



THE VILLAGE OF NORTH PALM BEACH, FL



Comprehensive Annual Financial Report

Fiscal Year Ended September 30, 2015

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



COMPREHENSIVE ANNUAL FINANCIAL REPORT

Fiscal Year Ended September 30, 2015

**Prepared by:
Finance Department**

**Samia Janjua
Director of Finance**

THE VILLAGE OF NORTH PALM BEACH, FLORIDA

FINANCIAL STATEMENTS

SEPTEMBER 30, 2015

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FINANCIAL STATEMENTS

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INTRODUCTORY SECTION



THE VILLAGE OF NORTH PALM BEACH

"THE BEST PLACE TO LIVE UNDER THE SUN"

March 24, 2016

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, 2015.

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, 2015. 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 (56%) 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 (1,975 residential permits in FY 2014 and 2,018 residential permits in FY 2015). The Water Club development Phase I was approved in 2013, began construction in 2014, with completion scheduled for late 2017. Phase II, which includes a third tower, was approved in January 2016. The Village is in the process of developing a Master Plan for development and redevelopment over the next ten years. It is believed that a clear vision, master plan and definition of the highest and best use of properties on U.S. 1 and Northlake Boulevard will encourage developers to invest and have 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 2016, 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.

INITIATIVES AND FUTURE PROJECTS

The FY2015/2016 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 Village Council expanded the Capital Improvement Plan (CIP) from a five (5) year plan to a ten (10) year plan.

The Community Development Department continues the task of updating our land use code.

The Parks and Recreation Department continues to offer programs for all age groups at each of its six facilities. 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 in our ten (10) year Capital Improvement Plan (CIP). 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 2016. The Dispatch function and communications, which were transferred to the North County Dispatch Center in Palm Beach Gardens in October 2014, continues to enhance inter-agency communications and response to criminal activity.

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 will begin union negotiations with two of the Village's collective bargaining units (police and fire) in June 2016. 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: preparing the Village for LPR (License Plate Recognition) systems, going from numerous servers to a virtual software system, continued improvement of the Village website, and upgrading the Village's phone system.

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. An Architect was retained to help define the scope and sizes for a new clubhouse and pool amenities.

For Fiscal Year 2015-2016, the Village Council developed the following goals to guide their budget process:

1. Provide a sustainable financial base for the Village
2. Maintain and improve all recreational facilities of the Village
3. Maintain a high quality of life and improve the overall appearance in the Village
4. Build a new Country Club Clubhouse
5. Develop a Master Plan for economic development in our business districts and community development in our neighborhoods
6. Continuously improve the way the Village operates
7. Implement the Pay for Performance System
8. Establish a long-term (10-year) capital plan

The ultimate goal is to sustain the Village as the “Best Place to Live Under the Sun.”

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, 2014. 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

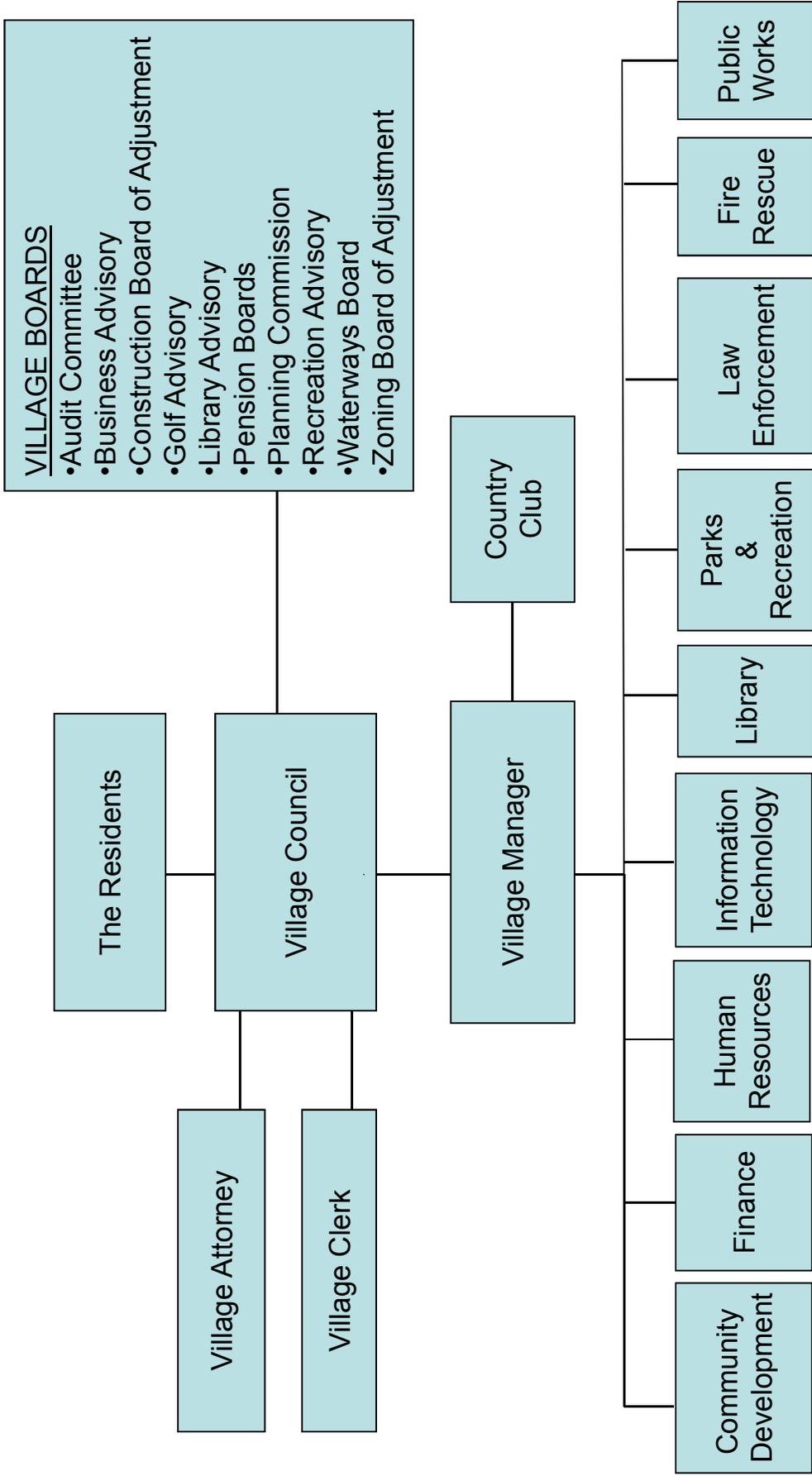
PRINCIPAL VILLAGE OFFICIALS

SEPTEMBER 30, 2015

<u>Title</u>	<u>Name</u>
Mayor	Robert A. Gebbia
Vice Mayor	David B. Norris
President Pro Tem	Doug Bush
Council Member	Darryl C. Aubrey
Council Member	Mark Mullinix
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, 2014

Executive Director/CEO

FINANCIAL SECTION



NOWLEN, HOLT & MINER, P.A.

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of North Palm Beach, Florida as of and for the year ended September 30, 2015, 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, 2015, 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 discussed in Note 18 to the financial statements, the Village implemented Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an Amendment of GASB Statement No. 68*, during the year ended September 30, 2015. Our opinions are not modified with respect to this matter.

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 72 through 76, and budgetary comparison information on pages 77 through 78 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 16, 2016, on our consideration of the Village of North Palm Beach, Florida's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village of North Palm Beach, Florida's internal control over financial reporting and compliance.

Nowlen, Holt & Mimer, P.A.

West Palm Beach, Florida
March 16, 2016

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, 2015. 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 #
	2015	2014		
Total net position	\$23.43	\$24.61	(\$1.18)	14
Unrestricted net position available for future use	\$6.71	\$7.55	(\$0.84)	14
Governmental net position	\$21.05	\$22.19	(\$1.14)	14
Total revenues from all sources	\$23.96	\$23.00	\$0.96	15
Governmental revenues	\$20.16	\$19.34	\$0.82	15
Total cost of all Village programs	\$25.13	\$24.50	\$0.63	15
Governmental revenues over (under) expenses	(\$1.13)	(\$1.26)	\$0.13	16
General fund revenues over (under) expenses	\$0.51	\$0.61	(\$0.10)	19
General fund unassigned fund balance	\$10.80	\$12.39	(\$1.59)	17
As a percent of general fund expenditures	55.03%	66.07%	-11.04%	
Country Club revenues over (under) expenses	(\$0.04)	(\$0.25)	\$0.21	22
Change in total long-term debt for the Village	(\$0.40)	(\$0.38)	(\$0.02)	

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, Capital Projects Fund, and the On-Behalf Pension Contributions Fund (one of the four Special Revenue Funds), all of which are considered *major funds* (generally accepted accounting principles define a fund as major based on that fund's size relative to the other funds of the government; a fund may also be reported as major if the government's officials believe that fund is particularly important to financial statement users). The remaining funds are considered *non-major funds*, and data from these governmental funds is combined into a single column for an aggregated presentation. The basic governmental fund financial statements can be found on pages 17-20 of this report.

- **Proprietary Funds**

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

- **Fiduciary Funds**

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The Village implemented Governmental Accounting Standard Boards ("GASB") Statement No. 68 "*Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*" ("GASB #68") and GASB Statement No. 71 "*Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*" ("GASB #71" and collectively "Statements") in 2015. These Statements require the Village to recognize a net pension liability, deferred outflows of resources (including pension contributions made after the measurement date) and deferred inflows of resources for its two retirement plans, on financial statements prepared on the economic resources measurement focus and accrual basis of accounting (i.e. the statement of net position) and presents more extensive note disclosures. The adoption of these Statements had no impact on the Village's governmental fund financial statements, which continue to report expenditures in the amount of the contractually required contributions, and on the Village's proprietary fund, which had no employees in the plans. However, the adoption has resulted in the restatement of the Village's net position as of September 30, 2014 for its government-wide financial statements to reflect the reporting of net pension liabilities, deferred outflows of resources, and deferred inflows of resources for each of its qualified pension plans in accordance with the provisions of these Statements. Net position of the Village's government-wide financial as of September 30, 2014 was decreased by \$4,275,019 reflecting the cumulative change in accounting principle related to the adoption of these Statements. See Note 8 in the notes to the basic financial statements for more information regarding the Village's retirement plans.

