



Village of North Palm Beach, FL



Comprehensive Annual Financial Report

Fiscal year ended September 30, 2020



The Village of North Palm Beach, Florida



COMPREHENSIVE ANNUAL FINANCIAL REPORT

Fiscal Year Ended September 30, 2020

**Prepared by:
Finance Department**

**Samia Janjua
Director of Finance**

THE VILLAGE OF NORTH PALM BEACH, FLORIDA

FINANCIAL STATEMENTS

SEPTEMBER 30, 2020

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THE VILLAGE OF NORTH PALM BEACH, FLORIDA

FINANCIAL STATEMENTS

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INTRODUCTORY SECTION



THE VILLAGE OF NORTH PALM BEACH

"THE BEST PLACE TO LIVE UNDER THE SUN"

March 25, 2021

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

The Finance Department and Village Manager's Office are pleased to submit the Comprehensive Annual Financial Report (Annual Report) for the Village of North Palm Beach, Florida for the fiscal year ended September 30, 2020.

This report is published to provide the Village Council, Village staff, our citizens, our lenders, and other interested parties with detailed information concerning the financial condition and activities of the Village government. Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the Village.

To the best of our knowledge and belief, the enclosed data are accurate in all material respects and are organized in a manner designed to fairly present the financial position and results of operations of the Village as measured by the financial activity of its various funds. We also believe that all disclosures necessary to enable the reader to gain the maximum understanding of the Village's financial affairs have been included.

THE REPORT

Nowlen, Holt & Miner, P.A., Certified Public Accountants, have issued an unmodified ("clean") opinion on the Village of North Palm Beach's financial statements for the year ended September 30, 2020. The independent auditor's report is located at the front of the financial section of this report.

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

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

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

VILLAGE PROFILE

The Village

The Village of North Palm Beach is primarily a residential community, having been incorporated as a political subdivision of the State of Florida in 1956. The registered population of the Village is approximately 12,177, which increases to approximately 18,000 during the winter months by residents who list their northern homes as their official place of residence. Residents are generally in the middle to upper income brackets.

Located in northeastern Palm Beach County, Florida, the Village is known for its abundance of waterfront property (lakes, canals, and the Atlantic Ocean) as well as other assets: Country Club with a golf course, driving range, pool, tennis courts and restaurant; four parks; marina; library; police and fire rescue stations; and a public elementary school.

The governing body of the Village consists of a five-member Village Council, each of whom is elected to two-year overlapping terms. The Mayor is selected by majority vote of the Council and serves for a term of one year. Day-to-day affairs of the Village are under the leadership of the Village Manager who is appointed by the Council.

FINANCIAL DATA

Financial Reporting System and Budgetary Controls

The Village's financial records for its general governmental operations are maintained on the modified accrual basis, which means that revenues are recorded when available and measurable and expenditures are reported when goods and services are received and the related liabilities are incurred.

Financial reporting for its Enterprise Fund (i.e., the Country Club operation) is presented using the full accrual basis of accounting required by Generally Accepted Accounting Principles (GAAP) for its annual financial report. The Country Club annual budget is adopted using a modified accrual basis of accounting (identical to the general government operations mentioned above) which is consistent with how general ledger financial records are maintained throughout the year by the Village administration.

In developing and evaluating the Village's financial and accounting system, consideration is given to the adequacy of internal accounting controls which are designed to provide reasonable, but not absolute, assurance regarding: (a) the safeguarding of assets against loss from unauthorized use or disposition and (b) the reliability of financial records for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance recognizes that: (a) the cost of a control should not exceed the benefits likely to be derived and (b) the evaluation of costs and benefits requires estimates and judgments by management.

All internal control evaluations occur within the above framework. We believe that the Village's internal accounting controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions.

The Village of North Palm Beach maintains budgetary controls through the annual budget public hearing and approval process for GAAP-based budgets. The formal budget approval for each fiscal year is accomplished in a manner compliant with Florida State Statute 200.065, commonly referred to as Truth-in-Millage (TRIM).

The level of budgetary control (that is, the level at which expenditures cannot legally exceed the appropriated amount) is established at the fund level. The Village maintains an encumbrance accounting system as one technique of accomplishing budgetary control. All expenditures, other than personal services, are controlled by a procurement system which encumbers purchase orders against the budget prior to issuance to vendors. All appropriations lapse at year end; however, encumbrances specifically designated to be carried over to the subsequent year are re-appropriated in the following year.

ECONOMIC OUTLOOK

Property Values

The Village obtains a major portion of its annual General Fund financial resources (63%) from ad valorem property taxes. Gross assessed property values increased substantially between the years 2002 through 2006, but slowed significantly in 2007. In years 2008 through 2012, area property values declined in value, in many instances significantly, as a result of the economic downturn. This unprecedented decline in property values was exacerbated by the number of properties in various stages of foreclosure. Both of these real-estate issues have had an adverse impact upon the financial resources of the Village. However, there has been significant residential property investment in the community over the past few years. Both the State and South Florida, in particular, are enjoying resurgence in real estate activity, which has translated into annual gains in market prices for area homes.

In 2016, following the completion of a design charrette process in which North Palm Beach residents described their vision for the community's future, the Village adopted the Citizens' Master Plan. It is anticipated that a viable Master Plan that identifies the highest and best use of properties on U.S. 1 and Northlake Boulevard will encourage investment in the community that will create an enhanced sense of place, active uses and an increase in Village revenues. Significant initiatives include the creation of a form-based code to encourage redevelopment in the Village's commercial corridors, which was completed in 2020 and has resulted in the submittal of applications and concept plans for the redevelopment of a number of underutilized commercial properties, the study of the US1 Corridor to determine if two of the roadway's six lanes should be repurposed for landscaping and bicycle/pedestrian traffic and the redesign of the US1 and Prosperity Farms Road Bridges to serve as architectural features signaling the entry into the community.

Investment Revenues

The economic downturn and softening of the money market have had a significant impact on Village investment revenues over the past few years. In the short-term, the Village made a conscious decision to modify its investment strategies towards the Treasury market to better protect and ensure the availability of the Village's investment balances. This move proved successful in safeguarding Village investments during this market free fall but impacted the interest/dividend revenues to the Village. The Village, with the assistance of the Village's Audit Committee, adopted a "revised" Investment Policy designed to provide safety and liquidity while maximizing investment return(s). The newly adopted policy provided numerous investment strategies, parameters, and safeguards. The policy additionally provided for 1/12 of the annual operating budget to be deposited in a liquid interest-bearing account so as not to impede operations should other funds be temporarily unavailable. The Audit Committee and staff, along with the Village's Investment Advisor, continue to explore other investment opportunities that will improve yields in future years while still ensuring the safety of our investments.

Personnel Costs

The Village will continue to face increased financial challenges in the areas of personnel costs for both salaries and benefits. In past years, several retirement plan amendments were implemented by the Village and then followed by significant salary adjustments that magnified the impact and cost of the

retirement changes. The impact of these changes as well as the continuous improvement in the financial markets have had a very positive financial impact on both plans. Due to legislative changes and catastrophic claims losses, the Village has encountered significant increases in annual health insurance costs during the past few years. In 2018, the Village introduced a high deductible insurance plan along with funding health saving accounts to manage growing expenses. The Village is currently exploring the use of contractual health clinic services for its employees and will continue its focus on Employee Wellness as a means to help control health care costs and improve our opportunity for additional savings from our providers.

The impact of personnel salaries and benefits in the coming years will have a broad and continuing effect on future Village financing and service priorities in the areas of staffing, public services, and public projects. Approximately 64% of the annual budget is allotted for wages and fringe benefits.

INITIATIVES AND FUTURE PROJECTS

The FY 2020 budget reflected a commitment to maintained predictable funding for community infrastructure in areas such as roadways, neighborhood sidewalks, lighting, public buildings, and park facilities. Following a period of deferred maintenance activities during the recession, the use of revenue from a County-wide sales surtax is facilitating the Village's ability to develop a financially feasible capital program.

The Community Development Department provides Planning and Zoning, Code Compliance and Building services. The Department continues to strive to improve its level of services for plan reviews, building inspections, code enforcement and zoning compliance. The Department will move ahead with the conversion of paper records to electronic records storage, resulting in a significant savings of staff's time and effort in records retrieval.

The Parks and Recreation Department continues to offer programs for all age groups at each of its six (6) facilities. Although impacted by the global pandemic, Anchorage Park has been able to host diverse events including: movies in the park, food truck nights, and organized volleyball leagues. In addition, the Department provided youth sports training and leagues in baseball, soccer, and flag football. The Department began reviewing all of its programming and facilities as part of a Parks and Recreation Needs Assessment, which is scheduled to be completed in FY2022.

The Public Works Department is tasked with the oversight and management of Village sanitation services and maintenance of the Village's infrastructure, parks, buildings, equipment, and the roadways. The Department's focus was on enhancing infrastructure maintenance standards and meeting the community's expectation regarding the appearance of public spaces

The Police Department focused on improvements in community policing/neighborhood outreach by conducting community meetings and high visibility directed patrols that incorporate a high rate of officer interaction with Village residents. The Department continued to emphasize the importance of reducing crime in the Village through the use of advanced technology to analyze crime trends and deter future crime using predictive policing concepts. Additional crime suppression and community engagement efforts were conducted through the use of Transitional Neighborhood Teams and the interdepartmental Neighborhood Enhancement Team (NET). Two full-time officers were funded in the FY 2018 budget in order to create this program, which allows officers and other members of the NET team to concentrate their efforts in neighborhoods requiring assistance in achieving their quality of life goals. The Department continued to benchmark itself against the best policing practices by participating in the CALEA (Commission on Accreditation for Law Enforcement Agencies) accreditation process. The Department was re-accredited in July, 2017.

Fire Rescue has experienced an annual increase in calls for service since 2011 with the majority (77%) being medical in nature. The Department continued to support the annual Hands-Only CPR initiative as a charter provider. The fire inspector provided existing business inspections, fire code enforcement, and plans review and site inspections of new projects. This proactive approach to fire prevention has resulted in decreased incidents of commercial responses. Through the CIP, the Department anticipates replacing older apparatus on a rolling schedule that will allow it to maintain high quality service to the Village's residents and guests.

The Human Resources Department is committed to fostering a work environment that attracts quality applicants and encourages employees to perform at the highest level in support of the Village's goals and objectives. In accordance with the Council's direction to "continuously improve the way the Village operates", the Department establishes policies and procedures that are consistent across all administrative functions while remaining current, relevant and compliant with local, state and federal labor and personnel laws. Having implemented a new performance evaluation system for personnel in the Fire Rescue Department in 2016, Human Resources expanded the pay for performance initiative to encompass other employee groups in 2017, specifically to include Police Department personnel. The Department will enhance the initiative's effectiveness by focusing evaluation criteria on those that best measure employees' adherence to the organization's values, their ability to perform their key functions and, in some cases, their display of extraordinary effort or innovation to achieve the Village Council's goals for the organization or the community. In addition, Human Resources will focus on offering diverse training programs and related opportunities to staff members in the areas of Business Etiquette and Professionalism, Cultural Diversity, Conflict Resolution, Office Safety, Progressive Discipline, Drug-Free/Alcohol-Free Workplace, and Leadership skills. Lastly, the Department, in its role of managing Workers' Compensation (W/C) cases in conjunction with the W/C insurance carrier, is working with the Gehring Group's risk management team, as well as the newly established Employee Safety Committee, to seek solutions to reduce instances of injury, lower W/C costs and provide a more positive claims experience for all stakeholders.

The Library has been streamlining processes and procedures, upgrading outdated equipment, and reorganizing various departments. Additionally, renovations within the Library to create a better experience for children and teens were recently completed.

The Information Technology Department has been involved in numerous projects over the last year: preparing the Village for Phase Two of the LPR (License Plate Recognition) systems, Police laptop encryption, Country Club renovation and installations for temporary facilities, Library computer lab automation, and upgrading the Village's phone system. The IT Department also implemented ArchiveSocial to retrieve and archive all of the Village's social media outlets.

The North Palm Beach Country Club recently completed a \$19-million-dollar reconstruction that includes a new clubhouse and ancillary facilities for members, residents, guests and the general public. The new facility introduced a successful independent restaurant, Farmer's Table, as its new caterer and food & beverage provider, a splash park for juniors, updated administrative offices, a new pool deck with updated shade structures, multipurpose rooms, locker rooms and an updated golf shop sizable to the demand of a golf course that supports approximately 42,000+ annual rounds. The goal of the Golf Operations Department is to provide first class service at the Jack Nicklaus Signature municipal facility and expand upon its broad range of programming to juniors, women, seniors, beginners, families as well as avid golfers. The Clubhouse opened in December, 2019.

The Golf Operations Department also worked with Nicklaus Design Group to implement a project to renovate the golf course and upgrade the driving range turf and lighting at a cost of \$1.7 million. The driving range opened in February, 2019. The course opened to members and guests in mid-March and opened to the public in April, 2019.

For Fiscal Year 2019-2020, the Village Council reiterated its primary objective to sustain the Village as the “Best Place to Live Under the Sun.” As part of that objective, the Council developed the following goals to guide the budget process:

1. Financial Sustainability
2. Beautification and Quality of Life
3. All Neighborhoods as Desirable Places to Live
4. Waterways and Recreation
5. Strong Local Economy
6. Improve Mobility
7. Organizational Excellence

OTHER INFORMATION

Independent Audit

Article 11, Section 2.18 of the Village Charter requires an annual audit of the books of account, financial records and transactions of all administrative departments of the Village by independent, certified public accountants selected by the Village Council. To substantiate that this requirement has been met, the independent auditor's report is included in this report.

Awards

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a ***Certificate of Achievement of Excellence in Financial Reporting*** to the Village of North Palm Beach for its Comprehensive Annual Financial Report for the fiscal year ended September 30, 2019, the 32nd consecutive year the Village has received this award. The Certificate of Achievement is a prestigious national award, recognizing conformance with the highest standards for preparation of state and local government financial reports. In order to be awarded a Certificate of Achievement, the governmental unit must publish an easily readable and efficiently organized Annual Report. This report satisfied both GAAP and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We expect our current Annual Report will meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

The GFOA also presented a ***Distinguished Budget Presentation Award*** to the Village for its annual budget for the fiscal year beginning October 1, 2019, the 11th consecutive year the Village has received this award (previously this award had not been received since 1995). The Distinguished Budget Presentation Award is a prestigious national award that recognizes conformance with the highest principles of governmental budgeting. In order to qualify for the Distinguished Budget Presentation Award, a governmental unit must publish a budget document that meets program criteria as a policy document, as an operations guide, as a financial plan, and as a communication device.

Acknowledgements

The preparation of this report would not have been possible without the efficient and dedicated services from the entire staff of the Finance Department.

We would like to thank the Mayor and Council for their unfailing support for maintaining the highest standards of professionalism in the management of the Village of North Palm Beach's finances.

Respectfully submitted,

A handwritten signature in red ink, appearing to read "Andrew D. Lukasik".

Andrew D. Lukasik
Village Manager

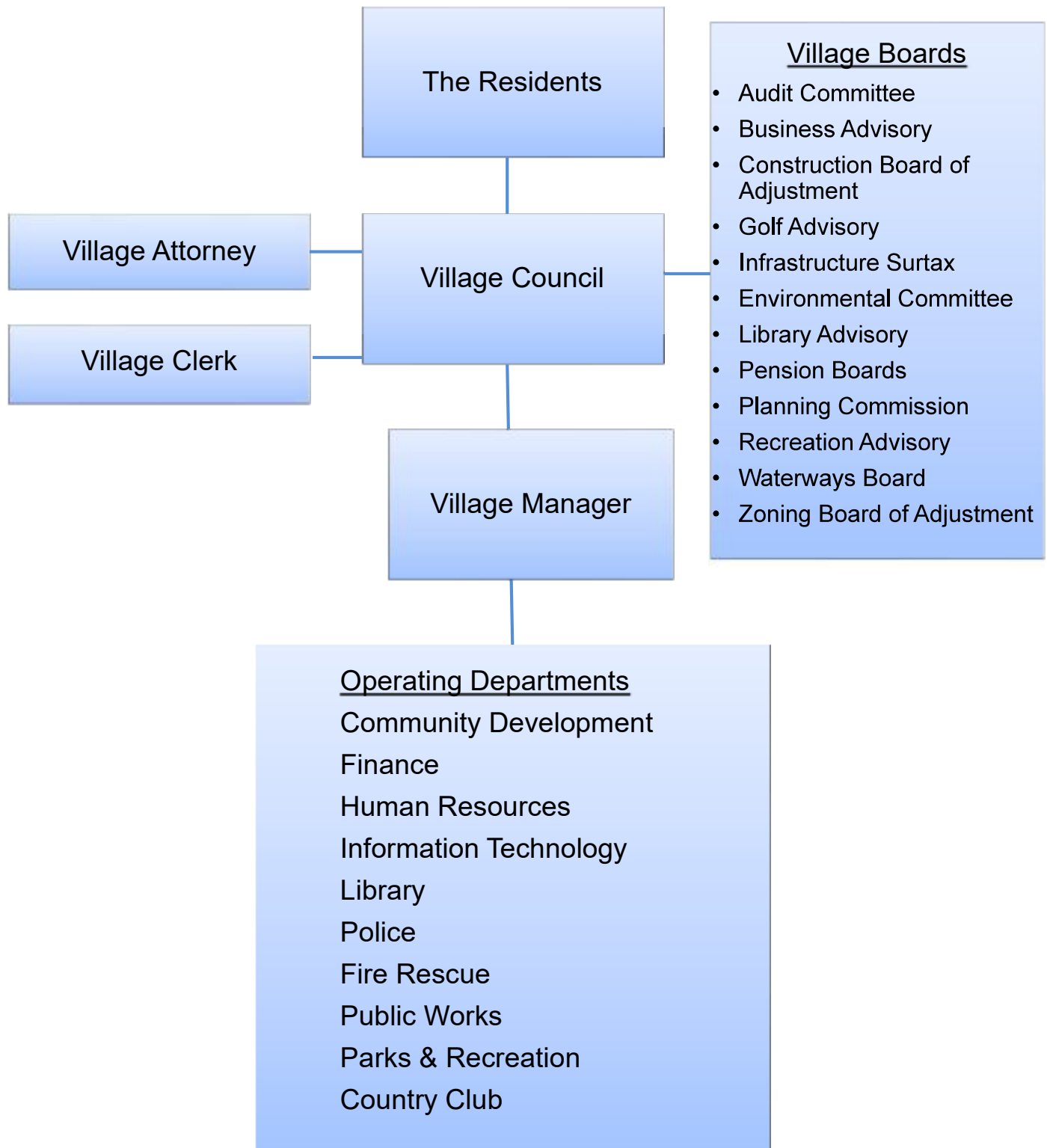
THE VILLAGE OF NORTH PALM BEACH, FLORIDA

PRINCIPAL VILLAGE OFFICIALS

SEPTEMBER 30, 2020

| <u>Title</u> | <u>Name</u> |
|---------------------|-------------------|
| Mayor | Susan Bickel |
| Vice Mayor | Mark Mullinix |
| President Pro Tem | David B. Norris |
| Council Member | Darryl C. Aubrey |
| Council Member | Deborah Searcy |
| Village Manager | Andrew D. Lukasik |
| Director of Finance | Samia Janjua |
| Village Clerk | Jessica Green |

Village of North Palm Beach Organizational Structure





Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**Village of North Palm Beach
Florida**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

September 30, 2019

Christopher P. Morrill

Executive Director/CEO

FINANCIAL SECTION



NOWLEN, HOLT & MINER, P.A.

CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT

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The Honorable Mayor and Members of the Village Council
The Village of North 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 North Palm Beach, Florida as of and for the year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise the Village of North Palm Beach, Florida's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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 North Palm Beach, Florida as of September 30, 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 4 through 13, Pension and Other Postemployment Benefit trend information on pages 79 through 85, and budgetary comparison information on pages 86 through 87 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village of North Palm Beach, Florida's basic financial statements. The introductory section, other supplementary information, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 5, 2021, on our consideration of the Village of North Palm Beach, Florida's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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 of North Palm Beach, Florida'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 of North Palm Beach, Florida's internal control over financial reporting and compliance.

Nowlen, Holt & Mimer, P.A.

West Palm Beach, Florida
March 5, 2021

MANAGEMENT'S DISCUSSION AND ANALYSIS

The Village of North Palm Beach, Florida's (Village) Administration offers readers of the Village's financial statements this narrative overview and analysis of the financial activities of the Village for the fiscal year ended September 30, 2020. Please read it in conjunction with the accompanying transmittal letter beginning on page i, and the accompanying basic financial statements.

TABLE 1
FINANCIAL HIGHLIGHTS
(in millions)

| | September 30, | | Increase/ (Decrease) | Statement Page # |
|--|---------------|----------|-------------------------|---------------------|
| | 2020 | 2019 | | |
| Total net position | \$29.88 | \$27.10 | \$2.78 | 14 |
| Unrestricted net position available for future use | \$3.53 | \$4.61 | (\$1.08) | 14 |
| Governmental net position | \$30.09 | \$26.84 | \$3.25 | 14 |
| Total revenues from all sources | \$33.02 | \$30.31 | \$2.71 | 15 |
| Governmental revenues | \$29.15 | \$28.90 | \$0.25 | 15 |
| Total cost of all Village programs | \$30.24 | \$27.51 | \$2.73 | 15 |
| Governmental revenues over (under) expenses | \$3.26 | \$4.27 | (\$1.01) | 16 |
| General fund revenues over (under) expenditures | \$2.23 | \$2.43 | (\$0.20) | 19 |
| General fund unassigned fund balance | \$11.62 | \$8.18 | \$3.44 | 17 |
| As a percent of general fund expenditures | 45.95% | 33.21% | 12.74% | |
| Country Club revenues over (under) expenses | (\$0.47) | (\$1.47) | \$1.00 | 22 |
| Change in total long-term debt for the Village | (\$0.26) | (\$0.86) | \$0.60 | |

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The three components of the financial statements are: (1) Government-wide financial statements that include the Statement of Net Position and the Statement of Activities. These statements provide information about the activities of the Village as a whole. (2) Fund financial statements tell how these services were financed in the short term, as well as what remains for future spending. Fund financial statements also report the Village's operations in more detail than the government-wide statements by providing information about the Village's most significant funds. (3) Notes to the basic financial statements expand upon information reported in the government-wide and governmental fund statements.

REPORTING ON THE VILLAGE AS A WHOLE

Statement of Net Position and the Statement of Activities (Government-wide)

A frequently asked question regarding the Village's financial health is whether the year's activities contributed positively to the overall financial well being. The Statement of Net Position and the Statement of Activities report information about the Village as a whole and about its activities in a way that helps answer this question. These statements include all assets, deferred outflows of resources, liabilities and deferred inflows of resources using the *accrual basis of accounting*, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account, regardless of when cash is received or paid.

These two statements report the Village's net position and changes therein. Net position, the difference between assets plus deferred outflows of resources and liabilities plus deferred inflows of resources, is one way to measure the Village's financial health, or financial position. Over time, increases or decreases in net position are an indicator of whether the financial health is improving or deteriorating.

The Statement of Net Position and the Statement of Activities present information about the following:

- Governmental activities - All of the Village's basic services are considered to be governmental activities, including general government, community development, public safety, public services, library, and recreation. Property taxes, sales taxes, utility taxes, and franchise fees finance most of these activities.
- Proprietary activities/Business-type activities - The Village charges a fee to customers to cover all or most of the cost of the services provided. The Village's Country Club is reported in this category.

REPORTING THE VILLAGE'S MOST SIGNIFICANT FUNDS

Fund Financial Statements

The fund financial statements provide detailed information about the most significant funds - not the Village as a whole. Some funds are required to be established by State law. However, management establishes other funds, which aid in the management of money for particular purposes or meet legal responsibilities associated with the usage of certain taxes, grants, and other money. The Village's three types of funds - governmental, proprietary, and fiduciary - use different accounting approaches as explained below.

- **Governmental Funds**

Most of the Village's basic services are reported in governmental funds. Governmental funds focus on how resources flow in and out, with balances available for spending remaining at year-end. These funds are reported using an accounting method called the modified accrual accounting method, which measures cash and all other financial assets that can be converted to cash readily. The governmental fund statements provide a detailed short-term view of the Village's general government operations and the basic services it provides. Governmental fund information shows whether there are more or fewer financial resources that can be spent in the near future to finance the Village's programs.

The Village maintains seven individual governmental funds: the General Fund, one Capital Projects Fund, and five Special Revenue Funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balance for the General Fund, the Infrastructure Surtax Fund, and the Capital Projects Fund all of which are considered *major funds* (generally accepted accounting principles define a fund as major based on that fund's size relative to the other funds of the government; a fund may also be reported as major if the government's officials believe that fund is particularly important to financial statement users). The remaining funds are considered *non-major funds*, and data from these governmental funds is combined into a single column for an aggregated presentation. The basic governmental fund financial statements can be found on pages 17-20 of this report.

- **Proprietary Funds**

The Village's only proprietary fund is the Country Club Fund, which charges customers for the services it provides. These services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Position and the Statement of Activities. The basic proprietary fund financial statements can be found on pages 21-23 of this report.

- **Fiduciary Funds**

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. The funds in this category are the Village's Pension Trust Funds and Agency Funds. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the Village's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The basic fiduciary fund financial statements can be found on pages 24-25 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Village, the net position was \$29.88 million at the close of the most recent fiscal year.

A significant portion of the Village's net position (84.89%) reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment), less any related debt still outstanding, which was used to acquire those assets. The Village uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending.

Table 2
Village of North Palm Beach
Net Position
(In Thousands)

| | Governmental Activities | | Business-type Activities | | Total | |
|----------------------------------|----------------------------|------------------|-----------------------------|---------------|------------------|------------------|
| | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 |
| Assets: | | | | | | |
| Current and other assets | \$ 17,755 | \$ 21,156 | \$ (2,177) | \$ (2,661) | \$ 15,578 | \$ 18,495 |
| Capital assets | 36,278 | 32,329 | 4,232 | 5,040 | 40,510 | 37,369 |
| Total assets | <u>54,033</u> | <u>53,485</u> | <u>2,055</u> | <u>2,379</u> | <u>56,088</u> | <u>55,864</u> |
| Deferred outflows of resources: | <u>2,968</u> | <u>2,572</u> | <u>7</u> | <u>2</u> | <u>2,975</u> | <u>2,574</u> |
| Liabilities: | | | | | | |
| Current liabilities | 1,634 | 5,415 | 873 | 415 | 2,507 | 5,830 |
| Long-term liabilities | 21,660 | 20,306 | 1,353 | 1,672 | 23,013 | 21,978 |
| Total liabilities | <u>23,294</u> | <u>25,721</u> | <u>2,226</u> | <u>2,087</u> | <u>25,520</u> | <u>27,808</u> |
| Deferred inflows of resources: | <u>3,608</u> | <u>3,492</u> | <u>50</u> | <u>34</u> | <u>3,658</u> | <u>3,526</u> |
| Net position: | | | | | | |
| Net investment in capital assets | 22,423 | 18,548 | 2,947 | 3,422 | 25,370 | 21,970 |
| Restricted | 986 | 526 | | | 986 | 526 |
| Unrestricted | 6,690 | 7,770 | (3,161) | (3,162) | 3,529 | 4,608 |
| Total net position | <u>\$ 30,099</u> | <u>\$ 26,844</u> | <u>\$ (214)</u> | <u>\$ 260</u> | <u>\$ 29,885</u> | <u>\$ 27,104</u> |

Governmental Activities

The cost of all governmental activities this year was \$25.99 million. As shown on Table 3, Changes in Net Position, those who directly benefited from the programs paid for \$3.73 million of this cost and \$25.52 million was financed through general revenues. Governmental activities increased the Village's net position by \$3.26 million, thereby accounting for 100% of the total increase in the net position of the Village.

Additional detail is shown in Table 3, which follows on the subsequent page.

Table 3
Village of North Palm Beach
Changes in Net Position
(In Thousands)

| | Governmental Activities | | Business-type Activities | | Total | |
|-------------------------------------|----------------------------|------------------|-----------------------------|---------------|------------------|------------------|
| | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 |
| Revenues: | | | | | | |
| Program revenues: | | | | | | |
| Charges for services | \$ 3,731 | \$ 4,073 | \$ 3,768 | \$ 1,407 | \$ 7,499 | \$ 5,480 |
| Operating grants and contributions | 718 | 395 | | | 718 | 395 |
| Capital grants and contributions | 850 | 808 | | | 850 | 808 |
| General revenues: | | | | | | |
| Property taxes | 16,991 | 16,185 | | | 16,991 | 16,185 |
| Local option gas taxes | 273 | 307 | | | 273 | 307 |
| Local option infrastructure surtax | 870 | 923 | | | 870 | 923 |
| Utility service taxes | 2,558 | 2,522 | | | 2,558 | 2,522 |
| Sales and use taxes | 1,346 | 1,449 | | | 1,346 | 1,449 |
| Franchise taxes | 1,305 | 1,353 | | | 1,305 | 1,353 |
| Investment earnings | 502 | 812 | | | 502 | 812 |
| Miscellaneous | 105 | 80 | | | 105 | 80 |
| Gain on asset disposals | | | | | | - |
| Total revenues | <u>29,249</u> | <u>28,907</u> | <u>3,768</u> | <u>1,407</u> | <u>33,017</u> | <u>30,314</u> |
| Expenses: | | | | | | |
| Program expenses: | | | | | | |
| General Government | 3,541 | 3,313 | | | 3,541 | 3,313 |
| Public Safety | 12,103 | 10,505 | | | 12,103 | 10,505 |
| Public Works | 5,633 | 5,604 | | | 5,633 | 5,604 |
| Community Development | 1,399 | 1,686 | | | 1,399 | 1,686 |
| Leisure Services | 2,796 | 3,038 | | | 2,796 | 3,038 |
| Interest on long-term debt | 521 | 490 | | | 521 | 490 |
| Country Club | | | 4,243 | 2,879 | 4,243 | 2,879 |
| Total expenses | <u>25,993</u> | <u>24,636</u> | <u>4,243</u> | <u>2,879</u> | <u>30,236</u> | <u>27,515</u> |
| Increase (decrease) in net position | 3,256 | 4,271 | (475) | (1,472) | 2,781 | 2,799 |
| Net position - beginning of year | <u>26,844</u> | <u>22,573</u> | <u>260</u> | <u>1,732</u> | <u>27,104</u> | <u>24,305</u> |
| Net position - end of year | <u>\$ 30,100</u> | <u>\$ 26,844</u> | <u>\$ (215)</u> | <u>\$ 260</u> | <u>\$ 29,885</u> | <u>\$ 27,104</u> |

The Village's programs include General Government, Public Safety, Public Works, Community Development & Planning, and Leisure Services. Each program's net cost (total cost, less revenues generated by the activities) is presented below. The net cost shows the extent to which the Village's general taxes support each of the Village's programs.

Table 4
Village of North Palm Beach
Cost of services
(In Thousands)

| | 2020 | | 2019 | |
|----------------------------|---------------------------|-------------------------|---------------------------|-------------------------|
| | Total Cost of Services | Net Cost of Services | Total Cost of Services | Net Cost of Services |
| General government | \$ 3,541 | \$ (3,044) | \$ 3,313 | \$ (3,129) |
| Public safety | 12,103 | (11,248) | 10,505 | (9,133) |
| Public works | 5,633 | (5,112) | 5,604 | (5,053) |
| Community development | 1,399 | 325 | 1,686 | 114 |
| Leisure services | 2,796 | (1,094) | 3,038 | (1,668) |
| Interest on long-term debt | 521 | (521) | 490 | (490) |
| | <u>\$ 25,993</u> | <u>\$ (20,694)</u> | <u>\$ 24,636</u> | <u>\$ (19,359)</u> |

At the end of the current year, as compared to the prior year, the total cost of services increased by \$1.36 million. This increase is primarily due to increased police and fire pension costs.

Business-Type Activities

At the end of the current year, as compared to the prior year, Charges for Services (revenues) for the Business-type activities increased by \$2.36 million and expenses increased by \$1.36 million. Net position of the Proprietary Fund (Country Club) at September 30, 2020, were (\$0.21) million. Net position decreased by \$0.47 million.

The negative impact in the Village's Business-type activities was largely due to the mandated closure of the Country Club Restaurant and cancellation of several events due to the COVID-19 pandemic.

