | 5.42% |
| 2026 | 5.24% |
| 2027 | 5.07% |
| 2028 | 4.89% |
| 2029 | 4.71% |
| 2030 | 4.53% |
| 2031 | 4.14% |
| Ultimate health cost trend | 3.75% |
| Salary increases | General Employees plan participants 4.75%-5.50%; Public Safety - 6% per year, including inflation. |

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

VILLAGE OF TEQUESTA

REQUIRED SUPPLEMENTARY INFORMATION

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

| Fiscal Year Ended June 30, | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 |
|---|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|
| Proportion of the net pension liability | 0.00041% | 0.00135% | 0.00165% | 0.00158% | 0.00166% | 0.00189% | 0.00227% | 0.00223% | 0.00291% | 0.00397% |
| Proportionate share of the net pension liability | \$ 152,863 | \$ 101,680 | \$ 717,034 | \$ 543,212 | \$ 501,303 | \$ 561,097 | \$ 572,594 | \$ 287,876 | \$ 177,517 | \$ 683,841 |
| Covered payroll | \$ 105,084 | \$ 297,735 | \$ 222,110 | \$ 285,622 | \$ 369,696 | \$ 391,643 | \$ 492,907 | \$ 508,785 | \$ 635,666 | \$ 716,621 |
| Proportionate share of the net pension liability as a percentage of its covered payroll | 145.47% | 34.15% | 322.83% | 190.19% | 135.60% | 143.27% | 116.17% | 56.58% | 27.93% | 95.43% |
| Plan fiduciary net position as a percentage of the total pension liability | 82.89% | 96.40% | 78.85% | 82.61% | 84.26% | 83.89% | 84.88% | 92.00% | 96.09% | 88.54% |

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

VILLAGE OF TEQUESTA

REQUIRED SUPPLEMENTARY INFORMATION

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

| Fiscal Year Ended June 30, | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 |
|---|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|
| Proportion of the net pension liability | 0.00029% | 0.00087% | 0.00090% | 0.00094% | 0.00113% | 0.00121% | 0.00160% | 0.00168% | 0.00214% | 0.00247% |
| Proportionate share of the net pension liability | \$ 30,542 | \$ 107,220 | \$ 109,870 | \$ 104,854 | \$ 119,802 | \$ 129,440 | \$ 186,087 | \$ 171,031 | \$ 200,044 | \$ 214,766 |
| Covered payroll | \$ 105,084 | \$ 297,735 | \$ 222,110 | \$ 285,622 | \$ 369,696 | \$ 391,643 | \$ 492,907 | \$ 508,785 | \$ 635,666 | \$ 716,621 |
| Proportionate share of the net pension liability as a percentage of its covered payroll | 29.06% | 36.01% | 49.47% | 36.71% | 32.41% | 33.05% | 37.75% | 33.62% | 31.47% | 29.97% |
| Plan fiduciary net position as a percentage of the total pension liability | 4.81% | 3.56% | 3.00% | 2.63% | 2.15% | 1.64% | 0.97% | 0.50% | 0.99% | 178.00% |

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

VILLAGE OF TEQUESTA

REQUIRED SUPPLEMENTARY INFORMATION

FLORIDA RETIREMENT SYSTEM (FRS) SCHEDULE OF VILLAGE CONTRIBUTIONS

| Fiscal Year Ended September 30, | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 |
|---|-----------|------------|------------|------------|------------|------------|------------|------------|------------|------------|
| Contractually required contribution | \$ 13,668 | \$ 44,150 | \$ 58,313 | \$ 52,059 | \$ 48,540 | \$ 47,988 | \$ 62,966 | \$ 43,642 | \$ 58,404 | \$ 72,698 |
| Contributions in relation to the contractually required contribution | (13,668) | (44,150) | (58,313) | (52,059) | (48,540) | (47,988) | (62,966) | (43,642) | (58,404) | (72,698) |
| Contribution deficiency (excess) | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Covered payroll | \$ 81,619 | \$ 277,220 | \$ 233,482 | \$ 261,899 | \$ 362,908 | \$ 382,869 | \$ 451,085 | \$ 484,772 | \$ 569,299 | \$ 651,093 |
| Contributions as a percentage of covered payroll | 16.75% | 15.93% | 24.98% | 19.88% | 13.38% | 12.53% | 13.96% | 9.00% | 10.26% | 11.17% |

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

VILLAGE OF TEQUESTA

REQUIRED SUPPLEMENTARY INFORMATION

HEALTH INSURANCE SUBSIDY PROGRAM (HIS) SCHEDULE OF VILLAGE CONTRIBUTIONS

| Fiscal Year Ended September 30, | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 |
|--|-----------|------------|------------|------------|------------|------------|------------|------------|------------|------------|
| Contractually required contribution | \$ 1,355 | \$ 4,602 | \$ 3,876 | \$ 4,348 | \$ 6,024 | \$ 6,356 | \$ 7,488 | \$ 5,381 | \$ 6,832 | \$ 8,204 |
| Contributions in relation to the contractually required contribution | (1,355) | (4,602) | (3,876) | (4,348) | (6,024) | (6,356) | (7,488) | (5,381) | (6,832) | (8,204) |
| Contribution deficiency (excess) | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Covered payroll | \$ 81,619 | \$ 277,220 | \$ 233,482 | \$ 261,899 | \$ 362,908 | \$ 382,869 | \$ 451,085 | \$ 484,772 | \$ 569,299 | \$ 651,093 |
| Contributions as a percentage of covered payroll | 1.66% | 1.66% | 1.66% | 1.66% | 1.66% | 1.66% | 1.66% | 1.11% | 1.20% | 1.26% |

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 to expenditures for particular purposes.

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

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

Capital Improvement Fund

Capital Improvement Funds are used to account for and report financial resources that are restricted, committed or assigned to expenditures for capital outlays including the acquisition or construction of capital facilities and other capital assets. The use of the capital improvement fund type is permitted rather than mandated for financial reporting purposes. Capital improvement 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.

VILLAGE OF TEQUESTA, FLORIDA

**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2022**

| | Special Revenue | | Capital Projects | Total |
|--|-------------------|------------------------------------|--------------------------------|-----------------------------------|
| | Building Fund | Special Law Enforcement Fund | Capital Improvement Fund | Nonmajor Governmental Funds |
| Assets | | | | |
| Cash | \$ 890,390 | \$ 131,698 | \$ 912,598 | \$ 1,934,686 |
| Receivables, net | 23 | 6 | 13 | 42 |
| Inventories | 282 | - | - | 282 |
| Prepaid items | 10,021 | 8,541 | - | 18,562 |
| Total Assets | \$ 900,716 | \$ 140,245 | \$ 912,611 | \$ 1,953,572 |
| Liabilities and Fund Balances | | | | |
| Liabilities | | | | |
| Accounts payable | 14,866 | 6,723 | - | 21,589 |
| Accrued liabilities | 7,999 | - | - | 7,999 |
| Due to other governments | 5,321 | - | - | 5,321 |
| Total Liabilities | 28,186 | 6,723 | - | 34,909 |
| Fund Balances | | | | |
| Nonspendable: | | | | |
| Inventories | 282 | - | - | 282 |
| Prepaid Items | 10,021 | 8,541 | - | 18,562 |
| Restricted for: | | | | |
| Infrastructure | - | - | 568,199 | 568,199 |
| Building | 832,828 | - | - | 832,828 |
| Law Enforcement | - | 80,795 | - | 80,795 |
| Capital Projects | - | - | 312,722 | 312,722 |
| Assigned to: | | | | |
| Capital Projects | - | - | 31,690 | 31,690 |
| Subsequent years budget | 29,399 | 44,186 | - | 73,585 |
| Total Fund Balances | 872,530 | 133,522 | 912,611 | 1,918,663 |
| Total Liabilities and Fund Balances | \$ 900,716 | \$ 140,245 | \$ 912,611 | \$ 1,953,572 |

VILLAGE OF TEQUESTA, FLORIDA

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022**

| | Special Revenue | | Capital Projects | Total Nonmajor Governmental Funds |
|--|-------------------|------------------------------------|--------------------------------|--|
| | Building Fund | Special Law Enforcement Fund | Capital Improvement Fund | |
| Revenues | | | | |
| Charges for services | \$ 5,546 | \$ - | \$ - | \$ 5,546 |
| Licenses and permits | 751,857 | - | - | 751,857 |
| Miscellaneous | 55 | - | - | 55 |
| Fines and forfeitures | - | 94,055 | - | 94,055 |
| Investment earnings | 5,075 | 761 | 102 | 5,938 |
| Total Revenues | 762,533 | 94,816 | 102 | 857,451 |
| Expenditures | | | | |
| Current: | | | | |
| Public safety | 766,390 | 45,690 | - | 812,080 |
| Transportation | - | - | 186,149 | 186,149 |
| Capital outlay | - | 72,645 | 60,864 | 133,509 |
| Total Expenditures | 766,390 | 118,335 | 247,013 | 1,131,738 |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | (3,857) | (23,519) | (246,911) | (274,287) |
| Other Financing Sources (Uses) | | | | |
| Transfers in | - | - | 806,231 | 806,231 |
| Total Other Financing Sources (Uses) | - | - | 806,231 | 806,231 |
| Net Change in Fund Balances | (3,857) | (23,519) | 559,320 | 531,944 |
| Fund Balances - Beginning of Year | 876,387 | 157,041 | 353,291 | 1,386,719 |
| Fund Balances - End of Year | \$ 872,530 | \$ 133,522 | \$ 912,611 | \$ 1,918,663 |