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 \$23.43 million at the close of the most recent fiscal year.

A significant portion of the Village's net position (70.60%) 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	
	2015	2014 (1)	2015	2014	2015	2014
Assets:						
Current and other assets	\$ 14,995	\$ 16,849	\$ 829	\$ 988	\$ 15,824	\$ 17,837
Capital assets	14,711	14,967	4,787	5,255	19,498	20,222
Total assets	<u>29,706</u>	<u>31,816</u>	<u>5,616</u>	<u>6,243</u>	<u>35,322</u>	<u>38,059</u>
Deferred outflows of resources:	<u>1,649</u>	<u>1,506</u>			<u>1,649</u>	<u>1,506</u>
Liabilities:						
Current liabilities	1,567	2,475	144	339	1,711	2,814
Long-term liabilities	8,087	8,486	3,094	3,482	11,181	11,968
Total liabilities	<u>9,654</u>	<u>10,961</u>	<u>3,238</u>	<u>3,821</u>	<u>12,892</u>	<u>14,782</u>
Deferred inflows of resources:	<u>644</u>	<u>175</u>			<u>644</u>	<u>175</u>
Net position:						
Net investment in capital assets	14,711	14,967	1,834	1,908	16,545	16,875
Restricted	177	181			177	181
Unrestricted	6,168	7,039	545	514	6,713	7,553
Total net position	<u>\$ 21,056</u>	<u>\$ 22,187</u>	<u>\$ 2,379</u>	<u>\$ 2,422</u>	<u>\$ 23,435</u>	<u>\$ 24,609</u>

(1) Restated for GASB 68

Governmental Activities

The cost of all governmental activities this year was \$21.29 million. As shown on Table 3, Changes in Net Position, those who directly benefited from the programs paid for \$3.35 million of this cost and \$16.81 million was financed through general revenues. Governmental activities decreased the Village's net position by \$1.13 million, thereby accounting for 96% 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	
	2015	2014	2015	2014	2015	2014
Revenues:						
Program revenues:						
Charges for services	\$ 3,353	\$ 3,823	\$ 3,789	\$ 3,646	\$ 7,142	\$ 7,469
Operating grants and contributions	82	90			82	90
Capital grants and contributions	27	16			27	16
General revenues:						
Property taxes	11,365	10,155			11,365	10,155
Local option gas taxes	282	266			282	266
Utility service taxes	2,267	2,277			2,267	2,277
Sales and use taxes	1,332	1,261			1,332	1,261
Franchise taxes	1,253	1,233			1,253	1,233
Investment earnings	109	17	11	11	120	28
Miscellaneous	57	146			57	146
Gain on asset disposals	30	56			30	56
Total revenues	<u>20,157</u>	<u>19,340</u>	<u>3,800</u>	<u>3,657</u>	<u>23,957</u>	<u>22,997</u>
Expenses:						
Program expenses:						
General Government	3,029	2,696			3,029	2,696
Public Safety	9,013	9,260			9,013	9,260
Public Works	4,964	4,485			4,964	4,485
Community Development & Planning	1,309	1,046			1,309	1,046
Leisure Services	2,973	3,114			2,973	3,114
Country Club			3,843	3,902	3,843	3,902
Total expenses	<u>21,288</u>	<u>20,601</u>	<u>3,843</u>	<u>3,902</u>	<u>25,131</u>	<u>24,503</u>
Increase (decrease) in net position	(1,131)	(1,261)	(43)	(245)	(1,174)	(1,506)
Net position - beginning of year (1)	<u>22,187</u>	<u>23,448</u>	<u>2,422</u>	<u>2,667</u>	<u>24,609</u>	<u>26,115</u>
Net position - end of year	<u>\$ 21,056</u>	<u>\$ 22,187</u>	<u>\$ 2,379</u>	<u>\$ 2,422</u>	<u>\$ 23,435</u>	<u>\$ 24,609</u>

1) Restated for GASB 68

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)

	2015		2014	
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
General government	\$ 3,029	\$ (2,894)	\$ 2,696	\$ (2,577)
Public safety	9,013	(8,424)	9,260	(8,635)
Public works	4,964	(4,424)	4,485	(4,052)
Community development and planning	1,309	(145)	1,046	575
Leisure services	2,973	(1,939)	3,114	(1,983)
Interest on long-term debt				
	<u>\$ 21,288</u>	<u>\$ (17,826)</u>	<u>\$ 20,601</u>	<u>\$ (16,672)</u>

At the end of the current year, as compared to the prior year, the total cost of services increased by \$0.69 million. This change in cost can be broken down as follows:

- Several departments experienced an overall increase primarily due to the increases in personnel-related costs (for example, General Government increased by \$0.33 million, Public Works increased by \$0.48 million and Community Development increased by \$0.26 million).
- Public Safety decreased by \$0.25 million due to the implementation of GASB 68 which reduced pension expense.
- Leisure Services decreased by \$0.14 million due to the Village taking over the tennis and pool operations.

Business-Type Activities

At the end of the current year, as compared to the prior year, Charges for Services (revenues) for the Business-type activities increased by \$0.14 million and expenses decreased by \$0.06 million. Net position of the Proprietary Fund (Country Club) at September 30, 2015, were \$2.38 million. Net position decreased by \$43,415 in the current year vs. \$245,495 in the prior year, resulting in a positive impact of \$202,080.

The positive impact in the Village's Business-type activities was largely the result of an increase in revenues from both the Golf and Restaurant operations. The Enterprise Fund is on solid financial footing; however, there are serious infrastructure issues related to the clubhouse that need to be addressed. The Village is in the process of evaluating the construction of a new clubhouse; therefore, no major repairs to the current building are budgeted in the upcoming year.

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 \$13.22 million, a \$0.98 decrease over the 2014 fund balance of \$14.20 million. Approximately 97% of the combined ending fund balance (\$12.89 million) constitutes unrestricted (unassigned/assigned) fund balance, which is available for spending at the government's discretion. The remainder of fund balance (\$0.33 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 \$10.80 million while the General Fund total fund balance was \$11.41 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 55% of total general fund expenditures, while total fund balance represents 58% of that same amount.

The general fund unassigned fund balance (\$10.80 million) represents a decrease of \$1.58 million over the 2014 unassigned general fund balance of \$12.38 million. The decrease is largely due to the Village utilizing \$1.64 million from its General Fund unassigned fund balance to fund the FY 2015 portion of the Capital Improvement Plan (CIP) rather than raising its millage rate.

General Fund Budgetary Highlights

Differences between the original budget and the final amended budget were \$1,860,311 and can be briefly summarized as follows:

- Small Business Grant Carryover (\$66,435)
- Prior Year Open Purchase Order Carryover (\$150,376)
- Use of General Fund Unassigned Fund Balance – CIP Funding (\$1,643,500)

General Fund Budget Analysis

As shown on pages 79-81 of this report, in the Schedule of Departmental Expenditures – Budget and Actual, there was an overall favorable budget to actual cost variance of \$2,711 in General Fund Departmental Expenditures. The areas of significant budget to actual variances for the General Fund expenditures are summarized below:

- The negative variance in Public Safety (\$308,548) is a result of the increase in personnel-related costs associated with the implementation of the Collective Bargaining Agreements for two unions.
- During the budgeting process, various assumptions, along with previous year costs, are used in the development of the current year budget for operating costs. To counter 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. The Directors did an admirable job identifying areas to cut operating costs resulting in favorable budget variances (*The actual costs came in well under the projected budgeted amount....overall budget to actual savings in operating costs of \$368,821*). The areas of significant budgetary savings for the General Fund operating costs are summarized below:

- Repair and maintenance costs (\$66,714)
- Property & casualty insurance (\$25,248)
- Fuel costs for Village vehicles (\$80,533)
- Materials & Supplies (\$81,677)
- Utilities (\$59,405)
- Travel, Training and Conferences (\$37,223)

Capital Projects Fund

The Village's Capital Projects Fund is project specific and involves multi-year projects. Appropriations in this fund remain open and carry over to succeeding years until planned expenditures are made, or until they are amended or cancelled. At the end of the current fiscal year, the total fund balance was \$1.49 million, a \$0.61 million increase over the 2014 fund balance of \$0.89 million. This is primarily due to the transfer of funds from General Fund Unassigned Fund Balance to finance several capital projects.

On-Behalf Pension Contribution Fund

The Village's On-Behalf Pension Contribution Fund accounts for the contributions made by the State to the Police and Fire Pension Plan on behalf of the Village's employees.

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, 2015 and 2014 amounts to \$19.50 million and \$20.22 million, respectively (net of accumulated depreciation).

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

	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
Land	\$ 2,056	\$ 2,056	\$ 1,051	\$ 1,051	\$ 3,107	\$ 3,107
Construction in progress	267	88			267	88
Buildings and improvements	23,136	23,095	1,405	1,405	24,541	24,500
Improvements other than buildings			272	272	272	272
Improvements - golf course			5,824	5,824	5,824	5,824
Furniture, fixtures and equipment	7,503	6,904	783	776	8,286	7,680
Total assets	32,962	32,143	9,335	9,328	42,297	41,471
Less accumulated depreciation	(18,251)	(17,176)	(4,547)	(4,073)	(22,798)	(21,249)
Net position	<u>\$ 14,711</u>	<u>\$ 14,967</u>	<u>\$ 4,788</u>	<u>\$ 5,255</u>	<u>\$ 19,499</u>	<u>\$ 20,222</u>

Additional information on the Village's capital assets can be found in Note 5 on pages 44 through 45 of this report.