FINANCIAL ANALYSIS OF THE VILLAGE'S FUNDS

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

Governmental Funds

The focus of the Village's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Village's financing requirements. In particular, unrestricted (unassigned/assigned) fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

At the end of the current fiscal year, the combined fund balance for all Governmental Funds was \$16.53 million, a \$1.15 million increase from the 2019 fund balance of \$15.38 million. Approximately 80% of the combined ending fund balance (\$13.21 million) constitutes unrestricted (unassigned/assigned) fund balance, which is available for spending at the government's discretion. The remainder of fund balance (\$3.31 million) is restricted (non-spendable/restricted) to indicate that it is not available for new spending because it has already been committed for a variety of other restricted purposes.

General Fund

The General Fund is the chief operating fund of the Village. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$11.62 million while the General Fund total fund balance was \$14.20 million. 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 is 46% of total general fund expenditures, while total fund balance represents 56% of that same amount.

The general fund unassigned fund balance (\$11.62 million) represents an increase of \$3.44 million from the 2019 unassigned general fund balance of \$8.18 million. Key elements of this increase are listed below:

- Revenues for Utility Service Taxes were budgeted on prior year trends (\$2.42 million). For the current year, the Village received \$2.56 million;
- Due to discounts from prompt payments, State law requires that only 95% of the gross ad-valorem taxes be budgeted as revenue (\$16.74 million). For the current year, the Village received \$16.99 million);
- Revenues for Licenses and Permits were budgeted on prior year trends (\$1.11) million. For the current year, the Village received \$1.32 million. This is primarily a result of an increase in Building Permits; and
- The Village received a total of \$0.65 million from FEMA as a reimbursement for hurricane-related expenses.

The increase in the above-mentioned revenues, savings in personnel costs (as referenced on next page) and containment of operating costs were key factors that contributed to the positive impact in the Village's General Fund.

General Fund Budgetary Highlights

Differences between the original budget and the final amended budget were \$1,904,604 and can be briefly summarized as follows:

- Vehicle Leases (\$1,339,026)
- Prior Year Open Purchase Order Carryover (\$565,578)

General Fund Budget Analysis

As shown on pages 88-90 of this report, in the Schedule of Departmental Expenditures – Budget and Actual, there was an overall favorable budget to actual cost variance of \$2.09 million in General Fund Departmental Expenditures. This is primarily a result of:

- several unfinished projects at fiscal year-end that were carried over into the following fiscal year (\$0.16 million);
- savings in personnel costs (\$1.16 million)
 - some of the by-products of the COVID-19 pandemic were mandatory facility closures within the Village as well as cancellations of special events, sports programs and other recreational activities. In addition, there were fewer vacant positions being filled while implementing furloughs of part-time employees on a temporary basis. To that end, a savings in overall personnel costs was realized; and
- savings in operating costs (\$0.78 million) as a result of departments holding the line on operating costs.

Capital Projects Fund

The Village's Capital Projects Fund is project specific and involves multi-year projects. Appropriations in this fund remain open and carry over to succeeding years until planned expenditures are made, or until they are amended or cancelled. At the end of the current fiscal year, the total fund balance was \$1.15 million, a \$2.58 million decrease over the 2019 fund balance of \$3.73 million. This is primarily due to the Country Club Clubhouse project activity.

Infrastructure Surtax Fund

The Village's Infrastructure Surtax Fund is used to account for surtax proceeds. On November 8, 2016 PBC voters approved a one-cent sales surtax, raising the sales tax from 6% to 7% effective January 1, 2017. The surtax will sunset on December 31, 2026. The use of surtax proceeds is restricted to, among other things, the financing, planning and construction of infrastructure. Appropriations in this fund remain open and carry over to succeeding years until planned expenditures are made, or until they are amended or cancelled. At the end of the current fiscal year, the total fund balance was \$0.92 million.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The capital assets of the Village are those assets that are used in the performance of Village functions. Capital assets include equipment, buildings, land, and park facilities etc. The Village has elected to retroactively apply the capitalization requirements of GASB Statement No 34 to major general infrastructure assets acquired in fiscal years ending after June 30, 1980, or that were significantly reconstructed or improved during that multiyear period.

The Village's investment in capital assets for its governmental and business-type activities as of September 30, 2020 and 2019 amounts to \$40.51 million and \$37.37 million, respectively (net of accumulated depreciation).

Table 5
Village of North Palm Beach
Capital Assets
(In Thousands)

| | Governmental Activities | | Business-type Activities | | Total | |
|-----------------------------------|----------------------------|------------------|-----------------------------|-----------------|------------------|------------------|
| | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 |
| Land | \$ 2,056 | \$ 2,056 | \$ 1,051 | \$ 1,051 | \$ 3,107 | \$ 3,107 |
| Construction in progress | 664 | 17,716 | | 228 | 664 | 17,944 |
| Buildings and improvements | 45,848 | 26,045 | 7,751 | 8,072 | 53,599 | 34,117 |
| Furniture, fixtures and equipment | 9,826 | 7,520 | 100 | 49 | 9,926 | 7,569 |
| Total assets | 58,394 | 53,337 | 8,902 | 9,400 | 67,296 | 62,737 |
| Less accumulated depreciation | (22,115) | (21,008) | (4,670) | (4,359) | (26,785) | (25,367) |
| Net position | <u>\$ 36,279</u> | <u>\$ 32,329</u> | <u>\$ 4,232</u> | <u>\$ 5,041</u> | <u>\$ 40,511</u> | <u>\$ 37,370</u> |

Additional information on the Village's capital assets can be found in Note 5 on pages 46 through 47 of this report.

Debt

Currently, the Village uses debt financing on an as-needed basis each year. At the end of the current fiscal year, the Village had total long-term debt of \$15.14 million; \$13.86 million in the governmental activities and \$1.28 million in business-type activities. None of the Village's long-term debt comprises debt backed by the full faith and credit of the government.

Table 6
Village of North Palm Beach
Outstanding Debt
(In Thousands)

| | Governmental Activities | | Business-type Activities | | Total | |
|----------------|----------------------------|------------------|-----------------------------|-----------------|------------------|------------------|
| | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 |
| Loans payable | \$ 12,680 | \$ 13,515 | \$ 1,285 | \$ 1,619 | \$ 13,965 | \$ 15,134 |
| Capital leases | 1,176 | 266 | | | 1,176 | 266 |
| Total | <u>\$ 13,856</u> | <u>\$ 13,781</u> | <u>\$ 1,285</u> | <u>\$ 1,619</u> | <u>\$ 15,141</u> | <u>\$ 15,400</u> |

Additional information on the Village's debt can be found in Note 6 on pages 48 through 51 of this report.

NEXT YEAR'S BUDGET AND ECONOMIC FACTORS

The Village's Unassigned Fund Balance is viewed by the Administration as a measurement of Village financial stability. Unassigned general fund balance increased to \$11.62 million during the current 2020 fiscal year. The increase is primarily due to the increase in several revenue categories and savings in personnel costs.

The FY 2020/21 Budget reflects continued improvement to citizen services, public safety, and public facility maintenance while emphasizing improved community appearance and financial stability. Most importantly, the budget provides necessary resources for the Village of North Palm Beach to maintain and further improve services to our residents without increasing the millage rate and without having to use the General Fund Unassigned Fund Balance. The Village's operating millage rate was not increased; it remained flat at 7.5000 mils.

The Village's financial plan represents an aggressive approach to adequately maintain infrastructure and address gaps in the organization in order to deliver services to the community. While the budget allocates resources to improve the Village's ability to address service and maintenance demands annually, there are also significant capital investments to be made that will be unique to the upcoming fiscal year. Improvement of the dry storage area in Anchorage Park and providing funding to Palm Beach County to incorporate aesthetic features and pedestrian amenities into their design of the Prosperity Farms Road Bridge Replacement Project (which will begin in 2022) are unique investments for the upcoming year.

These upcoming investments will result in increased expenditures; however, increasing property valuations and continued state and national economic growth will blunt the impact of these projects to the annual financial plan.

CONTACTING THE VILLAGE'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the Village's finances and to show the Village's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Village's Finance Department, at the Village of North Palm Beach, 501 U.S. Highway 1, North Palm Beach, Florida 33408.

BASIC FINANCIAL STATEMENTS

THE VILLAGE OF NORTH PALM BEACH, FLORIDA
Statement of Net Position
September 30, 2020

| | Governmental Activities | Business-type Activities | Total |
|---|------------------------------------|-------------------------------------|----------------------|
| Assets | | | |
| Cash and cash equivalents | \$ 4,653,495 | \$ 1,505 | \$ 4,655,000 |
| Investments | 9,950,555 | | 9,950,555 |
| Accounts receivable | 339,975 | 32,348 | 372,323 |
| Accrued interest | 28,859 | | 28,859 |
| Inventories | 111,860 | 68,462 | 180,322 |
| Prepays | 6,668 | 49 | 6,717 |
| Due from other governments | 384,291 | | 384,291 |
| Internal balances | 2,279,341 | (2,279,341) | |
| Capital assets: | | | |
| Nondepreciable | 2,719,379 | 1,051,311 | 3,770,690 |
| Depreciable (net of depreciation) | 33,559,296 | 3,180,598 | 36,739,894 |
| Total assets | <u>54,033,719</u> | <u>2,054,932</u> | <u>56,088,651</u> |
| Deferred outflows of resources | | | |
| Other postemployment benefits related items | 56,633 | 1,872 | 58,505 |
| Pension related items | 2,911,353 | 5,580 | 2,916,933 |
| Total deferred outflows of resources | <u>2,967,986</u> | <u>7,452</u> | <u>2,975,438</u> |
| Liabilities | | | |
| Accounts payable | 566,140 | 179,707 | 745,847 |
| Retainage payable | 458,042 | | 458,042 |
| Accrued liabilities | 214,281 | | 214,281 |
| Unearned revenue | 222,749 | 693,576 | 916,325 |
| Accrued interest payable | 173,484 | | 173,484 |
| Noncurrent liabilities: | | | |
| Due within one year | 2,259,719 | 377,231 | 2,636,950 |
| Due in more than one year | 19,400,240 | 975,791 | 20,376,031 |
| Total liabilities | <u>23,294,655</u> | <u>2,226,305</u> | <u>25,520,960</u> |
| Deferred inflows of resources | | | |
| Deferred revenue | 225,648 | | 225,648 |
| Other postemployment benefits related items | 2,070,847 | 50,576 | 2,121,423 |
| Pension related items | 1,311,253 | | 1,311,253 |
| Total deferred inflows of resources | <u>3,607,748</u> | <u>50,576</u> | <u>3,658,324</u> |
| Net position | | | |
| Net investment in capital assets | 22,423,120 | 2,947,241 | 25,370,361 |
| Restricted for: | | | |
| Recreation | 195 | | 195 |
| Infrastructure | 906,759 | | 906,759 |
| Library | 23,976 | | 23,976 |
| Other purposes | 55,559 | | 55,559 |
| Unrestricted | 6,689,693 | (3,161,738) | 3,527,955 |
| Total net position | <u>\$ 30,099,302</u> | <u>\$ (214,497)</u> | <u>\$ 29,884,805</u> |

See notes to the financial statements.

THE VILLAGE OF NORTH PALM BEACH, FLORIDA
Statement of Activities
For the Year Ended September 30, 2020

| <u>Functions/Programs</u> | <u>Expenses</u> | <u>Charges for Services</u> |
|---|-----------------------------|-----------------------------|
| Government: | | |
| Governmental activities | | |
| General government | \$ 3,541,302 | \$ 152,779 |
| Public safety | 12,103,224 | 488,393 |
| Public works | 5,633,427 | 511,916 |
| Community development and planning | 1,398,876 | 1,723,949 |
| Leisure services | 2,795,698 | 853,581 |
| Interest expense | 520,755 | |
| Total governmental activities | <u>25,993,282</u> | <u>3,730,618</u> |
| Business-type activities - country club | 4,242,674 | 3,768,449 |
| Total business-type activities | <u>4,242,674</u> | <u>3,768,449</u> |
| | | |
| Total government | <u><u>\$ 30,235,956</u></u> | <u><u>\$ 7,499,067</u></u> |

| Program Revenues | | Net (Expense) Revenue and Changes in Net Position | | |
|--|--|--|-----------------------------|---------------------|
| Operating Grants and Contributions | Capital Grants and Contributions | Governmental Activities | Business-type Activities | Total |
| \$ 344,753 | \$ | \$ (3,043,770) | \$ | \$ (3,043,770) |
| 344,726 | 21,605 | (11,248,500) | | (11,248,500) |
| 9,324 | | (5,112,187) | | (5,112,187) |
| | | 325,073 | | 325,073 |
| 19,179 | 828,582 | (1,094,356) | | (1,094,356) |
| | | (520,755) | | (520,755) |
| <u>717,982</u> | <u>850,187</u> | <u>(20,694,495)</u> | | <u>(20,694,495)</u> |
| | | | (474,225) | (474,225) |
| | | | (474,225) | (474,225) |
| <u>\$ 717,982</u> | <u>\$ 850,187</u> | <u>(20,694,495)</u> | <u>(474,225)</u> | <u>(21,168,720)</u> |

General Revenues:

| | | | | |
|--|--|----------------------|---------------------|----------------------|
| Taxes: | | | | |
| Property taxes | | 16,991,314 | | 16,991,314 |
| Local option gas taxes | | 273,428 | | 273,428 |
| Local option infrastructure surtax | | 869,852 | | 869,852 |
| Utility service taxes | | 2,558,092 | | 2,558,092 |
| Franchise taxes | | 1,304,936 | | 1,304,936 |
| Sales and use taxes | | 1,345,508 | | 1,345,508 |
| Investment income - unrestricted | | 502,335 | | 502,335 |
| Miscellaneous | | 104,618 | | 104,618 |
| Total general revenues | | <u>23,950,083</u> | | <u>23,950,083</u> |
| Change in net position | | 3,255,588 | (474,225) | 2,781,363 |
| Net position, beginning of year | | <u>26,843,714</u> | <u>259,728</u> | <u>27,103,442</u> |
| Net position, end of year | | <u>\$ 30,099,302</u> | <u>\$ (214,497)</u> | <u>\$ 29,884,805</u> |

See notes to the financial statements.

THE VILLAGE OF NORTH PALM BEACH, FLORIDA
Balance Sheet
Governmental Funds
September 30, 2020

| | <u>General</u> | <u>Infrastructure Surtax Fund</u> | <u>Capital Projects Fund</u> | <u>Nonmajor Governmental Funds</u> | <u>Total Governmental Funds</u> |
|--|----------------------|---|--------------------------------------|--|---|
| Assets | | | | | |
| Cash and cash equivalents | \$ 2,398,565 | \$ 836,411 | \$ 1,156,241 | \$ 262,278 | \$ 4,653,495 |
| Investments | 9,950,555 | | | | 9,950,555 |
| Accounts receivable | 339,975 | | | | 339,975 |
| Accrued interest | 28,859 | | | | 28,859 |
| Inventories | 111,860 | | | | 111,860 |
| Prepays | 6,668 | | | | 6,668 |
| Due from other funds | 20,085 | | 72,091 | | 92,176 |
| Advances to other funds | 2,207,250 | | | | 2,207,250 |
| Due from other governments | 281,487 | 81,199 | | 21,605 | 384,291 |
| Total assets | <u>\$ 15,345,304</u> | <u>\$ 917,610</u> | <u>\$ 1,228,332</u> | <u>\$ 283,883</u> | <u>\$ 17,775,129</u> |
| Liabilities, deferred inflows of resources, and fund balances | | | | | |
| Liabilities | | | | | |
| Accounts payable | \$ 477,968 | \$ 10,851 | \$ 77,321 | \$ | \$ 566,140 |
| Accrued liabilities | 214,281 | | | | 214,281 |
| Due to other funds | | | | 20,085 | 20,085 |
| Unearned revenue | 222,749 | | | | 222,749 |
| Total liabilities | <u>914,998</u> | <u>10,851</u> | <u>77,321</u> | <u>20,085</u> | <u>1,023,255</u> |
| Deferred inflows of resources | | | | | |
| Deferred revenue | 225,648 | | | | 225,648 |
| Unavailable revenue | | | | | |
| Total deferred inflows of resources | <u>225,648</u> | | | | <u>225,648</u> |
| Fund balances | | | | | |
| Nonspendable: | | | | | |
| Inventories and prepays | 118,528 | | | | 118,528 |
| Advances to other funds | 2,207,250 | | | | 2,207,250 |
| Restricted for: | | | | | |
| Country club project | | | | | |
| Recreation | 195 | | | | 195 |
| Infrastructure | | 906,759 | | | 906,759 |
| Streets and roads | 47,226 | | | | 47,226 |
| Police | 5,560 | | | | 5,560 |
| Library | 23,976 | | | | 23,976 |
| Other purposes | 2,773 | | | | 2,773 |
| Assigned for: | | | | | |
| Small business grants | 16,435 | | | | 16,435 |
| Subsequent year's expenditures | 160,430 | | | | 160,430 |
| Special revenue funds | | | | 263,798 | 263,798 |
| Capital project funds | | | 1,151,011 | | 1,151,011 |
| Unassigned | 11,622,285 | | | | 11,622,285 |
| Total fund balances | <u>14,204,658</u> | <u>906,759</u> | <u>1,151,011</u> | <u>263,798</u> | <u>16,526,226</u> |
| Total liabilities, deferred inflows of resources, and fund balances | <u>\$ 15,345,304</u> | <u>\$ 917,610</u> | <u>\$ 1,228,332</u> | <u>\$ 283,883</u> | <u>\$ 17,775,129</u> |

See notes to the financial statements.

THE VILLAGE OF NORTH PALM BEACH, FLORIDA
Reconciliation of the Balance Sheet – Governmental Funds
to the Statement of Net Position
September 30, 2020

Fund balances - total governmental funds \$ 16,526,226

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds:

| | | |
|--------------------------------|---------------|------------|
| Governmental capital assets | \$ 58,393,694 | |
| Less: accumulated depreciation | (22,115,019) | |
| | | 36,278,675 |

Long-term liabilities, including notes and bonds payable, are not due and payable in the current period and therefore are not reported in the governmental funds. Long term liabilities at year-end consist of:

| | | |
|-------------------------------|--------------|--------------|
| Accrued interest payable | (173,484) | |
| Retainage payable | (458,042) | |
| Revenue notes | (12,680,000) | |
| Capital leases | (1,175,555) | |
| Net pension liability | (5,460,976) | |
| Other postemployment benefits | (778,074) | |
| Accrued compensated absences | (1,565,354) | |
| | | (22,291,485) |

Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the governmental funds:

| | | |
|---|-------------|-----------|
| Other postemployment benefits deferred outflows | 56,633 | |
| Other postemployment benefits deferred inflows | (2,070,847) | |
| Pension related deferred outflows | 2,911,353 | |
| Pension related deferred inflows | (1,311,253) | |
| | | (414,114) |

Net position of governmental activities \$ 30,099,302

See notes to the financial statements.

THE VILLAGE OF NORTH PALM BEACH, FLORIDA
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended September 30, 2020

| | <u>General</u> | <u>Infrastructure Surtax Fund</u> | <u>Capital Projects Fund</u> | <u>Nonmajor Governmental Funds</u> | <u>Total Governmental Funds</u> |
|--|----------------------|---|--------------------------------------|--|---|
| Revenues | | | | | |
| Taxes | \$ 21,127,770 | \$ | \$ | \$ | \$ 21,127,770 |
| Licenses and permits | 1,320,361 | | | | 1,320,361 |
| Intergovernmental | 2,057,272 | 869,852 | 50,000 | 880,106 | 3,857,230 |
| Charges for services | 2,169,814 | | | | 2,169,814 |
| Fines and forfeitures | 197,343 | | | | 197,343 |
| Investment | 490,498 | 11,625 | 212 | | 502,335 |
| Miscellaneous | 160,147 | | | | 160,147 |
| Total revenues | <u>27,523,205</u> | <u>881,477</u> | <u>50,212</u> | <u>880,106</u> | <u>29,335,000</u> |
| Expenditures | | | | | |
| Current | | | | | |
| General government | 3,265,210 | | | | 3,265,210 |
| Public safety | 10,079,474 | | | 339,482 | 10,418,956 |
| Public works | 5,300,077 | | | | 5,300,077 |
| Community development and planning | 1,382,443 | | | | 1,382,443 |
| Leisure services | 2,305,309 | | | | 2,305,309 |
| Capital outlay | 1,525,216 | 409,948 | 3,100,237 | 58,734 | 5,094,135 |
| Debt service | | | | | |
| Principal | 934,496 | | | | 934,496 |
| Interest | 502,193 | | | | 502,193 |
| Total expenditures | <u>25,294,418</u> | <u>409,948</u> | <u>3,100,237</u> | <u>398,216</u> | <u>29,202,819</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>2,228,787</u> | <u>471,529</u> | <u>(3,050,025)</u> | <u>481,890</u> | <u>132,181</u> |
| Other financing sources (uses) | | | | | |
| Capital lease proceeds | 1,009,529 | | | | 1,009,529 |
| Transfers in | | | 644,475 | 200,000 | 844,475 |
| Transfers out | (644,475) | (25,000) | (175,000) | | (844,475) |
| Total other financing sources (uses) | <u>365,054</u> | <u>(25,000)</u> | <u>469,475</u> | <u>200,000</u> | <u>1,009,529</u> |
| Net change in fund balances | 2,593,841 | 446,529 | (2,580,550) | 681,890 | 1,141,710 |
| Fund balances | | | | | |
| Beginning of year | 11,610,817 | 460,230 | 3,731,561 | (418,092) | 15,384,516 |
| End of year | <u>\$ 14,204,658</u> | <u>\$ 906,759</u> | <u>\$ 1,151,011</u> | <u>\$ 263,798</u> | <u>\$ 16,526,226</u> |

See notes to the financial statements.

THE VILLAGE OF NORTH PALM BEACH, FLORIDA
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund
Balances of the Governmental Funds to the Statement of Activities
September 30, 2020

Net change in fund balances - total governmental funds \$ 1,141,710

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of capital assets is allocated over their estimated useful lives and reported as depreciation expense:

| | | |
|---|--------------|-----------|
| Expenditures for capital assets | \$ 4,841,699 | |
| Donated assets and proceeds from trade in | 684,552 | |
| Less: current year depreciation | (1,538,290) | |
| Net book value for retired assets | (42,771) | 3,945,190 |

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any affect on net assets of governmental activities:

| | | |
|----------------------------|-------------|----------|
| Capital lease proceeds | (1,009,529) | |
| Principal payments on debt | 934,496 | (75,033) |

Governmental funds report revenues when earned and available. However, in the Statement of Activities, revenues are recognized when earned, regardless of availability:

| | | |
|--------------------------------------|--|-----------|
| Prior year unavailable grant revenue | | (733,738) |
|--------------------------------------|--|-----------|

Expenses that do not use current financial resources are not reported on the governmental funds but are included in the statement of activities:

| | | |
|--|-------------|-------------|
| Change in accrued interest payable | (18,562) | |
| Change in long-term compensated absences | (213,909) | |
| Change in net pension liability and related deferred amounts | (1,026,986) | |
| Change in other postemployment benefits and deferred amounts | 236,916 | (1,022,541) |

| | | |
|------------------------|--|--------------|
| Change in net position | | \$ 3,255,588 |
|------------------------|--|--------------|

See notes to the financial statements.

THE VILLAGE OF NORTH PALM BEACH, FLORIDA
Statement of Net Position
Proprietary Fund
September 30, 2020

| | Enterprise |
|---|-------------------|
| Assets | |
| Current assets | |
| Cash and cash equivalents | \$ 1,505 |
| Accounts receivable | 32,348 |
| Inventories | 68,462 |
| Prepays | 49 |
| Total current assets | 102,364 |
| Non-current assets | |
| Capital assets, net | 4,231,909 |
| Total non-current assets | 4,231,909 |
| Total assets | 4,334,273 |
| Deferred outflows of resources | |
| Other postemployment benefits related items | 1,872 |
| Pension related items | 5,580 |
| | 7,452 |
| Liabilities | |
| Current liabilities | |
| Accounts payable | 179,707 |
| Unearned revenue | 693,576 |
| Due to other funds | 72,091 |
| Compensated absences - current portion | 28,990 |
| Loans payable - current portion | 348,241 |
| Total current liabilities | 1,322,605 |
| Non-current liabilities | |
| Other postemployment benefits | 25,721 |
| Compensated absences | 13,643 |
| Advances from other funds | 2,207,250 |
| Loans payable | 936,427 |
| Total non-current liabilities | 3,183,041 |
| Total liabilities | 4,505,646 |
| Deferred inflows of resources | |
| Other postemployment benefits related items | 50,576 |
| Net position | |
| Net investment in capital assets | 2,947,241 |
| Unrestricted | (3,161,738) |
| Total net position | \$ (214,497) |

See notes to the financial statements.

THE VILLAGE OF NORTH PALM BEACH, FLORIDA
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Fund
For the Year Ended September 30, 2020

| | Enterprise |
|---|-------------------|
| Operating revenue | |
| Greens fee/cart rentals/membership fees | \$ 3,014,821 |
| Golf shop revenues | 325,038 |
| Driving range revenues | 314,177 |
| Restaurant revenues | 79,638 |
| Miscellaneous | 34,775 |
| Total operating revenues | 3,768,449 |
| Operating expenses | |
| Golf course maintenance expenses | 1,485,867 |
| Clubhouse grounds expenses | 380,925 |
| Golf shop expenses | 1,330,828 |
| Food and beverage expenses | 31,318 |
| Administrative and general | 243,760 |
| Insurance | 28,139 |
| Miscellanaous | 4,044 |
| Depreciation and amortization | 639,527 |
| Total operating expenses | 4,144,408 |
| Operating income (loss) | (375,959) |
| Nonoperating revenues (expenses) | |
| Gain on disposal of equipment | 1,458 |
| Interest expense | (99,724) |
| Total nonoperating revenues (expenses) | (98,266) |
| Change in net position | (474,225) |
| Net position - beginning | 259,728 |
| Net position - ending | \$ (214,497) |

See notes to the financial statements.

THE VILLAGE OF NORTH PALM BEACH, FLORIDA
Statement of Cash Flows
Proprietary Fund
For the Year Ended For the Year Ended For the Year Ended September 30, 2020

| | |
|--|---------------------|
| Cash flows from operating activities: | |
| Receipts from customers | \$ 4,396,802 |
| Payments to suppliers for goods or services | (2,843,206) |
| Payments to employees for services | (860,131) |
| Net cash used by operating activities | <u>693,465</u> |
| Cash flows from non-capital financing activities: | |
| Payments to other funds | (430,394) |
| Net cash provided by non-capital financing activities: | <u>(430,394)</u> |
| Cash flows from capital and related financing activities: | |
| Proceeds from the sale of capital assets | 229,276 |
| Principal paid on long term debt | (333,965) |
| Interest paid on debt | (99,724) |
| Acquisition of capital assets | (58,479) |
| Net cash provided (used) by capital and related financing activities | <u>(262,892)</u> |
| Net increase (decrease) in cash and cash equivalents | 179 |
| Cash and cash equivalents at beginning of year | 1,326 |
| Cash and cash equivalents at end of year | <u>\$ 1,505</u> |
| Reconciliation of operating income | |
| to net cash provided by operating activities: | |
| Operating income (loss) | <u>\$ (375,959)</u> |
| Adjustments to reconcile operating income | |
| to net cash provided by operating activities: | |
| Depreciation and amortization | 639,527 |
| Change in OPEB liability and related deferred amounts | 6,284 |
| Change in pension deferred amounts | (5,580) |
| Change in assets and liabilities | |
| Increase in accounts receivable | (16,528) |
| Increase in inventory | (37,593) |
| Increase in prepaids | (49) |
| Decrease in accounts payable | (186,334) |
| Increase in compensated absences payable | 24,816 |
| Increase in deferred revenue | 644,881 |
| Total adjustments | <u>1,069,424</u> |
| Net cash provided by operating activities | <u>\$ 693,465</u> |

See notes to the financial statements.

THE VILLAGE OF NORTH PALM BEACH, FLORIDA
Statement of Fiduciary Net Position
Fiduciary Funds
September 30, 2020

| | Employee Retirement Funds | Agency Funds |
|--|---------------------------------|-----------------|
| Assets | | |
| Cash and cash equivalents | \$ 700,851 | \$ 389,310 |
| Investments: | | |
| Domestic common equity securities | 14,391,953 | |
| International common equity securities | 2,890,510 | |
| U.S. Government and agencies | 3,060,403 | |
| Municipal bonds | 446,727 | |
| Domestic corporate bonds | 2,888,137 | |
| International corporate bonds | 752,209 | |
| Fixed income exchange traded funds | 3,898,565 | |
| Equity exchange traded funds | 1,273,443 | |
| Fixed income mutual funds | 2,470,142 | |
| Domestic equity mutual funds | 8,404,532 | |
| International equity mutual funds | 1,631,353 | |
| Real estate investment fund | 2,718,753 | |
| Money market mutual funds | 551,108 | |
| Accrued interest and dividends | 43,616 | |
| Accounts receivable, broker-dealers | 1,101,383 | |
| Prepays | 6,062 | |
| Total assets | 47,229,747 | 389,310 |
| Liabilities | | |
| Accounts payable | 51,385 | |
| Accounts payable, broker-dealers | 879,979 | |
| Due to others | | 389,310 |
| Total liabilities | 931,364 | 389,310 |
| Net position restricted for pensions | \$ 46,298,383 | \$ |

See notes to the financial statements.

THE VILLAGE OF NORTH PALM BEACH, FLORIDA
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended September 30, 2020

| | <u>Employee Retirement Funds</u> |
|--|--|
| Additions | |
| Contributions | |
| Employer | \$ 1,096,500 |
| Plan members | 404,290 |
| DROP contributions | 14,491 |
| State on-behalf payments | 339,482 |
| Total contributions | <u>1,854,763</u> |
| Investment earnings | |
| Dividends and interest | 1,060,248 |
| Net increase in fair value of investments | <u>1,879,638</u> |
| Total investment earnings | 2,939,886 |
| Less: investment expenses | <u>213,799</u> |
| Total net investment earnings | <u>2,726,087</u> |
| Total additions | <u>4,580,850</u> |
| Deductions | |
| Administrative expense | 145,197 |
| Refund of member contributions | 21,359 |
| Benefits | 1,514,551 |
| Total deductions | <u>1,681,107</u> |
| Change in net position | 2,899,743 |
| Net position - beginning | <u>43,398,640</u> |
| Net position - ending | <u><u>\$ 46,298,383</u></u> |

See notes to the financial statements.

THE VILLAGE OF NORTH PALM BEACH, FLORIDA
Notes to the Basic Financial Statements
September 30, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Village of North Palm Beach, Florida (“the Village”) was incorporated in 1956 pursuant to Chapter 31481, Laws of Florida, Extraordinary Session 1956. The Village is located in the northeast portion of Palm Beach County, Florida. Its municipal area comprises approximately 1,900 acres of land and 1,200 acres of lakes, canals and lagoons. The Village’s nonseasonal population consists of approximately 13,000 residents, which increases during the winter months to approximately 18,000 people. The Village operates under the Council-Manager form of government and provides the following services to its residents: public safety, planning and zoning, sanitation, library, parks, marinas, and a country club. The Village Council (the “Council”) is responsible for legislative and fiscal control of the Village.

As required by generally accepted accounting principles, these financial statements include the Village (the primary government) and its component units. Component units are legally separate entities for which the Village is financially accountable. The Village is financially accountable if:

- it appoints a voting majority of the organization’s governing board and (1) it is able to impose its will on the organization, or (2) there is a potential for the organization to provide specific financial benefits to or impose specific financial burdens on the Village, or
- the organization is fiscally dependent on the Village and (1) there is a potential for the organization to provide specific financial benefits to the Village or (2) impose specific financial burdens on the Village.

Organizations for which the Village is not financially accountable are also included when doing so is necessary in order to prevent the Village’s financial statements from being misleading.

Based upon application of the above criteria, the Village of North Palm Beach has determined that there are two legally separate entities to consider as potential component units. The Village of North Palm Beach General Employees’ Retirement Fund and the Village of North Palm Beach Fire and Police Retirement Fund are component units as they are fiscally dependent on and impose a specific financial burden on the Village. They are reported in the Village’s financial statements as pension trust funds in the fiduciary funds financial statements.

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all non-fiduciary activities of the Village. For the most part, the effect of interfund activities has been removed from these statements. Governmental activities, which are normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely, to a significant extent, on fees and charges for support.

