



# THE VILLAGE OF NORTH PALM BEACH, FL



## COMPREHENSIVE ANNUAL FINANCIAL REPORT

*Fiscal Year Ended September 30, 2014*

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



## **COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**Fiscal Year Ended September 30, 2014**

**Prepared by:  
Finance Department**

**Samia Janjua  
Director of Finance**

# THE VILLAGE OF NORTH PALM BEACH, FLORIDA

## FINANCIAL STATEMENTS

SEPTEMBER 30, 2014

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SEPTEMBER 30, 2014

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## INTRODUCTORY SECTION



# THE VILLAGE OF NORTH PALM BEACH

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

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March 26, 2015

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, 2014.

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

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

## **THE REPORT**

Nowlen, Holt & Miner, P.A., Certified Public Accountants, have issued an unmodified ("clean") opinion on the Village of North Palm Beach's financial statements for the year ended September 30, 2014. The independent auditor's report is located at the front of the financial section of this report.

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

The 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 (52%) 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. Both the State and South Florida, in particular, are enjoying resurgence in real estate activity, which has translated into annual gains in market prices for area homes. 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, began construction in 2014, with completion scheduled for late 2015. In addition, improvements are being made to our commercial properties on the US Highway 1 and Northlake Boulevard corridors. The increased activity in our commercial properties has had a positive effect on Village revenues.

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. The Village, with the assistance of the Village's Audit Committee, adopted a "revised" Investment Policy designed to provide safety and liquidity while maximizing investment return(s). The newly adopted policy provided numerous investment strategies, parameters, and safeguards. The policy additionally provided for 1/12 of the annual operating budget to be deposited in a liquid interest bearing account so as not to impede operations should other funds be temporarily unavailable. The Audit Committee and staff, along with the Village's Investment Advisor, continue to explore other investment opportunities that 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 2015, 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.

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 reserve for tax relief.

## **INITIATIVES AND FUTURE PROJECTS**

The FY2014/2015 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 concentrate staff resources in areas of construction, permitting, licensing, and community planning while furthering 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 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 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 has also begun the task of updating our land use code. Community Development relocated to a larger facility that is more customer-friendly and will be launching a Citizen Self Service website to allow the public and contractors online access to their Business Tax Receipts and Permit status.

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 Public Works Department is tasked with 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 address 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 focused on improvements in neighborhood outreach, crime suppression, and crime clearances. In 2008, 2011, and again in 2014, 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 2014, 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 2015. North Palm Beach was named the 4<sup>th</sup> safest city in Florida by Movado in 2014. The Dispatch function and communications were transferred to the North County Dispatch Center in Palm Beach Gardens in October 2014, which has increased inter-agency communications.

This year, the Human Resources 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 successfully completed union negotiations with all three of the Village's collective bargaining units (police, fire, and public service workers). All Policies and Procedures are being reviewed and updated as necessary in the coming year.

The Information Technology Department has numerous projects for the upcoming year: implementing and transitioning the dispatch functions with the North County Dispatch Center (located in Palm Beach Gardens), preparing the Village for LPR (License Plate Recognition) systems, going from numerous servers to a virtual software system, and improving the Village website.

The Administration continues its ongoing implementation of an optical records storage system (Laserfiche) 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.

The Village created a Facebook page that has been an outlet to release traffic issues, upcoming events and information to residents. The Village Newsletter expanded its advertising options and has increased revenue to offset the costs of printing and postage.

The Enterprise Fund is on solid financial footing; however, there are serious infrastructure issues related to the clubhouse that need to be addressed. During the fiscal year, community meetings were held to discuss the future of the Country Club facility and a “wish list” of amenities was created for future consideration. A modest remodel of the lobby was done to create a more welcoming environment for patrons. Restaurant hours were expanded to seven days a week, 7 am to 7 pm, to ensure consistency.

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 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 projects 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, 2013. 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



James P. Kelly  
Village Manager

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

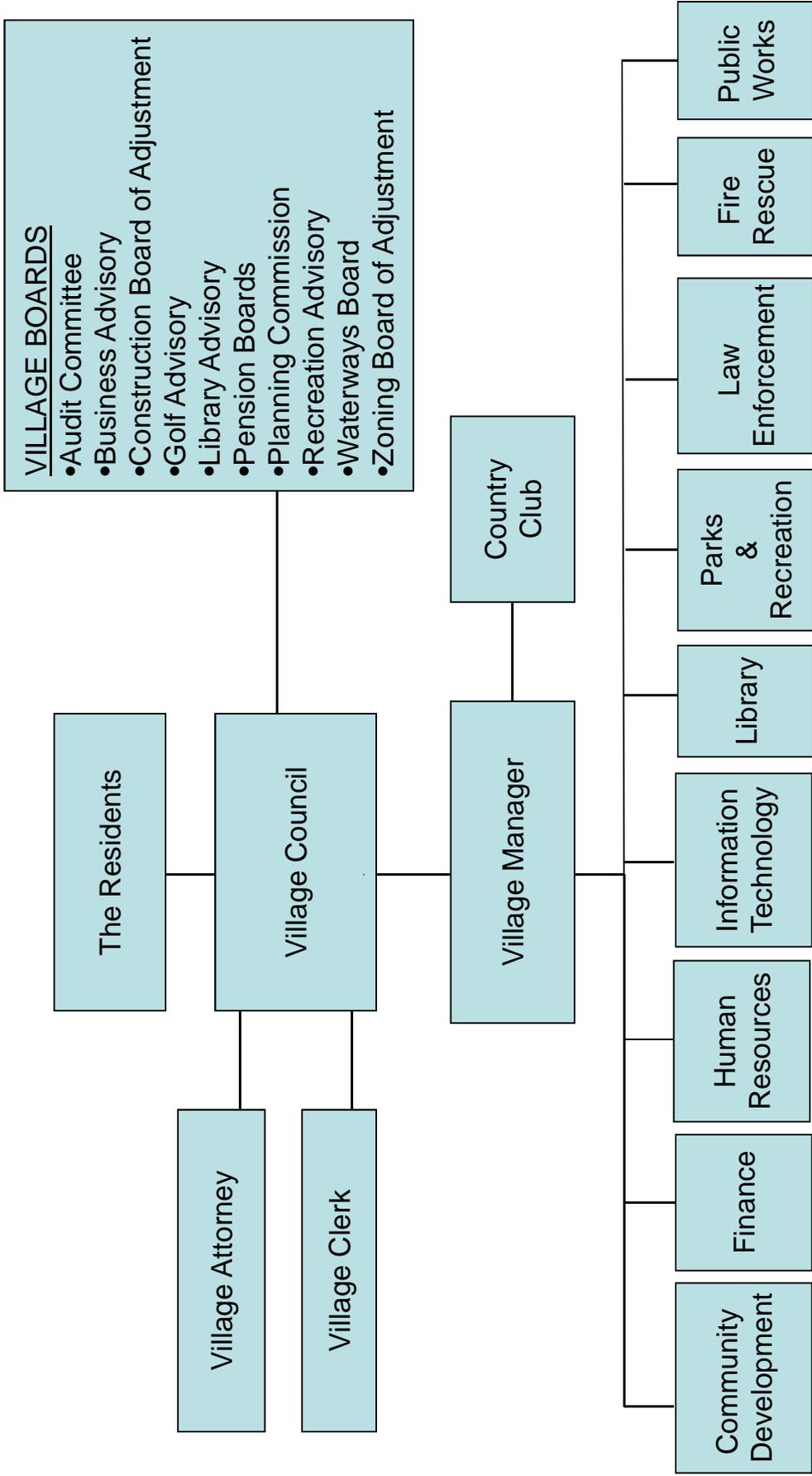
## **PRINCIPAL VILLAGE OFFICIALS**

**SEPTEMBER 30, 2014**

<u>Title</u>	<u>Name</u>
Mayor	Darryl C. Aubrey
Vice Mayor	Robert A. Gebbia
President Pro Tem	David B. Norris
Council Member	William L. Manuel
Council Member	Doug Bush
Village Manager	James P. Kelly
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, 2013**

Executive Director/CEO

## FINANCIAL SECTION



# NOWLEN, HOLT & MINER, P.A.

CERTIFIED PUBLIC ACCOUNTANTS

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JANET R. BARICEVICH, CPA  
TERRY L. MORTON, JR., CPA  
N. RONALD BENNETT, CVA, ABV, CFF, CPA  
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RUDINA TORO, CPA  
RYAN M. SHORE, CFP®, CPA  
TIMOTHY H. SCHMEDES, CFP®, CPA  
WEI PAN, CPA

## INDEPENDENT AUDITOR'S REPORT

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BELLE GLADE, FLORIDA 33430-0338  
TELEPHONE (561) 996-5612  
FAX (561) 996-6248

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

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of North Palm Beach, Florida as of and for the year ended September 30, 2014, and the related notes to the financial statements, which collectively comprise the Village of North Palm Beach, Florida's basic financial statements as listed in the table of contents.

### *Management's Responsibility for the Financial Statements*

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

### *Auditor's Responsibility*

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not

for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of North Palm Beach, Florida as of September 30, 2014, 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.

### ***Change in Accounting Principle***

As described in Note 17 to the financial statements, the Village of North Palm Beach, Florida adopted the recognition and disclosure requirements of Governmental Accounting Standards Board Statement No. 65, *Items Previously Reported as Assets and Liabilities* and Governmental Accounting Standards Board Statement No. 67, *Financial Reporting for Pension Plans – an amendment of GASB Statement 25* during the fiscal year ended September 30, 2014. Our opinion is not modified with respect to these matters.

### ***Other Matters***

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 4 through 13, Pension and Other Postemployment Benefit trend information on pages 67 through 71, and budgetary comparison information on pages 72 through 73 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

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

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

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

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated March 18, 2015, 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 & Mimes, P.A.*

West Palm Beach, Florida  
March 18, 2015

## 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, 2014. 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 #
	2014	2013		
Total net position	\$28.88	\$30.39	(\$1.51)	14
Unrestricted net position available for future use	\$11.83	\$12.64	(\$0.81)	14
Governmental net position	\$26.46	\$27.72	(\$1.26)	14
Total revenues from all sources	\$23.00	\$21.96	\$1.04	15
Governmental revenues	\$19.34	\$18.30	\$1.04	15
Total cost of all Village programs	\$24.50	\$22.82	\$1.68	15
Governmental revenues over (under) expenses	(\$1.26)	(\$0.89)	(\$0.37)	16
General fund revenues over (under) expenses	\$0.61	\$0.77	(\$0.16)	19
General fund unassigned fund balance	\$12.39	\$11.34	\$1.05	17
As a percent of general fund expenditures	66.07%	65.10%	\$0.01	
Country Club revenues over (under) expenses	(\$0.25)	\$0.03	(\$0.28)	22
Change in total long-term debt for the Village	(\$0.38)	\$0.04	(\$0.42)	

### USING THIS ANNUAL REPORT

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

### REPORTING ON THE VILLAGE AS A WHOLE

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

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

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

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

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

## **REPORTING THE VILLAGE'S MOST SIGNIFICANT FUNDS**

### **Fund Financial Statements**

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

- **Governmental Funds**

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

The Village maintains 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, the net position was \$28.88 million at the close of the most recent fiscal year.

A significant portion of the Village's net position (58.42%) reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment), less any related debt still outstanding, which was used to acquire those assets. The Village uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending.

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

	Governmental Activities		Business-type Activities		Total	
	2014	2013	2014	2013	2014	2013
<b>Assets:</b>						
Current and other assets	\$ 17,359	\$ 16,333	\$ 988	\$ 1,068	\$ 18,347	\$ 17,401
Capital assets	14,967	15,432	5,255	5,724	20,222	21,156
Total assets	<u>32,326</u>	<u>31,765</u>	<u>6,243</u>	<u>6,792</u>	<u>38,569</u>	<u>38,557</u>
<b>Liabilities:</b>						
Current liabilities	2,474	1,154	339	281	2,813	1,435
Long-term liabilities	3,215	2,793	3,482	3,844	6,697	6,637
Total liabilities	<u>5,689</u>	<u>3,947</u>	<u>3,821</u>	<u>4,125</u>	<u>9,510</u>	<u>8,072</u>
Deferred inflows of resources:	<u>175</u>	<u>95</u>			<u>175</u>	<u>95</u>
<b>Net position:</b>						
Net investment in capital assets	14,967	15,432	1,908	1,999	16,875	17,431
Restricted	181	317			181	317
Unrestricted	11,314	11,974	514	668	11,828	12,642
Total net position	<u>\$ 26,462</u>	<u>\$ 27,723</u>	<u>\$ 2,422</u>	<u>\$ 2,667</u>	<u>\$ 28,884</u>	<u>\$ 30,390</u>

**Governmental Activities**

The cost of all governmental activities this year was \$20.60 million. As shown on Table 3, Changes in Net Position, those who directly benefited from the programs paid for \$3.82 million of this cost and \$15.52 million was financed through general revenues. Governmental activities decreased the Village's net position by \$1.26 million, thereby accounting for 84% of the total decrease in the net position of the Village. Key elements of this decrease are due to increased personnel related costs for salaries, health insurance and pensions.

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	
	2014	2013	2014	2013	2014	2013
<b>Revenues:</b>						
Program revenues:						
Charges for services	\$ 3,823	\$ 3,114	\$ 3,646	\$ 3,577	\$ 7,469	\$ 6,691
Operating grants and contributions	90	92			90	92
Capital grants and contributions	16	234			16	234
General revenues:						
Property taxes	10,155	9,981			10,155	9,981
Local option gas taxes	266	262			266	262
Utility service taxes	2,277	2,198			2,277	2,198
Sales and use taxes	1,261	1,187			1,261	1,187
Franchise taxes	1,233	1,161			1,233	1,161
Investment earnings	17	37	11	9	28	46
Miscellaneous	146	38			146	38
Gain on asset disposals	56			70	56	70
Total revenues	<u>19,340</u>	<u>18,304</u>	<u>3,657</u>	<u>3,656</u>	<u>22,997</u>	<u>21,960</u>
<b>Expenses:</b>						
Program expenses:						
General Government	2,696	2,490			2,696	2,490
Public Safety	9,260	8,282			9,260	8,282
Public Works	4,485	4,483			4,485	4,483
Community Development & Planning	1,046	966			1,046	966
Leisure Services	3,114	2,974			3,114	2,974
Country Club			3,902	3,629	3,902	3,629
Total expenses	<u>20,601</u>	<u>19,195</u>	<u>3,902</u>	<u>3,629</u>	<u>24,503</u>	<u>22,824</u>
Increase (decrease) in net position	(1,261)	(891)	(245)	27	(1,506)	(864)
Net position - beginning of year	<u>27,723</u>	<u>28,614</u>	<u>2,667</u>	<u>2,640</u>	<u>30,390</u>	<u>31,254</u>
Net position - end of year	<u>\$ 26,462</u>	<u>\$ 27,723</u>	<u>\$ 2,422</u>	<u>\$ 2,667</u>	<u>\$ 28,884</u>	<u>\$ 30,390</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)**

	2014		2013	
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
General government	\$ 2,696	\$ (2,577)	\$ 2,490	\$ (2,380)
Public safety	9,260	(8,635)	8,282	(7,726)
Public works	4,485	(4,052)	4,483	(4,046)
Community development and planning	1,046	575	966	26
Leisure services	3,114	(1,983)	2,974	(1,629)
Interest on long-term debt				
	<u>\$ 20,601</u>	<u>\$ (16,672)</u>	<u>\$ 19,195</u>	<u>\$ (15,755)</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 \$0.91 million and Leisure Services increased by \$0.35 million). The increase is a result of the increases in personnel-related costs.