Debt

Currently, the Village uses debt financing on an as-needed basis each year. At the end of the current fiscal year, the Village had total long-term debt of \$2.97 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	
	2015	2014	2015	2014	2015	2014
Loans payable			\$ 2,825	\$ 3,097	\$ 2,825	\$ 3,097
Capital leases			148	274	148	274
Total	<u>\$</u>	<u>\$</u>	<u>\$ 2,973</u>	<u>\$ 3,371</u>	<u>\$ 2,973</u>	<u>\$ 3,371</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 decreased to \$10.80 million during the current 2015 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

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THE VILLAGE OF NORTH PALM BEACH, FLORIDA
Statement of Net Position
September 30, 2015

	Governmental Activities	Business-type Activities	Total
Assets			
Cash and cash equivalents	\$ 4,809,660	\$ 659,783	\$ 5,469,443
Investments	8,985,759		8,985,759
Accounts receivable	418,001	18,003	436,004
Inventories	144,749	125,271	270,020
Prepays	10,845	6,441	17,286
Due from other governments	448,592		448,592
Restricted assets:			
Cash and cash equivalents	177,431		177,431
Intangible assets, net of amortization		18,892	18,892
Capital assets:			
Nondepreciable	2,322,597	1,051,311	3,373,908
Depreciable (net of depreciation)	12,388,419	3,736,526	16,124,945
Total assets	<u>29,706,053</u>	<u>5,616,227</u>	<u>35,322,280</u>
Deferred outflows of resources			
Pension related items	1,649,135		1,649,135
Total deferred outflows of resources	<u>1,649,135</u>		<u>1,649,135</u>
Liabilities			
Accounts payable	697,366	39,238	736,604
Accrued liabilities	689,081		689,081
Deposits		8,700	8,700
Unearned revenue	180,193	95,509	275,702
Noncurrent liabilities:			
Due within one year	888,662	447,389	1,336,051
Due in more than one year	7,199,203	2,646,893	9,846,096
Total liabilities	<u>9,654,505</u>	<u>3,237,729</u>	<u>12,892,234</u>
Deferred inflows of resources			
Unearned revenue	205,715		205,715
Pension related items	438,155		438,155
Total deferred inflows of resources	<u>643,870</u>		<u>643,870</u>
Net position			
Net investment in capital assets	14,711,016	1,833,975	16,544,991
Restricted for:			
Recreation	91,695		91,695
Streets and roads	32,431		32,431
Public safety	5,740		5,740
Library	45,294		45,294
Other purposes	2,271		2,271
Unrestricted	6,168,366	544,523	6,712,889
Total net position	<u>\$ 21,056,813</u>	<u>\$ 2,378,498</u>	<u>\$ 23,435,311</u>

See notes to the financial statements.

THE VILLAGE OF NORTH PALM BEACH, FLORIDA
Statement of Activities
For the Year Ended September 30, 2015

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Charges for Activities</u>
Government:		
Governmental activities		
General government	\$ 3,028,716	\$ 131,445
Public safety	9,013,101	537,064
Public works	4,963,704	514,354
Community development and planning	1,308,924	1,163,875
Leisure services	2,973,687	1,006,382
Total governmental activities	<u>21,288,132</u>	<u>3,353,120</u>
Business-type activities - country club	<u>3,842,660</u>	<u>3,788,852</u>
Total business-type activities	<u>3,842,660</u>	<u>3,788,852</u>
Total government	<u><u>\$ 25,130,792</u></u>	<u><u>\$ 7,141,972</u></u>

Program Revenues		Net Expense (Revenue) and Changes in Net Position		
Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
\$ 3,627	\$	\$ (2,893,644)	\$	\$ (2,893,644)
28,233	23,606	(8,424,198)		(8,424,198)
25,012		(4,424,338)		(4,424,338)
		(145,049)		(145,049)
25,355	2,942	(1,939,008)		(1,939,008)
<u>82,227</u>	<u>26,548</u>	<u>(17,826,237)</u>		<u>(17,826,237)</u>
			(53,808)	(53,808)
			<u>(53,808)</u>	<u>(53,808)</u>
<u>\$ 82,227</u>	<u>\$ 26,548</u>	<u>(17,826,237)</u>	<u>(53,808)</u>	<u>(17,880,045)</u>

General Revenues:

Taxes:				
Property taxes		11,364,888		11,364,888
Local option gas taxes		282,549		282,549
Utility service taxes		2,267,118		2,267,118
Franchise taxes		1,253,139		1,253,139
Sales and use taxes		1,332,209		1,332,209
Investment income - unrestricted		108,794	10,393	119,187
Miscellaneous		57,137		57,137
Gain on disposal of equipment		30,457		30,457
Total general revenues		<u>16,696,291</u>	<u>10,393</u>	<u>16,706,684</u>
Change in net position		(1,129,946)	(43,415)	(1,173,361)
Net position, beginning of year, as restated		<u>22,186,759</u>	<u>2,421,913</u>	<u>24,608,672</u>
Net position, end of year		<u>\$ 21,056,813</u>	<u>\$ 2,378,498</u>	<u>\$ 23,435,311</u>

See notes to the financial statements.

THE VILLAGE OF NORTH PALM BEACH, FLORIDA
Balance Sheet
Governmental Funds
September 30, 2015

	General	Capital Projects Fund	On-Behalf Pension Contributions	Nonmajor Governmental Funds	Total Governmental Funds
Assets					
Cash and cash equivalents	\$ 3,020,678	\$ 1,420,298	\$	\$ 368,684	\$ 4,809,660
Investments	8,985,759				8,985,759
Accounts receivable	418,001				418,001
Inventories	144,749				144,749
Prepays	10,845				10,845
Due from other funds		44,028			44,028
Due from other governments	150,252		298,340		448,592
Restricted cash and cash equivalents	131,931	45,500			177,431
Total assets	<u>\$ 12,862,215</u>	<u>\$ 1,509,826</u>	<u>\$ 298,340</u>	<u>\$ 368,684</u>	<u>\$ 15,039,065</u>
Liabilities, deferred inflows of resources, and fund balances					
Liabilities					
Accounts payable	\$ 377,190	\$ 15,706	\$ 298,340	\$ 6,130	\$ 697,366
Accrued liabilities	689,081				689,081
Due to other funds				44,028	44,028
Unearned revenue	180,193				180,193
Total liabilities	<u>1,246,464</u>	<u>15,706</u>	<u>298,340</u>	<u>50,158</u>	<u>1,610,668</u>
Deferred inflows of resources					
Unearned revenue	205,715				205,715
Total deferred inflows of resources	<u>205,715</u>				<u>205,715</u>
Fund balances					
Nonspendable:					
Inventories and prepaids	155,594				155,594
Restricted for:					
Recreation	46,195	45,500			91,695
Streets and roads	32,431				32,431
Police	5,740				5,740
Library	45,294				45,294
Other purposes	2,271				2,271
Assigned for:					
Small business grants	6,435				6,435
Subsequent year's expenditures	313,453				313,453
Special revenue funds				318,526	318,526
Capital project funds		1,448,620			1,448,620
Unassigned	10,802,623				10,802,623
Total fund balances	<u>11,410,036</u>	<u>1,494,120</u>		<u>318,526</u>	<u>13,222,682</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 12,862,215</u>	<u>\$ 1,509,826</u>	<u>\$ 298,340</u>	<u>\$ 368,684</u>	<u>\$ 15,039,065</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, 2015

Fund balances - total governmental funds		\$ 13,222,682
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Amounts reported for governmental activities in the statement of net position are different because:

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

Governmental capital assets	\$ 32,962,661	
Less: accumulated depreciation	<u>(18,251,645)</u>	
		14,711,016

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)	
Net pension liability	(4,561,092)	
Other postemployment benefits	(2,210,054)	
Accrued compensated absences	<u>(1,266,719)</u>	
		(8,087,865)

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

Pension related deferred outflows	1,649,135	
Pension related deferred inflows	<u>(438,155)</u>	
		<u>1,210,980</u>

Net position of governmental activities		<u>\$ 21,056,813</u>
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See notes to the financial statements.

THE VILLAGE OF NORTH PALM BEACH, FLORIDA
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended September 30, 2015

	<u>General</u>	<u>Capital Projects Fund</u>	<u>On-Behalf Pension Contributions</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues					
Taxes	\$ 15,167,694	\$	\$	\$	\$ 15,167,694
Licenses and permits	947,158				947,158
Intergovernmental	1,437,218		298,340	22,688	1,758,246
Charges for services	2,231,673				2,231,673
Fines and forfeitures	128,235				128,235
Investment	108,794				108,794
Miscellaneous	122,107				122,107
Total revenues	<u>20,142,879</u>	<u></u>	<u>298,340</u>	<u>22,688</u>	<u>20,463,907</u>
Expenditures					
Current					
General government	2,904,553				2,904,553
Public safety	8,667,737		298,340		8,966,077
Public works	4,255,636				4,255,636
Community development and planning	1,270,399				1,270,399
Leisure services - recreation	2,514,495				2,514,495
Capital outlay	16,640	1,484,476		29,314	1,530,430
Total expenditures	<u>19,629,460</u>	<u>1,484,476</u>	<u>298,340</u>	<u>29,314</u>	<u>21,441,590</u>
Excess (deficiency) of revenues over (under) expenditures	<u>513,419</u>	<u>(1,484,476)</u>	<u></u>	<u>(6,626)</u>	<u>(977,683)</u>
Other financing sources (uses)					
Transfers in		2,091,246			2,091,246
Transfers out	(2,091,246)				(2,091,246)
Total other financing sources (uses)	<u>(2,091,246)</u>	<u>2,091,246</u>	<u></u>	<u></u>	<u></u>
Net change in fund balances	(1,577,827)	606,770		(6,626)	(977,683)
Fund balances					
Beginning of year	12,987,863	887,350		325,152	14,200,365
End of year	<u>\$ 11,410,036</u>	<u>\$ 1,494,120</u>	<u>\$</u>	<u>\$ 318,526</u>	<u>\$ 13,222,682</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, 2015

