



# *THE VILLAGE OF NORTH PALM BEACH, FL*



## *COMPREHENSIVE ANNUAL FINANCIAL REPORT*

*Fiscal Year Ended September 30, 2013*

# **The Village of North Palm Beach, Florida**



## **COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**Fiscal Year Ended September 30, 2013**

**Prepared by:  
Finance Department**

**Samia Janjua  
Director of Finance**

# THE VILLAGE OF NORTH PALM BEACH, FLORIDA

## FINANCIAL STATEMENTS

SEPTEMBER 30, 2013

### TABLE OF CONTENTS

#### INTRODUCTORY SECTION

Letter of Transmittal .....	i
Principal Village Officials .....	viii
Organizational Structure .....	ix
GFOA Certificate of Achievement for Excellence in Financial Reporting .....	x

#### FINANCIAL SECTION

Independent Auditors' Report .....	1
Management's Discussion and Analysis .....	4

#### BASIC FINANCIAL STATEMENTS:

##### Government-wide Financial Statements:

Statement of Net Position .....	14
Statement of Activities .....	15

##### Fund Financial Statements:

Balance Sheet - Governmental Funds .....	17
Reconciliation of the Balance Sheet – Governmental Funds to the Statement of Net Position .....	18
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds .....	19
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of the Governmental Funds to the Statement of Activities .....	20
Statement of Net Position - Proprietary Fund .....	21
Statement of Revenues, Expenses, and Changes in Net Assets - Proprietary Fund .....	22
Statement of Cash Flows - Proprietary Fund .....	23
Statement of Fiduciary Net Position - Fiduciary Funds .....	24
Statement of Changes in Fiduciary Net Position – Fiduciary Funds .....	25
Notes to the Basic Financial Statements .....	26

#### REQUIRED SUPPLEMENTARY INFORMATION:

Schedule of Funding Progress- Other Post Employment Benefits.....	64
Schedule of Funding Progress – Retirement Funds .....	65
Schedule of Employer and State Contributions .....	66
Notes to the Trend Data .....	67
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - General Fund .....	68
Notes to the Budgetary Required Supplementary Information .....	69

# THE VILLAGE OF NORTH PALM BEACH, FLORIDA

## FINANCIAL STATEMENTS

SEPTEMBER 30, 2013

### TABLE OF CONTENTS

(Continued)

#### OTHER SUPPLEMENTARY INFORMATION:

Schedule of Departmental Expenditures– Budget and Actual – General Fund .....	70
Combining Balance Sheet – Nonmajor Governmental Funds .....	73
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Nonmajor Governmental Funds .....	74
Combining Statement of Net Position - Fiduciary Funds .....	75
Combining Statement of Changes in Fiduciary Net Position - Employee Retirement Funds .....	76
Combining Statement of Agency Net Assets .....	77
Combining Schedule of Changes in Agency Net Assets and Liabilities.....	78
Schedule of Revenues and Departmental Expenses – Budget and Actual – Country Club Fund – Budgetary Basis.....	79

#### STATISTICAL SECTION

Net Position by Component .....	80
Changes in Net Position .....	81
Fund Balances, Governmental Funds .....	83
Changes in Fund Balances, Governmental Funds .....	84
Net Assessed Value and Estimated Actual Value of Taxable Property .....	86
Property Tax Rates - Direct and Overlapping Governments.....	87
Principal Property Taxpayers .....	88
Property Tax Levies and Collections .....	89
Ratios of Outstanding Debt by Type.....	90
Direct and Overlapping Governmental Activities Debt .....	91
Pledged-Revenue Coverage .....	92
Demographic and Economic Statistics.....	93
Principal Employers .....	94
Full-Time Equivalent Village Government Employees by Function.....	95
Operating Indicators by Function/Program .....	99
Capital Asset Statistics by Function/Program.....	97

#### REQUIRED REPORTS

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 .....	98
Management Letter in Accordance with the Rules of the Auditor General of the State of Florida .....	100

## INTRODUCTORY SECTION



# THE VILLAGE OF NORTH PALM BEACH

*"THE BEST PLACE TO LIVE UNDER THE SUN"*

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March 27, 2014

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

The Finance Department and Village Manager's Office are pleased to submit the Comprehensive Annual Financial Report for the Village of North Palm Beach, Florida for the fiscal year ended September 30, 2013.

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 unqualified ("clean") opinion on the Village of North Palm Beach's financial statements for the year ended September 30, 2013. 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. MD&A complements this letter of transmittal and should be read in conjunction with it.

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

- comparing actual financial results with the legally adopted budget, where appropriate;
- assessing financial condition and results of operations;
- assisting in determining compliance with finance related laws, rules and regulations;
- assisting in 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 the northeastern quadrant of Palm Beach County, Florida, the Village has an abundant amount of waterfront property created by a number of lakes, canals, and the Atlantic Ocean.

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 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. Internal accounting controls 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).

Budget amendments require Village Council approval at public meetings. Budgetary control is maintained at the department level within the fund (changed to fund level in 2013) by the encumbrance of estimated purchase amounts prior to the release of purchase orders to vendors. Purchase orders, which result in an overrun of approved departmental appropriations within the fund, are not released until additional appropriations are made available. Encumbered amounts lapse at year-end; however, they are re-appropriated as part of the following year's budget.

## **ECONOMIC OUTLOOK**

### **Property Values**

The Village obtains a major portion of its annual General Fund financial resources (55%) 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, based on market trends in 2013 as well as in early 2014, it appears that there is new growth in our community. We have processed a large number of building permits throughout the Village for both new homes and for remodels of existing homes. The Water Club development was approved in 2013 with plans to begin construction in 2014 and completion in late 2015. In addition, improvement is being made to both our commercial and business properties on both the US 1 corridor and the Northlake corridor. The increased activity in our commercial properties has had a positive effect on Village revenues.

The most promising area of improvement continues to be the significant increase in Village homes' value. We have already realized an increase in ad valorem taxes reflecting increases in revenues in 2013. Increases are projected to continue in 2014. Both the State and South Florida, in particular, are enjoying resurgence in real estate activity, which has translated into annual double digit gains in market prices for area homes.

The Village continues to pursue annexation of surrounding unincorporated areas that complement and enhance the services and values of our existing community. The focus of Village annexation efforts will be providing exemplary municipal services that are revenue "neutral" to both the annexed areas and to the Village.

### **Investment Revenues**

The economic downturn and softening of the money market has 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. Four years ago, with the assistance of the Village's Audit Committee, the Village 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 are currently exploring other investment opportunities that we believe 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 an attempt to fight the continual rising cost of healthcare, the Village transitioned to a semi self-insured health program in 2012, which offers the potential for possible savings if claims are minimized. For 2014, the Village will continue its focus on Employee Wellness as a measure to help control health care costs and improve our opportunity for additional savings from our health care provider. Changes mandated by the Patient Protection and Affordable Care Act (PPACA) will continue to have a significant financial impact on the cost of healthcare for the Village.

We have been in negotiations with our three unions since the summer of 2013. We have negotiated a one year extension with the FPE union, however, discussions continue with both the police and fire unions.

The impacts of personnel salaries and benefits in the coming years will have a large and continuing effect on future Village financing and service priorities in the areas of staffing, public services, and public projects. Approximately 3/4ths of the annual budget is for wages and fringe benefits. For budget year 2013/2014, the Village conducted a compensation study to determine if salary ranges and employee pay were both comparable and competitive. That study concluded that our pay ranges needed to move 8.3%, and that the range spreads needed to increase to 60%. In addition, the study recommended one time increases for employees equaling 8.3%. The Village adopted the new salary ranges but opted to provide increases based on the employee's percent penetration in the new range. The average pay increase for employees using this approach was approximately 4.25% and was funded through the establishment of a special revenue fund for tax relief.

## **INITIATIVES AND FUTURE PROJECTS**

The FY2013/2014 budget reflects a renewed commitment and predictable funding for community infrastructure in areas such as roadways, neighborhood sidewalks, and lighting, public buildings, and park facilities.

The Community Development Department continues to meet the demands of our Village's business and neighborhood redevelopment. Community Development will continue to concentrate staff resources in areas of construction, permitting, licensing, and community planning while reinforcing improvements in customer service. The continuing analysis and pursuit of annexation opportunities, zoning and redevelopment enhancements, and improvement of our business and development regulations are also a functions of the Community Development Department. This Department will better align our Village with statutory development guidelines and help to meet steadily growing expectations of homeowners and developers. In addition, Community Development will work closely with our newly formed Business Advisory Board to assist in the growth of our current businesses and to encourage new businesses to come to our community. This year, Community Development will also begin the task of updating our land use code.

The Parks and Recreation Department continues to enhance programs for all age groups at each of its six facilities. The newly redeveloped Anchorage Park will host a variety of events in the upcoming year, to include: movies in the park; organized volleyball leagues; the Village's annual fishing tournament; and Heritage Day. The parks continue to be maintained by an outside service which has been funded under the "contractual services" line.

The Village completed construction of its new Veterans Memorial Park located just north of the Library. A ribbon cutting and Veterans Day celebration was held on November 11, 2013 with over 300 people in attendance. The memorial was also used later in December for the tree lighting ceremony to kick-off the holidays. That event was also well attended. This year, the Village purchased a 20 foot holiday tree and associated decorations which will be used as the permanent Village tree for future holiday celebrations.

The Public Works Department is planning to continue oversight and maintenance of Village sanitation, infrastructure, streets, facilities, equipment, and roadways. This Department will play a major role in maintaining and expanding our focus on community appearance during the coming year. Public Works will continue to emphasize identification and remediation of safety concerns throughout our facilities. We are also conducting extensive analyses of critical infrastructure in our facilities to determine future project priorities and best maintenance practices. Public Works will also continue to accomplish currently identified infrastructure projects such as drainage improvements, swale maintenance, and automation of irrigation systems. Finally, Public Works has been involved in a year-long evaluation of all work processes and systems. The completion of the projects emanating from this assessment will be a prime focus of the organization.

The Police Department has continued improvements in neighborhood outreach, crime suppression, and crime clearances. In 2008, and again in 2011, the Village's Police Department was awarded the coveted CALEA National Accreditation for law enforcement agencies. The Police budget includes funding for the purchase/replacement of needed marked patrol vehicles and unmarked detective vehicles. In 2013, the Police Department achieved a significant decrease in all areas of crime as well as an increase in clearance rates. We expect to build on that success in 2014.

The Human Resources Department was instrumental in accomplishing the compensation study and in implementing needed changes to the pay plan. This year, the department is focused on implementing a new web-based appraisal system that will include supervisory peer reviews to eliminate the prospect of supervisory bias or a skewed result. Human Resources will also focus on the completion of union negotiations and implementation of agreed-upon salary and benefit provisions.

The Administration continues its ongoing implementation of an optical records storage system for use by all Village operating departments. Optical record storage systems are now widely used by governments and meet all State record storage requirements. This allows the Village to transition – over time – from "paper" records to optically stored records. Optical storage permits digital "look up" of any optical record "at will" through the convenience of a simple computer search. Optical storage systems have become commonly used by many local governments, and the cost is relatively modest when considering the time savings and customer service improvements they offer.

Another important initiative started in 2013 is the re-engineering of our procurement, property management, and project management systems. This work is being closely coordinated between the Finance Department and Public Works with assistance from our legal resources. The goal is to streamline our work and reduce financial risk. One key improvement has been to create a Procurement and Project Management position housed in Public Works but reporting directly to the Finance Director.

Our Country Club Enterprise Fund continued to show improvement in its bottom line. In 2013, the Country Club experienced a \$110,480 increase in its unrestricted fund balance, from \$557,954 to \$668,434. During the year, we experienced a serious degradation of course condition as a result of poor maintenance practices by our contract maintenance firm. That situation was corrected and controls have been put in place both with the maintenance contractor and the Village to prevent a recurrence. The Enterprise Fund is on solid financial footing; however, there are serious infrastructure issues related to the country club that must be addressed in 2014. One of those issues is the razing of the diving tower which has become an uninsurable risk. Plans are to accomplish this demolition project in the spring of 2014. The other significant project involves complete evaluation and remediation of the HVAC and electrical building systems. The facility is currently undergoing a complete engineering analysis and plans are to address these infrastructure needs in 2014. The financial impact on the fund balance could be as much as \$100,000.

At the request of the Village Council, the leadership team developed a strategic plan for the Village. The plan developed focuses on identification of critical objectives and the accomplishment of key improvement projects which help the Village attain those objectives.

Staff developed a total of 19 strategic initiatives which are broken into high, medium, and lower priority projects. These projects range from infrastructure improvements to the development of new programs. Some of the near term initiatives we are focusing on for 2014 include:

- Continued development of our safety program and accomplishment of both facility and process improvements.
- Implementation of a comprehensive web-based employee appraisal system.
- Refinement of our employee wellness program in concert with our insurance carrier.
- Refinement of our strategy to improve business opportunities in the Village.
- Update of our ordinances dealing with land use.
- Evaluation of the results of the market analysis conducted in 2013 with an overall objective of refining the strategic plan by reprioritizing existing and developing new improvement projects.

As a part of our strategic focus, we recognize that our planning must be fluid and that we must be able to adapt to changes as they occur in our community. Because of this, we will regularly calibrate our strategic initiatives with input from both Council and our residents. The ultimate goal is to sustain the Village as the “Best Place to Live Under the Sun” by providing superior services, embracing and supporting timeless traditions of the community, and by ensuring that we continue to integrate modern amenities throughout the Village to make it a safe, comfortable, and very pleasant place to live.

## **OTHER INFORMATION**

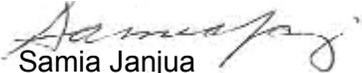
### **Independent Audit**

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. This requirement has been complied with and the independent auditor's report has been included in this report.

## Certificate of Achievement

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, 2012. The Certificate of Achievement is a prestigious national award, recognizing conformance with the highest standards for preparation of state and local government financial reports.

Respectfully submitted,

  
Samia Janjua  
Director of Finance

  
Ed Green  
Village Manager

**THE VILLAGE OF NORTH PALM BEACH, FLORIDA**

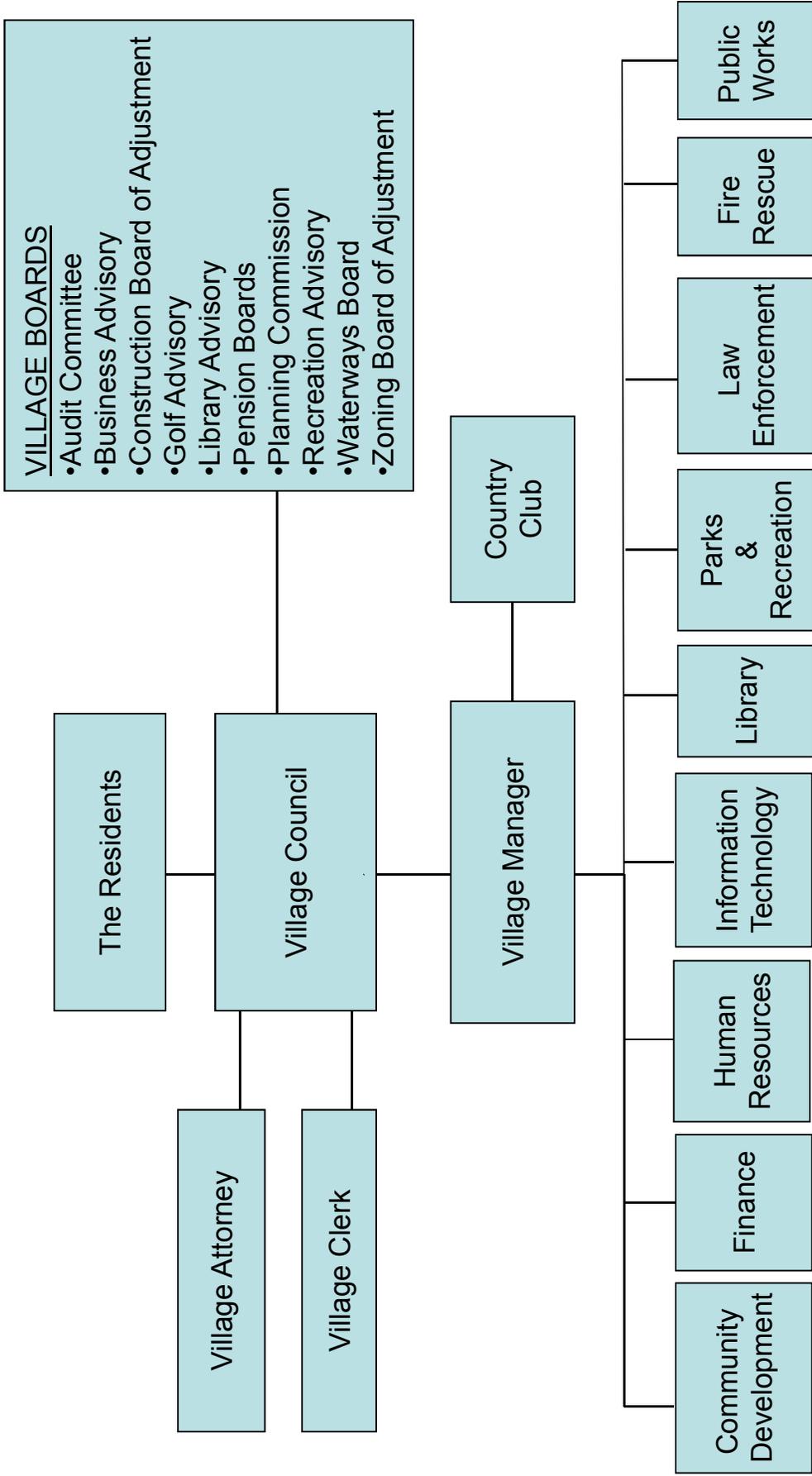
**PRINCIPAL VILLAGE OFFICIALS**

**SEPTEMBER 30, 2013**

<u>Title</u>	<u>Name</u>
Mayor	William L. Manuel
Vice Mayor	Darryl C. Aubrey
President Pro Tem	Robert A. Gebbia
Council Member	David B. Norris
Council Member	Doug Bush
Village Manager	Ed Green
Director of Finance	Samia Janjua
Village Clerk	Melissa Teal

# 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, 2012**

Executive Director/CEO

## FINANCIAL SECTION



# NOWLEN, HOLT & MINER, P.A.

CERTIFIED PUBLIC ACCOUNTANTS

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MARK J. BYMASTER, CFE, CPA  
RYAN M. SHORE, CPA  
TIMOTHY H. SCHMEDES, CPA  
WEI PAN, CPA

## INDEPENDENT AUDITORS' REPORT

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

BELLE GLADE OFFICE  
333 S.E. 2nd STREET  
POST OFFICE BOX 338  
BELLE GLADE, FLORIDA 33430-0338  
TELEPHONE (561) 996-5612  
FAX (561) 996-6248

### 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, 2013, 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 of 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, 2013, 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 Post Employment Benefit trend information on pages 64 through 67, and budgetary comparison information on pages 68 through 69 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 are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the 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 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 are 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 19, 2014, 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 to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering 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 19, 2014

## 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, 2013. 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 #
	2013	2012		
Total net assets	\$30.39	\$31.25	(\$0.86)	14
Unrestricted net assets available for future use	\$12.64	\$12.40	\$0.24	14
Governmental net assets	\$27.72	\$28.61	(\$0.89)	14
Total revenues from all sources	\$21.96	\$21.46	\$0.50	15
Governmental revenues	\$18.30	\$17.88	\$0.42	15
Total cost of all Village programs	\$22.82	\$22.36	\$0.46	15
Governmental revenues over (under) expenses	(\$0.89)	(\$0.95)	\$0.06	16
General fund revenues over (under) expenses	\$0.77	\$1.00	(\$0.23)	19
General fund unassigned fund balance	\$11.34	\$11.24	\$0.10	17
As a percent of general fund expenditures	65.10%	66.01%	(\$0.01)	
Country Club revenues over (under) expenses	\$0.03	\$0.05	(\$0.02)	22
Change in total long-term debt for the Village	\$0.04	(\$0.30)	\$0.34	

### 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 and liabilities 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 position and liabilities, are 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 six individual governmental funds: the General Fund, one Capital Projects Fund, and four 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 and the Capital Projects Fund, both 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, assets exceeded liabilities by \$30.39 million at the close of the most recent fiscal year.