THE VILLAGE OF NORTH PALM BEACH, FLORIDA
Notes to the Basic Financial Statements
September 30, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Government-wide and Fund Financial Statements (Continued)

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

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. Major individual governmental funds and the major individual enterprise fund are reported as separate columns in the fund financial statements.

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements and proprietary fund financial statements are reported using the accrual basis of accounting and the economic resources measurement focus. Fiduciary funds use the accrual basis of accounting and, except for agency funds, the economic resources measurement focus. Agency funds do not have a measurement focus. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Village considers revenues to be available if they are collected within 90 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Sales taxes, franchise taxes, licenses, intergovernmental revenue, investment income, and charges for services are all considered to be susceptible to accrual and so have been recognized as revenue of the current fiscal period. All other revenues are considered to be measurable and available only when received in cash by the Village.

THE VILLAGE OF NORTH PALM BEACH, FLORIDA
Notes to the Basic Financial Statements
September 30, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)

The Village reports the following major governmental funds:

General Fund

The general fund is the primary operating fund and is used to account for all financial resources applicable to the general operations of the Village except those required to be accounted for in another fund.

Infrastructure Surtax Fund

The Infrastructure Surtax Fund is special revenue fund used to account for the surtax proceeds which are restricted to, among other things, the financing, planning and construction of infrastructure.

Capital Projects Fund

The capital projects fund is used to account for the cost of acquiring, constructing, and placing into service those capital improvements, which are associated with activities in the General Fund.

The Village reports the following major (and only) proprietary fund:

Country Club Enterprise Fund

The fund accounts for the activities related to the Country Club.

Additionally, the Village reports the following fund types:

Special Revenue Funds

The Village has four special revenue funds to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specific sources. The funds are the Public Safety Fund, Northlake Boulevard Fund, Recreation, and On-Behalf Pension Contributions.

Employee Retirement Funds

The pension trust funds account for the activities of the General Employees Retirement Fund and the Fire and Police Officers Retirement Fund, which accumulate resources for pension benefits to qualified employees.

THE VILLAGE OF NORTH PALM BEACH, FLORIDA
Notes to the Basic Financial Statements
September 30, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)

Agency Funds

The Agency Funds account for assets that are held for other parties and cannot be used to finance the Village's own programs. The two agency funds are the Northlake Boulevard Task Force, which is for the streetscape improvement of Northlake Boulevard, and the Manatee Protection Fund, in which the assets are held in trust for the protection of manatees through the enforcement of boat speed zones on the intracoastal and inland waterways.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the government's country club and various other functions of the Village. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Village's Country Club Enterprise Fund are charges to customers for sales and services. Operating expenses for the Enterprise Fund include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the Village's policy to use restricted resources first, then unrestricted resources as needed.

D. Assets, Liabilities, and Net Position or Equity

Cash and Cash Equivalents

Cash and cash equivalents consist of petty cash, deposits in checking accounts, money market mutual funds, investments with Florida Prime managed by the State of Florida, State Board of Administration and Florida Education Trust Fund (FEITF) sponsored by Florida School Boards Association and the Florida Association of District School Superintendents

For purposes of determining cash equivalents, the Village has defined its policy concerning the treatment of short-term investments to include investments with a maturity of three months or less when purchased, as cash equivalents if management does not plan to reinvest the proceeds. Short-term investments that management intends to rollover into similar investments are considered part of the investment portfolio and are classified as investments.

THE VILLAGE OF NORTH PALM BEACH, FLORIDA
Notes to the Basic Financial Statements
September 30, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities, and Net Position or Equity (Continued)

Accounts Receivable

Accounts receivable of the General Fund consists of billed and unbilled receivables.

Concentration of Credit Risk

The Village performs ongoing credit evaluations of its customers and does not require collateral. The Village maintains an allowance for uncollectible accounts at a level which management believes is sufficient to cover potential credit losses.

Investments

Investments are reported at fair value as required by generally accepted accounting principles. The fair value of an investment is the amount that the Village could reasonably expect to receive for it in a current sale between a willing buyer and a willing seller, other than in a forced or liquidation sale. Purchases and sales of investments are recorded on a trade date basis.

Interfund Transactions

Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either “due to” or “due from other funds”. Any residual balance outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as internal balances.

Transfers and interfund balances totally within governmental activities and those that are totally within business-type activities are eliminated and not presented in the government-wide financial statements. Transfers and balances between governmental and business-type activities are presented in the government-wide financial statements.

Inventories and Prepaid Items

Inventories are valued at cost determined on a first-in, first-out basis (FIFO). The costs of governmental fund type inventory are recorded as expenditures when consumed rather than when purchased. Inventories in the Enterprise Fund consist of goods for sale to the public. The initial cost is recorded as an asset at the time the individual inventory items are purchased and are charged against operations in the period when used.

Payments made to vendors for services that will benefit future periods are reported as prepaid items using the consumption method by recording an asset for the prepaid amount and reflecting an expenditure in the year in which the services are consumed.

THE VILLAGE OF NORTH PALM BEACH, FLORIDA
Notes to the Basic Financial Statements
September 30, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities, and Net Position or Equity (Continued)

Capital Assets and Depreciation

Capital assets, which include property, plant, infrastructure, and equipment, are reported in the applicable governmental or business-type activities column in the government-wide financial statements. The Village capitalizes all land purchases. The capitalization policy for other assets are items with an estimated life in excess of one year and an initial individual cost of \$250,000 for infrastructure, \$25,000 for land improvements, \$50,000 for buildings and building improvements, and \$5,000 for equipment and vehicles. The Village has elected to retroactively apply the capitalization requirements of GASB Statement No. 34 to major general infrastructure assets acquired in fiscal years ending after June 30, 1980, or that were significantly reconstructed or improved during that multi-year period. Infrastructure is reported in buildings and improvements.

The accounting and reporting treatment applied to the capital assets associated with a fund is determined by the fund's measurement focus. General capital assets are assets of the Village as a whole. When purchased, such assets are recorded as expenditures in the governmental funds and capitalized as assets in the government-wide statement of net position. General capital assets are carried at historical cost. Where cost cannot be determined from the available records, estimated historical cost has been used to record the estimated value of the assets. Donated capital assets, donated works of art and similar items, and capital assets received in a service concession arrangement are recorded at acquisition value.

Capital assets of the Enterprise Fund are capitalized in the fund. The valuation basis for Enterprise Fund capital assets is the same as those used for General capital assets.

Additions, improvements, and other capital outlay that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred.

Depreciation has been provided over the estimated useful lives using the straight-line method of depreciation. The estimated lives for each major class of depreciable capital assets are as follows:

| | |
|--|------------|
| Buildings, improvements and infrastructure | 5-30 years |
| Golf course improvements | 5-30 years |
| Machinery and Equipment | 3-15 years |
| Vehicles | 3-20 years |

THE VILLAGE OF NORTH PALM BEACH, FLORIDA
Notes to the Basic Financial Statements
September 30, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities, and Net Position or Equity (Continued)

Deferred Outflows and Inflows of Resources

The statement of net position includes a separate section for deferred outflows of resources. This represents the usage of net position applicable to future periods and will not be recognized as expenditures until the future period to which it applies. The Village reports deferred pension items in connection with its two Retirement Systems. These deferred pension charges are either (a) recognized in the subsequent period as a reduction of the net pension liability (which includes pension contributions made after the measurement date) or (b) amortized in a systematic and rational method as pension expense in future periods.

The statement of net position also includes a separate section, listed below total liabilities, for deferred inflows of resources. This represents the acquisition of net position applicable to future periods and will not be recognized as revenue until the future period to which it applies. The Village currently has three types of deferred inflows. The first is local business tax revenues received prior to the period for which the taxes are levied, these are recognized as income in the period for which they are levied. The second is deferred pension items in connection with its two Retirement Systems. The third is deferred OPEB items in connection to Other Post-Employment Benefits. These items are amortized in a systemic and rational method and recognized as a reduction of expense in future periods.

Unearned Revenue

The Village reports unearned revenue on its statements of net position and governmental funds balance sheet. Unearned revenue arises when resources are obtained prior to revenue recognition. In subsequent periods, when revenue recognition criteria are met the unearned revenue is removed and revenue is recognized.

Compensated Absences

The Village's employees are granted compensated absence pay for vacation and sick leave in varying amounts based on length of service. Unused compensated absences are payable upon separation from service. Vacation is accrued as a liability when the employee earns benefits. This means that the employee has rendered services that give rise to a vacation liability and it is probable that the Village will compensate the employee in some manner, e.g., in cash or paid time-off, now or upon termination or retirement. The Village uses the vesting method in accruing sick leave liability. Under the vesting method, the liability for sick leave is accrued for employees who are eligible to receive termination payments upon separation.

Compensated absences are accrued when incurred in the government-wide and proprietary financial statements. A liability for these amounts is reported in the governmental funds only if the amounts have matured, for example, as a result of employee resignations or retirements. For the governmental funds, compensated absences are liquidated by the General Fund.

THE VILLAGE OF NORTH PALM BEACH, FLORIDA
Notes to the Basic Financial Statements
September 30, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities, and Net Position or Equity (Continued)

Long-Term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources, while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Net Position

Equity in the government-wide statement of net position and the proprietary fund is displayed in three categories: 1) net investment in capital assets, 2) restricted, and 3) unrestricted. Invested in capital assets, net of related debt consists of capital assets reduced by accumulated depreciation and by any outstanding debt incurred to acquire, construct, or improve those assets. Restricted net position is reported when there are legal limitations imposed on their use by Village legislation or external restrictions by other governments, creditors, or grantors. Unrestricted net position consists of all net position that does not meet the definition of either of the other two components.

Fund Equity

In the fund financial statements, governmental funds report fund balance classifications that comprise a hierarchy based primarily on the extent to which the Village is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Fund balance is reported under the following categories:

- Nonspendable fund balance represents amounts that are not in spendable form or are legally or contractually required to be maintained intact.
- Restricted fund balance represents amounts that can be spent only for specific purposes stipulated by external providers (e.g. creditors, grantors, contributor, or laws or regulations of other governments) or imposed by law through constitutional provisions or enabling legislation.

THE VILLAGE OF NORTH PALM BEACH, FLORIDA
Notes to the Basic Financial Statements
September 30, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities, and Net Position or Equity (Continued)

Fund Equity (Continued)

- Committed fund balance represents amounts that can be used only for the specific purposes pursuant to constraints imposed by Village Commission by the adoption of an ordinance, the Village's highest level of decision making authority. Those committed amounts cannot be used for any other purpose unless the Village removes or changes the specified use by the adoption of an ordinance.
- Assigned fund balance includes spendable fund balance amounts that are intended to be used for specific purposes, as expressed by the Village Commission or Village Manager, in accordance with the Villages fund balance policy, that are neither considered restricted nor committed. The Small Business Grants is a program the Village Council approved in the prior fiscal year to provide matching grants of up to \$7,500 for improvements to small business properties.
- Unassigned fund balance is the residual fund balance classification for the general fund. It is also used to report negative fund balances in other governmental funds.

When both restricted and unrestricted resources are available for use, it is the Village's policy to use restricted resources first, then unrestricted resources as they are needed. The Village will first use committed fund balance, then assigned fund balance, and then unassigned fund balance when expenditures are incurred for purposes for which any of the unrestricted fund balance classifications could be used.

Use of Estimates

The financial statements and related disclosures are prepared in conformity with accounting principles generally accepted in the United States. Management is required to make estimates and assumptions that affect the reported amounts of assets, deferred inflows and outflows, and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and revenue and expenses during the period reported. These estimates include the collectability of accounts receivable, the use and recoverability of inventory, the useful lives and impairment of tangible assets, and the realization of net pension assets, among others. Estimates and assumptions are reviewed periodically and the effects of revisions are reflected in the financial statements in the period they are determined to be necessary. Actual results could differ from those estimates.

A. Budgetary Data

Formal budgetary integration is employed as a management control device during the year for the General Fund and the Enterprise Fund. The only governmental fund with a legally adopted annual budget is the General Fund. This budget is adopted on a basis consistent with generally accepted accounting principles.

THE VILLAGE OF NORTH PALM BEACH, FLORIDA
Notes to the Basic Financial Statements
September 30, 2020

NOTE 2 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary Data

Except for budgeting capital expenditures and not budgeting for depreciation, the annual appropriated budgets for the Enterprise Funds are adopted on a basis consistent with generally accepted accounting principles. For budgeting purposes, current year encumbrances are not treated as expenditures.

The procedures for establishing budgetary data are as follows:

- In July of each year, the Village Manager submits a proposed operating budget to the Council for the next fiscal year commencing the following October 1st. The proposed budget includes expenditures and the means of financing them.
- During the months of July, August and September, the Council holds public meetings to obtain taxpayer comments.
- Upon completion of the public hearings and prior to October 1st, a final operating budget is legally enacted through the passage of an ordinance. Estimated beginning fund balances are considered in the budgetary process.
- Any change to the total fund expenses must be approved by the Village Council.
- Appropriations along with encumbrances lapse on September 30th.

Budgeted amounts are as originally adopted, or as amended by appropriate action. During the year, several supplementary appropriations were necessary.

Encumbrance accounting is employed in governmental funds. Encumbrances (e.g. purchase orders or contracts) outstanding at year end are reported assigned fund balance and do not constitute expenditures or liabilities because the commitments will be reappropriated and honored during the subsequent year. The General Fund had \$160,430, the Infrastructure Surtax fund had \$145,55 and the Capital Projects Fund had \$480,082 in outstanding encumbrances at year-end.

B. Property Taxes

Under Florida law, the assessment of all properties and the collection of all county, municipal, and school board property taxes are consolidated in the offices of the County Property Appraiser and the County Tax Collector. All property is reassessed according to its fair market value on January 1 of each year and each assessment roll is submitted to the State Department of Revenue for review to determine if the assessment rolls meet all of the appropriate requirements of State law.

The laws of the State regulating tax assessment are also designed to assure a consistent property valuation method statewide. State Statutes permit municipalities to levy property taxes at a rate of up to 10 mills. The tax levy of the Village is established by the Council prior to October 1st of each year during the budget process.

THE VILLAGE OF NORTH PALM BEACH, FLORIDA
Notes to the Basic Financial Statements
September 30, 2020

NOTE 2 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (Continued)

B. Property Taxes (Continued)

The Palm Beach County Property Appraiser incorporates the Village's millage into the total tax levy, which includes the County, County School Board, and special district tax requirements. The millage rate assessed by the Village for the year ended September 30, 2020, was 7.5000 (\$7.5000 for each \$1,000 of assessed valuation).

Taxes may be paid less a 4% discount in November or at declining discounts each month through the month of February. All unpaid taxes become delinquent on April 1 following the year in which they are assessed. Delinquent taxes on real property bear interest at 18% per year. On or prior to June 1st following the tax year, certificates are offered for sale for all delinquent taxes on real property.

After sale, tax certificates bear interest at 18% per year or at any lower rate bid by the buyer. The certificate holder may make application for a tax deed on any unredeemed tax certificate after a period of two years. The County holds unsold certificates. Delinquent taxes on personal property bear interest at 18% per year until the tax is satisfied either by seizure and sale of the property or by the five-year statute of limitations. At September 30, 2020, unpaid delinquent taxes are not material and have not been recorded by the Village.

NOTE 3 – DEPOSITS AND INVESTMENTS

Deposits

As of September 30, 2020, the carrying amount of the Village's deposits (including fiduciary funds) was \$3,079,965 and the bank balances totaled \$3,290,855. In addition to insurance provided by the Federal Depository Insurance Corporation, deposits are held in banking institutions approved by the State Treasurer of the State of Florida to hold public funds. Under Florida Statutes Chapter 280, *Florida Security for Public Deposits Act*, the State Treasurer requires all Florida qualified public depositories to deposit with the Treasurer or other banking institution eligible collateral. In the event of failure of a qualified public depository, the remaining public depositories would be responsible for covering any resulting losses. The Village's deposits at year end are considered insured for custodial credit risk purposes.

THE VILLAGE OF NORTH PALM BEACH, FLORIDA
Notes to the Basic Financial Statements
September 30, 2020

NOTE 3 – DEPOSITS AND INVESTMENTS (Continued)

A reconciliation of deposit and investments as shown on the statement of net position and statement of fiduciary net position for the Village is as follows:

| | |
|--|----------------------------|
| By Category: | |
| Deposits | \$ 3,079,965 |
| Petty cash | 3,856 |
| Investments | <u>57,989,730</u> |
| Total deposits and investments | <u><u>\$61,073,551</u></u> |
| Presented in the statement of net position | |
| Governmental activities | |
| Cash and cash equivalents | \$ 4,653,495 |
| Investments | 9,950,555 |
| Business-type activities | |
| Cash and cash equivalents | <u>1,505</u> |
| Total statements of net position | <u><u>14,605,555</u></u> |
| Presented in the statement of fiduciary net position | |
| Pension trust funds | |
| Cash and cash equivalents | 700,851 |
| Investments | 45,377,835 |
| Agency funds | |
| Cash and cash equivalents | <u>389,310</u> |
| Total fiduciary funds | <u><u>46,467,996</u></u> |
| Total deposits and investments | <u><u>\$61,073,551</u></u> |

THE VILLAGE OF NORTH PALM BEACH, FLORIDA
Notes to the Basic Financial Statements
September 30, 2020

NOTE 3 – DEPOSITS AND INVESTMENTS (Continued)

Investments

The Village categorizes its investments according to the fair value hierarchy established GASB *Statement No. 72, Fair Value Measurement and Application*. The hierarchy is based on valuation inputs used to measure the fair value of the asset as follows: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs to include quoted prices for similar assets in active and non-active markets; Level 3 inputs are significant unobservable inputs.

The money market mutual funds consist of investments with financial institutions in open end, institutional, money market funds complying with Securities and Exchange Commission (SEC) Rule 2a7. Rule 2a7 allows SEC registered mutual funds to use amortized cost rather than fair value to report net assets used to compute share prices if certain conditions are met. Those conditions include restrictions on the types of investments held, restrictions on the term-to-maturity of individual investments and the dollar-weighted average of the portfolio, requirements for portfolio diversification, and requirements for divestiture considerations in the event of security downgrades and defaults, and required actions if the fair value of the portfolio deviates from amortized cost by a specified amount.

The Florida Public Assets for Liquidity Management (FL Palm) and Florida PRIME are external investment pools which meet the requirements with GASB *Statement No. 79, Certain External Investment Pools and Pool Participants*, which allows reporting the investments at amortized cost. For both funds as of September 30, 2020, there were no redemption fees or maximum transaction amounts, or any other requirements that serve to limit a participant's daily access to 100 percent of their account value. However, the Trustees of the funds can suspend the right of withdrawal or postpone the date of payment if the Trustees determine that there is an emergency that makes the sale of a Portfolio's securities or determination of its net asset value not reasonably practical.

Money market mutual funds, FL Palm and Florida Prime are exempt from the GASB 72 fair value hierarchy disclosures.

Equity securities, exchange traded funds, and mutual funds classified in Level 1 of the fair value hierarchy are valued based on prices quoted in active markets for those securities. Debt securities classified in level 2 of the fair value hierarchy are valued using a matrix pricing technique. Matrix pricing values securities based on the securities relationship to benchmark quoted prices.

THE VILLAGE OF NORTH PALM BEACH, FLORIDA
Notes to the Basic Financial Statements
September 30, 2020

NOTE 3 – DEPOSITS AND INVESTMENTS (Continued)

Investments (Continued)

The American Core Realty Fund, LLC is a diversified open-end commingled fund that invests primarily in high quality core income-producing office, industrial, retail, and multi-family properties. This fund is an alternative investment vehicle valued using the net asset value (NAV) provided by the investment manager of this fund. The NAV is based on the value of the underlying assets owned by the fund minus its liabilities and then divided by the number of shares or percentage of ownership outstanding. The NAV's unit price is quoted on a private market that is not active. Investments valued at NAV are excluded from the fair value hierarchy because the valuation is not based on actual market inputs but rather is quantified using the fund's reported NAV.

Redemptions from the fund may be made quarterly upon ten days' notice. The units that are subject to a redemption notice may be redeemed in full or in installments on a pro-rata basis as funds become available for such redemptions and are subject to the availability of cash flow arising from investment transactions, sales and other fund operations occurring in the normal course of business. The fund is not required to liquidate or encumber assets or defer investments in order to satisfy redemption requests.

The value of this alternative investment is not necessarily indicative of the amount that could be realized in a current transaction. The fair value may differ significantly from the value that would have been used had a ready market for the underlying fund existed, and the differences could be material. Future confirming events will also affect the estimates of fair value and the effect of such events on the estimated fair value could be material.

THE VILLAGE OF NORTH PALM BEACH, FLORIDA
Notes to the Basic Financial Statements
September 30, 2020

NOTE 3 – DEPOSITS AND INVESTMENTS (Continued)

Investments (Continued)

As of September 30, 2020, the Village held the following investments:

| | Weighted Average Maturity | Fair Value | Fair Value Measurement | |
|---|--|-------------------|-------------------------------|----------------|
| | | | Level 1 | Level 2 |
| <i>Governmental Funds</i> | | | | |
| U.S. Government and Agency Asset Backed Securities | 2.19 Years | \$ 4,470,173 | \$ | \$ 4,470,173 |
| Municipal Bonds | 4.14 Years | 2,198,803 | | 2,198,803 |
| Domestic Corporate Bonds | 3.34 Years | 86,496 | | 86,496 |
| International Corporate Bonds | 1.77 Years | 2,083,220 | | 2,083,220 |
| | 1.80 Years | 1,106,649 | | 1,106,649 |
| <i>Fiduciary Funds</i> | | | | |
| U.S. Government and Agency Asset Backed Securities | 22.67 Years | 47,142 | | 47,142 |
| Municipal Bonds | 17.98 Years | 3,013,261 | | 3,013,261 |
| Domestic Corporate Bonds | 17.38 Years | 446,727 | | 446,727 |
| International Corporate Bonds | 9.99 Years | 2,888,137 | | 2,888,137 |
| Domestic Common Equity Securities | 0.26 Years | 752,209 | | 752,209 |
| International Common Equity Securities | N/A | 14,391,953 | 14,391,953 | |
| Fixed Income ETF | N/A | 2,890,510 | 2,890,510 | |
| Equity ETF | N/A | 3,898,565 | 3,898,565 | |
| Fixed Income Mutual Funds | N/A | 1,273,443 | 1,273,443 | |
| Domestic Equity Mutual Funds | N/A | 2,470,142 | 2,470,142 | |
| International Equity Mutual Funds | N/A | 8,404,532 | 8,404,532 | |
| | | 1,631,353 | 1,631,353 | |
| | | 52,053,315 | \$ 34,960,498 | \$ 17,092,817 |
| Investments Reported at NAV | | | | |
| <i>Fiduciary Funds</i> | | | | |
| American Core Realty Fund | N/A | 2,718,753 | | |
| Investments Reported at Amortized Cost: | | | | |
| <i>Governmental Funds</i> | | | | |
| Money Market Mutual Funds | N/A | 5,214 | | |
| Florida Prime | 48 Days | 1,099,153 | | |
| FL Palm | 46 Days | 1,194,550 | | |
| <i>Fiduciary Funds</i> | | | | |
| Money Market Mutual Funds | N/A | 918,745 | | |
| Total Investments | | \$ 57,989,730 | | |

THE VILLAGE OF NORTH PALM BEACH, FLORIDA
Notes to the Basic Financial Statements
September 30, 2020

NOTE 3 – DEPOSITS AND INVESTMENTS (Continued)

Investments (Continued)

Credit risk – Credit risk is the risk that an issuer or other counter party to an investment will not fulfill its obligations. The Village’s investment policies limit its investments to high quality investments to control credit risk. The table below outlines the Village’s credit ratings for investments with certain investments not specifically rated by both S&P and Moody’s.

| Investments: | S&P Rating | Moody’s Rating | Fair Value |
|----------------------------------|---------------------------|---------------------------|-----------------------|
| <i><u>Governmental Funds</u></i> | | | |
| U.S. Government and Agency | AA+ & NR | Aaa | \$ 4,470,173 |
| Asset Backed Securities | AAA & NR | Aaa & NR | 2,198,803 |
| Municipal Bonds | AA, A+ & A- | Aa3 & A1 | 86,496 |
| Domestic Corporate Bonds | AAA to BBB+ | Aaa to Baa1 | 2,083,220 |
| International Corporate Bonds | AAA to A- | Aaa to A2 | 1,106,649 |
| Money Market Mutual Funds | NR | NR | 5,214 |
| Florida Prime | AAAm | NR | 1,099,153 |
| FL Palm | AAAm | NR | 1,194,550 |
| <i><u>Fiduciary Funds</u></i> | | | |
| U.S. Government and Agency | AA+ | Aaa | 47,142 |
| Asset Backed Securities | AAA, NR | Aaa, NR | 3,013,261 |
| Municipal Bonds | AAA to AA- | Aaa to Aa2 | 446,727 |
| Domestic Corporate Bonds | AAA to BBB- | Aaa to Baa3 | 2,888,137 |
| International Corporate Bonds | AAA to BBB- | Aaa to Baa2 | 752,209 |
| Common Equity Securities | NR | NR | 17,282,463 |
| Exchange Traded Funds | NR | NR | 5,172,008 |
| Mutual Funds | NR | NR | 12,506,027 |
| American Core Realty Fund | NR | NR | 2,718,753 |
| Money Market Mutual Funds | NR | NR | 918,745 |
| Total Investments | | | <u>\$ 57,989,730</u> |

Interest rate risk – Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Generally, the longer the time to maturity, the greater the exposure to interest rate risks.

The Village limits its exposure to fair value losses resulting from rising interest rates by structuring the investment portfolio so that the securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity; and investing operating funds primarily in short-term securities, money market mutual funds, or similar investment pools unless it is anticipated that long-term securities can be held to maturity without jeopardizing the liquidity requirements.

THE VILLAGE OF NORTH PALM BEACH, FLORIDA
Notes to the Basic Financial Statements
September 30, 2020

NOTE 3 – DEPOSITS AND INVESTMENTS (Continued)

Investments (Continued)

The Retirement Funds do not have a formal investment policy that limits investment maturities as a means of managing exposure to fair value losses arising from increasing interest rates.

Custodial credit risk – Custodial credit risk is the risk that, in the event of the failure of the counterparty, the Village will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Village's investments are held by a third-party custodian, not in the name of the Village. Investments are held in book entry form at the Federal Reserve by Depository Trust Company (DTC) via the custodian. The custodian further segregates the Village's investments in their trust accounting system. The investments in mutual funds and investment partnerships are considered unclassified pursuant to the custodial credit risk categories of GASB Statement No. 3, because they are not evidenced by securities that exist in physical or book-entry form.

Concentrations of credit risk – Concentration of credit risk is defined as the risk of loss attributed to the magnitude of an investment in a single user. The Village places no limit on the amount it may invest in any one issuer, except those in the Fire and Police Retirement Fund. Not more than five (5) percent of the Fund's assets shall be invested in the common stock or capital stock of any one issuing company.

Investing in Foreign Markets – Investing in foreign markets may involve special risks and considerations not typically associated with investing in companies in the United States of America. These risks include revaluation of currencies, high rates of inflation, repatriation restrictions on income and capital, and future adverse political, social, and economic developments. Moreover, securities of foreign governments may be less liquid, subject to delayed settlements, taxation on realized or unrealized gains, and their prices are more volatile than those of comparable securities in U.S. companies.

Investing in Real Estate. – The Village is subject to the risks inherent in the ownership and operation of real estate. These risks include, among others, those normally associated with changes in the general economic climate, trends in the industry including creditworthiness of tenants, competition for tenants, changes in tax laws, interest rate levels, the availability of financing and potential liability under environmental and other laws.

Authorized Investments –The Village has adopted an investment policy that applies to all the investment activity except the Employees' Pension Funds, which are organized and administered separately, as listed below, or for funds related to the issuance of debt where there are other existing policies or indentures in effect for such funds.

THE VILLAGE OF NORTH PALM BEACH, FLORIDA
Notes to the Basic Financial Statements
September 30, 2020

NOTE 3 – DEPOSITS AND INVESTMENTS (Continued)

Investments (Continued)

Authorized Investments (Continued)

The Village is authorized to invest its funds as follows:

1. Banks, Qualified Public Depositories with a collateral pledge level of twenty-five percent or fifty percent;
2. U.S Treasury obligations and obligations the principal and interest of which are backed or guaranteed by the full faith and credit of the U.S Government;
3. Debt obligations, participations or other instruments issued or fully guaranteed by any U.S. Federal agency, instrumentality or government sponsored enterprise,
4. Supra-Nationals, U.S. dollar denominated debt obligations of a multilateral organization of governments where the U.S. is a shareholder and voting member with a minimum credit quality rating of A-1/P-1, AA-/Aa3 or equivalent,
5. U.S. dollar denominated corporate notes, bonds or other debt obligations issued or guaranteed by a domestic or foreign corporation, financial institution, non-profit or other entity with a minimum credit quality rating of A-1/P-1, A-/A3 or equivalent,
6. Obligations, including both taxable and tax-exempt, issued or guaranteed by any State, territory or possession of the United States, political subdivision, public corporation, authority, agency board, instrumentality or other unit of local government of any State or territory with a minimum credit quality rating of SP-1/MIG 1, A-/A3 or equivalent,
7. Mortgage-backed securities (MBS), backed by residential, multi-family or commercial mortgages, that are issued or fully guaranteed as to principal and interest by a U.S. Federal agency or government sponsored enterprise, including but not limited to pass-throughs, collateralized mortgage obligations (CMOs) and REMICs,
8. Asset-backed securities (ABS) whose underlying collateral consists of loans, leases or receivables, including but not limited to auto loans /leases, credit card receivables, student loans, equipment loans /leases, or home-equity loans with a minimum credit quality rating of A-1/P-1, AAA/Aaa or equivalent,
9. U.S. dollar denominated commercial paper issued or guaranteed by a domestic or foreign corporation, company, financial institution, trust or other entity, including both unsecured debt and asset-backed programs with a minimum credit quality rating of A-1/P-1 or equivalent,
10. Shares in open-end and no-load money market mutual funds, provided such funds are registered under the Investment Company Act of 1940 and operate in accordance with Rule 2a-7 with a minimum credit quality rating of AAAm/Aaa-mf or equivalent,
11. State, local government or privately-sponsored investment pools that are authorized pursuant to state law with a minimum credit quality rating of AAAm/Aaa-mf or equivalent.

THE VILLAGE OF NORTH PALM BEACH, FLORIDA
Notes to the Basic Financial Statements
September 30, 2020

NOTE 3 – DEPOSITS AND INVESTMENTS (Continued)

Investments (Continued)

Authorized Investments (Continued)

The Village General Employees' Retirement Fund is authorized to invest its funds as follows:

1. Interest-bearing time deposits in qualified public depositories, as defined in Chapter 280, Florida Statutes;
2. The Local Government Surplus Funds Trust Fund or any intergovernmental investment pool authorized pursuant to the Florida Interlocal Cooperation Act, as provided in Chapter 163, Florida Statutes;
3. Securities and Exchange Commission registered money market funds with the highest credit quality rating from a nationally recognized rating agency minimum credit quality rating of A-1 from S&P or P-1 from Moody's;
4. Obligations issued by the U.S. Government or obligations guaranteed by agencies or instrumentalities of the U.S. Government;
5. Foreign Securities, including convertible bonds, convertible preferred issues and preferred stock;
6. Equities, including publicly traded REITS, commodities, convertible bonds, convertible preferred issues and preferred stock. Foreign security convertibles are limited to those that settle in U.S. dollars and are traded on one or more of the nationally recognized national exchanges;
7. Bonds or any other evidence of indebtedness issued or guaranteed by a corporation organized under the laws of the United States, any state or organized territory of the United States, or the District of Columbia, provided the issues are traded on any one (1) or more of the recognized national stock exchanges or over the counter and holds a minimum credit rating of BBB from S&P or Baa from Moody's, except that up to 20% of the fixed income portfolio may be held in securities that do not meet this criteria. The weighted average quality rating of the portfolio will be A or better and the effective duration of the portfolio shall be kept within 20% of Barclays Aggregate Index;
8. Comingled stock, bond or money market funds;
9. Securities of, or interest in, any open-end or closed-end management-type investment company or investment trust registered under the Investment Company Act of 1940, 15 U.S.C. sections 80a-1 et seq., as amended from time to time, provided that the portfolio of such investment company or investment trust is limited to obligations of the United States Government or any agency or instrumentality thereof and to repurchase agreements fully collateralized by such United States Government obligations, and provided that such investment company or investment trust takes delivery of such collateral either directly or through an authorized custodian;
10. Other investments authorized by law or by ordinance by the Village.