Net change in fund balances - total governmental funds \$ (977,683)

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	\$ 1,380,016	
Less: current year depreciation	<u>(1,628,546)</u>	(248,530)

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		(7,381)
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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	(57,353)	
Change in net pension liability and related deferred amounts	415,178	
Change in other postemployment benefits	<u>(254,177)</u>	<u>103,648</u>

Change in net position		<u><u>\$ (1,129,946)</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, 2015

	Enterprise
Assets	
Current assets	
Cash and cash equivalents	\$ 659,783
Accounts receivable	18,003
Inventories	125,271
Prepays	6,441
Total current assets	809,498
Non-current assets	
Intangible asset, net	18,892
Capital assets, net	4,787,837
Total non-current assets	4,806,729
Total assets	5,616,227
Liabilities	
Current liabilities	
Accounts payable	39,238
Deposits	8,700
Unearned revenue	95,509
Compensated absences - current portion	16,582
Capital leases - current portion	147,767
Loans payable - current portion	283,040
Total current liabilities	590,836
Non-current liabilities	
Other postemployment benefits	96,753
Compensated absences	8,193
Loans payable	2,541,947
Total non-current liabilities	2,646,893
Total liabilities	3,237,729
Net position	
Net investment in capital assets	1,833,975
Unrestricted	544,523
Total net position	\$ 2,378,498

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, 2015

	Enterprise
Operating revenue	
Greens fee/cart rentals/membership fees	\$ 2,332,066
Golf shop revenues	407,269
Driving range revenues	313,882
Restaurant revenues	726,229
Miscellaneous	9,406
Total operating revenues	3,788,852
Operating expenses	
Golf course maintenance expenses	1,178,337
Clubhouse grounds expenses	93,330
Golf shop expenses	901,511
Food and beverage expenses	887,533
Administrative and general	102,537
Insurance	63,659
Depreciation and amortization	480,574
Total operating expenses	3,707,481
Operating income	81,371
Nonoperating revenues (expenses)	
Interest revenue	10,393
Interest expense	(135,179)
Total nonoperating revenues (expenses)	(124,786)
Change in net position	(43,415)
Net position - beginning	2,421,913
Net position - ending	\$ 2,378,498

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, 2015

	Enterprise
Cash flows from operating activities:	
Receipts from customers	\$ 3,639,513
Payments to suppliers for goods or services	(2,293,411)
Payments to employees for services	(986,947)
Net cash provided by operating activities	359,155
Cash flows from capital and related financing activities:	
Principal paid on long term debt	(398,642)
Interest paid on debt	(135,179)
Acquisition of capital assets	(8,161)
Net cash provided (used) by capital and related financing activities	(541,982)
Cash flows from investing activities:	
Interest and dividends on investments	10,393
Net increase (decrease) in cash and cash equivalents	(172,434)
Cash and cash equivalents at beginning of year	832,217
Cash and cash equivalents at end of year	\$ 659,783
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	\$ 81,371
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation and amortization	480,574
Change in assets and liabilities	
Decrease in accounts receivable	1,684
Increase in inventory	(32,046)
Decrease in prepaids	12,466
(Decrease) in accounts payable	(44,961)
Increase in deposits	2,000
(Decrease) in compensated absences payable	(663)
(Decrease) in deferred revenue	(153,023)
Increase in other postemployment benefits	11,753
Total adjustments	277,784
Net cash provided by operating activities	\$ 359,155

See notes to the financial statements.

THE VILLAGE OF NORTH PALM BEACH, FLORIDA
Statement of Fiduciary Net Position
Fiduciary Funds
September 30, 2015

	Employee Retirement Funds	Agency Funds
Assets		
Cash and cash equivalents	\$ 950,744	\$ 359,663
Investments:		
Common equity securities	9,033,530	
International common equity securities	1,148,713	
U.S. Government agencies	980,088	
Municipal bonds	208,536	
Corporate bonds	3,363,819	
Equity mutual funds	9,484,526	
Fixed income mutual funds	2,452,812	
Real estate investment fund	1,717,667	
Accrued interest and dividends	47,972	
Accounts receivable	389,562	
Accounts receivable, broker-dealers	85,015	
Prepays	1,526	
Total assets	29,864,510	359,663
Liabilities		
Accounts payable	38,701	
Due to others		359,663
Total liabilities	38,701	359,663
Net Position		
Held in trust for pension benefits and other purposes	\$ 29,825,809	\$

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, 2015

	<u>Employee Retirement Funds</u>
Additions	
Contributions	
Employer	\$ 1,439,922
Plan members	342,634
State on-behalf payments	298,340
Total contributions	<u>2,080,896</u>
Investment earnings	
Dividends and interest	747,076
Net (decrease) in fair value of investments	<u>(572,219)</u>
Total investment earnings	174,857
Less: investment expenses	<u>158,687</u>
Total net investment earnings	<u>16,170</u>
Total additions	<u>2,097,066</u>
Deductions	
Administrative expense	97,512
Benefits	873,586
Refund of contributions	31,984
Total deductions	<u>1,003,082</u>
Change in net position	1,093,984
Net position - beginning	<u>28,731,825</u>
Net position - ending	<u><u>\$ 29,825,809</u></u>

See notes to the financial statements.

THE VILLAGE OF NORTH PALM BEACH, FLORIDA
Notes to the Basic Financial Statements
September 30, 2015

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 pension trust funds in the fiduciary funds financial statements.

B. Government-wide and Fund Financial Statements

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

THE VILLAGE OF NORTH PALM BEACH, FLORIDA
Notes to the Basic Financial Statements
September 30, 2015

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, 2015

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, 2015

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, 2015

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 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.

THE VILLAGE OF NORTH PALM BEACH, FLORIDA
Notes to the Basic Financial Statements
September 30, 2015

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Capital Assets and Depreciation (Continued)

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. The Village reports deferred pension items in connection with its two Retirement Systems. These deferred pension charges are either (a) recognized in the subsequent period as a reduction of the net pension liability (which includes pension contributions made after the measurement date) or (b) amortized in a systematic and rational method as pension expense in future periods.

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

Unearned Revenue

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

THE VILLAGE OF NORTH PALM BEACH, FLORIDA
Notes to the Basic Financial Statements
September 30, 2015

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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.

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.

THE VILLAGE OF NORTH PALM BEACH, FLORIDA
Notes to the Basic Financial Statements
September 30, 2015

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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.

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.

THE VILLAGE OF NORTH PALM BEACH, FLORIDA
Notes to the Basic Financial Statements
September 30, 2015

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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, 2015

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 1st. The proposed budget includes expenditures and the means of financing them.
- During the months of July, August and September, the Council holds public meetings to obtain taxpayer comments.
- Upon completion of the public hearings and prior to October 1st, a final operating budget is legally enacted through the passage of an ordinance. Estimated beginning fund balances are considered in the budgetary process.
- The Village Manager is authorized to transfer budgeted amounts up to \$10,000. Any change to the total fund expenses must be approved by the Village Council.
- Appropriations along with encumbrances lapse on September 30th.

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

Encumbrance accounting is employed in governmental funds. Encumbrances (e.g. purchase orders or contracts) outstanding at year end are reported as reservations of fund balances and do not constitute expenditures or liabilities because the commitments will be reappropriated and honored during the subsequent year. The General Fund had \$313,454 and the Capital Projects Fund had \$399,588 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, 2015

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 1st 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, 2015, was 7.3300 (\$7.3300 for each \$1,000 of assessed valuation).

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

After sale, tax certificates bear interest at 18% per year or at any lower rate bid by the buyer. The certificate holder may make application for a tax deed on any unredeemed tax certificate after a period of two years. The County holds unsold certificates. Delinquent taxes on personal property bear interest at 18% per year until the tax is satisfied either by seizure and sale of the property or by the five-year statute of limitations. At September 30, 2015, unpaid delinquent taxes are not material and have not been recorded by the Village.

NOTE 3 – DEPOSITS AND INVESTMENTS

Deposits

As of September 30, 2015, the carrying amount of the Village's deposits (including fiduciary funds) was \$4,533,356 and the bank balances totaled \$4,529,334. 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, 2015

NOTE 3 – DEPOSITS AND INVESTMENTS (Continued)

Investments

The State Board of Administration (SBA) administers the Florida PRIME, which is governed by Chapter 19-7 of the Florida Administrative Code and Chapters 218 and 215 of the Florida Statutes. These rules provide guidance and establish the policies and general operating procedures for the administration of the Florida PRIME. The Florida PRIME 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, which permits money market funds to use amortized cost to maintain a constant net asset value (NAV) of \$1 per share. The fair value of the position in the Florida PRIME is equal to the value of the pool shares. The investment in the Florida PRIME is not insured by FDIC or any other governmental agency.

