

The Village of

ROYAL PALM BEACH

FLORIDA



1050 Royal Palm Beach Blvd.
Royal Palm Beach, FL 33411

Comprehensive Annual Financial Report

For the FISCAL YEAR ENDED September 30, 2019

INTRODUCTORY SECTION

COMPREHENSIVE ANNUAL FINANCIAL REPORT
VILLAGE OF ROYAL PALM BEACH, FLORIDA
Fiscal Year Ended September 30, 2019

Prepared by the Finance Department

VILLAGE OF ROYAL PALM BEACH, FLORIDA
 COMPREHENSIVE ANNUAL FINANCIAL REPORT

SEPTEMBER 30, 2019

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Village of Royal Palm Beach, Florida

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Department of Finance
Stanley G. Hochman, Director

February 25, 2020

Mayor Fred Pinto
Vice Mayor Selena Samios
Councilman Jeff Hmara
Councilwoman Jan Rodusky
Councilman Richard Valuntas

The Honorable Mayor and Village Council:

State law requires that all general-purpose local governments publish within nine months of the close of each fiscal year a complete set of financial statements presented in conformity with U.S. generally accepted accounting principles (GAAP) and audited in accordance with U.S. generally accepted auditing standards by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the comprehensive annual financial report of the Village of Royal Palm Beach for the fiscal year ended September 30, 2019.

This report consists of management's representations concerning the finances of the Village of Royal Palm Beach. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of the Village of Royal Palm Beach has established a comprehensive internal control framework that is designed both to protect the Village assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the Village of Royal Palm Beach's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the Village of Royal Palm Beach's comprehensive framework of internal controls has been designed to provide reasonable, rather than absolute, assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The Village of Royal Palm Beach's financial statements have been audited by Caler, Donten, Levine, Cohen, Porter & Veil, P.A., a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the Village of Royal Palm Beach for the fiscal year ended, September 30, 2019 are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the Village of Royal Palm Beach's financial statements for the fiscal year ended September 30, 2019, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

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

Profile of the Government

The Village of Royal Palm Beach, incorporated in 1959, is located in the central western part of Palm Beach County, which is considered to be a top growth area in the County, and one of the top growth areas in the State. The Village of Royal Palm Beach currently occupies a land area of 12 square miles and serves a population of approximately 37,100. The Village of Royal Palm Beach is empowered to levy a property tax on both real and personal properties located within its boundaries. It also is empowered by state statute to extend its corporate limits by annexation, which occurs periodically when deemed appropriate by the Village Council.

The Village of Royal Palm Beach has operated under the Council-Manager form of government since 1959. Policy-making and legislative authority are vested in the Village Council consisting of the Mayor and four Council members. The Village Council is responsible, among other things, for passing ordinances, adopting the budget, appointing committees, and hiring both the Village Manager and Attorney. The Village Manager is responsible for carrying out the policies and ordinances of the Village Council, for overseeing the day-to-day operations of the government, and for appointing the heads of the various departments. The Council is elected on a non-partisan basis. Council members serve two-year staggered terms. The Mayor is also elected to serve a two-year term. The Mayor and the four Council members are elected at large.

The Village provides general municipal services such as recreation, public works, cultural events, and Stormwater utility services. Police services are provided under contract by the Palm Beach County Sheriff and Fire/EMS services are provided by Palm Beach County Fire Rescue. Water and Wastewater utilities are provided by Palm Beach County Utilities subsequent to the sale of our utility in April 2006.

The annual budget serves as the foundation for the Village of Royal Palm Beach's financial planning and control. The Village is legally required to adopt a budget for the General and Stormwater Utility Fund. The Village of Royal Palm Beach's budget process begins in April with a staff meeting between the Village Manager and Department Heads to review budget philosophy and develop overall goals and objectives. All departments of the Village of Royal Palm Beach are required to submit requests for appropriation to the Village Manager on or before the second week in May each year. The Village Manager uses these requests as the starting point for developing a proposed budget. The Village Manager then presents this proposed budget to the Council for review prior to July 10. The Council is required to hold public hearings on the proposed budget and to adopt a final budget by no later than September 30, the close of the Village of Royal Palm Beach's fiscal year. The appropriated budget uses the Budgeting by Activity (Division) and Objective process in the formulation of its budget. Departmental Budgets include an Organizational Chart and Recap page. Each department is divided into major activities or programs, which are performed by that department. Individual activity budgets include an Objective/Performance page and a Budgetary Account Summary. The Objective/Performance page presents a brief review of the activity description, activity service objectives and quantitative performance/workload indicators, number of personnel and major budget level changes. The Budgetary Account Summary provides expenditure detail and a comparison of current and previous years' expenditures on a line item basis. The Budgetary Process is very valuable in communicating with the Council and citizens of the Village.

Factors Affecting Financial Condition

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

Local Economy: Overall, the projected value of the Village increased from \$2,695 billion to \$2,861 billion to during FY 2019 representing a 7.6% increase. This increase in overall valuation is a result of new residential, commercial, and industrial construction, as well as a general increase in the value of existing property. The Village of Royal Palm Beach has experienced a significant amount of both single family residential and multifamily residential development and a noticeable uptick in commercial development in 2018 and 2019 compared to recent fiscal years. There are also positive signs that the upward trend in development applications may continue through 2020 due to the activity in land use changes, site plan approvals; and annexations that occurred in 2016 through 2020.

The majority of residential units constructed between the years 2000 and 2006 were located primarily within the Madison Green, Anthony Groves, Bella Vita, Barcelona and The Estates residential communities. Since development of these projects has been completed, much of the residential construction occurred within PortoSol by Minto and buildout of The Enclave Multifamily development, in 2015. Currently the residential construction within the Village is centered around Cypress Key MXD, Pioneer Estates, Southern Boulevard Phase I North, and Lennar. In time the development of residential units will also be occurring within the Southern Boulevard Properties' Pods 2, 3, and 4. These current and future development projects possess valid development orders consisting of a total of 1,351 residential units of which none have been entirely completed.

Fiscal Years 2018 / 2019 saw an uptick in the amount of nonresidential construction occur within the commercial segment of the land development market, as compared to recent years past. Certificates of Occupancy and Building Permits were issued for the construction of 10,400 square feet of office space and a 6,846 square foot auto dealership building.

Long-Term Financial Planning: As a result of new developments utilizing a big portion of the vacant land within the Village, and with only limited opportunities to annex new vacant lands, it is estimated that the Village could potentially be built out by the end of 2030 in terms of new residential and nonresidential development.

Currently, it is anticipated that there are about 1,126 approved but unconstructed residential units (Southern Boulevard Properties' Pods 2, 3, and 4) available for actual construction during this timeframe without additional annexation. In the near future it is anticipated that the residential construction within the Village will revolve around these projects for the remainder of FY 2019/2020 and beyond.

It is anticipated that future industrial development will be concentrated within the Aldi Park PID, the remaining portion of Sawgrass Center, and various other industrial sites totaling 10.8 acres; and in all totaling 386,718 square feet. It is anticipated that these properties will support the industrial development within the Village for the next 5 to 10 years.

It is anticipated that commercial development will occur in the near future within the Cypress Key MXD and Lakeview Center. Other developments such as Corporate Center West, Parcel 115, Sawgrass PID, Southstar Self Storage, Waterway Plaza, and Village Professional Park; along with

additional properties that haven't received Site Plan approval but total 113.99 acres and will provide development potential for the Village in the longer term.

For the year:

During the year the following major accomplishments occurred:

- Updated the strategic plan for the Village with the continued assistance of a third party consultant who facilitated input from the Council, senior staff and the general public.
- Adopted a budget that maintains the Village's high levels of service while maintaining the current ad valorem tax rate.
- RV & boat storage lot phase II
- Sporting Center 3rd story improvements
- Okeechobee Blvd. lighting from Folsom to SR7
- Partridge Walkway Improvements
- Ponce De Leon Street/La Mancha Ave. re-construction

For the future:

Maintenance of the Village's general infrastructure (such as streets and storm drainage collection) remains a major concern of the Village. To address this concern, the Village each year prepares a five-year Capital Improvement Program that provides the framework for the development and maintenance of infrastructure to meet current and future needs.

The following are priority goals that the Village has adopted for fiscal year 2020:

- New Village Hall building
- Commons Park Access
- All Access Park
- E-permitting
- Counterpoint and The Colony ADA improvements
- Crestwood Blvd. re-surfacing and on-street bike path from Okeechobee Blvd. to Saratoga Blvd.
- FPL dry retention ponds
- Bob Marcello lighting
- Commons lighting
- Commons parking lot expansion
- Canal system dredging
- Street light conversion to LED
- Robiner Park kayak launch & ADA improvements

Financial Policies: The Village has adopted a comprehensive set of financial policies including, operating policies, revenue policies, investment policies, contingency policies, budgetary control, debt management and reserve policies for all major funds. The establishment of specific reserve policies is an important part of prudent financial management. Reserve policies reduce ambiguity and guide the creation, maintenance and use of resources for financial stabilization purposes. The Village was in compliance with all of its financial policies as of and for the year ended September 30, 2019.

Cash management policies and practices. Cash temporarily idle during the year is invested in a variety of long and short term fixed income securities. The Village contracts with PFM Asset

Management, LLC to invest idle funds in accordance with its investment policy. The primary objective of the Village of Royal Palm Beach's investment program is the protection of public funds. Investing is undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio. The primary objective is to mitigate credit risk and interest rate risk. The investment strategy further provides sufficient liquidity to meet the Village's operating, payroll and capital requirements.

Awards and Acknowledgements

Awards. The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Village of Royal Palm Beach for its comprehensive annual financial report (CAFR) for the fiscal year ended September 30, 2018. This was the twenty-eighth consecutive year that the Village has received this prestigious award.

In order to be awarded a Certificate of Achievement, the government must publish an easily readable and efficiently organized CAFR. This report satisfied both GAAP and applicable legal requirements. The contents must conform to program standards, generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR continues to conform to the Certificate of Achievement Program requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

In addition, the Village also received the GFOA's Distinguished Budget Presentation Award for its 2018/2019 annual budget document. This was the twenty-second consecutive year that the Village has received this prestigious award. In order to qualify for the Distinguished Budget Presentation Award, the Village's budget document was judged to be proficient in several categories, including as a policy document, a financial plan, an operations guide, and a communications device.

Acknowledgements. The preparation of this report would not have been possible without the efficient and dedicated services of the entire staff of the finance and administration department. We would like to express our appreciation to all members of the department who assisted and contributed to the preparation of this report. Credit also must be given to the Mayor and Council members for their unfailing support for maintaining the highest standards of professionalism in the management of the Village of Royal Palm Beach's finances.

Respectfully submitted,



Raymond C. Liggins
Village Manager



Stanley G Hochman CGFM
Director of Finance



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**Village of Royal Palm Beach
Florida**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

September 30, 2018

Christopher P. Morill

Executive Director/CEO



GOVERNMENT FINANCE OFFICERS ASSOCIATION

*Distinguished
Budget Presentation
Award*

PRESENTED TO

**Village of Royal Palm Beach
Florida**

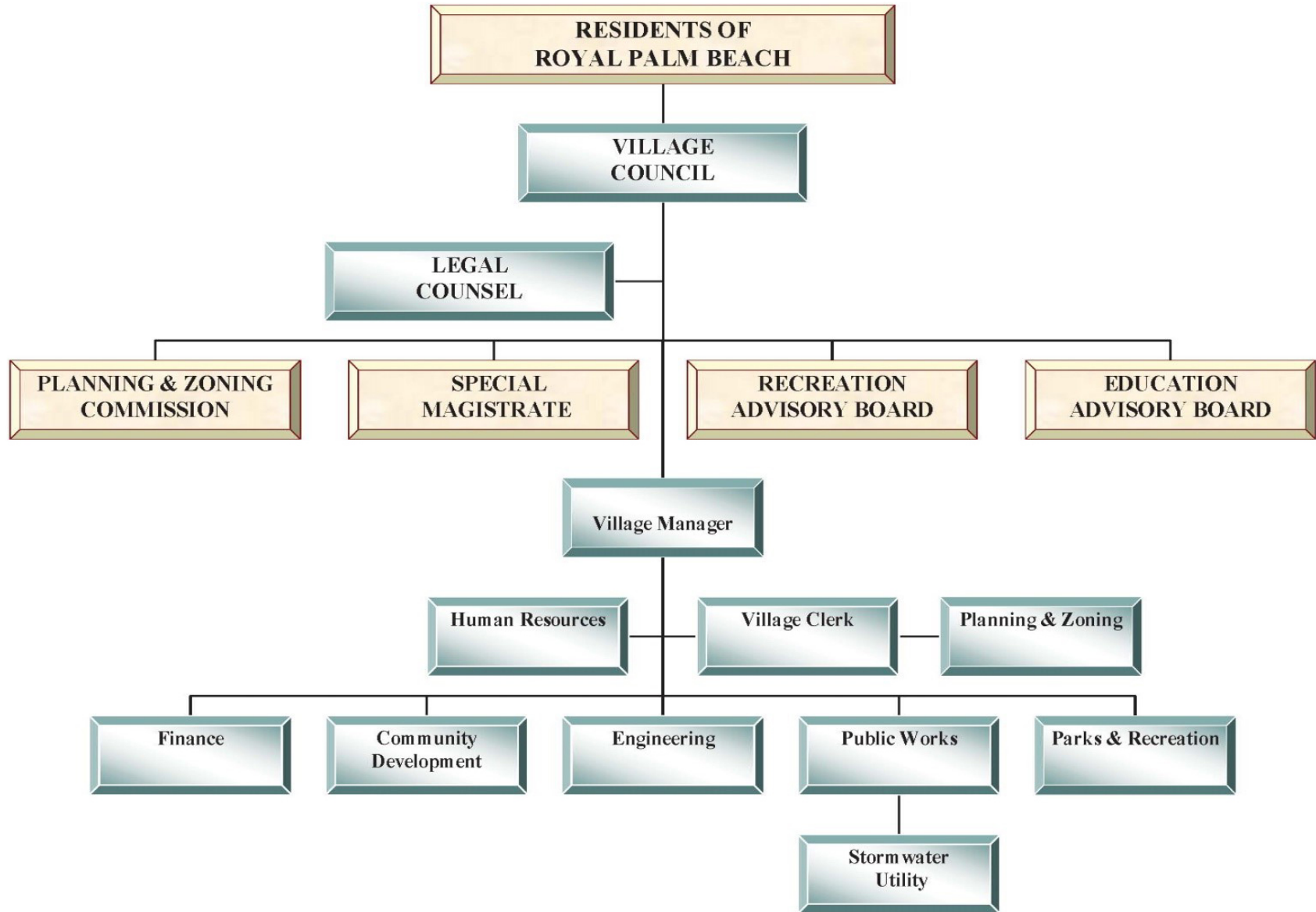
For the Fiscal Year Beginning

October 1, 2018

Christopher P. Morill

Executive Director

Village of Royal Palm Beach Organizational Chart



VILLAGE OF ROYAL PALM BEACH

LIST OF PRINCIPAL OFFICIALS

September 30, 2019

Mayor Fred Pinto

Vice-Mayor Jan Rodusky

Councilman Jeff Hmara

Councilwoman..... Selena Samios

Councilman Richard Valuntas

Village Manager Raymond C. Liggins

Director of Human Resources Monika Bowles

Village Clerk Diane DiSanto

Director of Community Development Robert Hill

Director of Finance Stanley G. Hochman

Village Engineer Christopher Marsh

Director of Planning and Zoning Bradford O'Brien

Director of Information Systems Marina Quintero

Director of Parks and Recreation Louis Recchio

Director of Public Works Paul Webster

Village Attorney Jennifer G. Ashton

FINANCIAL SECTION



CALER, DONTEN, LEVINE, COHEN, PORTER & VEIL, P.A.

WILLIAM K. CALER, JR., CPA
LAURA E. CLARK, CPA
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JAMES B. HUTCHISON, CPA
JOEL H. LEVINE, CPA
JAMES F. MULLEN, IV, CPA
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CERTIFIED PUBLIC ACCOUNTANTS

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MEMBERS
AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS

FLORIDA INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditor's Report

The Honorable Mayor and Members
of the Village Council
Village of Royal Palm Beach
Royal Palm Beach, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Village of Royal Palm Beach, Florida, as of and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Village of Royal Palm Beach, Florida, as of September 30, 2019, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with U.S. generally accepted accounting principles.

Other Matters

Required Supplementary Information

U.S. generally accepted accounting principles require that the management's discussion and analysis on pages 4 to 10, the budgetary comparison information on pages 53 to 58 and the pension and other postemployment benefits information on pages 59 to 62 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with U.S. generally accepted auditing standards, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village's basic financial statements. The introductory section, the combining fund financial statements, and the statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The combining fund financial statements and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with U.S. generally accepted auditing standards. In our opinion, the combining 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.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 25, 2020, on our consideration of the internal control over financial reporting of the Village of Royal Palm Beach, Florida, 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.

*Cale, Dಂತen, Levine,
Cohen, Porter & Veil, P.A.*

West Palm Beach, Florida
February 25, 2020

MANAGEMENT'S DISCUSSION AND ANALYSIS

The Village of Royal Palm Beach's Management's Discussion and Analysis (MD&A) is designed to provide an objective and easy to read analysis of the Village's financial activities based on currently known facts, decisions, and conditions. It is intended to provide a broad overview and short-term and long-term analysis of the Village's activities based on information presented in the financial statements. Specifically, this information is designed to assist the reader in focusing on significant financial issues, provide an overview of the Village's financial activity, identify changes in the Village's financial position, identify material deviations from the approved budget, and identify individual fund issues.

The information contained within this MD&A is only a component of the entire financial statement report. Readers should take time to read and evaluate all sections of the report, including the footnotes and the Required Supplementary Information that is provided in addition to this MD&A.

FINANCIAL HIGHLIGHTS

- The assets of the Village of Royal Palm Beach exceeded its liabilities at September 30, 2019, by \$165,010,815. Of this amount, unrestricted net position of \$75,476,044 may be used to meet the Village's ongoing obligations to citizens and creditors.
- The total net position of the Village increased by \$1,423,399. Of this amount, an increase of \$1,144,199 was associated with governmental activities and an increase of \$279,200 was associated with the business-type activities.
- As of the close of the current fiscal year, the Village of Royal Palm Beach's governmental funds reported combined ending fund balances of \$89,013,706, an increase of \$2,712,328 in comparison with that of the prior year. Of this amount, \$74,721,386 is unassigned, while \$4,192,646 has been assigned for subsequent year's expenditures, \$2,577,895 has been committed for capital projects, \$904,774 has been committed for recreation facilities, \$330,830 has been committed for community beautification, \$110,409 has been restricted for law enforcement and police education, \$5,973,992 has been restricted for capital projects, and \$201,774 of prepaid items have been classified as non-spendable.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$74,721,386, or 307% of total General Fund expenditures and other financing uses.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the Village of Royal Palm Beach's basic financial statements. The Village of Royal Palm Beach's basic financial statements are comprised of three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

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

The statement of net position presents information on all of the Village's assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position. Net position is the result of assets plus deferred outflows of resources minus liabilities and deferred inflows of resources. Over time,

increases or decreases in net position may serve as a useful indicator of whether the financial position of the Village is improving or deteriorating. The statement of activities presents information showing how the government'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, revenue and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

Both of the government-wide financial statements distinguish functions of the Village that are principally supported by taxes and intergovernmental revenue (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 of Royal Palm Beach include general government, public safety, public works, and culture and recreation. The business-type activities of the Village include the water and wastewater system and the stormwater management system.

Fund Financial Statements: Traditional users of governmental financial statements will find the fund financial statements presentation more familiar. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Village, like other state and local governments, uses fund accounting to ensure and demonstrate legal compliance with finance-related legal requirements. The Village's funds can be divided into three categories: governmental funds, proprietary funds and fiduciary funds.

Governmental Funds. The fund financial statements provide detailed information about the most significant funds – not the Village as a whole. Accordingly, two (2) major funds are reported individually in the governmental funds balance sheet and statement of revenue, expenditures and changes in fund balances. The remaining governmental funds are reported as a combined total. Major governmental funds for the year ended September 30, 2019, were:

- General Fund
- Impact Fee Capital Projects Fund

Proprietary Funds. Proprietary funds are used to account for revenue and expenses from services provided on a user-charge basis to the public. Proprietary fund activities are reported on the same accounting basis and measurement focus as the statement of net position and the statement of activities. This is similar to that found in the private sector and provides a periodic measurement of net income. The Village's proprietary activities are accounted for in enterprise funds for water and wastewater and for stormwater.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the Village's own programs. The accounting used for fiduciary funds is like that used for proprietary funds. The Village's Fiduciary Funds at September 30, 2019, were the General Employees Pension Trust Fund and the Police Pension Trust Fund.

Notes to the Financial Statements: The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found beginning on page 23 of this report.

Other Supplementary Information: In addition to the basic financial statements and accompanying notes, this report also presents certain other supplementary information. This includes budget versus actual comparisons for General Fund revenue and expenditures and various pension and other postemployment benefits related schedules (required supplementary information) and combining fund financial statements for the non-major governmental funds and fiduciary funds. This information is presented immediately after the basic financial statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. At September 30, 2019, the Village's assets exceeded liabilities by \$165,010,815. A large portion of the Village's net position (50%) reflects its investment in capital assets. Capital assets are used to provide services to citizens and they are not available for future spending.

The following analysis summarizes the net position as of September 30, 2019 and 2018:

	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Assets						
Current and other assets	\$ 91,433,221	\$ 89,218,736	\$ 1,429,095	\$ 1,066,759	\$ 92,862,316	\$ 90,285,495
Capital assets, net	<u>83,338,042</u>	<u>83,534,506</u>	<u>112,328</u>	<u>112,328</u>	<u>83,450,370</u>	<u>83,646,834</u>
Total assets	174,771,263	172,753,242	1,541,423	1,179,087	176,312,686	173,932,329
Deferred outflows of resources	2,739,179	3,146,321	141,438	165,944	2,880,617	3,312,265
Liabilities						
Other liabilities	2,419,515	2,917,358	40,893	18,750	2,460,408	2,936,108
Noncurrent liabilities	<u>10,084,414</u>	<u>8,972,153</u>	<u>987,187</u>	<u>942,224</u>	<u>11,071,601</u>	<u>9,914,377</u>
Total liabilities	12,503,929	11,889,511	1,028,080	960,974	13,532,009	12,850,485
Deferred inflows of resources	618,540	766,278	31,939	40,415	650,479	806,693
Net position						
Investment in capital assets	83,338,042	83,534,506	112,328	112,328	83,450,370	83,646,834
Restricted	6,084,401	4,088,102	-	-	6,084,401	4,088,102
Unrestricted	<u>74,965,530</u>	<u>75,621,166</u>	<u>510,514</u>	<u>231,314</u>	<u>75,476,044</u>	<u>75,852,480</u>
Total net position	<u>\$164,387,973</u>	<u>\$163,243,774</u>	<u>\$ 622,842</u>	<u>\$ 343,642</u>	<u>\$165,010,815</u>	<u>\$163,587,416</u>

An additional portion of net position (\$6,084,401 or 4%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position (\$75,476,044 or 46%) may be used to meet the Village's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the Village is able to report positive balances in all three categories of net position for the government as a whole. The same situation held true for the prior year.