**Business-Type Activities**

Charges for Services (revenues) in the Business-type activities experienced an overall decrease (\$0.07 million) from that of the previous year. Also, during this same time period, expenses increased by \$0.27 million. Net position of the Proprietary Fund (Country Club) at September 30, 2014, were \$2.42 million. Net position decreased by \$245,495.

The negative impact in the Village's Business-type activities was a result of a decline in revenues and several unbudgeted projects: Adverse weather conditions resulted in the closure of the Golf Course, which had a negative impact on revenues; several unbudgeted projects were necessary during the fiscal year (repairs to the clubhouse's HVAC system, golf projects, sewer lateral installation). The Enterprise Fund is on solid financial footing; however, there are serious infrastructure issues related to the clubhouse that need to be addressed.

## 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 \$14.20 million, a \$0.35 decrease over the 2013 fund balance of \$14.55 million. Approximately 97% of the combined ending fund balance (\$13.77 million) constitutes unrestricted (unassigned/assigned) fund balance, which is available for spending at the government's discretion. The remainder of fund balance (\$0.43 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 \$12.39 million while the General Fund total fund balance was \$12.99 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 66% of total general fund expenditures, while total fund balance represents 69% of that same amount.

The general fund unassigned fund balance (\$12.39 million) represents an increase of \$1.05 million over the 2013 unassigned general fund balance of \$11.34 million. Key elements of this increase are listed below:

- Revenues for Franchise Fees and Utility Service Taxes were budgeted based on prior year trends (\$3.20 million). For the current year, the Village received \$3.51 million.
- Revenues for Building Permits were budgeted based on prior year trends (\$0.86 million). For the current year, the Village received \$1.09 million.
- Due to discounts for prompt payments, State law requires that only 95% of the gross ad-valorem taxes be budgeted as revenue (\$9.97 million). For the current year, the Village received \$10.15 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 \$679,573 and can be briefly summarized as follows:

- Small Business Grant Carryover (\$73,935)
- Prior Year Open Purchase Order Carryover (\$266,463)
- Veteran's Memorial Project Carryover (\$15,925)
- Kiddie Pool Project Carryover (\$45,750)
- Use of Reserve – Anchorage Park Grant Match (\$277,500)

### **General Fund Budget Analysis**

As shown on pages 69-71 of this report, in the Schedule of Departmental Expenditures – Budget and Actual, there was a favorable budget to actual cost variance of \$221,146 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, the economic downturn and the increase in employee compensation costs, 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 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 (\$105,480): 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 2014, there was only one (1) application approved for the Grant which resulted in a budgetary savings (\$66,435) 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 \$0.89 million, a \$0.91 million decrease over the 2013 fund balance of \$1.80 million. This is primarily due to the completion of several capital projects.

## **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, 2014 and 2013 amounts to \$20.22 million and \$21.16 million, respectively (net of accumulated depreciation).

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

	Governmental Activities		Business-type Activities		Total	
	2014	2013	2014	2013	2014	2013
Land	\$ 2,056	\$ 2,056	\$ 1,051	\$ 1,051	\$ 3,107	\$ 3,107
Construction in progress	88	740			88	740
Buildings and improvements	23,095	22,246	1,405	1,405	24,500	23,651
Improvements other than buildings			272	272	272	272
Improvements - golf course			5,824	5,824	5,824	5,824
Furniture, fixtures and equipment	6,904	6,542	776	773	7,680	7,315
Total assets	32,143	31,584	9,328	9,325	41,471	40,909
Less accumulated depreciation	(17,176)	(16,152)	(4,073)	(3,601)	(21,249)	(19,753)
Net assets	<u>\$ 14,967</u>	<u>\$ 15,432</u>	<u>\$ 5,255</u>	<u>\$ 5,724</u>	<u>\$ 20,222</u>	<u>\$ 21,156</u>

Additional information on the Village's capital assets can be found in Note 5 on pages 44 through 46 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 \$3.37 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	
	2014	2013	2014	2013	2014	2013
Loans payable			\$ 3,097	\$ 3,358	\$ 3,097	\$ 3,358
Capital leases			274	396	274	396
Total	<u>\$</u>	<u>\$</u>	<u>\$ 3,371</u>	<u>\$ 3,754</u>	<u>\$ 3,371</u>	<u>\$ 3,754</u>

Additional information on the Village's debt can be found in Note 6 on pages 46 through 48 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 \$12.39 million during the current 2014 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, 2014**

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
<b>Assets</b>			
Cash and cash equivalents	\$ 7,375,792	\$ 832,217	\$ 8,208,009
Investments	8,387,482		8,387,482
Accounts receivable	452,625	19,687	472,312
Inventories	162,959	93,225	256,184
Prepays	84,476	18,907	103,383
Due from other governments	205,428		205,428
Restricted assets:			
Cash and cash equivalents	180,755		180,755
Net pension assets	509,729		509,729
Intangible assets, net of amortization		23,929	23,929
Capital assets:			
Nondepreciable	2,144,071	1,051,311	3,195,382
Depreciable (net of depreciation)	12,822,856	4,203,902	17,026,758
<b>Total assets</b>	<u>32,326,173</u>	<u>6,243,178</u>	<u>38,569,351</u>
<b>Liabilities</b>			
Accounts payable	535,023	84,199	619,222
Accrued liabilities	810,502		810,502
Due to other governments	1,034,903		1,034,903
Deposits		6,700	6,700
Unearned revenue	93,703	248,532	342,235
Noncurrent liabilities:			
Due within one year	903,298	416,197	1,319,495
Due in more than one year	2,311,945	3,065,637	5,377,582
<b>Total liabilities</b>	<u>5,689,374</u>	<u>3,821,265</u>	<u>9,510,639</u>
<b>Deferred inflows of resources</b>			
Unearned revenue	175,021		175,021
<b>Total deferred inflows of resources</b>	<u>175,021</u>		<u>175,021</u>
<b>Net position</b>			
Net investment in capital assets	14,966,927	1,907,746	16,874,673
Restricted for:			
Recreation	91,695		91,695
Streets and roads	21,104		21,104
Public safety	20,687		20,687
Library	44,599		44,599
Other purposes	2,670		2,670
Unrestricted	11,314,096	514,167	11,828,263
<b>Total net position</b>	<u>\$ 26,461,778</u>	<u>\$ 2,421,913</u>	<u>\$ 28,883,691</u>

See notes to the financial statements.

**THE VILLAGE OF NORTH PALM BEACH, FLORIDA**  
**Statement of Activities**  
**For the Year Ended September 30, 2014**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Charges for Activities</u>
<b>Government:</b>		
Governmental activities		
General government	\$ 2,696,298	\$ 110,694
Public safety	9,259,442	592,644
Public works	4,485,246	402,814
Community development and planning	1,046,299	1,621,471
Leisure services	3,114,213	1,096,021
Total governmental activities	<u>20,601,498</u>	<u>3,823,644</u>
Business-type activities - country club	3,902,131	3,645,706
Total business-type activities	<u>3,902,131</u>	<u>3,645,706</u>
<b>Total government</b>	<u>\$ 24,503,629</u>	<u>\$ 7,469,350</u>

Program Revenues		Net Expense (Revenue) and Changes in Net Position		
Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
\$ 9,032	\$	\$ (2,576,572)	\$	\$ (2,576,572)
32,096		(8,634,702)		(8,634,702)
30,283		(4,052,149)		(4,052,149)
		575,172		575,172
19,109	16,098	(1,982,985)		(1,982,985)
90,520	16,098	(16,671,236)		(16,671,236)
			(256,425)	(256,425)
			(256,425)	(256,425)
\$ 90,520	\$ 16,098	(16,671,236)	(256,425)	(16,927,661)

**General Revenues:**

Taxes:				
Property taxes		10,154,695		10,154,695
Local option gas taxes		266,147		266,147
Utility service taxes		2,277,366		2,277,366
Franchise taxes		1,232,669		1,232,669
Sales and use taxes		1,260,617		1,260,617
Investment income		16,653	10,930	27,583
Miscellaneous		146,360		146,360
Gain on disposal of equipment		55,636		55,636
<b>Total general revenues</b>		15,410,143	10,930	15,421,073
<b>Change in net position</b>		(1,261,093)	(245,495)	(1,506,588)
<b>Net position, beginning of year</b>		27,722,871	2,667,408	30,390,279
<b>Net position, end of year</b>		\$ 26,461,778	\$ 2,421,913	\$ 28,883,691

See notes to the financial statements.

**THE VILLAGE OF NORTH PALM BEACH, FLORIDA**  
**Balance Sheet**  
**Governmental Funds**  
**September 30, 2014**

	<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	\$ 6,055,724	\$ 950,888	\$ 369,180	\$ 7,375,792
Investments	8,387,482			8,387,482
Accounts receivable	452,625			452,625
Inventories	162,959			162,959
Prepays	84,476			84,476
Due from other funds		44,028		44,028
Due from other governments	152,043		53,385	205,428
Restricted cash and cash equivalents	135,255	45,500		180,755
Total assets	<u>\$ 15,430,564</u>	<u>\$ 1,040,416</u>	<u>\$ 422,565</u>	<u>\$ 16,893,545</u>
<b>Liabilities, deferred inflows of resources, and fund balances</b>				
<b>Liabilities</b>				
Accounts payable	\$ 328,572	\$ 153,066	\$ 53,385	\$ 535,023
Accrued liabilities	810,502			810,502
Due to other governments	1,034,903			1,034,903
Due to other funds			44,028	44,028
Unearned revenue	93,703			93,703
Total liabilities	<u>2,267,680</u>	<u>153,066</u>	<u>97,413</u>	<u>2,518,159</u>
<b>Deferred inflows of resources</b>				
Unearned revenue	175,021			175,021
Total deferred inflows of resources	<u>175,021</u>			<u>175,021</u>
<b>Fund balances</b>				
<b>Nonspendable:</b>				
Inventories and prepays	247,435			247,435
<b>Restricted for:</b>				
Recreation	46,195	45,500		91,695
Streets and roads	21,104			21,104
Police	20,687			20,687
Library	44,599			44,599
Other purposes	2,670			2,670
<b>Assigned for:</b>				
Small business grants	66,435			66,435
Subsequent year's expenditures	150,373			150,373
Special revenue funds			325,152	325,152
Capital project funds		841,850		841,850
Unassigned	12,388,365			12,388,365
Total fund balances	<u>12,987,863</u>	<u>887,350</u>	<u>325,152</u>	<u>14,200,365</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 15,430,564</u>	<u>\$ 1,040,416</u>	<u>\$ 422,565</u>	<u>\$ 16,893,545</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, 2014**

Fund balances - total governmental funds \$ 14,200,365

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	\$ 32,142,692	
Less: accumulated depreciation	<u>(17,175,765)</u>	14,966,927

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:

509,729

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	(1,955,877)	
Accrued compensated absences	<u>(1,209,366)</u>	<u>(3,215,243)</u>

Net position of governmental activities \$ 26,461,778

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, 2014**

	<u>General</u>	<u>Capital Projects Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues				
Taxes	\$ 13,930,877	\$	\$	\$ 13,930,877
Licenses and permits	1,344,653			1,344,653
Intergovernmental	1,367,378		321,230	1,688,608
Charges for services	2,320,305			2,320,305
Fines and forfeitures	117,869			117,869
Investment	16,653			16,653
Miscellaneous	258,086			258,086
Total revenues	<u>19,355,821</u>	<u></u>	<u>321,230</u>	<u>19,677,051</u>
Expenditures				
Current				
General government	2,541,546			2,541,546
Public safety	8,626,397		321,230	8,947,627
Public works	3,773,689			3,773,689
Community development and planning	1,004,642			1,004,642
Leisure services - recreation	2,644,598			2,644,598
Capital outlay	159,467	957,767		1,117,234
Total expenditures	<u>18,750,339</u>	<u>957,767</u>	<u>321,230</u>	<u>20,029,336</u>
Excess (deficiency) of revenues over (under) expenditures	<u>605,482</u>	<u>(957,767)</u>	<u></u>	<u>(352,285)</u>
Other financing sources (uses)				
Transfers in		45,500	277,500	323,000
Transfers out	(323,000)			(323,000)
Total other financing sources (uses)	<u>(323,000)</u>	<u>45,500</u>	<u>277,500</u>	<u></u>
Net change in fund balances	282,482	(912,267)	277,500	(352,285)
Fund balances				
Beginning of year	12,705,381	1,799,617	47,652	14,552,650
End of year	<u>\$ 12,987,863</u>	<u>\$ 887,350</u>	<u>\$ 325,152</u>	<u>\$ 14,200,365</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, 2014**

Net change in fund balances - total governmental funds \$ (352,285)

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

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

Expenditures for capital assets	\$ 1,097,286	
Less: current year depreciation	<u>(1,546,909)</u>	(449,623)

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:

Net book value for retired assets		(15,416)
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Expenses that do not use current financial resources are not reported on the governmental funds but are included in the statement of activities:

Change in long-term compensated absences	(18,905)	
Change in net pension asset of defined benefit pension plans	(21,817)	
Change in other postemployment benefits	<u>(403,047)</u>	<u>(443,769)</u>

Change in net position		<u><u>\$ (1,261,093)</u></u>
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See notes to the financial statements.