At September 30, 2015, 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, 2015, was 29 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, 2015, the Village had \$511,595 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, 2015

NOTE 3 – DEPOSITS AND INVESTMENTS (Continued)

Investments (Continued)

As of September 30, 2015, 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	\$ 150,945	N/A
State Board of Administration Florida PRIME	AAA(m)	511,595	29 days (1)
Money Market Funds	N/R	1,121,192	N/A
Commercial Paper	P-1	199,100	154 days
U.S. Government and Agency Obligations	Aaa	933,311	1.55 yrs.
U.S. Treasury Notes	Aaa	5,655,611	1.69 yrs.
Municipal Bonds	Aa3	120,493	1.09 yrs.
Corporate Bonds	Aa3 to A2	1,861,772	1.83 yrs.
Supra-National Agency Bonds	Aaa	120,038	2.71
<i><u>Fiduciary Funds:</u></i>			
Money Market Funds	N/R	729,277	N/A
GNMA, FNMA, FHLMC Pools	N/R	230,559	18.15 yrs.
U.S. Government Agencies	Aaa	729,862	9.44 yrs.
Collateralized Mortgages	Aaa	19,667	23.17 yrs.
Corporate Bonds	Aaa to Baa2	3,363,819	7.67 yrs.
Municipal Bonds	Aa3 to Aa2	208,536	16.45 yrs.
Domestic Common Equity Securities	N/R	9,033,530	N/A
International Common Equity Securities	N/R	1,148,713	N/A
Equity Mutual Funds	N/R	4,542,687	N/A
Fixed Income Mutual Funds	N/R	7,394,651	N/A
Real Estate Investment Fund	N/R	1,717,667	N/A
Total investments		<u>\$39,793,025</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, 2015

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, 2015, 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, 2015

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. Banks, Qualified Public Depositories with a collateral pledge level of twenty-five percent or fifty percent;
2. U.S Treasury obligations and obligations the principal and interest of which are backed or guaranteed by the full faith and credit of the U.S Government;
3. Debt obligations, participations or other instruments issued or fully guaranteed by any U.S. Federal agency, instrumentality or government sponsored enterprise,
4. Supra-Nationals, U.S. dollar denominated debt obligations of a multilateral organization of governments where the U.S. is a shareholder and voting member with a minimum credit quality rating of A-1/P-1, AA-/Aa3 or equivalent,
5. U.S. dollar denominated corporate notes, bonds or other debt obligations issued or guaranteed by a domestic or foreign corporation, financial institution, non-profit or other entity with a minimum credit quality rating of A-1/P-1, A-/A3 or equivalent,
6. Obligations, including both taxable and tax - exempt, issued or guaranteed by any State, territory or possession of the United States, political subdivision, public corporation, authority, agency board, instrumentality or other unit of local government of any State or territory with a minimum credit quality rating of SP-1/MIG 1, A-/A3 or equivalent,
7. Mortgage- backed securities (MBS), backed by residential, multi-family or commercial mortgages, that are issued or fully guaranteed as to principal and interest by a U.S. Federal agency or government sponsored enterprise, including but not limited to pass-throughs, collateralized mortgage obligations (CMOs) and REMICs,
8. Asset-backed securities (ABS) whose underlying collateral consists of loans, leases or receivables, including but not limited to auto loans /leases, credit card receivables, student loans, equipment loans /leases, or home-equity loans with a minimum credit quality rating of A-1/P-1, AAA/Aaa or equivalent,

THE VILLAGE OF NORTH PALM BEACH, FLORIDA
Notes to the Basic Financial Statements
September 30, 2015

NOTE 3 – DEPOSITS AND INVESTMENTS (Continued)

Investments (Continued)

9. U.S. dollar denominated commercial paper issued or guaranteed by a domestic or foreign corporation, company, financial institution, trust or other entity, including both unsecured debt and asset-backed programs with a minimum credit quality rating of A-1/P-1 or equivalent,
10. Shares in open-end and no-load money market mutual funds, provided such funds are registered under the Investment Company Act of 1940 and operate in accordance with Rule 2a-7 with a minimum credit quality rating of AAAm/Aaa-mf or equivalent,
11. State, local government or privately- sponsored investment pools that are authorized pursuant to state law with a minimum credit quality rating of AAAm/Aaa-mf or equivalent.

The Village 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.

THE VILLAGE OF NORTH PALM BEACH, FLORIDA
Notes to the Basic Financial Statements
September 30, 2015

NOTE 3 – DEPOSITS AND INVESTMENTS (Continued)

Investments (Continued)

Authorized Investments (Continued)

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.

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, 2015

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	\$ 4,533,356
Petty cash	6,350
Investments	<u>39,793,025</u>
Total deposits and investments	<u><u>\$44,332,731</u></u>
Presented in the statement of net position	
Governmental activities	
Cash and cash equivalents	\$ 4,809,660
Restricted cash and cash equivalents	177,431
Investments	8,985,759
Business-type activities	
Cash and cash equivalents	<u>659,783</u>
Total statements of net position	<u><u>14,632,633</u></u>
Presented in the statement of fiduciary net position	
Pension trust funds	
Cash and cash equivalents	950,744
Investments	28,389,691
Agency funds	
Cash and cash equivalents	<u>359,663</u>
Total fiduciary funds	<u><u>29,700,098</u></u>
Total deposits and investments	<u><u>\$44,332,731</u></u>

THE VILLAGE OF NORTH PALM BEACH, FLORIDA
Notes to the Basic Financial Statements
September 30, 2015

NOTE 4 – RECEIVABLES

Receivables at September 30, 2015, were as follows:

	<u>General Fund</u>	<u>Country Club</u>	<u>Total</u>
Utility franchise fees & taxes	\$ 372,462	\$	\$ 372,462
Conroy Drive assessment	10,553		10,553
Other accounts receivable	34,986	18,003	52,989
Total accounts receivable	<u>\$ 418,001</u>	<u>\$ 18,003</u>	<u>\$ 436,004</u>

NOTE 5 – CAPITAL ASSETS

Capital Assets activity for the year ended September 30, 2015, was as follows:

Primary Government

Governmental Activities:	<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	88,182	178,526			266,708
Capital assets being depreciated:					
Buildings	9,267,120		(25,185)		9,241,935
Improvements	13,827,981	71,500	(5,061)		13,894,420
Machinery and equipment	3,035,292	250,319	(195,351)		3,090,260
Vehicles	3,868,228	879,671	(334,450)		4,413,449
Total at historical cost:	<u>32,142,692</u>	<u>1,380,016</u>	<u>(560,047)</u>		<u>32,962,661</u>
Less accumulated depreciation for:					
Buildings	(5,232,005)	(259,032)	24,013		(5,467,024)
Improvements	(6,968,512)	(902,778)	2,067		(7,869,223)
Machinery and equipment	(1,964,872)	(216,342)	195,351		(1,985,863)
Vehicles	(3,010,376)	(250,394)	331,235		(2,929,535)
Total accumulated depreciation	<u>(17,175,765)</u>	<u>(1,628,546)</u>	<u>552,666</u>		<u>(18,251,645)</u>
Governmental activities capital assets, net	<u>\$ 14,966,927</u>	<u>\$ (248,530)</u>	<u>\$ (7,381)</u>	<u>\$</u>	<u>\$ 14,711,016</u>

THE VILLAGE OF NORTH PALM BEACH, FLORIDA
Notes to the Basic Financial Statements
September 30, 2015

NOTE 5 – CAPITAL ASSETS (Continued)

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

Governmental activities:

General government	\$ 97,964
Public safety	401,212
Public works	670,952
Community development	23,242
Leisure services	435,176
	\$1,628,546

Total depreciation expense, governmental activities

\$1,628,546

Business-type activities:	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	370,546		(1,454)		369,092
Vehicles	405,466	8,161			413,627
	9,328,288	8,161	(1,454)		9,334,995
Less accumulated depreciation for:					
Buildings	(1,037,458)	(25,828)			(1,063,286)
Improvements	(2,560,005)	(307,685)			(2,867,690)
Machinery and equipment	(273,625)	(45,820)	1,454		(317,991)
Vehicles	(201,987)	(96,204)			(298,191)
	(4,073,075)	(475,537)	1,454		(4,547,158)
Total accumulated depreciation	(4,073,075)	(475,537)	1,454		(4,547,158)
Business-type activities capital assets, net	\$ 5,255,213	\$ (467,376)	\$	\$	\$ 4,787,837

Construction Commitments

The business-type activities have a commitment of \$264,000 for design services for the country club.

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, 2015

NOTE 6 – LONG TERM LIABILITIES

Change in Long-Term Liabilities

Long-term liability activity for the year ended September 30, 2015, was as follows:

	Beginning Balance (1)	Additions	Reductions	Ending Balance	Amount Due Within One Year
Governmental activities:					
Claims and settlements	\$ 50,000	\$	\$	\$ 50,000	\$
OPEB (see Note 13)	1,955,877	254,177		2,210,054	
Net pension liability (see Note 8)	5,271,877		(710,785)	4,561,092	
Compensated absences payable	1,209,366	1,010,009	(952,656)	1,266,719	888,662
Total	\$ 8,487,120	\$ 1,264,186	\$ (1,663,441)	\$ 8,087,865	\$ 888,662
Business-type activities:					
Loans payable	\$ 3,096,925	\$	\$ (271,938)	\$ 2,824,987	\$ 283,040
Capital leases	274,471		(126,704)	147,767	147,767
OPEB (see Note 13)	85,000	11,753		96,753	
Compensated absences payable	25,438	8,408	(9,071)	24,775	16,582
Total	\$ 3,481,834	\$ 20,161	\$ (407,713)	\$ 3,094,282	\$ 447,389

(1) As restated, see Note 18

Governmental activities other post-employment benefit obligations, compensated absences and net pension liabilities 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, 2015

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, 2015, the principal amount outstanding was \$2,824,987 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>
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	333,990	64,169	398,159
2021 - 2024	1,284,274	109,221	1,393,495
	<u>\$ 2,824,987</u>	<u>\$ 559,303</u>	<u>\$ 3,384,290</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, 2015, the principal amount outstanding was \$147,766 and the net book value of the equipment was \$138,888. 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>
2016	<u>\$ 147,766</u>	<u>\$ 1,799</u>	<u>\$ 149,565</u>

THE VILLAGE OF NORTH PALM BEACH, FLORIDA
Notes to the Basic Financial Statements
September 30, 2015

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. However, under certain circumstances, a plaintiff can seek to recover damages in excess of statutory limits by introducing a claims bill to the Florida Legislature. The limits addressed in Florida Statutes do not apply to claims filed in federal courts.

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

THE VILLAGE OF NORTH PALM BEACH, FLORIDA
Notes to the Basic Financial Statements
September 30, 2015

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, 2015, 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. The plans' fiduciary net position have been determined on the same basis used by the pension plans. Plan member and state contributions are recognized as revenues in the period that the contributions are due. Employer contributions to each plan are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of each plan.