A significant portion of the Village's net position (57.36%) 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. Although the Village's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

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

	Governmental Activities		Business-type Activities		Total	
	2013	2012	2013	2012	2013	2012
<b>Assets:</b>						
Current and other assets	\$ 16,333	\$ 16,227	\$ 1,069	\$ 1,001	\$ 17,402	\$ 17,228
Capital assets	15,432	16,109	5,723	5,764	21,155	21,873
Total assets	<u>31,765</u>	<u>32,336</u>	<u>6,792</u>	<u>6,765</u>	<u>38,557</u>	<u>39,101</u>
<b>Liabilities:</b>						
Current liabilities	1,249	1,289	281	346	1,530	1,635
Long-term liabilities	2,793	2,433	3,844	3,778	6,637	6,211
Total liabilities	<u>4,042</u>	<u>3,722</u>	<u>4,125</u>	<u>4,124</u>	<u>8,167</u>	<u>7,846</u>
<b>Net position:</b>						
Invested in capital assets, net of debt	15,432	16,109	1,999	2,083	17,431	18,192
Restricted	317	659			317	659
Unrestricted	11,974	11,846	668	558	12,642	12,404
Total net position	<u>\$ 27,723</u>	<u>\$ 28,614</u>	<u>\$ 2,667</u>	<u>\$ 2,641</u>	<u>\$ 30,390</u>	<u>\$ 31,255</u>

**Governmental Activities**

The cost of all governmental activities this year was \$19.20 million. As shown on Table 3, Changes in Net Position, those who directly benefited from the programs paid for \$3.11 million of this cost and \$15.19 million was financed through general revenues. Governmental activities decreased the Village's net position by \$0.89 million, thereby accounting for 103% of the total decrease in the net position of the Village. Key elements of this decrease are as follows:

- Increase in program revenues
- Increase in personnel related costs
- Discontinuing and expensing two construction work in progress projects

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	
	2013	2012	2013	2012	2013	2012
<b>Revenues:</b>						
Program revenues:						
Charges for services	\$ 3,114	\$ 2,798	\$ 3,577	\$ 3,583	\$ 6,691	\$ 6,381
Operating grants and contributions	92	150			92	150
Capital grants and contributions	234	6			234	6
General revenues:						
Property taxes	9,981	10,012			9,981	10,012
Local option gas taxes	262	263			262	263
Utility service taxes	2,198	2,165			2,198	2,165
Sales and use taxes	1,187	1,138			1,187	1,138
Franchise taxes	1,161	1,179			1,161	1,179
Investment earnings	37	91	9	7	46	98
Miscellaneous	38	75			38	75
Gain on asset disposals			70		70	-
Total revenues	<u>18,304</u>	<u>17,877</u>	<u>3,656</u>	<u>3,590</u>	<u>21,960</u>	<u>21,467</u>
<b>Expenses:</b>						
Program expenses:						
General Government	2,490	2,521			2,490	2,521
Public Safety	8,282	7,892			8,282	7,892
Public Works	4,483	4,653			4,483	4,653
Community Development & Planning	966	885			966	885
Leisure Services	2,974	2,873			2,974	2,873
Interest on long-term debt						-
Country Club			3,629	3,536	3,629	3,536
Total expenses	<u>19,195</u>	<u>18,824</u>	<u>3,629</u>	<u>3,536</u>	<u>22,824</u>	<u>22,360</u>
Increase (decrease) in net position	(891)	(947)	27	54	(864)	(893)
Net position - beginning of year	28,614	29,561	2,640	2,587	31,254	32,148
Net position - end of year	<u>\$ 27,723</u>	<u>\$ 28,614</u>	<u>\$ 2,667</u>	<u>\$ 2,641</u>	<u>\$ 30,390</u>	<u>\$ 31,255</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)**

	2013		2012	
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
General government	\$ 2,490	\$ (2,380)	\$ 2,521	\$ (2,370)
Public safety	8,282	(7,726)	7,892	(7,381)
Public works	4,483	(4,046)	4,653	(4,219)
Community development and planning	966	26	885	(68)
Leisure services	2,974	(1,629)	2,873	(1,832)
Interest on long-term debt				
	<u>\$ 19,195</u>	<u>\$ (15,755)</u>	<u>\$ 18,824</u>	<u>\$ (15,870)</u>

At the end of the current year, as compared to the prior year, many of the departments realized an increase in their overall costs (for example Public Safety increased by \$0.39 million, Community Development and Planning increased by \$0.08 million, and Leisure Services increased by \$0.10 million). The increase is a result of the increases in personnel-related costs and discontinuing and expensing two construction work in progress projects.

**Business-Type Activities**

Charges for Services (revenues) in the Business-type activities experienced an overall decrease (\$0.01 million) from that of the previous year. Also, during this same time period, expenses increased by \$0.09 million. Net position of the Proprietary Fund (Country Club) at September 30, 2013, were \$2.66 million. Net position increased by \$26,786.

Golf operations were responsible for this improved financial picture, with the driving range showing a dramatic improvement in overall revenues. An increase in revenues, while holding the line on operating costs, resulted in a positive impact in the Village's Business-type activities.

The Enterprise Fund is on solid financial footing. We believe there will be steady growth in fund balance in future years based on improved performance in restaurant operations and based on the continued steady performance of golf operations.

## 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 \$14.55 million, a \$0.17 increase over the 2012 fund balance of \$14.38 million. Approximately 92% of the combined ending fund balance (\$13.39 million) constitutes unrestricted (unassigned/assigned) fund balance, which is available for spending at the government's discretion. The remainder of fund balance (\$1.16 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 \$11.34 million while the General Fund total fund balance was \$12.71 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 65% of total general fund expenditures, while total fund balance represents 73% of that same amount.

The general fund unassigned fund balance (\$11.34 million) represents an increase of \$0.10 million over the 2012 unassigned general fund balance of \$11.24 million. Key elements of this increase are listed below:

- Revenues for Franchise Fees and Utility Service Taxes were budgeted based on prior year trends (\$3.21 million). For the current year, the Village received \$3.36 million.
- Due to discounts for prompt payments, State law requires that only 95% of the gross ad-valorem taxes be budgeted as revenue (\$9.84 million). For the current year, the Village received \$9.98 million.

The increase in the above-mentioned revenues, while holding the line on operating costs, resulted in a positive impact in the Village's General Fund.

### **General Fund Budgetary Highlights**

Differences between the original budget and the final amended budget were \$587,220 and can be briefly summarized as follows:

- Small Business Grant Carryover (\$84,580)
- Prior Year Open Purchase Order Carryover (\$42,994)
- Use of Reserves – Veteran's Memorial (\$400,000)
- Use of Reserves - Storm Drains (\$59,646)

### **General Fund Budget Analysis**

As shown on pages 70-72 of this report, in the Schedule of Departmental Expenditures – Budget and Actual, there was a favorable budget to actual cost variance of \$396,400 in General Fund Departmental Expenditures. The areas of significant budget to actual variances for the General Fund expenditures are summarized below:

- To counter the decrease in revenue brought about by property tax reform and the economic downturn, the Village Manager directed Department Directors to reduce spending in a manner that would minimize the impact on our residents. This required seeking new ways to serve our customers. The Directors did an admirable job identifying areas to cut costs resulting in favorable budget variances. The Village saw overall budgetary savings in operating costs of \$260,986. The areas of significant budget to actual variances for the General Fund operating costs are summarized below:
  - The Village saw overall budgetary savings in its repair and maintenance costs (\$128,432): during the budgeting process, various assumptions, along with previous year costs, are used in the development of the current year budget. The actual costs came in well under the projected budgeted amount.
  - The Village's "*Small Business Grant Program*" is administered through the Community Development Department and is structured to provide matching grants of up to \$7,500 for improvements to small business properties. Businesses would be required to match each dollar of grant funds with one dollar from their own funds. Businesses must complete an application and will have to meet certain criteria to qualify. In 2013, there were only three (3) applications approved for the Grant which resulted in a budgetary savings (\$73,935) in the Community Development Department.

### **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 \$1.80 million, a \$0.33 million decrease over the 2012 fund balance of \$2.13 million. This is primarily due to capital activity.

## **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, 2013 and 2012 amounts to \$21.16 million and \$21.87 million, respectively (net of accumulated depreciation).

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

	Governmental Activities		Business-type Activities		Total	
	2013	2012	2013	2012	2013	2012
Land	\$ 2,056	\$ 2,151	\$ 1,051	\$ 1,051	\$ 3,107	\$ 3,202
Construction in progress	740	268			740	268
Buildings and improvements	22,246	22,367	1,405	1,405	23,651	23,772
Improvements other than buildings			272	272	272	272
Improvements - golf course			5,824	5,824	5,824	5,824
Furniture, fixtures and equipment	6,542	6,944	773	665	7,315	7,609
Total assets	31,584	31,730	9,325	9,217	40,909	40,947
Less accumulated depreciation	(16,152)	(15,621)	(3,601)	(3,453)	(19,753)	(19,074)
Net assets	<u>\$ 15,432</u>	<u>\$ 16,109</u>	<u>\$ 5,724</u>	<u>\$ 5,764</u>	<u>\$ 21,156</u>	<u>\$ 21,873</u>

Additional information on the Village's capital assets can be found in Note 5 on pages 43-45 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 \$3.75 million, all of which is in business-type activities. The last outstanding debt instrument in the General Fund was satisfied in 2010; therefore, there is no long-term debt outstanding in the Village's governmental 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	
	2013	2012	2013	2012	2013	2012
Loans payable			\$ 3,358	\$ 3,608	\$ 3,358	\$ 3,608
Capital leases			396	107	396	107
Total	<u>\$</u>	<u>\$</u>	<u>\$ 3,754</u>	<u>\$ 3,715</u>	<u>\$ 3,754</u>	<u>\$ 3,715</u>

Additional information on the Village's debt can be found in Note 6 on pages 45-47 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 \$11.34 million during the current 2013 fiscal year. The Village is now ready to address the economic challenges anticipated in the next few years.

The economic outlook for the primary revenue source for Florida municipalities will be challenging, as cities are facing state mandated reductions of property taxes. In an effort to provide tax relief and spur the slumping housing market, the State legislature focused on property tax reform in the 2007 session. House Bill 1B was enacted to limit the authority of local governments to levy ad valorem taxes for the FY 2008 budget year and beyond.

The economic downturn and decline in property values have significantly impacted Village revenues. To address the impact of the legislation, continuing increases in the cost of employee compensation and benefits, and the reduction of revenues, the Village will need to continue to prioritize essential services and desired levels of service to allocate sufficient funding in future budget years.

## **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, 2013**

	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
<b>Assets</b>			
Cash and cash equivalents	\$ 5,945,279	\$ 875,867	\$ 6,821,146
Investments	8,449,149		8,449,149
Accounts receivable	382,225	11,779	394,004
Inventories	32,968	96,922	129,890
Prepays	260,706	55,017	315,723
Due from other governments	414,293		414,293
Restricted assets:			
Cash and cash equivalents	317,190		317,190
Net pension assets	531,546		531,546
Intangible assets, net of amortization		28,967	28,967
Capital assets:			
Nondepreciable	2,795,778	1,051,311	3,847,089
Depreciable (net of depreciation)	12,636,188	4,672,626	17,308,814
<b>Total assets</b>	<b>31,765,322</b>	<b>6,792,489</b>	<b>38,557,811</b>
<b>Liabilities</b>			
Accounts payable	365,948	59,269	425,217
Accrued liabilities	641,508		641,508
Deposits		3,800	3,800
Unearned revenue	241,704	217,682	459,386
Noncurrent liabilities:			
Due within one year	999,590	395,296	1,394,886
Due in more than one year	1,793,701	3,449,034	5,242,735
<b>Total liabilities</b>	<b>4,042,451</b>	<b>4,125,081</b>	<b>8,167,532</b>
<b>Net Position</b>			
Net investment in capital assets	15,431,966	1,998,974	17,430,940
Restricted for:			
Recreation	237,174		237,174
Streets and roads	10,368		10,368
Public safety	21,052		21,052
Library	45,883		45,883
Other purposes	2,713		2,713
Unrestricted	11,973,715	668,434	12,642,149
<b>Total net position</b>	<b>\$ 27,722,871</b>	<b>\$ 2,667,408</b>	<b>\$ 30,390,279</b>

See notes to the financial statements.

**THE VILLAGE OF NORTH PALM BEACH, FLORIDA**  
**Statement of Activities**  
**For the Year Ended September 30, 2013**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Charges for Activities</u>
<b>Government:</b>		
Governmental activities		
General government	\$ 2,489,488	\$ 107,976
Public safety	8,282,062	522,121
Public works	4,482,973	403,447
Community development and planning	966,245	993,059
Leisure services	2,974,290	1,087,182
Total governmental activities	<u>19,195,058</u>	<u>3,113,785</u>
Business-type activities - country club	<u>3,629,120</u>	<u>3,577,446</u>
Total business-type activities	<u>3,629,120</u>	<u>3,577,446</u>
<b>Total government</b>	<u><u>\$ 22,824,178</u></u>	<u><u>\$ 6,691,231</u></u>

Program Revenues		Net Expense (Revenue) and Changes in Net Assets		
Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
\$ 1,050		\$ (2,380,462)	\$	\$ (2,380,462)
33,910		(7,726,031)		(7,726,031)
32,719		(4,046,807)		(4,046,807)
		26,814		26,814
24,222	233,949	(1,628,937)		(1,628,937)
91,901	233,949	(15,755,423)		(15,755,423)
			(51,674)	(51,674)
			(51,674)	(51,674)
\$ 91,901	\$ 233,949	(15,755,423)	(51,674)	(15,807,097)

**General Revenues:**

Taxes:				
Property taxes		9,981,391		9,981,391
Local option gas taxes		261,852		261,852
Utility service taxes		2,197,760		2,197,760
Franchise taxes		1,160,780		1,160,780
Sales and use taxes		1,187,221		1,187,221
Investment income		37,029	8,555	45,584
Miscellaneous		38,219		38,219
Gain on disposal of equipment			69,905	69,905
<b>Total general revenues</b>		14,864,252	78,460	14,942,712
<b>Change in net position</b>		(891,171)	26,786	(864,385)
<b>Net position, beginning of year</b>		28,614,042	2,640,622	31,254,664
<b>Net position, end of year</b>		\$ 27,722,871	\$ 2,667,408	\$ 30,390,279

See notes to the financial statements.

**THE VILLAGE OF NORTH PALM BEACH, FLORIDA**  
**Balance Sheet**  
**Governmental Funds**  
**September 30, 2013**

	<u>General</u>	<u>Capital Projects Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Assets</b>				
Cash and cash equivalents	\$ 4,168,943	\$ 1,772,830	\$ 3,506	\$ 5,945,279
Investments	8,449,149			8,449,149
Accounts receivable	382,225			382,225
Inventories	32,968			32,968
Prepays	260,706			260,706
Due from other funds	129,830	44,028		173,858
Due from other governments	149,756		264,537	414,293
Restricted cash and cash equivalents	317,190			317,190
Total assets	<u>\$ 13,890,767</u>	<u>\$ 1,816,858</u>	<u>\$ 268,043</u>	<u>\$ 15,975,668</u>
<b>Liabilities and fund balances</b>				
<b>Liabilities</b>				
Accounts payable	\$ 302,174	\$ 17,241	\$ 46,533	\$ 365,948
Accrued liabilities	641,508			641,508
Due to other funds			173,858	173,858
Deferred revenue	241,704			241,704
Total liabilities	<u>1,185,386</u>	<u>17,241</u>	<u>220,391</u>	<u>1,423,018</u>
<b>Fund balances</b>				
<b>Nonspendable:</b>				
Inventories and prepaids	293,674			293,674
SBA Fund B	108,449			108,449
<b>Restricted for:</b>				
Recreation	237,174			237,174
Streets and roads	10,368			10,368
Public safety	21,052			21,052
Library	45,883			45,883
Other purposes	2,713			2,713
<b>Committed for:</b>				
Future tax relief	442,833			442,833
<b>Assigned for:</b>				
Small business grants	73,935			73,935
Subsequent year's expenditures	126,081			126,081
Special revenue funds			47,652	47,652
Capital project funds		1,799,617		1,799,617
Unassigned	11,343,219			11,343,219
Total fund balances	<u>12,705,381</u>	<u>1,799,617</u>	<u>47,652</u>	<u>14,552,650</u>
Total liabilities and fund balances	<u>\$ 13,890,767</u>	<u>\$ 1,816,858</u>	<u>\$ 268,043</u>	<u>\$ 15,975,668</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**  
**Governmental Funds**  
**September 30, 2013**

Fund balances - total governmental funds		\$ 14,552,650
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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	\$ 31,584,342	
Less: accumulated depreciation	<u>(16,152,376)</u>	
		15,431,966

Net pension assets related to defined benefit pension plans are not available to pay for current-period expenditures and, therefore, are not reported as assets in the governmental funds:

531,546

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:

Claims and settlements	(50,000)	
Other postemployment benefits	(1,552,830)	
Accrued compensated absences	<u>(1,190,461)</u>	
		<u>(2,793,291)</u>

Net position of governmental activities		<u>\$ 27,722,871</u>
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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, 2013**

	<u>General</u>	<u>Capital Projects Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues				
Taxes	\$ 13,601,783	\$	\$	\$ 13,601,783
Licenses and permits	803,337			803,337
Intergovernmental	1,276,155		541,448	1,817,603
Charges for services	2,141,437			2,141,437
Fines and forfeitures	131,524			131,524
Investment	37,029			37,029
Miscellaneous	207,076			207,076
Total revenues	<u>18,198,341</u>		<u>541,448</u>	<u>18,739,789</u>
Expenditures				
Current				
General government	2,346,281			2,346,281
Public safety	7,623,777		323,444	7,947,221
Public works	3,733,977			3,733,977
Community development and planning	933,117			933,117
Leisure services - recreation	2,491,559			2,491,559
Capital outlay	296,833	595,214	218,004	1,110,051
Total expenditures	<u>17,425,544</u>	<u>595,214</u>	<u>541,448</u>	<u>18,562,206</u>
Excess (deficiency) of revenues over (under) expenditures	<u>772,797</u>	<u>(595,214)</u>		<u>177,583</u>
Other financing sources (uses)				
Transfers in		265,000		265,000
Transfers out	(265,000)			(265,000)
Total other financing sources (uses)	<u>(265,000)</u>	<u>265,000</u>		<u></u>
Net change in fund balances	507,797	(330,214)		177,583
Fund balances				
Beginning of year	12,197,584	2,129,831	47,652	14,375,067
End of year	<u>\$ 12,705,381</u>	<u>\$ 1,799,617</u>	<u>\$ 47,652</u>	<u>\$ 14,552,650</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**  
**For the Year Ended September 30, 2013**

Net change in fund balances - total governmental funds		\$ 177,583
Amounts reported for governmental activities in the statement of activities are different because:		
<p style="margin-left: 40px;">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:</p>		
Expenditures for capital assets	\$ 1,119,801	
Less: current year depreciation	<u>(1,564,265)</u>	(444,464)
<p style="margin-left: 40px;">Gains and losses on disposal of capital assets are reported in the statement of activities, whereas in the governmental funds the proceeds from the sale increases financial resources. The difference is the net book value of the assets retired:</p>		
Net book value for retired assets		(233,277)
<p style="margin-left: 40px;">Expenses that do not use current financial resources are not reported on the governmental funds but are included in the statement of activities:</p>		
Change in long-term compensated absences	32,138	
Change in net pension asset of defined benefit pension plans	(31,266)	
Change in other postemployment benefits	<u>(391,885)</u>	(391,013)
Change in net position		<u><u>\$ (891,171)</u></u>

See notes to the financial statements.