**THE VILLAGE OF NORTH PALM BEACH, FLORIDA**  
**Statement of Net Position**  
**Proprietary Fund**  
**September 30, 2014**

	<b>Enterprise</b>
Assets	
Current assets	
Cash and cash equivalents	\$ 832,217
Accounts receivable	19,687
Inventories	93,225
Prepays	18,907
Total current assets	964,036
Non-current assets	
Intangible asset, net	23,929
Capital assets, net	5,255,213
Total non-current assets	5,279,142
Total assets	6,243,178
Liabilities	
Current liabilities	
Accounts payable	84,199
Deposits	6,700
Unearned revenue	248,532
Compensated absences - current portion	17,572
Capital leases - current portion	126,705
Loans payable - current portion	271,920
Total current liabilities	755,628
Non-current liabilities	
Other postemployment benefits	85,000
Compensated absences	7,866
Capital leases	147,766
Loans payable	2,825,005
Total non-current liabilities	3,065,637
Total liabilities	3,821,265
Net position	
Net investment in capital assets	1,907,746
Unrestricted	514,167
Total net position	\$ 2,421,913

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, 2014**

	<b>Enterprise</b>
Operating revenue	
Greens fee/cart rentals/membership fees	\$ 2,328,539
Golf shop revenues	405,986
Driving range revenues	283,320
Restaurant revenues	620,926
Miscellaneous	6,935
Total operating revenues	3,645,706
Operating expenses	
Golf course maintenance expenses	1,209,689
Clubhouse grounds expenses	131,194
Golf shop expenses	988,077
Food and beverage expenses	798,215
Administrative and general	93,562
Insurance	48,169
Other	56
Depreciation and amortization	481,882
Total operating expenses	3,750,844
Operating income	(105,138)
Nonoperating revenues (expenses)	
Interest revenue	10,930
Interest expense	(151,287)
Total nonoperating revenues (expenses)	(140,357)
Change in net position	(245,495)
Net position - beginning	2,667,408
Net position - ending	\$ 2,421,913

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, 2014**

	<b>Enterprise</b>
Cash flows from operating activities:	
Receipts from customers	\$ 3,671,548
Payments to suppliers for goods or services	(2,206,188)
Payments to employees for services	(977,999)
Net cash provided by operating activities	487,361
Cash flows from capital and related financing activities:	
Principal paid on long term debt	(382,534)
Interest paid on debt	(151,287)
Acquisition of capital assets	(8,120)
Net cash provided (used) by capital and related financing activities	(541,941)
Cash flows from investing activities:	
Interest and dividends on investments	10,930
Net increase (decrease) in cash and cash equivalents	(43,650)
Cash and cash equivalents at beginning of year	875,867
Cash and cash equivalents at end of year	\$ 832,217
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	\$ (105,138)
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation and amortization	481,882
Change in assets and liabilities	
(Increase) in accounts receivable	(7,908)
Decrease in inventory	3,697
Decrease in prepaids	36,110
Increase in accounts payable	24,930
Increase in deposits	2,900
(Decrease) in compensated absences payable	(640)
Increase in deferred revenue	30,850
Increase in other postemployment benefits	20,678
Total adjustments	592,499
Net cash provided by operating activities	\$ 487,361

See notes to the financial statements.

**THE VILLAGE OF NORTH PALM BEACH, FLORIDA**  
**Statement of Fiduciary Net Position**  
**Fiduciary Funds**  
**September 30, 2014**

	<u>Employee Retirement Funds</u>	<u>Agency Funds</u>
<b>Assets</b>		
Cash and cash equivalents	\$ 2,081,371	\$ 356,060
<b>Investments:</b>		
Common equity securities	8,808,720	
International common equity securities	1,005,284	
U.S. Government agencies	1,064,305	
Municipal bonds	220,970	
Corporate bonds	2,496,523	
Equity mutual funds	9,041,300	
Fixed income mutual funds	2,748,417	
Real estate investment fund	1,254,827	
Accrued interest and dividends	48,509	
Accounts receivable	148,550	
Prepays	1,489	
Total assets	<u>28,920,265</u>	<u>356,060</u>
<b>Liabilities</b>		
Accounts payable	29,657	
Accounts payable, broker-dealers	158,783	
Due to others		356,060
Total liabilities	<u>188,440</u>	<u>356,060</u>
<b>Net Position</b>		
Held in trust for pension benefits and other purposes	<u>\$ 28,731,825</u>	<u>\$</u>

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, 2014**

	<u>Employee Retirement Funds</u>
Additions	
Contributions	
Employer	\$ 1,506,587
Plan members	229,619
State on-behalf payments	321,230
Total contributions	<u>2,057,436</u>
Investment earnings	
Dividends and interest	674,616
Net increase in fair value of investments	<u>2,019,232</u>
Total investment earnings	2,693,848
Less: investment expenses	<u>153,366</u>
Total net investment earnings	<u>2,540,482</u>
Total additions	<u>4,597,918</u>
Deductions	
Administrative expense	83,919
Benefits	673,111
Refund of contributions	42,137
Total deductions	<u>799,167</u>
Change in net position	3,798,751
Net position - beginning	<u>24,933,074</u>
Net position - ending	<u><u>\$ 28,731,825</u></u>

See notes to the financial statements.

**THE VILLAGE OF NORTH PALM BEACH, FLORIDA**  
**Notes to the Basic Financial Statements**  
**September 30, 2014**

**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, 2014**

**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, 2014**

**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.

*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.

**THE VILLAGE OF NORTH PALM BEACH, FLORIDA**  
**Notes to the Basic Financial Statements**  
**September 30, 2014**

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

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

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.

*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.

**THE VILLAGE OF NORTH PALM BEACH, FLORIDA**  
**Notes to the Basic Financial Statements**  
**September 30, 2014**

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

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

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.

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

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 VILLAGE OF NORTH PALM BEACH, FLORIDA**  
**Notes to the Basic Financial Statements**  
**September 30, 2014**

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

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

*Capital Assets and Depreciation* (Continued)

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

*Deferred Outflows and Inflows of Resources*

The statement of net position includes a separate section for deferred outflows of resources. This represents the usage of net position applicable to future periods and will not be recognized as expenditures until the future period to which it applies. Currently, the Village does not have any deferred outflows.

The statement of net position also includes a separate section, listed below total liabilities, for deferred inflows of resources. This represents the acquisition of net position applicable to future periods and will not be recognized as revenue until the future period to which it applies. The source of the unavailable revenue is local business tax revenues collected prior to the date on the statement of net position which are unearned and will be recognized as an inflow of resources in the period that the amounts become available.

**THE VILLAGE OF NORTH PALM BEACH, FLORIDA**  
**Notes to the Basic Financial Statements**  
**September 30, 2014**

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

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

*Unearned Revenue*

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

*Compensated Absences*

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

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

*Long-Term Obligations*

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

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

**THE VILLAGE OF NORTH PALM BEACH, FLORIDA**  
**Notes to the Basic Financial Statements**  
**September 30, 2014**

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

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

*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*

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

- Nonspendable fund balance represents amounts that are not in spendable form or are legally or contractually required to be maintained intact.
- Restricted fund balance represents amounts that can be spent only for specific purposes stipulated by external providers (e.g. creditors, grantors, contributor, or laws or regulations of other governments) or imposed by law through constitutional provisions or enabling legislation.
- Committed fund balance represents amounts that can be used only for the specific purposes pursuant to constraints imposed by Village Commission by the adoption of an ordinance, the Village's highest level of decision making authority. Those committed amounts cannot be used for any other purpose unless the Village removes or changes the specified use by the adoption of an ordinance.
- Assigned fund balance includes spendable fund balance amounts that are intended to be used for specific purposes, as expressed by the Village Commission or Village Manager, in accordance with the Villages fund balance policy, that are neither considered restricted nor committed. The Small Business Grants is a program the Village Council approved in the prior fiscal year to provide matching grants of up to \$7,500 for improvements to small business properties.
- Unassigned fund balance is the residual fund balance classification for the general fund.

**THE VILLAGE OF NORTH PALM BEACH, FLORIDA**  
**Notes to the Basic Financial Statements**  
**September 30, 2014**

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

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

*Fund Equity* (Continued)

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

*Use of Estimates*

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

*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, 2014**

**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 months of July, August and September, the Council holds public meetings to obtain taxpayer comments.
- Upon completion of the public hearings and prior to October 1<sup>st</sup>, 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 30<sup>th</sup>.

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 \$150,373 and the Capital Projects Fund had \$123,096 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 VILLAGE OF NORTH PALM BEACH, FLORIDA**  
**Notes to the Basic Financial Statements**  
**September 30, 2014**

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

*B. Property Taxes* (Continued)

The tax levy of the Village is established by the Council prior to October 1<sup>st</sup> 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, 2014, was 6.8731 (\$6.8731 for each \$1,000 of assessed valuation).

Taxes may be paid less a 4% discount in November or at declining discounts each month through the month of February. All unpaid taxes become delinquent on April 1 following the year in which they are assessed. Delinquent taxes on real property bear interest at 18% per year. On or prior to June 1<sup>st</sup> 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, 2014, unpaid delinquent taxes are not material and have not been recorded by the Village.

**NOTE 3 – DEPOSITS AND INVESTMENTS**

Deposits

As of September 30, 2014, the carrying amount of the Village's deposits (including fiduciary funds) was \$5,742,044, and the bank balances totaled \$5,665,546. 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.

**THE VILLAGE OF NORTH PALM BEACH, FLORIDA**  
**Notes to the Basic Financial Statements**  
**September 30, 2014**

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

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 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 any significant credit and liquidity risk. At September 30, 2014, all the assets from Pool B were liquidated.

At September 30, 2014, 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.

The weighted average days to maturity (WAM) of Florida PRIME at September 30, 2014, was 39 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.

As of September 30, 2014, the Village had \$490,454 invested in Florida PRIME. Additional information regarding the Local Government Surplus Funds Trust Fund may be obtained from the State Board of Administration.

The American Core Realty Fund, LLC is an alternative investment vehicle valued using the net asset value (NAV) provided by the investment manager of this fund. The NAV is based on the value of the underlying assets owned by the fund minus its liabilities and then divided by the number of shares or percentage of ownership outstanding. The NAV's unit price is quoted on a private market that is not active; however, the unit price is based on underlying investments which are traded on an active market.

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

**THE VILLAGE OF NORTH PALM BEACH, FLORIDA**  
**Notes to the Basic Financial Statements**  
**September 30, 2014**

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

Investments (Continued)

As of September 30, 2014, 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	\$ 150,923	N/A
State Board of Administration Florida PRIME	AAA(m)	490,454	39 days
Money Market Funds	N/R	2,564,129	N/A
Commercial Paper	P-1	399,565	33 days
U.S. Government and Agency Obligations	Aaa	1,485,040	2.07 yrs.
U.S. Treasury Notes	Aaa	4,764,526	1.95 yrs.
Municipal Bonds	Aa3	120,492	2.09 yrs.
Corporate Bonds	Aa2 to A2	1,568,745	1.76 yrs.
<i><u>Fiduciary Funds:</u></i>			
Money Market Funds	N/R	1,921,609	N/A
GNMA, FNMA, FHLMC Pools	N/R	350,735	19.16 yrs.
U.S. Government Agencies	Aaa	615,400	3.03 yrs.
Collateralized Mortgages	Aaa	98,170	33.46 yrs.
Corporate Bonds	Aaa to Baa1	2,496,523	6.38 yrs.
Municipal Bonds	Aa3 to Aa2	220,970	17.53 yrs.
Domestic Common Equity Securities	N/R	8,431,878	N/A
International Common Equity Securities	N/R	1,382,126	N/A
Equity Mutual Funds	N/R	4,683,566	N/A
Fixed Income Mutual Funds	N/R	7,106,151	N/A
Real Estate Investment Fund	N/R	1,254,827	N/A
Total investments		<u>\$40,105,829</u>	

(1) Credit rating by Standard & Poor's

Investments are held in the governmental and fiduciary funds.

**THE VILLAGE OF NORTH PALM BEACH, FLORIDA**  
**Notes to the Basic Financial Statements**  
**September 30, 2014**

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

Investments (Continued)

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

The Village limits its exposure to fair value losses resulting from rising interest rates by structuring the investment portfolio so that the securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity; and investing operating funds primarily in short-term securities, money market mutual funds, or similar investment pools unless it is anticipated that long-term securities can be held to maturity without jeopardizing the liquidity requirements. The 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, 2014, all investments were insured or collateralized, except the Village's two 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.

**THE VILLAGE OF NORTH PALM BEACH, FLORIDA**  
**Notes to the Basic Financial Statements**  
**September 30, 2014**

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

Investments (Continued)

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

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

The Village 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 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 VMIG2 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 OF NORTH PALM BEACH, FLORIDA**  
**Notes to the Basic Financial Statements**  
**September 30, 2014**

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

Investments (Continued)

*Authorized Investments* (Continued)

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

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

**THE VILLAGE OF NORTH PALM BEACH, FLORIDA**  
**Notes to the Basic Financial Statements**  
**September 30, 2014**

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

Investments (Continued)

*Authorized Investments* (Continued)

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

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

**THE VILLAGE OF NORTH PALM BEACH, FLORIDA**  
**Notes to the Basic Financial Statements**  
**September 30, 2014**

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

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

By Category:	
Deposits	\$ 5,742,044
Petty cash	6,150
Investments	<u>40,105,829</u>
Total deposits and investments	<u><u>\$45,854,023</u></u>
Presented in the statement of net position	
Governmental activities	
Cash and cash equivalents	\$7,375,792
Restricted cash and cash equivalents	180,755
Investments	8,387,482
Business-type activities	
Cash and cash equivalents	<u>832,217</u>
Total statements of net position	<u><u>16,776,246</u></u>
Presented in the statement of fiduciary net position	
Pension trust funds	
Cash and cash equivalents	2,081,371
Investments	26,640,346
Agency funds	
Cash and cash equivalents	<u>356,060</u>
Total fiduciary funds	<u><u>29,077,778</u></u>
Total deposits and investments	<u><u>\$45,854,023</u></u>

**THE VILLAGE OF NORTH PALM BEACH, FLORIDA**  
**Notes to the Basic Financial Statements**  
**September 30, 2014**

**NOTE 4 – RECEIVABLES**

Receivables at September 30, 2014, were as follows:

	<u>General Fund</u>	<u>Country Club</u>	<u>Total</u>
Utility franchise fees & taxes	\$ 367,041	\$	\$ 367,041
Conroy Drive assessment	20,046		20,046
Other accounts receivable	<u>65,538</u>	<u>19,687</u>	<u>85,225</u>
Total accounts receivable	<u>\$ 452,625</u>	<u>\$ 19,687</u>	<u>\$ 472,312</u>

**NOTE 5 – CAPITAL ASSETS**

Capital Assets activity for the year ended September 30, 2014, 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	\$ 2,055,889	\$	\$	\$	\$ 2,055,889
Construction in progress	739,889	182,507	(834,214)		88,182
Capital assets being depreciated:					
Buildings	9,303,120		(36,000)		9,267,120
Improvements	12,943,517	908,957	(24,493)		13,827,981
Machinery and equipment	2,652,020	527,439	(144,167)		3,035,292
Vehicles	<u>3,889,907</u>	<u>312,597</u>	<u>(337,332)</u>	<u>3,056</u>	<u>3,868,228</u>
<b>Total at historical cost:</b>	<u>31,584,342</u>	<u>1,931,500</u>	<u>(1,376,206)</u>	<u>3,056</u>	<u>32,142,692</u>
Less accumulated depreciation for:					
Buildings	(5,001,285)	(265,679)	34,959		(5,232,005)
Improvements	(6,108,933)	(884,072)	24,493		(6,968,512)
Machinery and equipment	(1,913,964)	(180,701)	129,793		(1,964,872)
Vehicles	<u>(3,128,194)</u>	<u>(216,457)</u>	<u>337,331</u>	<u>(3,056)</u>	<u>(3,010,376)</u>
<b>Total accumulated depreciation</b>	<u>(16,152,376)</u>	<u>(1,546,909)</u>	<u>526,576</u>	<u>(3,056)</u>	<u>(17,175,765)</u>
<b>Governmental activities capital assets, net</b>	<u>\$ 15,431,966</u>	<u>\$ 384,591</u>	<u>\$ (849,630)</u>	<u>\$</u>	<u>\$ 14,966,927</u>