THE VILLAGE OF NORTH PALM BEACH, FLORIDA
Notes to the Basic Financial Statements
September 30, 2020

NOTE 3 – DEPOSITS AND INVESTMENTS (Continued)

Investments (Continued)

Authorized Investments (Continued)

Investments of the Fire and Police Retirement Fund can consist of the following:

1. Time or savings accounts of a national bank, a state bank insured by the Federal Deposit Insurance Corporation, or a savings, building and loan association insured by the Federal Deposit Insurance Corporation;
2. Obligations issued by the U.S. Government, or an agency or instrumentality of the U.S. Government, as well as obligations guaranteed by agencies or instrumentalities of the U.S. Government, including mortgage-related or asset-backed securities;
3. Bonds, stocks, or any other evidence of indebtedness issued or guaranteed by a corporation organized under the laws of the United States, any state or organized territory of the United States, or the District of Columbia, provided:
 - a. The corporation is listed on any one (1) or more of the recognized national stock exchanges and holds a rating in one of the three (3) highest classifications by a major rating service; and
 - b. The Board shall not invest more than five (5) percent of its assets in the common stock, capital stock, bonds or indebtedness of any one (1) issuing company, nor shall the aggregate investment of in any one (1) issuing company exceed five (5) percent of the outstanding capital stock of that company, nor shall the aggregate of its investments in equities at cost exceed sixty (60) percent of the pension funds' assets;
4. Notwithstanding any provision of this section to the contrary, the Board is specifically authorized to invest in foreign securities to the extent authorized by Sections 175.071(1) and 185.06(1)(b), Florida Statutes;
5. Fixed income investments defined as preferred issues and fixed income securities provided all issues shall meet or exceed S&P's A or Moody's A credit rating;
6. Money market funds, defined as fixed income securities having a maturity of less than one year provided all issues shall meet or exceed S&P's A1 or Moody's P1 credit rating;
7. Bonds issued by the State of Israel;
8. Purchases in commingled real estate funds.

THE VILLAGE OF NORTH PALM BEACH, FLORIDA
Notes to the Basic Financial Statements
September 30, 2020

NOTE 4 – RECEIVABLES

Receivables at September 30, 2020, were as follows:

| | <u>General Fund</u> | <u>Country Club</u> |
|--------------------------------|-------------------------|-------------------------|
| Utility franchise fees & taxes | \$ 322,033 | \$ |
| Conroy Drive assessment | 870 | |
| Other accounts receivable | <u>17,072</u> | <u>32,348</u> |
| Total accounts receivable | <u>\$ 339,975</u> | <u>\$ 32,348</u> |

NOTE 5 – CAPITAL ASSETS

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

Primary Government

| Governmental Activities: | <u>Beginning Balance</u> | <u>Additions</u> | <u>Deletions</u> | <u>Ending Balance</u> |
|--|------------------------------|----------------------|-----------------------|---------------------------|
| Capital assets not being depreciated: | | | | |
| Land | \$ 2,055,889 | \$ | \$ | \$ 2,055,889 |
| Construction in progress | 17,716,557 | 291,805 | (17,344,872) | 663,490 |
| Capital assets being depreciated: | | | | |
| Buildings | 9,930,922 | 16,389,710 | (9,195) | 26,311,437 |
| Improvements | 16,113,635 | 3,423,525 | | 19,537,160 |
| Machinery and equipment | 2,419,159 | 1,612,801 | (51,794) | 3,980,166 |
| Vehicles | <u>5,100,584</u> | <u>1,157,651</u> | <u>(412,683)</u> | <u>5,845,552</u> |
| Total at historical cost: | <u>53,336,746</u> | <u>22,875,492</u> | <u>(17,818,544)</u> | <u>58,393,694</u> |
| Less accumulated depreciation: | | | | |
| Buildings | (6,389,095) | (330,322) | 9,195 | (6,710,222) |
| Improvements | (9,790,751) | (553,155) | | (10,343,906) |
| Machinery and equipment | (1,665,282) | (213,573) | 51,794 | (1,827,061) |
| Vehicles | <u>(3,162,502)</u> | <u>(441,240)</u> | <u>369,912</u> | <u>(3,233,830)</u> |
| Total accumulated depreciation | <u>(21,007,630)</u> | <u>(1,538,290)</u> | <u>430,901</u> | <u>(22,115,019)</u> |
| Governmental activities capital assets, net | <u>\$ 32,329,116</u> | <u>\$ 21,337,202</u> | <u>\$(17,387,643)</u> | <u>\$ 36,278,675</u> |

THE VILLAGE OF NORTH PALM BEACH, FLORIDA
Notes to the Basic Financial Statements
September 30, 2020

NOTE 5 – CAPITAL ASSETS (Continued)

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental activities:

| | |
|-----------------------|-----------|
| General government | \$ 90,125 |
| Public safety | 489,243 |
| Public works | 389,786 |
| Community development | 34,852 |
| Leisure services | 534,284 |
| | 534,284 |

Total depreciation expense, governmental activities \$ 1,538,290

| Business-type activities: | Beginning Balance | Additions | Deletions | Ending Balance |
|---|----------------------|--------------|--------------|-------------------|
| Capital assets not being depreciated: | | | | |
| Land | \$ 1,051,311 | \$ | \$ | \$ 1,051,311 |
| Construction in progress | 227,818 | | (227,818) | |
| Capital assets being depreciated: | | | | |
| Buildings | 465,122 | | (328,260) | 136,862 |
| Improvements | 7,606,684 | 16,489 | (8,990) | 7,614,183 |
| Machinery and equipment | 48,800 | 41,991 | (15,000) | 75,791 |
| Vehicles | | 23,619 | | 23,619 |
| Total at historical cost: | 9,399,735 | 82,099 | (580,068) | 8,901,766 |
| Less accumulated depreciation: | | | | |
| Buildings | (465,122) | | 328,260 | (136,862) |
| Improvements | (3,862,128) | (632,132) | 8,990 | (4,485,270) |
| Machinery and equipment | (31,710) | (7,396) | 15,000 | (24,106) |
| Vehicles | | (23,619) | | (23,619) |
| Total accumulated depreciation | (4,358,960) | (663,147) | 352,250 | (4,669,857) |
| Business-type activities capital assets, net | \$ 5,040,775 | \$ (581,048) | \$ (227,818) | \$ 4,231,909 |

Included in Governmental deletions and Business-type additions was a fully depreciated vehicle with an original cost of \$23,619.

The General Fund is currently maintaining the Country Club building which is also capitalized in the Governmental Activities. The Village believes this building serves the community as a whole in addition to supporting the golf course activities. Once the 2006 promissory note of the country club enterprise fund is paid, rental payments for the use of the building will be started.

THE VILLAGE OF NORTH PALM BEACH, FLORIDA
Notes to the Basic Financial Statements
September 30, 2020

NOTE 6 – LONG TERM LIABILITIES

Change in Long-Term Liabilities

Long-term liability activity for the year ended September 30, 2020, was as follows:

| | <u>Beginning Balance</u> | <u>Additions</u> | <u>Reductions</u> | <u>Ending Balance</u> | <u>Amount Due Within One Year</u> |
|--|------------------------------|----------------------------|-----------------------------|-----------------------------|---|
| Governmental activities: | | | | | |
| Direct borrowings and direct placements | | | | | |
| Loans payable | \$ 13,515,000 | \$ | \$ (835,000) | \$ 12,680,000 | \$ 865,000 |
| Capital leases | 265,522 | 1,009,529 | (99,496) | 1,175,555 | 189,397 |
| Total | 13,780,522 | 1,009,529 | (934,496) | 13,855,555 | 1,054,397 |
| OPEB (see Note 13) | 1,605,572 | | (827,498) | 778,074 | |
| Net pension liability (see Note 8) | 3,568,305 | 1,892,671 | | 5,460,976 | |
| Compensated absences payable | 1,351,445 | 1,195,182 | (981,273) | 1,565,354 | 1,205,322 |
| Total | <u>\$ 20,305,844</u> | <u>\$ 4,097,382</u> | <u>\$(2,743,267)</u> | <u>\$ 21,659,959</u> | <u>\$ 2,259,719</u> |
| Business-type activities: | | | | | |
| Direct borrowings and direct placements | | | | | |
| Loans payable | \$ 1,618,633 | \$ | \$ (333,965) | \$ 1,284,668 | \$ 348,241 |
| OPEB (see Note 13) | 36,117 | | (10,396) | 25,721 | |
| Compensated absences payable | 17,817 | 27,195 | (2,379) | 42,633 | 28,990 |
| Total | <u>\$ 1,672,567</u> | <u>\$ 27,195</u> | <u>\$ (346,740)</u> | <u>\$ 1,353,022</u> | <u>\$ 377,231</u> |

Governmental activities other postemployment benefit obligations, compensated absences and net pension liabilities are expected to be paid out of the general fund.

Loans Payable from Direct Borrowings and Direct Placements

\$4,893,673 Promissory Note

The Village Council adopted Resolution No. 23-2006 authorizing the issuance of a note in the amount of \$4,893,673 to finance certain capital expenditures relating to the municipal golf course and country club. The revenues of the Country Club are pledged to secure the loan. Principal and interest payments are due semi-annually in the amount of \$199,079, with a final maturity date of April 1, 2024.

THE VILLAGE OF NORTH PALM BEACH, FLORIDA
Notes to the Basic Financial Statements
September 30, 2020

NOTE 6 – LONG TERM LIABILITIES (Continued)

\$4,893,673 Promissory Notes (Continued)

The interest rate on the loan is 4.11% and is subject to adjustment in the event of taxability of the interest on this note. As of September 30, 2020, the principal amount outstanding was \$1,284,668 and was for the purpose of business-type activities.

Annual debt service requirements to maturity are as follows:

Business-type activities:

| <u>Year Ending</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|--------------------|---------------------|-------------------|---------------------|
| 2021 | \$ 348,241 | \$ 49,918 | \$ 398,159 |
| 2022 | 362,904 | 35,255 | 398,159 |
| 2023 | 378,185 | 19,974 | 398,159 |
| 2024 | 195,338 | 4,074 | 199,412 |
| | <u>\$ 1,284,668</u> | <u>\$ 109,221</u> | <u>\$ 1,393,889</u> |

The loan agreement requires that pledged revenues cover 100% of the debt service due plus the expenses, other than non-cash expenses, of owning and operating the Country Club. Due to the Golf Course and Country Club reopening after being closed for renovations and then being shut down due to the pandemic this requirement was not met.

The loan agreement includes a provision that upon the occurrence of any event of default, the bank may declare all obligations of the Village under the Loan Agreement and the Note to be immediately due and payable without further action of any kind and upon such declaration the Note and the interest accrued thereon shall become immediately due and payable. The Bank has not made any such claim.

Non-Ad Valorem Revenue Notes, Series 2017

The Village Council adopted Resolution No. 2017-22 authorizing the issuance of Non-Ad Valorem Revenue Notes, Series 2017, in one or more Series in the aggregate Principal amount not to exceed \$15,000,000 to finance the cost of constructing and equipping a new country club clubhouse. The Notes are secured by a covenant to budget and appropriate legally available non-ad valorem revenues of the Village.

Series 2017A

The Series 2017A is a tax-exempt issuance for \$8,900,000 with an interest rate of 3.19%, which is subject to adjustment in the event of taxability of the interest on this note. Interest is payable on June 1 and December 1 of each year beginning December 1, 2017. Principal payments start June 1, 2025 with the final payment on June 1, 2032.

THE VILLAGE OF NORTH PALM BEACH, FLORIDA
Notes to the Basic Financial Statements
September 30, 2020

NOTE 6 – LONG TERM LIABILITIES (Continued)

Non-Ad Valorem Revenue Note, Series 2017 (Continued)

This note may be prepaid in whole but not in part at any time after June 1, 2025, at a redemption price equal to 100% of the principal amount outstanding plus accrued interest through the redemption date. As of September 30, 2020, the principal amount outstanding was \$8,900,000 and was for the purpose of governmental-type activities.

Series 2017B

The Series 2017B is a taxable issuance for \$6,100,000 with an interest rate of 3.78%. Interest is payable on June 1 and December 1 of each year beginning December 1, 2017. Principal payments start June 1, 2018 with the final payment on June 1, 2025. This note may not be prepaid. As of September 30, 2020, the principal amount outstanding was \$3,780,000 and was for the purpose of governmental-type activities.

Annual debt service requirements to maturity for the Series 2017A and 2017B are as follows:

| <u>Year Ending</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|--------------------|----------------------|---------------------|----------------------|
| 2021 | \$ 865,000 | \$ 426,794 | \$ 1,291,794 |
| 2022 | 900,000 | 394,097 | 1,294,097 |
| 2023 | 935,000 | 359,981 | 1,294,981 |
| 2024 | 970,000 | 324,734 | 1,294,734 |
| 2025 | 1,005,000 | 288,068 | 1,293,068 |
| 2026 - 2030 | 5,535,000 | 934,831 | 6,469,831 |
| 2031 - 2032 | 2,470,000 | 118,828 | 2,588,828 |
| | <u>\$ 12,680,000</u> | <u>\$ 2,847,333</u> | <u>\$ 15,527,333</u> |

The loan agreements include a provision that upon the occurrence of any event of default, the notes shall bear interest at the Default Rate so long as the event of default shall be continuing. The Default rate for the Series 2017A is 6% and the rate for the Series 2017B is 7%.

Governmental Activities Capital Leases

The Village entered into capital lease agreements for the purpose of financing the purchase of vehicles. Principal and interest payments are due annually. As of September 30, 2020, the principal amounts outstanding were \$1,175,555 and the net book value of the equipment was \$1,289,056. Amortization of leased equipment under capital assets is included with depreciation expense. The interest rates on the leases range from 2.38% to 7.25%

The lease agreements include a provision that upon the occurrence of any event of default, the lessor may retake possession of the equipment under lease.

THE VILLAGE OF NORTH PALM BEACH, FLORIDA
Notes to the Basic Financial Statements
September 30, 2020

NOTE 6 – LONG TERM LIABILITIES (Continued)

Governmental Activities Capital Leases (Continued)

Annual debt service requirements to maturity are as follows:

| <u>Year Ending</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|--------------------|---------------------|-------------------|---------------------|
| 2021 | \$ 189,397 | \$ 42,650 | \$ 232,047 |
| 2022 | 194,272 | 37,775 | 232,047 |
| 2023 | 202,849 | 29,198 | 232,047 |
| 2024 | 133,673 | 20,164 | 153,837 |
| 2025 | 137,713 | 16,125 | 153,838 |
| 2026 | 81,379 | 11,955 | 93,334 |
| 2027 | 236,272 | 9,090 | 245,362 |
| | <u>\$ 1,175,555</u> | <u>\$ 166,957</u> | <u>\$ 1,342,512</u> |

NOTE 7 – 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; and natural disasters.

The Village currently reports all of its risk management activities in the General Fund. Claims expenditures and liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. These losses include an estimate of claims that have been incurred but not reported.

The Village is covered by Florida Statutes under the Doctrine of Sovereign Immunity which effectively limits the amount of liability of municipalities to individual claims of \$200,000/\$300,000 for all claims relating to the same incident. However, under certain circumstances, a plaintiff can seek to recover damages in excess of statutory limits by introducing a claims bill to the Florida Legislature. The limits addressed in Florida Statutes do not apply to claims filed in federal courts.

There have been no significant reductions in insurance coverage in the prior year. No settlements exceeded insurance coverage for the past three years.

THE VILLAGE OF NORTH PALM BEACH, FLORIDA
Notes to the Basic Financial Statements
September 30, 2020

NOTE 8 – EMPLOYEE RETIREMENT PLANS

The Village maintains the following two separate single employer defined benefit plans: Village of North Palm Beach Fire and Police Retirement Fund (F&P), covering firefighters and police officers, and Village of North Palm Beach General Employees Retirement Fund (GERF), covering substantially all other full-time Village employees. Both plans are reported as pension trust funds and included as part of the Village's reporting entity. The Police and Fire Fund issued separate stand-alone financial statements for the year ended September 30, 2020, the report may be obtained from the Village Clerk, at the Village of North Palm Beach, 501 U.S. Highway 1, North Palm Beach, Florida 33408. The General Employees Plan does not issue separate financial statements.

Each plan has its own board that acts as plan administrator and trustee: The Fire and Police Retirement Fund Board of Trustees consists of five members (5); four (4) of whom were elected by a majority of the members of the plan. Two (2) of the elected members are certified firefighters of the Village and two (2) are certified police officers of the Village. The fifth member of the board is a legal resident of the Village and is appointed by the Village council. The General Employees Retirement Board consists of five members (5); two (2) of whom were employees elected by a majority of the members of the plan, two (2) of the members are a legal resident of the Village and appointed by the Village council, the two (2) council appointed members of the Board shall appoint a member of the general public who has never been employed by the Village to serve as the fifth member of the Board. Each plan's assets may only be used for the payment of benefits to the members and beneficiaries of the plan in accordance with the terms of each plan document. The costs of administering each plan are financed in the appropriate pension trust fund.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

All Retirement Plans

Basis of Accounting. The retirement plans are reported on the accrual basis of accounting. The plans' fiduciary net position have been determined on the same basis used by the pension plans. Plan member and state contributions are recognized as revenues in the period that the contributions are due. Employer contributions to each plan are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of each plan.

Method Used to Value Investments. Investments are reported at fair value and are managed by third party money managers.

Investments Concentrations. There were no investments representing concentrations of 5% or more of net plan assets in investments that are not issued or guaranteed by the U.S. government.

THE VILLAGE OF NORTH PALM BEACH, FLORIDA
Notes to the Basic Financial Statements
September 30, 2020

NOTE 8 – EMPLOYEE RETIREMENT PLANS (Continued)

PLAN DESCRIPTION, INVESTMENT AND CONTRIBUTION INFORMATION

The following schedule is provided for general information purposes only and is derived from the respective actuarial reports and Village information for the two retirement plans. Plan participants should refer to the appropriate source documents for more complete information on the plans.

| | <u>General Employees'</u> | <u>Fire and Police</u> |
|----------------------------|---------------------------|-------------------------|
| Plan Description: | | |
| Authority | Village Ordinance | Village Ordinance/State |
| Asset Valuation: | | |
| Reporting | Fair Value | Fair Value |
| Legal Reserves | None | None |
| Long-Term Receivable | None | None |
| Internal/Participant Loans | None | None |

Membership of each plan consisted of the following at October 1, 2019:

| | <u>GERF</u> | <u>F&P</u> |
|--|-------------|----------------|
| Inactive Plan Members or Beneficiaries | | |
| currently receiving benefits | 37 | 28 |
| Inactive Plan Members entitled to but | | |
| not yet receiving benefits | 37 | 13 |
| Active Plan Members | <u>27</u> | <u>56</u> |
| Total | <u>101</u> | <u>97</u> |

General Employees' Retirement System

Plan Description. The plan is established under Code of Ordinances for the Village of North Palm Beach, Florida, Part II, Chapter 2, and was most recently amended under Ordinance No. 2010-07. The Plan is also governed by certain provisions of Part VII, Chapter 112, Florida Statutes and the Internal Revenue Code. The Plan provides retirement benefits as well as death benefits. All full time general employees who are not sworn police officers or firefighters shall become members of the system on October 1st following completion of 12 months of employment as a condition of employment. For those employees retired before February 1, 1982, those employees hired after September 30, 2000, or those employees hired before October 1, 2000, who elect to contribute an extra 2%, a 3% Cost of Living increase is paid annually from the Plan. Authority to establish and amend the benefit provisions of the plan rests with the Village Council.

THE VILLAGE OF NORTH PALM BEACH, FLORIDA
Notes to the Basic Financial Statements
September 30, 2020

NOTE 8 – EMPLOYEE RETIREMENT PLANS (Continued)

General Employees' Retirement System (Continued)

All benefits vest based on the following years of credited service:

| Years of Credited Service | Vested % |
|------------------------------|----------|
| Under 5 | 0% |
| 5 or 6 | 50% |
| 7 or 8 | 75% |
| 9 or more | 100% |

Employees become eligible for normal retirement benefits after attaining the age of 60 and completing nine years of credited service, or attaining the age of 65 (depending on employee contribution rate). The normal retirement benefit consists of a life annuity, options available, (subject to cost of living increases not to exceed 3% a year), of either 2%, 2.25%, or 2.5% (depending on employee contribution rate) of Average Monthly Earnings (AME) times credited service up to 20 years plus 1% of AME times credited service over 20 years. Early retirement benefits can be received at age 55. The benefit is determined as for normal retirement and payable at normal retirement date or payable immediately after reduction by 5% for each year by which the benefit commencement date precedes the normal retirement date. If an active member dies, his beneficiary receives a refund of member contributions without interest. For a member who is age 55 and has at least five years of service but who dies before commencement of retirement benefits, a monthly benefit is payable to the designated beneficiary; the benefit is calculated as though the member had retired on his date of death and payable according to the option elected by the employee. For an active member who has at least five years of credited service and dies prior to reaching normal retirement date, a benefit equal to his vested accrued benefit will be paid to his beneficiary for ten years.

If an employee terminates his employment, he is entitled to the following:

- With less than five years of credited service, a refund of member contributions without interest and no other benefit.
- With five or more years of credited service, a refund of member contributions, the vested accrued benefit payable at normal retirement date or at any time after age 55 is attained, with the benefit being subject to the same reduction as for early retirement benefits. The vesting schedule is listed above.

"Average Monthly Earnings" is the average during the 5 years within the last 10 years of employment which produces the highest average.

THE VILLAGE OF NORTH PALM BEACH, FLORIDA
Notes to the Basic Financial Statements
September 30, 2020

NOTE 8 – EMPLOYEE RETIREMENT PLANS (Continued)

General Employees' Retirement System (Continued)

"Credited Service" consists of the total number of years and fractional parts of years of actual service with the Village and shall apply to an employee whose employment is terminated with the Village and who recommences fulltime employment within two years from the date of termination.

Asset Allocation. The plan's adopted asset allocation policy as of September 30, 2020, is as follows:

| Asset Class | Target Allocation |
|----------------------|-------------------|
| Domestic equity | 45% |
| International equity | 15 |
| Domestic bonds | 40 |
| Total | 100% |

Rate of Return. For the year ended September 30, 2020, the annual money-weighted rate of return on Pension Plan investments, net of pension plan investment expense, was 9.28 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Contributions. General employees may contribute 6%, 4%, 2% or 0% of earnings as elected by the employee, with the retirement benefit received being based on the amount contributed. The Village is required to contribute the amount necessary to fund the Plan properly according to the Plan's actuary. Contribution requirements of plan members and the Village are established and may be amended by the Village Council.

Fire and Police Retirement System

Plan Description. The plan is established under Code of Ordinances for the Village of North Palm Beach, Florida, Part II, Chapter 2, and was most recently amended under Ordinance No. 2019-11. The Plan is also governed by certain provisions of Part VII, Chapter 112, Florida Statutes and the Internal Revenue Code. The plan provides retirement benefits as well as death and disability benefits. All benefits vest after ten years of credited service. All fulltime police officers or firefighters are eligible for membership immediately upon hire. Previously, members were not eligible until October 1st following completion of 12 months of employment. Cost of living adjustments (COLA) are provided annually each October 1, to reflect changes in CPI (subject to maximum increases or decreases of 3% per year). Authority to establish and amend the benefit provisions of the plan rests with the Village Council. Employees become eligible for normal retirement benefits after attaining the age of 55, or the date on which the member attains age 52 and 25 credited years of service.

THE VILLAGE OF NORTH PALM BEACH, FLORIDA
Notes to the Basic Financial Statements
September 30, 2020

NOTE 8 – EMPLOYEE RETIREMENT PLANS (Continued)

Fire and Police Retirement System (Continued)

The normal retirement benefit consists of ten years certain and life thereafter, with other options available, (subject to cost of living adjustments not to exceed 3% a year), of 2.75% of AME times the years of credited services starting 10/1/18; for years prior to 10/1/18 the percentage is 2.5%; with a maximum benefit of 75% of AME. Members are eligible for non-service connected disability, after ten years of credited service and a total and permanent disability. For service connected disability, a total and permanent disability with no service requirement, the disability benefit consists of a ten-year certain and life annuity that can be provided by the single-sum value of the member's accrued pension benefit, but is at least 42% of AME for service connected disability and at least 25% of AME for non-service connected disability. See the description of the General Employees' Retirement System for the remainder of the benefits, except that early retirement and termination benefits for vested members can be received at age 50 and the Deferred Retirement Option Plan (DROP) as describe below.

The Plan contains a DROP whereupon the member could retire from the pension plan but continue employment with the Village for an additional maximum period of up to five years. The retirement benefit is immediately calculated and the monthly benefit is allocated to the DROP account. The actual rate of investment return is credited to the account, but no less than 0.00% or more than 6.4%. Once a participant elects this option, he is no longer eligible for disability or pre-retirement benefits. The Plan's guidelines for the DROP are designed to adhere to IRS regulations. At September 30, 2020, there was \$190,575 in the DROP, this amount is included in both the Total Pension Liability and the Plan Fiduciary Net Position. Additional information about the DROP can be obtained from the ordinance.

Asset Allocation. The plan's adopted asset allocation policy as of September 30, 2020, is as follows:

| <u>Asset Class</u> | <u>Target Allocation</u> |
|----------------------|--------------------------|
| Domestic equity | 50% |
| International equity | 10 |
| Domestic bonds | 30 |
| Real estate | <u>10</u> |
| Total | <u>100%</u> |

Rate of Return. For the year ended September 30, 2020, the annual money-weighted rate of return on Pension Plan investments, net of pension plan investment expense, was 4.62 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

THE VILLAGE OF NORTH PALM BEACH, FLORIDA
Notes to the Basic Financial Statements
September 30, 2020

NOTE 8 – EMPLOYEE RETIREMENT PLANS (Continued)

Fire and Police Retirement System (Continued)

Contributions. Firefighter members are required to contribute 7.00% of their basic compensation to the plan. Police Officer members are required to contribute 6.00% of their basic compensation to the plan, effective the first payroll period after October 1, 2020 they shall be required to contribute 7.00%. Members enrolled in the DROP shall contribute 4% of earnings (3% allocated to the DROP account and 1% remaining in Plan assets). The Village is required to contribute the remaining amount to fund the plan using the Entry Age Actuarial Cost Method. Contribution requirements of plan members and the Village are established and may be amended by the Village Council.

The Florida Constitution requires local governments to make the actuarially determined contribution. The Florida Division of Retirement reviews and approves each local government's actuarial report prior to its being approved for use for funding purposes. Additionally, the State collects locally authorized insurance premium surcharges which can only be distributed after the State has ascertained that the local government has met its actuarial funding requirement for the then most recently completed fiscal year. Contributions to the Plan from the State of Florida totaled \$339,509 during the fiscal year ended September 30, 2020.

All Retirement Plans

Net Pension Liability. The components of net pension liability of the Village on September 30, 2020 were as follows:

| | General Employees | Fire and Police |
|---|----------------------|--------------------|
| Total pension liability | \$ 18,440,365 | \$ 32,833,494 |
| Plan fiduciary net position | (17,990,079) | (28,308,304) |
| Village's net pension liability | \$ 450,286 | \$ 4,526,190 |
| Plan fiduciary net position as a percentage of total pension liability | 97.56% | 86.22% |

The mortality assumption rates were changed which decreased the pension liability of the Fire and Police plan by \$981,457.

THE VILLAGE OF NORTH PALM BEACH, FLORIDA
Notes to the Basic Financial Statements
September 30, 2020

NOTE 8 – EMPLOYEE RETIREMENT PLANS (Continued)

All Retirement Plans (Continued)

Actuarial Assumptions. The total pension liability was determined by an actuarial valuation as of October 1, 2019 updated to September 30, 2020 using the following actuarial assumptions applied to the September 30, 2020 measurement period.

| | <u>General Employees</u> | <u>Fire and Police</u> |
|---------------------------|---|---|
| Inflation | 2.50% | 2.50% |
| Salary increases | Service based | Service based |
| Investment rate of return | 6.75% | 7.70% |
| Mortality | RP2000 Combined Healthy Participant, Scale BB. Female: 100% Annuitant White Collar, Male Annuitant White Collar/50% Annuitant Blue Collar | PubS.H-2010 for Employees, set forward one year |

The long-term expected rate of return on pension plan 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 included the pension plan's target asset allocation as of September 30, 2020, are summarized in the following table:

| <u>Asset Class</u> | <u>Long-Term Expected Real Rate of Return</u> | |
|----------------------|---|------------------------|
| | <u>General Employees</u> | <u>Fire and Police</u> |
| Domestic equity | 6.75% | 7.50% |
| International equity | 6.50% | 8.50% |
| Domestic bonds | 2.50% | 2.50% |
| Real estate | N/A | 4.50% |

THE VILLAGE OF NORTH PALM BEACH, FLORIDA
Notes to the Basic Financial Statements
September 30, 2020

NOTE 8 – EMPLOYEE RETIREMENT PLANS (Continued)

All Retirement Plans (Continued)

Discount Rate. The discount rate used to measure the total pension liability was 6.75 percent for the General Employees Retirement Fund and 7.70 percent for the Fire and Police Retirement Fund. The projection of cash flows used to determine the discount rates assumed that plan member contributions will be made at the current contribution rate and that sponsor contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plans' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate. The following presents the net pension liabilities of the Village, calculated using the discount rates above, as well as what the Village's net pension liabilities 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.

General Employees' Retirement System

| | 1% Decrease | Current Discount Rate | 1% Increase |
|---------------------------------|---------------------|-----------------------------|-----------------------|
| | 5.75% | 6.75% | 7.75% |
| Village's net pension liability | <u>\$ 2,915,900</u> | <u>\$ 450,286</u> | <u>\$ (1,586,353)</u> |

Fire and Police Retirement System

| | 1% Decrease | Current Discount Rate | 1% Increase |
|---------------------------------|---------------------|-----------------------------|-------------------|
| | 6.70% | 7.70% | 8.70% |
| Village's net pension liability | <u>\$ 9,225,434</u> | <u>\$ 4,525,190</u> | <u>\$ 637,598</u> |

All Retirement Plans

The Village's total pension liability, plan fiduciary net position, net pension liability, pension related deferred outflows and inflows, and pension expense for the fiscal year ended September 30, 2020, are reported using a measurement date of September 30, 2019.