VILLAGE OF TEQUESTA, FLORIDA
BUDGETARY COMPARISON SCHEDULE
BUILDING FUND
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget Positive (Negative) |
|-----------------------------------|-------------------|-------------------|-------------------|--|
| | Original | Final | | |
| Revenues | | | | |
| Charges for services | \$ - | \$ - | \$ 5,546 | \$ 5,546 |
| Licenses and permits | 503,000 | 703,000 | 751,857 | 48,857 |
| Miscellaneous | - | - | 55 | 55 |
| Investment earnings | 1,400 | 1,400 | 5,075 | 3,675 |
| Total Revenues | <u>504,400</u> | <u>704,400</u> | <u>762,533</u> | <u>58,133</u> |
| Expenditures | | | | |
| Public safety | 676,260 | 746,260 | 766,390 | (20,130) |
| Capital outlay | - | 40,000 | - | 40,000 |
| Total Expenditures | <u>676,260</u> | <u>786,260</u> | <u>766,390</u> | <u>19,870</u> |
| Net Change in Fund Balance | (171,860) | (81,860) | (3,857) | 78,003 |
| Fund Balance - Beginning | <u>876,387</u> | <u>876,387</u> | <u>876,387</u> | <u>-</u> |
| Fund Balance - Ending | <u>\$ 704,527</u> | <u>\$ 794,527</u> | <u>\$ 872,530</u> | <u>\$ 78,003</u> |

VILLAGE OF TEQUESTA, FLORIDA

**BUDGETARY COMPARISON SCHEDULE
SPECIAL LAW ENFORCEMENT TRUST FUND
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022**

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget Positive (Negative) |
|-----------------------------------|------------------|-----------------|-------------------|--|
| | Original | Final | | |
| Revenues | | | | |
| Fines and forfeitures | \$ - | \$ 44,202 | \$ 94,055 | \$ 49,853 |
| Investment earnings | - | - | 761 | 761 |
| Total Revenues | <u>-</u> | <u>44,202</u> | <u>94,816</u> | <u>50,614</u> |
| Expenditures | | | | |
| Public safety | 32,920 | 62,170 | 45,690 | 16,480 |
| Capital outlay | 42,000 | 131,702 | 72,645 | 59,057 |
| Total Expenditures | <u>74,920</u> | <u>193,872</u> | <u>118,335</u> | <u>75,537</u> |
| Net Change in Fund Balance | (74,920) | (149,670) | (23,519) | 126,151 |
| Fund Balance - Beginning | <u>157,041</u> | <u>157,041</u> | <u>157,041</u> | <u>-</u> |
| Fund Balance - Ending | <u>\$ 82,121</u> | <u>\$ 7,371</u> | <u>\$ 133,522</u> | <u>\$ 126,151</u> |

VILLAGE OF TEQUESTA, FLORIDA

**BUDGETARY COMPARISON SCHEDULE
CAPITAL IMPROVEMENT FUND
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022**

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget Positive (Negative) |
|--|-------------------|-------------------|-------------------|--|
| | Original | Final | | |
| Revenues | | | | |
| Investment earnings | \$ 1,000 | \$ 1,000 | \$ 102 | \$ (898) |
| Total Revenues | <u>1,000</u> | <u>1,000</u> | <u>102</u> | <u>(898)</u> |
| Expenditures | | | | |
| Transportation | - | 340,840 | 186,149 | 154,691 |
| Capital outlay | 419,590 | 78,750 | 60,864 | 17,886 |
| Total Expenditures | <u>419,590</u> | <u>419,590</u> | <u>247,013</u> | <u>172,577</u> |
| (Deficiency) of Revenues Under Expenditures | <u>(418,590)</u> | <u>(418,590)</u> | <u>(246,911)</u> | <u>171,679</u> |
| Other Financing Sources | | | | |
| Transfers in | 677,260 | 677,260 | 806,231 | 128,971 |
| Transfers out | (87,000) | (117,585) | - | 117,585 |
| Total Other Financing Sources | <u>590,260</u> | <u>559,675</u> | <u>806,231</u> | <u>246,556</u> |
| Net Change in Fund Balance | 171,670 | 141,085 | 559,320 | 418,235 |
| Fund Balance - Beginning | <u>353,291</u> | <u>353,291</u> | <u>353,291</u> | <u>-</u> |
| Fund Balance - Ending | <u>\$ 524,961</u> | <u>\$ 494,376</u> | <u>\$ 912,611</u> | <u>\$ 418,235</u> |

VILLAGE OF TEQUESTA, FLORIDA

**BUDGETARY COMPARISON SCHEDULE
CAPITAL PROJECTS FUND
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022**

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget Positive (Negative) |
|--|---------------------|--------------------|--------------------|--|
| | Original | Final | | |
| Revenues | | | | |
| Investment earnings | \$ 500 | \$ 500 | \$ 1,087 | \$ 587 |
| Total Revenues | <u>500</u> | <u>500</u> | <u>1,087</u> | <u>587</u> |
| Expenditures | | | | |
| Public works | 255,000 | 255,000 | 255,000 | - |
| Parks and recreation | - | - | 7,132 | (7,132) |
| Capital outlay | 87,000 | 2,476,223 | 2,152,671 | 323,552 |
| Total Expenditures | <u>342,000</u> | <u>2,731,223</u> | <u>2,414,803</u> | <u>316,420</u> |
| (Deficiency) of Revenues Under Expenditures | <u>(341,500)</u> | <u>(2,730,723)</u> | <u>(2,413,716)</u> | <u>317,007</u> |
| Other Financing Sources | | | | |
| Transfers in | 87,000 | 117,585 | - | (117,585) |
| Total Other Financing Sources | <u>87,000</u> | <u>117,585</u> | <u>-</u> | <u>(117,585)</u> |
| Net Change in Fund Balance | (254,500) | (2,613,138) | (2,413,716) | 199,422 |
| Fund Balance - Beginning | <u>2,550,094</u> | <u>2,550,094</u> | <u>2,550,094</u> | <u>-</u> |
| Fund Balance - Ending | <u>\$ 2,295,594</u> | <u>\$ (63,044)</u> | <u>\$ 136,378</u> | <u>\$ 199,422</u> |



FIDUCIARY FUNDS

FIDUCIARY FUNDS

Fiduciary funds are used to report assets held in a trustee or agency capacity for others and therefore cannot be used to support the government's own programs. Pension trust funds are fiduciary funds that are used to report resources required to be held in trust for the members and beneficiaries of defined benefit pension plans, defined contribution plans, other post-employment benefit plans, or other employee benefit plans. The Village accounts for two defined benefit plans (Public Safety reports separate trust funds for Police Officers and Firefighters) and a separate fund is reported for each individual trust fund. The three trust funds are as follows:

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

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

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

VILLAGE OF TEQUESTA, FLORIDA

COMBINING STATEMENT OF FIDUCIARY NET POSITION

SEPTEMBER 30, 2022

| | Firefighters' Pension Trust Fund | Police Officers' Pension Trust Fund | General Employees' Pension Trust Fund | Total |
|---|--|--|--|----------------------|
| Assets | | | | |
| Cash and cash equivalents | \$ 185,583 | \$ 90,581 | \$ 279,505 | \$ 555,669 |
| Investments | | | | |
| Equities | 8,449,900 | 4,120,650 | 4,538,813 | 17,109,363 |
| Fixed Income | 2,908,722 | 1,418,458 | 1,834,628 | 6,161,808 |
| Real Estate Fund | 1,891,597 | 922,449 | 1,068,096 | 3,882,142 |
| Total investments | <u>13,250,219</u> | <u>6,461,557</u> | <u>7,441,537</u> | <u>27,153,313</u> |
| Contributions receivable | 208,464 | 4,373 | 11,296 | 224,133 |
| Accrued interest receivable | 17,753 | 8,664 | 11,975 | 38,392 |
| Prepaid items | 26,634 | 8,018 | 20,547 | 55,199 |
| Due from broker | 161,791 | 78,899 | - | 240,690 |
| Total Assets | <u>13,850,444</u> | <u>6,652,092</u> | <u>7,764,860</u> | <u>28,267,396</u> |
| Liabilities | | | | |
| Accounts payable | 12,141 | 8,750 | 11,118 | 32,009 |
| Due to broker | - | - | 11,288 | 11,288 |
| Total Liabilities | <u>12,141</u> | <u>8,750</u> | <u>22,406</u> | <u>43,297</u> |
| Deferred Inflows of Resources | | | | |
| Deferred inflows | 92,655 | - | - | 92,655 |
| Total Deferred Inflows of Resources | <u>92,655</u> | <u>-</u> | <u>-</u> | <u>92,655</u> |
| Net Position Restricted for Pension Benefits | <u>\$ 13,745,648</u> | <u>\$ 6,643,342</u> | <u>\$ 7,742,454</u> | <u>\$ 28,131,444</u> |