The following analysis summarizes the changes in net position for the years ended September 30, 2019 and 2018:

	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Revenue						
Program revenue:						
Charges for services	\$ 3,414,803	\$ 3,586,306	\$ 1,116,573	\$ 905,257	\$ 4,531,376	\$ 4,491,563
Operating grants and contributions	1,090,899	717,726	-	-	1,090,899	717,726
Capital grants and contributions	1,961,586	2,264,669	-	-	1,961,586	2,264,669
General revenue:						
Taxes	13,503,419	13,034,550	-	-	13,503,419	13,034,550
State shared revenue	7,950,246	7,752,017	-	-	7,950,246	7,752,017
Investment earnings	3,521,218	462,214	18,913	-	3,540,131	462,214
Miscellaneous	-	-	32,100	32,100	32,100	32,100
Gain on sale of capital assets	<u>2,424</u>	<u>1,673,752</u>	<u>-</u>	<u>-</u>	<u>2,424</u>	<u>1,673,752</u>
Total revenue	<u>31,444,595</u>	<u>29,491,234</u>	<u>1,167,586</u>	<u>937,357</u>	<u>32,612,181</u>	<u>30,428,591</u>
Expenses						
General						
government	6,456,215	5,966,518	-	-	6,456,215	5,966,518
Public safety	9,853,312	9,480,280	-	-	9,853,312	9,480,280
Public works	6,877,689	7,237,176	-	-	6,877,689	7,237,176
Culture and recreation	7,113,180	6,895,654	-	-	7,113,180	6,895,654
Stormwater	<u>-</u>	<u>-</u>	<u>888,386</u>	<u>833,234</u>	<u>888,386</u>	<u>833,234</u>
Total expenses	<u>30,300,396</u>	<u>29,579,628</u>	<u>888,386</u>	<u>833,234</u>	<u>31,188,782</u>	<u>30,412,862</u>
Increase (Decrease) in Net Position	1,144,199	(88,394)	279,200	104,123	1,423,399	15,729
Net position at beginning of year	163,243,774	163,739,812	343,642	272,636	163,587,416	164,012,448
Restatement	<u>-</u>	<u>(407,644)</u>	<u>-</u>	<u>(33,117)</u>	<u>-</u>	<u>(440,761)</u>
Net position, restated	<u>163,243,774</u>	<u>163,332,168</u>	<u>343,642</u>	<u>239,519</u>	<u>163,587,416</u>	<u>163,571,687</u>
Net position at end of year	<u>\$164,387,973</u>	<u>\$163,243,774</u>	<u>\$ 622,842</u>	<u>\$ 343,642</u>	<u>\$165,010,815</u>	<u>\$163,587,416</u>

The Village's net position increased by \$1,423,399 during the fiscal year ended September 30, 2019. This increase is explained as follows:

Governmental activities: Governmental activities increased the Village's net position by \$1,144,199 representing a favorable change of \$1,232,593 from the prior year decrease of \$88,394. This change is primarily attributable to investment earnings.

Business-type activities: Business-type activities net position of the Village increased by \$279,200.

Financial Analysis of the Fund Financial Statements

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

Governmental Funds. The purpose of the Village's governmental fund financial statements 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 balances may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

At September 30, 2019, the Village's governmental funds reported combined ending fund balances of \$89,013,706, an increase of \$2,712,328 in comparison to that of the prior year. Of this amount, \$74,721,386 (83.9%) is unassigned fund balance, which is available for spending at the government's discretion. Of the total fund balance, \$4,192,646 has been assigned by the Village for subsequent years' expenditures. Funds have been committed for capital projects, recreation facilities and community beautification in the amounts of \$2,577,895, \$904,774, and \$330,830, respectively. Restricted funds for police education and law enforcement total \$110,409, while restricted funds for capital projects total \$5,973,992. The remaining fund balance of \$201,774 is nonspendable and consists of prepaid items.

The General Fund is the Village's chief operating fund. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$74,721,386, while the total General Fund fund balance was \$79,226,215. 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 307% of total General Fund expenditures and other financing uses, while total fund balance represents 326% of that same amount.

The fund balance of the Village's General Fund increased by \$2,206,597 during the current fiscal year, primarily as a result of investment earnings.

The Impact Fee Capital Projects Fund was established to account for the expenditure of impact fees on various capital improvement projects. The year end fund balance of \$2,577,895 is an increase of \$1,750,464 for 2019 and is primarily caused by a one million dollar transfer in from the General Fund, as well as fewer costs associated with ongoing projects compared to the prior year. All of the year end fund balance of \$2,577,895 is committed by the Village Council for capital projects' expenditures.

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

At September 30, 2019, the Village's enterprise funds reported a net position of \$622,842. Of this amount, the net position for the Village's Stormwater Utility Fund was \$427,556 at September 30, 2019, representing an increase \$268,932 in 2019 as a result of operations. The remaining enterprise fund, the Village's Water and Wastewater Utility System Fund, reported a net position of \$195,286 at September 30, 2019, representing an increase in net position of \$10,268 in 2019 as a result of investment earnings.

General Fund Budgetary Highlights

In comparing budgeted expenditures to actual expenditures, the following significant variances are considered noteworthy:

- Executive expenditures were approximately \$385,000 under budget primarily due to the elimination of a \$300,000 expenditure for the Metropolitan Planning Organization (MPO).
- Finance and administrative expenditures were approximately \$216,000 under budget primarily due to over budgeting salaries and health insurance.
- Non-departmental services expenditures were approximately \$214,000 under budget which was caused by over budgeting all of the costs in the utility services category, as well as several insurance costs.
- Community Development expenditures were approximately \$153,000 under budget as a result of savings in life/health insurance, professional service costs and other operating expenditures for both Building and Code Enforcement.
- Public works expenditures were approximately \$129,000 under budget as a result of unfilled positions and over-budgeted health and life insurance costs.
- Culture and Recreation department expenditures were approximately \$538,000 under budget as a result of unfilled positions and over-budgeted health and life insurance costs and retirement contributions, as well as other contractual services costs.

Capital assets. The Village's investment in capital assets for its governmental and business-type activities at September 30, 2019, amounts to approximately \$83,450,000 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements other than buildings, equipment, vehicles, infrastructure and construction in progress. Governmental activities capital asset additions totaled approximately \$4,742,000. The majority of the increases were for park improvements, road improvements and buildings. Additional information on the Village's capital assets can be found in Note C.

Long-term debt. At the end of the current fiscal year, the Village had no outstanding long-term debt.

Economic Factors

The State of Florida, by constitution, does not have a personal income tax and therefore the State operates primarily using sales, gasoline and corporate income taxes. Local governments primarily rely on property taxes and fees to fund their governmental activities. There is a limited amount of state-shared revenue and recurring and non-recurring grants.

While property taxes are important to the Village, they represent only 25% of budgeted General Fund revenues for 2019. However, when combined with other tax related revenues, such as utility service taxes, franchise fees, and business taxes, the percentage increases to 64%. Because of the decreased dependence upon property taxes, the Village's resources tend to keep pace with increased demand for services. Nevertheless, the Village monitors all of its resources and determines the need for program adjustment or fee increases accordingly.

Next Year's Budget

The 2020 budget will be somewhat more of a challenge than in previous years based on revenue streams from the sale of Village property that will no longer be available. Other than that issue, property values have increased and are expected to continue that trend in future years. Both residential and commercial construction is under way. Our stabilization fund monies will not be needed to maintain the tax rate at its current level, if property values continue to rise.

Per Village policy, our cash position remains strong and we have maintained adequate reserves for emergencies.

Requests for Information

This financial report is designed to provide a general overview of the Village of Royal Palm Beach's finances. Questions concerning any of the information provided in this report or requests for additional information should be directed to:

Finance Department
1050 Royal Palm Beach Boulevard
Royal Palm Beach, FL 33411
561-790-5100

BASIC FINANCIAL STATEMENTS

VILLAGE OF ROYAL PALM BEACH, FLORIDA

STATEMENT OF NET POSITION

September 30, 2019

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Equity in pooled cash and investments	\$ 12,181,788	\$ 1,199,641	\$ 13,381,429
Investments	75,960,026	-	75,960,026
Accrued interest receivable	342,259	-	342,259
Accounts receivable	731,541	-	731,541
Due from other governments	2,015,833	229,454	2,245,287
Prepaid expenses	201,774	-	201,774
Capital assets			
Capital assets not being depreciated	21,131,613	112,328	21,243,941
Capital assets being depreciated, net of accumulated depreciation	62,206,429	-	62,206,429
Total Assets	<u>174,771,263</u>	<u>1,541,423</u>	<u>176,312,686</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred amount related to pensions	2,739,179	141,438	2,880,617
LIABILITIES			
Accounts payable	407,999	16,605	424,604
Accrued payroll and related liabilities	343,573	24,288	367,861
Other liabilities	172,597	-	172,597
Contracts and retainage payable	448,365	-	448,365
Unearned revenue	1,046,981	-	1,046,981
Noncurrent liabilities			
Due within one year	33,221	500,000	533,221
Due in more than one year	631,208	-	631,208
Net pension liability	8,653,685	446,836	9,100,521
Other postemployment benefits liability	766,300	40,351	806,651
Total Liabilities	<u>12,503,929</u>	<u>1,028,080</u>	<u>13,532,009</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred amount related to pensions	618,540	31,939	650,479
NET POSITION			
Investment in capital assets	83,338,042	112,328	83,450,370
Restricted for public safety	110,409	-	110,409
Restricted for capital projects	5,973,992	-	5,973,992
Unrestricted	74,965,530	510,514	75,476,044
Total Net Position	<u>\$ 164,387,973</u>	<u>\$ 622,842</u>	<u>\$ 165,010,815</u>

See notes to financial statements.

VILLAGE OF ROYAL PALM BEACH, FLORIDA

STATEMENT OF ACTIVITIES

Year Ended September 30, 2019

Functions/Programs	Expenses	Program Revenue		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities				
General government	\$ 6,456,215	\$ 566,858	\$ 105,298	\$ 337,958
Public safety	9,853,312	1,870,694	364,344	-
Public works	6,877,689	480	621,257	1,094,562
Culture and recreation	7,113,180	976,771	-	529,066
Total Governmental Activities	30,300,396	3,414,803	1,090,899	1,961,586
Business-type activities				
Stormwater	888,386	1,116,573	-	-
Total Business-type Activities	888,386	1,116,573	-	-
Total	\$ 31,188,782	\$ 4,531,376	\$ 1,090,899	\$ 1,961,586

General revenue

Taxes

Property taxes

Franchise fees

Utility service taxes

Business taxes

State shared revenue, unrestricted

Investment earnings

Miscellaneous

Gain on sale of capital assets

Total General Revenue

Change in Net Position

Net position at October 1, 2018

Net Position at September 30, 2019

Net (Expense) Revenue and Changes in Net Position

<u>Governmental Activities</u>	<u>Business - Type Activities</u>	<u>Total</u>
\$ (5,446,101)	\$ -	\$ (5,446,101)
(7,618,274)	-	(7,618,274)
(5,161,390)	-	(5,161,390)
<u>(5,607,343)</u>	<u>-</u>	<u>(5,607,343)</u>
(23,833,108)	-	(23,833,108)
-	228,187	228,187
<u>-</u>	<u>228,187</u>	<u>228,187</u>
(23,833,108)	228,187	(23,604,921)
5,278,156	-	5,278,156
2,945,827	-	2,945,827
4,634,148	-	4,634,148
645,288	-	645,288
7,950,246	-	7,950,246
3,521,218	18,913	3,540,131
-	32,100	32,100
2,424	-	2,424
<u>24,977,307</u>	<u>51,013</u>	<u>25,028,320</u>
1,144,199	279,200	1,423,399
<u>163,243,774</u>	<u>343,642</u>	<u>163,587,416</u>
<u>\$ 164,387,973</u>	<u>\$ 622,842</u>	<u>\$ 165,010,815</u>

See notes to financial statements.

VILLAGE OF ROYAL PALM BEACH, FLORIDA

BALANCE SHEET - GOVERNMENTAL FUNDS

September 30, 2019

	Major Governmental Funds			Total Governmental Funds
	General Fund	Impact Fee Capital Projects Fund	Other Governmental Funds	
ASSETS				
Equity in pooled cash and investments	\$ 3,371,799	\$ 1,794,123	\$ 7,015,866	\$ 12,181,788
Investments	74,976,947	983,079	-	75,960,026
Accrued interest receivable	342,259	-	-	342,259
Accounts receivable	731,541	-	-	731,541
Due from other governments	1,368,963	175,000	471,870	2,015,833
Prepaid items	201,774	-	-	201,774
TOTAL ASSETS	\$ 80,993,283	\$ 2,952,202	\$ 7,487,736	\$ 91,433,221
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
LIABILITIES				
Accounts payable	\$ 203,917	\$ -	\$ 204,082	\$ 407,999
Accrued payroll and related liabilities	343,573	-	-	343,573
Other liabilities	172,597	-	-	172,597
Contracts and retainage payable	-	374,307	74,058	448,365
TOTAL LIABILITIES	720,087	374,307	278,140	1,372,534
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue	1,046,981	-	-	1,046,981
FUND BALANCES				
Nonspendable:				
Prepaid items	201,774	-	-	201,774
Restricted for:				
Police education	87,932	-	-	87,932
Law enforcement	22,477	-	-	22,477
Capital projects	-	-	5,973,992	5,973,992
Committed for:				
Capital projects	-	2,577,895	-	2,577,895
Recreation facilities	-	-	904,774	904,774
Community beautification	-	-	330,830	330,830
Assigned for:				
Subsequent year's expenditures	4,192,646	-	-	4,192,646
Unassigned	74,721,386	-	-	74,721,386
TOTAL FUND BALANCES	79,226,215	2,577,895	7,209,596	89,013,706
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 80,993,283	\$ 2,952,202	\$ 7,487,736	\$ 91,433,221

See notes to financial statements.

VILLAGE OF ROYAL PALM BEACH, FLORIDA

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES
TO NET POSITION OF GOVERNMENTAL ACTIVITIES

September 30, 2019

Total Governmental Fund Balances	\$ 89,013,706
 <i>Amounts reported for governmental activities in the statement of net position are different because:</i>	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	
Governmental capital assets	206,921,652
Less accumulated depreciation	(123,583,610)
Deferred outflows/inflows of resources related to pensions for defined benefit pension plans are reported in the statement of net position but are not reported in the governmental funds.	
Deferred outflows of resources related to pensions	2,739,179
Deferred inflows of resources related to pensions	(618,540)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.	
Compensated absences	(664,429)
Net pension liability	(8,653,685)
Other postemployment benefits liability	(766,300)
	<hr/>
Net Position of Governmental Activities	\$ 164,387,973
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See notes to financial statements.

VILLAGE OF ROYAL PALM BEACH, FLORIDA

STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS

Year Ended September 30, 2019

	Major Governmental Funds			Total Governmental Funds
	General Fund	Impact Fee Capital Projects Fund	Other Governmental Funds	
REVENUE				
Ad valorem taxes	\$ 5,278,156	\$ -	\$ -	\$ 5,278,156
Franchise fees	2,945,827	-	-	2,945,827
Utility service taxes	4,634,148	-	-	4,634,148
Business taxes	645,288	-	-	645,288
Licenses and permits	1,265,113	-	-	1,265,113
Intergovernmental revenue	6,262,352	759,386	2,785,748	9,807,486
Charges for services	521,190	-	-	521,190
Fines and forfeitures	522,063	-	-	522,063
Miscellaneous				
Investment earnings	3,341,307	44,062	135,849	3,521,218
Impact fees	-	1,099,171	-	1,099,171
Conditions of approval	-	-	78,029	78,029
Other	1,036,184	-	-	1,036,184
Total Revenue	<u>26,451,628</u>	<u>1,902,619</u>	<u>2,999,626</u>	<u>31,353,873</u>
EXPENDITURES				
Current				
General government	5,696,398	-	239,626	5,936,024
Public safety	9,540,718	-	53,672	9,594,390
Public works	3,432,228	-	125,640	3,557,868
Culture and recreation	4,625,857	-	276,049	4,901,906
Capital outlay	40,552	1,152,155	3,549,372	4,742,079
Total Expenditures	<u>23,335,753</u>	<u>1,152,155</u>	<u>4,244,359</u>	<u>28,732,267</u>
REVENUE OVER (UNDER) EXPENDITURES	3,115,875	750,464	(1,244,733)	2,621,606
OTHER FINANCING SOURCES (USES)				
Insurance recoveries	88,298	-	-	88,298
Proceeds from sale of capital assets	2,424	-	-	2,424
Transfers in	-	1,000,000	-	1,000,000
Transfers out	(1,000,000)	-	-	(1,000,000)
Total Other Financing Sources (Uses)	<u>(909,278)</u>	<u>1,000,000</u>	<u>-</u>	<u>90,722</u>
Net Change in Fund Balances	2,206,597	1,750,464	(1,244,733)	2,712,328
FUND BALANCES at October 1, 2018	<u>77,019,618</u>	<u>827,431</u>	<u>8,454,329</u>	<u>86,301,378</u>
FUND BALANCES at September 30, 2019	<u>\$ 79,226,215</u>	<u>\$ 2,577,895</u>	<u>\$ 7,209,596</u>	<u>\$ 89,013,706</u>

See notes to financial statements.

VILLAGE OF ROYAL PALM BEACH, FLORIDA

RECONCILIATION OF THE STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

Year Ended September 30, 2019

Net change in fund balances - total governmental funds	\$ 2,712,328
<i>Amounts reported for governmental activities in the statement of activities are different because:</i>	
Governmental funds report capital outlays as expenditures, however, in the statement of activities, the cost of those assets is depreciated over their estimated useful lives.	
Expenditures for capital assets	4,742,079
Less current year depreciation	(4,938,543)
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.	
Compensated absences	(76,596)
Other postemployment benefits expense	(72,820)
Pension expense	<u>(1,222,249)</u>
Change in net position of governmental activities	<u>\$ 1,144,199</u>

See notes to financial statements.

VILLAGE OF ROYAL PALM BEACH, FLORIDA

STATEMENT OF NET POSITION - ENTERPRISE FUNDS

September 30, 2019

	Major Funds		Total Enterprise Funds
	Water and Wastewater Utility System Fund	Stormwater Utility Fund	
ASSETS			
Current Assets			
Equity in pooled cash and investments	\$ 582,958	\$ 616,683	\$ 1,199,641
Due from other governments	-	229,454	229,454
Total Current Assets	582,958	846,137	1,429,095
Noncurrent Assets			
Capital assets - land	112,328	-	112,328
Total Assets	695,286	846,137	1,541,423
DEFERRED OUTFLOWS OF RESOURCES			
Deferred amount related to pensions	-	141,438	141,438
LIABILITIES			
Current Liabilities			
Accounts payable	-	16,605	16,605
Accrued payroll and related liabilities	-	24,288	24,288
Accrued decommissioning costs	500,000	-	500,000
Total Current Liabilities	500,000	40,893	540,893
Noncurrent Liabilities			
Net pension liability	-	446,836	446,836
Other postemployment benefits liability	-	40,351	40,351
Total Liabilities	500,000	528,080	1,028,080
DEFERRED INFLOWS OF RESOURCES			
Deferred amount related to pensions	-	31,939	31,939
NET POSITION			
Investment in capital assets	112,328	-	112,328
Unrestricted	82,958	427,556	510,514
Total Net Position	\$ 195,286	\$ 427,556	\$ 622,842

See notes to financial statements.

VILLAGE OF ROYAL PALM BEACH, FLORIDA

STATEMENT OF REVENUE, EXPENSES, AND CHANGES
IN NET POSITION - ENTERPRISE FUNDS

Year Ended September 30, 2019

	Major Funds		Total Enterprise Funds
	Water and Wastewater Utility System Fund	Stormwater Utility Fund	
Operating revenue			
Charges for services	\$ -	\$ 1,116,573	\$ 1,116,573
Total Operating Revenue	-	1,116,573	1,116,573
Operating expenses			
Personal services	-	544,282	544,282
General operating expenses	-	344,104	344,104
Total Operating Expenses	-	888,386	888,386
Operating Income	-	228,187	228,187
Nonoperating revenue			
Miscellaneous revenue	-	32,100	32,100
Interest earnings	10,268	8,645	18,913
Total Nonoperating Revenue	10,268	40,745	51,013
Change in Net Position	10,268	268,932	279,200
Net position at October 1, 2018	185,018	158,624	343,642
Net position at September 30, 2019	\$ 195,286	\$ 427,556	\$ 622,842

See notes to financial statements.

VILLAGE OF ROYAL PALM BEACH, FLORIDA

STATEMENT OF CASH FLOWS - ENTERPRISE FUNDS

Year Ended September 30, 2019

	Major Funds		
	Water and Wastewater Utility System Fund	Stormwater Utility Fund	Total Enterprise Funds
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from customers	\$ -	\$ 1,065,822	\$ 1,065,822
Cash paid to suppliers and contractors	-	(331,265)	(331,265)
Cash paid to employees	-	(473,985)	(473,985)
Cash received from others	-	32,100	32,100
Net Cash Provided By Operating Activities	-	292,672	292,672
INVESTING ACTIVITY			
Interest earnings	10,268	8,645	18,913
Net Cash Provided By Investing Activity	10,268	8,645	18,913
Net Increase in Cash and Cash Equivalents	10,268	301,317	311,585
CASH AND CASH EQUIVALENTS			
at October 1, 2018	572,690	315,366	888,056
CASH AND CASH EQUIVALENTS at September 30, 2019	<u>\$ 582,958</u>	<u>\$ 616,683</u>	<u>\$ 1,199,641</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES			
Operating income	\$ -	\$ 228,187	\$ 228,187
Adjustments to reconcile operating income to net cash provided by operating activities:			
Miscellaneous revenue	-	32,100	32,100
Changes in assets and liabilities:			
Increase in due from other governments	-	(50,751)	(50,751)
Decrease in deferred outflows	-	24,506	24,506
Increase in accounts payable	-	12,839	12,839
Increase in accrued payroll and related liabilities	-	9,304	9,304
Decrease in deferred inflows	-	(8,476)	(8,476)
Increase in net pension liability	-	41,203	41,203
Increase in other postemployment benefits liability	-	3,760	3,760
Net Cash Provided By Operating Activities	<u>\$ -</u>	<u>\$ 292,672</u>	<u>\$ 292,672</u>

See notes to financial statements.