**THE VILLAGE OF NORTH PALM BEACH, FLORIDA**  
**Statement of Net Position**  
**Proprietary Fund**  
**September 30, 2013**

	<b>Enterprise</b>
Assets	
Current assets	
Cash and cash equivalents	\$ 875,867
Accounts receivable	11,779
Inventories	96,922
Prepays	55,017
Total current assets	1,039,585
Non-current assets	
Intangible asset, net	28,967
Land, buildings, and equipment, net	5,723,937
Total non-current assets	5,752,904
Total assets	6,792,489
Liabilities	
Current liabilities	
Accounts payable	59,269
Deposits	3,800
Deferred revenue	217,682
Compensated absences - current portion	12,778
Capital leases - current portion	121,584
Loans payable - current portion	260,934
Total current liabilities	676,047
Non-current liabilities	
Other postemployment benefits	64,322
Compensated absences	13,300
Capital leases	274,471
Loans payable	3,096,941
Total non-current liabilities	3,449,034
Total liabilities	4,125,081
Net position	
Net investment in capital assets	1,998,974
Unrestricted	668,434
Total net position	\$ 2,667,408

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, 2013**

	<b>Enterprise</b>
Operating revenue	
Greens fee/cart rentals/membership fees	\$ 2,302,240
Golf shop revenues	373,902
Driving range revenues	281,518
Restaurant revenues	610,715
Miscellaneous	9,071
Total operating revenues	3,577,446
Operating expenses	
Golf course maintenance expenses	1,124,920
Clubhouse grounds expenses	93,778
Golf shop expenses	876,384
Food and beverage expenses	735,705
Administrative and general	108,348
Insurance	43,680
Other	3,265
Depreciation and amortization	481,489
Total operating expenses	3,467,569
Operating income	109,877
Nonoperating revenues (expenses)	
Interest revenue	8,555
Gain on disposal of equipment	69,905
Interest expense	(161,551)
Total nonoperating revenues (expenses)	(83,091)
Change in net position	26,786
Net position - beginning	2,640,622
Net position - ending	\$ 2,667,408

See notes to the financial statements.

**THE VILLAGE OF NORTH PALM BEACH, FLORIDA**  
**Statement of Cash Flows**  
**Proprietary Fund**  
**For the Year Ended September 30, 2013**

	<b>Enterprise</b>
Cash flows from operating activities:	
Receipts from customers	\$ 3,525,541
Payments to suppliers for goods or services	(2,169,292)
Payments to employees for services	(846,523)
Net cash provided by operating activities	509,726
Cash flows from capital and related financing activities:	
Proceeds from capital leases	485,847
Proceeds from the sale of capital assets	133,800
Principal paid on long term debt	(447,144)
Interest paid on debt	(161,551)
Acquisition of capital assets	(500,393)
Net cash provided (used) by capital and related financing activities	(489,441)
Cash flows from investing activities:	
Interest and dividends on investments	8,555
Net increase (decrease) in cash and cash equivalents	28,840
Cash and cash equivalents at beginning of year	847,027
Cash and cash equivalents at end of year	\$ 875,867
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	\$ 109,877
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	481,489
Change in assets and liabilities	
Decrease in accounts receivable	4,235
(Increase) in inventory	(20,116)
(Increase) in prepaids	(27,558)
(Decrease) in accounts payable	(9,603)
Increase in deposits	1,700
Increase in compensated absences payable	19,154
(Decrease) in deferred revenue	(57,840)
Increase in other postemployment benefits	8,388
Total adjustments	399,849
Net cash provided by operating activities	\$ 509,726

See notes to the financial statements.

**THE VILLAGE OF NORTH PALM BEACH, FLORIDA**  
**Statement of Fiduciary Net Position**  
**Fiduciary Funds**  
**September 30, 2013**

	Employee Retirement Funds	Agency Funds
<b>Assets</b>		
Cash and cash equivalents	\$ 1,954,096	\$ 352,440
<b>Investments:</b>		
Common equity securities	7,394,004	
International common equity securities	1,005,284	
U.S. Government agencies	875,410	
Municipal bonds	132,686	
Corporate bonds	2,672,316	
Equity mutual funds	7,480,394	
Fixed income mutual funds	2,629,508	
Real estate investment fund	743,950	
Accrued interest and dividends	39,108	
Accounts receivable	122,166	
Prepays	1,498	
Total assets	25,050,420	352,440
<b>Liabilities</b>		
Accounts payable	27,586	
Accounts payable, broker-dealers	89,760	
Due to others		352,440
Total liabilities	117,346	352,440
<b>Net Position</b>		
Held in trust for pension benefits and other purposes	\$ 24,933,074	\$

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, 2013**

	<u>Employee Retirement Funds</u>
Additions	
Contributions	
Employer	\$ 1,387,593
Plan members	233,952
State on-behalf payments	307,380
Total contributions	<u>1,928,925</u>
Investment earnings	
Dividends and interest	565,466
Net increase in fair value of investments	<u>2,254,516</u>
Total investment earnings	2,819,982
Less: investment expenses	<u>122,981</u>
Total net investment earnings	<u>2,697,001</u>
Total additions	<u>4,625,926</u>
Deductions	
Administrative expense	82,731
Benefits	699,670
Refund of contributions	0
Total deductions	<u>782,401</u>
Change in net position	3,843,525
Net position - beginning	<u>21,089,549</u>
Net position - ending	<u><u>\$ 24,933,074</u></u>

See notes to the financial statements.

**THE VILLAGE OF NORTH PALM BEACH, FLORIDA**  
**Notes to the Basic Financial Statements**  
**September 30, 2013**

**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 Town’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 fiduciary funds.

*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, 2013**

**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 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, 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, 2013**

**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.

*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, 2013**

**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*

All short-term investments that are highly liquid are considered to be cash equivalents. Cash equivalents are readily convertible to a known amount of cash, and, at the day of purchase, have a maturity date no longer than three months.

**THE VILLAGE OF NORTH PALM BEACH, FLORIDA**  
**Notes to the Basic Financial Statements**  
**September 30, 2013**

**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, which is determined by using various third-party pricing sources. The Local Government Surplus Funds Trust Fund, administered by the Florida State Board of Administration, is a “2a-7 like” pool and these investments are valued using the pooled share price.

*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 last-in, first-out basis (LIFO). 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.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

**THE VILLAGE OF NORTH PALM BEACH, FLORIDA**  
**Notes to the Basic Financial Statements**  
**September 30, 2013**

**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. Assets acquired by gifts or bequests are recorded at their fair value at the date of acquisition.

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. Additionally, net interest cost is capitalized on Enterprise Fund projects during the construction period.

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, 2013**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

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

*Deferred Revenue*

The government reports deferred revenue on its government wide statement of net position, proprietary statement of net position, and governmental funds balance sheet. Deferred revenues arise when potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Deferred revenues also arise when the government receives resources before it has a legal claim to them, as when grant monies are received prior to incurring qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the government has a legal claim to the resources, the liability for deferred 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.

*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, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

**THE VILLAGE OF NORTH PALM BEACH, FLORIDA**  
**Notes to the Basic Financial Statements**  
**September 30, 2013**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

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

*Long-Term Obligations* (Continued)

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 three components.

*Fund Equity*

Fund balance is the difference between assets and liabilities reported in governmental funds. There are five possible components of fund balance:

- 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.
- 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 \$5,000 for improvements to small business properties.

**THE VILLAGE OF NORTH PALM BEACH, FLORIDA**  
**Notes to the Basic Financial Statements**  
**September 30, 2013**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

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

*Fund Equity* (Continued)

- Unassigned fund balance is the residual fund balance classification for the general fund.

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 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.

*Statement of Cash Flows*

For purposes of the statement of cash flows, the Village considers all short-term investments that are highly liquid to be cash equivalents. Cash equivalents are readily convertible to a known amount of cash, and at the day of purchase, have a maturity date no longer than three months.

**NOTE 2 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

*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. 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 VILLAGE OF NORTH PALM BEACH, FLORIDA**  
**Notes to the Basic Financial Statements**  
**September 30, 2013**

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

*A. Budgetary Data* (Continued)

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 1<sup>st</sup>. The proposed budget includes expenditures and the means of financing them.
- During the third week of July, the Council holds public meetings to obtain taxpayer comments.
- Upon completion of the public hearings and prior to October 1, a final operating budget is legally enacted through the passage of an ordinance. Estimated beginning fund balances are considered in the budgetary process.
- The Village Manager is authorized to transfer budgeted amounts up to \$10,000. 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 as reservations of fund balances and do not constitute expenditures or liabilities because the commitments will be reappropriated and honored during the subsequent year. The General Fund had \$266,715 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 1 of each year during the budget process. 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, 2013, was 6.9723 (\$6.9723 for each \$1,000 of assessed valuation).

**THE VILLAGE OF NORTH PALM BEACH, FLORIDA**  
**Notes to the Basic Financial Statements**  
**September 30, 2013**

**NOTE 2- STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY** (Continued)

**B. Property Taxes** (Continued)

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 1 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, 2013, unpaid delinquent taxes are not material and have not been recorded by the Village.

**NOTE 3 – DEPOSITS AND INVESTMENTS**

**Deposits**

As of September 30, 2013, the carrying amount of the Village's deposits (including fiduciary funds) was \$7,086,264, and the bank balances totaled \$6,995,282. 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 pools idle cash from all funds for the purpose of increasing income through investment activities. Investment income from the pool is allocated back to the respective funds based on each fund's equity in the pool with the exception of the Capital Projects Fund and the special revenue funds.

**Investments**

The State Board of Administration is part of the Local Governments Surplus Funds Trust Fund and is governed by Chapter 19-7 of the Florida Administrative Code. These rules provide guidance and establish the general operating procedures for the administration of the Local Governments Surplus Funds Trust Fund. Additionally, the Office of the Auditor General performs the operational audit of the activities and investments of the State Board of Administration. The Local Government Surplus Funds Trust Fund is not a registrant with the Securities and Exchange Commission (SEC); however, the Board has adopted operating procedures consistent with the requirements for a 2a-7 fund.

**THE VILLAGE OF NORTH PALM BEACH, FLORIDA**  
**Notes to the Basic Financial Statements**  
**September 30, 2013**

**NOTE 3 – DEPOSITS AND INVESTMENTS** (Continued)

Investments (Continued)

On December 4, 2007, based on recommendations from an outside financial advisor, the State Board of Administration restructured the Pool into two separate pools. Pool A, (Local Government Surplus Funds Trust Fund Investment Pool) consisted of all money market appropriate assets. Pool B, (Surplus Funds Trust Fund) consisted of assets that either defaulted on a payment, paid more slowly than expected, and/or had any significant credit and liquidity risk. At the time of the restructuring, all current pool participants had their existing balances proportionately allocated into Pool A and Pool B. On August 3, 2009, the SBA announced "Florida PRIME" as the highly enhanced version of the SBA's prior Local Government Investment Pool.

The State Board of Administration is divided between two separate pools. Florida PRIME, (Local Government Surplus Funds Trust Fund Investment Pool) consists of all money market appropriate assets and Pool B (Surplus Funds Trust Fund) consists of assets that either defaulted on a payment, paid more slowly than expected, and/or had significant credit and liquidity risk.

At September 30, 2013, Florida PRIME was assigned a "AAA(m)" principal stability fund rating by the Standard and Poor's Ratings. Florida PRIME is considered a SEC 2a7-like fund, thus, the account balance should also be considered its fair value. Fund B is not considered a SEC 2a7-like fund and is not rated by any nationally recognized rating agency.

The weighted average days to maturity (WAM) of Florida PRIME at September 30, 2013, was 44 days. A portfolio's WAM reflects the average maturity in days based on final maturity or reset date, in the case of floating rate instruments. WAM measures the sensitivity of Florida PRIME to interest rate changes.

The weighted average life (WAL) of Fund B at September 30, 2013, was 4.04 years. A portfolio's WAL is the dollar weighted average length of time until securities held reach maturity. WAL is based on legal final maturity dates for Fund B as of September 30, 2013.

As of September 30, 2013, the Village had \$394,000 invested in Florida PRIME. The cost basis of Fund B as of September 30, 2013, was \$95,750 and the fair value was \$108,449. Additional information regarding the Local Government Surplus Funds Trust Fund may be obtained from the State Board of Administration.

**THE VILLAGE OF NORTH PALM BEACH, FLORIDA**  
**Notes to the Basic Financial Statements**  
**September 30, 2013**

**NOTE 3 – DEPOSITS AND INVESTMENTS** (Continued)

Investments (Continued)

As of September 30, 2013, the Village held the following investments:

	Moody's Credit Rating	Fair Value	Weighted Average Maturity
<i><u>Governmental Funds:</u></i>			
Wells Fargo municipal money market fund	N/R	\$ 150,905	N/A
State Board of Administration Investment Fund B	N/R	108,449	4.04 yrs. (WAL)
Florida PRIME	(1) AAA(m)	394,000	44 days
Money Market Funds	N/R	29,337	N/A
U.S. Government and Agency Obligations	Aaa	1,999,217	1.61 yrs.
U.S. Treasury Notes	Aaa	5,911,155	1.74 yrs.
Corporate Bonds	Aa3 to A2	400,991	0.83 yrs.
<i><u>Fiduciary Funds:</u></i>			
Money Market Funds	N/R	1,807,853	N/A
GNMA, FNMA, FHLMC Pools	N/R	399,757	16.66 yrs.
U.S. Government Agencies	Aaa	475,653	2.8 yrs.
Corporate Bonds	Aaa to Baa1	2,672,316	6.35 yrs.
Municipal Bonds	Aaa to Aa2	132,686	20.7 yrs.
Domestic Common Equity Securities	N/R	7,394,004	N/A
International Common Equity Securities	N/R	1,005,284	N/A
Equity Mutual Funds	N/R	4,115,915	N/A
Fixed Income Mutual Funds	N/R	5,993,987	N/A
Real Estate Investment Fund	N/R	743,950	N/A
Total investments		<u>\$33,735,459</u>	

(1) Credit rating by Standard & Poor's

Investments are held in the governmental and fiduciary funds.

*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 OF NORTH PALM BEACH, FLORIDA**  
**Notes to the Basic Financial Statements**  
**September 30, 2013**

**NOTE 3 – DEPOSITS AND INVESTMENTS** (Continued)

Investments (Continued)

*Interest rate risk* (Continued)

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 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.

The Village's investment in asset backed securities consist of mortgage pass-through securities based on pools of residential home mortgage loans which are subject to prepayments and therefore highly sensitive to changes in interest rates.

*Custodial credit risk* – For an investment, 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 that are in the possession of an outside party. At September 30, 2013, all investments were insured or collateralized, except the Village's three pension funds, in which the underlying securities are held by counterparty, or by its trust department or agent but not in the Village's name and is uninsured and unregistered. However, all securities are registered in the funds' names. The investment 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.

*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, 2013**

**NOTE 3 – DEPOSITS AND INVESTMENTS** (Continued)

Investments (Continued)

*Authorized Investments* (Continued)

The Village is authorized to invest its funds as follows:

1. Interest-bearing checking, savings, and time deposits in banks from the most current top ten listed “qualified public depositories”, as defined in Chapter 280, Florida Statutes; with a collateral pledge level of 25% or 50% as established by the State Chief Financial Officer;
2. Securities and Exchange Commission registered money/market mutual funds with a minimum credit quality rating of AAAM from S&P or of Aaa-mf from Moody’s;
3. Insurance companies with a A.M. Best minimum rating of aaa;
4. Corporate interest notes with a minimum credit quality rating of A- from S&P or of A3 from Moody’;
5. Commercial paper with a a minimum credit quality rating of A-1 from S&P or of P-1 from Moody’s;
6. State and/or Local Government Taxable and/or Tax-Exempt Debt with a minimum credit quality rating of A- from S&P or of A3 from Moody’s for long term debt and a minimum credit quality rating of A-2 from S&P or of AVMIG2 from Moody’s for short term debt;
7. 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; provided all components in each pool must satisfy the appropriate pre-qualification parameters noted for that institution;
8. Direct obligations of the United States Treasury;
9. Federal agencies and instrumentalities.