THE VILLAGE OF NORTH PALM BEACH, FLORIDA
Notes to the Basic Financial Statements
September 30, 2020

NOTE 8 – EMPLOYEE RETIREMENT PLANS (Continued)

All Retirement Plans (Continued)

Actuarial Assumptions. The total pension liability was determined by an actuarial valuation as of October 1, 2018 updated to September 30, 2019 using the following actuarial assumptions applied to the September 30, 2019, measurement period.

| | <u>General Employees</u> | <u>Fire and Police</u> |
|---------------------------|--|--|
| Inflation | 2.75% | 2.50% |
| Salary increases | Service based | Service based |
| Investment rate of return | 6.75% | 7.70% |
| Mortality | Female: RP2000, 100% Annuitant White Collar, Scale BB Male: RP2000, 50% Annuitant White Collar/50% Annuitant Blue Collar, Scale BB | Female: RP2000 Generational, 100% Annuitant White Collar, Scale BB Male: RP2000 Generational, 10% Annuitant White Collar/90% Annuitant Blue Collar, Scale BB |

The long-term expected rate of return on pension plan 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 included the pension plan's target asset allocation as of September 30, 2019, are summarized in the following table:

| <u>Asset Class</u> | <u>Target Allocation</u> | | <u>Long-Term Expected Real Rate of Return</u> | |
|----------------------|--------------------------|------------------------|---|------------------------|
| | <u>General Employees</u> | <u>Fire and Police</u> | <u>General Employees</u> | <u>Fire and Police</u> |
| Domestic equity | 45% | 50% | 6.75% | 7.50% |
| International equity | 15 | 10 | 6.50% | 8.50% |
| Domestic bonds | 40 | 30 | 2.50% | 2.50% |
| Real estate | <u>N/A</u> | <u>10</u> | N/A | 4.50% |
| Total | <u>100%</u> | <u>100%</u> | | |

THE VILLAGE OF NORTH PALM BEACH, FLORIDA
Notes to the Basic Financial Statements
September 30, 2020

NOTE 8 – EMPLOYEE RETIREMENT PLANS (Continued)

All Retirement Plans (Continued)

Discount Rate. The discount rate used to measure the total pension liability was 6.75 percent for the General Employees Retirement Fund and 7.70 percent for the Fire and Police Retirement Fund. The projection of cash flows used to determine the discount rates assumed that plan member contributions will be made at the current contribution rate and that sponsor contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plans' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

General Employees' Retirement System

Changes in Net Pension Liability

Using a measurement date of September 30, 2019, the components of the net pension liability reported by the Village at September 30, 2020, were as follows:

| Description | Total Pension Liability (a) | Fiduciary Net Position (b) | Net Pension Liability (a)-(b) |
|--|--------------------------------------|-------------------------------------|--|
| Balances at September 30, 2018 | \$ 17,833,215 | \$ 16,399,189 | \$ 1,434,026 |
| Changes due to: | | | |
| Service cost | 251,678 | | 251,678 |
| Interest | 1,201,578 | | 1,201,578 |
| Difference between expected and actual experience | (625,948) | | (625,948) |
| Changes of Assumptions | | | |
| Employer contributions | | 358,152 | (358,152) |
| Employee contributions | | 97,522 | (97,522) |
| Benefit payments and refunds | (567,472) | (567,472) | |
| Net investment income | | 721,786 | (721,786) |
| Administrative expenses | | (38,690) | 38,690 |
| Total changes | <u>259,836</u> | <u>571,298</u> | <u>(311,462)</u> |
| Balances at September 30, 2019 | <u>\$ 18,093,051</u> | <u>\$ 16,970,487</u> | <u>\$ 1,122,564</u> |

THE VILLAGE OF NORTH PALM BEACH, FLORIDA
Notes to the Basic Financial Statements
September 30, 2020

NOTE 8 – EMPLOYEE RETIREMENT PLANS (Continued)

General Employees' Retirement System (Continued)

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

| | <u>1% Decrease</u> | <u>Current Discount Rate</u> | <u>1% Increase</u> |
|---------------------------------|---------------------|--------------------------------------|---------------------|
| | 5.75% | 6.75% | 7.75% |
| Village's net pension liability | <u>\$ 3,636,396</u> | <u>\$ 1,122,564</u> | <u>\$ (949,841)</u> |

Pension expense and deferred outflows and inflows of resources

For the fiscal year ended September 30, 2020, the Village recognized pension expense of \$(167,879). In addition, the Village reported deferred outflows of resources and deferred inflows of resources related to the Plan from the following sources:

| <u>Description</u> | <u>Deferred Outflows of Resources</u> | <u>Deferred Inflows of Resources</u> |
|--|---|--|
| Net difference between projected and actual earnings on plan investments | \$ | \$ 91,038 |
| Differences between expected and actual experience | | 278,199 |
| Village plan contributions subsequent to the measurement date | <u>232,738</u> | |
| Total | <u>\$ 232,738</u> | <u>\$ 369,237</u> |

THE VILLAGE OF NORTH PALM BEACH, FLORIDA
Notes to the Basic Financial Statements
September 30, 2020

NOTE 8 – EMPLOYEE RETIREMENT PLANS (Continued)

General Employees' Retirement System (Continued)

Pension expense and deferred outflows and inflows of resources (Continued)

The deferred outflows of resources totaling \$232,738 resulting from Village contributions to the plan subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the fiscal year ended September 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the plan will be recognized in pension expense as follows:

| <u>Year ended September 30:</u> | <u>Amount</u> |
|---------------------------------|----------------------------|
| 2021 | \$ (416,784) |
| 2022 | (71,301) |
| 2023 | 42,819 |
| 2024 | 76,029 |
| 2025 | |
| Thereafter | |
| | <u><u>\$ (369,237)</u></u> |

Fire and Police Retirement System

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

| | 1% Decrease | Current Discount Rate | 1% Increase |
|---------------------------------|---------------------|-----------------------------|-------------------|
| | 6.70% | 7.70% | 8.70% |
| Village's net pension liability | <u>\$ 8,931,297</u> | <u>\$ 4,338,412</u> | <u>\$ 577,783</u> |

THE VILLAGE OF NORTH PALM BEACH, FLORIDA
Notes to the Basic Financial Statements
September 30, 2020

NOTE 8 – EMPLOYEE RETIREMENT PLANS (Continued)

Fire and Police Retirement System (Continued)

Changes in Net Pension Liability

Using a measurement date of September 30, 2019, the components of the net pension liability reported by the Village at September 30, 2020, were as follows:

| Description | Total Pension Liability (a) | Fiduciary Net Position (b) | Net Pension Liability (a)-(b) |
|---|--------------------------------------|-------------------------------------|--|
| Balances at September 30, 2018 | \$ 27,159,019 | \$ 25,024,740 | \$ 2,134,279 |
| Changes due to: | | | |
| Service cost | 1,031,048 | | 1,031,048 |
| Interest | 2,236,125 | | 2,236,125 |
| Change in excess state money | (600,965) | | (600,965) |
| Differences between expected and actual experience | (138,741) | | (138,741) |
| Change of benefit terms | 205,896 | | 205,896 |
| Change of assumptions | 1,660,762 | | 1,660,762 |
| Employer contributions | | 918,263 | (918,263) |
| Employer contributions-state | | 328,826 | (328,826) |
| Employee contributions | | 239,271 | (239,271) |
| Employee contributions buy back | 6,698 | 6,698 | |
| Benefit payments and refunds | (793,277) | (793,277) | |
| Net investment income | | 787,045 | (787,045) |
| Administrative expenses | | (83,413) | 83,413 |
| Total changes | <u>3,607,546</u> | <u>1,403,413</u> | <u>2,204,133</u> |
| Balances at September 30, 2019 | <u>\$ 30,766,565</u> | <u>\$ 26,428,153</u> | <u>\$ 4,338,412</u> |

The pension liability of the Fire and Police plan increased by \$205,896 due to the discount rate going from 7.75% to 7.70% and \$1,660,762 due to changes in the benefit terms, the most significant of which was a prospective increase of the benefit accrual rate to 2.75% from 2.50% for Credited Service earned after September 30, 2018 and an increase in the maximum accrued benefit to 75% AME from 60%.

THE VILLAGE OF NORTH PALM BEACH, FLORIDA
Notes to the Basic Financial Statements
September 30, 2020

NOTE 8 – EMPLOYEE RETIREMENT PLANS (Continued)

Fire and Police Retirement System (Continued)

Pension expense and deferred outflows and inflows of resources

For the fiscal year ended September 30, 2020, the Village recognized pension expense of \$2,625,446. In addition, the Village reported deferred outflows of resources and deferred inflows of resources related to the Plan from the following sources:

| <u>Description</u> | <u>Deferred Outflows of Resources</u> | <u>Deferred Inflows of Resources</u> |
|--|---|--|
| Net difference between projected and actual earnings on plan investments | \$ 789,688 | \$ |
| Differences between expected and actual experience | 220,812 | 262,136 |
| Change of assumptions | 470,424 | 679,880 |
| Village plan contributions subsequent to the measurement date | <u>1,203,271</u> | <u></u> |
| Total | <u>\$ 2,684,195</u> | <u>\$ 942,016</u> |

The deferred outflows of resources totaling \$1,203,271 resulting from Village contributions to the plan subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the fiscal year ended September 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the plan will be recognized in pension expense as follows:

| <u>Year ended September 30:</u> | <u>Amount</u> |
|---------------------------------|-------------------|
| 2020 | \$ 168,281 |
| 2021 | 61,902 |
| 2022 | 182,871 |
| 2023 | 149,558 |
| 2024 | (85,693) |
| Thereafter | <u>61,989</u> |
| | <u>\$ 538,908</u> |

THE VILLAGE OF NORTH PALM BEACH, FLORIDA
Notes to the Basic Financial Statements
September 30, 2020

NOTE 8 – EMPLOYEE RETIREMENT PLANS (Continued)

All Retirement Plans

Summarized information

The Village's total pension liability, plan fiduciary net position, net pension liability, pension related deferred outflows and inflows, and pension expense for the fiscal year ended September 30, 2020, using a measurement date of September 30, 2019, are as follows:

| | <u>General Employees</u> | <u>Fire and Police</u> | <u>Total</u> |
|--------------------------------|------------------------------|----------------------------|---------------|
| Total pension liability | \$ 18,093,051 | 30,766,565 | \$ 48,859,616 |
| Plan fiduciary net position | 16,970,487 | 26,428,153 | 43,398,640 |
| Net pension liability | 1,122,564 | 4,338,412 | 5,460,976 |
| Deferred outflows of resources | 232,738 | 2,684,195 | 2,916,933 |
| Deferred inflows of resources | 369,237 | 942,016 | 1,311,253 |
| Pension expense | (167,879) | 2,625,446 | 2,457,567 |
| Accounts Payable | - | - | - |

NOTE 9 – ON-BEHALF PAYMENTS

The state makes a contribution to the Fire and Police Officers' Retirement System from the firefighters' and police officers' Insurance Premium Tax. For the fiscal year ended September 30, 2020, \$339,482 was recorded as revenues and expenditures in the On-Behalf Pension Contribution Special Revenue Fund relating to on-behalf payments received from the state.

THE VILLAGE OF NORTH PALM BEACH, FLORIDA
Notes to the Basic Financial Statements
September 30, 2020

NOTE 10 – PENSION PLAN FINANCIAL INFORMATION

Generally accepted accounting principles (GAAP) requires that financial statements for individual pension plans be presented in the notes to the financial statements of the primary government if separate GAAP financial reports have not been issued. The General Employees' pension fund does not have a separate GAAP report issued, and the financial information as of September 30, 2020, is presented below.

STATEMENT OF FIDUCIARY NET POSITION

| | General Employees' Pension |
|---|---|
| | |
| Assets | |
| Cash and cash equivalents | \$ 367,637 |
| Investments: | |
| Fixed income exchange traded funds | 3,898,565 |
| Equity exchange traded funds | 1,273,443 |
| Fixed income mutual funds | 2,470,142 |
| Domestic equity mutual funds | 8,404,532 |
| International equity mutual funds | 1,631,353 |
| Accrued dividends and interest | 7 |
| Prepays | 4,282 |
| Total assets | 18,049,961 |
| Liabilities | |
| Accounts payable | 16,576 |
| Accounts payable, broker-dealers | 43,306 |
| Total liabilities | 59,882 |
| Net position | |
| Held in trust for pension benefits and other purposes | \$ 17,990,079 |

THE VILLAGE OF NORTH PALM BEACH, FLORIDA
Notes to the Basic Financial Statements
September 30, 2020

NOTE 10 – PENSION PLAN FINANCIAL INFORMATION (Continued)

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

| | <u>General Employees’ Pension</u> |
|--|---|
| Additions | |
| Contributions | |
| Employer | \$ 232,738 |
| Plan members | 85,829 |
| Total contributions | <u>318,567</u> |
| Investment earnings | |
| Dividends and interest | 364,982 |
| Net (decrease) in the fair value of investments | 1,183,315 |
| Less investment expense | <u>(51,075)</u> |
| Total investment earnings | <u>1,497,222</u> |
| Total additions | <u>1,815,789</u> |
| Deductions | |
| Administration | 60,096 |
| Refund of member contributions | 13,312 |
| Benefits | 722,789 |
| Total deductions | <u>796,197</u> |
| Change in net position | 1,019,592 |
| Net position - beginning | <u>16,970,487</u> |
| Net position - ending | <u>\$ 17,990,079</u> |

NOTE 11 – DEFINED CONTRIBUTION PLAN

Effective October 1, 2006, all employees of the Village may participate in one of four Money Purchase Plans that are qualified Defined Contribution Plans adopted under the provisions of Internal Revenue Code Section 401(a). The four pension plans include Village Manger, Directors, General Employees, and Municipal Employees. The defined contribution plans are administered by International City/County Management Association and Retirement Corporation (ICMA-RC). The ICMA-RC is a nonprofit corporation organized and existing under the laws of the State of Delaware. Contribution requirements of employees’ and the Village are established and may be amended by the Village Council.

The vesting period for each defined contribution plan is five years, with a vesting of zero percent in the first year, and a vesting of twenty-five percent for each year thereafter. While the plans will not provide for retroactive funding, the vesting period shall run from each employee’s original date of hire. If an employee terminates before becoming fully vested, forfeited amounts will be used to reduce future Village contributions. No loans are permitted by the plan.

THE VILLAGE OF NORTH PALM BEACH, FLORIDA
Notes to the Basic Financial Statements
September 30, 2020

NOTE 11 – DEFINED CONTRIBUTION PLAN (Continued)

The normal retirement age for the plan shall be age sixty. There is no waiting period for participation in the plan. The minimum age for participation is eighteen. The Village contributes 15% of participant earnings for the plan year. Earnings include regular and bonus compensation, but do not include overtime or commissions. Employee contributions are voluntary, after-tax contributions that are not matched by the Village. Employees may contribute 3%, 5%, 10%, or 15% of earnings to the plan. Contributions are remitted to the trusts every payroll period.

Because the Village has little administrative involvement and does not perform the investing function for funds in the plans, the Village’s activities do not meet the criteria for inclusion in the fiduciary funds of a government. Consequently, the plans are not included in the Village’s financial statements.

Plan detail for participating employees at September 30, 2020, is listed below:

| | <u>Village Manager</u> | <u>Directors</u> | <u>General Employees</u> | <u>Municipal Employees</u> |
|-------------------------------|----------------------------|------------------|------------------------------|--------------------------------|
| Employee contributions | \$ 5,826 | \$ 84,543 | \$ 57,562 | \$ 89,115 |
| Village pension expense | 29,130 | 152,093 | 172,903 | 192,191 |
| Forfeitures | - | 10,141 | 172,903 | 27,377 |
| Payable as of fiscal year end | - | - | - | - |

NOTE 12 – DEFERRED COMPENSATION PLAN ASSETS

Employees of the Village may participate in a deferred compensation plan adopted under the provisions of Internal Revenue Code Section 457 (Deferred Compensation Plans with Respect to Service for State and Local Governments).

The deferred compensation plan is available to all employees of the Village. Under the plan, employees may elect to defer a portion of their salaries and avoid paying taxes on the deferred portion until the withdrawal date. The deferred compensation amount is not available for withdrawal by employees until termination, retirement, death, or unforeseeable emergency. A third party administers the deferred compensation plan.

In 1998, the Village Adopted GASB-32, *Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*. The Village modified its Deferred Compensation Plan to conform with the changes in the Internal Revenue Code brought about by the Small Business Job Protection Act of 1996 (the “Act”). The Act requires that eligible deferred compensation plans established and maintained by governmental employers be amended to provide that all assets of the plan be held in trust, or under one or more appropriate annuity contracts or custodial accounts, for the exclusive benefit of plan participants and their beneficiaries. As a result of this change, these plan assets are not property of the Village and are not subject to the claims of the Village’s general creditors.

THE VILLAGE OF NORTH PALM BEACH, FLORIDA
Notes to the Basic Financial Statements
September 30, 2020

NOTE 12 – DEFERRED COMPENSATION PLAN ASSETS (Continued)

Because the Village has little administrative involvement and does not perform the investing function for funds in the Plan, the Village’s activities do not meet the criteria for inclusion in the fiduciary funds of a government.

NOTE 13 – OTHER POSTEMPLOYMENT BENEFITS

General Information about the OPEB Plan

Effective October 1, 2016, the Village implemented Governmental Accounting Standards Board Statement 75 (GASB 75), *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, see Note 19. Retirees of the Village pay an amount equal to the actual premium for health insurance charged by the carrier. The premium charged includes an implied subsidy, as the amount charged for all participants (active employee or retiree) is the same, regardless of age. Under GASB 75, an implied subsidy is considered other post-employment benefits (OPEB).

The following describes the Village’s OPEB Provisions:

Plan Description

The Village provides a single employer defined benefit health care plan to all of its employees and the plan is administered by the Village. The plan has no assets and does not issue a separate financial report.

Benefits Provided

The plan allows its employees and their beneficiaries, to continue to obtain health and dental benefits upon retirement. The normal retirement age for police and firefighters is 55 or 52; , depending on the option selected by the employee and the normal retirement age for all other Village employees is either age 60 or 65, depending on the option selected by the employee. The benefits of the plan are in accordance with Florida Statutes, which are the legal authority for the plan. The plan has no assets and does not issue a separate financial report.

Employees Covered by Benefit Terms

At September 30, 2020, the following employees were covered by benefit terms:

| | |
|---|------------|
| Participants | |
| Active employees | 138 |
| Inactive employees currently receiving benefits | 4 |
| Inactive employees entitled to but not receiving benefits | - |
| Total | <u>142</u> |

THE VILLAGE OF NORTH PALM BEACH, FLORIDA
Notes to the Basic Financial Statements
September 30, 2020

NOTE 13 – OTHER POSTEMPLOYMENT BENEFITS (Continued)

Contribution Requirements: The Village does not make direct contributions to the plan on behalf of retirees. Retirees and their beneficiaries pay the same group health rates as active employees. However, the Village's actuaries, in their actuarial valuation, calculate an offset to the cost of these benefits as an employer contribution, based upon an implicit rate subsidy. This offset equals the total annual age-adjusted costs paid by the Village, or its active employees, for coverage of the retirees and their dependents net of the retiree's own payments for the year.

Total OPEB Liability

The Village's total OPEB liability of \$803,795 was measured as of September 30, 2020 and was determined by the actuarial valuation as September 30, 2020.

Actuarial Assumptions and Methods

The total OPEB liability was determined using the following actuarial assumptions and other methods:

| | |
|------------------------------|--|
| Valuation Date: | September 30, 2020 |
| Measurement Date: | September 30, 2020 |
| Discount Rate: | 2.41% per annum |
| Source | Bond Buyer GO 20-Bond Municipal Index |
| Salary Increase Rate: | Service based between 4% to 10% per annum |
| Health Care Trend Rate: | An initial rate of 6.25% decreasing by 0.25% annually to an ultimate rate of 3.99%. |
| Inflation Rate: | 2.25% |
| Marriage Rate/Participation: | The assumed number of eligible dependents is based on the current portions of single and family contracts in the census provided. The spousal participation assumed at retirement is 75%. |
| Actuarial Cost Method: | Entry Age Normal based on level percentage of projected salary. |
| Amortization Method: | <i>Experience/Assumptions</i> gains and losses are amortized over the closed period of 9 years starting on October 1, 2017, equal to the average remaining service of active and inactive plan members (who have no future service). |

THE VILLAGE OF NORTH PALM BEACH, FLORIDA
Notes to the Basic Financial Statements
September 30, 2020

NOTE 13 – OTHER POSTEMPLOYMENT BENEFITS (Continued)

Actuarial Assumptions and Methods (Continued)

Plan Participation Percentage: The participation percentage is the assumed rate of future eligible retirees who elect to continue health coverage at retirement. It is assumed that 25% of employees elect coverage. This assumes that a one-time irrevocable election to participate is made at retirement.

Mortality Rates: The PUB-2010 Generational tables used are projected by Scale MP-2018 from 2010.

Discount Rate

The Village does not have a dedicated Trust to pay retiree healthcare benefits. Per GASB 75, the discount rate is a yield or index rate for 20-year, tax-exempt municipal bonds. As a result, the calculation used a rate of 2.41%.

Changes in the Total OPEB Liability

| | Total OPEB Liability |
|---|-------------------------|
| Balance at September 30, 2019 | \$ 1,641,689 |
| Changes for the Year: | |
| Service Cost | 119,601 |
| Interest Cost | 61,990 |
| Changes in benefit terms | 655 |
| Changes of Assumptions and Other Inputs | (960,663) |
| Benefit Payments | (59,477) |
| Net Change in Total OPEB Liability | (837,894) |
| Balance at September 30, 2020 | \$ 803,795 |

THE VILLAGE OF NORTH PALM BEACH, FLORIDA
Notes to the Basic Financial Statements
September 30, 2020

NOTE 13 – OTHER POSTEMPLOYMENT BENEFITS (Continued)

Changes in Assumptions

The discount rate was 3.58% at 10/1/19 and 2.41% at 9/30/20, the mortality table was updated, the coverage acceptance rate was changed from 40% 25%, and the retirement, withdrawal, disability, and salary increase assumptions were updated to reflect those used in the most recent pension actuarial valuations.

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability of the Village, as well as what the Village’s total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current discount rate:

| | 1.0% Decrease (1.41%) | Discount Rate (2.41%) | 1.0% Increase (3.41%) |
|----------------------|--------------------------|--------------------------|--------------------------|
| Total OPEB Liability | \$ 867,562 | \$ 803,795 | \$ 744,255 |

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Trend Rates

The following presents the total OPEB liability of the Village, as well as what the Village’s total OPEB liability would be if it were calculated using healthcare cost trends that are 1-percentage-point lower or 1-percentage-point higher (then the current healthcare cost trend rates:

| | 1.0% Decrease | Healthcare cost Trend Rates | 1.0% Increase |
|----------------------|---------------|--------------------------------|---------------|
| Total OPEB Liability | \$ 715,621 | \$ 803,795 | \$ 907,757 |

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

For the year ended September 30, 2020, the Village recognized OPEB expense of \$(171,155). At September 30, 2020, the Village reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|--|--------------------------------------|-------------------------------------|
| Changes of Assumptions/Inputs | \$ 58,505 | \$ 1,274,930 |
| Differences Between Expected and Actual Experience | | 846,493 |
| Total | \$ 58,505 | \$ 2,121,423 |

THE VILLAGE OF NORTH PALM BEACH, FLORIDA
Notes to the Basic Financial Statements
September 30, 2020

NOTE 13 – OTHER POSTEMPLOYMENT BENEFITS (Continued)

OPEB Expense and Deferred Outflows and Inflows of Resources Related to OPEB (Continued)

Amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in OPEB expense as follows:

| | |
|---------------------|----------------|
| Fiscal Year Ending: | |
| September 30, 2021 | \$ (353,401) |
| September 30, 2022 | (353,401) |
| September 30, 2023 | (353,401) |
| September 30, 2024 | (353,401) |
| September 30, 2025 | (353,399) |
| Thereafter | (295,915) |
| | \$ (2,062,918) |

NOTE 14 – JOINTLY GOVERNED ORGANIZATION

The Village, through an interlocal agreement with certain other municipalities and Palm Beach County, created the Seacoast Utility Authority (“Seacoast”) which provides water and sewer service to the citizens of each of the participating municipalities and a portion of Palm Beach County. Seacoast’s governing board consists of one member from each participating entity. Seacoast is an Independent Authority organized under the laws of the State of Florida, and the Village has no participating equity ownership in Seacoast. The Village paid \$182,100 to Seacoast during the fiscal year for water and sewer service.

NOTE 15 –INTERFUND ACTIVITY

Due from/to other funds

The \$20,085 due from the Public Safety fund (a Non-Major Fund) to the General Fund are from grant funds that have been spent but are not yet reimbursed. The due to Capital Projects Fund of \$72,091 from the Country Club Fund are for capital projects that have not been fully expended.

Advances to/from other funds

The \$2,207,250 advanced from the General Fund to the Country Club Fund was to provide \$1,700,000 for the renovation of the Golf Course and an additional \$507,250 for cash flow purposes. The Country Club Fund will start paying back the advance \$1,700,000 in the fiscal year ending September 30, 2025, which is after the Bank of America loan is paid off.

THE VILLAGE OF NORTH PALM BEACH, FLORIDA
Notes to the Basic Financial Statements
September 30, 2020

NOTE 15 – INTERFUND ACTIVITY (Continued)

Transfers

Interfund transfers during the year ended September 30, 2020, are as follows:

The \$644,475 from the General Fund to the Capital Projects Fund and the \$175,000 from the Capital Projects Fund and the Infrastructure Surtax Fund to the Recreation Special Revenue Fund (a Non-Major Fund) were to fund capital projects according to the original budget and subsequent budget amendments.

NOTE 16 – CONTRACTS, COMMITMENTS AND CONTINGENCIES

Restaurant Operating Leases

The Village is committed under a lease agreement as lessor of the food and beverage operations at the North Palm Beach Country Club. The Village is leasing the restaurant including indoor/outdoor bar, kitchen, snack bar, beverage and server station and designated storage areas as exclusive use premises together with non-exclusive rights to the use of the covered pavilion, covered front entry, pool deck, banquet room, event lawn, restrooms and other public areas in and around the Country Club to Farmer’s Table LLC (Lessee). The initial term of the lease is five years and the lease shall automatically renew for additional five year terms unless either party gives the other party written notice of its intent not to renew at least one hundred and eighty days prior to the end of the term. The lease is considered for accounting purposes to be an operating lease.

During the initial term the base rent shall be \$8,333 per month. Beginning on the first date of any renewal term, the rent shall increase by 3% over the base rent payable for the immediately preceding twelve-month period. In addition to the base rent, the Lessee shall pay to the Village an amount equal to five percent of lessee’s annual gross sales for Restaurant and Catering Services over Two Million Dollars. The lessee shall also pay 50% of the electric, water/ sewer, burglar alarm and natural gas of the premises and \$12,000 toward the ad valorem property taxes assessed by the Palm Beach County Property Appraiser and Tax Collector as a result of its operations during the first year and in subsequent years to pay an equivalent percentage of the total amount due.

The Village received \$41,667 in rents and \$27,435 in utility reimbursements for the year ended September 30, 2020 under the terms of this lease agreement.

THE VILLAGE OF NORTH PALM BEACH, FLORIDA
Notes to the Basic Financial Statements
September 30, 2020

NOTE 16 – CONTRACTS, COMMITMENTS AND CONTINGENCIES (Continued)

Restaurant Operating Leases (Continued)

Minimum-guaranteed income rental income on the lease is as follows:

| <u>Year ended September 30:</u> | <u>Amount</u> |
|---------------------------------|-------------------|
| 2021 | \$ 100,000 |
| 2023 | 100,000 |
| 2024 | 100,000 |
| 2025 | 100,000 |
| 2026 | 58,333 |
| | <u>\$ 458,333</u> |

At September 30, 2020, the estimated cost of the exclusive use leased assets was \$7,051,900, net book value was \$7,037,209 and depreciation expense was \$14,691.

Golf Carts Operating Lease

The Village entered into a three-year operating agreement for 80 golf carts, including GPS systems and software, for the Country Club in December 2019, at a monthly cost of \$13,391. For the fiscal year ended September 30, 2020 expenses under the lease were \$160,692. Future minimum rental commitments are as follows:

| <u>Year ended September 30:</u> | <u>Amount</u> |
|---------------------------------|-------------------|
| 2021 | \$ 160,692 |
| 2022 | 26,782 |
| | <u>\$ 187,474</u> |

Contract Commitments

On September 17, 2014, the Village entered into an agreement with the City of Palm Beach Gardens whereby the City of Palm Beach Gardens will provide the Village public safety dispatch services. The term of the agreement was for two years beginning on October 1, 2014, and extending through September 30, 2016. In 2016 the agreement was renewed for an additional five years extending through September 30, 2021. The fee for each year under the contract will be based upon the budget of the North County Dispatch (NCDC) center prorated to each contracting municipality based on that municipalities cost share. If at the end any contract year a budget shortfall exists, each contracting municipality shall pay its share of the shortfall. Conversely, if at the end of any contract year a budget surplus exists, such surplus shall represent a committed fund balance to be utilized specifically for NCDC budgetary purposes. The Village's estimated cost for fiscal year ending September 30, 2021 is \$448,244.

THE VILLAGE OF NORTH PALM BEACH, FLORIDA
Notes to the Basic Financial Statements
September 30, 2020

NOTE 16 – CONTRACTS, COMMITMENTS AND CONTINGENCIES (Continued)

Contract Commitments (Continued)

Commitments outstanding on September 30, 2020 are \$312,203 for the capital lease of a new fire rescue vehicle over seven years.

Subsequent to September 30, 2020, the Village approved \$321,857 for the West Alleyway Pavement Rehabilitation Project, a seven year lease of \$248,140 for a new sanitation truck and a five year lease of \$136,184 for three new police cars.

Contingencies

The Village is involved in various litigations and claims arising in the course of operations. It is the opinion of legal counsel that the likelihood of unfavorable outcome and the amounts of potential losses cannot be reasonably determined for all claims at this time.

NOTE 17 – COVID-19

On January 30, 2020, the World Health Organization (WHO) announced a global health emergency because of a new strain of coronavirus originating in Wuhan, China (the COVID-19 outbreak) and the risks to the international community as the virus spreads globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally. As a result of worldwide reporting of COVID-19 infections, certain national, state, and local governmental authorities have issued stay-at-home orders, proclamations and/or directives aimed at minimizing the spread of COVID-19.

Additionally, more restrictive proclamations and/or directives may be issued in the future. As a result, certain internal operations, communications and administrative operations of the Village have been disrupted. In addition to implementing protective guidelines and protocols, the Village considered and implemented preventative and protection measures recommended by the Centers for Disease Control and Prevention (CDC) aimed at providing a safe environment for Village personnel during the course of the COVID-19 pandemic.

The ultimate impact of the COVID-19 pandemic on the Village's operations is unknown and will depend on future developments, which are highly uncertain and cannot be predicted with confidence, including the duration of the COVID-19 outbreak, new information which may emerge concerning the severity of the COVID-19 pandemic, and any additional preventative and protective actions that other governments or agencies may direct, which may result in an extended period of operational disruption. Any resulting financial impact cannot be reasonably estimated at this time but could be anticipated to have a material adverse impact on the Village's operations, financial position, and results of operations for fiscal year 2021.

THE VILLAGE OF NORTH PALM BEACH, FLORIDA
Notes to the Basic Financial Statements
September 30, 2020

NOTE 18 – NEW ACCOUNTING STANDARDS

Below is a brief description and effective date of new accounting standards that could have a significant impact on the Village.

- GASB Statement No. 87, *Leases*. This Statement will increase 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. It establishes a single model for lease accounting that is based on the foundational principle that leases are financings of the right to use an underlying asset. This Statement is effective for the fiscal year ending September 30, 2022.
- GASB Statement No. 84, *Fiduciary Activities*. This Statement will improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement is effective for the fiscal year ending September 30, 2021.
- GASB Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans—an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32*. The requirements of this Statement will result in more consistent financial reporting of defined contribution pension plans, defined contribution OPEB plans, and other employee benefit plans, while mitigating the costs associated with reporting those plans. This Statement is effective for the fiscal year ending September 30, 2022.

Management is currently evaluating the impact of the adoption of these statements on the Village's financial statements.

REQUIRED SUPPLEMENTARY INFORMATION OTHER THAN MD&A

PENSION AND OTHER POSTEMPLOYMENT BENEFIT TREND INFORMATION

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THE VILLAGE OF NORTH PALM BEACH, FLORIDA
Required Supplemental Information
September 30, 2020

Schedule of Changes in Total OPEB Liability
Last Ten Fiscal Years

| | <u>2018</u> | <u>2019</u> | <u>2020</u> |
|---|----------------------|----------------------|---------------------|
| Total OPEB liability | | | |
| Service cost | \$ 274,702 | \$ 113,906 | \$ 119,601 |
| Interest cost | 124,097 | 63,447 | 61,990 |
| Change in benefit terms | | | 655 |
| Difference between expected and actual experience | (1,354,390) | | |
| Changes of assumptions and other inputs | (677,494) | 78,007 | (960,663) |
| Benefit payments | <u>(134,593)</u> | <u>(56,645)</u> | <u>(59,477)</u> |
| Net change in total OPEB liability | (1,767,678) | 198,715 | (837,894) |
| Total OPEB liability, beginning of year | <u>3,210,652</u> | <u>1,442,974</u> | <u>1,641,689</u> |
| Total OPEB liability, end of year | <u>\$ 1,442,974</u> | <u>\$ 1,641,689</u> | <u>\$ 803,795</u> |
| | | | |
| Covered employee payroll | <u>\$ 10,148,392</u> | <u>\$ 10,566,520</u> | <u>\$ 9,347,911</u> |
| | | | |
| Net OPEB liability as a percentage of covered employee payroll | <u>14.22%</u> | <u>15.54%</u> | <u>8.60%</u> |
| | | | |
| Changes of Assumptions | | | |
| Discount rate (3.36% at 10/1/17) | 4.15% | 3.58% | 2.41% |
| Coverage acceptance rate | 40.00% | 40.00% | 25.00% |

NOTE: The Village implemented GASB Statement 75 in 2018; information is presented for those years in which information is available.