VILLAGE OF ROYAL PALM BEACH, FLORIDA

STATEMENT OF FIDUCIARY NET POSITION - FIDUCIARY FUNDS

September 30, 2019

	<u>Pension Trust</u>
ASSETS	
Cash	\$ 17,958
Investments	
Mutual funds	1,928,327
Guaranteed interest account	339,176
Contributions receivable	<u>364,344</u>
	<u>\$ 2,649,805</u>
 NET POSITION	
Net position restricted for pension benefits	<u>\$ 2,649,805</u>

See notes to financial statements.

VILLAGE OF ROYAL PALM BEACH, FLORIDA

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION -
FIDUCIARY FUNDS

Year Ended September 30, 2019

	<u>Pension Trust</u>
ADDITIONS	
Contributions	
Employer	\$ 16,676
Employee	8,338
State	<u>364,344</u>
Total Contributions	389,358
Investment earnings	
Net depreciation in fair value of plan assets	(20,352)
Interest and dividend income	<u>30,777</u>
Net Investment Earnings	<u>10,425</u>
Total Additions	399,783
DEDUCTIONS	
Distributions to plan participants	379,151
Administrative expenses	<u>4,384</u>
Total Deductions	<u>383,535</u>
Net Increase	16,248
Net position restricted for pension benefits at October 1, 2018	<u>2,633,557</u>
NET POSITION RESTRICTED FOR PENSION BENEFITS AT SEPTEMBER 30, 2019	<u><u>\$ 2,649,805</u></u>

See notes to financial statements.

VILLAGE OF ROYAL PALM BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2019

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

Financial Reporting Entity: The Village of Royal Palm Beach, Florida (the "Village"), is a municipal corporation established in 1959 pursuant to authority granted by the Florida Constitution and Florida Statutes Chapter 165. The Village Charter was enacted by the Legislature of the State of Florida under Chapter 59-1782. The Village enacted its current Charter by Ordinance No. 468, adopted February 3, 1994. The Village is governed by a five member, elected Village Council and provides the full range of municipal services including public safety, planning and zoning, roads and streets, recreation and park facilities, public improvements, and general administration functions.

As defined by U.S. generally accepted accounting principles, the financial reporting entity consists of (a) the primary government, (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the primary government is not accountable, but for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. In addition, component units can be other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Based upon the application of these criteria there were no organizations that were considered to be financially accountable to the Village and required to be included as a component unit in these financial statements.

Government-wide Financial Statements: The government-wide financial statements consist of the Statement of Net Position and the Statement of Activities and report information on all non-fiduciary activities of the Village. These statements include separate columns for the *governmental activities*, which are normally supported by taxes and intergovernmental revenue, and *business-type activities*, which rely primarily on user fees and charges for support. As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. All internal balances in the Statement of Net Position have been eliminated except those representing balances between the governmental activities and business-type activities, which are presented as internal balances and eliminated in the Total Column, if any.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or identifiable activity are offset by program revenue. *Direct expenses* are those that are clearly identifiable with a specific function or identifiable activity. *Program revenue* includes three categories of transactions: (1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment; (2) operating grants and contributions; and, (3) capital grants and contributions. Taxes and other items not meeting the definition of program revenue are reported as *general revenue*.

Fund Financial Statements: The underlying accounting system of the Village is organized and operated on the basis of separate funds, each of which is considered to be a separate accounting entity. The

VILLAGE OF ROYAL PALM BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2019

NOTE A - SIGNIFICANT ACCOUNTING POLICIES (Continued)

operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, deferred inflows/outflows, fund equity, revenue and expenditures or expenses, as appropriate.

Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The funds used by the Village are classified into three categories: *governmental*, *proprietary* and *fiduciary*. 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. The Village's major individual governmental funds and proprietary fund are reported as separate columns in the fund financial statements.

Governmental Fund Financial Statements – Governmental Fund Financial Statements include a Balance Sheet and a Statement of Revenue, Expenditures and Changes in Fund Balances for all major governmental funds and nonmajor funds in the aggregate. Accompanying schedules are presented to reconcile and explain the differences in fund balances and changes in fund balances as presented in these statements, to the net position and changes in net position presented in the government-wide financial statements. The Village reports the following major governmental funds:

General Fund – This fund is used to account for all financial transactions not accounted for in another fund. Revenue is derived primarily from property taxes, state distributions, and other intergovernmental revenue.

Impact Fee Capital Projects Fund – This capital projects fund was established to account for the expenditure of impact fees on various capital improvement projects.

The Village also reports the following nonmajor special revenue and capital projects funds:

Recreation Facility Fund – This special revenue fund was established to account for contributions received from local developers and businesses for the acquisition, improvement, expansion or implementation of parks and recreational facilities.

Community Beautification Fund – This special revenue fund was established to account for contributions received from local developers to enhance the aesthetic landscape and visual perception of the Village.

Capital Improvements Fund – This capital projects fund was established to account for the Village's general capital improvement program.

Local Discretionary Sales Surtax Fund – This capital projects fund was established to account for the expenditure of the Village's share of the one cent sales surtax revenue that is legally restricted to various public infrastructure projects.

VILLAGE OF ROYAL PALM BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2019

NOTE A - SIGNIFICANT ACCOUNTING POLICIES (Continued)

Proprietary Fund Financial Statements - Proprietary Fund Financial Statements include a Statement of Net Position, a Statement of Revenue, Expenses and Changes in Net Position, and a Statement of Cash Flows. The Village reports the following major enterprise funds:

Water and Wastewater Utility System Fund - This enterprise fund accounted for the operations of the Village's water, wastewater, and stormwater management services through April 27, 2006, when the majority of the assets were sold to Palm Beach County. During 2016, the majority of the remaining capital assets were sold. The capital assets that are left are pending decommissioning (see Note C).

Stormwater Utility Fund - This enterprise fund was established to account for the construction, operation and maintenance and user charges related to the Village's Stormwater system.

Fiduciary Fund Financial Statements - Fiduciary Fund Financial Statements include a Statement of Fiduciary Net Position and a Statement of Changes in Fiduciary Net Position. Since by definition these assets are being held for the benefit of third parties (pension participants) and cannot be used to finance activities or obligations of the government, these funds are not included in the government-wide financial statements. The Fiduciary Funds of the Village are as follows:

General Employees Pension Trust Fund - This fund was established to receive and invest Village and general employees' contributions in a defined contribution pension plan and to disburse them to employees in accordance with the Pension Plan Ordinance.

Police Pension Trust Fund - This fund was established to receive and invest Village, State and Police employees' contributions in a defined benefit pension plan and to disburse these monies to Police employees in accordance with the Pension Plan Ordinance.

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

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Under the modified accrual basis of accounting, revenue is recognized in the period in which it becomes both measurable and available. Revenue is considered to be available when it is collectible within the current period or soon enough thereafter to pay liabilities of the current period. The Village considers revenue to be available if it is collected within 6 months of the

VILLAGE OF ROYAL PALM BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2019

NOTE A - SIGNIFICANT ACCOUNTING POLICIES (Continued)

end of the current fiscal year, except for property taxes, for which the period is 60 days. Unearned/unavailable revenue consists primarily of occupational licenses and other fees collected in advance of the year to which they relate. Expenditures are generally recognized in the accounting period in which the fund liability is incurred, except for principal and interest on general long-term debt, which is recognized when due. Intergovernmental revenue, franchise fees, charges for services and investment income are all considered susceptible to accrual and have been recognized as revenue in the current fiscal year. All other revenue items are considered to be measurable and available only when received in cash by the Village. Insurance recoveries received in 2019 primarily relate to repair costs incurred as a result of various minor property damage incidents during the year.

Proprietary fund financial statements distinguish *operating* revenue and expenses from *nonoperating* items. Operating revenue 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 revenue of the proprietary funds is the stormwater user charges assessed to all residential properties within the Village limits. Operating expenses for the proprietary funds include the cost of maintenance and administrative expenses. All revenue and expenses not meeting this definition are reported as nonoperating revenue and expenses.

Property Tax Calendar: Ad valorem property taxes are assessed on property valuations by the Palm Beach County Property Appraiser as of January 1st and levied the following October 1st. Taxes are due by March 31st and become delinquent on April 1st, when liens are filed against the subject property. Ad valorem taxes are assessed and collected by the Palm Beach County Tax Collector, which remits the taxes to the Village. Revenue is recognized at the time the taxes are received from Palm Beach County.

Property Tax Reform: During 2007, the Florida Legislature passed property tax reform legislation limiting the property tax levies of local governments in the State of Florida and increasing the homestead exemption. Local governments that adopt a property tax levy in excess of the limit under State law will lose their Half-Cent Sales Tax distribution from the State for the succeeding twelve months. For the fiscal year ended September 30, 2019, the maximum tax levy allowed by a majority vote of the governing body is generally based on a percentage applied to the prior year (2017/2018) property tax revenue. The percentage is calculated based on the compound annual growth rate in the per capita property taxes levied for five preceding fiscal years. The State law allows local governments to adopt a higher tax rate based on the following approval of the governing body: 1) a two-thirds vote to adopt a rate equal to the prior year "rolled-back" tax rate; 2) a unanimous vote to adopt a rate equal to the prior year tax rate; or, 3) any tax rate approved by referendum. For the fiscal year ended September 30, 2019, the Village adopted a millage rate of 5.38 mills (\$5.38 per \$1,000 of taxable property value) which is less than the maximum tax rate permitted. This tax rate resulted in a tax levy of \$5,472,460 for 2019. Future property tax growth is limited to the annual growth rate of per capita personal income plus the value of new construction. State Statutes permit municipalities to levy property taxes at a rate of up to 10 mills. Since Palm Beach County provides fire rescue services to the Village, the Palm Beach County Fire Rescue MSTU (municipal services taxing unit) taxes Village property owners 3.46 mills. This millage rate is deducted from the Village's legal millage rate limit of 10 mills, thereby limiting the 2018/2019 Village millage rate to 6.54.

VILLAGE OF ROYAL PALM BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2019

NOTE A - SIGNIFICANT ACCOUNTING POLICIES (Continued)

Pooled Cash and Investments: Pooled cash and investments consist of petty cash, checking accounts, and investments with a maturity of three months or less when purchased.

Investments: Investments are stated at fair value. Securities and mutual funds held by the Village are traded on a national stock exchange and are valued at the last reported sales price.

Accounts Receivable: Accounts receivable represent amounts due from local businesses for franchise and utility taxes in the General Fund. No allowance for doubtful accounts was deemed necessary at September 30, 2019. General Fund receivables are not collateralized. The need for an allowance for doubtful accounts is analyzed monthly based on the aging of outstanding receivables and management's knowledge of the customer. Accounts receivable are written off on an individual basis in the year the Village deems them uncollectible.

Prepaid Items/Expenses: Expenditures/expenses for various administrative expenses extending over more than one accounting period are accounted for as prepaid items/expenses and allocated between accounting periods using the consumption method.

Capital Assets: Capital assets are defined by the Village as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Capital assets are recorded at cost or, if donated, acquisition value at the date of donation. Expenses, which materially extend the useful life of existing assets, are capitalized. The cost of capital assets sold or retired is removed from the appropriate accounts and any resulting gain or loss is included in the change in net position. Depreciation is computed using the straight-line method over the estimated useful lives of all reported capital assets, except land and construction in progress. Estimated useful lives assigned to the various categories of assets are as follows:

Buildings	30-50 years
Improvements	10-30 years
Infrastructure	30-60 years
Equipment and vehicles	3-10 years

Unearned/Unavailable Revenue: Unearned revenue in the Governmental Activities and unavailable revenue in the Governmental Funds includes amounts received in advance by the Village for licenses and permits applicable to the following fiscal year.

Compensated Absences: Accumulated unpaid annual leave amounts and a portion of accumulated sick leave are accrued when earned. Benefits that were earned but not used during the current year were accrued at employees' pay rates in effect at September 30, 2019. The liability for compensated absences attributable to the Village's governmental funds is recorded in the government-wide financial statements. A liability is recorded in the governmental funds for compensated absences only if they have matured, for example, as a result of employee resignations and retirements, and the amount, if any, is reported with accrued payroll and related liabilities in the governmental funds' balance sheet. The General Fund is used to liquidate the liability recorded in the governmental funds.

VILLAGE OF ROYAL PALM BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2019

NOTE A - SIGNIFICANT ACCOUNTING POLICIES (Continued)

Internal Balances: Amounts reported in the fund financial statements as interfund receivables and payables are eliminated in the government-wide governmental and business-type activities columns of the statement of net position, except for the residual amount, if any, which is presented as internal balances.

Deferred Outflows/Inflows of Resources: In addition to assets and liabilities, the government-wide Statement of Net Position and the governmental funds Balance Sheet will sometimes report a separate section for deferred outflows or deferred inflows of resources. The separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until that time. The Village has one item that qualifies for reporting as a deferred outflow of resources on the government-wide Statement of Net Position which relates to its pension obligation.

The separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenues) until that time. The Village's deferred inflows on the government-wide Statement of Net Position relate to its pension obligation. In addition, the Village has another item, unavailable revenue, which arises only under the modified accrual basis of accounting and is reported as a deferred inflow of resources on the governmental funds Balance Sheet. The unavailable revenue results from licenses and permit fees received by the Village in advance of the year to which they apply. These amounts are deferred and recognized as an inflow of resources in the year that the amounts become available.

Net Position/Fund Balances: The government-wide and business-type fund financial statements utilize a net position presentation. Net position is categorized as follows:

Investment in Capital Assets – This component of net position consists of capital assets, net of accumulated depreciation and reduced by the outstanding balance of any bonds, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets, if any. If there are significant unspent debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds is not included in the calculation of net investment in capital assets. Rather, that portion of the debt is included in the same net position component as the unspent proceeds. The Village had no outstanding capital related debt at September 30, 2019.

Restricted – This component of net position consists of constraints placed on the use of net position by external restrictions imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation. The Village's entire restricted net position balance is the result of restrictions imposed by State Statutes.

Unrestricted – This component of net position consists of net position that does not meet the definition of *Investment in Capital Assets* or *Restricted*.

VILLAGE OF ROYAL PALM BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2019

NOTE A - SIGNIFICANT ACCOUNTING POLICIES (Continued)

Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, establishes accounting and financial reporting requirements for all governmental funds and establishes criteria for classifying fund balances. Accordingly, the governmental fund financial statements report fund equity classifications that comprise a hierarchy based primarily on the extent to which the Village is legally bound to honor the specific purposes for which amounts in fund balance may be spent. The fund balance classifications are summarized as follows:

Nonspendable – Nonspendable fund balances include amounts that cannot be spent because they are either (a) not in spendable form, or (b) legally or contractually required to remain intact.

Restricted – Restricted fund balances include amounts that are restricted to specific purposes either by (a) constraints placed on the use of resources by creditors, grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or through enabling legislation.

Committed – Committed fund balances include amounts that can only be used for specific purposes pursuant to constraints imposed by the Village Council through an ordinance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation.

Assigned – Assigned fund balances include amounts that are constrained by the Village's intent to be used for specific purposes, but are neither restricted nor committed. The Village Council has by resolution authorized the Finance Director to assign fund balance. The Council may also assign fund balance as it does when appropriating fund balance for the subsequent year's budget.

Unassigned – Unassigned fund balances include amounts that are not assigned to other funds and have not been restricted, committed or assigned to specific purposes within the General Fund. The General Fund is the only fund that may report a positive unassigned fund balance amount.

Net Position Flow Assumption – Sometimes the Village will fund outlays for a particular purpose from both restricted and unrestricted resources. In order to calculate the amounts to report as restricted 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 used before unrestricted net position is applied.

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 balances). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balances in the governmental fund financial statements, a flow assumption must be made about the

VILLAGE OF ROYAL PALM BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2019

NOTE A - SIGNIFICANT ACCOUNTING POLICIES (Continued)

order in which the resources are considered to be applied. It is the Village's policy to consider restricted fund balances to have been used before using any of the components of unrestricted fund balances. Further, when the components of unrestricted fund balances can be used for the same purpose, committed fund balances are used first, followed by assigned fund balances. Unassigned fund balances are applied last.

Tax Rate Stabilization – Beginning with the fiscal year ended September 30, 2012, the Village Council authorized management to use up to \$5.5 million of unassigned fund balances to limit increases in ad valorem tax rates. However, the Village has not used any of these monies.

Minimum Fund Balances Policy – The Village Council has adopted a formal minimum fund balances policy whereby the Village strives to maintain a minimum unassigned fund balance in the General Fund of 25% of the following year's budgeted expenditures. In the event that the unassigned fund balance exceeds the minimum amount, the excess may be utilized for any lawful purpose of the Village or for one-time costs including the establishment of or increase in commitments or assignments of fund balances.

On-behalf Payments: The Village receives on-behalf payments from the State of Florida to be used for Police pension benefits. Such payments are recorded as intergovernmental revenue and public safety expenses/expenditures in the GAAP basis government-wide and General Fund financial statements. On-behalf payments to the Village totaled \$364,344 for the fiscal year ended September 30, 2019.

Interfund Transactions: Transactions between funds during the year consisted of loans, services provided, reimbursements or transfers. Loans are reported as *Due from Other Funds* and *Due to Other Funds* as appropriate and are subject to elimination in the government-wide financial statements. Services, deemed to be reasonably equivalent in value, are treated as revenue and expenditures/expenses. Reimbursements occur when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are presented as transfers. Transfers, if any, within the governmental and business-type activities are eliminated in the government-wide financial statements.

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. The Village purchases commercial insurance to cover all risks of loss to which it is exposed. Policy limits and deductibles are reviewed annually by management and established at amounts to provide reasonable protection from significant financial loss. There were no significant reductions in insurance coverage for 2019. The amounts of insurance settlements have not exceeded insurance coverage in any of the past three fiscal years.

Grants: Amounts received or receivable from grantor agencies are subject to audit and adjustment by those agencies. Any disallowed claims, including amounts already received, might constitute a liability of the Village for the return of those funds.

VILLAGE OF ROYAL PALM BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2019

NOTE A - SIGNIFICANT ACCOUNTING POLICIES (Continued)

Estimates: Management uses estimates and assumptions in preparing financial statements in accordance with U.S. generally accepted accounting principles. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenue, expenditures and expenses. Actual results could vary from the estimates that were used.

Implementation of GASB Statements: The following GASB Statements were effective for the Village for the fiscal year ended September 30, 2019.

GASB Statement No. 83, *Certain Asset Retirement Obligations*, addresses accounting and financial reporting for certain asset retirement obligations (AROs). Statement No. 83 establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for AROs. Statement No. 83 also requires disclosure of information about the government's AROs, including the methods and assumptions used for estimating liabilities and the estimated remaining useful life of the associated tangible capital assets. The implementation of GASB Statement No. 83 resulted in additional disclosures associated with the Village's decommissioning liability (see Note C).

GASB Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*, improves the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. This statement had no impact on the Village's financial reporting.

Recent Accounting Pronouncements: The GASB has issued the following Statements effective in future years. Management has not completed its analysis of the effects, if any, of these GASB statements on the financial statements of the Village.

GASB Statement No. 84, *Fiduciary Activities*, establishes guidance regarding what constitutes fiduciary activities for accounting and financial reporting purposes, the recognition of liabilities to beneficiaries, and how fiduciary activities should be reported. The requirements of this Statement will be effective for the Village for the fiscal year ending September 30, 2020.

GASB Statement No. 87, *Leases*, improves accounting and financial reporting for leases by governments. The statement increases the usefulness of governments' financial statements by requiring 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. The requirements of this Statement will be effective for the Village for the fiscal year ending September 30, 2021.

GASB Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*, enhances the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and simplifies accounting for interest cost incurred before the end of a construction period. The requirements of this Statement will be effective for the Village for the fiscal year ending September 30, 2021.

VILLAGE OF ROYAL PALM BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2019

NOTE A - SIGNIFICANT ACCOUNTING POLICIES (Continued)

GASB Statement No. 90, *Majority Equity Interests, an amendment of GASB Statements No. 14 and No. 61*, improves the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and improves the relevance of financial statement information for certain component units. The requirements of this Statement will be effective for the Village for the fiscal year ending September 30, 2021.

GASB Statement No. 91, *Conduit Debt Obligations*, provides a single method of reporting conduit debt obligations by issuers and requires additional note disclosures. The requirements of this Statement will be effective for the Village for the fiscal year ending September 30, 2022.

GASB Statement No. 92, *Omnibus 2020*, addresses certain practice issues identified during implementation and application of certain GASB Statements. The requirements of this Statement will be effective for the Village for the fiscal years ending September 30, 2020 and 2021.

NOTE B - CASH AND INVESTMENTS

The Village maintains a cash and investment pool that is available for use by all funds. At September 30, 2019, pooled cash and investments included petty cash of \$450 and deposits with financial institutions of \$13,380,979. Each fund type's portion of this pool is displayed on the financial statements as "Equity in pooled cash and investments". In addition, investments are held separately by the General Fund, Impact Fee Capital Projects Fund, Capital Improvements Fund, and the Pension Trust Funds.

Deposits: At year end, the carrying amount of the Village's deposits with financial institutions, excluding the Pension Trust Funds, was \$13,380,979 and the bank balance was \$13,632,285. The Police Pension Trust Fund's deposits are held in an interest bearing checking account with a balance of \$17,958 at September 30, 2019. All of the deposits with financial institutions were entirely covered by a combination of federal deposit insurance and a collateral pool pledged to the State Treasurer of Florida by financial institutions, which comply with the requirements of Florida Statutes and have been designated as a qualified public depository by the State Treasurer. Qualified public depositories are required to pledge collateral to the State Treasurer with a fair value equal to a percentage of the average daily balance of all government deposits in excess of any federal deposit insurance. In the event of a default by a qualified public depository, all claims for government deposits would be satisfied by the State Treasurer from the proceeds of federal deposit insurance, pledged collateral of the public depository in default and, if necessary, a pro rata assessment to the other qualified public depositories in the collateral pool. Accordingly, all deposits with financial institutions are considered fully insured in accordance with the provisions of Statements of the Governmental Accounting Standards Board.