Method Used to Value Investments. Investments are reported at fair value and are managed by third party money managers. 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, 2015

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, 2014:

	<u>GERF</u>	<u>F&P</u>
Inactive Plan Members or Beneficiaries		
currently receiving benefits	22	22
Inactive Plan Members entitled to but		
not yet receiving benefits	49	9
Active Plan Members	<u>39</u>	<u>52</u>
Total	<u>110</u>	<u>83</u>

General Employees' Retirement System

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

THE VILLAGE OF NORTH PALM BEACH, FLORIDA
Notes to the Basic Financial Statements
September 30, 2015

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
Notes to the Basic Financial Statements
September 30, 2015

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, 2015, 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, 2015, the annual money-weighted rate of return on Pension Plan investments, net of pension plan investment expense, was -0.39 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

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

Fire and Police Retirement System

Plan Description. The plan is established under Code of Ordinances for the Village of North Palm Beach, Florida, Part II, Chapter 2, and was most recently amended under Ordinance No. 2015-05. The Plan is also governed by certain provisions of Part VII, Chapter 112, Florida Statutes and the Internal Revenue Code. The plan provides retirement benefits as well as death and disability benefits. All benefits vest after ten years of credited service. All fulltime police officers or firefighters are eligible for membership immediately upon hire. Previously, members were not eligible until October 1st following completion of 12 months of employment. Cost of living adjustments (COLA) are provided annually each October 1, to reflect changes in CPI (subject to maximum increases or decreases of 3% per year). Authority to establish and amend the benefit provisions of the plan rests with the Village Council. Employees become eligible for normal retirement benefits after attaining the age of 55, or the date on which the member attains age 52 and 25 credited years of service. Previously, employees became eligible for normal retirement benefits after attaining the age of 55, only. The normal retirement benefit consists of ten years certain and life thereafter, with other options available, (subject to cost of living adjustments not to exceed 3% a year), of 2.5% of AME times the years of credited services, with

THE VILLAGE OF NORTH PALM BEACH, FLORIDA
Notes to the Basic Financial Statements
September 30, 2015

NOTE 8 – EMPLOYEE RETIREMENT PLANS (Continued)

Fire and Police Retirement System (Continued)

Plan Description. (Continued)

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, 2015, is as follows:

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

Rate of Return. For the year ended September 30, 2015, the annual money-weighted rate of return on Pension Plan investments, net of pension plan investment expense, was 0.660 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Contributions. Firefighter members are required to contribute 2% thru April 1, 2015, contribute 3.50% from April 1, 2015 to March 31, 2016 and 5.00% thereafter of their basic compensation to the plan. Non-collectively bargained Police Officer are required to contribute 2% their basic compensation. Collectively bargained Police Officer members are required to contribute; 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 \$298,340 during the fiscal year ended September 30, 2015.

THE VILLAGE OF NORTH PALM BEACH, FLORIDA
Notes to the Basic Financial Statements
September 30, 2015

NOTE 8 – EMPLOYEE RETIREMENT PLANS (Continued)

All Retirement Plans

Net Pension Liability. The components of net pension liability of the Village on September 30, 2015 were as follows:

	<u>General Employees</u>	<u>Fire and Police</u>
Total pension liability	\$ 14,556,047	\$ 21,852,818
Plan fiduciary net position	<u>(12,109,145)</u>	<u>(17,716,664)</u>
Village's net pension liability	<u>\$ 2,446,902</u>	<u>\$ 4,136,154</u>
Plan fiduciary net position as a percentage of total pension liability	<u>83.19%</u>	<u>81.07%</u>

Actuarial Assumptions - The total pension liability was determined by an actuarial valuation as of October 1, 2014 updated to September 30, 2015 using the following actuarial assumptions applied to the September 30, 2015 measurement period.

	<u>General Employees</u>	<u>Fire and Police</u>
Inflation	4.00%	3.00%
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, 2015, are summarized in the following table:

THE VILLAGE OF NORTH PALM BEACH, FLORIDA
Notes to the Basic Financial Statements
September 30, 2015

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	6.97%	7.95%
International equity	5.6%	8.00%
Domestic bonds	4.44%	2.70%
Real estate	N/A	6.00%

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>\$ 4,428,759</u>	<u>\$ 2,446,902</u>	<u>\$ 793,236</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>\$ 7,202,336</u>	<u>\$ 4,136,154</u>	<u>\$ 1,605,361</u>

THE VILLAGE OF NORTH PALM BEACH, FLORIDA
Notes to the Basic Financial Statements
September 30, 2015

NOTE 8 – EMPLOYEE RETIREMENT PLANS (Continued)

All Retirement Plans

The Village’s total pension liability, plan fiduciary net position, net pension liability, pension related deferred outflows and inflows, and pension expense for the fiscal year ended September 30, 2015, are reported using a measurement date of September 30, 2014.

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 September 30, 2014, 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, 2015

NOTE 8 – EMPLOYEE RETIREMENT PLANS (Continued)

All Retirement Plans

Actuarial Assumptions (Continued)

<u>Asset Class</u>	<u>Target Allocation</u>		<u>Long-Term Expected Real Rate of Return</u>	
	<u>General Employees</u>	<u>Fire and Police</u>	<u>General Employees</u>	<u>Fire and Police</u>
Domestic equity	45%	50%	7.00%	8.25%
International equity	15	10	7.00%	8.25%
Domestic bonds	40	30	2.50%	3.00%
Real estate	<u>N/A</u>	<u>10</u>	N/A	6.25%
Total	<u>100%</u>	<u>100%</u>		

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.

THE VILLAGE OF NORTH PALM BEACH, FLORIDA
Notes to the Basic Financial Statements
September 30, 2015

NOTE 8 – EMPLOYEE RETIREMENT PLANS (Continued)

General Employees' Retirement System

Changes in Net Pension Liability

Using a measurement date of September 30, 2014, the components of the net pension liability reported by the Village at September 30, 2015, were as follows:

Description	Total Pension Liability (a)	Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Balances at September 30, 2013	\$ 12,728,438	\$ 10,433,153	\$ 2,295,285
Changes due to:			
Service cost	374,926		374,926
Interest	972,865		972,865
Employer contributions		562,953	(562,953)
Employee contributions		142,609	(142,609)
Benefit payments and refunds	(263,674)	(263,674)	
Net investment income		1,072,009	(1,072,009)
Administrative expenses		(17,171)	17,171
Total changes	<u>1,084,117</u>	<u>1,496,726</u>	<u>(412,609)</u>
Balances at September 30, 2014	<u>\$ 13,812,555</u>	<u>\$ 11,929,879</u>	<u>\$ 1,882,676</u>

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

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

THE VILLAGE OF NORTH PALM BEACH, FLORIDA
Notes to the Basic Financial Statements
September 30, 2015

NOTE 8 – EMPLOYEE RETIREMENT PLANS (Continued)

General Employees' Retirement System (Continued)

Pension expense and deferred outflows and inflows of resources

For the fiscal year ended September 30, 2015, the Village recognized pension expense of \$369,221. In addition, the Village reported deferred outflows of resources and deferred inflows of resources related to the Plan from the following sources:

<u>Description</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Net difference between projected and actual earnings on plan investments	\$	\$ 218,877
Village plan contributions subsequent to the measurement date	462,420	
Total	<u>\$ 462,420</u>	<u>\$ 218,877</u>

The deferred outflows of resources totaling \$462,420 resulting from Village contributions to the plan subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the fiscal year ended September 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the plan will be recognized in pension expense as follows:

<u>Year ended September 30:</u>	<u>Amount</u>
2016	\$ (54,719)
2017	(54,719)
2018	(54,719)
2019	(54,720)
2020	
Thereafter	<u>\$ (218,877)</u>

THE VILLAGE OF NORTH PALM BEACH, FLORIDA
Notes to the Basic Financial Statements
September 30, 2015

NOTE 8 – EMPLOYEE RETIREMENT PLANS (Continued)

Fire and Police Retirement System

Changes in Net Pension Liability

Using a measurement date of September 30, 2014, the components of the net pension liability reported by the Village at September 30, 2015, were as follows::

Description	Total Pension Liability (a)	Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Balances at September 30, 2013	\$ 17,476,586	\$ 14,499,921	\$ 2,976,665
Changes due to:			
Service cost	699,244		699,244
Interest	1,419,425		1,419,425
Change in excess state money	90,535		90,535
Change in assumptions	246,146		246,146
Employer contributions		943,634	(943,634)
Employer contributions-state		321,230	(321,230)
Employee contributions		87,010	(87,010)
Benefit payments and refunds	(451,574)	(451,574)	
Net investment income		1,468,473	(1,468,473)
Administrative expenses		(66,748)	66,748
Total changes	<u>2,003,776</u>	<u>2,302,025</u>	<u>(298,249)</u>
Balances at September 30, 2014	<u>\$ 19,480,362</u>	<u>\$ 16,801,946</u>	<u>\$ 2,678,416</u>

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

	1% Decrease 6.90%	Current Discount Rate 7.90%	1% Increase 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, 2015

NOTE 8 – EMPLOYEE RETIREMENT PLANS (Continued)

Fire and Police Retirement System (Continued)

Pension expense and deferred outflows and inflows of resources

For the fiscal year ended September 30, 2015, the Village recognized pension expense of \$653,754. In addition, the Village reported deferred outflows of resources and deferred inflows of resources related to the Plan from the following sources:

<u>Description</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Net difference between projected and actual earnings on plan investments	\$	\$ 219,278
Change of assumptions	210,982	
Village plan contributions subsequent to the measurement date	<u>975,733</u>	
Total	<u>\$ 1,186,715</u>	<u>\$ 219,278</u>

The amounts reported as a change of assumptions resulted from lowering the investment rate of return from 8% to 7.9%