THE VILLAGE OF NORTH PALM BEACH, FLORIDA
Required Supplemental Information
September 30, 2020

General Employees Retirement Fund
Schedule of Changes in Net Pension Liability and Related Ratios
Last Ten Fiscal Years

| Reporting Year | 2014 | 2015 | 2016 | 2017 | 2018 |
|--|----------------------|----------------------|----------------------|----------------------|----------------------|
| Measurement Year | 2015 | 2016 | 2017 | 2018 | 2019 |
| Total pension liability: | | | | | |
| Service cost | \$ 374,926 | \$ 317,676 | \$ 357,344 | \$ 275,504 | \$ 250,072 |
| Interest | 972,865 | 1,048,746 | 1,106,085 | 1,116,142 | 1,162,025 |
| Differences between Expected and Actual Experience | | (329,040) | (129,381) | (246,222) | (307,977) |
| Assumption changes | | | 928,295 | 23,053 | |
| Benefit payments, including refunds of employee contributions | (263,674) | (293,890) | (331,174) | (454,571) | (472,027) |
| Net change in total pension liability | 1,084,117 | 743,492 | 1,931,169 | 713,906 | 632,093 |
| Total pension liability - beginning | 12,728,438 | 13,812,555 | 14,556,047 | 16,487,216 | 17,201,122 |
| Total pension liability - ending (a) | <u>\$ 13,812,555</u> | <u>\$ 14,556,047</u> | <u>\$ 16,487,216</u> | <u>\$ 17,201,122</u> | <u>\$ 17,833,215</u> |
| Plan fiduciary net position | | | | | |
| Contributions - employer | \$ 562,953 | \$ 464,189 | \$ 458,615 | \$ 527,617 | \$ 451,560 |
| Contributions - Employees | 142,609 | 125,738 | 126,947 | 110,417 | 101,858 |
| Net investment income | 1,072,009 | (96,116) | 1,161,530 | 1,487,313 | 1,190,603 |
| Benefit payments, including refunds of employee contributions | (263,674) | (293,890) | (331,174) | (454,571) | (472,027) |
| Administrative expenses | (17,171) | (20,655) | (24,794) | (22,361) | (21,489) |
| Net change in plan fiduciary net position | 1,496,726 | 179,266 | 1,391,124 | 1,648,415 | 1,250,505 |
| Plan fiduciary net position - beginning | 10,433,153 | 11,929,879 | 12,109,145 | 13,500,269 | 15,148,684 |
| Plan fiduciary net position - ending (b) | <u>\$ 11,929,879</u> | <u>\$ 12,109,145</u> | <u>\$ 13,500,269</u> | <u>\$ 15,148,684</u> | <u>\$ 16,399,189</u> |
| Net pension liability (a) - (b) | <u>\$ 1,882,676</u> | <u>\$ 2,446,902</u> | <u>\$ 2,986,947</u> | <u>\$ 2,052,438</u> | <u>\$ 1,434,026</u> |
| Plan fiduciary net position as a percentage of the total pension liability | <u>86.37%</u> | <u>83.19%</u> | <u>81.88%</u> | <u>88.07%</u> | <u>91.96%</u> |
| Covered payroll | <u>\$ 2,701,771</u> | <u>\$ 2,375,585</u> | <u>\$ 2,376,069</u> | <u>\$ 2,072,121</u> | <u>\$ 1,966,566</u> |
| Net pension liability as a percentage of covered payroll | <u>69.68%</u> | <u>103.00%</u> | <u>125.71%</u> | <u>99.05%</u> | <u>72.92%</u> |

Changes of Assumptions

For the 2016 fiscal year the discount rate, investment rate of return, inflation rate, salary scale, and the withdrawal and mortality rates changed.

For the 2017 fiscal year the mortality rate changed.

NOTE: The Village implemented GASB Statement 67 in 2014; information is presented for those years in which information is available.

| <u>2019</u> | <u>2020</u> |
|----------------------|----------------------|
| <u>2020</u> | <u>2021</u> |
| \$ 251,678 | \$ 216,125 |
| 1,201,578 | 1,211,026 |
| (625,948) | (343,736) |
| <u>(567,472)</u> | <u>(736,101)</u> |
| 259,836 | 347,314 |
| <u>17,833,215</u> | <u>18,093,051</u> |
| <u>\$ 18,093,051</u> | <u>\$ 18,440,365</u> |
| \$ 358,152 | \$ 232,738 |
| 97,522 | 85,829 |
| 721,786 | 1,497,222 |
| (567,472) | (736,101) |
| <u>(38,690)</u> | <u>(60,096)</u> |
| 571,298 | 1,019,592 |
| <u>16,399,189</u> | <u>16,970,487</u> |
| <u>\$ 16,970,487</u> | <u>\$ 17,990,079</u> |
| <u>\$ 1,122,564</u> | <u>\$ 450,286</u> |
| <u>93.80%</u> | <u>97.56%</u> |
| <u>\$ 1,834,767</u> | <u>\$ 1,612,777</u> |
| <u>61.18%</u> | <u>27.92%</u> |

THE VILLAGE OF NORTH PALM BEACH, FLORIDA
Required Supplemental Information
September 30, 2020

Fire and Police Retirement Fund
Schedule of Changes in Net Pension Liability and Related Ratios
Last Ten Fiscal Years

| Reporting Year | 2014 | 2015 | 2016 | 2017 | 2018 |
|--|----------------------|----------------------|----------------------|----------------------|----------------------|
| Measurement Year | 2015 | 2016 | 2017 | 2017 | 2019 |
| Total pension liability: | | | | | |
| Service cost | \$ 699,244 | \$ 810,654 | \$ 833,909 | \$ 851,932 | \$ 897,280 |
| Interest | 1,419,425 | 1,555,518 | 1,738,069 | 1,779,947 | 1,922,314 |
| Changes in excess state money | 90,535 | 67,645 | 79,505 | 83,231 | 77,905 |
| Changes of benefit terms | | 1,682 | | | |
| Differences between Expected and Actual Experience | | 483,189 | (31,422) | (197,249) | 187,041 |
| Changes of assumptions | 246,146 | | (1,223,780) | 198,680 | 174,565 |
| Contributions - Buy Back | | 65,446 | 7,609 | 7,902 | 4,746 |
| Benefit payments, including refunds of employee contributions | (451,574) | (611,678) | (653,993) | (680,673) | (751,317) |
| Net change in total pension liability | 2,003,776 | 2,372,456 | 749,897 | 2,043,770 | 2,512,534 |
| Total pension liability - beginning | 17,476,586 | 19,480,362 | 21,852,818 | 22,602,715 | 24,646,485 |
| Total pension liability - ending (a) | <u>\$ 19,480,362</u> | <u>\$ 21,852,818</u> | <u>\$ 22,602,715</u> | <u>\$ 24,646,485</u> | <u>\$ 27,159,019</u> |
| Plan fiduciary net position | | | | | |
| Contributions - employer | \$ 943,634 | \$ 975,733 | \$ 969,836 | \$ 945,880 | \$ 822,951 |
| Contributions - State | 321,230 | 298,340 | 310,200 | 309,138 | 308,600 |
| Contributions - Employees | 87,010 | 151,450 | 190,989 | 211,474 | 224,469 |
| Contributions - Buy Back | | 65,446 | 7,609 | 7,902 | 4,746 |
| Net investment income | 1,468,473 | 111,884 | 1,475,735 | 2,198,298 | 1,637,891 |
| Benefit payments, including refunds of employee contributions | (451,574) | (611,678) | (653,993) | (680,673) | (751,317) |
| Administrative expenses | (66,748) | (76,457) | (76,967) | (76,293) | (78,399) |
| Net change in plan fiduciary net position | 2,302,025 | 914,718 | 2,223,409 | 2,915,726 | 2,168,941 |
| Plan fiduciary net position - beginning | 14,499,921 | 16,801,946 | 17,716,664 | 19,940,073 | 22,855,799 |
| Plan fiduciary net position - ending (b) | <u>\$ 16,801,946</u> | <u>\$ 17,716,664</u> | <u>\$ 19,940,073</u> | <u>\$ 22,855,799</u> | <u>\$ 25,024,740</u> |
| Net pension liability (a) - (b) | <u>\$ 2,678,416</u> | <u>\$ 4,136,154</u> | <u>\$ 2,662,642</u> | <u>\$ 1,790,686</u> | <u>\$ 2,134,279</u> |
| Plan fiduciary net position as a percentage of the total pension liability | <u>86.25%</u> | <u>81.07%</u> | <u>88.22%</u> | <u>92.73%</u> | <u>92.14%</u> |
| Covered employee payroll | <u>\$ 4,312,746</u> | <u>\$ 4,518,020</u> | <u>\$ 4,601,075</u> | <u>\$ 4,772,092</u> | <u>\$ 5,088,564</u> |
| Net pension liability as a percentage of covered payroll | <u>62.10%</u> | <u>91.55%</u> | <u>57.87%</u> | <u>37.52%</u> | <u>41.94%</u> |

Changes of Assumptions/Benefits

For the 2014 fiscal year the investment rate of return changed.

For the 2016 fiscal year the salary scale, normal retirement rates, the investment rate of return, discount rate, withdrawal and mortality rates, and the actuarial cost method all changed.

For the 2017 fiscal year the mortality rates and the investment rate of return changed.

For the 2018 fiscal year the the investment rate of return changed.

NOTE: The Village implemented GASB Statement 67 in 2014; information is presented for those years in which information is available.

| <u>2019</u> | <u>2020</u> |
|----------------------|----------------------|
| <u>2020</u> | <u>2021</u> |
| \$ 1,031,048 | \$ 1,102,333 |
| 2,236,125 | 2,423,113 |
| (600,965) | |
| 1,660,762 | |
| (138,741) | 319,250 |
| 205,896 | (981,457) |
| 6,698 | 3,498 |
| <u>(793,277)</u> | <u>(799,808)</u> |
| 3,607,546 | 2,066,929 |
| <u>27,159,019</u> | <u>30,766,565</u> |
| <u>\$ 30,766,565</u> | <u>\$ 32,833,494</u> |
| | |
| \$ 918,263 | \$ 863,762 |
| 328,826 | 339,482 |
| 239,271 | 329,454 |
| 6,698 | 3,498 |
| 787,045 | 1,228,865 |
| (793,277) | (799,809) |
| <u>(83,413)</u> | <u>(85,101)</u> |
| 1,403,413 | 1,880,151 |
| <u>25,024,740</u> | <u>26,428,153</u> |
| <u>\$ 26,428,153</u> | <u>\$ 28,308,304</u> |
| | |
| <u>\$ 4,338,412</u> | <u>\$ 4,525,190</u> |
| | |
| <u>85.90%</u> | <u>86.22%</u> |
| | |
| <u>\$ 5,451,987</u> | <u>\$ 5,134,942</u> |
| | |
| <u>79.57%</u> | <u>88.13%</u> |

Changes of Assumptions/Benefits

For the 2019 fiscal year the benefit accrual rate changed prospectively from 2.5% to 2.75%.

For the 2019 fiscal year the investment rate of return changed from 7.75% to 7.70%.

For the 2020 fiscal year the mortality rates changed.

THE VILLAGE OF NORTH PALM BEACH, FLORIDA
Required Supplemental Information
September 30, 2020

Last Ten Fiscal Years

Schedule of Contributions

| <u>Fiscal Year</u> Ending September 30 | <u>Actuarially</u> Determined Contribution | <u>Actual</u> Contribution | <u>Contribution</u> Deficiency (Excess) | <u>Covered</u> Payroll | <u>Actual Contribution</u> as a Percentage of Covered Payroll |
|---|--|-------------------------------|---|---------------------------|---|
| <u>General Employees Retirement Fund</u> | | | | | |
| 2014 | \$ 562,509 | \$ 562,953 | \$ (444) | \$ 2,701,771 | 20.84% |
| 2015 | 464,189 | 464,189 | | 2,375,585 | 19.54% |
| 2016 | 449,552 | 458,615 | (9,063) | 2,376,069 | 19.30% |
| 2017 | 519,821 | 527,617 | (7,796) | 2,072,121 | 25.46% |
| 2018 | 449,477 | 451,560 | (2,083) | 1,966,566 | 22.96% |
| 2019 | 355,507 | 358,152 | (2,645) | 1,834,767 | 19.52% |
| 2020 | 231,604 | 232,738 | (1,134) | 1,612,777 | 14.43% |

Fire and Police Retirement Fund

| | | | | | |
|------|--------------|--------------|-----------|--------------|--------|
| 2014 | \$ 1,173,930 | \$ 1,174,329 | \$ (399) | \$ 4,312,746 | 27.23% |
| 2015 | 1,205,408 | 1,206,428 | (1,020) | 4,518,020 | 26.70% |
| 2016 | 1,193,059 | 1,200,531 | (7,472) | 4,601,075 | 26.09% |
| 2017 | 1,175,844 | 1,171,787 | 4,057 | 4,772,092 | 24.55% |
| 2018 | 1,038,576 | 1,053,646 | (15,070) | 5,088,564 | 20.71% |
| 2019 | 1,135,649 | 1,247,089 | (111,440) | 5,451,987 | 22.87% |
| 2020 | 1,190,793 | 1,203,271 | (12,478) | 5,134,942 | 23.43% |

Schedule of Investment Returns

| <u>Fiscal Year</u> Ending September 30 | <u>Annual money weighted rate of return</u> net of investment expense | |
|--|--|-------------------------------------|
| | <u>General</u> Employees | <u>Fire and Police</u> Employees |
| 2014 | 10.50% | 10.00% |
| 2015 | -0.39% | 0.66% |
| 2016 | 9.72% | 8.25% |
| 2017 | 11.32% | 10.92% |
| 2018 | 8.26% | 7.14% |
| 2019 | 4.63% | 3.13% |
| 2020 | 9.28% | 4.62% |

NOTE: The Village implemented GASB Statement 67 in 2014; information is presented for those years in which information is available.

THE VILLAGE OF NORTH PALM BEACH, FLORIDA
Notes to the Schedule of Contributions
September 30, 2020

Methods and assumptions used in calculations of determined contributions.

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

| | General Employees Retirement Fund | Police and Fire Retirement Fund |
|-------------------------------|---|--|
| Valuation Date | October 1, 2018 | October 1, 2018 |
| Actuarial Cost Method | Frozen Entry-Age | Entry Age Normal |
| Amortization Method | Level Dollar, closed | Level Percentage of Compensation |
| Remaining Amortization Period | 28 years | 20 years |
| Asset Valuation Method | Five year smoothed market | Five year smoothed market |
| Inflation | 2.75% | 2.50% |
| Salary increases | Service based Between 4% and 10% | Service based Between 4.5% and 10% |
| Cost of living adjustments | 2.5% for those retired before 2/1/82 or who contribute an extra 2%. | 2.50% |
| Investment Rate of Return | 6.75% | 7.70% |
| Mortality | Female: RP2000, 100% Annuitant White Collar, Scale BB Male: RP2000, 50% Annuitant White Collar/50% Annuitant Blue Collar, Scale BB | Female: RP2000, 100% Annuitant White Collar, Scale BB Male: RP2000, 10% Annuitant White Collar/90% Annuitant Blue Collar, Scale BB |

GENERAL FUND

THE VILLAGE OF NORTH PALM BEACH, FLORIDA
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Budget and Actual
General Fund
For the Year Ended September 30, 2020

| | <u>Budgeted Amounts</u> | | <u>Actual Amounts</u> | <u>Variance with Final Budget Positive (Negative)</u> |
|---------------------------------------|-------------------------|--------------------|---------------------------|---|
| | <u>Original</u> | <u>Final</u> | | |
| Revenues | | | | |
| Taxes | \$ 20,784,521 | \$ 20,784,521 | \$ 21,127,770 | \$ 343,249 |
| Licenses and permits | 1,110,200 | 1,110,200 | 1,320,361 | 210,161 |
| Intergovernmental | 1,507,239 | 1,507,239 | 2,057,272 | 550,033 |
| Charges for services | 2,510,312 | 2,510,312 | 2,169,814 | (340,498) |
| Fines and forfeitures | 89,675 | 89,675 | 197,343 | 107,668 |
| Investment | 95,530 | 95,530 | 490,498 | 394,968 |
| Miscellaneous | 26,500 | 26,500 | 160,147 | 133,647 |
| Total revenues | <u>26,123,977</u> | <u>26,123,977</u> | <u>27,523,205</u> | <u>1,399,228</u> |
| Expenditures | | | | |
| Current | | | | |
| General government | 3,262,117 | 3,272,106 | 3,265,210 | 6,896 |
| Public safety | 10,290,842 | 10,298,842 | 10,079,474 | 219,368 |
| Public works | 5,540,658 | 5,671,713 | 5,300,077 | 371,636 |
| Community development and planning | 1,769,446 | 1,945,751 | 1,382,443 | 563,308 |
| Leisure services | 3,058,612 | 3,081,878 | 2,305,309 | 776,569 |
| Other government | 231,795 | 4,470 | | 4,470 |
| Capital outlay | | 1,555,989 | 1,525,216 | 30,773 |
| Debt service | | | | |
| Principal payments | 934,496 | 934,496 | 934,496 | |
| Interest paid on debt | 618,861 | 618,861 | 502,193 | 116,668 |
| Total expenditures | <u>25,706,827</u> | <u>27,384,106</u> | <u>25,294,418</u> | <u>2,089,688</u> |
| Excess of revenues over expenditures | <u>417,150</u> | <u>(1,260,129)</u> | <u>2,228,787</u> | <u>3,488,916</u> |
| Other financing sources (uses) | | | | |
| Appropriated fund balance | | 565,578 | | (565,578) |
| Capital lease proceeds | | 1,339,026 | 1,009,529 | (329,497) |
| Transfer out | (417,150) | (644,475) | (644,475) | |
| Total other financing uses | <u>(417,150)</u> | <u>1,260,129</u> | <u>365,054</u> | <u>(895,075)</u> |
| Net change in fund balances | <u>\$</u> | <u>\$</u> | <u>2,593,841</u> | <u>\$ 2,593,841</u> |
| Fund Balances | | | | |
| Beginning of year | | | <u>11,610,817</u> | |
| End of year | | | <u>\$ 14,204,658</u> | |

THE VILLAGE OF NORTH PALM BEACH, FLORIDA
Notes to the Budgetary
Required Supplementary Information (RSI)
General Fund
September 30, 2020

Note 1 - Basis of Accounting

Generally accepted accounting principles (GAAP) serve as the budgetary basis of accounting.

Note 2 - Legal Level of Control

The legal level of budgetary control is at the fund level.

OTHER SUPPLEMENTARY INFORMATION

GENERAL FUND

THE VILLAGE OF NORTH PALM BEACH, FLORIDA
Schedule of Departmental Expenditures - Budget and Actual
General Fund
For the Year Ended September 30, 2020

| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Variance with Final Budget Positive (Negative)</u> | <u>Percent Variance</u> |
|----------------------------------|----------------------------|-------------------------|------------------|---|-----------------------------|
| Village Council | | | | | |
| Personnel services | \$ 50,448 | \$ 50,448 | \$ 50,434 | \$ 14 | 0.03 |
| Operating expenses | 81,150 | 83,400 | 65,300 | 18,100 | 21.70 |
| Total Village Council | <u>131,598</u> | <u>133,848</u> | <u>115,734</u> | <u>18,114</u> | <u>13.53</u> |
| Village Manager | | | | | |
| Personnel services | 613,808 | 613,808 | 644,802 | (30,994) | -5.05 |
| Operating expenses | 54,400 | 54,400 | 50,218 | 4,182 | 7.69 |
| Total Village Manager | <u>668,208</u> | <u>668,208</u> | <u>695,020</u> | <u>(26,812)</u> | <u>-4.01</u> |
| Procurement and Purchasing | | | | | |
| Personnel services | 10,392 | 10,392 | 17,589 | (7,197) | -69.26 |
| Total Procurement and Purchasing | <u>10,392</u> | <u>10,392</u> | <u>17,589</u> | <u>(7,197)</u> | <u>-69.26</u> |
| Village Finance | | | | | |
| Personnel services | 622,266 | 622,266 | 641,608 | (19,342) | -3.11 |
| Operating expenses | 52,720 | 52,720 | 53,060 | (340) | -0.64 |
| Total Village Finance | <u>674,986</u> | <u>674,986</u> | <u>694,668</u> | <u>(19,682)</u> | <u>-2.92</u> |
| Village Attorney | | | | | |
| Operating expenses | 160,000 | 160,000 | 197,516 | (37,516) | -23.45 |
| Village Clerk | | | | | |
| Personnel services | 281,673 | 281,673 | 261,031 | 20,642 | 7.33 |
| Operating expenses | 37,902 | 37,902 | 15,083 | 22,819 | 60.21 |
| Total Village Clerk | <u>319,575</u> | <u>319,575</u> | <u>276,114</u> | <u>43,461</u> | <u>13.60</u> |
| Information Technology | | | | | |
| Personnel services | 372,728 | 372,728 | 371,582 | 1,146 | 0.31 |
| Operating expenses | 107,225 | 110,296 | 106,789 | 3,507 | 3.18 |
| Total Information Technology | <u>479,953</u> | <u>483,024</u> | <u>478,371</u> | <u>4,653</u> | <u>0.96</u> |
| Human Resources | | | | | |
| Personnel services | 333,400 | 333,400 | 311,325 | 22,075 | 6.62 |
| Operating expenses | 100,225 | 104,893 | 78,902 | 25,991 | 24.78 |
| Total Human Resources | <u>433,625</u> | <u>438,293</u> | <u>390,227</u> | <u>48,066</u> | <u>10.97</u> |
| Police | | | | | |
| Personnel services | 5,389,019 | 5,389,019 | 5,548,936 | (159,917) | -2.97 |
| Operating expenses | 1,067,612 | 1,067,612 | 960,962 | 106,650 | 9.99 |
| Total Police | <u>6,456,631</u> | <u>6,456,631</u> | <u>6,509,898</u> | <u>(53,267)</u> | <u>-0.82</u> |
| Fire Rescue | | | | | |
| Personnel services | 3,440,839 | 3,440,839 | 3,200,004 | 240,835 | 7.00 |
| Operating expenses | 312,105 | 320,105 | 275,231 | 44,874 | 14.02 |
| Total Fire Rescue | <u>3,752,944</u> | <u>3,760,944</u> | <u>3,475,235</u> | <u>285,709</u> | <u>7.60</u> |

(Continued)

THE VILLAGE OF NORTH PALM BEACH, FLORIDA
Schedule of Departmental Expenditures - Budget and Actual
General Fund
For the Year Ended September 30, 2020

| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Variance with Final Budget Positive (Negative)</u> | <u>Percent Variance</u> |
|-----------------------------------|----------------------------|-------------------------|------------------|---|-----------------------------|
| (Continued) | | | | | |
| Public Works Administration | | | | | |
| Personnel services | \$ 350,219 | \$ 350,219 | \$ 350,071 | \$ 148 | 0.04 |
| Operating expenses | 89,850 | 119,490 | 112,989 | 6,501 | 5.44 |
| Total Public Works | <u>440,069</u> | <u>469,709</u> | <u>463,060</u> | <u>6,649</u> | <u>1.42</u> |
| Sanitation | | | | | |
| Personnel services | 1,534,546 | 1,534,546 | 1,316,590 | 217,956 | 14.20 |
| Operating expenses | 244,150 | 244,150 | 253,709 | (9,559) | -3.92 |
| Total Sanitation | <u>1,778,696</u> | <u>1,778,696</u> | <u>1,570,299</u> | <u>208,397</u> | <u>11.72</u> |
| Facility Services | | | | | |
| Personnel services | 362,577 | 362,577 | 340,272 | 22,305 | 6.15 |
| Operating expenses | 610,825 | 618,880 | 477,266 | 141,614 | 22.88 |
| Total Facility Services | <u>973,402</u> | <u>981,457</u> | <u>817,538</u> | <u>163,919</u> | <u>16.70</u> |
| Street Maintenance | | | | | |
| Personnel services | 571,667 | 571,667 | 477,330 | 94,337 | 16.50 |
| Operating expenses | 1,232,450 | 1,321,424 | 1,269,217 | 52,207 | 3.95 |
| Total Street Maintenance | <u>1,804,117</u> | <u>1,893,091</u> | <u>1,746,547</u> | <u>146,544</u> | <u>7.74</u> |
| Vehicle Maintenance | | | | | |
| Personnel services | 300,424 | 300,424 | 276,477 | 23,947 | 7.97 |
| Operating expenses | 243,950 | 243,950 | 303,607 | (59,657) | -24.45 |
| Total Vehicle Maintenance | <u>544,374</u> | <u>544,374</u> | <u>580,084</u> | <u>(35,710)</u> | <u>-6.56</u> |
| Planning and Engineering | | | | | |
| Personnel services | 342,532 | 342,532 | 295,211 | 47,321 | 13.82 |
| Operating expenses | 156,400 | 263,613 | 135,607 | 128,006 | 48.56 |
| Total Planning and Engineering | <u>498,932</u> | <u>606,145</u> | <u>430,818</u> | <u>175,327</u> | <u>28.92</u> |
| Building | | | | | |
| Personnel services | 674,994 | 674,994 | 477,670 | 197,324 | 29.23 |
| Operating expenses | 353,150 | 422,242 | 292,387 | 129,855 | 30.75 |
| Total Building | <u>1,028,144</u> | <u>1,097,236</u> | <u>770,057</u> | <u>327,179</u> | <u>29.82</u> |
| Code Enforcement | | | | | |
| Personnel services | 219,270 | 219,270 | 167,088 | 52,182 | 23.80 |
| Operating expenses | 27,600 | 27,600 | 17,355 | 10,245 | 37.12 |
| Total Code Enforcement | <u>246,870</u> | <u>246,870</u> | <u>184,443</u> | <u>62,427</u> | <u>25.29</u> |
| Recreation | | | | | |
| Personnel services | 604,062 | 604,062 | 472,848 | 131,214 | 21.72 |
| Operating expenses | 474,000 | 474,000 | 300,803 | 173,197 | 36.54 |
| Total Leisure Services-Recreation | <u>1,078,062</u> | <u>1,078,062</u> | <u>773,651</u> | <u>304,411</u> | <u>28.24</u> |

(Continued)

THE VILLAGE OF NORTH PALM BEACH, FLORIDA
Schedule of Departmental Expenditures - Budget and Actual
General Fund
For the Year Ended September 30, 2020

| (Continued) | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Variance with Final Budget Positive (Negative)</u> | <u>Percent Variance</u> |
|----------------------------|----------------------------|-------------------------|----------------------|---|-----------------------------|
| Library | | | | | |
| Personnel services | \$ 657,657 | \$ 657,657 | \$ 582,977 | \$ 74,680 | 11.36 |
| Operating expenses | 179,158 | 179,158 | 171,432 | 7,726 | 4.31 |
| Total Library | <u>836,815</u> | <u>836,815</u> | <u>754,409</u> | <u>82,406</u> | <u>9.85</u> |
| Tennis | | | | | |
| Personnel services | 555,834 | 555,834 | 381,685 | 174,149 | 31.33 |
| Operating expenses | 170,700 | 183,966 | 129,974 | 53,992 | 29.35 |
| Total Tennis | <u>726,534</u> | <u>739,800</u> | <u>511,659</u> | <u>228,141</u> | <u>30.84</u> |
| Pool | | | | | |
| Personnel services | 189,566 | 189,566 | 131,542 | 58,024 | 30.61 |
| Operating expenses | 134,635 | 134,635 | 116,608 | 18,027 | 13.39 |
| Total Pool | <u>324,201</u> | <u>324,201</u> | <u>248,150</u> | <u>76,051</u> | <u>23.46</u> |
| Special Events | | | | | |
| Operating expenses | 93,000 | 103,000 | 17,440 | 85,560 | 83.07 |
| Total Special Events | <u>93,000</u> | <u>103,000</u> | <u>17,440</u> | <u>85,560</u> | <u>83.07</u> |
| Debt Service | <u>1,553,357</u> | <u>1,553,357</u> | <u>1,436,689</u> | <u>116,668</u> | <u>7.51</u> |
| Reserves and contingencies | | | | | |
| Operating expenses | | 4,386 | 122,549 | (118,163) | -2694.09 |
| Contingencies | 231,795 | 4,470 | | 4,470 | 100.00 |
| | <u>231,795</u> | <u>8,856</u> | <u>122,549</u> | <u>(113,693)</u> | <u>(1,283.80)</u> |
| Non-Departmental | | | | | |
| Operating expenses | 460,547 | 460,547 | 491,437 | (30,890) | -6.71 |
| | <u>460,547</u> | <u>460,547</u> | <u>491,437</u> | <u>(30,890)</u> | <u>-6.71</u> |
| Capital Outlay | | | | | |
| Police | | | 22,778 | (22,778) | |
| Facility Services | | | 39,173 | (39,173) | |
| Street Maintenance | | | 9,995 | (9,995) | |
| Sanitation | | 216,963 | 216,963 | | |
| Capital leases | | 1,339,026 | 1,236,307 | 102,719 | 7.67 |
| Total Capital Outlay | | <u>1,555,989</u> | <u>1,525,216</u> | <u>30,773</u> | <u>1.98</u> |
| Total expenditures | <u>\$ 25,706,827</u> | <u>\$ 27,384,106</u> | <u>\$ 25,294,418</u> | <u>\$ 2,089,688</u> | <u>7.63%</u> |

COMBINING FINANCIAL STATEMENTS

NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds
Public Safety Fund
Northlake Boulevard Fund
Recreation Fund
On-Behalf Pension Contributions

THE VILLAGE OF NORTH PALM BEACH, FLORIDA
Combining Balance Sheet
Nonmajor Governmental Funds
September 30, 2020

| | Special Revenue Funds | | | Total Nonmajor Governmental Funds |
|--|--------------------------|--------------------------------|-------------------|---|
| | Public Safety Fund | Northlake Boulevard Fund | Recreation | |
| Assets | | | | |
| Cash and cash equivalents | \$ | \$ 1,987 | \$ 260,291 | \$ 262,278 |
| Due from other governments | 21,605 | | | 21,605 |
| Total assets | <u>\$ 21,605</u> | <u>\$ 1,987</u> | <u>\$ 260,291</u> | <u>\$ 283,883</u> |
| Liabilities | | | | |
| Due to other funds | \$ 20,085 | \$ | \$ | \$ 20,085 |
| Total liabilities | <u>20,085</u> | | | <u>20,085</u> |
| Fund balances | | | | |
| Assigned | 1,520 | 1,987 | 260,291 | 263,798 |
| Total fund balances | <u>1,520</u> | <u>1,987</u> | <u>260,291</u> | <u>263,798</u> |
| Total liabilities, deferred inflows of resources, and fund balances | <u>\$ 21,605</u> | <u>\$ 1,987</u> | <u>\$ 260,291</u> | <u>\$ 283,883</u> |

THE VILLAGE OF NORTH PALM BEACH, FLORIDA
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended September 30, 2020

| | Special Revenue Funds | | | | Total Nonmajor Governmental Funds |
|--|--------------------------|--------------------------------|-------------------|---------------------------------------|---|
| | Public Safety Fund | Northlake Boulevard Fund | Recreation | On-Behalf Pension Contributions | |
| Revenues | | | | | |
| Intergovernmental | \$ 21,605 | \$ | \$ 519,019 | \$ 339,482 | \$ 880,106 |
| Total revenues | <u>21,605</u> | <u></u> | <u>519,019</u> | <u>339,482</u> | <u>880,106</u> |
| Expenditures | | | | | |
| Current | | | | | |
| Public safety | | | | 339,482 | 339,482 |
| Capital outlay | 21,605 | | 37,129 | | 58,734 |
| Total expenditures | <u>21,605</u> | <u></u> | <u>37,129</u> | <u>339,482</u> | <u>398,216</u> |
| Excess (deficiency) of revenues over (under) expenditures | | | <u>481,890</u> | | <u>481,890</u> |
| Other financing sources (uses) | | | | | |
| Transfers in | | | <u>200,000</u> | | <u>200,000</u> |
| Total other financing sources (uses) | | | <u>200,000</u> | | <u>200,000</u> |
| Net changes in fund balances | | | 681,890 | | 681,890 |
| Fund balances - Beginning of year | <u>1,520</u> | <u>1,987</u> | <u>(421,599)</u> | | <u>(418,092)</u> |
| Fund balances - End of year | <u>\$ 1,520</u> | <u>\$ 1,987</u> | <u>\$ 260,291</u> | <u>\$</u> | <u>\$ 263,798</u> |