VILLAGE OF TEQUESTA, FLORIDA

COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

| | Firefighters' Pension Trust Fund | Police Officers' Pension Trust Fund | General Employees' Pension Trust Fund | Total |
|---|--|--|--|----------------------|
| Additions | | | | |
| Contributions: | | | | |
| State of Florida | \$ 200,648 | \$ 92,947 | \$ - | \$ 293,595 |
| Employer | 322,925 | 110,759 | 350,247 | 783,931 |
| Employee | 100,398 | 84,799 | 181,475 | 366,672 |
| Total Contributions | <u>623,971</u> | <u>288,505</u> | <u>531,722</u> | <u>1,444,198</u> |
| Investment Earnings | | | | |
| Net appreciation in fair value of investments | (2,804,721) | (1,344,403) | (1,552,500) | (5,701,624) |
| Gain on sale of investments | 229,809 | 107,785 | 61,730 | 399,324 |
| Interest and dividends | 240,754 | 114,618 | 146,876 | 502,248 |
| Total investment earnings | <u>(2,334,158)</u> | <u>(1,122,000)</u> | <u>(1,343,894)</u> | <u>(4,800,052)</u> |
| Less investment expenses | (41,678) | (27,235) | (46,988) | (115,901) |
| Net Investment earnings | <u>(2,375,836)</u> | <u>(1,149,235)</u> | <u>(1,390,882)</u> | <u>(4,915,953)</u> |
| Total Additions | <u>(1,751,865)</u> | <u>(860,730)</u> | <u>(859,160)</u> | <u>(3,471,755)</u> |
| Deductions | | | | |
| Benefits paid | 293,908 | 64,802 | 226,227 | 584,937 |
| Refund of contributions | 399,237 | 15,915 | 7,996 | 423,148 |
| Administrative expenses | 31,059 | 36,426 | 43,004 | 110,489 |
| Total Deductions | <u>724,204</u> | <u>117,143</u> | <u>277,227</u> | <u>1,118,574</u> |
| Change in Net Position | (2,476,069) | (977,873) | (1,136,387) | (4,590,329) |
| Net Position Restricted for Pension Benefits | | | | |
| Beginning of year | 16,221,717 | 7,621,215 | 8,878,841 | 32,721,773 |
| End of year | <u>\$ 13,745,648</u> | <u>\$ 6,643,342</u> | <u>\$ 7,742,454</u> | <u>\$ 28,131,444</u> |



STATISTICAL SECTION

STATISTICAL SECTION

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

| | Contents | Page |
|--|--|-------------|
| | <u>Financial Trends</u> | |
| | These schedules contain trend information to help the reader understand how the Village's financial performance and well-being have changed over time. | 122 |
| | <u>Revenue Capacity</u> | |
| | These schedules contain information to help the reader assess the Village's most significant local revenue source, the property tax. | 127 |
| | <u>Debt Capacity</u> | |
| | These schedules present information to help the reader assess the affordability of the Village's current levels of outstanding debt and the Town's ability to issue additional debt in the future. | 131 |
| | <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 |
| | <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 |

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

VILLAGE OF TEQUESTA, FLORIDA

NET POSITION BY COMPONENT

LAST TEN FISCAL YEARS

(ACCURAL BASIS OF ACCOUNTING)

| | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 |
|--|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| Governmental Activities | | | | | | | | | | |
| Net investment in capital assets | \$ 10,261,476 | \$ 10,284,849 | \$ 10,058,956 | \$ 9,948,379 | \$ 10,023,291 | \$ 10,678,761 | \$ 10,470,562 | \$ 10,473,238 | \$ 7,103,735 | \$ 10,335,163 |
| Restricted | 579,320 | 940,739 | 1,572,614 | 1,343,543 | 1,776,769 | 1,615,279 | 2,067,445 | 1,398,916 | 1,628,800 | 1,769,822 |
| Unrestricted | 3,011,737 | 2,739,726 | 1,638,243 | 1,612,070 | 1,157,654 | 978,157 | 1,086,789 | 1,781,225 | 9,028,159 | 8,831,563 |
| Total Governmental Activities Net Position | \$ 13,852,533 | \$ 13,965,314 | \$ 13,269,813 | \$ 12,903,992 | \$ 12,957,714 | \$ 13,272,197 | \$ 13,624,796 | \$ 13,653,379 | \$ 17,760,694 | \$ 20,936,548 |
| Business-type Activities: | | | | | | | | | | |
| Net investment in capital assets | \$ 14,167,067 | \$ 13,402,412 | \$ 12,681,504 | \$ 12,321,453 | \$ 13,078,584 | \$ 12,774,847 | \$ 13,012,584 | \$ 14,166,351 | \$ 15,470,616 | \$ 15,642,791 |
| Restricted | - | - | - | - | - | - | - | 397,997 | 376,728 | 391,822 |
| Unrestricted | 5,408,598 | 5,632,617 | 5,781,969 | 6,117,202 | 5,883,331 | 6,972,014 | 7,967,052 | 6,896,819 | 6,444,980 | 7,382,153 |
| Total Business-type Activities Net Position | \$ 19,575,665 | \$ 19,035,029 | \$ 18,463,473 | \$ 18,438,655 | \$ 18,961,915 | \$ 19,746,861 | \$ 20,979,636 | \$ 21,461,167 | \$ 22,292,324 | \$ 23,416,766 |
| Primary government: | | | | | | | | | | |
| Net investment in capital assets | \$ 24,428,543 | \$ 23,687,261 | \$ 22,740,460 | \$ 22,269,832 | \$ 23,101,875 | \$ 23,453,608 | \$ 23,483,146 | \$ 24,639,589 | \$ 22,574,351 | \$ 25,977,954 |
| Restricted | 579,320 | 940,739 | 1,572,614 | 1,343,543 | 1,776,769 | 1,615,279 | 2,067,445 | 1,796,913 | 2,005,528 | 2,161,644 |
| Unrestricted | 8,420,335 | 8,372,343 | 7,420,212 | 7,729,272 | 7,040,985 | 7,950,171 | 9,053,841 | 8,678,044 | 15,473,139 | 16,213,716 |
| Total Governmental Activities Net Position | \$ 33,428,198 | \$ 33,000,343 | \$ 31,733,286 | \$ 31,342,647 | \$ 31,919,629 | \$ 33,019,058 | \$ 34,604,432 | \$ 35,114,546 | \$ 40,053,018 | \$ 44,353,314 |

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)

| | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 |
|--|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|------------------------|-----------------------|-----------------------|
| Expenditures | | | | | | | | | | |
| Governmental activities: | | | | | | | | | | |
| General government | \$ 1,642,948 | \$ 1,770,326 | \$ 1,714,571 | \$ 1,918,843 | \$ 2,201,162 | \$ 2,308,838 | \$ 2,411,174 | \$ 2,353,750 | \$ 3,121,260 | \$ 2,961,670 |
| Public safety | 6,207,866 | 6,222,408 | 5,812,114 | 7,270,731 | 7,004,196 | 7,023,664 | 8,455,155 | 8,806,935 | 7,507,748 | 7,926,208 |
| Transportation | 1,049,062 | 1,009,693 | 1,161,613 | 1,381,760 | 1,650,162 | 1,945,513 | 1,436,674 | 1,496,229 | 1,944,570 | 1,986,016 |
| Leisure services | 640,513 | 583,445 | 566,585 | 663,524 | 699,068 | 704,448 | 771,783 | 675,172 | 701,364 | 1,055,418 |
| Interest on long-term debt | 135,204 | 114,398 | 124,331 | 117,709 | 111,504 | 96,109 | 71,803 | 44,058 | 59,662 | 239,652 |
| Total Governmental Activities Expenditures | <u>9,675,593</u> | <u>9,700,270</u> | <u>9,379,214</u> | <u>11,352,567</u> | <u>11,666,092</u> | <u>12,078,572</u> | <u>13,146,589</u> | <u>13,376,144</u> | <u>13,334,604</u> | <u>14,168,964</u> |
| Business-type activities: | | | | | | | | | | |
| Water | 4,204,955 | 4,782,022 | 4,911,816 | 4,726,849 | 5,038,740 | 4,871,601 | 5,079,244 | 2,964,202 | 5,810,515 | 5,551,570 |
| Stormwater | 221,283 | 279,051 | 262,413 | 490,405 | 338,758 | 687,878 | 485,566 | 453,776 | 524,732 | 715,004 |
| Refuse and recycling | 484,165 | 489,977 | 499,670 | 489,874 | 479,278 | 479,478 | 480,268 | 496,619 | 511,299 | 529,107 |
| Total Business-type Activities Expenses | <u>4,910,403</u> | <u>5,551,050</u> | <u>5,673,899</u> | <u>5,707,128</u> | <u>5,856,776</u> | <u>6,038,957</u> | <u>6,045,078</u> | <u>3,914,597</u> | <u>6,846,546</u> | <u>6,795,681</u> |
| Total Primary Government Program Expenses | <u>\$ 14,585,996</u> | <u>\$ 15,251,320</u> | <u>\$ 15,053,113</u> | <u>\$ 17,059,695</u> | <u>\$ 17,522,868</u> | <u>\$ 18,117,529</u> | <u>\$ 19,191,667</u> | <u>\$ 17,290,741</u> | <u>\$ 20,181,150</u> | <u>\$ 20,964,645</u> |
| Program Revenues | | | | | | | | | | |
| Governmental activities: | | | | | | | | | | |
| Charges for services: | | | | | | | | | | |
| General government | \$ 695,801 | \$ 694,220 | \$ 786,792 | \$ 814,596 | \$ 865,589 | \$ 899,257 | \$ 997,556 | \$ 1,150,219 | \$ 1,930,346 | \$ 1,548,158 |
| Public safety | 1,142,593 | 1,755,652 | 1,563,375 | 1,734,116 | 1,775,824 | 1,867,606 | 1,845,894 | 1,552,009 | 2,416,823 | 2,017,300 |
| Transportation | 4,480 | - | - | - | - | - | - | - | - | - |
| Leisure services | 86,349 | 76,918 | 67,777 | 69,570 | 83,749 | 83,209 | 83,794 | 27,402 | 11,253 | 38,063 |
| Operating grants and contributions | 95,145 | 63,148 | 48,300 | 9,505 | 10,235 | 253,986 | 16,045 | 105,492 | 1,676,429 | 1,581,739 |
| Capital grants and contributions | - | - | - | 73,828 | 23,657 | 82,000 | 17,692 | 8,500 | 63,568 | 61,667 |
| Total Governmental Activities Program Revenues | <u>2,024,368</u> | <u>2,589,938</u> | <u>2,466,244</u> | <u>2,701,615</u> | <u>2,759,054</u> | <u>3,186,058</u> | <u>2,960,981</u> | <u>2,843,622</u> | <u>6,098,419</u> | <u>5,246,927</u> |
| Business-type Activities | | | | | | | | | | |
| Charges for services: | | | | | | | | | | |
| Water | 4,018,755 | 4,155,865 | 4,422,030 | 4,826,495 | 5,487,305 | 5,894,396 | 6,173,278 | 6,370,552 | 6,641,698 | 6,579,570 |
| Stormwater | 323,513 | 323,363 | 319,993 | 325,005 | 340,118 | 375,534 | 430,814 | 432,355 | 450,271 | 490,267 |
| Refuse and recycling | 482,422 | 480,795 | 478,616 | 490,801 | 493,753 | 488,121 | 486,893 | 487,874 | 486,643 | 507,306 |
| Operating grants and contributions | - | - | - | - | - | - | - | - | 19,157 | - |
| Total Business-type Activities Program Revenues | <u>4,824,690</u> | <u>4,960,023</u> | <u>5,220,639</u> | <u>5,642,301</u> | <u>6,321,176</u> | <u>6,758,051</u> | <u>7,090,985</u> | <u>7,290,781</u> | <u>7,597,769</u> | <u>7,577,143</u> |
| Total Primary Government Program Revenues | <u>\$ 6,849,058</u> | <u>\$ 7,549,961</u> | <u>\$ 7,686,883</u> | <u>\$ 8,343,916</u> | <u>\$ 9,080,230</u> | <u>\$ 9,944,109</u> | <u>\$ 10,051,966</u> | <u>\$ 10,134,403</u> | <u>\$ 13,696,188</u> | <u>\$ 12,824,070</u> |
| Net (Expense) Revenue | | | | | | | | | | |
| Governmental activities | \$ (7,651,225) | \$ (7,110,332) | \$ (6,912,970) | \$ (8,650,952) | \$ (8,898,038) | \$ (8,892,514) | \$ (10,185,608) | \$ (10,532,522) | \$ (7,236,185) | \$ (8,922,037) |
| Business-type activities | (85,713) | (591,027) | (453,260) | (64,827) | 464,400 | 719,094 | 1,045,907 | 376,184 | 751,223 | 889,926 |
| Total Primary Government Net Expense | <u>\$ (7,736,938)</u> | <u>\$ (7,701,359)</u> | <u>\$ (7,366,230)</u> | <u>\$ (8,715,779)</u> | <u>\$ (8,433,638)</u> | <u>\$ (8,173,420)</u> | <u>\$ (9,139,701)</u> | <u>\$ (10,156,338)</u> | <u>\$ (6,484,962)</u> | <u>\$ (8,032,111)</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
(ACCURAL BASIS OF ACCOUNTING)

| | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 |
|--|---------------------|---------------------|-------------------|---------------------|-------------------|---------------------|---------------------|-------------------|---------------------|---------------------|
| General Revenues | | | | | | | | | | |
| Governmental activities: | | | | | | | | | | |
| Taxes: | | | | | | | | | | |
| Property taxes | \$ 4,339,215 | \$ 4,767,948 | \$ 5,275,411 | \$ 5,683,707 | \$ 6,098,723 | \$ 6,420,058 | \$ 6,800,483 | \$ 7,497,093 | \$ 7,848,744 | \$ 8,260,937 |
| Other taxes | 1,266,929 | 1,216,100 | 1,304,312 | 1,271,278 | 1,512,354 | 1,556,934 | 2,222,910 | 1,711,817 | 1,966,890 | 2,170,196 |
| Franchise fees based on gross receipts | 380,160 | 401,859 | 462,312 | 449,126 | 452,496 | 459,076 | 467,670 | 447,682 | 509,963 | 530,165 |
| Unrestricted intergovernmental | 735,924 | 770,616 | 811,044 | 822,390 | 830,570 | 848,666 | 861,647 | 807,939 | 901,243 | 1,062,117 |
| Unrestricted investment earnings | 22,316 | 13,184 | 7,139 | 8,465 | 15,605 | 92,520 | 133,769 | 54,602 | 13,296 | 58,188 |
| Miscellaneous revenues | 77,390 | 53,406 | 17,739 | 27,041 | 32,676 | 19,414 | 27,131 | 19,996 | 54,949 | 23,999 |
| Gain on sale of capital assets | - | - | 13,073 | 23,123 | 9,336 | 13,375 | 24,597 | 21,976 | 26,524 | 972 |
| Transfers | - | - | - | - | - | - | - | - | 21,891 | (188,565) |
| Total Governmental Revenues and transfers | 6,821,934 | 7,223,113 | 7,891,030 | 8,285,130 | 8,951,760 | 9,410,043 | 10,538,207 | 10,561,105 | 11,343,500 | 11,918,009 |
| Business-type Activities | | | | | | | | | | |
| Unrestricted Investment earnings | 20,727 | 14,976 | 9,986 | 14,601 | 28,064 | 86,097 | 147,356 | 59,333 | 7,917 | (6,014) |
| Miscellaneous revenues | 37,017 | 35,415 | 20,432 | 25,408 | 30,796 | 29,106 | 37,290 | 46,014 | 64,074 | 45,162 |
| Gain on sale of capital assets | - | - | - | - | - | 4,278 | 2,222 | - | 29,834 | 6,803 |
| Transfers | - | - | - | - | - | - | - | - | (21,891) | 188,565 |
| Total Business-type Activities | 57,744 | 50,391 | 30,418 | 40,009 | 58,860 | 119,481 | 186,868 | 105,347 | 79,934 | 234,516 |
| Total Primary Government | 6,879,678 | 7,273,504 | 7,921,448 | 8,325,139 | 9,010,620 | 9,529,524 | 10,725,075 | 10,666,452 | 11,423,434 | 12,152,525 |
| Change in net position: | | | | | | | | | | |
| Governmental activities | (829,291) | 112,781 | 978,059 | (365,822) | 53,722 | 517,529 | 352,599 | 28,583 | 4,107,315 | 2,995,972 |
| Business-type activities | (27,969) | (540,636) | (422,842) | (24,818) | 523,260 | 838,575 | 1,232,775 | 481,531 | 831,157 | 1,124,442 |
| Total Primary Government | \$ (857,260) | \$ (427,855) | \$ 555,217 | \$ (390,640) | \$ 576,982 | \$ 1,356,104 | \$ 1,585,374 | \$ 510,114 | \$ 4,938,472 | \$ 4,120,414 |

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)

| | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 |
|---------------------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| General Fund | | | | | | | | | | |
| Nonspendable | \$ 144,581 | \$ 207,869 | \$ 161,036 | \$ 174,985 | \$ 212,042 | \$ 224,994 | \$ 237,510 | \$ 290,921 | \$ 732,800 | \$ 812,308 |
| Restricted | 575,287 | 668,050 | 790,582 | 995,512 | 1,440,911 | 1,506,888 | 1,562,700 | 420,583 | 561,007 | 288,000 |
| Committed | - | - | - | - | - | - | 391,214 | 500,000 | 500,000 | 500,000 |
| Assigned | 1,000,000 | 1,013,600 | 1,010,978 | 1,060,578 | 1,214,418 | 1,000,000 | - | 298,661 | 55,709 | 2,036,098 |
| Unassigned | 1,921,295 | 1,714,008 | 2,024,550 | 2,079,187 | 1,478,525 | 1,150,229 | 1,479,005 | 1,884,304 | 4,356,864 | 4,375,473 |
| Total General Fund | \$ 3,641,163 | \$ 3,603,527 | \$ 3,987,146 | \$ 4,310,262 | \$ 4,345,896 | \$ 3,882,111 | \$ 3,670,429 | \$ 3,394,469 | \$ 6,206,380 | \$ 8,011,879 |
| All Other Governmental Funds | | | | | | | | | | |
| Nonspendable | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 3,056 | \$ 24,807 | \$ 18,844 |
| Restricted | 4,033 | 291,654 | 286,965 | 348,031 | 335,858 | 108,391 | 504,745 | 978,333 | 1,067,793 | 1,481,822 |
| Committed | - | - | - | - | - | - | - | 46,485 | 262,429 | 312,722 |
| Assigned | 159,726 | 9,726 | 16,441 | 110,232 | 60,149 | 234,838 | 175,167 | 87,956 | 2,581,784 | 241,653 |
| Total Other Governmental Funds | \$ 163,759 | \$ 301,380 | \$ 303,406 | \$ 458,263 | \$ 396,007 | \$ 343,229 | \$ 679,912 | \$ 1,115,830 | \$ 3,936,813 | \$ 2,055,041 |