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

1. Interest-bearing checking or savings accounts in qualified public depositories, as defined in Chapter 280, Florida Statutes;
2. Interest-bearing time deposits in qualified public depositories, as defined in Chapter 280, Florida Statutes;
3. 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;
4. Securities and Exchange Commission registered money market funds with the highest credit quality rating from a nationally recognized rating agency;
5. Direct obligations of the United States Treasury;
6. Federal agencies and instrumentalities;

**THE VILLAGE OF NORTH PALM BEACH, FLORIDA**  
**Notes to the Basic Financial Statements**  
**September 30, 2013**

**NOTE 3 – DEPOSITS AND INVESTMENTS** (Continued)

Investments (Continued)

*Authorized Investments* (Continued)

7. 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;
8. Other investments authorized by law or by ordinance by the Village.

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. 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;

**THE VILLAGE OF NORTH PALM BEACH, FLORIDA**  
**Notes to the Basic Financial Statements**  
**September 30, 2013**

**NOTE 3 – DEPOSITS AND INVESTMENTS** (Continued)

Investments (Continued)

*Authorized Investments* (Continued)

- 6. Bonds issued by the State of Israel;
- 7. Purchase in commingled real estate funds.

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	\$ 7,086,264
Petty cash	5,850
Investments	<u>33,735,459</u>
Total deposits and investments	<u><u>\$40,827,573</u></u>

Presented in the statement of net position

Governmental activities	
Cash and cash equivalents	\$ 6,085,910
Restricted cash and cash equivalents	176,559
Investments	8,449,149
Business-type activities	
Cash and cash equivalents	<u>875,867</u>
Total statements of net position	<u><u>15,587,485</u></u>

Presented in the statement of fiduciary net position

Pension trust funds	
Cash and cash equivalents	1,954,096
Investments	22,933,552
Agency funds	
Cash and cash equivalents	<u>352,440</u>
Total fiduciary funds	<u><u>25,240,088</u></u>

Total deposits and investments	<u><u>\$40,827,573</u></u>
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**THE VILLAGE OF NORTH PALM BEACH, FLORIDA**  
**Notes to the Basic Financial Statements**  
**September 30, 2013**

**NOTE 4 – RECEIVABLES**

Receivables at September 30, 2013, were as follows:

	<u>General Fund</u>	<u>Country Club</u>	<u>Total</u>
Utility franchise fees & taxes	\$ 350,320	\$	\$ 350,320
Conroy Drive assessment	22,662		22,662
Other accounts receivable	9,243	11,779	21,022
Total accounts receivable	<u>\$ 382,225</u>	<u>\$ 11,779</u>	<u>\$ 394,004</u>

**NOTE 5 – CAPITAL ASSETS**

Capital Assets activity for the year ended September 30, 2013, was as follows:

**Primary Government**

<b>Governmental Activities:</b>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Transfers</u>	<u>Ending Balance</u>
Capital assets not being depreciated:					
Land	\$ 2,151,089	\$	\$ (95,200)	\$	\$ 2,055,889
Construction in progress	267,493	610,473	(138,077)		739,889
Capital assets being depreciated:					
Buildings	9,397,120		(94,000)		9,303,120
Improvements	12,970,475		(26,958)		12,943,517
Machinery and equipment	3,256,977	306,819	(911,776)		2,652,020
Vehicles	3,687,398	202,509			3,889,907
<b>Total at historical cost:</b>	<u>31,730,552</u>	<u>1,119,801</u>	<u>(1,266,011)</u>		<u>31,584,342</u>
Less accumulated depreciation for:					
Buildings	(4,796,901)	(298,384)	94,000		(5,001,285)
Improvements	(5,259,860)	(876,031)	26,958		(6,108,933)
Machinery and equipment	(2,651,500)	(174,240)	911,776		(3,128,194)
Vehicles	(2,912,584)	(215,610)			(3,128,194)
<b>Total accumulated depreciation</b>	<u>(15,620,845)</u>	<u>(1,564,265)</u>	<u>1,032,734</u>		<u>(16,152,376)</u>
<b>Governmental activities capital assets, net</b>	<u>\$ 16,109,707</u>	<u>\$ (444,464)</u>	<u>\$ (233,277)</u>	<u>\$</u>	<u>\$ 15,431,966</u>

**THE VILLAGE OF NORTH PALM BEACH, FLORIDA**  
**Notes to the Basic Financial Statements**  
**September 30, 2013**

**NOTE 5 – CAPITAL ASSETS** (Continued)

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

**Governmental activities:**

General government	\$ 106,037
Public safety	346,501
Public works	660,053
Community development	8,730
Leisure services	442,944
	442,944

**Total depreciation expense, governmental activities**

\$1,564,265

<b>Business-type activities:</b>	Beginning Balance	Additions	Deletions	Transfers	Ending Balance
Capital assets not being depreciated:					
Land	\$ 1,051,311	\$	\$	\$	\$ 1,051,311
Construction in progress					
Capital assets being depreciated:					
Buildings	1,405,035				1,405,035
Improvements	6,095,930				6,095,930
Machinery and equipment	394,780	135,920	(157,768)		372,932
Vehicles	270,235	364,473	(234,306)		400,402
	9,217,291	500,393	(392,074)		9,325,610
Less accumulated depreciation for:					
Buildings	(984,073)	(26,730)			(1,010,803)
Improvements	(1,944,637)	(307,684)			(2,252,321)
Machinery and equipment	(334,210)	(46,659)	153,041		(227,828)
Vehicles	(190,481)	(95,378)	175,138		(110,721)
	(3,453,401)	(476,451)	328,179		(3,601,673)
<b>Total accumulated depreciation</b>	(3,453,401)	(476,451)	328,179		(3,601,673)
<b>Business-type activities capital assets, net</b>	\$ 5,763,890	\$ 23,942	\$ (63,895)	\$	\$ 5,723,937

***Intangible Assets***

The intangible asset consists of the right to the availability and use of reclaimed water resulting from an agreement with Seacoast Utility Authority. The asset had an original value of \$50,377 and is being amortized on a straight line basis over the period of the expected benefit of ten years.

**THE VILLAGE OF NORTH PALM BEACH, FLORIDA**  
**Notes to the Basic Financial Statements**  
**September 30, 2013**

**NOTE 5 – CAPITAL ASSETS** (Continued)

*Construction Commitments*

Contracts awarded but not yet completed were as follows:

<u>Project Description</u>	<u>Estimated Cost</u>
Governmental activities:	
SW Neighborhoods Sidewalks and Streetlights	\$ 74,550
Veteran’s Park	136,809

**NOTE 6 – LONG TERM LIABILITIES**

**Change in Long-Term Liabilities**

Long-term liability activity for the year ended September 30, 2013, 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					
Claims and settlements	\$ 50,000	\$	\$	\$ 50,000	\$
OPEB (see Note 13)	1,160,945	391,885		1,552,830	
Compensated absences payable	1,222,599	997,477	(1,029,615)	1,190,461	999,590
Total	<u>\$ 2,433,544</u>	<u>1,389,362</u>	<u>\$ (1,029,615)</u>	<u>\$ 2,793,291</u>	<u>\$ 999,590</u>
Business-type activities:					
Loans payable	\$ 3,608,294	\$	\$ (250,419)	\$ 3,357,875	\$ 260,934
Capital leases	106,933	485,847	(196,725)	396,055	121,584
OPEB (see Note 13)	45,168	19,154		64,322	
Compensated absences payable	17,690	20,638	(12,250)	26,078	12,778
Total	<u>\$ 3,778,085</u>	<u>\$ 525,639</u>	<u>\$ (459,394)</u>	<u>\$ 3,844,330</u>	<u>\$ 395,296</u>

Governmental activities other post employment benefit obligations and compensated absences are expected to be paid out of the general fund.

**THE VILLAGE OF NORTH PALM BEACH, FLORIDA**  
**Notes to the Basic Financial Statements**  
**September 30, 2013**

**NOTE 6 – LONG TERM LIABILITIES** (Continued)

**Loans Payable**

**\$4,893,673 Promissory Notes**

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 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, 2013, the principal amount outstanding was \$3,357,875 and was for the purpose of business-type activities.

Annual debt service requirements to maturity are as follows:

Business-type activities:

Year Ending	Principal	Interest	Total
2014	\$ 260,934	\$ 137,225	\$ 398,159
2015	271,920	126,239	398,159
2016	283,040	115,119	398,159
2017	295,287	102,872	398,159
2018	307,719	90,440	398,159
2019 - 2023	1,743,997	246,798	1,990,795
2024	194,978	4,074	199,052
	<u>\$ 3,357,875</u>	<u>\$ 822,767</u>	<u>\$ 4,180,642</u>

**\$485,847 Capital Lease**

The Village entered into a three year capital lease agreement for the purpose of financing the lease-purchase of \$485,847 of equipment for the Country Club in November 2013. Principal and interest payments are due monthly, with a final maturity date in January 2016. The final payment includes a balloon payment of \$115,900. As of September 30, 2013, the principal amount outstanding was \$396,055 and the net book value of the equipment was \$383,800. The rate used to impute interest was 4%.

Annual debt service requirements to maturity are as follows:

Year Ending	Principal	Interest	Total
2014	\$ 121,584	\$ 14,078	\$ 135,662
2015	126,705	8,957	135,662
2016	147,766	1,799	149,565
	<u>\$ 396,055</u>	<u>\$ 24,834</u>	<u>\$ 420,889</u>

**THE VILLAGE OF NORTH PALM BEACH, FLORIDA**  
**Notes to the Basic Financial Statements**  
**September 30, 2013**

**NOTE 6 – LONG TERM LIABILITIES** (Continued)

**Claims and Settlements**

Effective October 1, 2006, the Village discontinued its participation in the Southeast Risk Management Association (SERMA) and joined the Florida Municipal Insurance Trust (FMIT). However, as a former participant in SERMA, the Village is liable for claims incurred through September 30, 2006. At September 30, 2013, there is a long-term governmental liability of \$50,000 for pending claims activity for SERMA (see related Note 7.) The liability is included in governmental noncurrent liabilities in the Statement of Net Position. SERMA is in the process of terminating, once terminated the Village will be responsible for managing any outstanding claims.

SERMA, a quasi-governmental agency, was created by an interlocal agreement, as authorized by Chapter 163, Florida Statutes. Participating members pool their resources so as to provide a comprehensive risk management program, including insurance coverage, whose cost is less than the cost of each municipality obtaining insurance separately. The members are subject to supplemental assessments in the event of deficiencies, except to the extent that deficiencies result from a specific claim against a member in excess of the reinsurance available, such deficiency is solely the responsibility of that member. SERMA reinsures for workers compensation and property claims in excess of \$250,000. Activity in the pool is allocated to participating members based upon the cumulative contributions to the pool. The amount of settlements in SERMA exceeded insurance coverage in the current fiscal year.

**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.

**Property and Casualty Group**

Effective October 1, 2006, the Village discontinued its participation in the Southeast Risk Management Association (SERMA) and joined the Florida Municipal Insurance Trust (FMIT). However, as a former participant in SERMA, the Village is liable for claims incurred through September 30, 2006. The governmental liability of \$50,000 is for pending claims activity for SERMA (See related Note 6).

The Village is also 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. 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, 2013**

**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, covering firefighters and police officers, and Village of North Palm Beach General Employees Retirement Fund, 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 will issue separate financial statements for the year ended September 30, 2013, the report may be obtained from the Village Clerk. The General Employees Plan will not issue separate financial statements. Additional information on these plans can be found beginning on page 65.

Each plan has its own board that acts as plan administrator and trustee: Board of Trustees (for the Fire and Police Retirement Fund) and General Employees Retirement 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. 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. The Village's independent custodians and individual money managers price each instrument using various third party pricing sources.

**Investments Concentrations.** The following investments represent concentrations of 5% or more of net plan assets in investments that are not issued or guaranteed by the U.S. government.

**General Employees Retirement Fund**

No nongovernmental investments exceed 5% of net plan assets.

**Fire and Police Retirement Fund**

No nongovernmental investments exceed 5% of net plan assets.

**THE VILLAGE OF NORTH PALM BEACH, FLORIDA**  
**Notes to the Basic Financial Statements**  
**September 30, 2013**

**NOTE 8 – EMPLOYEE RETIREMENT PLANS** (Continued)

**PLAN DESCRIPTION AND CONTRIBUTION INFORMATION**

The following schedule is provided for general information purposes only and is derived from the respective actual reports and Village information for the two retirement plans as of October 1, 2011, the date of the latest actuarial valuation. 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, 2011, the date of the latest actuarial valuation:

	<u>GERF</u>	<u>F&amp;P</u>
Active Participants:		
Vested	52	16
Non-vested	6	36
Retirees and Beneficiaries receiving benefits	10	16
Terminated vested members	<u>43</u>	<u>12</u>
Total	<u>111</u>	<u>80</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 passed and adopted on May 27, 2010. 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 1<sup>st</sup> 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, 2013**

**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 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, 2013**

**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.

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. 2010-01 passed and adopted on January 14, 2010. 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 1<sup>st</sup> 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. Previously, employees became eligible for normal retirement benefits after attaining the age of 55, only. 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 2.5% of AME times the years of credited services, with a maximum benefit of 60% 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,

**THE VILLAGE OF NORTH PALM BEACH, FLORIDA**  
**Notes to the Basic Financial Statements**  
**September 30, 2013**

**NOTE 8 – EMPLOYEE RETIREMENT PLANS** (Continued)

*Fire and Police Retirement System (Continued)*

Plan Description (Continued)

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.

Contributions. Members are required to contribute 2% of their basic compensation to the plan. 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 appropriated 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 \$264,570 during the fiscal year ended September 30, 2013.

*All Retirement Plans*

Annual Pension Cost and Net Pension Obligation. The Village's 2013 annual pension cost and actual contributions for each plan are shown on the next page. The required contributions were determined as part of the actuarial valuation for each plan. State law allows the Village to use a portion of the State contribution to offset the Village's pension cost.

*Components of Annual Pension Cost and Net Pension Obligation*

	<u>Annual Pension Cost</u>	<u>Required Village Contribution</u>	<u>Eligible State Contribution</u>
General Employees' Retirement Fund	\$592,589	\$578,962	N/A
Fire and Police Retirement Fund	\$1,047,307	\$808,474	\$230,696

**THE VILLAGE OF NORTH PALM BEACH, FLORIDA**  
**Notes to the Basic Financial Statements**  
**September 30, 2013**

**NOTE 8 – EMPLOYEE RETIREMENT PLANS** (Continued)

The following schedule was determined as part of the October 1, 2012, actuarial valuation for the General Employees' and the October 1, 2013, actuarial valuation for the Fire and Police Retirement Plans.

	General <u>Employees'</u>	<u>Fire and Police</u>
Annual required contribution (ARC)	\$ 578,962	\$ 1,039,170
Interest on net pension obligation (NPO)	(23,341)	(19,355)
Adjustment to ARC	<u>36,968</u>	<u>27,492</u>
Annual pension cost	592,589	1,047,307
Actual contributions	<u>579,118</u>	<u>1,039,170</u>
Decrease in NPO	13,471	8,137
NPO at beginning of year	<u>(311,218)</u>	<u>(241,936)</u>
NPO at end of year	<u>\$(297,747)</u>	<u>\$(233,799)</u>

Three-Year Trend Information

	<u>Year Ended</u>	<u>Annual Pension Cost (APC)</u>	<u>Annual Contribution</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation (Asset)</u>
General					
Employees'	9/30/11	\$ 506,398	\$ 646,537	127.7%	\$ (325,469)
	9/30/12	639,460	625,209	97.8%	(311,218)
	9/30/13	592,589	579,118	97.7%	(313,352)
Fire and					
Police	9/30/11	\$ 878,197	\$ 872,066	99.3 %	\$ (249,203)
	9/30/12	976,471	969,204	99.3 %	(241,936)
	9/30/13	1,047,307	1,039,170	99.2%	(233,799)

**THE VILLAGE OF NORTH PALM BEACH, FLORIDA**  
**Notes to the Basic Financial Statements**  
**September 30, 2013**

**NOTE 8 – EMPLOYEE RETIREMENT PLANS** (Continued)

The following are the actuarial methods and significant actuarial assumptions:

	<u>General Employees'</u>	<u>Fire and Police</u>
Valuation date	10/1/2012	10/1/2013
Actuarial Cost Method	Frozen Entry Age	Aggregate
Amortized Method	Level percent closed	N/A (1)
Remaining Amortization Period	28 years	N/A (1)
Asset Valuation Method	Difference between actual and expected return recognized over five years.	Five year smooth market.
Actuarial assumptions:		
Investment rate of return*	7.5% up to retirement, 5.25% thereafter.	8%
Projected salary increase*	5.5%	6%
*Includes inflation at	4%	4%
Cost of living adjustments	3% for those retired before 2/1/82 or who contribute an extra 2%.	3%

(1) The aggregate actuarial cost method does not identify or separately amortize unfunded actuarial liabilities.

*Schedule of Funding Progress*

As noted above, the Fire and Police Retirement System utilizes the aggregate actuarial cost method to determine contributions to the Plan. This method does not identify or separately amortize unfunded actuarial liabilities. The required schedule of funding progress immediately following the notes to the financial statements presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits. The schedule of funding progress was prepared using the entry age actuarial cost method to provide information that serves as a surrogate for the funding progress of the Plan.