The deferred outflows of resources totaling \$975,733 resulting from Village contributions to the plan subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the fiscal year ended September 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the plan will be recognized in pension expense as follows:

<u>Year ended September 30:</u>	<u>Amount</u>
2016	\$ (19,656)
2017	(19,656)
2018	(19,656)
2019	(19,656)
2020	35,164
Thereafter	<u>35,164</u>
	<u>\$ (8,296)</u>

THE VILLAGE OF NORTH PALM BEACH, FLORIDA
Notes to the Basic Financial Statements
September 30, 2015

NOTE 8 – EMPLOYEE RETIREMENT PLANS (Continued)

All Retirement Plans

Summarized information

The Village's total pension liability, plan fiduciary net position, net pension liability, pension related deferred outflows and inflows, and pension expense for the fiscal year ended September 30, 2015, using a measurement date of September 30, 2014, are as follows:

	<u>General Employees</u>	<u>Fire and Police</u>	<u>Total</u>
Total pension liability	\$ 13,812,555	\$ 19,480,362	\$ 33,292,917
Plan fiduciary net position	11,929,879	16,801,946	28,731,825
Net pension liability	1,882,676	2,678,416	4,561,092
Deferred outflows of resources	462,420	1,186,715	1,649,135
Deferred inflows of resources	218,877	219,278	438,155
Pension expense	369,221	653,754	1,022,975

At September 30, 2015, the Village reported payables in the amounts of \$23,612 to the General Employees and \$46,688 to the Fire and Police plans for outstanding contributions.

THE VILLAGE OF NORTH PALM BEACH, FLORIDA
Notes to the Basic Financial Statements
September 30, 2015

NOTE 9 – ON-BEHALF PAYMENTS

The state makes a contribution to the Fire and Police Officers’ Retirement System from the firefighters’ and police officers’ Insurance Premium Tax. For the fiscal year ended September 30, 2015, \$298,340 was recorded as revenues and expenditures in the On-Behalf Pension Contribution Special Revenue Fund relating to on-behalf payments received from the state.

NOTE 10 – PENSION PLAN FINANCIAL INFORMATION

Generally accepted accounting principles (GAAP) requires that financial statements for individual pension plans be presented in the notes to the financial statements of the primary government if separate GAAP financial reports have not been issued. The General Employees’ pension fund does not have a separate GAAP report issued, and the financial information September 30, 2015, is presented below.

STATEMENT OF FIDUCIARY NET POSITION

	General Employees’ Pension
Assets	
Cash and cash equivalents	\$ 169,994
Investments:	
Equity mutual funds	9,457,646
Fixed income mutual funds	2,452,812
Accounts receivable/accrued interest and dividends	28,693
Total assets	12,109,145
Net position	
Held in trust for pension benefits and other purposes	\$12,109,145

THE VILLAGE OF NORTH PALM BEACH, FLORIDA
Notes to the Basic Financial Statements
September 30, 2015

NOTE 10 – PENSION PLAN FINANCIAL INFORMATION (Continued)

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

	General Employees’ Pension
Additions	
Contributions	
Employer	\$ 464,189
Plan members	125,738
Total contributions	589,927
Investment earnings	
Dividends and interest	343,450
Net (decrease) in the fair value of investments	(410,026)
Less investment expense	(29,540)
Total investment earnings	(96,116)
Total additions	493,811
Deductions	
Administration	20,655
Benefits	267,777
Refund of contributions	26,113
Total deductions	314,545
Change in net position	179,266
Net position - beginning	11,929,879
Net position - ending	\$ 12,109,145

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. If an employee terminates before becoming fully vested, forfeited amounts will be used to reduce future Village contributions. No loans are permitted by the plan. The 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 OF NORTH PALM BEACH, FLORIDA
Notes to the Basic Financial Statements
September 30, 2015

NOTE 11 – DEFINED CONTRIBUTION PLAN (Continued)

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, 2015, is listed below:

	<u>Directors</u>	<u>General Employees</u>	<u>Municipal Employees</u>	<u>Total</u>
Employee contributions	\$ 35,755	\$ 36,186	\$ 48,663	\$ 120,604
Village pension expense	87,106	128,004	137,067	352,177
Forfeitures		2,847	7,282	10,129
Payable as of fiscal year end	4,163	6,431	6,802	17,396

NOTE 12 – DEFERRED COMPENSATION PLAN ASSETS

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

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

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

THE VILLAGE OF NORTH PALM BEACH, FLORIDA
Notes to the Basic Financial Statements
September 30, 2015

NOTE 12 – DEFERRED COMPENSATION PLAN ASSETS (Continued)

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

NOTE 13 – OTHER POSTEMPLOYMENT BENEFITS

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 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 VILLAGE OF NORTH PALM BEACH, FLORIDA
Notes to the Basic Financial Statements
September 30, 2015

NOTE 13 – OTHER POST EMPLOYMENT BENEFITS (Continued)

Annual OPEB Cost and Net OPEB Obligation (Continued)

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	\$ 214,716
Interest on normal cost	8,589
Amortization	137,039
Interest on amortization	<u>5,481</u>
Annual required contribution (ARC)	<u>365,825</u>
Interest on net unfunded OPEB obligation	81,635
Adjustment to ARC	<u>(118,024)</u>
Annual OPEB cost	329,436
Contributions made	<u>(63,506)</u>
Increase in net OPEB obligation	265,930
Net OPEB obligation October 1, 2014	<u>2,040,877</u>
Net OPEB obligation September 30, 2015	<u>\$ 2,306,807</u>

Trend Information

<u>Three-Year Trend Information</u>					
Fiscal Year End	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation		
09/30/13	\$520,693	21.1%	\$1,617,152		
09/30/14	\$547,229	22.6%	\$2,040,877		
09/30/15	\$329,436	19.3%	\$2,306,807		

Funded Status

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

Actuarial valuation date	10/01/2014
Actuarial accrued liability	\$2,464,468
Actuarial value of plan assets	\$
Unfunded actuarial accrued liability (UAAL)	\$2,464,468
Funded ratio	0.0%
Covered payroll	\$8,675,270
UAAL as a percentage of covered payroll	28.4%

THE VILLAGE OF NORTH PALM BEACH, FLORIDA
Notes to the Basic Financial Statements
September 30, 2015

NOTE 13 – OTHER POST EMPLOYMENT BENEFITS (Continued)

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 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	10/01/2014
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	3%
Healthcare cost trend	9% for 2016 decreasing to 5% in 2024

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 \$162,205 to Seacoast during the fiscal year for water and sewer service.

THE VILLAGE OF NORTH PALM BEACH, FLORIDA
Notes to the Basic Financial Statements
September 30, 2015

NOTE 15 – TRANSFERS

Interfund transfers during the year ended September 30, 2015, are as follows:

<i>Transfer in:</i>	<i>Transfer Out:</i> <u>General Fund</u>
Capital Projects Fund	\$ 2,091,246

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.

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, 2016 is \$351,700.

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 – SUBSEQUENT EVENTS

Subsequent to September 30, 2015, the Village approved purchasing three police vehicles at a cost of \$143,800, an ambulance at a cost of \$249,500 and the lease/purchase of eighty-two golf carts for \$356,000 including a trade in allowance of \$145,000 for the existing golf carts.

THE VILLAGE OF NORTH PALM BEACH, FLORIDA
Notes to the Basic Financial Statements
September 30, 2015

NOTE 18 – ACCOUNTING CHANGE

The Village implemented the following Governmental Accounting Standards Board Statements during the fiscal year ended September 30, 2015.

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. The implementation of this statement resulted in a restatement of beginning net position, as well as related deferred outflows of resources and deferred inflows of resources due to recording the Village’s net pension liability on the statement of net position.

In November 2013, the GASB issued Statement No. 71, *Pension Transition Contributions Made Subsequent to the Measurement Date – an amendment to GASB Statement No. 68*. This Statement amends paragraph 137 of GASB 68 to require that, at transition, a government recognize the beginning deferred outflow of resources for its pension contributions, if any, made subsequent to the measurement date of the beginning net pension liability.

The Village sponsors the Village of North Palm Beach Fire and Police Retirement Plan, covering firefighters and police officers, and the Village of North Palm Beach General Employees Retirement Plan, single employer defined benefit pension plans. These standards require employers participating in single employer defined benefit pension plans to report their net pension liabilities and related pension amounts. The cumulative effect of applying GASB 68 has been reported as a restatement of the beginning net position of the governmental activities on the entity-wide financial statements. A reconciliation of the prior period ending net position to the current period beginning net positions is as follows.

	Governmental Activities
Balance at September 30, 2014, as reported	\$ 26,461,778
Adjustment for adoption of GASB 68 – Fire and Police Retirement Plan	(2,259,770)
Adjustment for adoption of GASB 68 – General Employees Retirement Plan	(2,015,249)
Balance at September 30, 2014, as restated	\$ 22,186,759

THE VILLAGE OF NORTH PALM BEACH, FLORIDA
Notes to the Basic Financial Statements
September 30, 2015

NOTE 19 – 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 February 2015, the GASB issued Statement No. 72, Fair Value Measurement and Application. This Statement provides guidance for determining a fair value measurement for financial reporting purposes and also provides guidance for applying fair value of certain investments and disclosures related to all fair value measurements. This Statement is effective for the fiscal year ending September 30, 2016.

In June 2015, the GASB issued Statement No. 73, Accounting and Financial Reporting for Pensions and Related Assets That Are Not Within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68. This Statement improves the usefulness of information about pensions included in the general purpose external financial reports of state and local governments for making decisions and assessing accountability. Certain sections of this Statement are effective for the fiscal year ending September 30, 2016 and the remaining sections are effective for the fiscal year ending September 30, 2017.

In June 2015, the GASB issued Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans. This Statement improves the usefulness of information about postemployment benefits other than pensions included in the general purpose external financial reports of state and local government OPEB plans for making decisions and assessing accountability. This Statement is effective for the fiscal year ending September 30, 2017.