Investments: Florida Statutes and Village ordinances authorize the Village to invest in Florida Prime, an investment pool administered by the State of Florida; negotiable direct obligations of or obligations unconditionally guaranteed by the U.S. Government; interest-bearing time deposits or savings accounts

VILLAGE OF ROYAL PALM BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2019

NOTE B - CASH AND INVESTMENTS (Continued)

in financial institutions located in Florida and/or in national banks organized under federal or Florida laws, provided that deposits are secured by the Florida Public Security for Public Deposits Act; obligations of U.S. Government Agencies such as the Federal Financing Bank, Federal Housing Administration Debentures, or Government National Mortgage Association; obligations of Federal Instrumentalities such as the Federal Home Loan Mortgage Corporation, the Federal Home Loan Bank or its district banks or the Federal National Mortgage Association; supranationals where the U.S. is a shareholder and voting member; prime commercial paper, corporate notes, and bankers acceptances, subject to certain minimum ratings; repurchase agreements subject to certain minimum rating requirements; state and/or local government taxable debt; certain mutual funds; intergovernmental investment pools authorized pursuant to the Florida Interlocal Cooperation Act; and mortgage and asset-backed securities. Pension trust funds are authorized by Village ordinance to also invest in mutual fund investments in money market funds, stocks and debt securities, guaranteed investment contracts and the Florida Municipal Investment Trust. The General Employees Pension Trust Fund allows employees to direct their contributions into any of the various investment options offered by the Plan. All investments are reported at their fair value, except for the guaranteed interest account that is reported at contract value.

The Village held the following investments at September 30, 2019:

	<u>Fair Value</u>
<i>Governmental Funds</i>	
U.S. Treasury notes	\$ 22,172,137
U.S. Government agency notes	9,998,830
Corporate notes	24,160,226
Municipal bonds	821,786
Asset-backed bonds	11,970,474
Supranational agency notes	3,001,600
Money market mutual fund	<u>3,834,973</u>
	<u>\$ 75,960,026</u>
<i>Pension Trust Fund</i>	
<u>General Employees Pension Trust Fund</u>	
Mutual Funds	
Equity funds	\$ 1,687,648
Fixed income funds	240,679
Guaranteed interest account	<u>339,176</u>
	<u>\$ 2,267,503</u>

The guaranteed interest account is a group annuity contract with Prudential Insurance Company of America (Prudential). This account is valued at contract value based upon the participant contributions made to the fund, plus earnings at guaranteed crediting rates, less withdrawals and fees, which approximates fair value. Prudential is contractually obligated to repay the principal and a specified minimum interest rate that is guaranteed to the Plan and may not terminate the investment contract prior

VILLAGE OF ROYAL PALM BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2019

NOTE B - CASH AND INVESTMENTS (Continued)

to scheduled maturity dates. The investment is part of the general account of Prudential and is not insured or collateralized.

Fair Value of Investments: The Village follows the provisions of GASB Statement No. 72, *Fair Value Measurement and Application*, 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 hierarchy gives highest priority to unadjusted quoted prices in active markets for identical assets (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under GASB Statement No. 72 are described below:

Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets in active markets that the Village has the ability to access at the measurement date.

Level 2: Inputs to the valuation methodology include the following:

- Quoted prices for similar assets in active markets.
- Quoted prices for identical or similar assets in inactive markets.
- Inputs other than quoted prices that are observable for the assets.
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset has a specified contractual term, the Level 2 input must be observable for substantially the full term of the asset.

Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement. These unobservable inputs reflect the entity's own estimates for assumptions that market participants would use in pricing the asset or liability. Valuation techniques would typically include discounted cash flow models and similar techniques, but may also include the use of market prices of assets that are not directly comparable to the subject asset.

The fair value measurement of an asset within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. The categorization of an investment within the fair value hierarchy is based upon the pricing transparency of the investment and does not necessarily correspond to the Village's perceived risk of that investment.

Valuation Methodologies: The following valuation methods and assumptions were used by the Village in estimating the fair value of financial instruments that are measured at fair value on a recurring basis under GASB Statement No. 72:

U.S. Treasury notes, U.S. Government agency notes, corporate notes, municipal bonds, asset-backed bonds, and supranational agency notes: Valued at the closing price reported on the active exchange on which the individual securities are actively traded. Securities that are not actively traded are valued by the investment safekeeping custodian using a matrix pricing technique based on the securities' relationship to quoted benchmark prices.

VILLAGE OF ROYAL PALM BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2019

NOTE B - CASH AND INVESTMENTS (Continued)

Mutual Funds: Valued at the net asset value reported on the active exchange on which the funds are traded.

The methods and assumptions described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Village believes its valuation methodologies are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine fair value of certain financial instruments could result in a different fair value measurement at the reporting date. There were no changes in the methods and assumptions used for the year ended September 30, 2019.

Fair Value of Investments: The financial assets measured at fair value on a recurring basis include the Village's investments in securities and equity and fixed income mutual funds. There were no liabilities measured at fair value on a recurring basis at September 30, 2019. The fair value of the Village's investments at September 30, 2019 is summarized as follows:

	Fair Values at September 30, 2019			
	Level 1	Level 2	Level 3	Total
Governmental Funds				
<i>Debt securities</i>				
U.S. Treasury notes	\$ 22,172,137	\$ -	\$ -	\$ 22,172,137
U.S. Government agency notes	-	9,998,830	-	9,998,830
Corporate notes	-	24,160,226	-	24,160,226
Municipal bonds	-	821,786	-	821,786
Asset-backed bonds	-	11,970,474	-	11,970,474
Supranational agency notes	-	3,001,600	-	3,001,600
Total Governmental Funds	<u>22,172,137</u>	<u>49,952,916</u>	<u>-</u>	<u>72,125,053</u>
Pension Trust Fund				
Equity mutual funds	1,687,648	-	-	1,687,648
Fixed income mutual funds	<u>240,679</u>	<u>-</u>	<u>-</u>	<u>240,679</u>
Total Pension Trust Funds	<u>1,928,327</u>	<u>-</u>	<u>-</u>	<u>1,928,327</u>
Total investments by level	<u>\$ 24,100,464</u>	<u>\$ 49,952,916</u>	<u>\$ -</u>	<u>\$ 74,053,380</u>

Interest Rate Risk: Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment in debt securities. Generally, the longer the time to maturity, the greater the exposure to interest rate risk. The Village's investment policy generally limits the maturities of its investments to a maximum of 10 years, with maturities of 3 years or less for interest bearing time deposits, commercial paper, corporate notes, and bankers' acceptances. Money market mutual funds have a weighted average maturity of ninety days or less, resulting in minimal interest rate risk. The table below summarizes the scheduled maturities of all other fixed income investments at September 30, 2019.

VILLAGE OF ROYAL PALM BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2019

NOTE B - CASH AND INVESTMENTS (Continued)

	<u>Fair Value of Investment Maturities</u>		
	<u>Less Than One Year</u>	<u>One to Five Years</u>	<u>Total</u>
Governmental Funds			
U.S. Treasury notes	\$ -	\$ 22,172,137	\$ 22,172,137
U.S. Government agency notes	-	9,998,830	9,998,830
Corporate notes	5,329,591	18,830,635	24,160,226
Municipal bonds	-	821,786	821,786
Asset-backed bonds	8,423	11,962,051	11,970,474
Supranational agency notes	<u>773,816</u>	<u>2,227,784</u>	<u>3,001,600</u>
Total	<u>\$ 6,111,830</u>	<u>\$ 65,013,223</u>	<u>\$ 72,125,053</u>

Credit Risk: Credit risk is the risk that a debt issuer will not fulfill its obligations. The Village's investment policy addresses credit risk by limiting investments to the safest types of securities and diversifying the investment portfolio. The security rating by a Nationally Recognized Statistical Rating Organization (NRSRO) is also an indication of credit risk. Investments in commercial paper and bankers acceptances require a minimum rating of P-1 by Moody's and A-1 by Standard & Poor's at the time of purchase. Corporate notes require a minimum rating of A by Moody's and A by Standard & Poor's at the time of purchase. State and/or local government taxable debt and mortgage and asset-backed securities require a minimum rating of Aa by Moody's and AA by Standard & Poor's at the time of purchase. Money market mutual funds require a minimum rating of AAm by Moody's or AAm-G by Standard & Poor's. U.S. Treasury notes with a fair value of \$22,172,137 are not considered to have credit risk and do not require disclosure of credit quality. The governmental funds' investments and the fixed income and money market mutual funds included in the pension trust funds' investments had credit quality ratings at September 30, 2019, as listed below. All other funds were unrated.

	<u>NRSRO Rating</u>	<u>Fair Value</u>
<u>Governmental Funds</u>		
U.S. Government agency notes	AA	\$ 9,998,830
Corporate notes	AA	5,926,088
Corporate notes	A	18,234,138
Municipal bonds	AA	821,786
Asset-backed bonds	AAA	11,970,474
Supranational agency notes	AAA	3,001,600
Money market mutual fund	AAAm	<u>3,834,973</u>
Total Governmental Funds		<u>\$ 53,787,889</u>

VILLAGE OF ROYAL PALM BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2019

NOTE B - CASH AND INVESTMENTS (Continued)

	<u>NRSRO Rating</u>	<u>Effective Maturities</u>	<u>Fair Value</u>
<u>Pension Trust Fund</u>			
PGIM Total Return Bond Fund	BBB	6.38 years	\$ 231,790
PGIM Government Income Fund	AAA	5.17 years	<u>8,889</u>
Total Pension Trust Fund			<u>\$ 240,679</u>

Custodial Credit Risk: Custodial credit risk is defined as the risk that the Village may not recover cash and investments held by another party in the event of a financial failure. The Village does not have any specific policy for custodial credit risk. At September 30, 2019, all investments were held in independent custodial safekeeping accounts, except money market mutual funds, equity and fixed income mutual funds, and the guaranteed interest account which are considered *unclassified* pursuant to GASB Statements, because they are not evidenced by securities that exist in physical or book-entry form.

Concentration of Credit Risk: Concentration of credit risk is defined as the risk of loss attributed to the magnitude of an investment in a single issuer. Generally, a maximum of 10% of available investment funds may be invested in any one issuer. Federal instrumentalities are limited to a maximum of 30% in any one issuer and asset-backed securities are limited to a maximum of 5% in any one issuer. Investments in U.S. Government securities, mutual funds and pools are excluded from the concentration of credit risk disclosure requirement. In addition, with the exception of Florida Prime and U.S. Government Securities, all other security types have varying limits as to how much of the investment portfolio may be invested in a given security type. At September 30, 2019, there were no issuers representing more than 5% of the Village's total investments.

Foreign Currency Risk: Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment. There was no exposure to foreign currency risk in the Village's investments at September 30, 2019.

NOTE C - CAPITAL ASSETS

The capital asset activity for the year ended September 30, 2019, was as follows:

VILLAGE OF ROYAL PALM BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2019

NOTE C - CAPITAL ASSETS (Continued)

<u>Governmental Activities</u>	Balance at Beginning of Year	Increases	Decreases	Balance at End of Year
Capital assets not being depreciated				
Land	\$ 7,875,107	\$ -	\$ -	\$ 7,875,107
Construction in progress	<u>9,804,805</u>	<u>4,019,778</u>	<u>(568,077)</u>	<u>13,256,506</u>
Total capital assets not being depreciated	17,679,912	4,019,778	(568,077)	21,131,613
Capital assets being depreciated				
Buildings	24,628,673	9,228	-	24,637,901
Improvements other than buildings	35,567,665	638,711	-	36,206,376
Infrastructure	118,881,710	39,840	-	118,921,550
Equipment	3,640,951	399,128	(114,456)	3,925,623
Vehicles	<u>2,133,030</u>	<u>203,471</u>	<u>(237,912)</u>	<u>2,098,589</u>
Total capital assets being depreciated	184,852,029	1,290,378	(352,368)	185,790,039
Less accumulated depreciation for				
Buildings	(6,394,503)	(729,723)	-	(7,124,226)
Improvements other than buildings	(19,694,291)	(1,374,453)	-	(21,068,744)
Infrastructure	(89,090,467)	(2,264,837)	-	(91,355,304)
Equipment	(2,132,372)	(436,672)	114,456	(2,454,588)
Vehicles	<u>(1,685,802)</u>	<u>(132,858)</u>	<u>237,912</u>	<u>(1,580,748)</u>
Total accumulated depreciation	<u>(118,997,435)</u>	<u>(4,938,543)</u>	<u>352,368</u>	<u>(123,583,610)</u>
Total capital assets being depreciated, net	<u>65,854,594</u>	<u>(3,648,165)</u>	<u>-</u>	<u>62,206,429</u>
Governmental activities capital assets, net	<u>\$ 83,534,506</u>	<u>\$ 371,613</u>	<u>\$ (568,077)</u>	<u>\$ 83,338,042</u>

Depreciation expense was charged to functions/programs as follows:

<u>Governmental Activities</u>	
General government	\$ 56,985
Public safety	92,630
Public works	2,974,456
Culture and recreation	<u>1,814,472</u>
Total depreciation expense - governmental activities	<u>\$ 4,938,543</u>

VILLAGE OF ROYAL PALM BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2019

NOTE C - CAPITAL ASSETS (Continued)

<u><i>Business-type Activities</i></u>	Balance at Beginning of Year	Increases	Decreases	Balance at End of Year
Capital assets not being depreciated				
Land	\$ 112,328	\$ -	\$ -	\$ 112,328
Total capital assets not being depreciated	112,328	-	-	112,328
Capital assets being depreciated				
Buildings	16,145	-	-	16,145
Water plant	<u>11,681,028</u>	<u>-</u>	<u>-</u>	<u>11,681,028</u>
Total capital assets being depreciated	11,697,173	-	-	11,697,173
Less accumulated depreciation for				
Buildings	(16,145)	-	-	(16,145)
Water plant	<u>(11,681,028)</u>	<u>-</u>	<u>-</u>	<u>(11,681,028)</u>
Total accumulated depreciation	<u>(11,697,173)</u>	<u>-</u>	<u>-</u>	<u>(11,697,173)</u>
Total capital assets being depreciated, net	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Business-type activity capital assets, net	<u>\$ 112,328</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 112,328</u>

In April 2006, the Village sold its Water and Wastewater Utility, except for land and the existing water and wastewater plants, to Palm Beach County. Under the terms of the agreement, the Village was required to lease the water and wastewater plants to the County for a period of up to 10 years and 2 years, respectively. At the point when the plants were no longer needed by the County, the Village was required to decommission the plants. The estimated cost to decommission the plants of \$1 million was accrued in the Water and Wastewater Utility System Fund in conjunction with the sale of the utility. The wastewater plant was fully decommissioned as of September 30, 2011 and the land was sold in 2016. On August 1, 2013, Palm Beach County provided notice to the Village that the County had vacated the leased portions of the water treatment site, thereby terminating the lease. At September 30, 2019, the Village has not decommissioned the remaining water plant. The Village accounts for its legal obligation to decommission the water plant in accordance with GASB Statement No. 83 and has implemented this Statement for the year ended September 30, 2019. At September 30, 2019, the Village has an accrued decommissioning liability of \$500,000, which is based on the best estimate of current values of outlays expected to be incurred to decommission the water plant, including the effects of inflation. The Village anticipates meeting its asset retirement obligation with available liquid assets from the Water and Wastewater Utility System Fund. The water plant and related assets are fully depreciated and, accordingly, no deferred outflows are reported in relation to the Village's asset retirement obligation.

VILLAGE OF ROYAL PALM BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2019

NOTE D - LONG-TERM DEBT

Changes in governmental activities long-term debt for the year ended September 30, 2019, are summarized as follows:

<u>Governmental Activities</u>	<u>Balance at Beginning of Year</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance at End of Year</u>	<u>Amounts Due Within One Year</u>
Compensated absences	\$ 587,833	\$ 662,278	\$ (585,682)	\$ 664,429	\$ 33,221

Compensated absences for the governmental activities are generally liquidated by the General Fund.

Defeased Bonds: In conjunction with the sale of the Utility System on April 27, 2006, the Village defeased its Series 1998 Revenue Bonds. As of September 30, 2019, defeased Series 1998 revenue bonds are outstanding in the amount of \$6,525,000.

NOTE E - INTERFUND TRANSFERS

Interfund transfers for the year ended September 30, 2019 were as follows:

Governmental Funds	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ -	\$ 1,000,000
Impact Fee Capital Projects Fund	<u>1,000,000</u>	<u>-</u>
Total	\$ <u>1,000,000</u>	\$ <u>1,000,000</u>

Transfers were made from the General Fund to the Impact Fee Capital Projects Fund to provide funding for various capital improvement projects within the Village.

NOTE F - PENSION PLANS

The Village offers pension benefits through three pension plans as of September 30, 2019. Effective October 1, 2008, the Village closed its defined contribution pension plan to new employees and gave its existing plan members a one-time election to terminate their membership in the defined contribution plan and use their accumulated monies to become a member of the Florida Retirement System and purchase past service in the plan. All employees hired on or after October 1, 2008 must participate in the Florida Retirement System. In addition, the Village has the Police Pension Trust Fund that is also closed and has only retirees remaining in that plan. The details of each plan are as follows:

VILLAGE OF ROYAL PALM BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2019

NOTE F - PENSION PLANS (Continued)

State of Florida Retirement System

All regular, full-time employees of the Village hired on or after October 1, 2008, as well as those employees that chose to transfer to the Florida Retirement System, participate in the Florida Retirement System (FRS) Pension Plan and the Retiree Health Insurance Subsidy (HIS) Trust Fund administered by the Florida Department of Management Services, Division of Retirement. FRS and HIS are cost-sharing, multiple-employer defined benefit pension plans with approximately 1,000 participating employers. FRS and HIS were established and are administered in accordance with Chapter 121 and Section 112.363, Florida Statutes, respectively.

FRS includes a Deferred Retirement Option Program (DROP) available for eligible employees. Retirees receive a lifetime pension benefit with joint and survivor payment options. FRS membership is compulsory for employees filling regularly established positions in a state agency, county agency, state university, state community college, or district school board, unless restricted from FRS membership under sections 121.053 and 121.122, Florida Statutes, or allowed to participate in a defined contribution plan in lieu of FRS membership. Participation is optional for municipalities, special districts, charter schools and metropolitan planning organizations.

HIS membership is optional and available to all retirees under a state-administered retirement system, provided the retiree provides proof of health insurance coverage, which can include Medicare. Participation is compulsory for municipalities, special districts, charter schools and metropolitan planning organizations that participate in FRS.

Benefits Provided: FRS provides retirement, survivor and disability benefits to plan members and beneficiaries. Pension benefits of FRS are established by Florida Statutes, Chapter 121, and may be amended by the Florida Legislature. Retirement benefits are computed on the basis of age and/or years of service, average final compensation and service credit. Members initially enrolled on or after July 1, 2008, through June 30, 2011, vest after six years of service. Members initially enrolled on or after July 1, 2011, vest after eight years of service. HIS provides retirees and beneficiaries a monthly benefit equal to the number of years of service completed at the time of retirement multiplied by \$5. The monthly benefit payment is established by Section 112.363, Florida Statutes and is at least \$30, but not more than \$150.

Contributions: FRS members are required to contribute 3.0% and no contribution is required for HIS members. Participating governments, including the Village, contribute to FRS at actuarially determined rates for various classes of employees, which are presently 8.47% of annual covered payroll for employees covered in the regular class, 25.41% for the senior management class, 48.82% for elected officials and 14.60% for employees covered in the FRS DROP program. Participating governments, including the Village, contribute to HIS based on a percentage of gross compensation for all active FRS members, which is presently 1.66%. The Village's contributions to FRS and HIS for the year ended September 30, 2019, were \$745,721 which was equal to 100% of the required contributions for the year.

Funding Policy: FRS funding policy provides for monthly employer contributions at actuarially determined rates that, expressed as percentages of annual covered payroll, are adequate to accumulate sufficient assets to pay benefits when due based upon plan assumptions. HIS uses a pay-as-you-go

VILLAGE OF ROYAL PALM BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2019

NOTE F - PENSION PLANS (Continued)

funding policy based on monthly employer contributions at a flat percentage of gross compensation for all active FRS members. Employer and employee contribution rates are established by State law as a level percentage of payroll. Employer contribution rates are determined using the entry-age actuarial cost method. The consulting actuary recommends rates based on the annual valuation, but actual contribution rates are established by the Florida Legislature. The FRS and HIS net pension liabilities have historically been and will continue to be liquidated primarily by the General Fund.

Publicly Available Financial Report: The State of Florida issues a publicly available financial report for FRS and HIS that includes financial statements and required supplementary information. The complete financial report is available on the Publications page of the Division of Retirement's website at www.frs.myflorida.com or by writing to the Research and Education Section at P.O. Box 9000, Tallahassee, Florida, 32315-9000 or by calling toll free 877-377-1737 or 850-488-5706.

Summary of Significant Accounting Policies: The financial statements of FRS and HIS are prepared using the flow of economic resources measurement focus and the accrual basis of accounting. Employee contributions are recognized in the period for which the contributions are assessed. Employer contributions are recognized in the period in which employee services are performed. Benefit payments, including refunds of employee contributions, are recognized when due and payable in accordance with the terms of FRS and HIS. Other expenses are recognized when the corresponding liabilities are incurred. Investment income is recognized as revenue when earned. Investments are reported at fair value and are managed by external investment managers. The independent investment custodian for FRS and HIS determines the fair value of securities using various third party pricing sources. For private market investments, where no readily ascertainable market value exists, fair values are based on net asset value (capital account balance) provided by investment managers at the closest available reporting period and adjusted for subsequent contributions and distributions. The net appreciation (depreciation) in fair value of investments is recorded as an increase (decrease) to investment income based on the valuation of investments. Investment earnings are net of investment related expenses, such as management fees, portfolio evaluation and custodial services. For purposes of measuring the net pension liability, deferred inflows/outflows of resources related to pensions, and pension expense, information about the fiduciary net position of FRS and HIS and the additions to/deductions from the fiduciary net position have been determined on the same basis as they are reported by FRS and HIS.

Pension Liabilities, Pension Expense, and Deferred Inflows/Outflows of Resources Related to Pensions

At September 30, 2019, the Village reported a liability of \$6,881,902 and \$2,218,619 for its proportionate share of the net pension liability of FRS and HIS, respectively. The net pension liability of each plan was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2019 and July 1, 2018 for FRS and HIS, respectively. The Village's proportion of the net pension liability was based on a projection of the Village's long-term share of contributions to the pension plan relative to the projected contributions of all participating governments, as actuarially determined. At June 30, 2019, the Village's FRS proportionate share was 0.019983101 percent, which was an increase of 0.000053068 percent from its proportionate share measured

VILLAGE OF ROYAL PALM BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2019

NOTE F - PENSION PLANS (Continued)

as of June 30, 2018. The HIS proportionate share was 0.019828574 percent at June 30, 2019, which was an increase of 0.000049452 percent from the proportionate share measured as of June 30, 2018.