**THE VILLAGE OF NORTH PALM BEACH, FLORIDA**  
**Notes to the Basic Financial Statements**  
**September 30, 2013**

**NOTE 8 – EMPLOYEE RETIREMENT PLANS** (Continued)

*Fire and Police:*

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL	Funded Ratio	Covered Payroll	Unfunded AAL as % of Covered Payroll
10/01/13	\$14,030,480	\$17,682,895	\$3,652,415	79.3%	\$4,094,752	89.2%

*General Employees':*

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL	Funded Ratio	Covered Payroll	Unfunded AAL as % of Covered Payroll
10/01/12	\$8,758,198	\$12,231,978	\$3,473,780	71.6%	\$3,203,302	108.4%

**NOTE 9 – 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 September 30, 2013, is presented below.

**STATEMENT OF FIDUCIARY NET POSITION**

	<b>General Employees' Pension</b>
<b>Assets</b>	
Cash and cash equivalents	\$ 326,112
Investments:	
Equity mutual funds	7,457,979
Fixed income mutual funds	2,629,508
Accounts receivable/accrued interest and dividends	<u>27,826</u>
Total assets	<u>10,441,425</u>
<b>Liabilities</b>	
Accounts payable	<u>8,272</u>
<b>Net position</b>	
Held in trust for pension benefits and other purposes	<u><u>\$10,433,153</u></u>

**THE VILLAGE OF NORTH PALM BEACH, FLORIDA**  
**Notes to the Basic Financial Statements**  
**September 30, 2013**

**NOTE 9 – PENSION PLAN FINANCIAL INFORMATION** (Continued)

**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**

	<b>General Employees' Pension</b>
Additions	
Contributions	
Employer	\$ 579,118
Plan members	154,680
Total contributions	733,798
Investment earnings	
Dividends and interest	266,327
Net increase in the fair value of investments	808,324
Less investment expense	(31,068)
Total investment earnings	1,043,583
Total additions	1,777,381
Deductions	
Administration	12,902
Benefit	128,931
Total deductions	141,833
Change in net position	1,635,548
Net position - beginning	8,797,605
Net position - ending	\$ 10,433,153

**NOTE 10 – 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, 2013, \$307,380 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, 2013**

**NOTE 11 – DEFINED CONTRIBUTION PLAN**

Effective October 1, 2006, all employees of the Village may participate in one of three Money Purchase Plans that are qualified Defined Contribution Plans adopted under the provisions of Internal Revenue Code Section 401(a). The three pension plans include 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. No loans are permitted by the plan. 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, 2013, is listed below:

	<u>Directors</u>	<u>General Employees</u>	<u>Municipal Employees</u>	<u>Total</u>
Village contributions	\$87,200	\$69,733	\$87,393	\$244,326
Employee contributions	\$37,032	\$16,225	\$32,597	\$85,854

**THE VILLAGE OF NORTH PALM BEACH, FLORIDA**  
**Notes to the Basic Financial Statements**  
**September 30, 2013**

**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.

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 POST EMPLOYMENT BENEFITS**

The Village implemented Governmental Accounting Standards Board Statement 45 (GASB 45), *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, effective October 1, 2008. The Village elected to implement prospectively, and the change in accounting principle had no effect on changes in net position/fund equity for prior periods. Retirees of the Village pay an amount equal to the actual premium for health insurance charged by the carrier, but there is an implied subsidy in the healthcare insurance premium for retirees because the premium charged for these retirees is the same as the premium charged for active employees, who are younger than retirees on average. This implied subsidy constitutes other postemployment benefits (OPEB) under GASB 45.

**Plan Description**

The Village provides a single employer defined benefit health care plan to all of its employees. 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; the normal retirement age for all other Village employees is either age 60 or 65, depending on the option selected by the employee.

**THE VILLAGE OF NORTH PALM BEACH, FLORIDA**  
**Notes to the Basic Financial Statements**  
**September 30, 2013**

**NOTE 13 – OTHER POST EMPLOYMENT BENEFITS** (Continued)

*Plan Description* (Continued)

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.

*Funding Policy*

The Village does not directly make a contribution to the plan on behalf of retirees. Retirees and their beneficiaries pay the same group rates as are charged to the Village for active employees by its healthcare provider. 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 age-adjusted costs paid by the Village or its active employees for coverage of the retirees and their dependents for the year net of the retiree's own payments for the year.

*Annual OPEB Cost and Net OPEB Obligation*

The annual other post employment benefit (OPEB) cost is calculated based on the annual required contribution of the employer, an amount actuarially determined in accordance with GASB Statement No. 45. The annual required contribution represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize any unfunded actuarial liabilities over a period not to exceed 30 years.

The annual OPEB cost and the net OPEB obligation for the Village for the current year and the related information is as follows:

Required contribution rates:	
Employer	Pay-as-you-go
Plan members	N/A
Normal cost	\$ 310,020
Interest on normal cost	12,401
Amortization	211,324
Interest on amortization	<u>8,453</u>
Annual required contribution (ARC)	<u>542,198</u>
Interest on net unfunded OPEB obligation	48,245
Adjustment to ARC	<u>(69,750)</u>
Annual OPEB cost	520,693
Contributions made	<u>(109,654)</u>
Increase in net OPEB obligation	411,039
Net OPEB obligation October 1, 2012	<u>1,206,113</u>
Net OPEB obligation September 30, 2013	<u>\$ 1,617,152</u>

**THE VILLAGE OF NORTH PALM BEACH, FLORIDA**  
**Notes to the Basic Financial Statements**  
**September 30, 2013**

**NOTE 13 – OTHER POST EMPLOYMENT BENEFITS** (Continued)

*Trend Information*

<u>Three-Year Trend Information</u>					
Fiscal Year End	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation		
09/30/11	\$435,205	42.0%	\$789,852		
09/30/12	\$494,457	15.8%	\$1,206,113		
09/30/13	\$520,693	21.1%	\$1,617,152		

*Funded Status*

The funded status of the plan as of most recent actuarial valuation date was as follows:

Actuarial valuation date	10/01/2012
Actuarial accrued liability	\$3,800,387
Actuarial value of plan assets	\$
Unfunded actuarial accrued liability (UAAL)	\$3,800,387
Funded ratio	0.0%
Covered payroll	\$7,089,797
UAAL as a percentage of covered payroll	53.6%

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are comparable with past expectations and new estimates are made about the future. The schedule of funding progress presented as required supplementary information following the notes to the financial statements, will present multi-year trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits. The Village has not contributed assets to the plan at this time.

*Actuarial Methods and Assumptions*

Projections of benefits are based on the substantive plan (the plan as understood by the employer and plan members) and includes the types of benefits in force at the valuation date and the pattern of sharing benefit costs between the Village and the plan members to that point. Actuarial calculations reflect a long-term perspective and employ methods and assumptions that

**THE VILLAGE OF NORTH PALM BEACH, FLORIDA**  
**Notes to the Basic Financial Statements**  
**September 30, 2013**

**NOTE 13 – OTHER POST EMPLOYMENT BENEFITS** (Continued)

*Actuarial Methods and Assumptions* (Continued)

are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets. Significant methods and assumptions were as follows:

Actuarial valuation date	10/01/2012
Actuarial cost method	Projected Unit Credit
Amortization method	Level dollar, 30 Years, open
Remaining amortization period	30 years
Asset valuation method	Unfunded
Actual assumptions:	
Investment rate of return	4%
Inflation rate	2.75%
Healthcare cost trend	6.5% for 2012 decreasing to 4.7% in 2082

**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 \$134,976 to Seacoast during the fiscal year for water and sewer service.

**NOTE 15 – TRANSFERS**

Interfund transfers during the year ended September 30, 2013, are as follows:

	<i>Transfer Out:</i>
	General Fund
	<hr/>
<i>Transfer in:</i>	
Capital Projects Fund	\$265,000

The transfers from the General Fund to the other governmental fund were to move restricted and unrestricted General Fund revenues to finance various programs that the government must account for in other funds in accordance with budgetary authorizations, including amounts provided as subsidies or matching funds for various grant programs.

**THE VILLAGE OF NORTH PALM BEACH, FLORIDA**  
**Notes to the Basic Financial Statements**  
**September 30, 2013**

**NOTE 16 – CONTRACTS, COMMITMENTS AND CONTINGENCIES**

*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 – ACCOUNTING CHANGE**

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

In November 2010, the Governmental Accounting Standards Board (GASB) issued Statement No. 61, *The Financial Reporting Entity: Omnibus an amendment of GASB Statements No. 14 and No. 34*. GASB 61 provides additional criteria for classifying entities as component units to better assess the accountability of elected officials by ensuring that the financial reporting entity includes organizations for which the elected officials are financially accountable or that are determined by the government to be misleading to exclude.

In December 2010, the Governmental Accounting Standards Board (GASB) issued Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. GASB 62 directly incorporates the applicable guidance from FASB and AICPA pronouncements into the state and local government accounting and financial reporting standards, with provisions modified, as appropriate, to recognize the effects of the governmental environment and the needs of governmental financial statement users without affecting the substance of the applicable guidance.

In June 2011, the Governmental Accounting Standards Board (GASB) issued Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. GASB 63 improves financial reporting by standardizing the presentation of deferred outflows of resources and deferred inflows of resources and their effects on a government's net position. It alleviates uncertainty about reporting those financial statement elements by providing guidance where none previously existed

**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.

In March 2012, the GASB issued Statement No. 65, *Items Previously Reported as Assets and Liabilities*. GASB 65 establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities. This statement is effective for the fiscal year ending September 30, 2014. Management is currently evaluating the impact of the adoption of this statement on the Village's financial statements.

**THE VILLAGE OF NORTH PALM BEACH, FLORIDA**  
**Notes to the Basic Financial Statements**  
**September 30, 2013**

**NOTE 18 – NEW ACCOUNTING STANDARDS** (Continued)

In March 2012, the GASB issued Statement No. 66, *Technical Corrections – 2012 – an amendment of GASB Statements No. 10 and No. 62*. GASB 66 improves accounting and financial reporting for a governmental reporting entity by resolving conflicting guidance that resulted from the issuance of two pronouncements, Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* and Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. This statement is effective for the fiscal year ending September 30, 2014. Management is currently evaluating the impact of the adoption of this statement on the Village's financial statements.

In June 2012, the GASB issued Statement No. 67, *Financial Reporting for Pension Plans – an amendment of GASB Statement 25*. GASB 67 improves financial reporting by state and local governmental pension plans primarily through enhanced note disclosures and schedules of required supplementary information. This statement is effective for the fiscal year ending September 30, 2014. Management is currently evaluating the impact of the adoption of this statement on the Village's financial statements.

In June 2012, the GASB issued Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement 27*. GASB 68 improves financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision-useful information, supporting assessments of accountability and inter-period equity, and creating additional transparency. This statement is effective for the fiscal year ending September 30, 2015. Management is currently evaluating the impact of the adoption of this statement on the Village's financial statements.

In November 2013, the GASB issued Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*. This Statement amends paragraph 137 of GASB 68 to require that, at transition, a government recognize a beginning deferred outflow of resources for its pension contributions, if any, made subsequent to the measurement date of the beginning net pension liability. The provisions of this Statement are required to be applied simultaneously with the provisions of GASB 68. Management is currently evaluating the impact of the adoption of this statement on the Village's financial statements.

REQUIRED SUPPLEMENTARY INFORMATION OTHER THAN MD&A

**THE VILLAGE OF NORTH PALM BEACH, FLORIDA**  
**Required Supplemental Information**  
**September 30, 2013**

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (1) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
<u>Other Post Employment Benefits (OPEB)</u>						
10/01/08	\$	\$ 2,741,387	\$ 2,741,387	0.0%	\$ 6,231,104	44.0%
10/01/11	\$	\$ 3,432,815	\$ 3,432,815	0.0%	\$ 7,103,304	48.3%
10/01/12	\$	\$ 3,800,387	\$ 3,800,387	0.0%	\$ 7,089,797	53.6%

(1) Projected unit credit

The schedule of funding progress presented above will present multi-year trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits. The Village has not contributed assets to the plan at this time.

FIDUCIARY FUNDS

Pension Trust Funds

*General Employees Pension Trust Fund*

*Fire and Police Officers Pension Trust Fund*

**THE VILLAGE OF NORTH PALM BEACH, FLORIDA**  
**Required Supplemental Information**  
**September 30, 2013**

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL)- Entry Age(1) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
<u>General Employees Retirement Fund (1)</u>						
10/1/2007	\$ 6,481,382	\$10,997,783	\$ 4,516,401	58.93%	\$ 3,238,894	139.44%
10/1/2008	5,824,447	10,138,981	4,314,534	57.45%	2,977,995	144.88%
10/1/2009	6,048,808	8,328,331	2,279,523	72.63%	3,046,421	74.83%
10/1/2010	6,863,057	10,516,549	3,653,492	65.26%	3,424,324	106.69%
10/1/2011	7,771,444	11,103,522	3,332,078	69.99%	3,251,285	102.48%
10/1/2012	8,758,198	12,231,978	3,473,780	71.60%	3,203,303	108.44%
<u>Fire and Police Retirement Fund (2)</u>						
10/1/2008	\$10,376,733	\$11,719,336	\$ 1,342,603	88.54%	\$ 3,253,109	41.27%
10/1/2009	10,650,648	12,656,293	2,005,645	84.15%	3,488,338	57.50%
10/1/2010	11,240,540	14,121,958	2,881,418	79.60%	3,922,596	73.46%
10/1/2011	11,656,106	14,634,876	2,978,770	79.65%	3,852,019	77.33%
10/1/2012	12,605,506	16,081,371	3,475,865	78.39%	3,886,494	89.43%
10/1/2013	14,030,480	17,682,895	3,652,415	79.34%	4,094,752	89.20%

General Employees Retirement Fund (1)

The General Employees Retirement Fund uses the frozen entry age actuarial cost method.

Fire and Police Retirement Fund (2)

The Fire and Police Retirement Fund uses the aggregate actuarial cost method to determine contributions to the Plan. This method does not identify or separately amortize unfunded actuarial liabilities. The schedule of funding progress presented above was prepared using the entry age actuarial cost method to provide information that serves as a surrogate for the funding progress of the Plan.

**THE VILLAGE OF NORTH PALM BEACH, FLORIDA**  
**Required Supplemental Information**  
**September 30, 2013**

Schedule of Employer and State Contributions

<u>Fiscal Year</u> <u>Ended</u> <u>September 30</u>	<u>Annual</u> <u>Required</u> <u>Contribution</u>	<u>Actual</u> <u>Contribution</u>	<u>State</u> <u>Contribution</u>	<u>Percentage</u> <u>Contributed</u>
<u>General Employees Retirement Fund</u>				
2008	\$ 875,126	\$ 876,712	N/A	100.2%
2009	761,943	765,381	N/A	100.5%
2010	734,626	759,529	N/A	103.4%
2011	499,954	646,537	N/A	129.3%
2012	625,209	625,209	N/A	100.0%
2013	578,962	579,118	N/A	100.0%
<u>Fire and Police Retirement Fund</u>				
2008	\$ 715,784	\$ 577,584	\$ 138,200	100.0%
2009	728,729	599,505	221,372	112.6%
2010	884,067	653,372	230,696	100.0%
2011	869,407	641,371	230,696	100.3%
2012	968,933	738,509	230,696	100.0%
2013	1,039,170	808,474	230,696	100.0%

**THE VILLAGE OF NORTH PALM BEACH, FLORIDA**

**Notes to the Trend Data**

**September 30, 2013**

	General Employees Retirement Fund	Police and Fire Retirement Fund
Contribution rates as of 9/30/13:		
Village	19.86%	26.53%
Plan Members	6.00% (1)	2.00%
Actuarially Determined Contribution	578,962	1,039,170
Contributions Made	579,118	1,039,170
Valuation date	10/1/2012	10/1/2013
Actuarial Cost Method	Frozen Entry Age	Aggregate
Amortized Method	Level percent closed	N/A (2)
Remaining Amortization Period	28	N/A (2)
Asset Valuation Method	Difference between actual and expected return recognized over five years.	Five year smooth market
Administrative Costs	Expenses paid out of the fund other than investment related expenses are assumed to be equal to the average of actual expenses over the previous two years.	Expenses paid out of the fund other than investment related expenses are assumed to be equal to the average of actual expenses over the previous two years.
Actuarial Assumption:		
Investment rate of return *	7.5% up to retirement 5.25% thereafter.	8%
Projected salary increase *	5.5%	6%
*Includes inflation at	4%	4%
Cost of living adjustments	3% for those retired before 2/1/82 or who contribute an extra 2%.	3%

(1) Except for certain members who have elected not to contribute and for other members who have elected to contribute only 2% or 4%.

(2) The aggregate actuarial cost method does not identify or separately amortize unfunded actuarial liabilities.

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, 2013**

	<b>Budgeted Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget</b>
	<b>Original</b>	<b>Final</b>		<b>Positive (Negative)</b>
	<u>Original</u>	<u>Final</u>		<u>Positive (Negative)</u>
Revenues				
Taxes	\$ 13,315,763	\$ 13,315,763	\$ 13,601,783	\$ 286,020
Licenses and permits	670,124	670,124	803,337	133,213
Intergovernmental	1,224,939	1,224,939	1,276,155	51,216
Charges for services	2,040,785	2,040,785	2,141,437	100,652
Fines and forfeitures	78,115	78,115	131,524	53,409
Investment	61,758	61,758	37,029	(24,729)
Miscellaneous	13,240	13,240	207,076	193,836
Total revenues	<u>17,404,724</u>	<u>17,404,724</u>	<u>18,198,341</u>	<u>793,617</u>
Expenditures				
Current				
General government	2,466,131	2,460,867	2,335,424	125,443
Public safety	7,457,619	7,457,619	7,623,777	(166,158)
Public works	4,133,850	3,932,455	3,733,977	198,478
Community development and planning	880,740	965,320	933,117	32,203
Leisure services - recreation	2,466,384	2,479,555	2,491,559	(12,004)
Other government		23,500	10,857	12,643
Capital outlay	95,000	502,628	296,833	205,795
Total expenditures	<u>17,499,724</u>	<u>17,821,944</u>	<u>17,425,544</u>	<u>396,400</u>
Excess of revenues over expenditures	<u>(95,000)</u>	<u>(417,220)</u>	<u>772,797</u>	<u>1,190,017</u>
Other financing sources (uses)				
Appropriated fund balance	95,000	682,220		(682,220)
Transfer out		(265,000)	(265,000)	
Total other financing uses	<u>95,000</u>	<u>417,220</u>	<u>(265,000)</u>	<u>(682,220)</u>
Net change in fund balances	<u>\$</u>	<u>\$</u>	507,797	<u>\$ 507,797</u>
Fund Balances				
Beginning of year			<u>12,197,584</u>	
End of year			<u>\$ 12,705,381</u>	

**THE VILLAGE OF NORTH PALM BEACH, FLORIDA**  
**Notes to the Budgetary**  
**Required Supplementary Information (RSI)**  
**General Fund**  
**September 30, 2013**