FIDUCIARY FUNDS

Pension Trust Funds

General Employees Pension Trust Fund
Fire and Police Officers Pension Trust Fund

THE VILLAGE OF NORTH PALM BEACH, FLORIDA
Combining Statement of Net Position - Pension Trust Funds
September 30, 2020

| | General Employees Pension | Fire and Police Officers Pension | Total Employee Retirement Funds |
|--|---------------------------------|---|--|
| Assets | | | |
| Cash and cash equivalents | \$ 367,637 | \$ 333,214 | \$ 700,851 |
| Investments: | | | |
| Domestic common equity securities | | 14,391,953 | 14,391,953 |
| International common equity securities | | 2,890,510 | 2,890,510 |
| U.S. Government and agencies | | 3,060,403 | 3,060,403 |
| Municipal bonds | | 446,727 | 446,727 |
| Domestic corporate bonds | | 2,888,137 | 2,888,137 |
| International corporate bonds | | 752,209 | 752,209 |
| Fixed income exchange traded funds | 3,898,565 | | 3,898,565 |
| Equity exchange traded funds | 1,273,443 | | 1,273,443 |
| Fixed income mutual funds | 2,470,142 | | 2,470,142 |
| Domestic equity mutual funds | 8,404,532 | | 8,404,532 |
| International equity mutual funds | 1,631,353 | | 1,631,353 |
| Real estate investment fund | | 2,718,753 | 2,718,753 |
| Money market mutual funds | | 551,108 | 551,108 |
| Accrued interest and dividends | 7 | 43,609 | 43,616 |
| Accounts receivable, broker-dealers | | 1,101,383 | 1,101,383 |
| Prepays | 4,282 | 1,780 | 6,062 |
| Total assets | 18,049,961 | 29,179,786 | 47,229,747 |
| Liabilities | | | |
| Accounts payable | 16,576 | 34,809 | 51,385 |
| Accounts payable, broker-dealers | 43,306 | 836,673 | 879,979 |
| Total liabilities | 59,882 | 871,482 | 931,364 |
| Net Position restricted for pensions | \$ 17,990,079 | \$ 28,308,304 | \$ 46,298,383 |

THE VILLAGE OF NORTH PALM BEACH, FLORIDA
Combining Statement of Changes in Fiduciary Net Position
Pension Trust Funds
For the Year Ended September 30, 2020

| | General Employees Pension | Fire and Police Officers Pension | Total Employee Retirement Funds |
|---|---------------------------------|---|--|
| | <u> </u> | <u> </u> | <u> </u> |
| Additions | | | |
| Contributions | | | |
| Employer | \$ 232,738 | \$ 863,762 | \$ 1,096,500 |
| Plan members | 85,829 | 318,461 | 404,290 |
| DROP contributions | | 14,491 | 14,491 |
| State on-behalf payments | | 339,482 | 339,482 |
| Total contributions | <u>318,567</u> | <u>1,536,196</u> | <u>1,854,763</u> |
| Investment earnings | | | |
| Dividends and interest | 364,982 | 695,266 | 1,060,248 |
| Net increase in fair value of investments | <u>1,183,315</u> | <u>696,323</u> | <u>1,879,638</u> |
| Total investment earnings | 1,548,297 | 1,391,589 | 2,939,886 |
| Less: investment expenses | <u>51,075</u> | <u>162,724</u> | <u>213,799</u> |
| Total investment earnings | <u>1,497,222</u> | <u>1,228,865</u> | <u>2,726,087</u> |
| Total additions | <u>1,815,789</u> | <u>2,765,061</u> | <u>4,580,850</u> |
| Deductions | | | |
| Administration | 60,096 | 85,101 | 145,197 |
| Refund of member contributions | 13,312 | 8,047 | 21,359 |
| Benefits | <u>722,789</u> | <u>791,762</u> | <u>1,514,551</u> |
| Total deductions | <u>796,197</u> | <u>884,910</u> | <u>1,681,107</u> |
| Change in net position | 1,019,592 | 1,880,151 | 2,899,743 |
| Net position - beginning | <u>16,970,487</u> | <u>26,428,153</u> | <u>43,398,640</u> |
| Net position - ending | <u>\$ 17,990,079</u> | <u>\$ 28,308,304</u> | <u>\$ 46,298,383</u> |

AGENCY FUNDS

*Manatee Protection Agency
Northlake Boulevard Task Force*

THE VILLAGE OF NORTH PALM BEACH, FLORIDA
Combining Statement of Agency Net Position
September 30, 2020

| | Manatee Protection Agency | Northlake Boulevard Task Force | Total Agency Funds |
|---------------------------|---------------------------------|--------------------------------------|--------------------------|
| Assets | | | |
| Cash and cash equivalents | 321,053 | 68,257 | \$ 389,310 |
| Liabilities | | | |
| Due to others | \$ 321,053 | \$ 68,257 | \$ 389,310 |

THE VILLAGE OF NORTH PALM BEACH, FLORIDA
Combining Schedule of Changes in Agency Net Position
For the Year Ended September 30, 2020

| | <u>October 1, 2019</u> | <u>Additions</u> | <u>Deductions</u> | <u>September 30, 2020</u> |
|---------------------------------------|------------------------|------------------|-------------------|---------------------------|
| <u>Manatee Protection Agency</u> | | | | |
| Assets | | | | |
| Cash and cash equivalents | \$ 314,619 | \$ 6,434 | \$ | \$ 321,053 |
| Liabilities | | | | |
| Due to others | \$ 314,619 | \$ 6,434 | \$ | \$ 321,053 |
| <u>Northlake Boulevard Task Force</u> | | | | |
| Assets | | | | |
| Cash and cash equivalents | \$ 66,889 | \$ 1,368 | \$ | \$ 68,257 |
| Liabilities | | | | |
| Due to others | \$ 66,889 | \$ 1,368 | \$ | \$ 68,257 |
| <u>Total All Agency Funds</u> | | | | |
| Assets | | | | |
| Cash and cash equivalents | \$ 381,508 | \$ 7,802 | \$ | \$ 389,310 |
| Liabilities | | | | |
| Due to others | \$ 381,508 | \$ 7,802 | \$ | \$ 389,310 |

PROPRIETARY FUND
(ENTERPRISE FUND)

Country Club Fund

THE VILLAGE OF NORTH PALM BEACH, FLORIDA
Schedule of Revenues and Departmental Expenses - Budget and Actual
Country Club Fund - Budgetary Basis
For the Year Ended September 30, 2020

| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Variance with Final Budget Positive (Negative)</u> | <u>Percent Variance</u> |
|---|----------------------------|-------------------------|---------------------|---|-----------------------------|
| Revenue | | | | | |
| Greens fee/cart rentals/membership fees | \$ 2,610,854 | \$ 2,610,854 | \$ 3,014,821 | \$ 403,967 | 15.47 |
| Golf shop revenues | 406,000 | 406,000 | 325,038 | (80,962) | -19.94 |
| Driving range revenues | 360,000 | 360,000 | 314,177 | (45,823) | -12.73 |
| Restaurant revenues | 329,500 | 329,500 | 79,638 | (249,862) | |
| Proceeds from sale of assets | | | 1,458 | 1,458 | |
| Miscellaneous | 16,000 | 16,000 | 34,775 | 18,775 | 117.34 |
| Appropriated net position | 261,234 | 262,834 | | (262,834) | -100.00 |
| Total revenues | <u>3,983,588</u> | <u>3,985,188</u> | <u>3,769,907</u> | <u>(215,281)</u> | <u>-5.40</u> |
| Golf Maintenance | | | | | |
| Operating expenses | 1,430,000 | 1,431,600 | 1,485,867 | (54,267) | -3.79 |
| Capital outlay | | | 21,819 | (21,819) | |
| Total Golf Maintenance | <u>1,430,000</u> | <u>1,431,600</u> | <u>1,507,686</u> | <u>(76,086)</u> | <u>-5.31</u> |
| Golf Pro Shop and Range | | | | | |
| Personnel services | 715,260 | 715,260 | 697,396 | 17,864 | 2.50 |
| Operating expenses | 600,925 | 600,925 | 629,159 | (28,234) | -4.70 |
| Capital outlay | | | 36,661 | (36,661) | |
| Total Golf Pro Shop and Range | <u>1,316,185</u> | <u>1,316,185</u> | <u>1,363,216</u> | <u>(47,031)</u> | <u>-3.57</u> |
| Food and Beverage | | | | | |
| Operating expenses | 50,000 | 50,000 | 31,318 | 18,682 | 37.36 |
| Total Food and Beverage | <u>50,000</u> | <u>50,000</u> | <u>31,318</u> | <u>18,682</u> | <u>37.36</u> |
| Administration | | | | | |
| Personnel services | 212,601 | 212,601 | 226,378 | (13,777) | -6.48 |
| Operating expenses | 13,700 | 13,700 | 21,517 | (7,817) | -57.06 |
| Total Administration | <u>226,301</u> | <u>226,301</u> | <u>247,895</u> | <u>(21,594)</u> | <u>-9.54</u> |
| Clubhouse and Grounds | | | | | |
| Personnel services | 78,358 | 78,358 | 54,062 | 24,296 | 31.01 |
| Operating expenses | 392,500 | 392,500 | 326,297 | 66,203 | 16.87 |
| Total Clubhouse and Grounds | <u>470,858</u> | <u>470,858</u> | <u>380,359</u> | <u>90,499</u> | <u>19.22</u> |
| Insurance and General Liability | | | | | |
| Operating expenses | 46,555 | 46,555 | 28,139 | 18,416 | 39.56 |
| Reserves | | | | | |
| Operating | 10,000 | 10,000 | 4,044 | 5,956 | 59.56 |
| Total Reserves | <u>10,000</u> | <u>10,000</u> | <u>4,044</u> | <u>5,956</u> | <u>59.56</u> |
| Debt service | | | | | |
| Debt service | 433,689 | 433,689 | 433,689 | | 0.00 |
| Total expenses on the budgetary basis | <u>3,983,588</u> | <u>3,985,188</u> | <u>3,996,346</u> | <u>(11,158)</u> | <u>(0.28)</u> |
| Revenues under expenses | <u>\$</u> | <u>\$</u> | <u>\$ (226,439)</u> | <u>\$ (226,439)</u> | |
| Adjustments to reconcile to the GAAP Basis | | | | | |
| Total expenses on the budgetary basis | | | \$ 3,996,346 | | |
| Pension and OPEB adjustments | | | 704 | | |
| Less: capital outlay costs capitalized | | | (58,480) | | |
| Less: debt service | | | (433,689) | | |
| Add: depreciation expense | | | 639,527 | | |
| Total operating expenses | | | <u>\$ 4,144,408</u> | | |

STATISTICAL SECTION

STATISTICAL SECTION

This part of the Village of North Palm Beach's comprehensive annual financial report presents detailed unaudited information as a context for understanding what the information in the financial statement, note disclosures, and required supplementary information says about the Village's overall financial health.

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

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VILLAGE OF NORTH PALM BEACH

NET POSITION BY COMPONENT

LAST TEN FISCAL YEARS

(ACCRUAL BASIS OF ACCOUNTING) Unaudited

| | Fiscal Year | | | | |
|---|----------------------|----------------------|----------------------|----------------------|----------------------|
| | 2011 | 2012 | 2013 | 2014 | 2015 (1) |
| Governmental Activities: | | | | | |
| Net investment in capital assets | \$ 17,237,355 | \$ 16,109,707 | \$ 15,431,966 | \$ 14,966,927 | \$ 14,711,016 |
| Restricted | 548,489 | 658,194 | 317,190 | 180,755 | 177,431 |
| Unrestricted | 11,775,621 | 11,846,141 | 11,973,715 | 11,314,096 | 6,168,366 |
| Total governmental activities net position | <u>29,561,465</u> | <u>28,614,042</u> | <u>27,722,871</u> | <u>26,461,778</u> | <u>21,056,813</u> |
| Business-Type Activities: | | | | | |
| Net investment in capital assets | 2,200,927 | 2,082,668 | 1,998,974 | 1,907,746 | 1,833,975 |
| Unrestricted | 385,623 | 557,954 | 668,434 | 514,167 | 544,523 |
| Total business-type activities net position | <u>2,586,550</u> | <u>2,640,622</u> | <u>2,667,408</u> | <u>2,421,913</u> | <u>2,378,498</u> |
| Primary government: | | | | | |
| Net investment in capital assets | 19,438,282 | 18,192,375 | 17,430,940 | 16,874,673 | 16,544,991 |
| Restricted | 548,489 | 658,194 | 317,190 | 180,755 | 177,431 |
| Unrestricted | 12,161,244 | 12,404,095 | 12,642,149 | 11,828,263 | 6,712,889 |
| Total primary government net position | <u>\$ 32,148,015</u> | <u>\$ 31,254,664</u> | <u>\$ 30,390,279</u> | <u>\$ 28,883,691</u> | <u>\$ 23,435,311</u> |
| | | | | | |
| | 2016 | 2017 | 2018 | 2019 | 2020 |
| Governmental Activities: | | | | | |
| Net investment in capital assets | \$ 14,102,547 | \$ 13,484,731 | \$ 15,429,484 | \$ 18,548,594 | \$ 22,423,120 |
| Restricted | 398,519 | 992,538 | 484,568 | 525,536 | 986,489 |
| Unrestricted | 6,677,850 | 6,536,225 | 6,658,744 | 7,769,584 | 6,689,693 |
| Total governmental activities net position | <u>21,178,916</u> | <u>21,013,494</u> | <u>22,572,796</u> | <u>26,843,714</u> | <u>30,099,302</u> |
| Business-Type Activities: | | | | | |
| Net investment in capital assets | 1,880,421 | 1,991,168 | 3,056,715 | 3,422,142 | 2,947,241 |
| Unrestricted | 418,726 | 361,461 | (1,324,978) | (3,162,414) | (3,161,738) |
| Total business-type activities net position | <u>2,299,147</u> | <u>2,352,629</u> | <u>1,731,737</u> | <u>259,728</u> | <u>(214,497)</u> |
| Primary government: | | | | | |
| Net investment in capital assets | 15,982,968 | 15,475,899 | 18,486,199 | 21,970,736 | 25,370,361 |
| Restricted | 398,519 | 992,538 | 484,568 | 525,536 | 986,489 |
| Unrestricted | 7,096,576 | 6,897,686 | 5,333,766 | 4,607,170 | 3,527,955 |
| Total primary government net position | <u>\$ 23,478,063</u> | <u>\$ 23,366,123</u> | <u>\$ 24,304,533</u> | <u>\$ 27,103,442</u> | <u>\$ 29,884,805</u> |

(1) The Village implemented GASB 68 in 2015 related to pension accounting which significantly reduced unrestricted net position.

Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments.

VILLAGE OF NORTH PALM BEACH

CHANGES IN NET POSITION

LAST TEN FISCAL YEARS

(ACCRUAL BASIS OF ACCOUNTING) Unaudited

| | Fiscal Year | | | | |
|--|------------------------|------------------------|------------------------|------------------------|------------------------|
| | 2011 | 2012 | 2013 | 2014 | 2015 |
| Expenses | | | | | |
| Governmental activities: | | | | | |
| General government | \$ 2,403,681 | \$ 2,520,815 | \$ 2,489,488 | \$ 2,696,298 | \$ 3,028,716 |
| Public safety | 7,232,748 | 7,892,561 | 8,282,062 | 9,259,442 | 9,311,441 |
| Public works | 4,733,913 | 4,652,620 | 4,482,973 | 4,485,246 | 4,963,704 |
| Community development and planning | 811,177 | 884,773 | 966,245 | 1,046,299 | 1,308,924 |
| Leisure services | 2,749,065 | 2,873,496 | 2,974,290 | 3,114,213 | 2,973,687 |
| Interest on long-term debt | | | | | |
| Total governmental activities expenses | <u>17,930,584</u> | <u>18,824,265</u> | <u>19,195,058</u> | <u>20,601,498</u> | <u>21,586,472</u> |
| Business-type activities: | | | | | |
| Country club | 3,691,528 | 3,536,139 | 3,629,120 | 3,902,131 | 3,842,660 |
| Total business-type activities | <u>3,691,528</u> | <u>3,536,139</u> | <u>3,629,120</u> | <u>3,902,131</u> | <u>3,842,660</u> |
| Total primary government expenses | <u>\$ 21,622,112</u> | <u>\$ 22,360,404</u> | <u>\$ 22,824,178</u> | <u>\$ 24,503,629</u> | <u>\$ 25,429,132</u> |
| Program Revenues | | | | | |
| Governmental activities: | | | | | |
| Charges for services: | | | | | |
| General government | \$ 130,886 | \$ 135,372 | \$ 107,976 | \$ 110,694 | \$ 131,445 |
| Public safety | 420,653 | 440,568 | 522,121 | 592,644 | 537,064 |
| Public works | 400,662 | 386,974 | 403,447 | 402,814 | 514,354 |
| Community development and planning | 861,394 | 816,673 | 993,059 | 1,621,471 | 1,163,875 |
| Leisure services | 1,043,459 | 1,018,883 | 1,087,182 | 1,096,021 | 1,006,382 |
| Other government | | | | | |
| Operating grants and contributions | 126,568 | 149,573 | 91,901 | 90,520 | 380,567 |
| Capital grants and contributions | 5,169 | 5,686 | 233,949 | 16,098 | 26,548 |
| Total governmental activities program revenues | <u>2,988,791</u> | <u>2,953,729</u> | <u>3,439,635</u> | <u>3,930,262</u> | <u>3,760,235</u> |
| Business-type activities: | | | | | |
| Charges for services: | | | | | |
| Country club | 3,571,199 | 3,582,760 | 3,577,446 | 3,645,706 | 3,788,852 |
| Operating grants and contributions | | | | | |
| Capital grants and contributions | | | | | |
| Total business-type activities program revenues | <u>3,571,199</u> | <u>3,582,760</u> | <u>3,577,446</u> | <u>3,645,706</u> | <u>3,788,852</u> |
| Total primary government program revenues | <u>\$ 6,559,990</u> | <u>\$ 6,536,489</u> | <u>\$ 7,017,081</u> | <u>\$ 7,575,968</u> | <u>\$ 7,549,087</u> |
| Net (Expense)/Revenue | | | | | |
| Governmental activities | \$ (14,941,793) | \$ (15,870,536) | \$ (15,755,423) | \$ (16,671,236) | \$ (17,826,237) |
| Business-type activities | (120,329) | 46,621 | (51,674) | (256,425) | (53,808) |
| Total primary government net expense | <u>\$ (15,062,122)</u> | <u>\$ (15,823,915)</u> | <u>\$ (15,807,097)</u> | <u>\$ (16,927,661)</u> | <u>\$ (17,880,045)</u> |
| General revenues and other changes in net position: | | | | | |
| Governmental activities: | | | | | |
| Taxes: | | | | | |
| Property taxes | \$ 10,441,869 | \$ 10,011,748 | \$ 9,981,391 | \$ 10,154,695 | \$ 11,364,888 |
| Local option gas taxes | 259,794 | 263,369 | 261,852 | 266,147 | 282,549 |
| Local option infrastructure surtax | | | | | |
| Utility service taxes | 2,198,148 | 2,164,920 | 2,197,760 | 2,277,366 | 2,267,118 |
| Franchise taxes | 1,191,155 | 1,178,598 | 1,160,780 | 1,232,669 | 1,253,139 |
| Sales and use taxes | 1,140,744 | 1,138,097 | 1,187,221 | 1,260,617 | 1,332,209 |
| Unrestricted grants and contributions | | | | | |
| Investment earnings | 97,743 | 90,968 | 37,029 | 16,653 | 108,794 |
| Miscellaneous | 30,622 | 75,413 | 38,219 | 146,360 | 57,137 |
| Contributions for Support Our Troops | | | | | |
| Gain on disposal of equipment | | | | 55,636 | 30,457 |
| Transfers | | | | | |
| Total governmental activities | <u>15,360,075</u> | <u>14,923,113</u> | <u>14,864,252</u> | <u>15,410,143</u> | <u>16,696,291</u> |
| Business-type activities: | | | | | |
| Investment income | 8,493 | 7,451 | 8,555 | 10,930 | 10,393 |
| Miscellaneous | | | 69,905 | | |
| Transfers | | | | | |
| Total business-type activities | <u>8,493</u> | <u>7,451</u> | <u>78,460</u> | <u>10,930</u> | <u>10,393</u> |
| Total primary government | <u>\$ 15,368,568</u> | <u>\$ 14,930,564</u> | <u>\$ 14,942,712</u> | <u>\$ 15,421,073</u> | <u>\$ 16,706,684</u> |
| Change in net position | | | | | |
| Governmental activities | \$ 418,282 | \$ (947,423) | \$ (891,171) | \$ (1,261,093) | \$ (1,129,946) |
| Business-type activities | (111,836) | 54,072 | 26,786 | (245,495) | (43,415) |
| Total primary government | <u>\$ 306,446</u> | <u>\$ (893,351)</u> | <u>\$ (864,385)</u> | <u>\$ (1,506,588)</u> | <u>\$ (1,173,361)</u> |

Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments.

| | 2016 | 2017 | 2018 | 2019 | 2020 |
|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|
| \$ | 2,985,185 | \$ 3,205,903 | \$ 3,213,886 | \$ 3,312,770 | \$ 3,541,302 |
| | 9,308,778 | 9,905,815 | 10,045,757 | 10,505,278 | 12,103,224 |
| | 5,106,651 | 5,707,570 | 5,911,225 | 5,603,991 | 5,633,427 |
| | 1,382,121 | 1,255,115 | 1,458,523 | 1,685,525 | 1,398,876 |
| | 2,904,715 | 3,114,720 | 3,058,410 | 3,037,981 | 2,795,698 |
| | | 266,892 | 499,929 | 489,988 | 520,755 |
| | <u>21,687,450</u> | <u>23,456,015</u> | <u>24,187,730</u> | <u>24,635,533</u> | <u>25,993,282</u> |
| | <u>3,845,547</u> | <u>2,903,224</u> | <u>2,912,523</u> | <u>2,879,376</u> | <u>4,242,674</u> |
| | <u>3,845,547</u> | <u>2,903,224</u> | <u>2,912,523</u> | <u>2,879,376</u> | <u>4,242,674</u> |
| \$ | <u>25,532,997</u> | <u>\$ 26,359,239</u> | <u>\$ 27,100,253</u> | <u>\$ 27,514,909</u> | <u>\$ 30,235,956</u> |
| \$ | 128,459 | \$ 134,249 | \$ 140,998 | \$ 147,104 | \$ 152,779 |
| | 628,529 | 557,265 | 548,019 | 687,905 | 488,393 |
| | 565,011 | 547,596 | 510,732 | 538,459 | 511,916 |
| | 1,213,032 | 1,222,464 | 1,495,298 | 1,799,878 | 1,723,949 |
| | 994,918 | 1,022,175 | 876,174 | 899,164 | 853,581 |
| | 365,823 | 377,339 | 422,255 | 395,376 | 717,982 |
| | 229,161 | 102,187 | 9,591 | 808,193 | 850,187 |
| | <u>4,124,933</u> | <u>3,963,275</u> | <u>4,003,067</u> | <u>5,276,079</u> | <u>5,298,787</u> |
| | 3,720,573 | 2,946,432 | 2,946,432 | 1,406,563 | 3,768,449 |
| | <u>3,720,573</u> | <u>2,946,432</u> | <u>2,254,638</u> | <u>1,406,563</u> | <u>3,768,449</u> |
| \$ | <u>7,845,506</u> | <u>\$ 6,909,707</u> | <u>\$ 6,257,705</u> | <u>\$ 6,682,642</u> | <u>\$ 9,067,236</u> |
| \$ (17,562,517) | \$ (19,492,740) | \$ (20,184,663) | \$ (19,359,454) | \$ (20,694,495) | \$ (20,694,495) |
| (124,974) | 43,208 | (657,885) | (1,472,813) | (474,225) | (474,225) |
| <u>\$ (17,687,491)</u> | <u>\$ (19,449,532)</u> | <u>\$ (20,842,548)</u> | <u>\$ (20,832,267)</u> | <u>\$ (21,168,720)</u> | <u>\$ (21,168,720)</u> |
| \$ | 12,253,917 | \$ 13,091,985 | \$ 15,003,141 | \$ 16,185,283 | \$ 16,991,314 |
| | 288,150 | 305,700 | 302,208 | 307,130 | 273,428 |
| | | 552,600 | 879,565 | 922,937 | 869,852 |
| | 2,303,294 | 2,413,679 | 2,511,877 | 2,521,954 | 2,558,092 |
| | 1,263,812 | 1,306,997 | 1,294,280 | 1,352,464 | 1,304,936 |
| | 1,363,954 | 1,371,890 | 1,413,335 | 1,448,423 | 1,345,508 |
| | 103,353 | 126,926 | 376,227 | 811,915 | 502,335 |
| | 60,026 | 150,698 | 268,471 | 80,266 | 104,618 |
| | 48,114 | 6,843 | 74,449 | | |
| | <u>17,684,620</u> | <u>19,327,318</u> | <u>22,123,553</u> | <u>23,630,372</u> | <u>23,950,083</u> |
| | 9,230 | 10,274 | 13,874 | 804 | |
| | 36,393 | | | | |
| | <u>45,623</u> | <u>10,274</u> | <u>13,874</u> | <u>804</u> | |
| \$ | <u>17,730,243</u> | <u>\$ 19,337,592</u> | <u>\$ 22,137,427</u> | <u>\$ 23,631,176</u> | <u>\$ 23,950,083</u> |
| \$ | 122,103 | \$ (165,422) | \$ 1,938,890 | \$ 4,270,918 | \$ 3,255,588 |
| (79,351) | 53,482 | (644,011) | (1,472,009) | (474,225) | (474,225) |
| <u>\$ 42,752</u> | <u>\$ (111,940)</u> | <u>\$ 1,294,879</u> | <u>\$ 2,798,909</u> | <u>\$ 2,781,363</u> | <u>\$ 2,781,363</u> |

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VILLAGE OF NORTH PALM BEACH
FUND BALANCES, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING) Unaudited

| | <u>2011</u> | <u>2012</u> | <u>2013</u> | <u>2014</u> | <u>2015</u> |
|------------------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| General Fund | | | | | |
| Nonspendable | \$ 276,924 | \$ 166,839 | \$ 293,674 | \$ 244,438 | \$ 155,594 |
| Restricted | 548,489 | 658,194 | 317,190 | 135,255 | 131,931 |
| Committed | | | 442,833 | | |
| Assigned | 186,594 | 127,574 | 200,016 | 216,808 | 319,888 |
| Unassigned | 10,688,660 | 11,244,977 | 11,451,668 | 12,391,362 | 10,802,623 |
| Total general fund | <u>\$ 11,700,667</u> | <u>\$ 12,197,584</u> | <u>\$ 12,705,381</u> | <u>\$ 12,987,863</u> | <u>\$ 11,410,036</u> |
| All other Governmental Funds | | | | | |
| Restricted | | | | \$ 45,500 | \$ 45,500 |
| Assigned | | | | | |
| Special revenue funds | \$ 47,107 | \$ 47,652 | \$ 47,652 | 325,152 | 318,526 |
| Capital projects funds | 1,491,574 | 2,129,831 | 1,799,617 | 841,850 | 1,448,620 |
| Unassigned | | | | | |
| Total all other governmental funds | <u>\$ 1,538,681</u> | <u>\$ 2,177,483</u> | <u>\$ 1,847,269</u> | <u>\$ 1,212,502</u> | <u>\$ 1,812,646</u> |
| | <u>2016</u> | <u>2017</u> | <u>2018</u> | <u>2019</u> | <u>2020</u> |
| General Fund | | | | | |
| Nonspendable | \$ 358,606 | \$ 183,220 | \$ 1,240,793 | \$ 2,789,824 | \$ 2,325,778 |
| Restricted | 353,019 | 781,756 | 47,338 | 61,227 | 79,730 |
| Committed | | | | | |
| Assigned | 208,204 | 316,266 | 407,862 | 582,008 | 176,865 |
| Unassigned | 10,724,049 | 11,811,468 | 7,547,415 | 8,177,758 | 11,622,285 |
| Total general fund | <u>\$ 11,643,878</u> | <u>\$ 13,092,710</u> | <u>\$ 9,243,408</u> | <u>\$ 11,610,817</u> | <u>\$ 14,204,658</u> |
| All other Governmental Funds | | | | | |
| Restricted | \$ 45,500 | \$ 13,988,744 | \$ 11,826,016 | \$ 464,309 | \$ 906,759 |
| Assigned | | | | | |
| Special revenue funds | 508,481 | 388,981 | 3,506 | 3,507 | 263,798 |
| Capital projects funds | 1,604,073 | 1,670,196 | 5,398,245 | 3,727,482 | 1,151,011 |
| Unassigned | | | (114,279) | (421,599) | - |
| Total all other governmental funds | <u>\$ 2,158,054</u> | <u>\$ 16,047,921</u> | <u>\$ 17,113,488</u> | <u>\$ 3,773,699</u> | <u>\$ 2,321,568</u> |

Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments.