**THE VILLAGE OF NORTH PALM BEACH, FLORIDA**  
**Notes to the Basic Financial Statements**  
**September 30, 2014**

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

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

**Governmental activities:**

General government	\$ 103,649
Public safety	363,697
Public works	641,671
Community development	15,013
Leisure services	422,879
	\$1,546,909

**Total depreciation expense, governmental activities**

\$1,546,909

<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	372,932		(2,386)		370,546
Vehicles	400,402	8,120		(3,056)	405,466
<b>Total at historical cost:</b>	9,325,610	8,120	(2,386)	(3,056)	9,328,288
Less accumulated depreciation for:					
Buildings	(1,010,803)	(26,655)			(1,037,458)
Improvements	(2,252,321)	(307,684)			(2,560,005)
Machinery and equipment	(227,828)	(48,183)	2,386		(273,625)
Vehicles	(110,721)	(94,322)		3,056	(201,987)
<b>Total accumulated depreciation</b>	(3,601,673)	(476,844)	2,386	3,056	(4,073,075)
<b>Business-type activities capital assets, net</b>	\$ 5,723,937	\$ (468,724)	\$	\$	\$ 5,255,213

**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, 2014**

**NOTE 6 – LONG TERM LIABILITIES**

**Change in Long-Term Liabilities**

Long-term liability activity for the year ended September 30, 2014, 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)	1,552,830	403,047		1,955,877	
Compensated absences payable	<u>1,190,461</u>	<u>1,191,022</u>	<u>(1,172,117)</u>	<u>1,209,366</u>	<u>903,298</u>
Total	<u>\$ 2,793,291</u>	<u>\$ 1,594,069</u>	<u>\$ (1,172,117)</u>	<u>\$ 3,215,243</u>	<u>\$ 903,298</u>
Business-type activities:					
Loans payable	\$ 3,357,875	\$	\$ (260,950)	\$ 3,096,925	\$ 271,920
Capital leases	396,055		(121,584)	274,471	126,705
OPEB (see Note 13)	64,322	20,678		85,000	
Compensated absences payable	<u>26,078</u>	<u>8,589</u>	<u>(9,229)</u>	<u>25,438</u>	<u>17,572</u>
Total	<u>\$ 3,844,330</u>	<u>\$ 29,267</u>	<u>\$ (391,763)</u>	<u>\$ 3,481,834</u>	<u>\$ 416,197</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, 2014**

**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, 2014, the principal amount outstanding was \$3,096,925 and was for the purpose of business-type activities.

Annual debt service requirements to maturity are as follows:

Business-type activities:

<u>Year Ending</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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	320,677	77,482	398,159
2020 - 2024	1,618,282	173,390	1,791,672
	<u>\$ 3,096,925</u>	<u>\$ 685,542</u>	<u>\$ 3,782,467</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 2012. 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, 2014, the principal amount outstanding was \$274,471 and the net book value of the equipment was \$261,345. The rate used to impute interest was 4%.

Annual debt service requirements to maturity are as follows:

<u>Year Ending</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$ 126,705	\$ 8,957	\$ 135,662
2016	147,766	1,799	149,565
	<u>\$ 274,471</u>	<u>\$ 10,756</u>	<u>\$ 285,227</u>

**THE VILLAGE OF NORTH PALM BEACH, FLORIDA**  
**Notes to the Basic Financial Statements**  
**September 30, 2014**

**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. In the fiscal year ending September 30, 2014, SERMA was dissolved and the outstanding claims were transferred to the Village's current workman's compensation administrator. As part of the dissolution, the Village received \$33,846 from SERMA as its portion of the claims reserve balance, this was recorded as an accrued liability in the General Fund. At this time, the Village believes that the \$33,846 recorded in the General Fund along with the \$50,000 recorded as a long-term liability is adequate to cover the outstanding claims.

**NOTE 7 – RISK MANAGEMENT**

The Village is exposed to various risks of loss related to torts: theft of, damage to, and destruction of assets; errors and omissions; and natural disasters.

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

The Village is covered by Florida Statutes under the Doctrine of Sovereign Immunity which effectively limits the amount of liability of municipalities to individual claims of \$200,000/\$300,000 for all claims relating to the same incident. 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, 2014**

**NOTE 8 – EMPLOYEE RETIREMENT PLANS**

The Village maintains the following two separate single employer defined benefit plans: Village of North Palm Beach Fire and Police Retirement Fund (F&P), covering firefighters and police officers, and Village of North Palm Beach General Employees Retirement Fund (GERF), covering substantially all other full-time Village employees. Both plans are reported as pension trust funds and included as part of the Village's reporting entity. The Police and Fire Fund issued separate stand-alone financial statements for the year ended September 30, 2014, the report may be obtained from the Village Clerk, at the Village of North Palm Beach, 501 U.S. Highway 1, North Palm Beach, Florida 33408. The General Employees Plan does not issue separate financial statements.

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

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**All Retirement Plans**

**Basis of Accounting.** The retirement plans are reported on the accrual basis of accounting. 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.** There were no investments representing concentrations of 5% or more of net plan assets in investments that are not issued or guaranteed by the U.S. government.

**THE VILLAGE OF NORTH PALM BEACH, FLORIDA**  
**Notes to the Basic Financial Statements**  
**September 30, 2014**

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

**PLAN DESCRIPTION, INVESTMENT AND CONTRIBUTION INFORMATION**

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

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

Membership of each plan consisted of the following at October 1, 2013 for the General Employees' Retirement Fund and at October 1, 2014 for the Fire and Police Retirement Fund:

	<u>GERF</u>	<u>F&amp;P</u>
Active Participants:		
Vested	44	16
Non-vested	6	36
Retirees and Beneficiaries receiving benefits	18	25
Terminated vested members	<u>45</u>	<u>7</u>
Total	<u>113</u>	<u>84</u>

**General Employees' Retirement System**

**Plan Description.** The plan is established under Code of Ordinances for the Village of North Palm Beach, Florida, Part II, Chapter 2, and was most recently amended under Ordinance No. 2010-07. The Plan is also governed by certain provisions of Part VII, Chapter 112, Florida Statutes and the Internal Revenue Code. The Plan provides retirement benefits as well as death benefits. All full time general employees who are not sworn police officers or firefighters shall become members of the system on October 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**  
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**NOTE 8 – EMPLOYEE RETIREMENT PLANS** (Continued)

*General Employees' Retirement System (Continued)*

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

<u>Years of Credited Service</u>	<u>Vested %</u>
Under 5	0%
5 or 6	50%
7 or 8	75%
9 or more	100%

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

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

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

**THE VILLAGE OF NORTH PALM BEACH, FLORIDA**  
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**NOTE 8 – EMPLOYEE RETIREMENT PLANS** (Continued)

*General Employees' Retirement System (Continued)*

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

Asset Allocation. The plan's adopted asset allocation policy as of September 30, 2014, is as follows:

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

Rate of Return. For the year ended September 30, 2014, the annual money-weighted rate of return on Pension Plan investments, net of pension plan investment expense, was 10.50 percent adjusted for the changing amounts actually invested.

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

*Fire and Police Retirement System*

Plan Description. The plan is established under Code of Ordinances for the Village of North Palm Beach, Florida, Part II, Chapter 2, and was most recently amended under Ordinance No. 2014-11. The Plan is also governed by certain provisions of Part VII, Chapter 112, Florida Statutes and the Internal Revenue Code. The plan provides retirement benefits as well as death and disability benefits. All benefits vest after ten years of credited service. All fulltime police officers or firefighters are eligible for membership immediately upon hire. Previously, members were not eligible until October 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

**THE VILLAGE OF NORTH PALM BEACH, FLORIDA**  
**Notes to the Basic Financial Statements**  
**September 30, 2014**

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

*Fire and Police Retirement System* (Continued)

Plan Description. (Continued)

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, 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.

Asset Allocation. The plan's adopted asset allocation policy as of September 30, 2014, is as follows:

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

Rate of Return. For the year ended September 30, 2014, the annual money-weighted rate of return on Pension Plan investments, net of pension plan investment expense, was 10.00 percent adjusted for the changing amounts actually invested.

Contributions. Firefighter members are required to contribute 2% of their basic compensation to the plan. Police Officer members are required to contribute 2.67% for the fiscal year ended September 30, 2014; 3.33% for the fiscal year ended September 30, 2015, and 4.00% thereafter 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 approved for use for funding purposes. Additionally, the State collects locally authorized insurance premium surcharges which can only be distributed after the State has ascertained that the local government has met its actuarial funding requirement for the then most recently completed fiscal year. Contributions to the Plan from the State of Florida totaled \$321,230 during the fiscal year ended September 30, 2014.

**THE VILLAGE OF NORTH PALM BEACH, FLORIDA**  
**Notes to the Basic Financial Statements**  
**September 30, 2014**

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

*All Retirement Plans*

Net Pension Liability. The components of net pension liability of the Village on September 30, 2014 were as follows:

	<u>General Employees</u>	<u>Fire and Police</u>
Total pension liability	\$ 13,812,555	\$ 19,480,362
Plan fiduciary net position	<u>(11,929,879)</u>	<u>(16,801,946)</u>
Village's net pension liability	<u>\$ 1,882,676</u>	<u>\$ 2,678,416</u>
Plan fiduciary net position as a percentage of total pension liability	<u>86.37%</u>	<u>86.25%</u>

Actuarial Assumptions - The total pension liability was determined by an actuarial valuation as of October 1, 2013 updated to September 30, 2014 using the following actuarial assumptions applied to the 9/30/14 measurement period.

	<u>General Employees</u>	<u>Fire and Police</u>
Inflation	4.00%	4.00%
Salary increases	5.50%	6.00%
Investment rate of return	7.50%	7.90%
Mortality	RP-2000 Combined Healthy Participant Mortality Table for males and females with mortality improvement projected to all future years after 2000 using Scale AA	RP-2000 Table with no projection - Based on a study of over 650 public safety funds, this table reflects a 10% margin for future mortality improvements. (Disabled lives set forward 5 years)

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included the pension plan's target asset allocation as of September 30, 2014, are summarized in the following table:

**THE VILLAGE OF NORTH PALM BEACH, FLORIDA**  
**Notes to the Basic Financial Statements**  
**September 30, 2014**

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

*All Retirement Plans*

<u>Asset Class</u>	Long-Term Expected Real Rate of Return	
	<u>General Employees</u>	<u>Fire and Police</u>
Domestic equity	7.00%	8.25%
International equity	7.00%	8.25%
Domestic bonds	2.50%	3.00%
Real estate	N/A	6.25%

Discount Rate. The discount rate used to measure the total pension liability was 7.5 percent for the General Employees Retirement Fund and 7.90 percent for the Fire and Police Retirement Fund. The projection of cash flows used to determine the discount rates assumed that plan member contributions will be made at the current contribution rate and that sponsor contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plans' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate. The following presents the net pension liabilities of the Village, calculated using the discount rates above, as well as what the Village's net pension liabilities would be if it were calculated using a discount rate that is one percentage-point lower or one percentage-point higher than the current rate.

*General Employees' Retirement System*

	1% Decrease	Current Discount Rate	1% Increase
	6.50%	7.50%	8.50%
Village's net pension liability	<u>\$ 3,851,148</u>	<u>\$ 1,882,676</u>	<u>\$ 241,095</u>

*Fire and Police Retirement System*

	1% Decrease	Current Discount Rate	1% Increase
	6.90%	7.90%	8.90%
Village's net pension liability	<u>\$ 5,425,053</u>	<u>\$ 2,678,416</u>	<u>\$ 412,612</u>

**THE VILLAGE OF NORTH PALM BEACH, FLORIDA**  
**Notes to the Basic Financial Statements**  
**September 30, 2014**

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

*All Retirement Plans*

Annual Pension Cost and Net Pension Obligation. The Village's 2014 annual pension cost and actual contributions for each plan are below. 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 for the Fire and Police Retirement Fund.

*Components of Annual Pension Cost and Net Pension Obligation*

	Annual Pension <u>Cost</u>	Required Village <u>Contribution</u>	Eligible State <u>Contribution</u>
General Employees' Retirement Fund	\$ 577,627	\$562,953	N/A
Fire and Police Retirement Fund	\$1,181,316	\$943,634	\$230,695

The following schedule was determined as part of the October 1, 2013, actuarial valuation for the General Employees' and the October 1, 2014, actuarial valuation for the Fire and Police Retirement Plans.

	<u>General Employees'</u>	<u>Fire and Police</u>
Annual required contribution (ARC)	\$ 562,509	\$ 1,173,930
Interest on net pension obligation (NPO)	(22,319)	(18,704)
Adjustment to ARC	<u>37,437</u>	<u>26,090</u>
Annual pension cost	577,627	1,181,316
Actual contributions	<u>562,953</u>	<u>1,174,329</u>
Decrease in NPO	14,674	6,987
NPO at beginning of year	<u>(297,591)</u>	<u>(233,799)</u>
NPO at end of year	<u><u>\$(282,917)</u></u>	<u><u>\$ (226,812)</u></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'	9/30/12	\$ 639,460	\$ 625,209	97.8%	\$ (311,218)
	9/30/13	592,589	579,118	97.7%	(297,591)
	9/30/14	577,627	562,953	97.5%	(282,917)
Fire and					
Police	9/30/12	976,471	969,204	99.3 %	(241,936)
	9/30/13	1,047,307	1,039,170	99.2%	(233,799)
	9/30/14	1,181,316	1,174,329	99.4%	(226,812)

**THE VILLAGE OF NORTH PALM BEACH, FLORIDA**  
**Notes to the Basic Financial Statements**  
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**NOTE 8 – EMPLOYEE RETIREMENT PLANS** (Continued)

The following are the actuarial methods and significant actuarial assumptions for the net pension obligation:

	<u>General Employees'</u>	<u>Fire and Police</u>
Valuation date	10/1/2013	10/1/2014
Actuarial Cost Method	Frozen Entry Age	Aggregate
Amortized Method	Level percent closed	N/A (1)
Remaining Amortization Period	27 years	N/A (1)
Asset Valuation Method	Five year smooth market.	Five year smooth market.
Actuarial assumptions:		
Investment rate of return*	7.5%	7.9%
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.