**Note 1 - Basis of Accounting**

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

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, 2013**

	<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	\$ 50,462	\$ 50,462	\$ 50,474	\$ (12)	-0.02
Operating expenses	93,708	105,744	73,797	31,947	30.21
Total Village Council	<u>144,170</u>	<u>156,206</u>	<u>124,271</u>	<u>31,935</u>	<u>20.44</u>
Village Manager					
Personnel services	256,277	256,277	243,777	12,500	4.88
Operating expenses	14,270	14,270	22,680	(8,410)	-58.93
Total Village Manager	<u>270,547</u>	<u>270,547</u>	<u>266,457</u>	<u>4,090</u>	<u>1.51</u>
Village Finance					
Personnel services	496,739	496,739	494,389	2,350	0.47
Operating expenses	51,850	51,850	51,530	320	0.62
Total Village Finance	<u>548,589</u>	<u>548,589</u>	<u>545,919</u>	<u>2,670</u>	<u>0.49</u>
Village Attorney					
Operating expenses	164,437	164,437	128,381	36,056	21.93
Village Clerk					
Personnel services	271,647	271,647	277,016	(5,369)	-1.98
Operating expenses	26,730	9,430	8,235	1,195	12.67
Total Village Clerk	<u>298,377</u>	<u>281,077</u>	<u>285,251</u>	<u>(4,174)</u>	<u>-1.49</u>
Information Technology					
Personnel services	298,113	298,113	303,827	(5,714)	-1.92
Operating expenses	36,900	36,900	34,993	1,907	5.17
Total Information Technology	<u>335,013</u>	<u>335,013</u>	<u>338,820</u>	<u>(3,807)</u>	<u>-1.14</u>
Human Resources					
Personnel services	215,828	215,828	205,471	10,357	4.80
Operating expenses	62,961	62,961	63,074	(113)	-0.18
Total Human Resources	<u>278,789</u>	<u>278,789</u>	<u>268,545</u>	<u>10,244</u>	<u>3.67</u>
Police					
Personnel services	4,332,777	4,332,777	4,409,856	(77,079)	-1.78
Operating expenses	258,392	258,392	311,024	(52,632)	-20.37
Total Police	<u>4,591,169</u>	<u>4,591,169</u>	<u>4,720,880</u>	<u>(129,711)</u>	<u>-2.83</u>
Fire Rescue					
Personnel services	2,585,530	2,585,530	2,639,029	(53,499)	-2.07
Operating expenses	178,521	178,521	164,007	14,514	8.13
Total Fire Rescue	<u>2,764,051</u>	<u>2,764,051</u>	<u>2,803,036</u>	<u>(38,985)</u>	<u>-1.41</u>
Public Works/Streets and Grounds					
Personnel services	328,374	308,374	293,951	14,423	4.68
Operating expenses	33,215	33,215	43,648	(10,433)	-31.41
Total Public Works	<u>361,589</u>	<u>341,589</u>	<u>337,599</u>	<u>3,990</u>	<u>1.17</u>

(Continued)

**THE VILLAGE OF NORTH PALM BEACH, FLORIDA**  
**Schedule of Departmental Expenditures - Budget and Actual**  
**General Fund**  
**For the Year Ended September 30, 2013**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>	<u>Percent Variance</u>
(Continued)					
Sanitation					
Personnel services	\$ 1,309,561	\$ 1,279,561	\$ 1,260,614	\$ 18,947	1.48
Operating expenses	160,500	160,500	147,270	13,230	8.24
Total Sanitation	<u>1,470,061</u>	<u>1,440,061</u>	<u>1,407,884</u>	<u>32,177</u>	<u>2.23</u>
Facility Services					
Personnel services	302,902	277,902	256,388	21,514	7.74
Operating expenses	314,224	240,183	219,733	20,450	8.51
Total Facility Services	<u>617,126</u>	<u>518,085</u>	<u>476,121</u>	<u>41,964</u>	<u>8.10</u>
Street Maintenance					
Personnel services	507,084	471,084	453,452	17,632	3.74
Operating expenses	741,606	775,252	680,569	94,683	12.21
Total Street Maintenance	<u>1,248,690</u>	<u>1,246,336</u>	<u>1,134,021</u>	<u>112,315</u>	<u>9.01</u>
Vehicle Maintenance					
Personnel services	200,104	200,104	198,830	1,274	0.64
Operating expenses	236,280	186,280	179,522	6,758	3.63
Total Vehicle Maintenance	<u>436,384</u>	<u>386,384</u>	<u>378,352</u>	<u>8,032</u>	<u>2.08</u>
Planning and Engineering					
Personnel services	221,405	221,405	234,691	(13,286)	-6.00
Operating expenses	24,370	108,950	44,327	64,623	59.31
Total Planning and Engineering	<u>245,775</u>	<u>330,355</u>	<u>279,018</u>	<u>51,337</u>	<u>15.54</u>
Building					
Personnel services	479,851	479,851	487,150	(7,299)	-1.52
Operating expenses	23,497	23,497	31,956	(8,459)	-36.00
Total Building	<u>503,348</u>	<u>503,348</u>	<u>519,106</u>	<u>(15,758)</u>	<u>-3.13</u>
Code Enforcement					
Personnel services	121,792	121,792	129,722	(7,930)	-6.51
Operating expenses	9,825	9,825	5,271	4,554	46.35
Total Code Enforcement	<u>131,617</u>	<u>131,617</u>	<u>134,993</u>	<u>(3,376)</u>	<u>-2.57</u>
Leisure Services-Recreation					
Personnel services	585,685	585,685	584,569	1,116	0.19
Operating expenses	330,155	342,326	382,282	(39,956)	-11.67
Total Leisure Services-Recreation	<u>915,840</u>	<u>928,011</u>	<u>966,851</u>	<u>(38,840)</u>	<u>-4.19</u>
Library					
Personnel services	516,931	516,931	512,388	4,543	0.88
Operating expenses	158,063	158,063	150,394	7,669	4.85
Total Library	<u>674,994</u>	<u>674,994</u>	<u>662,782</u>	<u>12,212</u>	<u>1.81</u>

(Continued)

**THE VILLAGE OF NORTH PALM BEACH, FLORIDA**  
**Schedule of Departmental Expenditures - Budget and Actual**  
**General Fund**  
**For the Year Ended September 30, 2013**

(Continued)	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>	<u>Percent Variance</u>
Tennis					
Personnel services	\$ 118,835	\$ 118,835	\$ 116,321	\$ 2,514	2.12
Operating expenses	356,301	356,301	345,880	10,421	2.92
Total Tennis	<u>475,136</u>	<u>475,136</u>	<u>462,201</u>	<u>12,935</u>	<u>2.72</u>
Pool					
Personnel services	90,360	90,360	97,726	(7,366)	-8.15
Operating expenses	223,054	223,054	218,680	4,374	1.96
Total Pool	<u>313,414</u>	<u>313,414</u>	<u>316,406</u>	<u>(2,992)</u>	<u>-0.95</u>
Special Events					
Operating expenses	87,000	88,000	83,319	4,681	5.32
Total Special Events	<u>87,000</u>	<u>88,000</u>	<u>83,319</u>	<u>4,681</u>	<u>5.32</u>
Other					
Operating expenses		23,500	10,857	12,643	53.80
		<u>23,500</u>	<u>10,857</u>	<u>12,643</u>	<u>53.80</u>
Non-Departmental					
Operating expenses	528,608	528,608	477,641	50,967	9.64
	<u>528,608</u>	<u>528,608</u>	<u>477,641</u>	<u>50,967</u>	<u>9.64</u>
Capital Outlay					
Planning and Engineering		7,628	1,500	6,128	80.34
Leisure Services-Recreation	45,000	445,000	283,983	161,017	36.18
Pool	50,000	50,000	11,350	38,650	
Total Capital Outlay	<u>95,000</u>	<u>502,628</u>	<u>296,833</u>	<u>205,795</u>	<u>40.94</u>
Total expenditures	<u>\$ 17,499,724</u>	<u>\$ 17,821,944</u>	<u>\$ 17,425,544</u>	<u>\$ 396,400</u>	<u>2.22%</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, 2013**

	Special Revenue Funds				Total Nonmajor Governmental Funds
	Public Safety Fund	Northlake Boulevard Fund	Recreation	On-Behalf Pension Contributions	
<b>Assets</b>					
Cash and cash equivalents	\$ 1,520	\$ 1,986	\$	\$	\$ 3,506
Due from other governments			218,004	46,533	264,537
Total assets	<u>\$ 1,520</u>	<u>\$ 1,986</u>	<u>\$ 218,004</u>	<u>\$ 46,533</u>	<u>\$ 268,043</u>
<b>Liabilities</b>					
Accounts payable	\$	\$	\$	\$ 46,533	\$ 46,533
Due to other funds			173,858		173,858
Total liabilities			<u>173,858</u>	<u>46,533</u>	<u>220,391</u>
<b>Fund balances</b>					
Assigned	<u>1,520</u>	<u>1,986</u>	<u>44,146</u>		<u>47,652</u>
Total fund balances	<u>1,520</u>	<u>1,986</u>	<u>44,146</u>		<u>47,652</u>
<b>Total liabilities and fund balances</b>	<u>\$ 1,520</u>	<u>\$ 1,986</u>	<u>\$ 218,004</u>	<u>\$ 46,533</u>	<u>\$ 268,043</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, 2013**

	Special Revenue Funds				
	Public Safety Fund	Northlake Boulevard Fund	Recreation	On-Behalf Pension Contributions	Total Nonmajor Governmental Funds
Revenues					
Intergovernmental	\$ 16,064	\$	\$ 218,004	\$ 307,380	\$ 541,448
Total revenues	<u>16,064</u>	<u></u>	<u>218,004</u>	<u>307,380</u>	<u>541,448</u>
Expenditures					
Current					
Public safety	16,064			307,380	323,444
Capital outlay			218,004		218,004
Total expenditures	<u>16,064</u>	<u></u>	<u>218,004</u>	<u>307,380</u>	<u>541,448</u>
Net changes in fund balances					
Fund balances - Beginning of year	<u>1,520</u>	<u>1,986</u>	<u>44,146</u>		<u>47,652</u>
Fund balances - End of year	<u>\$ 1,520</u>	<u>\$ 1,986</u>	<u>\$ 44,146</u>	<u>\$</u>	<u>\$ 47,652</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 - Fiduciary Funds**  
**September 30, 2013**

	<b>General Employees Pension</b>	<b>Fire and Police Officers Pension</b>	<b>Total Employee Retirement Funds</b>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 326,112	\$ 1,627,984	\$ 1,954,096
Investments:			
Domestic common equity securities		7,394,004	7,394,004
International common equity securities		1,005,284	1,005,284
U.S. Government agencies		875,410	875,410
Municipal bonds		132,686	132,686
Corporate bonds		2,672,316	2,672,316
Equity mutual funds	7,457,979	22,415	7,480,394
Fixed income mutual funds	2,629,508		2,629,508
Real estate investment fund		743,950	743,950
Accrued interest and dividends	2,040	37,068	39,108
Accounts Receivable	25,786	96,380	122,166
Prepays		1,498	1,498
Total assets	10,441,425	14,608,995	25,050,420
<b>LIABILITIES</b>			
Accounts payable		27,586	27,586
Accounts payable, broker-dealers	8,272	81,488	89,760
Total liabilities	8,272	109,074	117,346
<b>Net Position</b>			
Held in trust for pension benefits and other purposes	\$ 10,433,153	\$ 14,499,921	\$ 24,933,074

(1) A schedule of funding progress for the General Employees and Fire and Police Officers plans is presented on page 65.

**THE VILLAGE OF NORTH PALM BEACH, FLORIDA**  
**Combining Statement of Changes in Fiduciary Net Position**  
**Employee Retirement Funds**  
**For the Year Ended September 30, 2013**

	<b>General Employees Pension</b>	<b>Fire and Police Officers Pension</b>	<b>Total Employee Retirement Funds</b>
	<u>          </u>	<u>          </u>	<u>          </u>
Additions			
Contributions			
Employer	\$ 579,118	\$ 808,475	\$ 1,387,593
Plan members	154,680	79,272	233,952
State on-behalf payments		307,380	307,380
Total contributions	<u>733,798</u>	<u>1,195,127</u>	<u>1,928,925</u>
Investment earnings			
Dividends and interest	266,327	299,139	565,466
Net increase in fair value of investments	808,324	1,446,192	2,254,516
Total investment earnings	<u>1,074,651</u>	<u>1,745,331</u>	<u>2,819,982</u>
Less: investment expenses	<u>31,068</u>	<u>91,913</u>	<u>122,981</u>
Total investment earnings	<u>1,043,583</u>	<u>1,653,418</u>	<u>2,697,001</u>
Total additions	<u>1,777,381</u>	<u>2,848,545</u>	<u>4,625,926</u>
Deductions			
Administration	12,902	69,829	82,731
Benefits	128,931	570,739	699,670
Total deductions	<u>141,833</u>	<u>640,568</u>	<u>782,401</u>
Change in net position	1,635,548	2,207,977	3,843,525
Net position - beginning	<u>8,797,605</u>	<u>12,291,944</u>	<u>21,089,549</u>
Net position - ending	<u>\$ 10,433,153</u>	<u>\$ 14,499,921</u>	<u>\$ 24,933,074</u>

AGENCY FUNDS

*Manatee Protection Agency  
Northlake Boulevard Task Force*

**THE VILLAGE OF NORTH PALM BEACH, FLORIDA**  
**Combining Statement of Agency Net Assets**  
**September 30, 2013**

	<b>Agency Funds</b>		
	<b>Manatee Protection Agency</b>	<b>Northlake Boulevard Task Force</b>	<b>Total Agency Funds</b>
Assets			
Cash and cash equivalents	\$ 290,647	\$ 61,793	\$ 352,440
Liabilities			
Due to others	\$ 290,647	\$ 61,793	\$ 352,440

**THE VILLAGE OF NORTH PALM BEACH, FLORIDA**  
**Combining Schedule of Changes in Agency Net Assets and Liabilities**  
**For the Year Ended September 30, 2012**

	<u>September 30, 2012</u>	<u>Additions</u>	<u>Deductions</u>	<u>September 30, 2013</u>
<b><u>Manatee Protection Agency</u></b>				
<b>Assets</b>				
Cash and cash equivalents	\$ 288,150	\$ 2,497	\$	\$ 290,647
<b>Liabilities</b>				
Due to others	\$ 288,150	\$ 2,497	\$	\$ 290,647
<b><u>Northlake Boulevard Task Force</u></b>				
<b>Assets</b>				
Cash and cash equivalents	\$ 61,262	\$ 531	\$	\$ 61,793
<b>Liabilities</b>				
Due to others	\$ 61,262	\$ 531	\$	\$ 61,793
<b><u>Total All Agency Funds</u></b>				
<b>Assets</b>				
Cash and cash equivalents	\$ 349,412	\$ 3,028	\$	\$ 352,440
<b>Liabilities</b>				
Due to others	\$ 349,412	\$ 3,028	\$	\$ 352,440

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, 2013**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)	Percent Variance
Revenue					
Greens fee/cart rentals/membership fees	\$ 2,518,616	\$ 2,518,616	\$ 2,302,240	\$ (216,376)	-8.59
Golf shop revenues	296,664	296,664	373,902	77,238	26.04
Driving range revenues	209,026	209,026	281,518	72,492	34.68
Restaurant revenues	821,300	821,300	610,715	(210,585)	-25.64
Interest revenues	7,327	7,327	8,555	1,228	16.76
Proceeds from sale of assets	96,000	96,000	133,800	37,800	39.38
Miscellaneous			9,071	9,071	
Total revenues	<u>3,948,933</u>	<u>3,948,933</u>	<u>3,719,801</u>	<u>(229,132)</u>	<u>-5.80</u>
Golf Maintenance					
Operating expenses	1,242,550	1,214,705	1,124,920	89,785	7.39
Total Golf Maintenance	<u>1,242,550</u>	<u>1,214,705</u>	<u>1,124,920</u>	<u>89,785</u>	<u>7.39</u>
Golf Pro Shop and Range					
Personnel services	518,648	518,648	575,398	(56,750)	-10.94
Operating expenses	331,423	319,543	304,251	15,292	4.79
Total Golf Pro Shop and Range	<u>850,071</u>	<u>838,191</u>	<u>879,649</u>	<u>(41,458)</u>	<u>-4.95</u>
Food and Beverage					
Personnel services	363,814	363,814	348,684	15,130	4.16
Operating expenses	520,036	505,489	387,021	118,468	23.44
Capital outlay		14,547	14,546	1	
Total Food and Beverage	<u>883,850</u>	<u>883,850</u>	<u>750,251</u>	<u>133,599</u>	<u>15.12</u>
Administration					
Personnel services	56,286	56,286	66,319	(10,033)	-17.83
Operating expenses	61,247	61,247	28,512	32,735	53.45
Capital outlay					
Total Administration	<u>117,533</u>	<u>117,533</u>	<u>94,831</u>	<u>22,702</u>	<u>19.32</u>
Clubhouse and Grounds					
Operating expenses	108,030	135,875	93,778	42,097	30.98
Total Clubhouse and Grounds	<u>108,030</u>	<u>135,875</u>	<u>93,778</u>	<u>42,097</u>	<u>30.98</u>
Insurance and General Liability					
Operating expenses	43,881	43,881	43,680	201	0.46
Reserves					
Operating	7,500	7,500	13,517	(6,017)	(80.23)
Contingency	126,067	75,064		75,064	100.00
Total Reserves	<u>133,567</u>	<u>82,564</u>	<u>13,517</u>	<u>69,047</u>	<u>83.63</u>
Debt service					
Debt service	569,451	632,334	608,695	23,639	3.74
Total expenses on the budgetary basis	<u>3,948,933</u>	<u>3,948,933</u>	<u>3,609,321</u>	<u>339,612</u>	<u>8.60</u>
Revenues over expenses	<u>\$</u>	<u>\$</u>	<u>\$ 110,480</u>	<u>\$ 110,480</u>	
Adjustments to reconcile to the GAAP Basis					
Total expenses on the budgetary basis			3,609,321		
Less: capital outlay costs capitalized			(14,546)		
Less: debt service			(608,695)		
Add: depreciation expense			481,489		
Total operating expenses			<u>\$ 3,467,569</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.*

<u>Contents</u>	<u>Page</u>
<b>Financial Trends</b>	
<i>These schedules contain trend information to help the reader understand how the Village's financial performance and well-being have changed over time. These schedules include:</i>	
Net Position by Component	80
Changes in Net Position	81
Fund Balances, Governmental Funds	83
Changes in Fund Balances, Governmental Fund	84
<b>Revenue Capacity</b>	
<i>These schedules contain information to help the reader assess the Village's most significant local revenue source, the property tax.</i>	
Net Assessed Value and Estimated Actual Value of Taxable Property	86
Property Tax Rates - Direct and Overlapping Governments	87
Principal Property Taxpayers	88
Property Tax Levies and Collections	89
<b>Debt Capacity</b>	
<i>These schedules present information to help the reader assess the affordability of the Village's current levels of outstanding debt and the Village's ability to issue additional debt in the future.</i>	
Ratios of Outstanding Debt by Type	90
Direct and Overlapping Governmental Activities Debt	81
Pledged-Revenue Coverage	82
<b>Demographic and Economic Information</b>	
<i>These schedules offer demographic and economic indicators to help the reader understand the environment within which the Village's financial activities take place.</i>	
Demographic and Economic Statistics	83
Principal Employers	94
<b>Operating Information</b>	
<i>These schedules contain service and infrastructure data to help understand how the information in the Village's financial report relates to the services the Village provides and the activities it performs.</i>	
Full-Time Equivalent Village Government Employees by Function	95
Operating Indicators by Function/Program	96
Capital Asset Statistics by Function/Program	97