For the year ended September 30, 2019, the Village recognized pension expense of \$1,820,703 and \$204,499 for FRS and HIS, respectively. At September 30, 2019, the Village reported deferred outflows and inflows of resources related to FRS pensions from the following sources:

	<u>Deferred Outflows</u>	<u>Deferred Inflows</u>
Differences between expected and actual experience	\$ 408,186	\$ 4,270
Changes in assumptions	1,767,568	-
Net difference between projected and actual investment earnings on pension plan investments	-	380,743
Changes in proportion and differences between Village contributions and proportionate share of contributions	129,649	70,375
Village contributions subsequent to the measurement date	<u>148,442</u>	<u>-</u>
Total	<u>\$ 2,453,845</u>	<u>\$ 455,388</u>

At September 30, 2019, the Village reported net deferred outflows and inflows of resources related to HIS pensions from the following sources:

	<u>Deferred Outflows</u>	<u>Deferred Inflows</u>
Differences between expected and actual experience	\$ 26,948	\$ 2,716
Changes in assumptions	256,895	181,332
Net difference between projected and actual investment earnings on pension plan investments	1,432	-
Changes in proportion and differences between Village contributions and proportionate share of contributions	116,078	11,043
Village contributions subsequent to the measurement date	<u>25,419</u>	<u>-</u>
Total	<u>\$ 426,772</u>	<u>\$ 195,091</u>

Deferred outflows of resources related to FRS and HIS pensions of \$173,861 resulting from Village contributions subsequent to the measurement date of June 30, 2019 will be recognized as a reduction of the net pension liability in the year ending September 30, 2020. Other amounts reported as deferred inflows and outflows of resources related to pensions will be recognized in pension expense as follows:

VILLAGE OF ROYAL PALM BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2019

NOTE F - PENSION PLANS (Continued)

Fiscal Year Ending September 30,	FRS Amount	HIS Amount
2020	\$ 659,308	\$ 60,645
2021	205,792	52,031
2022	483,223	36,405
2023	366,952	3,782
2024	101,967	19,999
Thereafter	32,773	33,400

Actuarial Assumptions: The total pension liability for FRS and HIS in the most recent actuarial valuations was determined using the following actuarial assumptions, applied to all periods included in the measurement:

	FRS	HIS
Valuation date	July 1, 2019	July 1, 2018
Measurement date	June 30, 2019	June 30, 2019
Actuarial cost method	Entry Age Normal	Entry Age Normal
Amortization method	Level percent of pay, closed	Level percent of pay, closed
Equivalent single amortization period	30 years	15 years
Asset valuation method	5 year smoothed	Fair market value
Discount rate	6.90%	3.50%
Inflation	2.60%	2.60%
Salary increases, including inflation	3.25%	3.25%
Long-term expected rate of return, net of investment expenses	7.20%	N/A
Municipal bond rate	N/A	3.50%
Cost of living adjustments	3.00% pre-July 2011 0% thereafter	N/A
Mortality rates	Mortality rates PUB-2010 with Projection Scale MP-2018	Mortality rates Generational RP-2000 with Projection Scale BB

The discount rate for FRS changed from 7.00% for 2018 to 6.90% for 2019. The discount rate for HIS changed from 3.87% for 2018 to 3.50% for 2019.

The actuarial assumptions used in the July 1, 2019 FRS valuation were based on the results of an actuarial experience study for the period July 1, 2013 to June 30, 2018. The actuarial assumptions used in the July 1, 2018 valuation were based on the results of an actuarial experience study for the period July 1, 2008 to June 30, 2013. The most significant changes in 2019 are (1) a decrease in the long-term expected investment return assumption for purposes of developing actuarially calculated contribution rates from 7.4% to 7.2%, and (2) a change in the actuarial cost allocation method from ultimate entry age normal to individual entry age normal.

VILLAGE OF ROYAL PALM BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2019

NOTE F - PENSION PLANS (Continued)

The long-term expected rate of return on FRS investments was determined using a building block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class are as follows:

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	3.3%
Fixed income	4.1
Global equity	8.0
Real estate	6.7
Private equity	11.2
Strategic investments	5.9

Discount Rate: The discount rate used to measure the total pension liability of FRS at June 30, 2019 was 6.90% for FRS and 3.50% for HIS. The FRS discount rate was based on the expected rate of return on FRS investments. The HIS discount rate was based on the municipal bond rate. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rates and that member contributions will be made at rates equal to the difference between actuarially determined contribution rates and the employee rate. Based on those assumptions, the fiduciary net position of FRS was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on investments of FRS was applied to all periods of projected benefit payments to determine the projected total pension liability. Because the HIS uses a pay-as-you-go funding structure, a municipal bond rate of 3.50% was used to determine the total pension liability.

Sensitivity of the Village's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate: The following table presents the Village's proportionate share of the net pension liability of FRS and HIS at September 30, 2019, calculated using the current discount rate, as well as what the Village's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

<u>FRS</u>			<u>HIS</u>		
<u>1.0% Decrease (5.90%)</u>	<u>Current Discount Rate (6.90%)</u>	<u>1.0% Increase (7.90%)</u>	<u>1.0% Decrease (2.50%)</u>	<u>Current Discount Rate (3.50%)</u>	<u>1.0% Increase (4.50%)</u>
\$ 11,896,516	\$ 6,881,902	\$ 2,693,850	\$ 2,532,667	\$ 2,218,619	\$ 1,957,052

VILLAGE OF ROYAL PALM BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2019

NOTE F - PENSION PLANS (Continued)

Pension Plan Fiduciary Net Position: Detailed information about the fiduciary net position of FRS and HIS are available in a separately issued financial report, which is available on the Publications page of the Division of Retirement's website at www.frs.myflorida.com or in writing to the Research and Education Section at P.O. Box 9000, Tallahassee, Florida, 32315-9000 or by calling toll free 877-377-1737 or 850-488-5706.

Payables to FRS

There were no amounts payable to FRS by the Village at September 30, 2019.

Defined Contribution Pension Plan

The Village provides pension benefits through a defined contribution plan, the General Employees Pension Trust Fund, administered by the Village for full-time employees that chose to remain in the Plan after it was closed on September 30, 2008. The Plan was established by Village Ordinance and may be amended in the same manner.

In July 2008, the Village amended its defined contribution pension plan to close the plan to new employees as of October 1, 2008, and require new employees to participate in the Florida Retirement System. In addition, the amendment provided for a one-time election for existing plan members to terminate their membership in the existing plan and use their accumulated monies to become a member of the Florida Retirement System and purchase past service in that plan. The amendment also allowed certain plan members to rollover monies from other qualified plans to purchase additional past service credits. At September 30, 2019, there were three active plan members.

In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. Employees were eligible to participate after completion of one year of continuous service and attainment of the age of 18. The Village makes monthly contributions to the plan equal to 5% of each participant's total earnings. In addition, participants may contribute up to 5% of their total earnings and the Village will match this contribution. Each participant's interest in their accrued benefits from employer contributions, investment earnings, and forfeitures is vested at 20% after two years of credited service and 20% for each additional year of service. Contributions made by the Village and plan members for the fiscal year ended September 30, 2019, amounted to \$16,676 and \$8,338, respectively. The Village's pension trust fund uses the accrual basis of accounting. Employer and plan member contributions are recognized in the period that the contributions are due. Plan investments in mutual funds are reported at fair value and investments in the guaranteed interest account are reported at contract value, which approximates fair value. The investments are valued based on the last reported sales price of mutual fund shares traded on a national exchange. The plan holds no securities issued by the Village.

Defined Benefit Pension Plan

Plan Description: On December 19, 2002, the Village established the Police Pension Trust Fund, a single-employer, defined benefit pension plan, for the benefit of the Village of Royal Palm Beach Police Officers.

VILLAGE OF ROYAL PALM BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2019

NOTE F - PENSION PLANS (Continued)

The Plan covered substantially all full time Police personnel through September 30, 2006. During 2006, the Village voted to contract with Palm Beach County for police services and all Village police officers joined Palm Beach County's Sheriff Department as of October 1, 2006. In addition, the Village amended the Plan to allow police officers the option to opt out of the current Plan and join the County's retirement plan or remain in the Village's Plan. All but six Plan members opted out of the Plan. In August 2008, the Village amended the Plan to provide for retirement after 16 years of service, a pension benefit of 2.5% per year of credited service and the creation of a share plan to be funded exclusively with Chapter 185 premium tax receipts received from the State. In conjunction with this amendment, the remaining six plan members retired and the Plan purchased annuities for each of these members to satisfy all future pension obligations under the amended Plan.

The Plan administrator is the Florida Municipal Pension Trust Fund which provides employee pension plans with administrative and investment services.

Pursuant to Chapter 185 of the Florida Statutes, a premium tax on certain insurance contracts written on properties in the Village is collected by the State and remitted to the Village for Police pensions. The Plan is closed to new members and the only activity after September 30, 2008, is receipt of the Chapter 185 funds from the State and the distribution of those funds to the six retired Plan members over their lifetimes. In December 2019, the Village was notified that the Florida Department of Management Services (DMS) determined that the Village is no longer eligible for future Chapter 185 insurance premium tax revenues. The Village, in conjunction with legal counsel, filed a petition for a formal hearing to dispute the DMS's determination and termination of funding to the Village.

Basis of Accounting: The Plan's financial statements are prepared using the accrual basis of accounting. Since all Plan members retired in fiscal year 2008, there are no employer or employee contributions. The only future contributions will be from the State of Florida which are recognized when due. Benefits are recognized when due and payable in accordance with the terms of the Plan.

Funding Policy: The Village Council is authorized to establish benefit levels. Pursuant to Florida Statutes, Chapter 185, the State collects a tax on insurance premiums for property and casualty coverage and annually remits a contribution for the Plan. Contribution requirements by the State are established and may only be amended by State statute. Administrative costs of the Police pension plan are paid from State contributions.

Actuarial and Trend Information: Since all Plan members retired during the 2008 fiscal year and the future retirement obligations were completely funded by annuities purchased for each retiree, there is no actuarial or trend information. The Plan is effectively a defined contribution plan from that point forward as benefits paid out will be determined by the amount of State contributions received.

A separate stand-alone financial report is not prepared for the General Employees Pension Trust Fund or the Police Pension Trust Fund and, accordingly, a statement of net position and statement of changes in net position for each Plan at September 30, 2019, and for the year then ended, are presented as follows:

VILLAGE OF ROYAL PALM BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2019

NOTE F - PENSION PLANS (Continued)

Statements of Net Position

	General Employees Pension	Police Pension
Assets		
Cash	\$ -	\$ 17,958
Investments	2,267,503	-
Contributions receivable	<u>-</u>	<u>364,344</u>
Total Assets	<u>\$ 2,267,503</u>	<u>\$ 382,302</u>
Net Position		
Net position restricted for pension benefits	<u>\$ 2,267,503</u>	<u>\$ 382,302</u>

Statements of Changes in Net Position

	General Employees Pension	Police Pension
Additions		
Contributions		
Employer	\$ 16,676	\$ -
Employee	8,338	-
State	<u>-</u>	<u>364,344</u>
Total Contributions	25,014	364,344
Investment earnings		
Net appreciation (depreciation) in fair value of plan assets	(20,352)	-
Interest and dividend income	<u>30,770</u>	<u>7</u>
Net Investment Earnings	<u>10,418</u>	<u>7</u>
Total Additions	35,432	364,351
Deductions		
Distributions to plan participants	50,689	328,462
Administrative expenses	<u>2,335</u>	<u>2,049</u>
Total Deductions	<u>53,024</u>	<u>330,511</u>
Net Increase (Decrease)	(17,592)	33,840
Net position restricted for pension benefits at October 1, 2018	<u>2,285,095</u>	<u>348,462</u>
NET POSITION RESTRICTED FOR PENSION BENEFITS AT SEPTEMBER 30, 2019	<u>\$ 2,267,503</u>	<u>\$ 382,302</u>

VILLAGE OF ROYAL PALM BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2019

NOTE G - POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS

Description of the Plan

The Village administers a single-employer defined benefit health care plan (the “Plan”) that provides health care benefits to eligible retired employees and their beneficiaries. The Village Council has the authority to establish and amend the premiums for and the benefit provisions of the Plan. The Plan is financed on a “pay-as-you-go” basis and is not administered as a formal qualifying trust. The Plan does not issue a publicly available financial report.

The Village is required by Florida Statute 112.0801 to allow retirees to buy healthcare coverage at the same group insurance rates that current employees are charged, resulting in an *implicit* healthcare benefit. The State of Florida prohibits the Plan from separately rating retirees and active employees. The Plan therefore charges both groups an equal, blended rate premium. Although both groups are charged the same blended rate premium, GAAP requires the actuarial figures to be calculated using age adjusted premiums approximating claim costs for retirees separate from active employees. The use of age adjusted premiums results in the addition of the implicit rate subsidy into the actuarial accrued liability. Plan members receiving benefits contribute 100% of the monthly premium ranging from a minimum of \$889 for single coverage to a maximum of \$2,476 for single plus spousal coverage.

Plan Membership

Membership in the Plan was comprised of the following at October 1, 2018, the date of the latest actuarial valuation:

Active employees	86
Retirees and beneficiaries receiving benefits	1
Inactive employees not yet receiving benefits	<u>0</u>
Total	<u><u>87</u></u>

Total OPEB Liability

The Village’s total OPEB liability of \$806,651 was measured as of September 30, 2019, and was determined by an actuarial valuation as of October 1, 2017. The OPEB liability has historically been and will continue to be liquidated primarily by the General Fund.

Actuarial Methods and Significant Assumptions: The actuarial methods and significant assumptions used to determine the Village’s total OPEB liability for the current year are summarized as follows:

Valuation date	October 1, 2017
Actuarial cost method	Entry Age Normal
Post-retirement benefit increases	None
Health care cost trend rates	8.00% per year initially, reduced annually by .50% to an ultimate rate of 5.00%

VILLAGE OF ROYAL PALM BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2019

NOTE G - POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (Continued)

Amortization method	N/A ⁽¹⁾
Remaining amortization period	N/A ⁽¹⁾
Asset valuation method	N/A ⁽²⁾
Actuarial assumptions:	
Discount rate	3.64% ⁽³⁾
Projected salary increases	3.00%

Mortality rates RP-2000 Combined Mortality Table with Projection
Scale BB, applied on a gender specific basis

- (1) Since there were no other postemployment expenses that qualify for deferred recognition and amortization, all expenses were recognized in the current year.
- (2) The plan is funded on a pay-as-you-go basis and is not administered as a formal qualifying trust. There were no plan assets as of September 30, 2019.
- (3) Since there are currently no invested plan assets held in trust to finance the OPEB obligation, the discount rate is the long-term expected rate of return on tax-exempt, high quality municipal bonds based on the *Bond Buyer 20-Bond GO Index*.

Changes in the Total OPEB Liability

The changes in the total OPEB liability were as follows for the year ended September 30, 2019:

Total OPEB liability at October 1, 2018	\$	730,071
Changes for the Current Year		
Service cost		65,751
Interest		10,829
	Net Changes	<u>76,580</u>
Total OPEB liability at September 30, 2019	\$	<u><u>806,651</u></u>

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate: The following table presents the total OPEB liability of the Village calculated using the current discount rate of 3.64%, as well as what the total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (2.64%) or one percentage point higher (4.64%) than the current rate:

1.0% Decrease (2.64%)	Current Discount Rate (3.64%)	1.0% Increase (4.64%)
<u>\$ 863,525</u>	<u>\$ 806,651</u>	<u>\$ 753,853</u>

VILLAGE OF ROYAL PALM BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2019

NOTE G - POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (Continued)

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rate: The following table presents the total OPEB liability of the Village calculated using the current healthcare cost trend rate of 8.0%, as well as what the total OPEB liability would be if it were calculated using a healthcare cost trend rate that is one percentage point lower (7.0% decreasing to 4.0%) or one percentage point higher (9.0% decreasing to 6.0%) than the current rate:

1.0% Decrease <u>(7.0% decreasing to 4%)</u>	Healthcare Cost Trend Rates <u>(8.0% decreasing to 5%)</u>	1.0% Increase <u>(9.0% decreasing to 6%)</u>
\$ <u>724,280</u>	\$ <u>806,651</u>	\$ <u>902,405</u>

OPEB Expense and Deferred Inflows/Outflows of Resources Related to OPEB

For the year ended September 30, 2019, the Village recognized OPEB expense of \$76,580. At September 30, 2019, the Village did not have any deferred inflows/outflows of resources related to OPEB.

NOTE H - COMMITMENTS AND CONTINGENCIES

Litigation: The Village is a defendant in various lawsuits arising in the ordinary course of normal operations. Although the ultimate outcome of these lawsuits cannot be determined at the present time, it is the opinion of management based upon consultation with legal counsel, that the outcome of these actions will not materially affect the financial position of the Village.

Construction Commitments: The Village has several uncompleted construction contracts for improvements to Village facilities. The capital improvement projects are being funded primarily from accumulated funds in the Impact Fee Capital Projects Fund, the Local Discretionary Sales Surtax Fund, and the Capital Improvements Fund. At September 30, 2019, the remaining commitments are summarized as follows:

	<u>Contract Amounts</u>	<u>Approved Payments</u>	<u>Retainage Payable</u>	<u>Remaining Commitments</u>
Governmental capital improvements	\$ <u>9,025,029</u>	\$ <u>8,178,353</u>	\$ <u>207,006</u>	\$ <u>639,670</u>

The remaining commitments amount of \$639,670 was encumbered and included in committed fund balance in the Impact Fee Capital Projects Fund (\$305,330) and restricted fund balance in the Capital Improvements Fund (\$202,716) and Local Discretionary Sales Surtax Fund (\$131,624) at September 30, 2019. Under the Village's budgetary basis of accounting, the encumbrances and related appropriation are established on a project basis in the capital projects funds and lapse at year end, but are reappropriated in the subsequent year until the project is completed.

VILLAGE OF ROYAL PALM BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2019

NOTE H - COMMITMENTS AND CONTINGENCIES (Continued)

Fire Protection and Emergency Medical Services Contract: In accordance with the terms of interlocal agreements with Palm Beach County, the Village sold two fire stations to the County. In the event the Village no longer utilizes County Fire Rescue services, the Village would be required to repurchase these stations at an amount equal to the tax assessed value for the properties for the year in which the opt out occurs.

NOTE I - EXPENDITURES OVER APPROPRIATIONS

For the year ended September 30, 2019, expenditures exceeded budgeted appropriations in General Fund departments as follows: Legal - \$45,376 and Engineering - \$13,175.

SUPPLEMENTARY FINANCIAL INFORMATION

REQUIRED SUPPLEMENTARY INFORMATION

VILLAGE OF ROYAL PALM BEACH, FLORIDA

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

Year Ended September 30, 2019 with Comparative
Actual for the Year Ended September 30, 2018

	2019			Variance with Final Budget Favorable (Unfavorable)	2018
	Original Budget	Final Budget	Actual		Actual
Revenue					
Ad valorem taxes					
Current	\$ 5,233,746	\$ 5,233,746	\$ 5,272,628	\$ 38,882	\$ 4,990,187
Delinquent	10,000	10,000	5,528	(4,472)	6,769
	<u>5,243,746</u>	<u>5,243,746</u>	<u>5,278,156</u>	<u>34,410</u>	<u>4,996,956</u>
Franchise fees					
Electricity	2,088,634	2,088,634	2,078,989	(9,645)	2,066,225
Water	499,070	499,070	675,584	176,514	442,129
Gas	15,000	15,000	12,354	(2,646)	21,287
Solid waste	59,609	59,609	178,900	119,291	179,247
	<u>2,662,313</u>	<u>2,662,313</u>	<u>2,945,827</u>	<u>283,514</u>	<u>2,708,888</u>
Utility service taxes					
Electricity	2,995,615	2,995,615	2,930,503	(65,112)	2,877,854
Water	578,011	578,011	582,847	4,836	571,141
Gas	86,334	86,334	127,479	41,145	120,960
Telecommunications	986,813	986,813	993,319	6,506	1,072,369
	<u>4,646,773</u>	<u>4,646,773</u>	<u>4,634,148</u>	<u>(12,625)</u>	<u>4,642,324</u>
Business taxes	664,734	664,734	645,288	(19,446)	686,382
Licenses and permits					
Building permits	324,311	324,311	1,167,390	843,079	1,185,183
Site plan fees	68,300	68,300	97,723	29,423	169,256
	<u>392,611</u>	<u>392,611</u>	<u>1,265,113</u>	<u>872,502</u>	<u>1,354,439</u>
Intergovernmental revenue					
Grants	-	-	621,257	621,257	171,644
State revenue sharing	1,238,684	1,238,684	1,363,163	124,479	1,306,530
Alcoholic beverage license	14,500	14,500	14,222	(278)	19,358
Half-cent sales tax	3,163,449	3,163,449	3,041,315	(122,134)	3,005,048
Motor fuel tax rebate	4,000	4,000	5,655	1,655	5,281
Local option gas tax	751,690	751,690	765,143	13,453	757,246
Business tax	72,302	72,302	83,518	11,216	87,542
Recycling program	28,000	28,000	3,735	(24,265)	8,817
	<u>5,272,625</u>	<u>5,272,625</u>	<u>5,898,008</u>	<u>625,383</u>	<u>5,361,466</u>

(Continued)

VILLAGE OF ROYAL PALM BEACH, FLORIDA

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND (CONTINUED)

Year Ended September 30, 2019 with Comparative
Actual for the Year Ended September 30, 2018