VILLAGE OF TEQUESTA, FLORIDA

CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS

LAST TEN FISCAL YEARS

(MODIFIED ACCRUAL BASIS OF ACCOUNTING)

| | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 |
|--|---------------------|-------------------|-------------------|-------------------|--------------------|---------------------|-------------------|-------------------|---------------------|---------------------|
| Revenues | | | | | | | | | | |
| Taxes | \$ 5,606,144 | \$ 5,984,048 | \$ 6,579,723 | \$ 6,954,985 | \$ 7,611,077 | \$ 7,976,992 | \$ 9,023,393 | \$ 9,208,910 | \$ 9,815,634 | \$ 10,431,133 |
| Intergovernmental | 752,728 | 816,323 | 841,950 | 825,990 | 836,780 | 893,555 | 869,592 | 815,868 | 2,641,140 | 1,062,117 |
| Franchise fees | 380,160 | 401,859 | 462,312 | 449,126 | 452,496 | 459,076 | 467,670 | 447,682 | 509,963 | 530,165 |
| Charges for services | 901,659 | 1,102,496 | 1,192,142 | 1,246,301 | 1,272,994 | 1,300,331 | 1,276,167 | 1,387,682 | 2,113,512 | 1,653,861 |
| Intragovernmental | 503,709 | 519,188 | 534,416 | 550,350 | 561,350 | 577,300 | 696,600 | 725,436 | 1,031,297 | 856,342 |
| Grants, contributions and donations | 61,185 | 21,166 | 17,394 | 79,733 | 27,682 | 291,097 | 25,792 | 106,063 | 100 | 1,643,406 |
| Licenses and permits | 330,569 | 433,428 | 346,529 | 554,591 | 646,126 | 753,211 | 653,497 | 385,873 | 872,285 | 760,207 |
| Interest | 22,316 | 13,184 | 7,139 | 8,465 | 15,605 | 92,520 | 133,769 | 54,602 | 13,296 | 58,188 |
| Fines and forfeitures | 42,187 | 319,598 | 150,323 | 67,010 | 32,743 | 8,241 | 87,490 | 11,708 | 114,322 | 109,078 |
| Miscellaneous | 98,341 | 64,855 | 20,017 | 28,389 | 40,660 | 20,547 | 27,131 | 19,996 | 54,949 | 16,589 |
| Rents and royalties | 147,303 | 136,906 | 192,256 | 198,682 | 203,965 | 209,856 | 213,490 | 218,931 | 227,006 | 231,443 |
| Impact fees | - | - | - | - | - | - | - | - | - | - |
| Total Revenues | 8,846,301 | 9,813,051 | 10,344,201 | 10,963,622 | 11,701,478 | 12,582,726 | 13,474,591 | 13,382,751 | 17,393,504 | 17,352,529 |
| Expenditures | | | | | | | | | | |
| Current: | | | | | | | | | | |
| General government | 1,528,314 | 1,614,291 | 1,615,339 | 1,811,777 | 2,104,039 | 2,210,205 | 2,275,900 | 2,207,621 | 2,690,661 | 2,905,106 |
| Public safety | 5,902,479 | 5,900,978 | 6,201,180 | 6,154,309 | 6,632,707 | 6,968,142 | 8,452,601 | 8,054,006 | 8,106,046 | 8,414,837 |
| Transportation | 879,169 | 858,787 | 1,010,126 | 1,203,513 | 1,462,522 | 1,761,729 | 1,243,062 | 1,309,050 | 1,740,042 | 1,832,271 |
| Leisure services | 561,938 | 507,069 | 527,223 | 609,009 | 629,764 | 647,830 | 700,649 | 603,268 | 639,963 | 827,654 |
| Capital outlay | 120,399 | 831,240 | 399,457 | 309,399 | 356,224 | 999,035 | 260,796 | 720,011 | 5,351,177 | 2,556,453 |
| Debt service: | | | | | | | | | | |
| Principal | 247,809 | 306,411 | 334,630 | 428,048 | 440,676 | 429,614 | 395,856 | 412,060 | 430,097 | 718,072 |
| Interest | 125,054 | 114,398 | 113,986 | 106,848 | 92,164 | 74,486 | 59,573 | 44,058 | 59,662 | 166,698 |
| Fiscal charges | 11,870 | 12,736 | 10,345 | 18,643 | 19,340 | 21,623 | 12,230 | - | - | - |
| Total Expenditures | 9,377,032 | 10,145,910 | 10,212,286 | 10,641,546 | 11,737,436 | 13,112,664 | 13,400,667 | 13,350,074 | 19,017,648 | 17,421,091 |
| Excess (Deficiency) of Revenues Over Expenditures | (530,731) | (332,859) | 131,915 | 322,076 | (35,958) | (529,938) | 73,924 | 32,677 | (1,624,144) | (68,562) |
| Other Financing Sources (Uses) | | | | | | | | | | |
| Transfers in | 420,440 | 150,000 | 85,000 | 366,800 | 106,000 | 740,100 | 422,754 | 1,520,093 | 896,154 | 806,231 |
| Transfers-out | (420,440) | (150,000) | (85,000) | (366,800) | (106,000) | (740,100) | (422,754) | (1,520,093) | (874,263) | (994,796) |
| Issuance of debt | - | 432,844 | 253,730 | 132,774 | - | - | 26,480 | 105,305 | 7,208,623 | - |
| Other proceeds | - | - | - | 23,123 | 9,336 | 13,375 | 24,597 | 21,976 | 26,524 | 972 |
| Total Other Financing Sources (Uses) | - | 432,844 | 253,730 | 155,897 | 9,336 | 13,375 | 51,077 | 127,281 | 7,257,038 | (187,593) |
| Net Change in Fund Balances | \$ (530,731) | \$ 99,985 | \$ 385,645 | \$ 477,973 | \$ (26,622) | \$ (516,563) | \$ 125,001 | \$ 159,958 | \$ 5,632,894 | \$ (256,155) |
| Debt Service as a Percentage of Noncapital Expenditures | 4.03% | 4.52% | 4.57% | 5.18% | 4.68% | 4.16% | 3.47% | 3.61% | 3.58% | 5.95% |

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 | | | |
|-----------------------------------|------------------------|--------------------------------------|---|------------------------|--------------------------------------|---|-----------------------------|--------------------------------------|---|------------------------|-----------------|--|--|
| | Taxable Assessed Value | Actual "Just" Taxable Property Value | Estimated "Just" Taxable Property Value | Taxable Assessed Value | Actual "Just" Taxable Property Value | Estimated "Just" Taxable Property Value | Taxable Assessed Value | Actual "Just" Taxable Property Value | Estimated "Just" Taxable Property Value | Taxable Assessed Value | Direct Tax Rate | Estimated Actual "Just" Taxable Property Value | Assessed Value as a Percentage of Actual Value |
| | | | | | | | | | | | | | |
| 2013 | \$ 760,886,279 | \$ 985,098,719 | \$ 17,464,955 | \$ 23,010,389 | \$ 1,559,808 | \$ 1,564,811 | \$ 779,911,042 | \$ 5,7671 | \$ 1,009,673,919 | 77% | | | |
| 2014 | 797,213,933 | 1,036,624,755 | 17,442,002 | 22,943,347 | 1,675,609 | 1,680,227 | 816,331,544 | 6.0500 | 1,061,248,329 | 77% | | | |
| 2015 | 844,999,610 | 1,154,086,000 | 17,344,269 | 22,968,598 | 1,593,192 | 1,832,732 | 863,937,071 | 6.2920 | 1,178,887,330 | 73% | | | |
| 2016 | 909,292,932 | 1,269,361,269 | 19,880,161 | 25,574,708 | 1,810,329 | 1,837,722 | 930,983,422 | 6.2920 | 1,296,773,699 | 72% | | | |
| 2017 | 978,487,013 | 1,404,754,183 | 21,837,763 | 27,617,131 | 1,900,210 | 1,907,953 | 1,002,224,986 | 6.2920 | 1,434,279,267 | 70% | | | |
| 2018 | 1,039,469,424 | 1,469,747,205 | 19,372,909 | 24,908,873 | 1,930,206 | 1,934,055 | 1,060,772,539 | 6.2920 | 1,496,590,133 | 71% | | | |
| 2019 | 1,100,472,687 | 1,551,282,505 | 21,121,271 | 26,506,260 | 1,940,096 | 1,944,199 | 1,123,534,054 | 6.2920 | 1,579,732,964 | 71% | | | |
| 2020 | 1,149,591,099 | 1,613,291,960 | 21,858,849 | 27,142,879 | 1,943,025 | 1,946,645 | 1,173,392,973 | 6.6290 | 1,642,381,484 | 71% | | | |
| 2021 | 1,197,194,961 | 1,692,004,722 | 21,962,096 | 27,870,809 | 1,943,231 | 1,947,436 | 1,221,100,288 | 6.6290 | 1,721,822,967 | 71% | | | |
| 2022 | 1,271,843,481 | 1,842,430,152 | 21,629,866 | 27,127,527 | 1,961,352 | 1,965,352 | 1,295,434,699 | 6.6290 | 1,871,523,031 | 69% | | | |

Source: Palm Beach County Property Appraiser's office:
Form DR-489V Revised Recapitulation of the Ad Valorem Rolls of Tequesta, Palm Beach County Florida