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

**VILLAGE OF NORTH PALM BEACH**  
**NET POSITION BY COMPONENT**  
**LAST TEN FISCAL YEARS**  
*(ACCRUAL BASIS OF ACCOUNTING) Unaudited*

	Fiscal Year				
	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
<b>Governmental Activities:</b>					
Net investment in capital assets	\$ 3,762,961	\$ 3,535,596	\$ 8,118,773	\$ 10,543,788	\$ 12,845,093
Restricted	470,155	19,828	154,073	113,269	979,182
Unrestricted	<u>3,527,865</u>	<u>6,654,989</u>	<u>7,143,452</u>	<u>9,281,170</u>	<u>9,836,912</u>
Total governmental activities net position	<u>7,760,981</u>	<u>10,210,413</u>	<u>15,416,298</u>	<u>19,938,227</u>	<u>23,661,187</u>
<b>Business-Type Activities:</b>					
Net investment in capital assets	2,131,367	1,919,194	1,999,123	2,195,630	2,492,524
Unrestricted	<u>(5,195)</u>	<u>270,374</u>	<u>415,865</u>	<u>151,005</u>	<u>202,802</u>
Total business-type activities net position	<u>2,126,172</u>	<u>2,189,568</u>	<u>2,414,988</u>	<u>2,346,635</u>	<u>2,695,326</u>
<b>Primary government:</b>					
Net investment in capital assets	5,894,328	5,454,790	10,117,896	12,739,418	15,337,617
Restricted	470,155	19,828	154,073	113,269	979,182
Unrestricted	<u>3,522,670</u>	<u>6,925,363</u>	<u>7,559,317</u>	<u>9,432,175</u>	<u>10,039,714</u>
Total primary government net position	<u>\$ 9,887,153</u>	<u>\$ 12,399,981</u>	<u>\$ 17,831,286</u>	<u>\$ 22,284,862</u>	<u>\$ 26,356,513</u>
	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
<b>Governmental Activities:</b>					
Net investment in capital assets	\$ 16,643,241	\$ 18,184,508	\$ 17,237,355	\$ 16,109,707	\$ 15,431,966
Restricted	251,088	390,081	548,489	658,194	317,190
Unrestricted	<u>11,016,626</u>	<u>10,568,594</u>	<u>11,775,621</u>	<u>11,846,141</u>	<u>11,973,715</u>
Total governmental activities net position	<u>27,910,955</u>	<u>29,143,183</u>	<u>29,561,465</u>	<u>28,614,042</u>	<u>27,722,871</u>
<b>Business-Type Activities:</b>					
Net investment in capital assets	2,364,814	2,295,125	2,200,927	2,082,668	1,998,974
Unrestricted	<u>434,212</u>	<u>403,261</u>	<u>385,623</u>	<u>557,954</u>	<u>668,434</u>
Total business-type activities net position	<u>2,799,026</u>	<u>2,698,386</u>	<u>2,586,550</u>	<u>2,640,622</u>	<u>2,667,408</u>
<b>Primary government:</b>					
Net investment in capital assets	19,008,055	20,479,633	19,438,282	18,192,375	17,430,940
Restricted	251,088	390,081	548,489	658,194	317,190
Unrestricted	<u>11,450,838</u>	<u>10,971,855</u>	<u>12,161,244</u>	<u>12,404,095</u>	<u>12,642,149</u>
Total primary government net position	<u>\$ 30,709,981</u>	<u>\$ 31,841,569</u>	<u>\$ 32,148,015</u>	<u>\$ 31,254,664</u>	<u>\$ 30,390,279</u>

*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				
	2004	2005	2006	2007	2008
<b>Expenses</b>					
Governmental activities:					
General government	\$ 3,174,460	\$ 2,127,009	\$ 1,784,528	\$ 2,698,187	\$ 1,839,228
Public safety	5,294,399	6,038,846	7,036,117	6,671,490	7,154,578
Public works	3,549,178	5,091,305	4,131,500	3,733,815	3,996,711
Community development and planning	-	-	657,112	737,165	860,448
Leisure services	1,280,483	1,635,784	2,562,627	2,781,658	3,244,045
Other government	-	842,561	2,049	-	-
Interest on long-term debt	40,580	151,233	241,995	204,666	120,549
Total governmental activities expenses	<u>13,339,100</u>	<u>15,886,738</u>	<u>16,415,928</u>	<u>16,826,981</u>	<u>17,215,559</u>
Business-type activities:					
Country club	2,567,690	2,607,712	2,124,927	3,570,683	3,268,562
Total business-type activities	<u>2,567,690</u>	<u>2,607,712</u>	<u>2,124,927</u>	<u>3,570,683</u>	<u>3,268,562</u>
Total primary government expenses	<u>\$ 15,906,790</u>	<u>\$ 18,494,450</u>	<u>\$ 18,540,855</u>	<u>\$ 20,397,664</u>	<u>\$ 20,484,121</u>
<b>Program Revenues</b>					
Governmental activities:					
Charges for services:					
General government	\$ 355,118	\$ 285,386	\$ 158,160	\$ 122,455	\$ 123,334
Public safety	273,391	329,081	388,671	345,731	383,325
Public works	895,291	1,326,820	140,923	217,975	288,994
Community development and planning	-	-	1,175,252	938,188	888,015
Leisure services	147,773	78,475	528,983	496,679	595,558
Other government	-	-	-	-	-
Operating grants and contributions	89,362	1,392,729	998,573	170,389	88,224
Capital grants and contributions	-	-	462,394	1,454,526	1,602,465
Total governmental activities program revenues	<u>1,760,935</u>	<u>3,412,491</u>	<u>3,852,956</u>	<u>3,745,943</u>	<u>3,969,915</u>
Business-type activities:					
Charges for services:					
Country club	2,548,259	2,658,468	2,167,089	3,463,524	3,616,509
Operating grants and contributions	-	-	68,883	-	13,609
Capital grants and contributions	-	-	-	-	-
Total business-type activities program revenues	<u>2,548,259</u>	<u>2,658,468</u>	<u>2,235,972</u>	<u>3,463,524</u>	<u>3,630,118</u>
Total primary government program revenues	<u>\$ 4,309,194</u>	<u>\$ 6,070,959</u>	<u>\$ 6,088,928</u>	<u>\$ 7,209,467</u>	<u>\$ 7,600,033</u>
<b>Net (Expense)/Revenue</b>					
Governmental activities	\$ (11,578,165)	\$ (12,474,247)	\$ (12,562,972)	\$ (13,081,041)	\$ (13,245,644)
Business-type activities	(19,431)	50,756	111,045	(107,159)	361,556
Total primary government net expense	<u>\$ (11,597,596)</u>	<u>\$ (12,423,491)</u>	<u>\$ (12,451,927)</u>	<u>\$ (13,188,200)</u>	<u>\$ (12,884,088)</u>
<b>General revenues and other changes in net position:</b>					
Governmental activities:					
Taxes:					
Property taxes	\$ 8,451,783	\$ 10,070,977	\$ 10,881,501	\$ 12,076,184	\$ 11,915,355
Local option gas taxes	-	-	307,043	292,332	278,649
Utility service taxes	1,830,339	1,955,403	2,001,164	2,001,443	2,018,071
Franchise taxes	861,708	890,297	1,150,974	1,207,552	1,212,562
Sales and use taxes	1,230,803	1,277,124	1,415,917	1,339,893	1,227,341
Unrestricted grants and contributions	291,710	421,254	-	-	-
Investment earnings	53,600	196,699	477,420	650,022	194,652
Miscellaneous	92,260	111,927	53,264	8,836	55,719
Contributions for Support Our Troops	-	-	-	15,502	16,959
Transfers	-	-	36,445	5,111	49,296
Total governmental activities	<u>12,812,203</u>	<u>14,923,681</u>	<u>16,323,728</u>	<u>17,596,875</u>	<u>16,968,604</u>
Business-type activities:					
Investment income	3,450	12,640	112,841	43,917	36,431
Miscellaneous	42,560	-	-	-	-
Transfers	-	-	(36,445)	(5,111)	(49,296)
Total business-type activities	<u>46,010</u>	<u>12,640</u>	<u>76,396</u>	<u>38,806</u>	<u>(12,865)</u>
Total primary government	<u>\$ 12,858,213</u>	<u>\$ 14,936,321</u>	<u>\$ 16,400,124</u>	<u>\$ 17,635,681</u>	<u>\$ 16,955,739</u>
<b>Change in net position</b>					
Governmental activities	\$ 1,234,038	\$ 2,449,434	\$ 3,760,756	\$ 4,515,834	\$ 3,722,960
Business-type activities	26,579	63,396	187,441	(68,353)	348,691
Total primary government	<u>\$ 1,260,617</u>	<u>\$ 2,512,830</u>	<u>\$ 3,948,197</u>	<u>\$ 4,447,481</u>	<u>\$ 4,071,651</u>

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

	2009	2010	2011	2012	2013
\$	2,239,511	\$ 2,679,192	\$ 2,403,681	\$ 2,520,815	\$ 2,489,488
	7,095,043	7,304,233	7,232,748	7,892,561	8,282,062
	4,083,441	4,594,738	4,733,913	4,652,620	4,482,973
	826,149	806,536	811,177	884,773	966,245
	3,174,623	2,830,292	2,749,065	2,873,496	2,974,290
	-	-	-	-	-
	26,702	4,384	-	-	-
	<u>17,445,469</u>	<u>18,219,375</u>	<u>17,930,584</u>	<u>18,824,265</u>	<u>19,195,058</u>
	<u>3,308,535</u>	<u>3,398,206</u>	<u>3,691,528</u>	<u>3,536,139</u>	<u>3,629,120</u>
	<u>3,308,535</u>	<u>3,398,206</u>	<u>3,691,528</u>	<u>3,536,139</u>	<u>3,629,120</u>
\$	<u>20,754,004</u>	<u>\$ 21,617,581</u>	<u>\$ 21,622,112</u>	<u>\$ 22,360,404</u>	<u>\$ 22,824,178</u>
\$	122,569	\$ 126,968	\$ 130,886	\$ 135,372	\$ 107,976
	378,591	465,263	420,653	440,568	522,121
	394,082	411,722	400,662	386,974	403,447
	699,130	734,718	861,394	816,673	993,059
	912,862	1,063,748	1,043,459	1,018,883	1,087,182
	-	-	-	-	-
	105,080	96,670	126,568	149,573	91,901
	2,017,158	75,845	5,169	5,686	233,949
	<u>4,629,472</u>	<u>2,974,934</u>	<u>2,988,791</u>	<u>2,953,729</u>	<u>3,439,635</u>
	3,404,859	3,227,580	3,571,199	3,582,760	3,577,446
	-	-	-	-	-
	-	-	-	-	-
	<u>3,404,859</u>	<u>3,227,580</u>	<u>3,571,199</u>	<u>3,582,760</u>	<u>3,577,446</u>
\$	<u>8,034,331</u>	<u>\$ 6,202,514</u>	<u>\$ 6,559,990</u>	<u>\$ 6,536,489</u>	<u>\$ 7,017,081</u>
\$ (12,815,997)	\$ (15,244,441)	\$ (14,941,793)	\$ (15,870,536)	\$ (15,755,423)	
96,324	(170,626)	(120,329)	46,621	(51,674)	
<u>\$ (12,719,673)</u>	<u>\$ (15,415,067)</u>	<u>\$ (15,062,122)</u>	<u>\$ (15,823,915)</u>	<u>\$ (15,807,097)</u>	
\$ 11,917,359	\$ 11,053,128	\$ 10,441,869	\$ 10,011,748	\$ 9,981,391	
267,557	266,077	259,794	263,369	261,852	
2,239,002	2,261,375	2,198,148	2,164,920	2,197,760	
1,256,831	1,204,328	1,191,155	1,178,598	1,160,780	
1,116,107	1,114,945	1,140,744	1,138,097	1,187,221	
-	-	-	-	-	
(1,346)	280,217	97,743	90,968	37,029	
263,459	213,425	30,622	75,413	38,219	
6,796	-	-	-	-	
<u>17,065,765</u>	<u>16,393,495</u>	<u>15,360,075</u>	<u>14,923,113</u>	<u>14,864,252</u>	
7,376	14,686	8,493	7,451	8,555	
-	55,300	-	-	69,905	
<u>7,376</u>	<u>69,986</u>	<u>8,493</u>	<u>7,451</u>	<u>78,460</u>	
\$ <u>17,073,141</u>	\$ <u>16,463,481</u>	\$ <u>15,368,568</u>	\$ <u>14,930,564</u>	\$ <u>14,942,712</u>	
\$ 4,249,768	\$ 1,149,054	\$ 418,282	\$ (947,423)	\$ (891,171)	
103,700	(100,640)	(111,836)	54,072	26,786	
<u>\$ 4,353,468</u>	<u>\$ 1,048,414</u>	<u>\$ 306,446</u>	<u>\$ (893,351)</u>	<u>\$ (864,385)</u>	

**VILLAGE OF NORTH PALM BEACH**

**FUND BALANCES, GOVERNMENTAL FUNDS**

**LAST TEN FISCAL YEARS**

*(MODIFIED ACCRUAL BASIS OF ACCOUNTING) Unaudited*

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
General Fund				
Reserved	\$ 218,882	\$ 197,163	\$ 308,836	\$ 945,891
Unreserved	2,883,855	5,771,684	7,022,606	8,179,659
Total general fund	<u>\$ 3,102,737</u>	<u>\$ 5,968,847</u>	<u>\$ 7,331,442</u>	<u>\$ 9,125,550</u>
All other Governmental Funds				
Reserved	\$ 470,155	\$ 19,828	\$ -	\$ -
Unreserved, reported in:				
Special revenue funds	-	-	400,000	224,937
Capital projects funds	-	-	397,233	673,232
Total all other governmental funds	<u>\$ 470,155</u>	<u>\$ 19,828</u>	<u>\$ 797,233</u>	<u>\$ 898,169</u>
	<u>2008</u>	<u>2009</u>		
General Fund				
Reserved	\$ 775,339	\$ 563,115		
Unreserved	8,265,513	10,058,216		
Total general fund	<u>\$ 9,040,852</u>	<u>\$ 10,621,331</u>		
All other Governmental Funds				
Reserved	\$ 239,979	\$ -		
Unreserved, reported in:				
Special revenue funds	594,399	(152,861)		
Capital projects funds	713,373	825,778		
Total all other governmental funds	<u>\$ 1,547,751</u>	<u>\$ 672,917</u>		
	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
General Fund				
Nonspendable	\$ 167,108	\$ 276,924	\$ 166,839	\$ 293,674
Restricted	338,457	548,489	658,194	317,190
Committed				442,833
Assigned	104,245	186,594	127,574	200,016
Unassigned	10,443,099	10,688,660	11,244,977	11,451,668
Total general fund	<u>\$ 11,052,909</u>	<u>\$ 11,700,667</u>	<u>\$ 12,197,584</u>	<u>\$ 12,705,381</u>
All other Governmental Funds				
Restricted	\$	\$	\$	\$
Assigned				
Special revenue funds	47,379	47,107	47,652	47,652
Capital projects funds	844,742	1,491,574	2,129,831	1,799,617
Total all other governmental funds	<u>\$ 892,121</u>	<u>\$ 1,538,681</u>	<u>\$ 2,177,483</u>	<u>\$ 1,847,269</u>

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

The Village implemented GASB 54, *Fund Balance Reporting and Government Fund Definitions*, in 2011 and restated the 2010 amounts.

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

	Fiscal Year				
	2004	2005	2006	2007	2008
<b>Revenues:</b>					
Taxes	\$ 11,439,823	\$ 13,236,952	\$ 14,340,682	\$ 15,577,511	\$ 15,424,638
Licenses and Permits	712,184	1,131,903	1,128,658	880,266	1,047,144
Intergovernmental	1,350,104	2,804,985	2,914,057	2,750,021	2,459,211
Charges for services	719,589	647,915	1,003,660	1,082,569	1,268,774
Fines and forfeitures	122,407	234,513	165,496	132,158	235,965
Investment earnings	53,600	196,699	477,421	650,022	194,652
Miscellaneous	175,431	83,205	130,515	194,716	137,447
Total revenues	<u>14,573,138</u>	<u>18,336,172</u>	<u>20,160,489</u>	<u>21,267,263</u>	<u>20,767,831</u>
<b>Expenditures:</b>					
General government	1,532,561	2,061,545	1,648,131	2,304,654	2,246,461
Public safety	5,019,361	5,713,904	6,494,578	6,609,801	7,056,833
Public works	3,280,274	5,019,739	4,708,196	3,558,264	3,725,450
Community development and planning			651,331	735,155	840,366
Leisure services - recreation	1,256,066	1,376,950	1,682,030	2,430,403	2,876,840
Other government	1,186,730	817,293	2,049		
Capital outlay	581,938	-	1,917,377	2,737,805	2,597,065
Debt service					
Principal payments	955,184	903,225	879,527	789,048	716,206
Interest paid on debt	40,580	151,233	199,373	207,088	143,726
Total expenditures	<u>13,852,694</u>	<u>16,043,889</u>	<u>18,182,592</u>	<u>19,372,218</u>	<u>20,202,947</u>
Excess of revenues over (under) expenditures	720,444	2,292,283	1,977,897	1,895,045	564,884
Other financing sources (uses)					
Transfers in			1,471,529	593,884	1,254,952
Transfers out			(1,471,529)	(593,884)	(1,254,952)
Capital lease					
Proceeds from debt issuance	230,000	123,500			
Miscellaneous					
Total other financing sources (uses)	<u>230,000</u>	<u>123,500</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>\$ 950,444</u>	<u>\$ 2,415,783</u>	<u>\$ 1,977,897</u>	<u>\$ 1,895,045</u>	<u>\$ 564,884</u>
Debt service as a percentage of noncapital expenditures	8.11%	7.03%	7.29%	6.41%	4.91%

<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
\$ 15,680,749	\$ 14,784,906	\$ 14,090,966	\$ 13,618,635	\$ 13,601,783
880,016	910,997	959,098	810,390	803,337
3,315,908	1,768,388	1,557,377	1,591,678	1,817,603
1,684,718	1,944,245	1,934,424	1,966,179	2,141,437
145,340	142,048	164,366	140,610	131,524
(1,345)	280,218	97,743	90,968	37,029
300,455	278,062	59,462	130,293	207,076
<u>22,005,841</u>	<u>20,108,864</u>	<u>18,863,436</u>	<u>18,348,753</u>	<u>18,739,789</u>
1,970,257	2,496,342	2,402,241	2,328,568	2,346,281
6,835,730	7,021,231	7,053,282	7,583,018	7,947,221
3,432,556	3,887,034	4,044,642	3,886,698	3,733,977
784,486	774,121	790,937	844,748	933,117
2,898,252	2,361,388	2,295,959	2,374,748	2,491,559
3,939,455	663,582	682,057	495,254	1,110,051
1,395,735	2,250,000			
43,725	4,384			
<u>21,300,196</u>	<u>19,458,082</u>	<u>17,269,118</u>	<u>17,513,034</u>	<u>18,562,206</u>
705,645	650,782	1,594,318	835,719	177,583
454,111	163,490	1,334,934	500,000	265,000
(454,111)	(163,490)	(1,334,934)	(500,000)	(265,000)
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 705,645</u>	<u>\$ 650,782</u>	<u>\$ 1,594,318</u>	<u>\$ 835,719</u>	<u>\$ 177,583</u>