**THE VILLAGE OF NORTH PALM BEACH, FLORIDA**  
**Notes to the Basic Financial Statements**  
**September 30, 2014**

**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, 2014, is presented below.

**STATEMENT OF FIDUCIARY NET POSITION**

	<b><u>General Employees' Pension</u></b>
Assets	
Cash and cash equivalents	\$ 153,656
Investments:	
Equity mutual funds	9,007,221
Fixed income mutual funds	2,748,417
Accounts receivable/accrued interest and dividends	<u>30,294</u>
Total assets	<u>11,939,588</u>
Liabilities	
Accounts payable	<u>9,709</u>
Net position	
Held in trust for pension benefits and other purposes	<u>\$11,929,879</u>

**THE VILLAGE OF NORTH PALM BEACH, FLORIDA**  
**Notes to the Basic Financial Statements**  
**September 30, 2014**

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

**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**

	<u>General Employees' Pension</u>
Additions	
Contributions	
Employer	\$ 562,953
Plan members	142,609
Total contributions	<u>705,562</u>
Investment earnings	
Dividends and interest	319,236
Net increase in the fair value of investments	789,337
Less investment expense	<u>(36,564)</u>
Total investment earnings	<u>1,072,009</u>
Total additions	<u>1,777,571</u>
Deductions	
Administration	17,171
Benefits	221,537
Refund of contributions	<u>42,137</u>
Total deductions	<u>280,845</u>
Change in net position	1,496,726
Net position - beginning	<u>10,433,153</u>
Net position - ending	<u>\$ 11,929,879</u>

**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, 2014, \$321,230 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**  
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**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, 2014, is listed below:

	<u>Directors</u>	<u>General Employees</u>	<u>Municipal Employees</u>	<u>Total</u>
Village contributions	\$100,622	\$113,466	\$114,943	\$329,031
Employee contributions	\$41,266	\$31,085	\$43,996	\$116,347

**THE VILLAGE OF NORTH PALM BEACH, FLORIDA**  
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**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 POSTEMPLOYMENT 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, 2014**

**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	\$ 322,421
Interest on normal cost	12,897
Amortization	231,486
Interest on amortization	9,259
Annual required contribution (ARC)	<u>576,063</u>
Interest on net unfunded OPEB obligation	64,686
Adjustment to ARC	<u>(93,520)</u>
Annual OPEB cost	547,229
Contributions made	<u>(123,504)</u>
Increase in net OPEB obligation	423,725
Net OPEB obligation October 1, 2013	<u>1,617,152</u>
Net OPEB obligation September 30, 2014	<u>\$ 2,040,877</u>

**THE VILLAGE OF NORTH PALM BEACH, FLORIDA**  
**Notes to the Basic Financial Statements**  
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**NOTE 13 – OTHER POST EMPLOYMENT BENEFITS** (Continued)

*Trend Information*

Three-Year Trend Information					
Fiscal Year End	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation		
09/30/12	\$494,457	15.8%	\$1,206,113		
09/30/13	\$520,693	21.1%	\$1,617,152		
09/30/14	\$547,229	22.6%	\$2,040,877		

*Funded Status*

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

Actuarial valuation date	10/01/2011
Actuarial accrued liability	\$3,432,815
Actuarial value of plan assets	\$
Unfunded actuarial accrued liability (UAAL)	\$3,432,815
Funded ratio	0.0%
Covered payroll	\$7,103,304
UAAL as a percentage of covered payroll	48.3%

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**  
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**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	10/01/2011
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 \$155,000 to Seacoast during the fiscal year for water and sewer service.

**NOTE 15 – TRANSFERS**

Interfund transfers during the year ended September 30, 2014, are as follows:

	<i>Transfer Out:</i>
	<u>General Fund</u>
<i>Transfer in:</i>	
Capital Projects Fund	\$ 45,500
Nonmajor Governmental funds	277,500

The transfers from the General Fund to the other governmental funds 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, 2014**

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

*Commitments*

On September 17, 2014, the Village entered into an agreement with the City of Palm Beach Gardens whereby the City of Palm Beach Gardens will provide the Village public safety dispatch services. The term of the agreement was for two years beginning on October 1, 2014, and extending through September 30, 2016. The fee for each year under the contract will be based upon the budget of the North County Dispatch (NCDC) center prorated to each contracting municipality based on that municipalities cost share. If at the end any contract year a budget shortfall exists, each contracting municipality shall pay its share of the shortfall. Conversely, if at the end of any contract year a budget surplus exists, such surplus shall represent a committed fund balance to be utilized specifically for NCDC budgetary purposes. The Village's estimated cost for fiscal year ending September 30, 2015 is \$332,444.

*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**

The Village implemented the following Governmental Accounting Standards Board Statements during the fiscal year ended September 30, 2014.

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. The implementation of this statement resulted in some of the unearned revenue being recorded as deferred inflows of resources instead of as a liability.

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*. The implementation of this statement did not have a significant effect on the Village's financial statements.

**THE VILLAGE OF NORTH PALM BEACH, FLORIDA**  
**Notes to the Basic Financial Statements**  
**September 30, 2014**

**NOTE 17 – ACCOUNTING CHANGE** (Continued)

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 through enhanced note disclosures and schedules of required supplementary information.

**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 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, 2014**

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 Postemployment 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%

(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. Because the fiscal year ended September 30, 2009, was the year of implementation of GASB 45, and the Village elected to apply the statement prospectively, only two years are presented in the schedule at this time. In future years, required trend data will be presented.

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, 2014**

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

	2014
Total pension liability:	
Service cost	\$ 374,926
Interest	972,865
Benefit payments, including refunds of employee contributions	(263,674)
Net change in total pension liability	1,084,117
Total pension liability - beginning	12,728,438
Total pension liability - ending (a)	\$ 13,812,555
Plan fiduciary net position	
Contributions - employer	\$ 562,953
Contributions - Eemployees	142,609
Net investment income	1,072,009
Benefit payments, including refunds of employee contributions	(263,674)
Administrative expenses	(17,171)
Net change in plan fiduciary net position	1,496,726
Plan fiduciary net position - beginning	10,433,153
Plan fiduciary net position - ending (b)	\$ 11,929,879
Net pension liability (a) - (b)	\$ 1,882,676
Plan fiduciary net position as a percentage of the total pension liability	86.37%
Covered employee payroll	\$ 2,701,771
Net pension liability as a percentage of covered payroll	69.68%

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

**THE VILLAGE OF NORTH PALM BEACH, FLORIDA**  
**Required Supplemental Information**  
**September 30, 2014**

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

	2014
Total pension liability:	
Service cost	\$ 699,244
Interest	1,419,425
Changes in excess state money	90,535
Changes of assumptions	246,146
Benefit payments, including refunds of employee contributions	(451,574)
Net change in total pension liability	2,003,776
Total pension liability - beginning	17,476,586
Total pension liability - ending (a)	\$ 19,480,362
Plan fiduciary net position	
Contributions - employer	\$ 943,634
Contributions - State	321,230
Contributions - Eemployees	87,010
Net investment income	1,468,473
Benefit payments, including refunds of employee contributions	(451,574)
Administrative expenses	(66,748)
Net change in plan fiduciary net position	2,302,025
Plan fiduciary net position - beginning	14,499,921
Plan fiduciary net position - ending (b)	\$ 16,801,946
Net pension liability (a) - (b)	\$ 2,678,416
Plan fiduciary net position as a percentage of the total pension liability	86.25%
Covered employee payroll	\$ 4,312,746
Net pension liability as a percentage of covered payroll	62.10%

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

**THE VILLAGE OF NORTH PALM BEACH, FLORIDA**  
**Required Supplemental Information**  
**September 30, 2014**

**Last Fiscal Year**

**Schedule of Contributions**

<u>Fiscal Year</u> Ending September 30	<u>Acturially</u> <u>Determined</u> <u>Contribution</u>	<u>Actual</u> <u>Contribution</u>	<u>Contribution</u> <u>Deficiency</u> <u>(Excess)</u>	<u>Covered</u> <u>Payroll</u>	<u>Actual Contribution</u> <u>as a Percentage of</u> <u>Covered Paryoll</u>
<b><u>General Employees Retirement Fund</u></b>					
2014	\$ 562,509	\$ 562,953	\$ (444)	\$ 2,701,771	20.84%
<b><u>Fire and Police Retirement Fund</u></b>					
2014	\$ 1,173,930	\$ 1,174,329	\$ (399)	\$ 4,312,746	27.23%

**Schedule of Investment Returns**

<u>Fiscal Year</u> Ending September 30	<u>Annual money weighted rate of return</u> <u>net of investment expenes</u>	
	<u>General</u> <u>Employees</u>	<u>Fire and Police</u> <u>Employees</u>
2014	10.50%	10.00%

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

**THE VILLAGE OF NORTH PALM BEACH, FLORIDA**  
**Notes to the Schedule of Contributions**  
**September 30, 2014**

**Methods and assumptions used in calculations of determined contributions.**

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

	General Employees Retirement Fund	Police and Fire Retirement Fund
Actuarial Cost Method	Frozen entry age	Aggregate
Amortization Method	Level percent of closed	N/A
Remaining Amortization Period	27 years	N/A
Asset Valuation Method	Five year smoothed market	Five year smoothed market
Inflation	4.00%	4.00%
Salary increases	5.50%	6.00%
Cost of living adjustments	3% for those retired before 2/1/82 or who contribute an extra 2%.	3.00%
Investment Rate of Return	7.50%	8.00%, Reduced to 7.90% for the fiscal year ended September 30, 2014.
Mortality	RP-2000 Combined Healthy Participant Mortality Table for males and females with mortality improvement projected to all future years after 2000 using Scale AA	RP-2000 Table with no projection - Based on a study of over 650 public safety funds, this table reflects a 10% margin for future mortality improvements. (Disabled lives set forward 5 years

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, 2014**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u> <u>Positive</u> <u>(Negative)</u>
Revenues				
Taxes	\$ 13,439,215	\$ 13,439,215	\$ 13,930,877	\$ 491,662
Licenses and permits	1,092,525	1,092,525	1,344,653	252,128
Intergovernmental	1,327,964	1,327,964	1,367,378	39,414
Charges for services	2,149,185	2,149,185	2,320,305	171,120
Fines and forfeitures	75,875	75,875	117,869	41,994
Investment	77,915	77,915	16,653	(61,262)
Miscellaneous	9,400	9,400	258,086	248,686
Total revenues	<u>18,172,079</u>	<u>18,172,079</u>	<u>19,355,821</u>	<u>1,183,742</u>
Expenditures				
Current				
General government	2,592,451	2,604,487	2,540,404	64,083
Public safety	8,023,558	8,033,508	8,626,397	(592,889)
Public works	4,234,100	4,320,745	3,773,689	547,056
Community development and planning	1,135,534	1,213,549	1,004,642	208,907
Leisure services - recreation	2,629,269	2,635,119	2,644,598	(9,479)
Other government		1,142	1,142	
Capital outlay		162,935	159,467	3,468
Total expenditures	<u>18,614,912</u>	<u>18,971,485</u>	<u>18,750,339</u>	<u>221,146</u>
Excess of revenues over expenditures	<u>(442,833)</u>	<u>(799,406)</u>	<u>605,482</u>	<u>1,404,888</u>
Other financing sources (uses)				
Appropriated fund balance	442,833	1,122,406		(1,122,406)
Transfer out		(323,000)	(323,000)	
Total other financing uses	<u>442,833</u>	<u>799,406</u>	<u>(323,000)</u>	<u>(1,122,406)</u>
Net change in fund balances	<u>\$</u>	<u>\$</u>	282,482	<u>\$ 282,482</u>
Fund Balances				
Beginning of year			<u>12,705,381</u>	
End of year			<u>\$ 12,987,863</u>	

**THE VILLAGE OF NORTH PALM BEACH, FLORIDA**  
**Notes to the Budgetary**  
**Required Supplementary Information (RSI)**  
**General Fund**  
**September 30, 2014**

**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, 2014**

	<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	\$ 50,456	\$ 50,456	\$ 50,462	\$ (6)	-0.01
Operating expenses	91,424	103,460	66,705	36,755	35.53
Total Village Council	<u>141,880</u>	<u>153,916</u>	<u>117,167</u>	<u>36,749</u>	<u>23.88</u>
Village Manager					
Personnel services	274,901	274,901	260,983	13,918	5.06
Operating expenses	41,808	41,808	57,042	(15,234)	-36.44
Total Village Manager	<u>316,709</u>	<u>316,709</u>	<u>318,025</u>	<u>(1,316)</u>	<u>-0.42</u>
Village Finance					
Personnel services	526,552	526,552	546,483	(19,931)	-3.79
Operating expenses	52,400	52,400	68,137	(15,737)	-30.03
Total Village Finance	<u>578,952</u>	<u>578,952</u>	<u>614,620</u>	<u>(35,668)</u>	<u>-6.16</u>
Village Attorney					
Operating expenses	160,000	160,000	132,779	27,221	17.01
Village Clerk					
Personnel services	292,099	292,099	286,546	5,553	1.90
Operating expenses	29,780	29,780	10,090	19,690	66.12
Total Village Clerk	<u>321,879</u>	<u>321,879</u>	<u>296,636</u>	<u>25,243</u>	<u>7.84</u>
Information Technology					
Personnel services	316,022	316,022	303,034	12,988	4.11
Operating expenses	32,100	32,100	34,100	(2,000)	-6.23
Total Information Technology	<u>348,122</u>	<u>348,122</u>	<u>337,134</u>	<u>10,988</u>	<u>3.16</u>
Human Resources					
Personnel services	218,310	218,310	240,952	(22,642)	-10.37
Operating expenses	75,109	75,109	56,563	18,546	24.69
Total Human Resources	<u>293,419</u>	<u>293,419</u>	<u>297,515</u>	<u>(4,096)</u>	<u>-1.40</u>
Police					
Personnel services	4,514,743	4,514,743	5,212,654	(697,911)	-15.46
Operating expenses	375,407	375,407	357,813	17,594	4.69
Total Police	<u>4,890,150</u>	<u>4,890,150</u>	<u>5,570,467</u>	<u>(680,317)</u>	<u>-13.91</u>
Fire Rescue					
Personnel services	2,797,003	2,797,003	2,770,618	26,385	0.94
Operating expenses	210,415	210,415	171,164	39,251	18.65
Total Fire Rescue	<u>3,007,418</u>	<u>3,007,418</u>	<u>2,941,782</u>	<u>65,636</u>	<u>2.18</u>
Public Works Administration					
Personnel services	281,591	281,591	298,331	(16,740)	-5.94
Operating expenses	45,222	45,222	47,229	(2,007)	-4.44
Total Public Works	<u>326,813</u>	<u>326,813</u>	<u>345,560</u>	<u>(18,747)</u>	<u>-5.74</u>

(Continued)

**THE VILLAGE OF NORTH PALM BEACH, FLORIDA**  
**Schedule of Departmental Expenditures - Budget and Actual**  
**General Fund**  
**For the Year Ended September 30, 2014**