VILLAGE OF TEQUESTA, FLORIDA

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

LAST TEN FISCAL YEARS

| Fiscal Year Ended September 30 | Direct Rates | Overlapping Rates (1) | | | | | | | | | |
|-----------------------------------|-----------------|-----------------------|----------------|----------------------------|--------------------|-------------------|---------------------------------------|------------------------------|---------------------------------------|-----------------------------------|-----------------------------------|
| | Village Rate | County | County Debt | Everglades Construction | School District | County Library | S. Florida Water Mgmt. District | Jupiter Inlet District | Fl. Island Nav. District (FIND) | Children's Services Council | County Health Care District |
| 2013 | 5.7671 | 4.7815 | 0.2087 | 0.0613 | 7.7780 | 0.6066 | 0.1757 | 0.1364 | 0.0345 | 0.7300 | 1.1220 |
| 2014 | 6.0500 | 4.7815 | 0.2037 | 0.0587 | 7.5860 | 0.6065 | 0.1685 | 0.1364 | 0.0345 | 0.7025 | 1.0800 |
| 2015 | 6.2920 | 4.7815 | 0.1914 | 0.0548 | 7.5940 | 0.6024 | 0.1577 | 0.1285 | 0.0345 | 0.6745 | 1.0800 |
| 2016 | 6.2920 | 4.7815 | 0.1462 | 0.0506 | 7.5120 | 0.5985 | 0.1459 | 0.1216 | 0.0320 | 0.6677 | 1.0426 |
| 2017 | 6.2920 | 4.7815 | 0.1327 | 0.0471 | 7.0700 | 0.5933 | 0.1359 | 0.1145 | 0.0320 | 0.6833 | 0.8993 |
| 2018 | 6.2920 | 4.7815 | 0.1208 | 0.0441 | 6.7690 | 0.5891 | 0.2659 | 0.1089 | 0.0320 | 0.6590 | 0.7808 |
| 2019 | 6.2920 | 4.7815 | 0.1165 | 0.0417 | 6.5720 | 0.5901 | 0.2519 | 0.1042 | 0.0320 | 0.6403 | 0.7261 |
| 2020 | 6.6290 | 4.7815 | 0.0765 | 0.0397 | 7.1640 | 0.5870 | 0.2398 | 0.0998 | 0.0320 | 0.6497 | 0.7261 |
| 2021 | 6.6290 | 4.7815 | 0.0309 | 0.0380 | 7.0100 | 0.5833 | 0.2295 | 0.0964 | 0.0320 | 0.6497 | 0.7261 |
| 2022 | 6.6290 | 4.7815 | 0.0334 | 0.0365 | 6.8750 | 0.5824 | 0.2207 | 0.0921 | 0.0320 | 0.6233 | 0.7261 |

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

Sources: Palm Beach County Property Appraiser's office

VILLAGE OF TEQUESTA, FLORIDA

PRINCIPAL PROPERTY TAXPAYERS

CURRENT YEAR AND NINE YEARS AGO

| Taxpayer | 2022 | | | 2013 | | |
|---|------------------------|------|---|------------------------|------|---|
| | Taxable Assessed Value | Rank | Percentage of Total Village Taxable Value | Taxable Assessed Value | Rank | Percentage of Total Village Taxable Value |
| Tamwest Realty, INC (County Line Plaza) | \$ 22,974,387 | 1 | 1.77% | \$ 16,132,040 | 1 | 2.07% |
| 300 Beach Road Developer, LLC | 25,993,000 | 2 | 2.01% | | | |
| GMH Tequesta Holdings, LLC | 17,589,220 | 3 | 1.36% | 11,126,197 | 2 | 1.43% |
| 250 Beach Road Developer, LLC | 18,016,562 | 4 | 1.39% | | | |
| Noble Centers I, LLC (Tequesta Shoppes) | 13,609,897 | 5 | 1.05% | 7,997,096 | 3 | 1.03% |
| Russell Properties of Tequesta, LLC | 12,885,530 | 6 | 0.99% | | | |
| Turnberry Beach Road, LLC | 9,365,611 | 7 | 0.72% | | | |
| Tequesta Propco LLC | 11,739,748 | 8 | 0.91% | | | |
| Florida Power & Light Co. | 11,721,342 | 9 | 0.90% | 7,550,656 | 4 | |
| Duke Daniel III | 9,480,400 | 10 | 0.73% | | | |
| Tequesta Investors LP | | | | 6,964,298 | 5 | 0.89% |
| Terrace Communities Tequesta, LLC | | | | 6,890,927 | 6 | 0.88% |
| ALS North America, Inc. | | | | 4,000,000 | 7 | 0.51% |
| Tequesta Mall, LLC (SLO ML LLC) | | | | 3,875,855 | 8 | 0.50% |
| JMZ Tequesta Properties, LLC | | | | 3,504,304 | 9 | 0.45% |
| Tequesta Country Club | | | | 2,858,223 | 10 | 0.37% |
| Total | \$ 153,375,697 | | 11.84% | \$ 70,899,596 | | 8.12% |

Source: Palm Beach County Tax Collector's System, tax year 2022

VILLAGE OF TEQUESTA, FLORIDA

PROPERTY TAX LEVIES AND COLLECTIONS

LAST TEN FISCAL YEARS

| Fiscal Year Ended September 30, | Taxes Levied for the Fiscal Year (1) | | Collected within the Fiscal Year of the Levy | | Collections in Subsequent Years | | Total Collections to Date (2) | |
|---------------------------------|--------------------------------------|--------------------|--|--------------------|---------------------------------|--------------|-------------------------------|--|
| | Amount | Percentage of Levy | Amount | Percentage of Levy | Subsequent Years | Amount | Percentage of Levy | |
| 2013 | \$ 4,502,727 | 96.3% | \$ 4,337,570 | 96.3% | 21,847 | \$ 4,359,417 | 96.8% | |
| 2014 | 4,946,692 | 96.1% | 4,755,463 | 96.1% | 13,841 | 4,769,304 | 96.4% | |
| 2015 | 5,437,423 | 96.3% | 5,237,859 | 96.3% | 3,796 | 5,241,655 | 96.4% | |
| 2016 | 5,866,490 | 96.3% | 5,651,698 | 96.3% | (185) | 5,651,513 | 96.3% | |
| 2017 | 6,314,407 | 96.3% | 6,083,598 | 96.3% | (311) | 6,083,287 | 96.3% | |
| 2018 | 6,674,381 | 96.2% | 6,422,680 | 96.2% | 2,405 | 6,425,085 | 96.3% | |
| 2019 | 7,069,276 | 96.2% | 6,799,389 | 96.2% | 4,590 | 6,803,979 | 96.2% | |
| 2020 | 7,778,422 | 96.4% | 7,494,948 | 96.4% | 2,206 | 7,497,154 | 96.4% | |
| 2021 | 8,094,674 | 96.9% | 7,843,537 | 96.9% | -- | 7,843,537 | 96.9% | |
| 2022 | 8,587,437 | 96.2% | 8,259,906 | 96.2% | -- | 8,259,906 | 96.2% | |

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

(2) Includes discounts taken by property taxpayers.

Source: Palm Beach County Tax Collector's office.

VILLAGE OF TEQUESTA, FLORIDA

RATIOS OF OUTSTANDING DEBT BY TYPE

LAST TEN FISCAL YEARS

| Fiscal Year Ended September 30 | Governmental Activities | | Business-type Activities | | Total Primary Government | Percentage of Personal Income | Per Capita |
|-----------------------------------|-------------------------|-------------------|-----------------------------|--|--------------------------------|-------------------------------------|---------------|
| | Notes Payable | Capital Leases | Notes Payable | | | | |
| 2013 | \$ 2,778,261 | \$ - | \$ 5,553,570 | | \$ 8,331,831 | 2.65% | 1,474 |
| 2014 | 2,519,635 | 385,059 | 5,245,703 | | 8,150,397 | 2.50% | 1,448 |
| 2015 | 2,249,720 | 561,001 | 4,925,818 | | 7,736,539 | 2.37% | 1,366 |
| 2016 | 1,968,023 | 547,423 | 4,592,420 | | 7,107,866 | 1.81% | 1,247 |
| 2017 | 1,674,030 | 400,739 | 4,244,561 | | 6,319,330 | 1.53% | 1,103 |
| 2018 | 1,367,204 | 277,951 | 3,882,784 | | 5,527,939 | 1.26% | 944 |
| 2019 | 1,046,986 | 228,793 | 3,507,581 | | 4,783,360 | 1.03% | 818 |
| 2020 | 712,790 | 256,234 | 3,119,113 | | 4,088,137 | 0.84% | 696 |
| 2021 | 7,254,007 | 493,543 | 2,721,115 | | 10,468,665 | 1.95% | 1,702 |
| 2022 | 6,693,000 | 336,479 | 2,344,387 | | 9,373,866 | 1.51% | 1,524 |

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

VILLAGE OF TEQUESTA, FLORIDA

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

LAST TEN FISCAL YEARS

| Fiscal Year Ended September 30, | (1) Population | (2) Assessed Value of Taxable Property | (A) Gross Outstanding Debt | (B) Debt Service Funds Available | (A - B) Net Outstanding (O/S) Debt | Ratio of Net O/S Debt to Value of Taxable Property | Net Outstanding Debt Per Capita |
|------------------------------------|-------------------|--|-------------------------------------|---|---|---|--|
| 2013 | 5,652 | \$ 779,911,042 | \$ 8,331,831 | - | \$ 8,331,831 | 1.07% | 1,474 |
| 2014 | 5,629 | 816,331,544 | 8,150,397 | - | 8,150,397 | 1.00% | 1,448 |
| 2015 | 5,665 | 863,937,071 | 7,736,539 | - | 7,736,539 | 0.90% | 1,366 |
| 2016 | 5,699 | 930,983,422 | 7,107,866 | - | 7,107,866 | 0.76% | 1,247 |
| 2017 | 5,731 | 1,002,224,986 | 6,319,330 | - | 6,319,330 | 0.63% | 1,103 |
| 2018 | 5,857 | 1,060,772,539 | 5,527,938 | - | 5,527,938 | 0.52% | 944 |
| 2019 | 5,850 | 1,121,712,544 | 4,783,360 | - | 4,783,360 | 0.43% | 818 |
| 2020 | 5,874 | 1,172,469,036 | 4,088,137 | - | 4,088,137 | 0.35% | 696 |
| 2021 | 6,152 | 1,227,113,001 | 10,468,665 | - | 10,468,665 | 0.85% | 1,702 |
| 2022 | 6,152 | 1,294,696,716 | 9,373,866 | - | 9,373,866 | 0.72% | 1,524 |