VILLAGE OF NORTH PALM BEACH
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING) Unaudited

| | Fiscal Year | | | | |
|---|---------------------|-------------------|-------------------|---------------------|---------------------|
| | <u>2011</u> | <u>2012</u> | <u>2013</u> | <u>2014</u> | <u>2015</u> |
| Revenues: | | | | | |
| Taxes | \$ 14,090,966 | \$ 13,618,635 | \$ 13,601,783 | \$ 13,930,877 | \$ 15,167,694 |
| Licenses and Permits | 959,098 | 810,390 | 803,337 | 1,344,653 | 947,158 |
| Intergovernmental | 1,557,377 | 1,591,678 | 1,817,603 | 1,688,608 | 1,758,246 |
| Charges for services | 1,934,424 | 1,966,179 | 2,141,437 | 2,320,305 | 2,231,673 |
| Fines and forfeitures | 164,366 | 140,610 | 131,524 | 117,869 | 128,235 |
| Investment earnings | 97,743 | 90,968 | 37,029 | 16,653 | 108,794 |
| Miscellaneous | 59,462 | 130,293 | 207,076 | 258,086 | 122,107 |
| Total revenues | <u>18,863,436</u> | <u>18,348,753</u> | <u>18,739,789</u> | <u>19,677,051</u> | <u>20,463,907</u> |
| Expenditures: | | | | | |
| General government | 2,402,241 | 2,328,568 | 2,346,281 | 2,541,546 | 2,904,553 |
| Public safety | 7,053,282 | 7,583,018 | 7,947,221 | 8,947,627 | 8,966,077 |
| Public works | 4,044,642 | 3,886,698 | 3,733,977 | 3,773,689 | 4,255,636 |
| Community development | 790,937 | 844,748 | 933,117 | 1,004,642 | 1,270,399 |
| Leisure services | 2,295,959 | 2,374,748 | 2,491,559 | 2,644,598 | 2,514,495 |
| Other government | | | | | |
| Capital outlay | 682,057 | 495,254 | 1,110,051 | 1,117,234 | 1,530,430 |
| Debt service | | | | | |
| Principal payments | | | | | |
| Interest paid on debt | | | | | |
| Total expenditures | <u>17,269,118</u> | <u>17,513,034</u> | <u>18,562,206</u> | <u>20,029,336</u> | <u>21,441,590</u> |
| Excess of revenues over (under) expenditures | 1,594,318 | 835,719 | 177,583 | (352,285) | (977,683) |
| Other financing sources (uses) | | | | | |
| Transfers in | 1,334,934 | 500,000 | 265,000 | 323,000 | 2,091,246 |
| Transfers out | (1,334,934) | (500,000) | (265,000) | (323,000) | (2,091,246) |
| Capital lease | | | | | |
| Proceeds from debt issuance | | | | | |
| Miscellaneous | | | | | |
| Total other financing sources (uses) | | | | | |
| Net change in fund balances | <u>\$ 1,594,318</u> | <u>\$ 835,719</u> | <u>\$ 177,583</u> | <u>\$ (352,285)</u> | <u>\$ (977,683)</u> |
| Debt service as a percentage of noncapital expenditures | - | - | - | - | - |

| <u>2016</u> | <u>2017</u> | <u>2018</u> | <u>2019</u> | <u>2020</u> |
|-------------------|----------------------|-----------------------|------------------------|---------------------|
| \$ 16,109,173 | \$ 17,118,361 | \$ 19,111,506 | \$ 20,366,831 | \$ 21,127,770 |
| 1,235,782 | 997,656 | 1,222,594 | 1,522,913 | 1,320,361 |
| 1,765,836 | 2,417,809 | 2,679,389 | 2,910,395 | 3,857,230 |
| 2,364,013 | 2,321,298 | 2,200,860 | 2,399,174 | 2,169,814 |
| 91,534 | 124,395 | 100,140 | 100,188 | 197,343 |
| 103,353 | 126,926 | 376,227 | 811,915 | 502,335 |
| 191,250 | 157,063 | 412,513 | 510,688 | 160,147 |
| <u>21,860,941</u> | <u>23,263,508</u> | <u>26,103,229</u> | <u>28,622,104</u> | <u>29,335,000</u> |
| 2,876,521 | 2,970,223 | 3,059,623 | 3,275,570 | 3,265,210 |
| 9,129,947 | 9,166,060 | 9,669,361 | 10,350,598 | 10,418,956 |
| 4,266,749 | 4,882,159 | 5,313,834 | 5,255,606 | 5,300,077 |
| 1,351,061 | 1,190,759 | 1,429,764 | 1,532,428 | 1,382,443 |
| 2,448,164 | 2,591,866 | 2,613,664 | 2,664,689 | 2,305,309 |
| 1,209,249 | 2,123,742 | 5,507,617 | 15,487,329 | 5,094,135 |
| | | 680,000 | 882,777 | 934,496 |
| | | 613,101 | 488,786 | 502,193 |
| <u>21,281,691</u> | <u>22,924,809</u> | <u>28,886,964</u> | <u>39,937,783</u> | <u>29,202,819</u> |
| 579,250 | 338,699 | (2,783,735) | (11,315,679) | 132,181 |
| 1,503,750 | 1,503,750 | 4,963,307 | 407,000 | 844,475 |
| (1,503,750) | (1,503,750) | (4,963,307) | (407,000) | (844,475) |
| | 15,000,000 | | 343,299 | 1,009,529 |
| | <u>15,000,000</u> | | <u>343,299</u> | <u>1,009,529</u> |
| <u>\$ 579,250</u> | <u>\$ 15,338,699</u> | <u>\$ (2,783,735)</u> | <u>\$ (10,972,380)</u> | <u>\$ 1,141,710</u> |
| - | - | 5.53% | 5.70% | 5.90% |

VILLAGE OF NORTH PALM BEACH
NET ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS

| Fiscal Year Ended Sept 30, | Tax Roll Year | Real Property | | | Total Net Market - Assessed Value | Total Direct Tax Rate |
|----------------------------------|------------------|----------------------|------------------------|----------------------|--------------------------------------|--------------------------|
| | | Residential Property | Commercial Property | Personal Property | | |
| 2011 | 2010 | \$ 1,295,097,223 | \$ 210,844,220 | \$ 38,261,607 | \$ 1,544,203,050 | 6.9723 |
| 2012 | 2011 | 1,265,549,795 | 189,284,601 | 33,303,512 | 1,488,137,908 | 6.9723 |
| 2013 | 2012 | 1,254,302,880 | 195,770,816 | 30,033,151 | 1,480,106,847 | 6.9723 |
| 2014 | 2013 | 1,287,481,785 | 203,512,929 | 33,792,851 | 1,524,787,565 | 6.8731 |
| 2015 | 2014 | 1,355,969,888 | 214,484,701 | 34,077,944 | 1,604,532,533 | 7.3300 |
| 2016 | 2015 | 1,453,735,176 | 232,020,936 | 36,939,006 | 1,722,695,118 | 7.3300 |
| 2017 | 2016 | 1,545,192,840 | 259,097,141 | 40,181,846 | 1,844,471,827 | 7.3300 |
| 2018 | 2017 | 1,804,338,668 | 279,488,569 | 35,855,827 | 2,119,683,064 | 7.3300 |
| 2019 | 2018 | 1,897,471,175 | 297,293,001 | 38,440,924 | 2,233,205,100 | 7.5000 |
| 2020 | 2019 | 1,991,785,138 | 315,226,821 | 37,569,787 | 2,344,581,746 | 7.5000 |

Note: Assessed values are established by the Palm Beach Property Appraiser's office as of January 1, each year. Assessments were increased to 100% of market value as of 1980.

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.

Source: Palm Beach County Property Appraiser

VILLAGE OF NORTH PALM BEACH
PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS
LAST TEN FISCAL YEARS

| Fiscal Year | Tax Roll Year | Village of N. Palm Beach | Overlapping Rates (1) | | | Total Direct and Overlapping Rates |
|-------------|---------------|--------------------------|-----------------------------------|-------------------|-------------------|------------------------------------|
| | | | Palm Beach County School District | Palm Beach County | Special Districts | |
| 2011 | 2010 | 6.9723 | 8.1540 | 4.9960 | 2.5549 | 22.6772 |
| 2012 | 2011 | 6.9723 | 8.1800 | 4.9925 | 2.3433 | 22.4881 |
| 2013 | 2012 | 6.9723 | 7.7780 | 4.9902 | 2.3154 | 22.0559 |
| 2014 | 2013 | 6.8731 | 7.5860 | 4.9852 | 2.2280 | 21.6723 |
| 2015 | 2014 | 7.3300 | 7.5940 | 4.9729 | 2.1732 | 22.0701 |
| 2016 | 2015 | 7.3300 | 7.5120 | 4.9277 | 2.0974 | 21.8671 |
| 2017 | 2016 | 7.3300 | 7.0700 | 4.9142 | 1.9453 | 21.2595 |
| 2018 | 2017 | 7.3300 | 6.7690 | 4.9023 | 1.7818 | 20.7831 |
| 2019 | 2018 | 7.5000 | 4.8980 | 6.5720 | 1.6920 | 20.6620 |
| 2020 | 2019 | 7.5000 | 7.1640 | 4.8580 | 1.6873 | 21.2093 |

Note: All millage rates are based on \$1 for every \$1,000 of assessed value.

Source: North Palm Beach: Notice of Ad Valorem Taxes and Non-Ad Valorem Assessments

- (1) Overlapping rates are those of local and county governments that apply to property owners within the Village of North Palm Beach. Not all overlapping rates apply to all Village of North Palm Beach property owners (i.e. The rates for special districts apply only to the proportion of the government's property owners whose property is located within the geographic boundaries of the special district.)

VILLAGE OF NORTH PALM BEACH

PRINCIPAL PROPERTY TAXPAYERS

2020 & 2009 Presented

| <u>Taxpayers</u> | <u>2020</u> | | | <u>*2009</u> | | |
|---------------------------------|-------------------------------|-------------|---|-------------------------------|-------------|---|
| | <u>Taxable Assessed Value</u> | <u>Rank</u> | <u>Percentage of Total Village Net Taxable Assessed Value</u> | <u>Taxable Assessed Value</u> | <u>Rank</u> | <u>Percentage of Total Village Net Taxable Assessed Value</u> |
| Olen Residential Realty | \$ 35,129,954 | 1 | 1.50% | \$ 18,000,000 | 1 | 0.97% |
| SHM Old Port Cove LLC | 30,686,720 | 2 | 1.31% | | | |
| Sanctuary Bay Trust Corporation | 27,815,480 | 3 | 1.19% | 14,000,300 | 3 | 0.76% |
| Florida Power & Light | 21,550,096 | 4 | 0.92% | | | |
| JB Shoppes LLLP | 17,514,224 | 5 | 0.75% | | | |
| Pearland RJR LLC | 17,159,771 | 6 | 0.73% | | | |
| New Country Motor Cars | 15,464,526 | 7 | 0.66% | | | |
| SHM North Palm Beach LLC | 12,237,864 | 8 | 0.52% | | | |
| Palm Beach Autoplex LLC | 9,810,679 | 9 | 0.42% | | | |
| Bozzuto Michael A. | 8,710,595 | 10 | 0.37% | | | |
| Domani Development | | | | 9,213,927 | 6 | 0.50% |
| Crystal Tree NPB | | | | 17,030,531 | 2 | 0.92% |
| Greater Fla Inv Co& | | | | 12,911,802 | 4 | 0.70% |
| CF02 Palm Beach III LP | | | | 11,000,000 | 5 | 0.60% |
| Village Shoppers at US 1LLC | | | | 7,896,575 | 7 | 0.43% |
| Old Port Cove Holding, INC | | | | 7,706,522 | 8 | 0.42% |
| Riverside National Bank | | | | 6,044,474 | 9 | 0.33% |
| 701 us One Inc | | | | 5,839,803 | 10 | 0.32% |
| Total | \$ 196,079,909 | | 8.37% | \$ 109,643,934 | | 5.95% |

*2010 information was not available

Source: Palm Beach Country Appraiser

Note: Assessed values are established by the Palm Beach Property Appraiser's offices as of January 1, each year.

VILLAGE OF NORTH PALM BEACH
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN CALENDAR YEARS

| Fiscal Year Ending Sept 30, | Tax Roll Year | Total Taxes Levied for Fiscal Year | Collected within the Fiscal Year of the Levy | | Collections in Subsequent Years | Total Collections to Date | |
|-----------------------------------|------------------|--|--|--------------------|---------------------------------------|------------------------------|--------------------|
| | | | Amount | Percent of Levy | | Amount | Percent of Levy |
| 2011 | 2010 | \$ 10,793,319 | \$ 10,097,289 | 93.55% | \$ 298,514 | \$ 10,395,803 | 96.32% |
| 2012 | 2011 | 10,424,715 | 9,992,145 | 95.85% | 15,616 | 10,007,761 | 96.00% |
| 2013 | 2012 | 10,358,172 | 9,948,550 | 96.05% | 36,366 | 9,984,916 | 96.40% |
| 2014 | 2013 | 10,503,598 | 10,097,763 | 96.14% | 57,493 | 10,155,256 | 96.68% |
| 2015 | 2014 | 11,761,226 | 11,350,738 | 96.51% | 14,777 | 11,365,515 | 96.64% |
| 2016 | 2015 | 12,627,355 | 12,197,736 | 96.60% | 57,133 | 12,254,869 | 97.05% |
| 2017 | 2016 | 13,519,978 | 13,051,272 | 96.53% | 41,267 | 13,092,539 | 96.84% |
| 2018 | 2017 | 15,537,277 | 14,999,572 | 96.54% | 3,390 | 15,002,962 | 96.56% |
| 2019 | 2018 | 16,749,038 | 16,176,654 | 96.58% | 6,223 | 16,182,877 | 96.62% |
| 2020 | 2019 | 17,584,371 | 16,980,948 | 96.57% | 7,965 | 16,988,913 | 96.61% |

Source: Palm Beach Country Property Appraiser

VILLAGE OF NORTH PALM BEACH
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS

| Fiscal Year Ended Sept 30. | Governmental Activities | | Business-type Activities | | Total | Percent of Median Personal Income (1) | Per Capita |
|----------------------------------|-------------------------|-------------------|-----------------------------|-------------------|----------------|---|---------------|
| | Loans Payable | Capital Leases | Loans Payable | Capital Leases | | | |
| 2011 | \$ - | \$ - | \$ 3,844,928 | \$ 173,084 | \$ 4,018,012 * | 0.54% | * \$ 345 |
| 2012 | - | - | 3,608,294 | 106,933 | 3,715,227 | 0.50% | 303.51 |
| 2013 | - | - | 3,357,875 | 396,055 | 3,753,930 | 0.49% | 305.37 |
| 2014 | - | - | 3,096,925 | 274,471 | 3,371,396 | 0.46% | 266.62 |
| 2015 | - | - | 2,824,987 | 147,767 | 2,972,754 | 0.37% | 234.94 |
| 2016 | - | - | 2,684,913 | - | 2,684,913 | 0.35% | 212.20 |
| 2017 | 15,000,000 | - | 2,247,088 | - | 17,247,088 | 1.85% | 1,292.69 |
| 2018 | 14,320,000 | - | 1,939,366 | - | 16,259,366 | 1.79% | 1,229.26 |
| 2019 | 13,515,000 | 265,522 | 1,618,633 | - | 15,399,155 | 1.74% | 1,161.32 |
| 2020 | 12,680,000 | 1,175,555 | 1,284,668 | - | 15,140,223 | 1.70% | 1,135.63 |

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

* Information was not available, the prior year info was used.

(1) See the Schedule of Demographic and Economic Statistics on page 103 for personal income and population data.

VILLAGE OF NORTH PALM BEACH
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
SEPTEMBER 30, 2019
Unaudited

| <u>Government Unit</u> | <u>Net Debt Outstanding</u> | <u>Percentage Applicable to the Village of North Palm Beach (1)</u> | <u>Amount Applicable to the Village of North Palm Beach</u> |
|---|-------------------------------------|---|---|
| Debt repaid with property taxes: | | | |
| Palm Beach County | \$ 49,498,000 | 1.18% | \$ 584,076 |
| Palm Beach County School Board | 6,498,000 | 1.11% | 72,128 |
| Other debt: | | | |
| Palm Beach County | 676,158,000 | 1.18% | 7,978,664 |
| Palm Beach County School Board | 1,305,860,000 | 1.11% | <u>14,495,046</u> |
| Subtotal, overlapping debt | | | 23,129,914 |
| Village of North Palm Beach Direct Debt | | | <u>13,855,555</u> |
| Total direct and overlapping debt | | | <u><u>\$ 36,985,469</u></u> |

Sources: Palm Beach County Tax Appraiser's Office
Palm Beach County School Board
Palm Beach County Clerk & Comptroller

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

(1) For debt repaid with property taxes, the percentage of overlapping debt applicable is estimated using taxable assessed property values. Value that is within the Village's boundaries and dividing it by the County's and School Board's total taxable assessed value. This approach was also used for the other debt.

VILLAGE OF NORTH PALM BEACH
Pledged - Revenue Coverage
Country Club Bonds
Last Ten Fiscal Years
Unaudited

| <u>Fiscal Year</u> | <u>Gross Revenues (1)</u> | <u>Operating Expenses (2)</u> | <u>Net Revenue</u> | <u>Required Debt Service</u> | <u>Coverage (3)</u> |
|--------------------|---------------------------|-------------------------------|--------------------|------------------------------|---------------------|
| 2011 | 3,579,692 | 3,049,301 | 530,391 | 394,900 | 1.34 |
| 2012 | 3,590,211 | 2,932,743 | 657,468 | 394,900 | 1.66 |
| 2013 | 3,586,001 | 2,986,080 | 599,921 | 394,900 | 1.52 |
| 2014 | 3,656,636 | 3,248,284 | 408,352 | 394,900 | 1.03 |
| 2015 | 3,799,245 | 3,226,907 | 572,338 | 394,900 | 1.45 |
| 2016 | 3,766,196 | 3,333,395 | 432,801 | 394,900 | 1.10 |
| 2017 | 2,956,706 | 2,472,812 | 483,894 | 394,900 | 1.23 |
| 2018 | 2,268,512 | 2,227,913 | 40,599 | 394,900 | 0.10 |
| 2019 | 1,407,367 | 2,443,701 | (1,036,334) | 394,900 | -2.62 |
| 2020 | 3,769,907 | 3,504,881 | 265,026 | 394,900 | 0.67 |

Note: The Non-Ad Valorem Revenue Notes, Series 2017 do not have any pledged revenues.

- (1) Gross revenue includes all revenues derived by the Village from the ownership and operation of the Country Club.
- (2) Operating expenses excludes non-cash expenses
- (3) Coverage should be not less than 1.00.

VILLAGE OF NORTH PALM BEACH
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN CALENDAR YEARS
Unaudited

| Calendar Year | Population (1) | Median Personal Income (1) | Per Capita Personal Income (1) | Palm Beach County Unemployment Rate (2) |
|------------------|----------------|----------------------------------|---|--|
| 2011 (estimate) | * | * | * | 10.7 |
| 2012 (estimate) | 12,241 | ***62,121 | ****49,117 | **5.29 |
| 2013 (estimate) | 12,293 | ***59,778 | ****42,830 | **4.66 |
| 2014 (estimate) | 12,645 | ***63,349 | ****43,120 | **3.92 |
| 2015 (estimate) | 12,653 | ***61,057 | ****43,120 | **3.15 |
| 2016 (estimate) | 12,817 | ***61,653 | ****45,110 | **2.10 |
| 2017 (estimate) | 13,342 | ***69,718 | ****46,160 | **2.70 |
| 2018 (estimate) | 13,227 | ***68,833 | ****46,160 | **1.79 |
| 2019 (estimate) | 13,260 | ***66,898 | ****48,240 | **1.24 |
| 2020 (estimate) | 13,332 | ***66,898 | ****48,240 | **1.15 |

Sources: Business Development Board
US Census Bureau

- * 2011 Demographic data is not available due to Agency Software upgrade that is not complete
- ** Village of North Palm Beach Unemployment Rate for 2020 presented
- *** North Palm Beach Median Personal Income for 2020 presented
- **** West Palm Beach/Ft Lauderdale/Miami Mean Income data presented

Note: (1) All information available at the current time is presented.

VILLAGE OF NORTH PALM BEACH
PRINCIPAL EMPLOYERS

| <u>Employer</u> | <u>2020</u> | | <u>2010</u> | |
|---|------------------|---------------------------------------|------------------|---------------------------------------|
| | <u>Employees</u> | <u>Percentage of Total Employment</u> | <u>Employees</u> | <u>Percentage of Total Employment</u> |
| Palm Beach Country School Board | 22,049 | 3.14% | 21,718 | 3.51% |
| State Government | 9,549 | 1.36% | 7,554 | 1.22% |
| Federal Government | 7,655 | 1.09% | 6,681 | 1.08% |
| Tenet Health Care Corp | 6,505 | 0.93% | 5,127 | 0.83% |
| Palm Beach County Government | 5,438 | 0.77% | 11,381 | 1.84% |
| NextEra Energy (Florida Power & Light) | 4,807 | 0.68% | 3,658 | 0.59% |
| Hospital Corporation of America (HCA) (1) | 2,806 | 0.40% | 4,150 | 0.67% |
| Boca Raton Regional Hospital (2) | 2,800 | 0.40% | 2,100 | 0.34% |
| Florida Atlantic University | 2,898 | 0.41% | 2,776 | 0.45% |
| Veterans Health Administration | 2,700 | 0.38% | 2,205 | 0.36% |
| The Breakers Hotel | 2,300 | 0.33% | 1,800 | 0.29% |
| Bethesda Memorial Hospital | 2,282 | 0.33% | 2,300 | 0.37% |
| Office Depot | 2,000 | 0.28% | 2,100 | 0.34% |
| Florida Crystal Corp. | 2,000 | 0.28% | 1,900 | 0.31% |
| Jupiter Medical Center | 1,780 | 0.25% | 1,500 | 0.24% |
| City of West Palm Beach | 1,679 | 0.24% | 1,671 | 0.27% |
| City of Boca Raton | 1,513 | 0.22% | 1,638 | 0.26% |
| | <u>80,761</u> | <u>11.49%</u> | <u>80,259</u> | <u>12.97%</u> |

Source: Business Development Board of Palm Beach County, floridajobs.org

* Employer: Palm Beach County
Information is not available for the Village of North Palm Beach.

** Percentage of total employment is calculated using Palm Beach County's available labor force in each of the respective years presented.

*** Most current data available in BDP.org

Notes:

- (1) Formerly Columbia Palm Beach Health Care Systems, Inc
- (2) Formerly Boca Raton Community Hospital

VILLAGE OF NORTH PALM BEACH
Full-Time Equivalent Village Government Employees by Function
LAST TEN FISCAL YEARS (*)

| | <u>2011</u> | <u>2012</u> | <u>2013</u> | <u>2014</u> | <u>2015</u> | <u>2016</u> | <u>2017</u> | <u>2018</u> | <u>2019</u> | <u>2020</u> |
|---|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Number of Employees: | | | | | | | | | | |
| General Government | | | | | | | | | | |
| Village I | | | | | | | | | | |
| Full-Time | 2 | 2 | 2 | 2 | 2 | 2 | 4 | 4 | 4 | 4 |
| Part-Time | 0 | 0 | 0 | 0 | 0 | 0 | 1 | 1 | 1 | 1 |
| Information Technology | | | | | | | | | | |
| Full-Time | 2 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 |
| Part-Time | 1 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 1 |
| Human Resources | | | | | | | | | | |
| Full-Time | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 |
| Part-Time | 0 | 0 | 0 | 0 | 1 | 2 | 2 | 2 | 2 | 2 |
| Village Clerk - Full-Time | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 |
| Finance | | | | | | | | | | |
| Full-time | 5 | 5 | 5 | 5 | 7 | 7 | 5 | 6 | 6 | 6 |
| Part-Time | 1 | 1 | 1 | 1 | 0 | 0 | 1 | 0 | 0 | 0 |
| Public Works | | | | | | | | | | |
| Full-time | 37 | 37 | 37 | 37 | 35 | 34 | 36 | 37 | 37 | 37 |
| Part-Time | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 2 | 2 |
| Police & Fire | | | | | | | | | | |
| Full-time | 67 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Part-Time | 12 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Police | | | | | | | | | | |
| Full-time | 0 | 43 | 43 | 43 | 36 | 36 | 36 | 38 | 38 | 38 |
| Part-Time | 0 | 12 | 13 | 13 | 13 | 13 | 13 | 15 | 15 | 15 |
| Fire Rescue | | | | | | | | | | |
| Full-time | 0 | 24 | 24 | 24 | 24 | 24 | 24 | 24 | 24 | 24 |
| Part-Time | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Community Development and Planning | | | | | | | | | | |
| Full-time | 9 | 8 | 8 | 10 | 11 | 12 | 13 | 14 | 15 | 15 |
| Part-Time | 2 | 2 | 2 | 1 | 0 | 0 | 1 | 1 | 1 | 0 |
| Leisure Services | | | | | | | | | | |
| Library | | | | | | | | | | |
| Full-time | 6 | 6 | 6 | 6 | 7 | 7 | 7 | 7 | 7 | 7 |
| Part-Time | 10 | 10 | 10 | 10 | 9 | 9 | 9 | 7 | 7 | 9 |
| Recreation | | | | | | | | | | |
| Full-time | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 5 |
| Part-Time | 43 | 43 | 43 | 43 | 43 | 43 | 43 | 42 | 42 | 16 |
| Pool/Tennis | | | | | | | | | | |
| Full-time | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 2 |
| Part-Time | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 22 |
| Other Government - Country Club | | | | | | | | | | |
| Full-time | 7 | 5 | 6 | 8 | 8 | 8 | 5 | 5 | 6 | 7 |
| Part-Time | 64 | 56 | 54 | 65 | 65 | 65 | 27 | 27 | 27 | 28 |
| Total Number of Employees Budgeted FY Ending | 279 | 268 | 268 | 282 | 275 | 276 | 241 | 244 | 248 | 249 |

* Variance exists due to the employment of seasonal and part-time employees.

Source: Village of North Palm Beach Budget Report

VILLAGE OF NORTH PALM BEACH
OPERATING INDICATORS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS

| FUNCTION/PROGRAM | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 |
|--|--------|--------|--------|--------|--------|---------|-----------|-----------|--------|--------|
| PUBLIC WORKS | | | | | | | | | | |
| Sanitation (Tons of Refuse Collected) | 9,962 | 10,065 | 10,720 | 10,720 | 11,167 | 12,556 | 12,980 | 12,624 | 12,330 | 12,059 |
| No. of collection units for solid waste (residential) | 7,071 | 7,076 | 7,471 | 7,616 | 7,618 | 7,614 | 7,614 | 7,632 | 7,632 | 7,627 |
| Number of vehicles maintained | 98 | 98 | 111 | 98 | 98 | 92 | 85 | 89 | 88 | 89 |
| Number of repair overlays completed (miles) | - | - | - | - | - | - | - | - | - | - |
| POLICE | | | | | | | | | | |
| Number of arrests by police officers | 260 | 211 | 216 | 238 | 293 | 247 | 233 | 192 | 134 | 150 |
| Number of traffic citations issued | 2,564 | 2,566 | 1,254 | 2,799 | 3,407 | 2,494 | 1,974 | 2,014 | 1,184 | 853 |
| FIRE RESCUE | | | | | | | | | | |
| EMS average response times (minutes) | 5.19 | 5.26 | 5.11 | 5.10 | 5.05 | 5.26 | 5.21 | 5.37 | 4.50 | 5.42 |
| Number of EMS calls | 1,179 | 1,326 | 1,296 | 1,110 | 1,499 | 1,601 | 1,746 | 1,550 | 1,577 | 1,452 |
| COMMUNITY DEVELOPMENT & PLANNING | | | | | | | | | | |
| Bldg Dept - Number of Permits, Subpermits and certificates | 1,616 | 1,835 | 2,480 | 2,103 | 3,920 | 4,242 | 4,665 | 2,173 | 2,737 | 4,832 |
| Number of code enforcement violations/cases | 575 | 817 | 790 | 887 | 769 | 680 | **516/357 | **726/317 | 885 | 941 |
| Number of code violations brought to board/magistrate (Calendar Yr End) | 72 | 100 | 62 | 28 | 56 | 42 | 98 | 246 | 263 | 183*** |
| RECREATION | | | | | | | | | | |
| Number of community events presented | 38 | 49 | 37 | 53 | 57 | 48 | 40 | 38 | 24 | 8 |
| Number of registrants in athletic programs | 1,260 | 1,311 | 2,074 | 1,439 | 1,389 | 1,174 | 1,109 | 1,174 | 1,077 | 120*** |
| LIBRARY | | | | | | | | | | |
| Library - Number of Volumes | 40,658 | 43,340 | 44,966 | 46,546 | 47,339 | *57,935 | 41,161 | 43,992 | 45,446 | 39,886 |
| OTHER GOVERNMENT | | | | | | | | | | |
| Country Club | | | | | | | | | | |
| Number of Golf Members | 298 | 283 | 262 | 250 | 255 | 265 | 271 | 178 | 198 | 278 |
| Number of Tennis/Pool Members | 173 | 162 | 190 | 194 | 193 | 183 | 183 | 159 | 182 | 241 |

Source: Village of North Palm Beach

* In FY 2016 Number of Volumes included not only printed items, but media items as well.

** Includes only the number of violations/cases opened and not a reflection of the total number of open violations as was reported for years prior to 2017

*** Variances due to COVID-19

VILLAGE OF NORTH PALM BEACH
CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS

| Function/Program: | 2011 | 2012 | 2013 | 2014 | 2015 | 2016* | 2017 | 2018 | 2019 | 2020 |
|--|--------|--------|--------|--------|--------|---------|---------|--------|--------|--------|
| General Government | | | | | | | | | | |
| No. of General Government Buildings | 23 | 23 | 23 | 23 | 23 | 23 | 23 | 23 | 23 | 23 |
| Public Works | | | | | | | | | | |
| Square Miles | 5.18 | 5.18 | 5.18 | 5.18 | 5.18 | 5.18 | 5.18 | 5.18 | 5.18 | 5.18 |
| Miles of Streets | 36.00 | 36.00 | 36.00 | 36.00 | 36.00 | 32.30** | 32.30 | 32.30 | 32.30 | 32.30 |
| Number of Street Lights (within corp surroundings) | 513 | 513 | 513 | 513 | 513 | 513 | 628**** | 628 | 628 | 628 |
| Public Safety | | | | | | | | | | |
| Fire: | | | | | | | | | | |
| Number of Stations | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Number of Firemen & Officers | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Number of Firemen/Paramedics/EMTs | 23 | 22 | 22 | 22 | 22 | 23 | 24 | 21 | 23 | 18 |
| Number of Fire Captains | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 3 |
| Police/EMS Protection: | | | | | | | | | | |
| Number of Stations | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Number of Policemen & Officers | 31 | 28 | 28 | 28 | 28 | 28 | 28 | 30 | 28 | 30 |
| Number of Police Captains | 0 | 2 | 2 | 2 | 2.5 | 2.5 | 2.5 | 2.5 | 2.5 | 2.5 |
| Leisure Services | | | | | | | | | | |
| Recreation/Tennis/Pool | | | | | | | | | | |
| Number of Parks | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 |
| Public Tennis Courts | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 |
| Swimming Pool | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Number of Marinas | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Library | | | | | | | | | | |
| Number of Libraries | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Number of Volumes (Printed items only) | 40,658 | 43,340 | 44,966 | 46,546 | 47,339 | 48,913 | 33,502 | 36,009 | 37,429 | 33,672 |
| Other Government | | | | | | | | | | |
| Country Club | | | | | | | | | | |
| Golf Course | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Driving Range | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Tennis Courts | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 |
| Restaurant | 1 | 1 | 1 | 1 | 1 | 1 | 1*** | 1*** | 1 | 1 |
| Snack Bar | 1 | 1 | 1 | 1 | 1 | 1 | 1*** | 1*** | 1 | 1 |

Source: Village of North Palm Beach

* Preliminary 2016 information is presented

** A Centerline Miles Study was completed during FY 2016 and the number of NPB Village centerline miles from the report is presented going forward

*** Restaurant services closed on 10/01/2016- Reopened in 2019

**** 173 Village owned/455 FPL owned

OTHER REPORTS



NOWLEN, HOLT & MINER, P.A.

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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*

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of North Palm Beach, Florida, as of and for the year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise the Village of North Palm Beach, Florida's basic financial statements and have issued our report thereon dated March 5, 2021.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the 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.

Nowlen, Holt & Mimer, P.A.

West Palm Beach, Florida
March 5, 2021



NOWLEN, HOLT & MINER, P.A.

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

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

Report on the Financial Statements

We have audited the financial statements of the Village of North Palm Beach, Florida, as of and for the fiscal year ended September 30, 2020, and have issued our report thereon dated March 5, 2021.

Auditor's Responsibility

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

Other Reporting Requirements

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards* and Independent Accountant's Report on an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports, which are dated March 5, 2021, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding financial audit report. Finding 2018-1 is a comment from the prior two years that still applies.

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 1 to the financial statements.

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 of North Palm Beach, Florida 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 of North Palm Beach, Florida did not meet any of the conditions described in Section 218.503(1), Florida Statutes, during the fiscal year ended September 30, 2020.

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 of North Palm Beach, Florida. It is management's responsibility to monitor the Village of North Palm Beach, Florida's financial condition, and our financial condition assessment was based in part on representations made by management and review of financial information provided by same. Our assessment was done as of the fiscal year end. The results of our procedures did not disclose any 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.

Special District Component Units

Section 10.554(1)(i)5.c, Rules of the Auditor General, requires, if appropriate, that we communicate the failure of a special district that is a component unit of a county, municipality, or special district, to provide the financial information necessary for proper reporting of the component unit, within the audited financial statements of the county, municipality, or special district in accordance with Section 218.39(3)(b), Florida Statutes.

Based on the application of criteria in publications cited in Section 10.553, Rules of the Auditor General, there are no special district component units of the Village of North Palm Beach, Florida.

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 had one finding.

Finding 2018-1

The 2006 loan agreement with Bank of America requires that pledged revenues cover 100% of the debt service due plus the expenses, other than non-cash expenses, of owning and operating the Country Club. Due to the Golf Course and Country Club being closed for part of the year due to the pandemic this requirement was not met.

Management Response

The mandated facility closures and cancellation of events due to the COVID-19 pandemic disrupted the Country Club's ability to deliver services and resulted in significant revenue loss in the Country Club. Even with the closures, the Country Club had a positive cash flow from operating activities and was able to repay some of the advances from the General Fund made in the prior years. All required debt service payments have been paid on time for the loan.

Single Audits

The Village expended less than \$750,000 of federal awards and less than \$750,000 of state financial assistance for the fiscal year ended September 30, 2020, and was not required to have a federal single audit or a state single audit.

Response to Management Letter

The Village of North Palm Beach, Florida's response to the finding identified in our audit is described above. The Village of North Palm Beach, Florida's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Letter

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

Nowlen, Holt & Mimes, P.A.

March 5, 2021
West Palm Beach, Florida



NOWLEN, HOLT & MINER, P.A.

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**INDEPENDENT ACCOUNTANT’S REPORT
ON COMPLIANCE WITH SECTION 218.415,
FLORIDA STATUTES**

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

We have examined the Village of North Palm Beach, Florida’s compliance with Section 218.415, Florida Statutes during the year ended September 30, 2020. Management of the Village of North Palm Beach, Florida is responsible for the Village of North Palm Beach, Florida’s compliance with the specified requirements. Our responsibility is to express an opinion on the Village of North Palm Beach, Florida’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 of North Palm Beach, Florida complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether the Village of North Palm Beach, Florida complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgement, including an assessment of the risk 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 of North Palm Beach, Florida’s compliance with the specified requirements.

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

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

Nowlen, Holt & Miner, P.A.

West Palm Beach, Florida
March 5, 2021