	<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	\$ 1,345,990	\$ 1,345,990	\$ 1,350,556	\$ (4,566)	-0.34
Operating expenses	175,250	178,450	172,716	5,734	3.21
Total Sanitation	<u>1,521,240</u>	<u>1,524,440</u>	<u>1,523,272</u>	<u>1,168</u>	<u>0.08</u>
Facility Services					
Personnel services	286,429	286,429	251,450	34,979	12.21
Operating expenses	316,450	316,450	200,674	115,776	36.59
Total Facility Services	<u>602,879</u>	<u>602,879</u>	<u>452,124</u>	<u>150,755</u>	<u>25.01</u>
Street Maintenance					
Personnel services	476,300	476,300	443,947	32,353	6.79
Operating expenses	834,957	918,402	714,493	203,909	22.20
Total Street Maintenance	<u>1,311,257</u>	<u>1,394,702</u>	<u>1,158,440</u>	<u>236,262</u>	<u>16.94</u>
Vehicle Maintenance					
Personnel services	231,031	231,031	146,242	84,789	36.70
Operating expenses	240,880	240,880	148,051	92,829	38.54
Total Vehicle Maintenance	<u>471,911</u>	<u>471,911</u>	<u>294,293</u>	<u>177,618</u>	<u>37.64</u>
Planning and Engineering					
Personnel services	238,954	238,954	252,369	(13,415)	-5.61
Operating expenses	96,085	174,100	36,490	137,610	79.04
Total Planning and Engineering	<u>335,039</u>	<u>413,054</u>	<u>288,859</u>	<u>124,195</u>	<u>30.07</u>
Building					
Personnel services	543,477	543,477	503,095	40,382	7.43
Operating expenses	82,615	82,615	70,543	12,072	14.61
Total Building	<u>626,092</u>	<u>626,092</u>	<u>573,638</u>	<u>52,454</u>	<u>8.38</u>
Code Enforcement					
Personnel services	164,733	164,733	125,891	38,842	23.58
Operating expenses	9,670	9,670	16,254	(6,584)	-68.09
Total Code Enforcement	<u>174,403</u>	<u>174,403</u>	<u>142,145</u>	<u>32,258</u>	<u>18.50</u>
Leisure Services-Recreation					
Personnel services	617,992	617,992	641,104	(23,112)	-3.74
Operating expenses	347,684	352,534	376,319	(23,785)	-6.75
Total Leisure Services-Recreation	<u>965,676</u>	<u>970,526</u>	<u>1,017,423</u>	<u>(46,897)</u>	<u>-4.83</u>
Library					
Personnel services	555,470	555,470	576,906	(21,436)	-3.86
Operating expenses	160,821	160,821	169,592	(8,771)	-5.45
Total Library	<u>716,291</u>	<u>716,291</u>	<u>746,498</u>	<u>(30,207)</u>	<u>-4.22</u>

(Continued)

**THE VILLAGE OF NORTH PALM BEACH, FLORIDA**  
**Schedule of Departmental Expenditures - Budget and Actual**  
**General Fund**  
**For the Year Ended September 30, 2014**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>	<u>Percent Variance</u>
(Continued)					
Tennis					
Personnel services	\$ 134,244	\$ 134,244	\$ 127,052	\$ 7,192	5.36
Operating expenses	384,043	384,043	323,838	60,205	15.68
Total Tennis	<u>518,287</u>	<u>518,287</u>	<u>450,890</u>	<u>67,397</u>	<u>13.00</u>
Pool					
Personnel services	94,176	94,176	96,871	(2,695)	-2.86
Operating expenses	244,339	244,339	247,724	(3,385)	-1.39
Total Pool	<u>338,515</u>	<u>338,515</u>	<u>344,595</u>	<u>(6,080)</u>	<u>-1.80</u>
Special Events					
Operating expenses	90,500	91,500	85,192	6,308	6.89
Total Special Events	<u>90,500</u>	<u>91,500</u>	<u>85,192</u>	<u>6,308</u>	<u>6.89</u>
Other					
Operating expenses		1,142	1,142		0.00
		<u>1,142</u>	<u>1,142</u>		<u>0.00</u>
Non-Departmental					
Operating expenses	557,480	567,430	540,676	26,754	4.71
	<u>557,480</u>	<u>567,430</u>	<u>540,676</u>	<u>26,754</u>	<u>4.71</u>
Capital Outlay					
Planning and Engineering		6,128	588	5,540	90.40
Building			13,399	(13,399)	
Leisure Services-Recreation		156,557	145,230	11,327	7.24
Pool		250	250		
Total Capital Outlay		<u>162,935</u>	<u>159,467</u>	<u>3,468</u>	<u>2.13</u>
Total expenditures	<u>\$ 18,614,912</u>	<u>\$ 18,971,485</u>	<u>\$ 18,750,339</u>	<u>\$ 221,146</u>	<u>1.17%</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, 2014**

	Special Revenue Funds			On-Behalf Pension Contributions	Total Nonmajor Governmental Funds
	Public Safety Fund	Northlake Boulevard Fund	Recreation		
<b>Assets</b>					
Cash and cash equivalents	\$ 1,520	\$ 1,986	\$ 365,674	\$	\$ 369,180
Due from other governments				53,385	53,385
Total assets	<u>\$ 1,520</u>	<u>\$ 1,986</u>	<u>\$ 365,674</u>	<u>\$ 53,385</u>	<u>\$ 422,565</u>
<b>Liabilities</b>					
Accounts payable	\$	\$	\$	\$ 53,385	\$ 53,385
Due to other funds			44,028		44,028
Total liabilities			<u>44,028</u>	<u>53,385</u>	<u>97,413</u>
<b>Fund balances</b>					
Assigned	<u>1,520</u>	<u>1,986</u>	<u>321,646</u>		<u>325,152</u>
Total fund balances	<u>1,520</u>	<u>1,986</u>	<u>321,646</u>		<u>325,152</u>
Total liabilities and fund balances	<u>\$ 1,520</u>	<u>\$ 1,986</u>	<u>\$ 365,674</u>	<u>\$ 53,385</u>	<u>\$ 422,565</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, 2014**

	Special Revenue Funds				Total Nonmajor Governmental Funds
	Public Safety Fund	Northlake Boulevard Fund	Recreation	On-Behalf Pension Contributions	
Revenues					
Intergovernmental	\$	\$	\$	\$ 321,230	\$ 321,230
Total revenues				321,230	321,230
Expenditures					
Current					
Public safety				321,230	321,230
Total expenditures				321,230	321,230
Excess (deficiency) of revenues over (under) expenditures					
Other financing sources (uses)					
Transfers in			277,500		277,500
Total other financing sources (uses)			277,500		277,500
Net changes in fund balances			277,500		277,500
Fund balances - Beginning of year	1,520	1,986	44,146		47,652
Fund balances - End of year	\$ 1,520	\$ 1,986	\$ 321,646	\$	\$ 325,152

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, 2014**

	General Employees Pension	Fire and Police Officers Pension	Total Employee Retirement Funds
<b>ASSETS</b>			
Cash and cash equivalents	\$ 153,656	\$ 1,927,715	\$ 2,081,371
Investments:			
Domestic common equity securities		8,808,720	8,808,720
International common equity securities		1,005,284	1,005,284
U.S. Government agencies		1,064,305	1,064,305
Municipal bonds		220,970	220,970
Corporate bonds		2,496,523	2,496,523
Equity mutual funds	9,007,221	34,079	9,041,300
Fixed income mutual funds	2,748,417		2,748,417
Real estate investment fund		1,254,827	1,254,827
Accrued interest and dividends	2,705	45,804	48,509
Accounts Receivable	27,589	120,961	148,550
Prepays		1,489	1,489
Total assets	11,939,588	16,980,677	28,920,265
<b>LIABILITIES</b>			
Accounts payable		29,657	29,657
Accounts payable, broker-dealers	9,709	149,074	158,783
Total liabilities	9,709	178,731	188,440
<b>Net Position</b>			
Held in trust for pension benefits and other purposes	\$ 11,929,879	\$ 16,801,946	\$ 28,731,825

**THE VILLAGE OF NORTH PALM BEACH, FLORIDA**  
**Combining Statement of Changes in Fiduciary Net Position**  
**Employee Retirement Funds**  
**For the Year Ended September 30, 2014**

	General Employees Pension	Fire and Police Officers Pension	Total Employee Retirement Funds
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Additions			
Contributions			
Employer	\$ 562,953	\$ 943,634	\$ 1,506,587
Plan members	142,609	87,010	229,619
State on-behalf payments		321,230	321,230
Total contributions	<u>705,562</u>	<u>1,351,874</u>	<u>2,057,436</u>
Investment earnings			
Dividends and interest	319,236	355,380	674,616
Net increase in fair value of investments	789,337	1,229,895	2,019,232
Total investment earnings	<u>1,108,573</u>	<u>1,585,275</u>	<u>2,693,848</u>
Less: investment expenses	<u>36,564</u>	<u>116,802</u>	<u>153,366</u>
Total investment earnings	<u>1,072,009</u>	<u>1,468,473</u>	<u>2,540,482</u>
Total additions	<u>1,777,571</u>	<u>2,820,347</u>	<u>4,597,918</u>
Deductions			
Administration	17,171	66,748	83,919
Benefits	221,537	451,574	673,111
Refund of contributions	42,137		42,137
Total deductions	<u>280,845</u>	<u>518,322</u>	<u>799,167</u>
Change in net position	1,496,726	2,302,025	3,798,751
Net position - beginning	<u>10,433,153</u>	<u>14,499,921</u>	<u>24,933,074</u>
Net position - ending	<u>\$ 11,929,879</u>	<u>\$ 16,801,946</u>	<u>\$ 28,731,825</u>

AGENCY FUNDS

*Manatee Protection Agency  
Northlake Boulevard Task Force*

**THE VILLAGE OF NORTH PALM BEACH, FLORIDA**  
**Combining Statement of Agency Net Position**  
**September 30, 2014**

	Manatee Protection Agency	Northlake Boulevard Task Force	Total Agency Funds
<b>Assets</b>			
Cash and cash equivalents	\$ 293,632	\$ 62,428	\$ 356,060
 <b>Liabilities</b>			
Due to others	\$ 293,632	\$ 62,428	\$ 356,060

**THE VILLAGE OF NORTH PALM BEACH, FLORIDA**  
**Combining Schedule of Changes in Agency Net Position**  
**For the Year Ended September 30, 2014**

	<u>September 30, 2013</u>	<u>Additions</u>	<u>Deductions</u>	<u>September 30, 2014</u>
<u>Manatee Protection Agency</u>				
Assets				
Cash and cash equivalents	\$ 290,647	\$ 2,985	\$	\$ 293,632
Liabilities				
Due to others	\$ 290,647	\$ 2,985	\$	\$ 293,632
<u>Northlake Boulevard Task Force</u>				
Assets				
Cash and cash equivalents	\$ 61,793	\$ 635	\$	\$ 62,428
Liabilities				
Due to others	\$ 61,793	\$ 635	\$	\$ 62,428
<u>Total All Agency Funds</u>				
Assets				
Cash and cash equivalents	\$ 352,440	\$ 3,620	\$	\$ 356,060
Liabilities				
Due to others	\$ 352,440	\$ 3,620	\$	\$ 356,060

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, 2014**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)	Percent Variance
Revenue					
Greens fee/cart rentals/membership fees	\$ 2,359,455	\$ 2,359,455	\$ 2,328,539	\$ (30,916)	-1.31
Golf shop revenues	337,900	337,900	405,986	68,086	20.15
Driving range revenues	281,000	281,000	283,320	2,320	0.83
Restaurant revenues	799,000	799,000	620,926	(178,074)	-22.29
Interest revenues	7,600	7,600	10,930	3,330	43.82
Miscellaneous			6,935	6,935	
Appropriated net position		19,135		(19,135)	
<b>Total revenues</b>	<b>3,784,955</b>	<b>3,804,090</b>	<b>3,656,636</b>	<b>(147,454)</b>	<b>-3.88</b>
Golf Maintenance					
Operating expenses	1,149,240	1,158,040	1,209,689	(51,649)	-4.46
Total Golf Maintenance	1,149,240	1,158,040	1,209,689	(51,649)	-4.46
Golf Pro Shop and Range					
Personnel services	580,055	580,055	643,248	(63,193)	-10.89
Operating expenses	308,124	314,459	344,885	(30,426)	-9.68
Total Golf Pro Shop and Range	888,179	894,514	988,133	(93,619)	-10.47
Food and Beverage					
Personnel services	466,287	466,287	432,858	33,429	7.17
Operating expenses	446,038	446,038	365,357	80,681	18.09
Total Food and Beverage	912,325	912,325	798,215	114,110	12.51
Administration					
Personnel services	67,782	67,782	39,648	28,134	41.51
Operating expenses	29,444	29,444	49,014	(19,570)	-66.47
Total Administration	97,226	97,226	88,662	8,564	8.81
Clubhouse and Grounds					
Operating expenses	104,574	108,574	97,594	10,980	10.11
Capital outlay	12,000	12,000	41,720	(29,720)	
Total Clubhouse and Grounds	116,574	120,574	139,314	(18,740)	(15.54)
Insurance and General Liability					
Operating expenses	48,529	48,529	48,169	360	0.74
Reserves					
Operating	10,000	10,000	4,900	5,100	51.00
Contingency	14,131	14,131		14,131	100.00
Total Reserves	24,131	24,131	4,900	19,231	79.69
Debt service					
Debt service	548,751	548,751	533,821	14,930	2.72
<b>Total expenses on the budgetary basis</b>	<b>3,784,955</b>	<b>3,804,090</b>	<b>3,810,903</b>	<b>(6,813)</b>	<b>(0.18)</b>
<b>Revenues over expenses</b>	<b>\$</b>	<b>\$</b>	<b>\$ (154,267)</b>	<b>\$ (154,267)</b>	
Adjustments to reconcile to the GAAP Basis					
Total expenses on the budgetary basis			3,810,903		
Less: capital outlay costs capitalized (1)			(8,120)		
Less: debt service			(533,821)		
Add: depreciation expense			481,882		
<b>Total operating expenses</b>			<b>\$ 3,750,844</b>		

(1) \$33,600 of capital outlay in Clubhouse and Grounds was expensed as repairs and maintenance.