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

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

VILLAGE OF TEQUESTA, FLORIDA

LEGAL DEBT MARGIN INFORMATION

LAST TEN FISCAL YEARS

| | | |
|--|-----|------------------|
| Total Assessed Value | (1) | \$ 1,273,804,833 |
| Legal Debt Margin | | |
| Debt limitation - 10% of total assessed value of taxable real property | (2) | 127,380,483 |
| Total bonded debt outstanding | | - |
| Less amount in debt service fund | | - |
| Total Debt Applicable to Limitation | | - |
| Legal Debt Margin | | \$ 127,380,483 |

| | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 |
|-------------------|---------------|---------------|---------------|---------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Debt Limit | \$ 77,991,104 | \$ 81,633,154 | \$ 86,393,707 | \$ 93,098,342 | \$ 100,222,499 | \$ 106,077,254 | \$ 110,241,278 | \$ 115,153,412 | \$ 119,913,819 | \$ 127,380,483 |

| | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| Total Net Debt Applicable to Limit | - | - | - | - | - | - | - | - | - | - |
|---|---|---|---|---|---|---|---|---|---|---|

| | | | | | | | | | | |
|--------------------------|---------------|---------------|---------------|---------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Legal debt margin | \$ 77,991,104 | \$ 81,633,154 | \$ 86,393,707 | \$ 93,098,342 | \$ 100,222,499 | \$ 106,077,254 | \$ 110,241,278 | \$ 115,153,412 | \$ 119,913,819 | \$ 127,380,483 |
|--------------------------|---------------|---------------|---------------|---------------|----------------|----------------|----------------|----------------|----------------|----------------|

| | | | | | | | | | | |
|---|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| Total Net Debt Applicable to Limit as a Percentage of Debt Limit | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |
|---|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|

(1) Form DR-420 "Certification of 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, 2022

| Governmental Unit | (a) Net Debt Outstanding | (b) Estimate Percentage Applicable to Tequesta | Estimate Share of Direct and Overlapping Debt |
|-----------------------------------|-----------------------------|---|---|
| OVERLAPPING | | | |
| Palm Beach County | \$ 26,250,000 | 0.58% | \$ 153,098 |
| Palm Beach County School Board | 12,534,000 | 0.58% | <u>73,102</u> |
| Subtotal, overlapping debt | | | 226,200 |
| DIRECT DEBT | | | |
| Village of Tequesta | 7,029,479 | 100.00% | <u>7,029,479</u> |
| Total direct and overlapping debt | | | <u><u>\$ 7,255,679</u></u> |

(a) Sources: Palm Beach County and Palm Beach County 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 Palm Beach County taxable assessed value. (Data provided by the Palm Beach County Property Appraiser's Office)

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

VILLAGE OF TEQUESTA, FLORIDA

DEMOGRAPHIC AND ECONOMIC STATISTICS

LAST TEN FISCAL YEARS

| Fiscal Year | Population (1) | Personal Income (2) | Per Capita Personal Income (2) | Median Age (3) | Palm Beach County Unemployment Rate (4) |
|-------------|----------------|---------------------|--------------------------------|----------------|---|
| 2013 | 5,652 | \$ 314,409,456 | \$ 55,628 | 49.9 | 7.1% |
| 2014 | 5,629 | 326,397,565 | 57,985 | 49.9 | 6.0% |
| 2015 | 5,665 | 379,067,810 | 66,914 | 49.9 | 5.3% |
| 2016 | 5,699 | 391,766,357 | 68,743 | 49.9 | 5.2% |
| 2017 | 5,731 | 412,322,526 | 71,946 | 49.9 | 3.7% |
| 2018 | 5,857 | 437,834,178 | 74,754 | 49.9 | 3.1% |
| 2019 | 5,850 | 466,596,000 | 79,760 | 49.9 | 3.2% |
| 2020 | 5,874 | 489,116,232 | 83,268 | 49.9 | 6.6% |
| 2021 | 6,152 | 538,164,656 | 87,478 | 49.9 | 4.1% |
| 2022 | 6,152 | 619,057,304 | 100,627 | 49.9 | 2.6% |

Sources:

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

VILLAGE OF TEQUESTA, FLORIDA

PRINCIPAL EMPLOYERS - PALM BEACH COUNTY

CURRENT YEAR AND NINE YEARS AGO

| Employer (service providing) | 2022 | | | 2013 | | |
|--|-----------|------|---------------------------------------|-----------|------|---------------------------------------|
| | Employees | Rank | Percentage of Total County Employment | Employees | Rank | Percentage of Total County Employment |
| Palm Beach County School District | 22,426 | 1 | N/A | 20,810 | 1 | N/A |
| Palm Beach County Board of County Commissioners | 5,753 | 2 | N/A | 11,000 | 2 | N/A |
| Tenet Coastal Division Palm Beach County | 5,734 | 3 | N/A | 6,100 | 3 | N/A |
| NextEra Energy, Inc. (Hdqtrs) / Florida Power & Light | 5,330 | 4 | N/A | 3,804 | 4 | N/A |
| Florida Atlantic University | 5,059 | 5 | N/A | 2,980 | 6 | N/A |
| Boca Raton Regional Hospital | 3,135 | 6 | N/A | 2,250 | 10 | N/A |
| Veterans Health Administration | 2,600 | 7 | N/A | 2,700 | 8 | N/A |
| Hospital Corporation of America (HCA) | 2,419 | 8 | N/A | 2,714 | 7 | N/A |
| The Breakers | 2,300 | 9 | N/A | | | |
| Baptist Health South Florida (prev. Bethesda Hospital) | 2,282 | 10 | N/A | 2,643 | 9 | N/A |
| G4S (Wackenhut Corporation) | | | | 3,000 | 5 | N/A |
| | 57,038 | | N/A | 58,001 | | N/A |

Source: Business Development Board of Palm Beach County
 Employment information for the Town is not available
 N/A = not available
 * Updated figures unavailable at date of publication.

VILLAGE OF TEQUESTA, FLORIDA

FULL-TIME EMPLOYEES BY FUNCTION/PROGRAM

LAST TEN FISCAL YEARS

| Function/Program | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 |
|---------------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|--------------|-------------|-------------|-------------|
| Governmental Activities | | | | | | | | | | |
| General government | 11.5 | 10.5 | 10.3 | 10.3 | 10.8 | 11.8 | 13.3 | 12.9 | 12.8 | 12.8 |
| Public safety | 53.0 | 51.0 | 51.0 | 52.0 | 53.0 | 52.0 | 53.6 | 50.0 | 50.0 | 54.0 |
| Transportation | 5.0 | 5.0 | 5.9 | 6.9 | 8.1 | 7.1 | 8.3 | 5.3 | 6.7 | 6.7 |
| Leisure services | 3.0 | 3.0 | 3.0 | 3.0 | 3.0 | 3.0 | 3.0 | 3.0 | 3.0 | 4.0 |
| Total Governmental Activities | <u>72.5</u> | <u>69.5</u> | <u>70.2</u> | <u>72.2</u> | <u>74.9</u> | <u>73.9</u> | <u>78.2</u> | <u>71.2</u> | <u>72.5</u> | <u>77.5</u> |
| Business-type Activities | | | | | | | | | | |
| Water | 16.5 | 16.5 | 18.6 | 18.6 | 20.4 | 20.9 | 22.1 | 21.2 | 19.9 | 19.9 |
| Stormwater | 1.0 | 1.0 | 1.2 | 2.2 | 1.7 | 1.7 | 1.7 | 1.7 | 1.7 | 1.7 |
| Total Business-type Activities | <u>17.5</u> | <u>17.5</u> | <u>19.8</u> | <u>20.8</u> | <u>22.1</u> | <u>22.6</u> | <u>23.8</u> | <u>22.9</u> | <u>21.6</u> | <u>21.6</u> |
| Total Primary Government | <u>90.0</u> | <u>87.0</u> | <u>90.0</u> | <u>93.0</u> | <u>97.0</u> | <u>97.0</u> | <u>102.0</u> | <u>94.0</u> | <u>94.0</u> | <u>99.0</u> |