	2019			Variance with Final Budget Favorable (Unfavorable)	2018
	Original Budget	Final Budget	Actual		Actual
Charges for services					
Zoning fees	\$ 7,500	\$ 7,500	\$ 10,050	\$ 2,550	\$ 17,250
Sales of maps and publications	2,042	2,042	8,018	5,976	4,607
Certification, copying and research	60,100	60,100	83,073	22,973	87,157
Lot mowing and clearing	4,600	4,600	480	(4,120)	745
Program activity fees	478,000	478,000	419,569	(58,431)	518,644
	<u>552,242</u>	<u>552,242</u>	<u>521,190</u>	<u>(31,052)</u>	<u>628,403</u>
Fines and forfeitures					
Court fines	25,663	25,663	41,891	16,228	36,833
Police education fees	-	-	4,396	4,396	4,118
Other fines and forfeitures	353,000	353,000	475,776	122,776	472,068
	<u>378,663</u>	<u>378,663</u>	<u>522,063</u>	<u>143,400</u>	<u>513,019</u>
Miscellaneous					
Investment earnings	67,500	67,500	3,341,307	3,273,807	394,709
Rents and royalties	558,600	558,600	793,756	235,156	698,272
Sale of surplus materials/ capital assets	6,000	6,000	2,424	(3,576)	2,201,548
Insurance recoveries	10,000	10,000	88,298	78,298	182,993
Contributions and donations	55,000	55,000	17,000	(38,000)	33,150
Other miscellaneous revenue	159,999	159,999	225,428	65,429	295,814
	<u>857,099</u>	<u>857,099</u>	<u>4,468,213</u>	<u>3,611,114</u>	<u>3,806,486</u>
Total Revenue	\$ 20,670,806	\$ 20,670,806	\$ 26,178,006	\$ 5,507,200	\$ 24,698,363

(Continued)

VILLAGE OF ROYAL PALM BEACH, FLORIDA

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND (CONTINUED)

Year Ended September 30, 2019 with Comparative
Actual for the Year Ended September 30, 2018

	2019			Variance with Final Budget Favorable (Unfavorable)	2018
	Original Budget	Final Budget	Actual		Actual
Expenditures					
General Government					
Legislative - Council					
Personal services	\$ 129,588	\$ 129,588	\$ 127,201	\$ 2,387	\$ 116,382
Operating expenditures	170,097	170,097	158,253	11,844	138,211
	<u>299,685</u>	<u>299,685</u>	<u>285,454</u>	<u>14,231</u>	<u>254,593</u>
Executive					
Personal services	1,365,834	1,365,834	1,366,989	(1,155)	1,310,434
Operating expenditures	636,571	636,571	250,798	385,773	270,812
	<u>2,002,405</u>	<u>2,002,405</u>	<u>1,617,787</u>	<u>384,618</u>	<u>1,581,246</u>
Finance and administrative					
Personal services	1,233,148	1,233,148	1,066,585	166,563	1,071,992
Operating expenditures	456,874	456,874	407,327	49,547	429,575
	<u>1,690,022</u>	<u>1,690,022</u>	<u>1,473,912</u>	<u>216,110</u>	<u>1,501,567</u>
Legal					
Operating expenditures	326,000	326,000	371,376	(45,376)	376,333
Non-departmental					
Utility services	1,281,500	1,281,500	1,088,437	193,063	1,061,593
Insurance	682,087	682,087	713,806	(31,719)	627,003
Other	198,392	198,392	145,626	52,766	142,521
	<u>2,161,979</u>	<u>2,161,979</u>	<u>1,947,869</u>	<u>214,110</u>	<u>1,831,117</u>
Total General Government	6,480,091	6,480,091	5,696,398	783,693	5,544,856

(Continued)

VILLAGE OF ROYAL PALM BEACH, FLORIDA

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND (CONTINUED)

Year Ended September 30, 2019 with Comparative
Actual for the Year Ended September 30, 2018

	2019			Variance with Final Budget Favorable (Unfavorable)	2018
	Original Budget	Final Budget	Actual		Actual
Public Safety					
Law enforcement					
Operating expenditures	\$ 7,949,714	\$ 7,949,714	\$ 7,945,130	\$ 4,584	\$ 7,722,866
	<u>7,949,714</u>	<u>7,949,714</u>	<u>7,945,130</u>	<u>4,584</u>	<u>7,722,866</u>
Community Development					
Personal services	1,266,980	1,266,980	1,153,140	113,840	1,155,806
Operating expenditures	116,858	116,858	78,104	38,754	81,101
	<u>1,383,838</u>	<u>1,383,838</u>	<u>1,231,244</u>	<u>152,594</u>	<u>1,236,907</u>
Total Public Safety	9,333,552	9,333,552	9,176,374	157,178	8,959,773
Public Works					
Engineering					
Personal services	802,439	802,439	864,187	(61,748)	763,833
Operating expenditures	101,313	101,313	52,740	48,573	105,279
	<u>903,752</u>	<u>903,752</u>	<u>916,927</u>	<u>(13,175)</u>	<u>869,112</u>
Public Works					
Personal services	1,938,498	1,938,498	1,781,946	156,552	1,759,785
Operating expenditures	697,697	697,697	733,355	(35,658)	1,011,954
Capital outlay	15,500	15,500	6,938	8,562	15,048
	<u>2,651,695</u>	<u>2,651,695</u>	<u>2,522,239</u>	<u>129,456</u>	<u>2,786,787</u>
Total Public Works	3,555,447	3,555,447	3,439,166	116,281	3,655,899

(Continued)

VILLAGE OF ROYAL PALM BEACH, FLORIDA

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND (CONTINUED)

Year Ended September 30, 2019 with Comparative
Actual for the Year Ended September 30, 2018

	2019			Variance with Final Budget Favorable (Unfavorable)	2018
	Original Budget	Final Budget	Actual		Actual
Culture and Recreation					
Personal services	\$ 3,548,992	\$ 3,548,992	\$ 3,153,741	\$ 395,251	\$ 2,931,838
Operating expenditures	1,591,304	1,591,304	1,472,116	119,188	1,679,104
Capital outlay	57,000	57,000	33,614	23,386	23,480
Total Culture and Recreation	<u>5,197,296</u>	<u>5,197,296</u>	<u>4,659,471</u>	<u>537,825</u>	<u>4,634,422</u>
Total Expenditures	24,566,386	24,566,386	22,971,409	1,594,977	22,794,950
Other Financing Uses					
Transfers out	-	(1,000,000)	(1,000,000)	-	(2,500,000)
Total Other Financing Uses	<u>-</u>	<u>(1,000,000)</u>	<u>(1,000,000)</u>	<u>-</u>	<u>(2,500,000)</u>
Revenue Over (Under) Expenditures and Other Financing Uses	<u>\$ (3,895,580)</u>	<u>\$ (4,895,580)</u>	<u>\$ 2,206,597</u>	<u>\$ 7,102,177</u>	<u>\$ (596,587)</u>

See notes to budgetary comparison schedule.

VILLAGE OF ROYAL PALM BEACH, FLORIDA

NOTES TO BUDGETARY COMPARISON SCHEDULE

September 30, 2019

NOTE A - BUDGETARY ACCOUNTING

Budgets: The Village is legally required to adopt a budget only for the General Fund. This budget is prepared on the modified accrual basis of accounting. Unencumbered appropriations lapse at fiscal year end. State on-behalf payments for the police pension are not budgeted. The Village does not adopt a budget for its Impact Fee Capital Projects Fund.

Changes or amendments to the total budgeted expenditures of the Village or total departmental expenditures must be approved by the Village Council; however, changes within a department that do not affect the total departmental expenditures may be approved by the Village Manager. Accordingly, the legal level of control is at the department level.

The Village has complied with the Florida Statute requirement that budgets be in balance. The budgeted expenditures reflected in the accompanying financial statements exceed revenue by the amounts budgeted from beginning fund balance.

Encumbrances: Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of funds are recorded in order to reserve that portion of the applicable appropriation, is employed as part of the budgetary accounting system in the General Fund. Encumbrances outstanding at year end, if any, are reported as committed or assigned fund balance since they do not constitute expenditures or liabilities. For budgetary purposes current year encumbrances, if any, are treated as expenditures. Encumbrances lapse at year end. However, encumbrances that relate to capital outlay are reappropriated in the subsequent year.

NOTE B - BUDGET AND ACTUAL COMPARISONS

The adopted budgets are prepared on the modified accrual basis of accounting in accordance with GAAP, except that the State of Florida on-behalf payments to the Village for the police pension plan are not budgeted. In addition, insurance recoveries and proceeds from the sale of capital assets are budgeted as miscellaneous revenue. As a result, General Fund revenue and expenditures reported in the budgetary comparison schedule differ from the revenue and expenditures reported on the GAAP basis and can be reconciled as follows:

	<u>Revenue</u>	<u>Expenditures</u>
Budgetary Basis	\$ 26,178,006	\$ 22,971,409
State on-behalf pension payments	364,344	364,344
Insurance recoveries	(88,298)	-
Proceeds from sale of capital assets	<u>(2,424)</u>	<u>-</u>
GAAP Basis	<u>\$ 26,451,628</u>	<u>\$ 23,335,753</u>

VILLAGE OF ROYAL PALM BEACH, FLORIDA

Required Supplementary Information

Schedule of the Village's Proportionate Share of the Net Pension Liability -

Florida Retirement System (FRS) Pension Plan

Last Six Fiscal Years

	Measurement Date June 30,					
	2019	2018	2017	2016	2015	2014
Village's proportion of the net pension liability	0.019983101%	0.019930033%	0.020504108%	0.019904538%	0.019853481%	0.018714460%
Village's proportionate share of the net pension liability	\$ 6,881,902	\$ 6,003,029	\$ 6,064,977	\$ 5,025,911	\$ 2,564,343	\$ 1,141,857
Village covered payroll	\$ 6,635,000	\$ 6,461,000	\$ 6,355,000	\$ 5,841,000	\$ 5,463,000	\$ 5,268,000
Village's proportionate share of the net pension liability as a percentage of Village covered payroll	103.72%	92.91%	95.44%	86.05%	46.94%	21.68%
Plan fiduciary net position as a percentage of the total pension liability	82.60%	84.30%	83.90%	84.90%	92.00%	96.10%

Notes to Schedule:

Actuarial valuation date	7/1/2019
Actuarial measurement date	6/30/2019
Actuarial methods and assumptions used to determine contribution rates:	
Discount rate - 2019	6.90%
Discount rate - 2018	7.00%
Discount rate - 2017	7.10%
Discount rate - 2016	7.60%
Discount rate - 2015, 2014	7.65%
Actuarial cost method	Entry Age Normal
Amortization method	Level Percent of Payroll, Closed
Amortization period:	
Gains and losses	30 years
Assumption, method and plan changes	30 years
Asset valuation method	Fair Market Value 5-year smoothed
Inflation, per year	2.60%
Salary increases (with inflation), per year	3.25%
Long-term expected rate of return (net of expenses, with inflation), per year	
2019	7.20%
2014 through 2018	7.00%
Payroll growth	3.25%
Cost of living adjustments	3.0% pre-July 2011; 0% thereafter
Retirement age	Varies by tier and member class
Mortality	
2019	PUB-2010 Mortality Table Scale MP-2018
2014 through 2018	RP-2000 Mortality Table Scale BB

Information prior to adoption of GASB Statement No. 67 by the Florida Retirement System in fiscal year 2014 is not available.

VILLAGE OF ROYAL PALM BEACH, FLORIDA

Required Supplementary Information

Schedule of the Village's Proportionate Share of the Net Pension Liability -

Florida Retiree Health Insurance Subsidy (HIS) Trust Fund

Last Six Fiscal Years

	Measurement Date June 30,					
	2019	2018	2017	2016	2015	2014
Village's proportion of the net pension liability	0.019828574%	0.019779122%	0.019930053%	0.018916681%	0.018008213%	0.017729512%
Village's proportionate share of the net pension liability	\$ 2,218,619	\$ 2,093,444	\$ 2,131,013	\$ 2,204,661	\$ 1,836,554	\$ 1,657,753
Village covered payroll	\$ 6,635,000	\$ 6,461,000	\$ 6,355,000	\$ 5,841,000	\$ 5,463,000	\$ 5,268,000
Village's proportionate share of the net pension liability as a percentage of Village covered payroll	33.44%	32.40%	33.53%	37.74%	33.62%	31.47%
Plan fiduciary net position as a percentage of the total pension liability	2.60%	2.10%	1.60%	1.00%	0.50%	1.00%

Notes to Schedule:

Actuarial valuation date	7/1/2018
Actuarial measurement date	6/30/2019
Actuarial methods and assumptions used to determine contribution rates:	
Discount rate - 2019	3.50%
Discount rate - 2018	3.87%
Discount rate - 2017	3.58%
Discount rate - 2016	2.85%
Discount rate - 2015	3.80%
Discount rate - 2014	4.29%
Actuarial cost method	Entry Age Normal
Amortization method	Level Percent of Payroll, Closed
Amortization period:	
Gains and losses	15 years
Assumption, method and plan changes	15 years
Asset valuation method	Fair Market Value
Inflation, per year	2.60%
Salary increases (with inflation), per year	3.25%
Long-term expected rate of return (net of expenses, with inflation), per year	N/A
Payroll growth	3.25%
Cost of living adjustments	N/A
Retirement age	N/A
Mortality	RP-2000
	Mortality Table
	Scale BB

Information prior to adoption of GASB Statement No. 67 by the Florida Retirement System in fiscal year 2014 is not available.

VILLAGE OF ROYAL PALM BEACH, FLORIDA

Required Supplementary Information

Schedule of Village Contributions - Florida Retirement System FRS and HIS Plans

Last Six Fiscal Years

Florida Retirement System (FRS) Pension Plan	Fiscal Year					
	2019	2018	2017	2016	2015	2014
Contractually required Village contribution	\$ 634,034	\$ 576,619	\$ 522,127	\$ 500,767	\$ 480,540	\$ 432,730
Contributions in relation to the contractually required Village contribution	634,034	576,619	522,127	500,767	480,540	432,730
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Village covered payroll	\$ 6,731,000	\$ 6,460,000	\$ 6,231,000	\$ 5,938,000	\$ 5,518,000	\$ 5,292,000
Contributions as a percentage of Village covered payroll	9.42%	8.93%	8.38%	8.43%	8.71%	8.18%
Florida Retiree Health Insurance Subsidy (HIS) Trust Fund						
Contractually required Village contribution	\$ 111,687	\$ 107,260	\$ 103,430	\$ 98,587	\$ 75,375	\$ 63,275
Contributions in relation to the contractually required Village contribution	111,687	107,260	103,430	98,587	75,375	63,275
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Village covered payroll	\$ 6,731,000	\$ 6,460,000	\$ 6,231,000	\$ 5,938,000	\$ 5,518,000	\$ 5,292,000
Contributions as a percentage of Village covered payroll	1.66%	1.66%	1.66%	1.66%	1.37%	1.20%

Note to Schedule:

Information prior to adoption of GASB Statement No. 67 by FRS in fiscal year 2014 is not available.

VILLAGE OF ROYAL PALM BEACH, FLORIDA

Required Supplementary Information

Schedule of Changes in Total OPEB Liability and Related Ratios

Last Two Fiscal Years

	Measurement Date September 30,	
	2019	2018
Total OPEB Liability		
Service cost	\$ 65,751	\$ 59,509
Interest	10,829	9,801
Net change in total OPEB liability	76,580	69,310
Total OPEB liability, beginning of fiscal year	730,071	660,761
Total OPEB liability, end of fiscal year	\$ 806,651	\$ 730,071
Village Covered Employee Payroll	\$ 6,816,000	\$ 6,702,600
Total OPEB Liability as a Percentage of Village Covered Employee Payroll	11.8%	10.9%

Notes to Schedule:

Information prior to adoption of GASB Statement No. 75 in fiscal year 2018 is not available.

The plan is funded on a pay-as-you-go basis and is not administered as a formal qualifying trust. There were no plan assets as of the date of the most recent valuation. Since there are currently no invested plan assets held in trust to finance the OPEB obligation, the discount rate is the long-term expected rate of return on tax-exempt, high quality municipal bonds based on the Bond Buyer 20-Bond GO Index.

COMBINING FUND FINANCIAL STATEMENTS

Nonmajor Governmental Funds

SPECIAL REVENUE FUNDS

Special revenue funds are used to account for specific revenue that is restricted to expenditure for particular purposes. The Village's nonmajor special revenue funds are as follows:

Recreation Facility Fund - To account for contributions received from local developers and businesses for the acquisition, improvement, expansion or implementation of parks and recreational facilities.

Community Beautification Fund - To account for contributions received from local developers to enhance the aesthetic landscape and visual perception of the Village.

CAPITAL PROJECTS FUNDS

Capital Improvements Fund - To account for the Village's general capital improvement program.

Local Discretionary Sales Surtax Fund - To account for the expenditure of the Village's share of the one cent sales surtax revenue that are legally restricted to various public infrastructure projects.

VILLAGE OF ROYAL PALM BEACH, FLORIDA

COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS

September 30, 2019

	Special Revenue Funds		Capital Projects Funds		Total Nonmajor Governmental Funds
	Recreation Facility Fund	Community Beautification Fund	Capital Improvements Fund	Local Discretionary Sales Surtax Fund	
ASSETS					
Equity in pooled cash and investments	\$ 879,774	\$ 330,830	\$ 1,007,175	\$ 4,798,087	\$ 7,015,866
Due from other governments	25,000	-	4,183	442,687	471,870
Total Assets	<u>\$ 904,774</u>	<u>\$ 330,830</u>	<u>\$ 1,011,358</u>	<u>\$ 5,240,774</u>	<u>\$ 7,487,736</u>
LIABILITIES AND FUND BALANCES					
LIABILITIES					
Accounts payable	\$ -	\$ -	\$ 33,513	\$ 170,569	\$ 204,082
Contracts and retainage payable	-	-	74,058	-	74,058
Total Liabilities	-	-	107,571	170,569	278,140
FUND BALANCES					
Restricted for capital projects	-	-	903,787	5,070,205	5,973,992
Committed for recreation facilities	904,774	-	-	-	904,774
Committed for community beautification	-	330,830	-	-	330,830
Total Fund Balances	<u>904,774</u>	<u>330,830</u>	<u>903,787</u>	<u>5,070,205</u>	<u>7,209,596</u>
Total Liabilities and Fund Balances	<u>\$ 904,774</u>	<u>\$ 330,830</u>	<u>\$ 1,011,358</u>	<u>\$ 5,240,774</u>	<u>\$ 7,487,736</u>

VILLAGE OF ROYAL PALM BEACH, FLORIDA

COMBINING STATEMENT OF REVENUE, EXPENDITURES, AND
CHANGES IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS

Year Ended September 30, 2019

	Special Revenue Funds		Capital Projects Funds		Total Nonmajor Governmental Funds
	Recreation Facility Fund	Community Beautification Fund	Capital Improvements Fund	Local Discretionary Sales Surtax Fund	
Revenue					
Intergovernmental revenue	\$ 25,000	\$ -	\$ -	\$ 2,760,748	\$ 2,785,748
Miscellaneous					
Investment earnings	15,480	5,474	39,229	75,666	135,849
Conditions of approval	16,795	61,234	-	-	78,029
Total Revenue	<u>57,275</u>	<u>66,708</u>	<u>39,229</u>	<u>2,836,414</u>	<u>2,999,626</u>
Expenditures					
Current					
General government	-	-	239,626	-	239,626
Public safety	-	-	-	53,672	53,672
Public works	-	-	99,075	26,565	125,640
Culture and recreation	-	-	230,357	45,692	276,049
Capital outlay	1,035	116,464	1,815,296	1,616,577	3,549,372
Total Expenditures	<u>1,035</u>	<u>116,464</u>	<u>2,384,354</u>	<u>1,742,506</u>	<u>4,244,359</u>
Net Change in Fund Balances	56,240	(49,756)	(2,345,125)	1,093,908	(1,244,733)
Fund balances at October 1, 2018	<u>848,534</u>	<u>380,586</u>	<u>3,248,912</u>	<u>3,976,297</u>	<u>8,454,329</u>
Fund balances at September 30, 2019	<u>\$ 904,774</u>	<u>\$ 330,830</u>	<u>\$ 903,787</u>	<u>\$ 5,070,205</u>	<u>\$ 7,209,596</u>

FIDUCIARY FUNDS

These funds are used to account for assets held in trust by the Village for pension benefits.

General Employees Pension Trust Fund - This fund was established to receive and invest Village and employee contributions in a defined contribution pension plan and to disburse them to employees in accordance with the Pension Plan Ordinance.

Police Pension Trust Fund - This fund was established in 2003 to receive and invest Village, State and Police employee contributions in a defined benefit pension plan and to disburse them to Police employees in accordance with the Pension Plan Ordinance.

VILLAGE OF ROYAL PALM BEACH, FLORIDA

COMBINING STATEMENT OF FIDUCIARY NET POSITION - FIDUCIARY FUNDS

September 30, 2019

	General Employees Pension Trust Fund	Police Pension Trust Fund	Total
ASSETS			
Cash	\$ -	\$ 17,958	\$ 17,958
Investments			
Mutual funds	1,928,327	-	1,928,327
Guaranteed interest account	339,176	-	339,176
Contributions receivable	-	364,344	364,344
	<u> </u>	<u> </u>	<u> </u>
Total Assets	<u>\$ 2,267,503</u>	<u>\$ 382,302</u>	<u>\$ 2,649,805</u>
 NET POSITION			
Net position restricted for pension benefits	<u>\$ 2,267,503</u>	<u>\$ 382,302</u>	<u>\$ 2,649,805</u>

VILLAGE OF ROYAL PALM BEACH, FLORIDA

COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION -
FIDUCIARY FUNDS

Year Ended September 30, 2019

	General Employees Pension Trust Fund	Police Pension Trust Fund	Total
ADDITIONS			
Contributions			
Employer	\$ 16,676	\$ -	\$ 16,676
Employee	8,338	-	8,338
State	-	364,344	364,344
Total Contributions	<u>25,014</u>	<u>364,344</u>	<u>389,358</u>
Investment earnings			
Net appreciation (depreciation) in fair value of plan assets	(20,352)	-	(20,352)
Interest and dividend income	30,770	7	30,777
Net Investment Earnings	<u>10,418</u>	<u>7</u>	<u>10,425</u>
Total Additions	35,432	364,351	399,783
DEDUCTIONS			
Distributions to plan participants	50,689	328,462	379,151
Administrative expenses	2,335	2,049	4,384
Total Deductions	<u>53,024</u>	<u>330,511</u>	<u>383,535</u>
Net Increase (Decrease)	(17,592)	33,840	16,248
Net position restricted for pension benefits at October 1, 2018	<u>2,285,095</u>	<u>348,462</u>	<u>2,633,557</u>
NET POSITION RESTRICTED FOR PENSION BENEFITS AT SEPTEMBER 30, 2019	<u>\$ 2,267,503</u>	<u>\$ 382,302</u>	<u>\$ 2,649,805</u>

STATISTICAL SECTION

STATISTICAL SECTION

This part of the Village of Royal Palm Beach’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 of Royal Palm Beach’s overall financial health.