STATISTICAL SECTION

## STATISTICAL SECTION

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

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

**VILLAGE OF NORTH PALM BEACH**

**NET POSITION BY COMPONENT**

**LAST TEN FISCAL YEARS**

*(ACCRUAL BASIS OF ACCOUNTING) Unaudited*

	Fiscal Year				
	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
<b>Governmental Activities:</b>					
Net investment in capital assets	\$ 3,535,596	\$ 8,118,773	\$ 10,543,788	\$ 12,845,093	\$ 16,643,241
Restricted	19,828	154,073	113,269	979,182	251,088
Unrestricted	6,654,989	7,143,452	9,281,170	9,836,912	11,016,626
Total governmental activities net position	<u>10,210,413</u>	<u>15,416,298</u>	<u>19,938,227</u>	<u>23,661,187</u>	<u>27,910,955</u>
<b>Business-Type Activities:</b>					
Net investment in capital assets	1,919,194	1,999,123	2,195,630	2,492,524	2,364,814
Unrestricted	270,374	415,865	151,005	202,802	434,212
Total business-type activities net position	<u>2,189,568</u>	<u>2,414,988</u>	<u>2,346,635</u>	<u>2,695,326</u>	<u>2,799,026</u>
<b>Primary government:</b>					
Net investment in capital assets	5,454,790	10,117,896	12,739,418	15,337,617	19,008,055
Restricted	19,828	154,073	113,269	979,182	251,088
Unrestricted	6,925,363	7,559,317	9,432,175	10,039,714	11,450,838
Total primary government net position	<u>\$ 12,399,981</u>	<u>\$ 17,831,286</u>	<u>\$ 22,284,862</u>	<u>\$ 26,356,513</u>	<u>\$ 30,709,981</u>
	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
<b>Governmental Activities:</b>					
Net investment in capital assets	\$ 18,184,508	\$ 17,237,355	\$ 16,109,707	\$ 15,431,966	\$ 14,966,927
Restricted	390,081	548,489	658,194	317,190	180,755
Unrestricted	10,568,594	11,775,621	11,846,141	11,973,715	11,314,096
Total governmental activities net position	<u>29,143,183</u>	<u>29,561,465</u>	<u>28,614,042</u>	<u>27,722,871</u>	<u>26,461,778</u>
<b>Business-Type Activities:</b>					
Net investment in capital assets	2,295,125	2,200,927	2,082,668	1,998,974	1,907,746
Unrestricted	403,261	385,623	557,954	668,434	514,167
Total business-type activities net position	<u>2,698,386</u>	<u>2,586,550</u>	<u>2,640,622</u>	<u>2,667,408</u>	<u>2,421,913</u>
<b>Primary government:</b>					
Net investment in capital assets	20,479,633	19,438,282	18,192,375	17,430,940	16,874,673
Restricted	390,081	548,489	658,194	317,190	180,755
Unrestricted	10,971,855	12,161,244	12,404,095	12,642,149	11,828,263
Total primary government net position	<u>\$ 31,841,569</u>	<u>\$ 32,148,015</u>	<u>\$ 31,254,664</u>	<u>\$ 30,390,279</u>	<u>\$ 28,883,691</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				
	2005	2006	2007	2008	2009
<b>Expenses</b>					
Governmental activities:					
General government	\$ 2,127,009	\$ 1,784,528	\$ 2,698,187	\$ 1,839,228	\$ 2,239,511
Public safety	6,038,846	7,036,117	6,671,490	7,154,578	7,095,043
Public works	5,091,305	4,131,500	3,733,815	3,996,711	4,083,441
Community development and planning		657,112	737,165	860,448	826,149
Leisure services	1,635,784	2,562,627	2,781,658	3,244,045	3,174,623
Other government	842,561	2,049			
Interest on long-term debt	151,233	241,995	204,666	120,549	26,702
Total governmental activities expenses	<u>15,886,738</u>	<u>16,415,928</u>	<u>16,826,981</u>	<u>17,215,559</u>	<u>17,445,469</u>
Business-type activities:					
Country club	2,607,712	2,124,927	3,570,683	3,268,562	3,308,535
Total business-type activities	<u>2,607,712</u>	<u>2,124,927</u>	<u>3,570,683</u>	<u>3,268,562</u>	<u>3,308,535</u>
Total primary government expenses	<u>\$ 18,494,450</u>	<u>\$ 18,540,855</u>	<u>\$ 20,397,664</u>	<u>\$ 20,484,121</u>	<u>\$ 20,754,004</u>
<b>Program Revenues</b>					
Governmental activities:					
Charges for services:					
General government	\$ 285,386	\$ 158,160	\$ 122,455	\$ 123,334	\$ 122,569
Public safety	329,081	388,671	345,731	383,325	378,591
Public works	1,326,820	140,923	217,975	288,994	394,082
Community development and planning		1,175,252	938,188	888,015	699,130
Leisure services	78,475	528,983	496,679	595,558	912,862
Other government					
Operating grants and contributions	1,392,729	998,573	170,389	88,224	105,080
Capital grants and contributions		462,394	1,454,526	1,602,465	2,017,158
Total governmental activities program revenues	<u>3,412,491</u>	<u>3,852,956</u>	<u>3,745,943</u>	<u>3,969,915</u>	<u>4,629,472</u>
Business-type activities:					
Charges for services:					
Country club	2,658,468	2,167,089	3,463,524	3,616,509	3,404,859
Operating grants and contributions		68,883		13,609	
Capital grants and contributions					
Total business-type activities program revenues	<u>2,658,468</u>	<u>2,235,972</u>	<u>3,463,524</u>	<u>3,630,118</u>	<u>3,404,859</u>
Total primary government program revenues	<u>\$ 6,070,959</u>	<u>\$ 6,088,928</u>	<u>\$ 7,209,467</u>	<u>\$ 7,600,033</u>	<u>\$ 8,034,331</u>
<b>Net (Expense)/Revenue</b>					
Governmental activities	\$ (12,474,247)	\$ (12,562,972)	\$ (13,081,041)	\$ (13,245,644)	\$ (12,815,997)
Business-type activities	50,756	111,045	(107,159)	361,556	96,324
Total primary government net expense	<u>\$ (12,423,491)</u>	<u>\$ (12,451,927)</u>	<u>\$ (13,188,200)</u>	<u>\$ (12,884,088)</u>	<u>\$ (12,719,673)</u>
<b>General revenues and other changes in net position:</b>					
Governmental activities:					
Taxes:					
Property taxes	\$ 10,070,977	\$ 10,881,501	\$ 12,076,184	\$ 11,915,355	\$ 11,917,359
Local option gas taxes		307,043	292,332	278,649	267,557
Utility service taxes	1,955,403	2,001,164	2,001,443	2,018,071	2,239,002
Franchise taxes	890,297	1,150,974	1,207,552	1,212,562	1,256,831
Sales and use taxes	1,277,124	1,415,917	1,339,893	1,227,341	1,116,107
Unrestricted grants and contributions	421,254				
Investment earnings	196,699	477,420	650,022	194,652	(1,346)
Miscellaneous	111,927	53,264	8,836	55,719	263,459
Contributions for Support Our Troops			15,502	16,959	6,796
Gain on disposal of equipment					
Transfers		36,445	5,111	49,296	
Total governmental activities	<u>14,923,681</u>	<u>16,323,728</u>	<u>17,596,875</u>	<u>16,968,604</u>	<u>17,065,765</u>
Business-type activities:					
Investment income	12,640	112,841	43,917	36,431	7,376
Miscellaneous					
Transfers		(36,445)	(5,111)	(49,296)	
Total business-type activities	<u>12,640</u>	<u>76,396</u>	<u>38,806</u>	<u>(12,865)</u>	<u>7,376</u>
Total primary government	<u>\$ 14,936,321</u>	<u>\$ 16,400,124</u>	<u>\$ 17,635,681</u>	<u>\$ 16,955,739</u>	<u>\$ 17,073,141</u>
<b>Change in net position</b>					
Governmental activities	\$ 2,449,434	\$ 3,760,756	\$ 4,515,834	\$ 3,722,960	\$ 4,249,768
Business-type activities	63,396	187,441	(68,353)	348,691	103,700
Total primary government	<u>\$ 2,512,830</u>	<u>\$ 3,948,197</u>	<u>\$ 4,447,481</u>	<u>\$ 4,071,651</u>	<u>\$ 4,353,468</u>

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

	2010	2011	2012	2013	2014
\$	2,679,192	\$ 2,403,681	\$ 2,520,815	\$ 2,489,488	\$ 2,696,298
	7,304,233	7,232,748	7,892,561	8,282,062	9,259,442
	4,594,738	4,733,913	4,652,620	4,482,973	4,485,246
	806,536	811,177	884,773	966,245	1,046,299
	2,830,292	2,749,065	2,873,496	2,974,290	3,114,213
	4,384				
	<u>18,219,375</u>	<u>17,930,584</u>	<u>18,824,265</u>	<u>19,195,058</u>	<u>20,601,498</u>
	3,398,206	3,691,528	3,536,139	3,629,120	3,902,131
	<u>3,398,206</u>	<u>3,691,528</u>	<u>3,536,139</u>	<u>3,629,120</u>	<u>3,902,131</u>
\$	<u>21,617,581</u>	<u>21,622,112</u>	<u>22,360,404</u>	<u>22,824,178</u>	<u>24,503,629</u>
\$	126,968	\$ 130,886	\$ 135,372	\$ 107,976	\$ 110,694
	465,263	420,653	440,568	522,121	592,644
	411,722	400,662	386,974	403,447	402,814
	734,718	861,394	816,673	993,059	1,621,471
	1,063,748	1,043,459	1,018,883	1,087,182	1,096,021
	96,670	126,568	149,573	91,901	90,520
	75,845	5,169	5,686	233,949	16,098
	<u>2,974,934</u>	<u>2,988,791</u>	<u>2,953,729</u>	<u>3,439,635</u>	<u>3,930,262</u>
	3,227,580	3,571,199	3,582,760	3,577,446	3,645,706
	<u>3,227,580</u>	<u>3,571,199</u>	<u>3,582,760</u>	<u>3,577,446</u>	<u>3,645,706</u>
\$	<u>6,202,514</u>	<u>6,559,990</u>	<u>6,536,489</u>	<u>7,017,081</u>	<u>7,575,968</u>
\$	(15,244,441)	\$ (14,941,793)	\$ (15,870,536)	\$ (15,755,423)	\$ (16,671,236)
	(170,626)	(120,329)	46,621	(51,674)	(256,425)
\$	<u>(15,415,067)</u>	<u>(15,062,122)</u>	<u>(15,823,915)</u>	<u>(15,807,097)</u>	<u>(16,927,661)</u>
\$	11,053,128	\$ 10,441,869	\$ 10,011,748	\$ 9,981,391	\$ 10,154,695
	266,077	259,794	263,369	261,852	266,147
	2,261,375	2,198,148	2,164,920	2,197,760	2,277,366
	1,204,328	1,191,155	1,178,598	1,160,780	1,232,669
	1,114,945	1,140,744	1,138,097	1,187,221	1,260,617
	280,217	97,743	90,968	37,029	16,653
	213,425	30,622	75,413	38,219	146,360
					55,636
	<u>16,393,495</u>	<u>15,360,075</u>	<u>14,923,113</u>	<u>14,864,252</u>	<u>15,410,143</u>
	14,686	8,493	7,451	8,555	10,930
	55,300			69,905	
	<u>69,986</u>	<u>8,493</u>	<u>7,451</u>	<u>78,460</u>	<u>10,930</u>
\$	<u>16,463,481</u>	<u>15,368,568</u>	<u>14,930,564</u>	<u>14,942,712</u>	<u>15,421,073</u>
\$	1,149,054	\$ 418,282	\$ (947,423)	\$ (891,171)	\$ (1,261,093)
	(100,640)	(111,836)	54,072	26,786	(245,495)
\$	<u>1,048,414</u>	<u>306,446</u>	<u>(893,351)</u>	<u>(864,385)</u>	<u>(1,506,588)</u>

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

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
General Fund					
Reserved	\$ 197,163	\$ 308,836	\$ 945,891	\$ 775,339	\$ 563,115
Unreserved	5,771,684	7,022,606	8,179,659	8,265,513	10,058,216
Total general fund	<u>\$ 5,968,847</u>	<u>\$ 7,331,442</u>	<u>\$ 9,125,550</u>	<u>\$ 9,040,852</u>	<u>\$ 10,621,331</u>
All other Governmental Funds					
Reserved	\$ 19,828	\$	\$	\$ 239,979	\$
Unreserved, reported in:					
Special revenue funds		400,000	224,937	594,399	(152,861)
Capital projects funds		397,233	673,232	713,373	825,778
Total all other governmental funds	<u>\$ 19,828</u>	<u>\$ 797,233</u>	<u>\$ 898,169</u>	<u>\$ 1,547,751</u>	<u>\$ 672,917</u>
	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
General Fund					
Nonspendable	\$ 167,108	\$ 276,924	\$ 166,839	\$ 293,674	\$ 244,438
Restricted	338,457	548,489	658,194	317,190	135,255
Committed				442,833	
Assigned	104,245	186,594	127,574	200,016	216,808
Unassigned	10,443,099	10,688,660	11,244,977	11,451,668	12,391,362
Total general fund	<u>\$ 11,052,909</u>	<u>\$ 11,700,667</u>	<u>\$ 12,197,584</u>	<u>\$ 12,705,381</u>	<u>\$ 12,987,863</u>
All other Governmental Funds					
Restricted	\$	\$	\$	\$	\$ 45,500
Assigned					
Special revenue funds	47,379	47,107	47,652	47,652	325,152
Capital projects funds	844,742	1,491,574	2,129,831	1,799,617	841,850
Total all other governmental funds	<u>\$ 892,121</u>	<u>\$ 1,538,681</u>	<u>\$ 2,177,483</u>	<u>\$ 1,847,269</u>	<u>\$ 1,212,502</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				
	2005	2006	2007	2008	2009
Revenues:					
Taxes	\$ 13,236,952	\$ 14,340,682	\$ 15,577,511	\$ 15,424,638	\$ 15,680,749
Licenses and Permits	1,131,903	1,128,658	880,266	1,047,144	880,016
Intergovernmental	2,804,985	2,914,057	2,750,021	2,459,211	3,315,908
Charges for services	647,915	1,003,660	1,082,569	1,268,774	1,684,718
Fines and forfeitures	234,513	165,496	132,158	235,965	145,340
Investment earnings	196,699	477,421	650,022	194,652	(1,345)
Miscellaneous	83,205	130,515	194,716	137,447	300,455
Total revenues	<u>18,336,172</u>	<u>20,160,489</u>	<u>21,267,263</u>	<u>20,767,831</u>	<u>22,005,841</u>
Expenditures:					
General government	2,061,545	1,648,131	2,304,654	2,246,461	1,970,257
Public safety	5,713,904	6,494,578	6,609,801	7,056,833	6,835,730
Public works	5,019,739	4,708,196	3,558,264	3,725,450	3,432,556
Community development and planning		651,331	735,155	840,366	784,486
Leisure services - recreation	1,376,950	1,682,030	2,430,403	2,876,840	2,898,252
Other government	817,293	2,049			
Capital outlay		1,917,377	2,737,805	2,597,065	3,939,455
Debt service					
Principal payments	903,225	879,527	789,048	716,206	1,395,735
Interest paid on debt	151,233	199,373	207,088	143,726	43,725
Total expenditures	<u>16,043,889</u>	<u>18,182,592</u>	<u>19,372,218</u>	<u>20,202,947</u>	<u>21,300,196</u>
Excess of revenues over (under) expenditures	2,292,283	1,977,897	1,895,045	564,884	705,645
Other financing sources (uses)					
Transfers in		1,471,529	593,884	1,254,952	454,111
Transfers out		(1,471,529)	(593,884)	(1,254,952)	(454,111)
Capital lease					
Proceeds from debt issuance	123,500				
Miscellaneous					
Total other financing sources (uses)	<u>123,500</u>				
Net change in fund balances	<u>\$ 2,415,783</u>	<u>\$ 1,977,897</u>	<u>\$ 1,895,045</u>	<u>\$ 564,884</u>	<u>\$ 705,645</u>
Debt service as a percentage of noncapital expenditures	7.03%	7.29%	6.41%	4.91%	8.07%