8.07%

11.99%

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

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		
2004	2003	1,092,433,722	147,927,933	44,914,124	1,285,275,779	6.8000
2005	2004	1,180,028,585	208,240,338	49,767,286	1,438,036,209	7.2700
2006	2005	1,441,249,707	179,827,665	44,422,817	1,665,500,189	6.8000
2007	2006	1,700,678,282	235,776,768	45,084,335	1,981,539,385	6.3000
2008	2007	1,744,202,888	229,300,592	43,735,861	2,017,239,341	6.1000
2009	2008	1,575,367,916	230,599,951	41,471,282	1,847,439,149	6.6977
2010	2009	1,394,954,867	221,443,121	40,552,276	1,656,950,264	6.9000
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

**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**  
*Unaudited*

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	
2004	2003	6.8000	8.5700	4.7900	2.5560	22.7160
2005	2004	7.2700	8.4300	4.7680	2.5260	22.9940
2006	2005	6.8000	8.1060	4.7192	2.5042	22.1294
2007	2006	6.3000	7.8700	4.4800	2.3250	20.9750
2008	2007	6.1000	7.3560	3.9813	2.1308	19.5681
2009	2008	6.6977	7.2500	3.9660	2.2570	20.1707
2010	2009	6.9000	7.9830	4.5614	2.4934	21.9378
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

**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**

**CURRENT YEAR AND 2004**

*Unaudited*

<u>Taxpayers</u>	<u>2013</u>			<u>2004</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	19,464,791	1	1.27%	17,830,332	1	1.39%
Old Port Cove Equities, Inc	17,956,563	2	1.18%			
Florida Power & Light	16,063,163	3	1.05%			
Sanctuary Bay Trust Corporation	15,461,523	4	1.01%	13,491,211	2	1.05%
New Country Motor Cars	10,702,476	5	0.70%			
Crystal Tree NPB				9,939,914	3	0.77%
Wolfchase Associates, LLC				8,600,000	4	0.67%
Crystal Tree Property Owners	7,000,000	6/7	0.46%			
CFO2 Palm Beach III LP	7,000,000	6/7	0.46%			
Old Port Cove Holdings, Inc	6,663,383	8	0.44%			
Bozzuto, Michael A	6,047,908	9	0.40%			
Greater Fla Inv CO				5,840,000	5	0.45%
Village Shoppes at US 1, LLC	4,770,298	10	0.31%			
Transcontinental Atrium, Inc				4,590,000	6	0.36%
701 US One, Inc				3,600,000	7	0.28%
Pavilion Office Center				3,240,000	8	0.25%
Old Port Cove Dev.				3,162,597	9	0.25%
Developers of Northlake, Inc				3,143,442	10	0.24%
<b>Total</b>	<b>\$ 111,130,105</b>		<b>7.28%</b>	<b>\$ 73,437,496</b>		<b>5.71%</b>

**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**  
*Unaudited*

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
2004	2003	8,825,061	8,441,383	95.65%	10,401	8,451,784	95.77%
2005	2004	10,463,873	10,059,478	96.14%	9,476	10,068,954	96.23%
2006	2005	11,329,648	10,690,869	94.36%	172,744	10,863,613	95.89%
2007	2006	12,624,307	11,802,457	93.49%	228,352	12,030,809	95.30%
2008	2007	12,360,135	11,546,732	93.42%	333,756	11,880,488	96.12%
2009	2008	12,401,519	11,530,384	92.98%	349,642	11,880,026	95.79%
2010	2009	11,564,281	10,683,829	92.39%	284,004	10,967,833	94.84%
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%

**Source:** Palm Beach Country Property Appraiser

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

Fiscal Year Ended <u>Sept 30,</u>	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	Percent of Median Personal <u>Income (1)</u>	Per <u>Capita (1)</u>
	<u>Loans Payable</u>	<u>Capital Leases</u>	<u>Loans Payable</u>	<u>Capital Leases</u>			
2004	6,376,387	433,855	411,573		7,221,815	N/A	592.05
2005	5,754,677	275,840	454,131		6,484,648	N/A	513.31
2006	4,941,765	209,224	5,185,978		10,336,967	17.20%	786.20
2007	4,280,842	81,100	5,026,895		9,388,837	14.67%	715.61
2008	3,605,639	40,097	4,662,833	192,892	8,501,461	12.92%	692.64
2009	2,250,000		4,383,033	97,049	6,730,082	10.14%	583.15
2010			4,090,284	235,176	4,325,460	6.74%	371.64
2011			3,844,928	173,084	4,018,012	*6.26%	**345.22
2012			3,608,294	106,933	3,715,227	5.98%	303.51
2013			3,357,875	396,055	3,753,930	6.28%	305.37

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

\* 2010 Median Household Income was used for calculation - 2011 Income was not available due to agency software upgrades

\*\* 2010 Population was used for calculation - 2011's Population was not available due to agency software upgrades

(1) See the Schedule of Demographic and Economic Statistics on page 93 for personal income and population data.

N/A Data not available.

**VILLAGE OF NORTH PALM BEACH**  
**DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT**  
**SEPTEMBER 30, 2013**  
*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	\$ 187,210,000	1.19%	\$ 2,227,799
Palm Beach County School Board		1.12%	
Other debt:			
Palm Beach County	761,946,000	1.19%	9,067,157
Palm Beach County School Board	26,370,000	1.12%	<u>295,344</u>
Subtotal, overlapping debt			11,590,300
Village of North Palm Beach Direct Debt		100%	-
Total direct and overlapping debt			<u><u>\$ 11,590,300</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>
(4)					
2006	\$ 2,348,813	\$ 1,910,640	\$ 438,173	\$ 106,936	4.10 (4)
2007	3,507,441	2,991,621	515,820	392,505	1.31
2008	3,652,940	2,558,591	1,094,349	394,900	2.77
2009	3,412,235	2,587,171	825,064	394,900	2.09
2010	3,242,266	2,728,470	513,796	394,900	1.30
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
2012	3,586,001	2,986,080	599,921	394,900	1.52

(1) Gross revenue includes interest revenue.

(2) Operating expenses excludes depreciation.

(3) Coverage should be not less than 1.00.

(4) 2006 was the first year the debt was outstanding, and was not a complete year.

**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)
2004	12,198	-	-	5.0
2005	12,633	-	-	4.0
2006 (estimate)	13,148	60,101	46,726	3.3
2007 (estimate)	13,120	63,984	42,224	4.1
2008 (estimate)	12,274	65,815	45,563	6.3
2009 (estimate)	11,541	66,401	49,350	10.8
2010 (estimate)	11,639	64,156	49,130	12.0
2011 (estimate)	*	*	*	10.7
2012 (estimate)	12,241	62,121	49,117	**5.29
2013 (estimate)	12,293	59,778	42,830	**4.66

**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 2012 and 2013 presented

**Note:** (1) All information available at the current time is presented.  
(2) North Palm Beach is not large enough to track unemployment rates. Palm Beach County rates are presented.

**VILLAGE OF NORTH PALM BEACH**

**PRINCIPAL EMPLOYERS\*\*\***

*Unaudited*

<u>Employer</u>	<u>2012**</u>		<u>2003</u>	
	<u>Employees</u>	<u>Percentage of Total Employment</u>	<u>Employees</u>	<u>Percentage of Total Employment</u>
Palm Beach Country School Board	20,810	3.36%	18,677	3.19%
Tenet Health Care Corp (2)	6,100	0.98%	3,040	0.52%
Palm Beach County Government	5,383	0.87%	9,000	1.54%
State Government			8,216	1.40%
Federal Government			5,819	0.99%
NextEra Energy (Florida Power & Light)	3,804	0.61%	2,800	0.48%
G4S (Wachenhut Corp)	3,000	0.48%		
Florida Atlantic University	2,980	0.48%	1,400	0.24%
Hospital Corporation of America (HCA) (1)	2,714	0.44%	4,000	0.68%
Veterans Health Administration	2,700	0.44%		
Boca Raton Resort & Club	1,292	0.21%	2,380	0.41%
Bethesda Memorial Hospital	2,643	0.43%	1,800	0.31%
Boca Raton Regional Hospital	2,250	0.36%	1,700	0.29%
The Breakers Hotel	1,800	0.29%	1,800	0.31%
<b>Total</b>	<u>55,476</u>	<u>8.95%</u>	<u>60,632</u>	<u>10.36%</u>

**Source:** Business Development Board of Palm Beach County

\* 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.

\*\*\* FY 2013 data was not available - FY 2003 & 2012 data presented

**Notes:**

- (1) Formerly Columbia Palm Beach Health Care Systems, Inc
- (2) Intracoastal Health Systems, Inc - now part of Tenet Healthcare Corp

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

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Number of Employees:										
General Government										
Village Manager - Full-Time	1	1	1	1	1	1	1	1	1	1
Assistant Village Manager - Full-Time	1	1	0	0	0	0	0	0	0	0
Systems Specialist										
Full-Time	1	1	2	2	2	2	2	2	3	3
Part-Time	0	0	0	0	0	1	1	1	0	0
Executive Secretary - Full-Time	1	1	1	1	1	1	1	1	1	1
Human Resources			2	2	2	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	5	5	5	5	5	5
Part-Time	0	0	0	0	1	1	1	1	1	1
Public Works										
Full-time	61	62	54	47	48	38	37	37	37	37
Part-Time	8	6	3	0	0	0	0	0	0	0
Public Safety										
Full-time	66	61	66	68	68	67	67	67	0	0
Part-Time	14	15	14	13	12	11	12	12	0	0
Law Enforcement										
Full-time	0	0	0	0	0	0	0	0	43	43
Part-Time	0	0	0	0	0	0	0	0	12	13
Fire Rescue										
Full-time	0	0	0	0	0	0	0	0	24	24
Part-Time	0	0	0	0	0	0	0	0	0	0
Community Development and Planning										
Full-time	0	0	0	9	10	9	9	9	8	8
Part-Time	0	0	0	1	1	2	2	2	2	2
Leisure Services										
Library										
Full-time	9	8	7	7	7	6	6	6	6	6
Part-Time	7	7	8	8	8	10	10	10	10	10
Recreation										
Full-time	6	5	15	15	17	9	7	6	6	6
Part-Time	14	15	31	39	42	42	42	43	43	43
Other Government - Country Club										
Full-time	25	24	18	19	18	5	5	7	5	6
Part-Time	27	27	24	25	22	21	21	64	56	54
<b>Total Number of Employees Budgeted FY Ending</b>	<b>249</b>	<b>242</b>	<b>254</b>	<b>265</b>	<b>268</b>	<b>236</b>	<b>234</b>	<b>279</b>	<b>268</b>	<b>268</b>

\* 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**  
*Unaudited*

FUNCTION/PROGRAM	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
<b>GENERAL GOVERNMENT</b>										
Number of Parcels	-	-	-	7,411	7,422	7,472	7,466	7,466	7,473	7,470
<b>PUBLIC WORKS</b>										
Street Maintenance (No. of lane miles maintained)	31,155	31,155	31,155	31	31	31	31	31	31	31
Sanitation (Tons of Refuse Collected)	18,842	14,037	13,203	12,085	11,974	10,667	10,165	9,962	10,065	10,720
No. of collection units for solid waste (residential)	7,470	7,519	7,558	7,152	7,163	7,214	7,070	7,071	7,076	7,471
Number of vehicles maintained	95	95	95	104	104	110	110	98	98	111
Number of repair overlays completed (miles)	5.587	2.462	2.935	2	3	2.5	2.71	-	-	-
<b>PUBLIC SAFETY</b>										
Number of arrests by police officers	315	331	410	545	549	448	402	260	211	216
Number of traffic citations issued	3,110	5,743	4,272	4,269	5,520	6,305	4,951	2,564	2,566	1,254
EMS average response times (minutes)	4.42	3.98	4.69	4.73	5.17	5.01	5.12	5.19	5.26	5.11
Number of EMS calls	1,066	965	1,056	1,034	1,114	1,214	1,146	1,179	1,326	1,296
<b>COMMUNITY DEVELOPMENT &amp; PLANNING</b>										
Building Department - Number of Permits	201	201	(1)	1,875	1,619	1,548	1,744	1,616	1,835	2,480
Number of code enforcement violations	-	-	1,767	1,617	729	613	391	575	817	790
Number of code violations brought to board/magistrate (Calendar Yr End)	145	165	144	126	115	73	38	72	100	62
<b>RECREATION</b>										
Number of community events presented	15	22	21	24	23	28	28	38	49	37
Number of registrants in athletic programs	1,575	1,400	1,520	1,600	1,400	1,125	1,005	1,260	1,311	2,074
<b>LIBRARY</b>										
Library - Number of Volumes	47,531	54,074	47,371	42,372	33,122	35,681	39,277	40,658	43,340	44,966
<b>OTHER GOVERNMENT</b>										
Country Club										
Number of Golf Members	-	-	365	579	389	297	354	298	283	262
Number of Tennis Members	-	-	136	171	171	180	184	173	162	190

(1) An accurate number of building permits issued for 2006 is not available - computer systems crash.

**Source:** Village of North Palm Beach  
U.S. Census Bureau

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

Function/Program:	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
<b>General Government</b>										
No. of General Government Buildings	11	11	11	11	11	23	23	23	23	23
<b>Public Works</b>										
Square Miles	5.18	5.18	5.18	5.18	5.18	5.18	5.18	5.18	5.18	5.80
Miles of Streets	36.00	36.00	36.00	36.00	36.00	36.00	36.00	36.00	36.00	31.10
Number of Street Lights	425	425	425	425	513	513	513	513	513	*752
<b>Public Safety</b>										
Fire:										
Number of Stations	1	1	1	1	1	1	1	1	1	1
Number of Fireman & Officers	8	8	0	0	0	0	0	0	0	0
Number of Firemen/Paramedics/EMTs	0	0	23	23	23	23	23	23	22	22
Police/EMS Protection:										
Number of Stations	0	0	0	0	0	0	0	0	1	1
Number of Policemen & Officers	1	1	1	1	1	1	1	1	1	1
EMS Protection	35	35	33	32	32	31	31	31	28	28
	0	0	0	0	0	0	0	0	2	2
Leisure Services	13	13	0	0	0	0	0	0	0	0
Recreation										
Number of Parks	4	4	4	4	4	4	4	4	4	4
Public Tennis Courts	4	4	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	47,531	54,074	47,371	42,372	33,122	35,681	39,277	40,658	43,340	44,966
<b>Other Government</b>										
Country Club	1	1	1	1	1	1	1	1	1	1
Golf Course	1	1	1	1	1	1	1	1	1	1
Driving Range	10	10	10	10	10	10	10	10	10	10
Tennis Courts	0	0	0	0	0	0	1	1	1	1
Restaurant/Snack Bar	0	0	0	0	0	0	1	1	1	1

**Source:** Village of North Palm Beach

## 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  
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, 2013, 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 19, 2014.

### **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) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Village 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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Purpose of this Report**

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

*Nowlen, Holt & Mimes, P.A.*

West Palm Beach, Florida  
March 19, 2014



# 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  
Village of North Palm Beach, Florida

We have audited the financial statements of the Village of North Palm Beach, Florida, as of and for the fiscal year ended September 30, 2013, and have issued our report thereon dated March 19, 2014.

We conducted our audit in accordance with U.S. generally accepted auditing standards, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, and Chapter 10.550, Rules of the Florida Auditor General. We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*. Disclosures in that report, which is dated March 19, 2014, should be considered in conjunction with this management letter.

Additionally, our audit was conducted in accordance with Chapter 10.550, Rules of the Auditor General, which governs the conduct of local governmental entity audits performed in the State of Florida. This letter includes the following information, which is not included in the aforementioned auditor's reports.

### PRIOR YEAR COMMENTS

The Rules of the Auditor General require that we address in the management letter whether or not recommendations made in the preceding annual financial audit report have been followed. All prior year recommendations have been implemented.

## CURRENT YEAR COMMENTS

The Rules of the Auditor General require that we address in the management letter any recommendations to improve financial management. In connection with our audit for the fiscal year ended September 30, 2013, we did not have any such recommendations.

### *Investment of Public Funds*

Rules of the Auditor General require our audit to include a review of the Village's compliance with Section 218.415, Florida Statutes, regarding the investment of public funds. In connection with our audit for the fiscal year ended September 30, 2013, the results of our procedures did not disclose any instances of noncompliance with Section 218.415, Florida Statutes.

### *Violations of Contracts and Grant Provisions or Abuse*

Rules of the Auditor General require that we address violations of provisions of contracts or grant agreements, or abuse that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but which warrant the attention of those charged with governance. In connection with our audit for the fiscal year ended September 30, 2013, we did not have any such findings.

### *Oversight Unit and Component Units*

The Village of North Palm Beach, Florida, is a municipal corporation incorporated in 1956 pursuant to Chapter 31481, Laws of Florida, Extraordinary Session 1956. Based upon the application of criteria defined in publications cited in Chapter 10.553, Rules of the Auditor General, the Village has determined that there are no component units related to the Village.

### *Consideration of Financial Emergency Criteria*

Rules of the Auditor General require a statement be included as to whether or not the local government entity has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identification of the specific condition(s) met. In connection with our audit, the results of our procedures did not disclose that the Village of North Palm Beach, Florida has met any of the conditions described in Section 218.503(1) during the fiscal year ended September 30, 2013.

### *Annual Financial Report*

Rules of the Auditor General require that we determine whether the annual financial report for the Village of North Palm Beach, Florida for the fiscal year ended September 30, 2013, filed with the Florida Department of Financial Services pursuant to Section 218.32(1)(a), Florida Statutes, is in agreement with the annual financial audit report for the fiscal year ended September 30, 2013. In connection with our audit, we noted that the two reports were in substantial agreement.

Financial Condition Assessment Procedures

Pursuant to Rules of the Auditor General, we applied financial condition assessment procedures. It is management's responsibility to monitor the Village's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provide by management. The results of our procedures did not disclose any matters that are required to be reported. Our assessment was made as of the fiscal year end.

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, management, the audit committee, Village Council, and federal and state awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

*Nowlen, Holt & Mimer, P.A.*

March 19, 2014  
West Palm Beach, Florida