Source: Village of Tequesta Finance Department

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

VILLAGE OF TEQUESTA, FLORIDA

OPERATING INDICATORS BY FUNCTION/PROGRAM

LAST TEN FISCAL YEARS

| | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 |
|--|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|
| Governmental Activities | | | | | | | | | | |
| General government | | | | | | | | | | |
| Registered voters | 4,854 | 4,702 | 4,634 | 4,813 | 4,017 | 4,951 | 5,056 | 5,204 | 4,971 | 4,960 |
| Public safety: | | | | | | | | | | |
| No. of full-time certified police officers | 18 | 20 | 19 | 18 | 19 | 19 | 19 | 19 | 20 | 21 |
| No. of calls received | 3,571 | 3,548 | 3,853 | 3,109 | 3,442 | 3,443 | 3,614 | 3,571 | 2,375 | 2,735 |
| No. of arrests | 136 | 168 | 174 | 94 | 108 | 69 | 61 | 46 | 40 | 43 |
| No. of parking violations | 328 | 120 | 207 | 61 | 39 | 20 | 48 | 48 | 34 | - |
| No. of incident numbers issued | 691 | 725 | 552 | 345 | 312 | 254 | 259 | 181 | 280 | 434 |
| Fire department: | | | | | | | | | | |
| No. of full-time certified firefighters | 21 | 18 | 22 | 22 | 22 | 22 | 21 | 21 | 21 | 22 |
| No. of emergency responses | 1,372 | 1,197 | 1,291 | 1,409 | 1,286 | 1,227 | 1,168 | 1,226 | 1,186 | 1,174 |
| No. of transports | 675 | 693 | 1,006 | 817 | 722 | 724 | 721 | 1,017 | 684 | 941 |
| No. of fires extinguished/alarms | 697 | 504 | 285 | 254 | 309 | 267 | 206 | 323 | 263 | 164 |
| No. of inspections | 539 | 713 | 499 | 654 | 742 | 608 | 767 | 405 | 558 | 648 |
| Building, zoning: | | | | | | | | | | |
| No. of building permits issued | 914 | 929 | 1,034 | 1,583 | 1,755 | 1,356 | 1,226 | 1,198 | 1,412 | 1,522 |
| No. of building inspections conducted | 2,176 | 2,201 | 1,705 | 2,472 | 3,017 | 2,634 | 2,649 | 2,611 | 2,429 | 3,857 |
| Leisure services: | | | | | | | | | | |
| No. of Spring Classes | 10 | 8 | 8 | 12 | 10 | 10 | 10 | 7 | 4 | 14 |
| No. of Summer Classes | 4 | 4 | 4 | 4 | 4 | 4 | 4 | - | 1 | 18 |
| No. of Movies | 3 | 4 | 3 | 3 | 3 | 3 | 2 | - | - | 1 |
| Business-type Activities | | | | | | | | | | |
| Water: | | | | | | | | | | |
| No. of customers | 5,037 | 5,039 | 5,038 | 5,055 | 5,042 | 5,087 | 5,084 | 5,070 | 5,070 | 5,087 |
| Average daily consumption | 2.454 mg | 2.422 mg | 2.500 mg | 2.600 mg | 2.700 mg | 2.781 mg | 2.642 mg | 2.656 mg | 2.573 mg | 2.626 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 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 |
|---|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| Governmental Activities | | | | | | | | | | |
| General government: | | | | | | | | | | |
| Municipal center | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Public safety | | | | | | | | | | |
| Police: | | | | | | | | | | |
| No. of stations | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| No. of patrol units | 10 | 11 | 10 | 12 | 10 | 12 | 11 | 11 | 12 | 13 |
| Fire: | | | | | | | | | | |
| No. of stations | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 2 | 1 | 1 |
| No. of ambulances | 3 | 3 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 |
| No. of pumpers | 3 | 3 | 3 | 3 | 2 | 2 | 2 | 2 | 2 | 2 |
| Transportation: | | | | | | | | | | |
| Miles of street lane miles | 24 | 24 | 24 | 24 | 24 | 24 | 24 | 24 | 24 | 24 |
| No. of bridges | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Leisure services | | | | | | | | | | |
| No. of parks | 5 | 6 * | 6 | 6 | 7 | 7 | 7 | 7 | 7 | 6 |
| No. of park acreage | 54 | 62 * | 62 | 62 | 62 | 62 | 62 | 62 | 62 | 60 |
| No. of playgrounds | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 |
| No. of baseball/softball diamonds | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 |
| No. of skate-parks | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Business-type activities: | | | | | | | | | | |
| Water: | | | | | | | | | | |
| Miles of water mains | 73 | 73 | 73 | 77 | 77 | 77 | 77 | 72 | 74 | 74 |
| No. of fire hydrants | 433 | 409 | 430 | 456 | 435 | 435 | 435 | 579 | 580 | 580 |
| Storage capacity (thousands of gallons) | 2,750 | 2,750 | 2,750 | 2,750 | 2,750 | 2,750 | 2,750 | 2,750 | 2,750 | 2,750 |

Sources: Various Village departments

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



REPORTING SECTION



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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Tequesta, Florida (the "Village"), as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements and have issued our report thereon dated March 8, 2023.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Village's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion 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 or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

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

Purpose of this Report

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

Bradenton, Florida
March 8, 2023

Mauldin & Jenkins, LLC



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED
BY THE UNIFORM GUIDANCE**

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

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the Village of Tequesta, Florida's (the "Village") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the Village's major federal program for the year ended September 30, 2022. The Village's major federal program is identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

In our opinion, the Village complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2022.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance 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 the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Village and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Village's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Village's federal programs.

Auditor's Responsibilities for the Audit on Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Village's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Village's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Village's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Village's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Village's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Bradenton, Florida
March 8, 2023

Mauldin & Jenkins, LLC

VILLAGE OF TEQUESTA, FLORIDA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

| Program Title | Pass Through Organization | Federal CFDA Number | Pass Through Entity Number | Expenditures |
|--|---------------------------------------|---------------------------|-------------------------------------|-------------------------|
| Federal Awards | | | | |
| <u>U.S. Department of Justice</u> | | | | |
| Coronavirus Emergency Supplemental Funding | Florida Department of Law Enforcement | 16.034 | 2021-CERF-PALM-7-5A-042 | \$ 43,509 |
| Edward Byrne Memorial Justice Assistance Grant Program | N/A | 16.738 | | <u>6,056</u> |
| Total U.S. Department of Justice | | | | <u>49,565</u> |
| <u>U.S. Department of Treasury</u> | | | | |
| Equitable Sharing Program | N/A | 21.016 | | 118,335 |
| Coronavirus State and Local Fiscal Recovery Funds (ARPA) | Florida Division of Emergency Mgmt | 21.027 | Y5306 | <u>1,537,120</u> |
| Total U.S. Department of Treasury | | | | <u>1,655,455</u> |
| TOTAL FEDERAL FINANCIAL ASSISTANCE | | | | <u><u>1,705,020</u></u> |

VILLAGE OF TEQUESTA, FLORIDA

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

Note 1 - Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (Schedule) includes the Federal award activity of the Village of Tequesta, Florida (the Village) under programs of the Federal government for the fiscal year ended September 30, 2022. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements of Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Village, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Village.

Note 2 - Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Note 3 - Contingency

The grant revenue amounts received are subject to audit and adjustment. If any expenditures are disallowed by a grantor agency as a result of such an audit, any claim for reimbursement to the grantor agencies would become a liability of the Village. In the opinion of management, all grant expenditures are in compliance with the terms of the grant agreements and applicable federal and state laws and regulations.

Note 4 - De-Minimus Indirect Cost Rate

During fiscal year ended September 30, 2022, the Village did not use the de-minimus indirect cost rate.

No amounts were passed to sub-receipients.

VILLAGE OF TEQEUSTA, FLORIDA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

SECTION I
SUMMARY OF AUDIT RESULTS

Financial Statements

Type of report the auditor issued on whether the financial statements were prepared in accordance with GAAP: Unmodified

Internal control over financial reporting:
Material weaknesses identified? yes no

Significant deficiencies identified not considered to be material weaknesses? yes none reported

Noncompliance material to financial statements noted? yes no

Federal Programs

Internal control over major federal programs:
Material weaknesses identified? yes no

Significant deficiencies identified not considered to be material weaknesses? yes none reported

Type of auditor's report issued on compliance for major federal programs? Unmodified

Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance? yes no

| <u>AL Number</u> | <u>Name of Federal Program or Cluster</u> |
|------------------|--|
| 21.027 | U.S. Department of the Treasury - Coronavirus Relief Fund |

Dollar threshold used to distinguish between type A and Type B federal programs: \$750,000

Auditee qualified as low-risk auditee? yes no

State Financial Assistance Projects

There was not an audit of major state financial assistance projects as of September 30, 2022 due to the total amount expended being less than \$750,000.

VILLAGE OF TEQEUSTA, FLORIDA

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022**

**SECTION II
FINANCIAL STATEMENT FINDINGS AND RESPONSES**

None reported.

**SECTION III
FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS**

None noted.

**SECTION IV
STATE PROJECTS FINDINGS AND QUESTIONED COSTS**

Not applicable.

VILLAGE OF TEQEUSTA, FLORIDA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

STATUS OF PRIOR YEAR AUDIT FINDINGS

None noted.



INDEPENDENT AUDITOR'S MANAGEMENT LETTER

**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, 2022 and have issued our report thereon dated March 8, 2023.

Auditor's Responsibility

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); and Chapter 10.550, Rules of the Auditor General.

Other Reporting Requirements

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*; Independent Auditor's Report on Compliance for Each Major Federal Program and Report on Internal Control over Compliance; Schedule of Findings and Questioned Costs; and Independent Accountant's Report on an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports and schedule, which are dated March 8, 2023 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 findings or recommendations in the preceding annual financial report requiring correction.

Official Title and Legal Authority

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

Financial Condition and Management

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

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

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

Additional Matters

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

Purpose of this Letter

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

Mauldin & Jenkins, LLC

Bradenton, Florida
March 8, 2023



INDEPENDENT ACCOUNTANT'S REPORT

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

We have examined the Village of Tequesta, Florida's (the "Village") compliance with Section 218.415, Florida Statutes, regarding the investment of public funds during the year ended September 30, 2022. Management is responsible for the Village's compliance with those 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 and, accordingly, included examining, on a test basis, evidence about the Village's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the Village's compliance with specified requirements.

We are required to be independent and to meet our ethical responsibilities in accordance with relevant ethical requirements relating to the examination engagement.

In our opinion, the Village complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2022.

This report is intended solely for the information and use of the Village and the Auditor General, State of Florida, and is not intended to be and should not be used by anyone other than these specified parties.

Bradenton, Florida
March 8, 2023

A handwritten signature in black ink that reads "Mauldin & Jenkins, LLC". The signature is written in a cursive, flowing style.