Contents	Page
Financial Trends	67
<i>These schedules contain trend information to help the reader understand how the Village of Royal Palm Beach’s financial performance and well-being have changed over time.</i>	
Revenue Capacity	74
<i>These schedules contain information to help the reader assess the Village of Royal Palm Beach’s most significant local revenue sources, the property tax and utility service tax.</i>	
Debt Capacity	79
<i>These schedules present information to help the reader assess the affordability of the Village of Royal Palm Beach’s current levels of outstanding debt and the Village of Royal Palm Beach’s ability to issue additional debt in the future.</i>	
Demographic and Economic Information.....	82
<i>These schedules offer demographic and economic indicators to help the reader understand the environment within which the Village of Royal Palm Beach’s financial activities take place and to help make comparisons over time and with other governments.</i>	
Operating Information.....	84
<i>These schedules contain information about the Village’s operations and resources to help the reader understand how the information in the Village of Royal Palm Beach’s financial report relates to the services the Village provides and the activities it performs.</i>	

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

Village of Royal Palm Beach, Florida

Net Position by Component

Last Ten Fiscal Years

(Accrual Basis of Accounting)

	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Governmental activities										
Net investment in capital assets	\$ 76,214,049	\$ 74,924,952	\$ 72,365,552	\$ 68,896,899	\$ 67,253,260	\$ 66,182,131	\$ 82,344,700	\$ 82,460,016	\$ 83,534,506	\$ 83,338,042
Restricted	121,656	107,059	108,424	108,882	125,642	128,583	123,721	1,978,001	4,088,102	6,084,401
Unrestricted	82,948,342	80,435,758	79,992,888	79,367,162	75,875,696	69,582,386	83,134,120	79,301,795	75,621,166	74,965,530
Total governmental activities net position	\$ 159,284,047	\$ 155,467,769	\$ 152,466,864	\$ 148,372,943	\$ 143,254,598	\$ 135,893,100	\$ 165,602,541	\$ 163,739,812	\$ 163,243,774	\$ 164,387,973
Business-type activities										
Net investment in capital assets	\$ 7,993,250	\$ 6,823,533	\$ 5,653,816	\$ 1,462,328	\$ 1,462,328	\$ 1,462,328	\$ 112,328	\$ 112,328	\$ 112,328	\$ 112,328
Unrestricted (deficit)	(6,461,737)	(5,291,246)	(4,120,473)	199,403	295,878	147,915	133,342	160,308	231,314	510,514
Total business-type activities net position	\$ 1,531,513	\$ 1,532,287	\$ 1,533,343	\$ 1,661,731	\$ 1,758,206	\$ 1,610,243	\$ 245,670	\$ 272,636	\$ 343,642	\$ 622,842
Primary government										
Net investment in capital assets	\$ 84,207,299	\$ 81,748,485	\$ 78,019,368	\$ 70,359,227	\$ 68,715,588	\$ 67,644,459	\$ 82,457,028	\$ 82,572,344	\$ 83,646,834	\$ 83,450,370
Restricted	121,656	107,059	108,424	108,882	125,642	128,583	123,721	1,978,001	4,088,102	6,084,401
Unrestricted	76,486,605	75,144,512	75,872,415	79,566,565	76,171,574	69,730,301	83,267,462	79,462,103	75,852,480	75,476,044
Total primary government net position	\$ 160,815,560	\$ 157,000,056	\$ 154,000,207	\$ 150,034,674	\$ 145,012,804	\$ 137,503,343	\$ 165,848,211	\$ 164,012,448	\$ 163,587,416	\$ 165,010,815

Village of Royal Palm Beach, Florida

Changes in Net Position

Last Ten Fiscal Years

(Accrual Basis of Accounting)

	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Expenses										
Governmental activities:										
General government	\$ 4,275,487	\$ 4,487,030	\$ 4,469,023	\$ 4,511,520	\$ 5,055,361	\$ 5,077,561	\$ 5,436,143	\$ 5,863,876	\$ 5,966,518	\$ 6,456,215
Public safety	8,576,547	8,550,405	8,493,956	8,497,276	8,675,596	8,779,942	9,083,219	9,317,725	9,480,280	9,853,312
Public works	6,778,395	6,281,211	6,347,747	5,828,782	5,887,755	5,873,381	5,973,824	6,667,053	7,237,176	6,877,689
Culture and recreation	4,147,280	4,082,724	3,964,633	4,396,098	4,927,803	5,310,937	5,936,648	6,411,165	6,895,654	7,113,180
Interest on long-term debt	62,162	572,551	565,204	512,834	479,660	445,549	468,418	-	-	-
Total governmental activities expenses	23,839,871	23,973,921	23,840,563	23,746,510	25,026,175	25,487,370	26,898,252	28,259,819	29,579,628	30,300,396
Business-type activities:										
Water and wastewater	1,169,717	1,169,717	1,169,717	4,191,488	-	-	354,802	-	-	-
Stormwater	-	-	-	628,544	670,174	737,943	808,863	771,144	833,234	888,386
Total business-type activities expenses	1,169,717	1,169,717	1,169,717	4,820,032	670,174	737,943	1,163,665	771,144	833,234	888,386
Total primary government expenses	\$ 25,009,588	\$ 25,143,638	\$ 25,010,280	\$ 28,566,542	\$ 25,696,349	\$ 26,225,313	\$ 28,061,917	\$ 29,030,963	\$ 30,412,862	\$ 31,188,782
Program Revenue										
Governmental activities:										
Charges for services:										
General government	\$ 453,207	\$ 582,259	\$ 769,962	\$ 685,131	\$ 821,766	\$ 818,357	\$ 668,106	\$ 744,490	\$ 685,627	\$ 566,858
Public safety	917,932	1,014,550	1,639,053	1,983,027	1,425,309	1,705,893	1,755,132	1,424,655	1,955,000	1,870,694
Public works	7,960	5,600	6,640	3,280	5,360	3,440	5,200	5,995	745	480
Culture and recreation	559,014	577,888	585,073	680,517	831,774	902,784	885,528	821,920	944,934	976,771
Operating grants and contributions:										
General government	21,000	26,000	26,500	48,500	63,000	46,850	42,500	42,633	216,143	105,298
Public safety	232,283	210,040	223,683	235,832	252,448	266,018	306,237	306,793	329,939	364,344
Public works	49,231	35,427	63,572	34,758	35,505	135,808	137,650	179,504	171,644	621,257
Culture and recreation	-	1,237	-	-	-	-	-	-	-	-
Capital grants and contributions:										
General government	4,192	4,529	28,736	20,233	11,838	14,919	184,082	344,148	162,615	337,958
Public safety	18,442	19,830	171,927	151,878	50,798	83,512	101,577	181,838	-	-
Public works	669,769	2,211,797	1,254,481	586,770	221,395	323,938	29,194	997,245	1,590,025	1,094,562
Culture and recreation	457,357	78,546	608,030	214,413	114,159	186,589	1,083,578	941,833	512,029	529,066
Total governmental activities program revenue	3,390,387	4,767,703	5,377,657	4,644,339	3,833,352	4,488,108	5,198,784	5,991,054	6,568,701	6,467,288
Business-type activities:										
Charges for services:										
Water and wastewater	1,169,717	1,169,717	1,169,717	4,191,488	-	-	-	-	-	-
Stormwater	-	-	-	756,296	766,045	766,045	794,059	798,110	905,257	1,116,573
Total business-type activities program revenue	1,169,717	1,169,717	1,169,717	4,947,784	766,045	766,045	794,059	798,110	905,257	1,116,573
Total primary government program revenue	\$ 4,560,104	\$ 5,937,420	\$ 6,547,374	\$ 9,592,123	\$ 4,599,397	\$ 5,254,153	\$ 5,992,843	\$ 6,789,164	\$ 7,473,958	\$ 7,583,861

(Continued)

Village of Royal Palm Beach, Florida

Changes in Net Position (Continued)

Last Ten Fiscal Years

(Accrual Basis of Accounting)

	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Net (expense) revenue										
Governmental activities	\$ (20,449,484)	\$ (19,206,218)	\$ (18,462,906)	\$ (19,102,171)	\$ (21,192,823)	\$ (20,999,262)	\$ (21,699,468)	\$ (22,268,765)	\$ (23,010,927)	\$ (23,833,108)
Business-type activities	-	-	-	-	127,752	95,871	(369,606)	26,966	72,023	228,187
Total primary government net expense	\$ (20,449,484)	\$ (19,206,218)	\$ (18,462,906)	\$ (19,102,171)	\$ (21,065,071)	\$ (20,903,391)	\$ (22,069,074)	\$ (22,241,799)	\$ (22,938,904)	\$ (23,604,921)
General Revenue and Other Changes in Net Position										
Governmental activities:										
Taxes:										
Property taxes	\$ 5,534,219	\$ 4,949,367	\$ 3,941,701	\$ 3,527,985	\$ 3,342,150	\$ 3,463,389	\$ 4,272,825	\$ 4,658,932	\$ 4,996,956	\$ 5,278,156
Franchise fees	2,360,842	2,465,538	2,431,560	2,471,640	2,487,385	2,737,903	2,829,621	2,760,818	2,708,888	2,945,827
Utility service taxes	3,941,068	4,464,979	4,231,877	4,142,025	4,265,188	4,479,608	4,499,054	4,557,505	4,642,324	4,634,148
Business taxes	-	595,552	619,952	607,786	674,687	732,620	695,591	693,524	686,382	645,288
State shared revenue, unrestricted	3,567,781	3,307,944	3,312,182	3,386,274	3,945,021	4,234,389	4,883,138	6,893,200	7,752,017	7,950,246
Investment earnings	4,589,959	4,414,876	2,064,915	1,054,230	318,975	417,401	922,983	572,871	462,214	3,521,218
Gain on sale of capital assets	-	-	-	-	2,556	9,168	137,499	269,186	1,673,752	2,424
Transfers	-	-	-	200,000	-	-	33,168,198	-	-	-
Total governmental activities	19,993,869	20,198,256	16,602,187	15,389,940	15,035,962	16,074,478	51,408,909	20,406,036	22,922,533	24,977,307
Business-type activities										
Investment earnings	13,931	504	306	774	636	604	-	-	-	18,913
Miscellaneous	-	-	-	200,000	-	-	-	-	32,100	32,100
Gain on sale of capital assets	-	-	-	-	-	-	32,173,231	-	-	-
Transfers	-	-	-	(200,000)	-	-	(33,168,198)	-	-	-
Total business-type activities	13,931	504	306	774	636	604	(994,967)	-	32,100	51,013
Total primary government	\$ 20,007,800	\$ 20,198,760	\$ 16,602,493	\$ 15,390,714	\$ 15,036,598	\$ 16,075,082	\$ 50,413,942	\$ 20,406,036	\$ 22,954,633	\$ 25,028,320
Changes in Net Position										
Governmental activities	\$ (455,615)	\$ 992,038	\$ (1,860,719)	\$ (3,712,231)	\$ (6,156,861)	\$ (4,924,784)	\$ 29,709,441	\$ (1,862,729)	\$ (88,394)	\$ 1,144,199
Business-type activities	13,931	504	306	774	128,388	96,475	(1,364,573)	26,966	104,123	279,200
Total primary government	\$ (441,684)	\$ 992,542	\$ (1,860,413)	\$ (3,711,457)	\$ (6,028,473)	\$ (4,828,309)	\$ 28,344,868	\$ (1,835,763)	\$ 15,729	\$ 1,423,399

Village of Royal Palm Beach, Florida

Fund Balances of Governmental Funds

Last Ten Fiscal Years

(Modified Accrual Basis of Accounting)

	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
General Fund										
Reserved	\$ 335,339	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	6,651,791	-	-	-	-	-	-	-	-	-
Nonspendable:										
Prepaid items	-	112,643	120,050	152,536	155,949	153,656	154,156	167,209	181,935	201,774
Restricted for:										
Police education	-	96,319	98,722	96,952	97,830	98,233	94,548	88,414	89,328	87,932
Law enforcement	-	10,740	9,702	11,930	27,812	30,350	29,173	30,797	22,477	22,477
Assigned for:										
Debt service	-	-	21,667,529	19,997,759	15,785,200	14,539,400	-	-	-	-
Subsequent year's expenditures	-	2,734,013	1,623,256	2,524,333	2,227,995	2,284,478	3,046,224	3,352,350	3,896,580	4,192,646
Unassigned	-	74,171,800	51,478,969	49,852,893	51,342,701	50,651,117	76,262,937	73,977,435	72,829,298	74,721,386
Total General Fund	\$ 6,987,130	\$77,125,515	\$74,998,228	\$72,636,403	\$69,637,487	\$67,757,234	\$79,587,038	\$77,616,205	\$77,019,618	\$79,226,215
All other governmental funds										
Unreserved, reported in:										
Special Revenue Funds	\$71,668,049	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Capital Projects Funds	4,914,965	-	-	-	-	-	-	-	-	-
Restricted for:										
Capital projects	-	-	-	-	-	-	-	1,858,790	3,976,297	5,973,992
Committed for:										
Capital projects	-	18,721,020	9,638,838	7,124,473	7,045,481	6,132,637	8,154,815	6,077,940	4,076,343	2,577,895
Recreation facilities	-	92,762	257,441	258,018	159,099	107,660	105,377	982,945	848,534	904,774
Community beautification	-	222,712	289,131	289,981	1,438	73,512	73,512	172,684	380,586	330,830
Total all other governmental funds	\$76,583,014	\$19,036,494	\$10,185,410	\$ 7,672,472	\$ 7,206,018	\$ 6,313,809	\$ 8,333,704	\$ 9,092,359	\$ 9,281,760	\$ 9,787,491

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Note: GASB Statement No. 54 was adopted for 2011, resulting in the reclassification of the Governmental Funds fund balances.

Village of Royal Palm Beach, Florida

Changes in Fund Balances of Governmental Funds

Last Ten Fiscal Years

(Modified Accrual Basis of Accounting)

		Fiscal Year									
		2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Revenue											
	Taxes	\$ 11,225,090	\$ 10,749,436	\$ 10,637,091	\$ 10,769,410	\$ 11,413,520	\$ 11,476,888	\$ 12,297,091	\$ 12,670,779	\$ 13,034,550	\$ 13,503,419
	Licenses and permits	456,472	522,074	994,528	1,337,180	766,467	998,828	993,621	854,834	1,354,439	1,265,113
	Intergovernmental	4,661,513	5,854,751	4,973,409	4,616,697	4,638,627	5,041,090	5,742,404	8,491,588	9,428,760	9,807,486
	Charges for services	469,680	494,337	499,160	576,233	645,001	699,120	601,550	603,248	628,403	521,190
	Fines and forfeitures	261,460	267,476	419,525	420,847	433,842	482,065	536,824	485,613	513,019	522,063
	Investment earnings	2,064,915	1,054,230	886,188	318,975	417,401	825,024	922,983	572,871	462,214	3,521,218
	Impact fees	142,306	164,401	867,189	604,285	314,960	426,318	174,590	400,684	984,430	1,099,171
	Conditions of approval	-	14,828	264,981	5,000	-	177,640	-	986,997	201,438	78,029
	Other	711,138	836,110	1,060,836	1,029,118	1,268,844	1,283,804	1,204,491	1,061,290	1,027,236	1,036,184
	Total revenues	19,992,574	19,957,643	20,602,907	19,677,745	19,898,662	21,410,777	22,473,554	26,127,904	27,634,489	31,353,873
Expenditures											
	General government	4,144,402	4,390,574	4,347,966	4,449,801	5,064,449	5,030,545	5,212,267	5,548,986	5,661,639	5,936,024
	Public safety	8,398,401	8,377,235	8,320,498	8,327,729	8,503,007	8,628,119	8,856,418	9,104,060	9,289,712	9,594,390
	Public works	3,824,736	3,276,495	3,183,689	2,643,062	2,801,013	2,890,297	2,939,957	3,451,372	3,854,869	3,557,868
	Culture and recreation	3,058,083	3,060,993	3,072,684	3,478,336	4,090,582	4,517,487	4,499,375	4,390,440	4,845,428	4,901,906
	Capital outlay	4,772,053	7,132,274	11,060,385	3,978,543	1,308,167	1,742,625	4,613,153	5,860,792	6,774,568	4,742,079
	Debt service										
	Principal	290,561	-	1,142,000	1,182,200	1,179,100	1,212,000	15,785,200	-	-	-
	Interest and fiscal charges	67,338	168,996	662,551	523,610	490,670	457,314	365,561	-	-	-
	Debt issue costs	-	50,500	28,000	-	-	-	-	-	-	-
	Bond prepayment fee	-	-	-	-	-	-	323,061	-	-	-
	Total expenditures	24,555,574	26,457,067	31,817,773	24,583,281	23,436,988	24,478,387	42,594,992	28,355,650	30,426,216	28,732,267
	Revenue over (under) expenditures	(4,563,000)	(6,499,424)	(11,214,866)	(4,905,536)	(3,538,326)	(2,797,610)	(20,121,438)	(2,227,746)	(2,791,727)	2,621,606
Other financing sources (uses)											
	Insurance recoveries	7,643	3,174	31,771	28,217	63,788	5,800	32,657	35,024	182,993	88,298
	Proceeds from sale of capital assets	302	2,448	264,831	2,556	9,168	19,348	770,282	980,544	2,201,548	2,424
	Proceeds from issuance of debt	-	20,500,000	19,358,500	-	-	-	-	-	-	-
	Payment to refunded bond escrow agent	-	(1,614,333)	(19,418,607)	-	-	-	-	-	-	-
	Transfers in	1,739,359	400,000	500,000	1,271,401	1,444,000	900,000	34,433,000	2,705,000	2,550,000	1,000,000
	Transfers out	(1,739,359)	(200,000)	(500,000)	(1,271,401)	(1,444,000)	(900,000)	(1,264,802)	(2,705,000)	(2,550,000)	(1,000,000)
	Total other financing sources (uses)	7,945	19,091,289	236,495	30,773	72,956	25,148	33,971,137	1,015,568	2,384,541	90,722
	Net change in fund balances	\$ (4,555,055)	\$ 12,591,865	\$ (10,978,371)	\$ (4,874,763)	\$ (3,465,370)	\$ (2,772,462)	\$ 13,849,699	\$ (1,212,178)	\$ (407,186)	\$ 2,712,328
	Debt service as a percentage of non-capital expenditures	1.81%	1.14%	8.83%	8.28%	7.55%	7.34%	42.52%	0.00%	0.00%	0.00%

Village of Royal Palm Beach, Florida

General Governmental Tax Revenues By Source

Last Ten Fiscal Years

(Modified Accrual Basis of Accounting)

Fiscal Year	Ad Valorem Taxes	Franchise Fees	Utility Service Taxes	Business Taxes	Total
2010	\$ 3,941,701	\$ 2,431,560	\$ 4,231,877	\$ 619,952	\$ 11,225,090
2011	3,527,985	2,471,640	4,142,025	607,786	10,749,436
2012	3,402,534	2,431,277	4,190,499	612,781	10,637,091
2013	3,342,150	2,487,385	4,265,188	674,687	10,769,410
2014	3,463,389	2,737,903	4,479,608	732,620	11,413,520
2015	3,766,974	2,799,075	4,476,157	704,682	11,746,888
2016	4,272,825	2,829,621	4,499,054	695,591	12,297,091
2017	4,658,932	2,760,818	4,557,505	693,524	12,670,779
2018	4,996,956	2,708,888	4,642,324	686,382	13,034,550
2019	5,278,156	2,945,827	4,634,148	645,288	13,503,419

Village of Royal Palm Beach, Florida

Assessed Value and Estimated Actual Value of Taxable Property

Last Ten Fiscal Years

Fiscal Year	Real Property	Personal Property	Total	Total Direct Tax Rate	Estimated Actual Taxable Value
2010	\$ 2,025,681,694	\$ 117,517,903	\$ 2,143,199,597	\$ 5.38	\$ 2,143,199,597
2011	1,777,026,096	117,059,540	1,894,085,636	5.38	1,894,085,636
2012	1,738,716,997	102,977,493	1,841,694,490	5.38	1,841,694,490
2013	1,706,429,634	100,652,682	1,807,082,316	5.38	1,807,082,316
2014	1,776,535,613	101,636,831	1,878,172,444	5.38	1,878,172,444
2015	1,941,988,056	109,353,208	2,051,341,264	5.38	2,051,341,264
2016	2,397,218,755	112,830,630	2,510,049,385	5.38	2,510,049,385
2017	2,602,640,902	98,917,446	2,701,558,348	5.38	2,701,558,348
2018	2,762,019,330	107,358,757	2,869,378,087	5.38	2,869,378,087
2019	2,882,203,763	101,105,760	2,983,309,523	5.38	2,983,309,523

Source: Palm Beach County Property Appraiser's Office

Note: Property in the Village is reassessed each year. Property is assessed at actual value; therefore, the assessed values are equal to actual value. Tax rates are per \$1,000 of assessed value.

Village of Royal Palm Beach, Florida

Direct and Overlapping Property Tax Rates

Last Ten Fiscal Years

(Rate per \$1,000 of assessed value)

Fiscal Year	Village Direct Rates			Overlapping Rates			Total
	General Fund	Debt Service	Total Direct	Palm Beach County	School District	Special Taxing Districts	
2010	\$ 5.38	\$ 0.00	\$ 5.38	\$ 5.60	\$ 8.15	\$ 2.55	\$ 16.31
2011	5.38	0.00	5.38	5.60	8.18	2.34	16.12
2012	5.38	0.00	5.38	5.60	7.78	2.32	15.69
2013	5.38	0.00	5.38	5.59	7.59	2.23	15.41
2014	5.38	0.00	5.38	5.58	7.59	2.17	15.34
2015	5.38	0.00	5.38	5.53	7.51	2.10	15.14
2016	5.38	0.00	5.38	5.51	7.07	1.95	14.53
2017	5.38	0.00	5.38	5.49	6.77	1.78	14.04
2018	5.38	0.00	5.38	5.49	6.57	1.69	13.75
2019	5.38	0.00	5.38	5.45	7.16	1.69	14.30

Note: Tax rates are per \$1,000 of taxable value (1 mill). The Village's General Fund property tax rate may be increased only by a majority vote of the Village Council. Rates for debt service are set based on each year's requirements. Under Florida law, the Village has a 10 mill cap, including the tax rate of the Palm Beach County Fire Rescue MSTU.