<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
\$ 14,784,906	\$ 14,090,966	\$ 13,618,635	\$ 13,601,783	\$ 13,930,877
910,997	959,098	810,390	803,337	1,344,653
1,768,388	1,557,377	1,591,678	1,817,603	1,688,608
1,944,245	1,934,424	1,966,179	2,141,437	2,320,305
142,048	164,366	140,610	131,524	117,869
280,218	97,743	90,968	37,029	16,653
278,062	59,462	130,293	207,076	258,086
<u>20,108,864</u>	<u>18,863,436</u>	<u>18,348,753</u>	<u>18,739,789</u>	<u>19,677,051</u>
2,496,342	2,402,241	2,328,568	2,346,281	2,541,546
7,021,231	7,053,282	7,583,018	7,947,221	8,947,627
3,887,034	4,044,642	3,886,698	3,733,977	3,773,689
774,121	790,937	844,748	933,117	1,004,642
2,361,388	2,295,959	2,374,748	2,491,559	2,644,598
663,582	682,057	495,254	1,110,051	1,117,234
2,250,000				
4,384				
<u>19,458,082</u>	<u>17,269,118</u>	<u>17,513,034</u>	<u>18,562,206</u>	<u>20,029,336</u>
650,782	1,594,318	835,719	177,583	(352,285)
163,490	1,334,934	500,000	265,000	323,000
(163,490)	(1,334,934)	(500,000)	(265,000)	(323,000)
<u><u>\$ 650,782</u></u>	<u><u>\$ 1,594,318</u></u>	<u><u>\$ 835,719</u></u>	<u><u>\$ 177,583</u></u>	<u><u>\$ (352,285)</u></u>

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		
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
2014	2013	1,287,481,785	203,512,929	33,792,851	1,524,787,565	6.8731

**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	
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
2014	2013	6.8731	7.5860	4.9852	2.2280	21.6723

**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 2005**

*Unaudited*

<u>Taxpayers</u>	<u>2014</u>			<u>2005</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>
Old Port Cove Equities, Inc	21,790,372	1	1.43%			
Olen Residential Realty	20,310,994	2	1.33%	12,900,000	3	0.90%
Florida Power & Light	16,963,014	3	1.11%			
Sanctuary Bay Trust Corporation	15,989,705	4	1.05%	11,000,300	5	0.76%
New Country Motor Cars	11,441,435	5	0.75%			
Wolfchase Associates, LLC				10,500,000	4	0.73%
Domani Devolopment, LLC	10,020,009	6	0.66%	15,244,750	1	1.06%
Old Port Cove Holdings, Inc	7,705,060	7	0.51%			
CFO2 Palm Beach III LP	7,200,000	8	0.47%			
Crystal Tree Property Owners	7,000,000	9	0.46%	13,571,976	2	0.94%
Bozzuto, Michael A	5,737,391	10	0.38%			
Greater Fla Inv CO				5,840,000	7	0.41%
Village Shoppes at US 1, LLC				6,932,847	6	0.48%
Riverside National Bank of Florida				4,964,157	8	0.35%
McGould Sean				4,479,263	9	0.31%
Malone Debora B				4,455,001	10	0.31%
<b>Total</b>	<b>\$ 124,157,980</b>		<b>8.15%</b>	<b>\$ 89,888,294</b>		<b>6.25%</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
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%
2014	2013	10,503,598	10,097,763	96.14%	57,493	10,155,256	96.68%

**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 Sept 30,	Governmental Activities		Business-type Activities		Total	Percent of Median Personal Income (1)	Per Capita (1)
	Loans Payable	Capital Leases	Loans Payable	Capital Leases			
2005	\$ 5,754,677	\$ 275,840	\$ 454,131	\$	\$ 6,484,648	N/A	\$ 513
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
2014			3,096,925	274,471	3,371,396	5.32%	266.62

**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 97 for personal income and population data.

N/A Data not available.

**VILLAGE OF NORTH PALM BEACH**  
**DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT**  
**SEPTEMBER 30, 2014**  
*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	\$ 163,630,000	1.17%	\$ 1,914,471
Palm Beach County School Board		1.10%	
Other debt:			
Palm Beach County	811,414,000	1.17%	9,493,544
Palm Beach County School Board	21,889,000	1.10%	<u>240,779</u>
Subtotal, overlapping debt			11,648,794
Village of North Palm Beach Direct Debt			-
Total direct and overlapping debt			<u><u>\$ 11,648,794</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
2013	3,586,001	2,986,080	599,921	394,900	1.52
2014	3,656,636	3,248,284	408,352	394,900	1.03

(1) Gross revenue includes interest revenue.

(2) Operating expenses excludes non-cash expenses

(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)
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
2014 (estimate)	12,645	63,349	43,120	**3.92

**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 2012-2014 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>2013**</u>		<u>2004</u>	
	<u>Employees</u>	<u>Percentage of Total Employment</u>	<u>Employees</u>	<u>Percentage of Total Employment</u>
Palm Beach Country School Board	21,449	3.31%	18,672	3.14%
Tenet Health Care Corp	6,100	0.94%	4,705	0.79%
Palm Beach County Government	5,330	0.82%	9,000	1.52%
NextEra Energy (Florida Power & Light)	3,804	0.59%	2,800	0.47%
G4S (Wachenhut Corp)	3,000	0.46%	550	0.09%
Office Depot	2,000	0.31%	2,780	0.47%
Florida Atlantic University	2,980	0.46%	1,400	0.24%
Hospital Corporation of America (HCA) (1)	2,714	0.42%	4,000	0.67%
Veterans Health Administration	2,700	0.42%	1,400	0.24%
Boca Raton Resort & Club	1,292	0.20%	2,380	0.40%
Bethesda Memorial Hospital	2,643	0.41%	1,280	0.22%
Boca Raton Regional Hospital (2)	2,250	0.35%	1,700	0.29%
The Breakers Hotel	1,800	0.28%	2,000	0.34%
Jupiter Medical Center	1,600	0.25%	1,400	0.24%
City of West Palm Beach	1,324	0.20%	1,500	0.25%
<b>Total</b>	<u>60,986</u>	<u>9.42%</u>	<u>55,567</u>	<u>9.37%</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 2014 data was not available - FY 2004 & 2013 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>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>	<u>2014</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	0	0	0	0	0	0	0	0	0
Systems Specialist										
Full-Time	1	2	2	2	2	2	2	3	3	3
Part-Time	0	0	0	0	1	1	1	0	0	0
Executive Secretary - Full-Time	1	1	1	1	1	1	1	1	1	1
Human Resources										
Full-Time	2	2	2	2	2	2	2	2	2	2
Part-Time	0	0	0	0	0	0	0	0	0	0
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	1	1	1	1	1	1	1
Public Works										
Full-time	62	54	47	48	38	37	37	37	37	37
Part-Time	6	3	0	0	0	0	0	0	0	0
Public Safety										
Full-time	61	66	68	68	67	67	67	0	0	0
Part-Time	15	14	13	12	11	12	12	0	0	0
Law Enforcement										
Full-time	0	0	0	0	0	0	0	43	43	43
Part-Time	0	0	0	0	0	0	0	12	13	13
Fire Rescue										
Full-time	0	0	0	0	0	0	0	24	24	24
Part-Time	0	0	0	0	0	0	0	0	0	0
Community Development and Planning										
Full-time	0	0	9	10	9	9	9	8	8	10
Part-Time	0	0	1	1	2	2	2	2	2	1
Leisure Services										
Library										
Full-time	8	7	7	7	6	6	6	6	6	6
Part-Time	7	8	8	8	10	10	10	10	10	10
Recreation										
Full-time	5	15	15	17	9	7	6	6	6	6
Part-Time	15	31	39	42	42	42	43	43	43	43
Other Government - Country Club										
Full-time	24	18	19	18	5	5	7	5	6	8
Part-Time	27	24	25	22	21	21	64	56	54	65
<b>Total Number of Employees Budgeted FY Ending</b>	<b>244</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>	<b>282</b>

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	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
<b>GENERAL GOVERNMENT</b>										
Number of Parcels	-	-	7,411	7,422	7,472	7,466	7,466	7,473	7,470	7,471
<b>PUBLIC WORKS</b>										
Sanitation (Tons of Refuse Collected)	14,037	13,203	12,085	11,974	10,667	10,165	9,962	10,065	10,720	10,720
No. of collection units for solid waste (residential)	7,519	7,558	7,152	7,163	7,214	7,070	7,071	7,076	7,471	7,616
Number of vehicles maintained	95	95	104	104	110	110	98	98	111	98
Number of repair overlays completed (miles)	2.462	2.935	2	3	2.5	2.71	-	-	-	-
<b>PUBLIC SAFETY</b>										
Number of arrests by police officers	331	410	545	549	448	402	260	211	216	238
Number of traffic citations issued	5,743	4,272	4,269	5,520	6,305	4,951	2,564	2,566	1,254	2,799
EMS average response times (minutes)	3.98	4.69	4.73	5.17	5.01	5.12	5.19	5.26	5.11	5.10
Number of EMS calls	965	1,056	1,034	1,114	1,214	1,146	1,179	1,326	1,296	1,110
<b>COMMUNITY DEVELOPMENT &amp; PLANNING</b>										
Building Department - Number of Permits	201	(1)	1,875	1,619	1,548	1,744	1,616	1,835	2,480	2,103
Number of code enforcement violations	-	1,767	1,617	729	613	391	575	817	790	887
Number of code violations brought to board/magistrate (Calendar Yr End)	165	144	126	115	73	38	72	100	62	28
<b>RECREATION</b>										
Number of community events presented	22	21	24	23	28	28	38	49	37	53
Number of registrants in athletic programs	1,400	1,520	1,600	1,400	1,125	1,005	1,260	1,311	2,074	1,439
<b>LIBRARY</b>										
Library - Number of Volumes	54,074	47,371	42,372	33,122	35,681	39,277	40,658	43,340	44,966	46,546
<b>OTHER GOVERNMENT</b>										
Country Club										
Number of Golf Members		365	579	389	297	354	298	283	262	250
Number of Tennis Members		136	171	171	180	184	173	162	190	194

(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>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>	<u>2014</u>
<b>General Government</b>										
No. of General Government Buildings	11	11	11	11	23	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	5.18
Miles of Streets	36.00	36.00	36.00	36.00	36.00	36.00	36.00	36.00	36.00	36.00
Number of Street Lights (within corp surroundin	425	425	425	513	513	513	513	513	513	513
<b>Public Safety</b>										
Fire:										
Number of Stations	1	1	1	1	1	1	1	1	1	1
Number of Fireman & Officers	8	0	0	0	0	0	0	0	0	0
Number of Firemen/Paramedics/EMTs	0	23	23	23	23	23	23	22	22	22
Number of Fire Captains	0	0	0	0	0	0	0	1	1	1
Police/EMS Protection:										
Number of Stations	1	1	1	1	1	1	1	1	1	1
Number of Policemen & Officers	35	33	32	32	31	31	31	28	28	28
Number of Police Captains	0	0	0	0	0	0	0	2	2	2
EMS Protection	13	0	0	0	0	0	0	0	0	0
<b>Leisure Services</b>										
Recreation										
Number of Parks	4	4	4	4	4	4	4	4	4	4
Public Tennis Courts	4	2	2	2	2	2	2	2	2	2
Swimming Pool	1	1	1	1	1	1	1	1	1	1
Number of Marinas	1	1	1	1	1	1	1	1	1	1
Library										
Number of Libraries	1	1	1	1	1	1	1	1	1	1
Number of Volumes	54,074	47,371	42,372	33,122	35,681	39,277	40,658	43,340	44,966	46,546
<b>Other Government</b>										
Country Club										
Golf Course	1	1	1	1	1	1	1	1	1	1
Driving Range	1	1	1	1	1	1	1	1	1	1
Tennis Courts	10	10	10	10	10	10	10	10	10	10
Restaurant	0	0	0	0	0	1	1	1	1	1
Snack Bar	0	0	0	0	0	1	1	1	1	1

## REQUIRED 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*

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of North Palm Beach, Florida, as of and for the year ended September 30, 2014, 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 18, 2015.

### **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 18, 2015



# 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

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

### Report on the Financial Statements

We have audited the financial statements of the Village of North Palm Beach, Florida, as of and for the fiscal year ended September 30, 2014, and have issued our report thereon dated March 18, 2015.

### Auditor's Responsibility

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

### Other Reports

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* and Independent Accountant's Report on an examination conducted in accordance with *AICPA Professional Standards*, Section 601, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports, which are dated March 18, 2015, should be considered in conjunction with this management letter.

### Prior Audit Findings

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

### **Official Title and Legal Authority**

Section 10.554(1)(i)4., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this Management Letter, unless disclosed in the notes to the financial statements. This information is disclosed in Note 1 to the financial statements.

### **Financial Condition**

Section 10.554(1)(i)5.a., Rules of the Auditor General, requires that we report the results of our determination as to whether or not the Village of North Palm Beach, Florida has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identification of the specific condition(s) met. In connection with our audit, we determined that the Village of North Palm Beach, Florida did not meet any of the conditions described in Section 218.503(1), Florida Statutes, during the fiscal year ended September 30, 2014.

Pursuant to Sections 10.554(1)(i)5.c. and 10.556(8), Rules of the Auditor General, we applied financial condition assessment procedures. It is management's responsibility to monitor the Village of North Palm Beach, Florida's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same. Our assessment was done as of the fiscal year end. The results of our procedures did not disclose any matters that are required to be reported.

### **Annual Financial Report**

Section 10.554(1)(i)5.b., Rules of the Auditor General, requires that we report the results of our determination as to whether the annual financial report for the Village of North Palm Beach, Florida for the fiscal year ended September 30, 2014, 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, 2014. In connection with our audit, we determined that these two reports were in substantial agreement.

### **Special District Component Units**

Section 10.554(1)(i)5.d., Rules of the Auditor General, requires that we determine whether or not a special district that is a component unit of a county, municipality, or special district, provided the financial information necessary for proper reporting of the component unit, within the audited financial statements of the county, municipality, or special district in accordance with Section 218.39(3)(b), Florida Statutes.

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

### **Other Matters**

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

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

### **Single Audits**

The Village expended less than \$500,000 of federal awards and less than \$500,000 of state financial assistance for the year ended September 30, 2014, and was not required to have a federal single audit or a state single audit.

### **Response to Management Letter**

There were no items that required a response by management.

### **Purpose of this Letter**

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, 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 & Mimes, P.A.*

March 18, 2015  
West Palm Beach, Florida



**NOWLEN, HOLT & MINER, P.A.**

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

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

We have examined the Village of North Palm Beach, Florida’s compliance with Section 218.415, Florida Statutes during the year ended September 30, 2014. Management is responsible for the Village of North Palm Beach, Florida’s compliance with those requirements. Our responsibility is to express an opinion on the Village of North Palm Beach, Florida’s compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence about the Village of North Palm Beach, Florida’s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the Village of North Palm Beach, Florida’s compliance with specified requirements.

In our opinion, the Village of North Palm Beach, Florida complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2014.

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

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

West Palm Beach, Florida  
March 18, 2015