Village of Royal Palm Beach, Florida

Principal Property Taxpayers

Current Year and Nine Years Ago

Taxpayer	2019			2010		
	Taxable Assessed Value	Rank	Percentage of Total Village Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Village Taxable Assessed Value
IVT Southern Royal Palm Beach 1031 LLC \$	78,000,000	1	2.61%	\$ -	-	-
Florida South Division LLC	60,446,789	2	2.03%	-	-	-
SCG Atlas Park Aire LLC	47,211,825	3	1.58%	-	-	-
Florida Power & Light Co	36,804,410	4	1.23%	-	-	-
Verse at Royal Palm Beach LP	31,818,594	5	1.07%	-	-	-
Lennar Homes	28,366,412	6	0.95%	-	-	-
CP Ipers Coral LLC	25,931,869	7	0.87%	25,301,707	3	1.18%
SCG Buckingham Square LLC	23,671,273	8	0.79%	-	-	-
JBL Village Shoppes LLC	22,965,395	9	0.77%	-	-	-
Walmart Stores East LP	21,092,675	10	0.71%	20,758,757	4	0.97%
Centre on Southern LLLP	-	-	-	47,418,966	1	2.21%
Centre on 441 LLLP	-	-	-	25,889,287	2	1.21%
Inland Western Royal	-	-	-	20,650,379	5	0.96%
Target Corporation	-	-	-	18,705,340	6	0.87%
Ramco Crossroads at Royal Palm	-	-	-	18,129,978	7	0.85%
Montecito Medical PW VIII LLC	-	-	-	16,649,544	8	0.78%
Stafford Place Regal LLC	-	-	-	15,484,252	9	0.72%
ATMF	-	-	-	15,072,544	10	0.70%
Total	\$ 376,309,242		12.61%	\$ 224,060,754		10.45%

Source: Palm Beach County Property Appraiser's Office

Village of Royal Palm Beach, Florida

Property Tax Levies and Collections

Last Ten Fiscal Years

Fiscal Year	Net Tax Levy* for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2010	\$ 4,005,152	\$ 3,923,499	97.96 %	\$ 52,408	\$ 3,975,907	99.27 %
2011	3,510,810	3,484,380	99.25	35,827	3,520,207	100.27
2012	3,413,787	3,362,724	98.50	-	3,362,724	98.50
2013	3,469,598	3,315,060	95.55	27,090	3,342,150	96.33
2014	3,606,091	3,446,962	95.59	16,427	3,463,389	96.04
2015	3,938,575	3,766,974	95.64	-	3,766,974	95.64
2016	4,386,429	4,272,825	97.41	-	4,272,825	97.41
2017	4,819,295	4,658,932	96.67	-	4,658,932	96.67
2018	5,170,985	4,990,187	96.50	6,769	4,996,956	96.63
2019	5,472,460	5,272,628	96.35	4,472	5,277,100	96.43

Notes: All property taxes are assessed and collected by Palm Beach County. Collections are distributed in full as collected.

Since the tax levy is shown net of the maximum allowance for discounts, it is possible for the total collections as a percentage of the tax levy to exceed 100%, to the extent that all taxpayers do not take advantage of the maximum discount.

*Tax levy, net of maximum allowance for discounts of 4% for fiscal years 2010 - 2019.

Village of Royal Palm Beach, Florida

Utility Service Tax Revenues By Source

Last Ten Fiscal Years

(Modified Accrual Basis of Accounting)

Fiscal Year	Electricity	Telecommunications	Water	Gas	Total
2010	\$ 2,167,701	\$ 1,502,573	\$ 446,498	\$ 115,105	\$ 4,231,877
2011	2,147,928	1,412,562	468,643	112,892	4,142,025
2012	2,160,221	1,458,902	460,778	110,598	4,190,499
2013	2,340,259	1,357,696	466,457	100,776	4,265,188
2014	2,603,701	1,282,944	474,730	118,233	4,479,608
2015	2,650,189	1,243,779	478,615	103,574	4,476,157
2016	2,755,210	1,134,368	487,357	122,119	4,499,054
2017	2,804,492	1,078,399	541,950	132,664	4,557,505
2018	2,877,854	1,072,454	571,141	120,875	4,642,324
2019	2,930,503	992,445	582,847	128,353	4,634,148

The Village assesses utility services taxes on charges for utility services at the following rates:

1. Electricity - 10%
2. Telecommunications:
 - 5.52% for the period October 1, 2009 to December 31, 2010
 - 5.22% for the period January 1, 2011 to September 30, 2019
3. Water - 10%
4. Gas - 6%

Village of Royal Palm Beach, Florida

Principal Utility Service Taxpayers

Current Year and Nine Years Ago

Taxpayer	2019			2010		
	Utility Service Taxes	Rank	Percentage of Total Village Utility Service Taxes	Utility Service Taxes	Rank	Percentage of Total Village Utility Service Taxes
Florida Power & Light Co	\$ 2,930,503	1	63.24%	\$ 2,167,701	1	51.22%
AT&T	993,319	2	21.43%	1,502,573	2	35.51%
Village of Royal Palm Beach	582,847	3	12.58%	446,498	3	10.55%
Florida Public Utilities	66,003	4	1.42%	64,286	4	1.52%
Lowe's Home Centers, Inc	18,188	5	0.39%	17,995	5	0.43%
Amerigas Propane	12,765	6	0.28%	4,601	7	0.11%
BJ'S Wholesale Club	7,801	7	0.17%	9,390	6	0.21%
Miscellaneous	22,722	8	0.49%	18,833	8	0.44%
Total	<u>\$ 4,634,148</u>		<u>100.00%</u>	<u>\$ 4,231,877</u>		<u>99.99%</u>

Source: Village Finance records

Village of Royal Palm Beach, Florida

Ratios of Outstanding Debt by Type

Last Ten Fiscal Years

Fiscal Year	Governmental Activities ⁽¹⁾			Total Primary Government	Percentage of Personal Income	Per Capita
	General Obligation Bonds	Special Revenue Bonds	Notes Payable			
2010	\$ -	\$ -	\$ 1,614,333	\$ 1,614,333	0.19%	\$ 51.14
2011	-	-	20,500,000	20,500,000	2.49%	657.03
2012	-	-	19,358,500	19,358,500	1.97%	567.03
2013	-	-	18,176,300	18,176,300	2.00%	520.39
2014	-	-	16,997,200	16,997,200	1.73%	467.43
2015	-	-	15,785,200	15,785,200	1.57%	427.71
2016	-	-	-	-	-	-
2017	-	-	-	-	-	-
2018	-	-	-	-	-	-
2019	-	-	-	-	-	-

⁽¹⁾ The Village does not have a legal debt margin.

Village of Royal Palm Beach, Florida

Ratios of Net General Bonded Debt Outstanding

Last Ten Fiscal Years

Fiscal Year	General Obligation Bonds	Less: Amounts Reserved for Debt Service	Total	Percentage of Actual Value of Property	Population	Per Capita
2010	\$ -	\$ -	\$ -	-	31,567	\$ -
2011	-	-	-	-	31,201	-
2012	-	-	-	-	34,140	-
2013	-	-	-	-	34,928	-
2014	-	-	-	-	36,363	-
2015	-	-	-	-	36,906	-
2016	-	-	-	-	37,138	-
2017	-	-	-	-	37,485	-
2018	-	-	-	-	37,934	-
2019	-	-	-	-	38,691	-

Note: The Village did not have any outstanding General Obligation Bonds from 2010 through 2019.

Village of Royal Palm Beach, Florida

Direct and Overlapping Governmental Activities Debt

September 30, 2019

	Total Outstanding	Percentage Applicable to Village of Royal Palm Beach ⁽¹⁾	Amount Applicable to Village of Royal Palm Beach
Direct:			
Village of Royal Palm Beach	\$ -	100.00%	\$ -
Overlapping:			
Palm Beach County ⁽²⁾	61,115,000	1.52%	928,971
Palm Beach County School District ⁽³⁾	1,440,722,000	1.52%	21,899,521
Total overlapping debt	1,501,837,000		22,828,492
Total direct and overlapping debt payable from ad valorem taxes	\$ 1,501,837,000		22,828,492
Estimated population			38,691
Total direct and overlapping debt per capita			\$ 590.02

NOTES:

⁽¹⁾ Based on Ratio of Assessed Taxable Values

⁽²⁾ Source: Palm Beach County, Florida, Budget Office

⁽³⁾ Source: Palm Beach County School Board, Finance Department

The Village of Royal Palm Beach has no legal debt margin.

Village of Royal Palm Beach, Florida

Demographic and Economic Statistics

Last Ten Fiscal Years

Fiscal Year	Population ⁽¹⁾	Total	Per	Median Age ⁽²⁾	Education	School Enrollment ⁽³⁾	Unemployment Rate ⁽²⁾
		Personal Income ⁽²⁾	Capita Personal Income ⁽²⁾		Level in Years of Schooling ⁽²⁾		
2010	31,567	\$ 833,873,872	\$ 26,416	39	13.5	5,450	7.7%
2011	31,201	824,205,616	26,416	39	13.5	5,398	7.7%
2012	34,140	981,798,120	28,758	37	13.4	5,374	8.8%
2013	34,928	908,093,072	25,999	37	13.4	6,338	5.9%
2014	36,363	982,164,630	27,010	37	13.4	6,378	5.2%
2015	36,906	1,008,235,014	27,319	37	13.6	4,893	5.2%
2016	37,138	1,070,131,470	28,815	37	13.5	4,971	4.1%
2017	37,485	1,079,043,210	28,786	37	13.6	4,894	3.3%
2018	37,934	1,169,770,758	30,837	38.4	13.6	5,103	3.2%
2019	38,691	1,240,549,533	32,063	38.2	13.6	5,458	2.7%

NOTES:

⁽¹⁾ The population for 2010 through 2011 was obtained from the University of Florida, Bureau of Economic Business Administration. The population for 2012 was obtained from the 2010 U.S. Census Bureau count. The population for 2013 thru 2015 was obtained from the Business Development Board of Palm Beach County. The population for 2016 forward was obtained from the University of Florida, Bureau of Economic Business Administration.

⁽²⁾ Source: Business Development Board of Palm Beach County

⁽³⁾ Source: School District of Palm Beach County

Village of Royal Palm Beach

Principal Employers

Current Year and Nine Years Ago

Employer	2019 ⁽¹⁾			2010		
	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
Palm Beach County School District	22,000	1	3.25%	21,718	1	3.21%
Tenet Healthcare Corp.	6,100	2	0.90%	5,127	3	0.76%
Palm Beach County Government	5,500	3	0.81%	11,381	2	1.68%
NextEra Energy (Hqtrs) for FPL	3,854	4	0.57%	3,658	5	0.54%
Florida Atlantic University	3,100	5	0.46%	2,776	7	0.41%
Hospital Corp of America	2,714	6	0.40%	4,150	4	0.61%
Bethesda Memorial Hospital	2,600	7	0.38%	2,300	8	0.34%
Veterans Health Administration	2,535	8	0.37%	2,205	9	0.33%
Boca Raton Regional Hospital	2,500	9	0.37%	2,200	10	0.33%
Jupiter Medical Center	2,075	10	0.31%	-	-	-
Wackenhut Corp.	-	-	-	3,000	6	0.44%
Totals	<u>52,978</u>		<u>7.82%</u>	<u>58,515</u>		<u>8.65%</u>

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

Village of Royal Palm Beach, Florida

Village Government Employees by Function

Last Ten Fiscal Years

	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
General government	16	18	18	18	18	18	18	19	20	22
Public Safety ⁽¹⁾										
Community Development	13	13	12	12	12	12	12	12	12	12
Public Works										
Engineering	7	5	5	5	5	5	6	7	8	9
Public Works	31	31	30	30	29	29	30	31	31	25
Culture/Recreation	72	72	77	77	83	86	86	80	80	80
Total	139	139	142	142	147	150	152	149	151	148

Source: Village Human Resources office.

⁽¹⁾ Police services are contracted with the Palm Beach County Sheriff's Office and Fire/EMS services are contracted with Palm Beach County Fire Rescue.

Village of Royal Palm Beach, Florida

Operating Indicators by Function

Last Ten Fiscal Years

Function	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Public Safety										
Police										
Physical arrests ⁽¹⁾	1,173	1,136	980	949	805	1,027	872	743	1,060	635
Parking violations ⁽²⁾	280	290	225	444	188	180	124	643	150	235
Traffic violations ⁽³⁾	11,425	8,700	9,944	8,943	4,245	4,862	3,455	4,199	4,166	5,200
Fire										
Number of calls ⁽⁴⁾	3,502	3,682	3,504	3,604	3,692	3,894	3,907	4,153	4,087	4,959
Parks and Recreation Services⁽²⁾										
Participants - Athletic Programs	1,607	1,636	1,543	1,747	2,308	2,133	1,937	1,372	3,493	3,457
Participants - Arts & Craft/Classes	459	497	610	437	508	406	459	435	464	236
Participants - Social/Special Events	179	186	429	498	540	559	575	566	71,000	72,400
Participants - Health/Fitness Programs	700	789	1,638	1,325	1,173	1,644	1,232	1,254	1,112	1,122
Participants - Spring/Summer Camps	917	889	348	621	359	604	525	628	679	547
Participants - Other Programs	65	62	36	-	-	-	-	-	-	-
Participants - Seniors Programs	3,048	7,741	2,714	2,752	2,850	3,380	3,636	4,720	5,022	5,322
Participants - Teen Programs	1,438	1,500	1,437	884	698	755	565	120	112	-
Roads and Streets⁽²⁾										
Street resurfacing (lane miles)	-	4	-	4	-	-	3	7	10	6
Pot holes repaired	113	68	45	18	35	43	97	22	84	95

Note: Indicators are not available for the general government function.

Source:

- (1) Florida Department of Law Enforcement
- (2) Village departments
- (3) Palm Beach County Sheriff's Office
- (4) Palm Beach County Fire Rescue

Village of Royal Palm Beach, Florida

Capital Asset Statistics by Function

Last Ten Fiscal Years

Function	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Roads and Streets										
Street lights	668	668	668	695	703	950	1,200	1,200	1,200	1,200
Lane miles	147	147	147	148	148	149	149	149	149	149
Parks and Recreation Services										
Ballfields	14	14	14	14	14	14	14	14	14	14
Basketball courts	14	14	14	14	14	14	14	14	14	14
Soccer fields	4	4	4	8	8	8	8	8	8	8
Tennis courts	8	8	8	8	8	8	8	8	8	8
Parks	24	24	24	24	24	24	24	24	24	24
Bocce courts	4	4	4	4	4	4	4	4	4	4
Remote car track	1	1	1	1	1	1	1	1	1	1
Racquetball courts	4	4	4	4	4	4	4	4	4	4
Hockey rink	1	1	1	-	-	-	-	-	-	-
Skate park	-	-	-	1	1	1	1	1	1	1

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Sources: Village departments

Note: No capital asset indicators are available for the general government function.

COMPLIANCE REPORTS



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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*

The Honorable Mayor and Members
of the Village Council
Village of Royal Palm Beach
Royal Palm Beach, Florida

We have audited, in accordance with U.S. generally accepted auditing standards 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 Royal Palm Beach, Florida, as of and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise the basic financial statements of the Village of Royal Palm Beach, Florida, and have issued our report thereon dated February 25, 2020.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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.

*Caleb, Dauter, Levine,
Cohen, Porter & Veil, P.A.*

West Palm Beach, Florida
February 25, 2020

VILLAGE OF ROYAL PALM BEACH, FLORIDA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended September 30, 2019

Grantor/Pass-Through Grantor/ Program Title	Federal CFDA Number	Grant Number/ Pass-through Entity Identifying Number	Total Federal Expenditures	Passed through to Subrecipients
FEDERAL AWARDS				
U.S. Department of Transportation				
Pass-through Award from the State of Florida				
Florida Department of Transportation				
Highway Planning and Construction	20.205	G0U10	\$ 698,908	\$ -
Total U.S. Department of Transportation			<u>698,908</u>	<u>-</u>
Department of Homeland Security - Federal Emergency Management Agency (FEMA)				
Pass-through Award from the State of Florida				
Florida Division of Emergency Management				
Disaster Grants - Public Assistance (Hurricane Irma)	97.036	Z0723	387,087	-
Total Department of Homeland Security			<u>387,087</u>	<u>-</u>
Total Federal Awards			<u>\$ 1,085,995</u>	<u>\$ -</u>

See notes to schedule of expenditures of federal awards.

VILLAGE OF ROYAL PALM BEACH, FLORIDA

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

September 30, 2019

NOTE A - BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") includes the Federal award activity of the Village of Royal Palm Beach, Florida (the "Village"), under programs of the Federal government for the year ended September 30, 2019. 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 for 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. Expenditures of State financial assistance for the year ended September 30, 2019 did not exceed the \$750,000 threshold for a State Single Audit.

NOTE B - 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. Expenditures relating to U.S. Department of Homeland Security - Federal Emergency Management Agency ("FEMA") CFDA 97.036 - Disaster Grants - Public Assistance (Presidentially Declared Disasters) are reported when 1) eligible expenditures have been incurred in accordance with FEMA regulations (See Note E), and 2) FEMA has approved the project worksheet.

NOTE C - INDIRECT COST RATE

The Village has elected not to use the 10% de minimus indirect cost rate as allowed under the Uniform Guidance.

NOTE D - SUBRECIPIENTS

The Village made no payments to subrecipients from Federal awards for the year ended September 30, 2019.

NOTE E - EXPENDITURES INCURRED IN PRIOR YEARS

Federal expenditures reported in the Schedule of Expenditures of Federal Awards for U.S. Department of Homeland Security, CFDA 97.036 - Disaster Grants - Public Assistance (Presidentially Declared Disasters) were incurred in prior years.

VILLAGE OF ROYAL PALM BEACH, FLORIDA

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)

September 30, 2019

NOTE F - CONTINGENCY

Amounts received or receivable from grantor agencies are subject to audit and adjustment by those agencies. Any disallowed claims, including amounts already received, might constitute a liability of the Village for the return of those funds. In the opinion of management, all grant expenditures were in substantial compliance with the terms of the grant agreements and applicable Federal statutes and regulations.



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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 and Members
of the Village Council
Village of Royal Palm
Royal Palm Beach, Florida

Report on Compliance for Each Major Federal Program

We have audited the Village of Royal Palm Beach, 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 each of the Village's major Federal programs for the year ended September 30, 2019. The Village's major Federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its Federal awards applicable to its Federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Village's major Federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with U.S. generally accepted auditing standards; 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). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major Federal program occurred. An audit includes 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 audit provides a reasonable basis for our opinion on compliance for each major Federal program. However, our audit does not provide a legal determination of the Village's compliance.

Opinion on Each Major Federal Program

In our opinion, the Village of Royal Palm Beach, Florida, 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, 2019.

Report on Internal Control Over Compliance

Management of the Village of Royal Palm Beach, Florida, is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Village's internal control over compliance with the types of requirements that could have a direct and material effect on each major Federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major Federal program 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 internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Village's 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 first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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.

*Cale, Dutton, Levine,
Cohen, Porter & Veil, P.A.*

West Palm Beach, Florida
February 25, 2020

VILLAGE OF ROYAL PALM BEACH, FLORIDA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS -
FEDERAL AWARD PROGRAMS

Year Ended September 30, 2019

SECTION I - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued: *Unmodified Opinion*
Internal control over financial reporting:
Material weakness(es) identified? Yes No
Significant deficiency (ies) identified that are not
considered to be material weakness? Yes None reported
Noncompliance material to financial statements noted? Yes No

Federal Award Programs

Internal control over major Federal Award Programs:
Material weakness(es) identified? Yes No
Significant deficiency (ies) identified that are not
considered to be material weakness? Yes None reported
Type of auditor's report issued on compliance for major
Federal Programs *Unmodified Opinion*
Any audit findings disclosed that are required to be
reported in accordance with 2 CFR 200.516(a)? Yes No

Identification of Major Federal Award Programs

Federal Award Program

CFDA No.

U.S. Department of Transportation
Pass-through Award from State of Florida,
Department of Transportation
Highway Planning and Construction 20.205

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

Auditee qualified as low-risk auditee? Yes No

TOWN OF JUPITER, FLORIDA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS -
FEDERAL AWARD PROGRAMS (Continued)

Year Ended September 30, 2019

SECTION II – FINANCIAL STATEMENT FINDINGS

None

SECTION III - FEDERAL AWARD PROGRAMS FINDINGS AND QUESTIONED COSTS

None

SECTION IV - OTHER MATTERS

A Corrective Action Plan is not required because there were no audit findings reported.

A Summary Schedule of Prior Audit Findings is not required because there were no prior audit findings reported.



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Management Letter

The Honorable Mayor and Members
of the Village Council
Village of Royal Palm Beach
Royal Palm Beach, Florida

Report on the Financial Statements

We have audited the financial statements of the Village of Royal Palm Beach, Florida (the "Village"), as of and for the fiscal year ended September 30, 2019, and have issued our report thereon dated February 25, 2020.

Auditor's Responsibility

We conducted our audit in accordance with U.S. generally accepted auditing standards; 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 Florida 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 Financial Statements Performed in Accordance with *Government Auditing Standards*; Independent Auditor's Report on Compliance for Each Major Federal Program and on Internal Control over Compliance; Schedule of Findings and Questioned Costs; and Independent Accountant's Report on Investment Compliance on our 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 February 25, 2020, 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 financial audit report. There were no recommendations made in the preceding financial audit report.

Official Title and Legal Authority

Section 10.554(1)(i)4., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in

this management letter, unless disclosed in the notes to the financial statements. This information is disclosed in Note A to the financial statements. There were no component units of the Village.

Financial Condition and Management

Sections 10.554(1)(i)5.a. and 10.556(7), Rules of the Auditor General, require us to apply appropriate procedures and communicate the results of our determination as to whether or not the Village has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and 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, as of and for the year ended September 30, 2019.

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 as of September 30, 2019. It is management's responsibility to monitor the Village's financial condition, and our financial condition assessment was based in part on representations made by management and review of financial information provided by same. The results of our procedures disclosed no matters that are required to be reported.

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 warrants the attention of those charged with governance. In connection with our audit, we did not note 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, and the Village Council and management of the Village of Royal Palm Beach, Florida, and is not intended to be and should not be used by anyone other than these specified parties.

*Caleb, Dauter, Levine,
Cohen, Porter & Veil, P.A.*

West Palm Beach, Florida
February 25, 2020



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Independent Accountant's Report on Investment Compliance

The Honorable Mayor and Members
of the Village Council
Village of Royal Palm Beach
Royal Palm Beach, Florida

We have examined the Village of Royal Palm Beach, Florida's (the "Village") compliance with Section 218.415, Florida Statutes, during the year ended September 30, 2019. Management of the Village is responsible for the Village's compliance with the specified requirements. Our responsibility is to express an opinion on the Village's compliance with the specified requirements based on our examination.

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

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

In our opinion, the Village complied, in all material respects, with Section 218.415, Florida Statutes, during the year ended September 30, 2019.

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

*Caler, Donten, Levine,
Cohen, Porter & Veil, P.A.*

West Palm Beach, Florida
February 25, 2020