In June 2015 the GASB issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. This Statement improves accounting and financial reporting by state and local governments for postemployment benefits other than pensions. It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities. This Statement is effective for the fiscal year ending September 30, 2018.

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

REQUIRED SUPPLEMENTARY INFORMATION OTHER THAN MD&A

THE VILLAGE OF NORTH PALM BEACH, FLORIDA
Required Supplemental Information
September 30, 2015

Schedule of Funding Progress
Other Postemployment Benefits (OPEB)

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)
10/01/08	\$	\$ 2,741,387	\$ 2,741,387	0.0%	\$ 6,231,104	44.0%
10/01/11	\$	\$ 3,432,815	\$ 3,432,815	0.0%	\$ 7,103,304	48.3%
10/01/14	\$	\$ 2,464,468	\$ 2,464,468	0.0%	\$ 8,675,270	28.4%

(1) Projected unit credit

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

FIDUCIARY FUNDS

Pension Trust Funds

General Employees Pension Trust Fund

Fire and Police Officers Pension Trust Fund

THE VILLAGE OF NORTH PALM BEACH, FLORIDA
Required Supplemental Information
September 30, 2015

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

	2014	2015
Total pension liability:		
Service cost	\$ 374,926	\$ 317,676
Interest	972,865	1,048,746
Differences between Expected and Actual Experience		(329,040)
Benefit payments, including refunds of employee contributions	(263,674)	(293,890)
Net change in total pension liability	1,084,117	743,492
Total pension liability - beginning	12,728,438	13,812,555
Total pension liability - ending (a)	\$ 13,812,555	\$ 14,556,047
Plan fiduciary net position		
Contributions - employer	\$ 562,953	\$ 464,189
Contributions - Eemployees	142,609	125,738
Net investment income	1,072,009	(96,116)
Benefit payments, including refunds of employee contributions	(263,674)	(293,890)
Administrative expenses	(17,171)	(20,655)
Net change in plan fiduciary net position	1,496,726	179,266
Plan fiduciary net position - beginning	10,433,153	11,929,879
Plan fiduciary net position - ending (b)	\$ 11,929,879	\$ 12,109,145
Net pension liability (a) - (b)	\$ 1,882,676	\$ 2,446,902
Plan fiduciary net position as a percentage of the total pension liability	86.37%	83.19%
Covered employee payroll	\$ 2,701,771	\$ 2,424,320
Net pension liability as a percentage of covered payroll	69.68%	100.93%

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, 2015

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

	<u>2014</u>	<u>2015</u>
Total pension liability:		
Service cost	\$ 699,244	\$ 810,654
Interest	1,419,425	1,555,518
Changes in excess state money	90,535	67,645
Changes of benefit terms		1,682
Differences between Expected and Actual Experience		483,189
Changes of assumptions	246,146	
Contributions - Buy Back		65,446
Benefit payments, including refunds of employee contributions	<u>(451,574)</u>	<u>(611,678)</u>
Net change in total pension liability	2,003,776	2,372,456
Total pension liability - beginning	<u>17,476,586</u>	<u>19,480,362</u>
Total pension liability - ending (a)	<u>\$ 19,480,362</u>	<u>\$ 21,852,818</u>
Plan fiduciary net position		
Contributions - employer	\$ 943,634	\$ 975,733
Contributions - State	321,230	298,340
Contributions - Employees	87,010	151,450
Contributions - Buy Back		65,446
Net investment income	1,468,473	111,884
Benefit payments, including refunds of employee contributions	(451,574)	(611,678)
Administrative expenses	<u>(66,748)</u>	<u>(76,457)</u>
Net change in plan fiduciary net position	2,302,025	914,718
Plan fiduciary net position - beginning	<u>14,499,921</u>	<u>16,801,946</u>
Plan fiduciary net position - ending (b)	<u>\$ 16,801,946</u>	<u>\$ 17,716,664</u>
Net pension liability (a) - (b)	<u>\$ 2,678,416</u>	<u>\$ 4,136,154</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>86.25%</u>	<u>81.07%</u>
Covered employee payroll	<u>\$ 4,312,746</u>	<u>\$ 4,518,020</u>
Net pension liability as a percentage of covered payroll	<u>62.10%</u>	<u>91.55%</u>

Changes of Assumptions

For the 2014 fiscal year the investment rate of return was lowered from 8.0% to 7.9%

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, 2015

Last Two Fiscal Years

Schedule of Contributions

<u>Fiscal Year</u> Ending September 30	<u>Actuarially</u> Determined Contribution	<u>Actual</u> Contribution	<u>Contribution</u> Deficiency (Excess)	<u>Covered</u> Payroll	<u>Actual Contribution</u> as a Percentage of Covered Paryoll
<u>General Employees Retirement Fund</u>					
2014	\$ 562,509	\$ 562,953	\$ (444)	\$ 2,838,421	19.83%
2015	\$ 464,189	\$ 464,189	\$	\$ 2,424,320	19.15%

Fire and Police Retirement Fund

2014	\$ 1,173,930	\$ 1,174,329	\$ (399)	\$ 4,312,746	27.23%
2015	\$ 1,205,408	\$ 1,206,428	\$ (1,020)	\$ 4,518,020	26.70%

Schedule of Investment Returns

<u>Fiscal Year</u> Ending September 30	<u>Annual money weighted rate of return</u> net of investment expenes	
	<u>General</u> Employees	<u>Fire and Police</u> Employees
2014	10.50%	10.00%
2015	-0.39%	0.66%

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, 2015

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.

	<u>General Employees Retirement Fund</u>	<u>Police and Fire Retirement Fund</u>
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%	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	- 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, 2015

	<u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u>	<u>Variance with</u> <u>Final Budget</u> <u>Positive</u> <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes	\$ 14,825,948	\$ 14,825,948	\$ 15,167,694	\$ 341,746
Licenses and permits	1,054,600	1,054,600	947,158	(107,442)
Intergovernmental	1,376,282	1,376,282	1,437,218	60,936
Charges for services	2,360,691	2,360,691	2,231,673	(129,018)
Fines and forfeitures	87,835	87,835	128,235	40,400
Investment	40,250	40,250	108,794	68,544
Miscellaneous	15,500	15,500	122,107	106,607
Total revenues	<u>19,761,106</u>	<u>19,761,106</u>	<u>20,142,879</u>	<u>381,773</u>
Expenditures				
Current				
General government	2,905,239	2,905,239	2,904,553	686
Public safety	8,351,629	8,359,189	8,667,737	(308,548)
Public works	4,293,066	4,349,366	4,255,636	93,730
Community development and planning	1,192,772	1,336,285	1,270,399	65,886
Leisure services - recreation	2,804,654	2,666,551	2,514,495	152,056
Other government				
Capital outlay	10,000	15,541	16,640	(1,099)
Total expenditures	<u>19,557,360</u>	<u>19,632,171</u>	<u>19,629,460</u>	<u>2,711</u>
Excess of revenues over expenditures	<u>203,746</u>	<u>128,935</u>	<u>513,419</u>	<u>384,484</u>
Other financing sources (uses)				
Appropriated fund balance	102,000	1,962,311		(1,962,311)
Transfer out	(305,746)	(2,091,246)	(2,091,246)	
Total other financing uses	<u>(203,746)</u>	<u>(128,935)</u>	<u>(2,091,246)</u>	<u>(1,962,311)</u>
Net change in fund balances	<u>\$</u>	<u>\$</u>	<u>(1,577,827)</u>	<u>\$ (1,577,827)</u>
Fund Balances				
Beginning of year			<u>12,987,863</u>	
End of year			<u>\$ 11,410,036</u>	

THE VILLAGE OF NORTH PALM BEACH, FLORIDA
Notes to the Budgetary
Required Supplementary Information (RSI)
General Fund
September 30, 2015

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, 2015

	<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	\$ 50,468	\$ 50,468	\$ 50,464	\$ 4	0.01
Operating expenses	79,615	79,615	70,470	9,145	11.49
Total Village Council	<u>130,083</u>	<u>130,083</u>	<u>120,934</u>	<u>9,149</u>	<u>7.03</u>
Village Manager					
Personnel services	286,333	286,333	287,785	(1,452)	-0.51
Operating expenses	30,700	30,700	19,609	11,091	36.13
Total Village Manager	<u>317,033</u>	<u>317,033</u>	<u>307,394</u>	<u>9,639</u>	<u>3.04</u>
Village Finance					
Personnel services	679,248	679,248	697,064	(17,816)	-2.62
Operating expenses	52,400	52,400	43,129	9,271	17.69
Total Village Finance	<u>731,648</u>	<u>731,648</u>	<u>740,193</u>	<u>(8,545)</u>	<u>-1.17</u>
Village Attorney					
Operating expenses	140,000	140,000	138,923	1,077	0.77
Village Clerk					
Personnel services	289,892	289,892	293,213	(3,321)	-1.15
Operating expenses	32,160	32,160	55,946	(23,786)	-73.96
Total Village Clerk	<u>322,052</u>	<u>322,052</u>	<u>349,159</u>	<u>(27,107)</u>	<u>-8.42</u>
Information Technology					
Personnel services	302,600	302,600	260,282	42,318	13.98
Operating expenses	128,200	128,200	160,644	(32,444)	-25.31
Total Information Technology	<u>430,800</u>	<u>430,800</u>	<u>420,926</u>	<u>9,874</u>	<u>2.29</u>
Human Resources					
Personnel services	255,136	255,136	223,123	32,013	12.55
Operating expenses	86,307	86,307	100,454	(14,147)	-16.39
Total Human Resources	<u>341,443</u>	<u>341,443</u>	<u>323,577</u>	<u>17,866</u>	<u>5.23</u>
Police					
Personnel services	4,357,043	4,357,043	4,606,275	(249,232)	-5.72
Operating expenses	716,825	720,025	719,761	264	0.04
Total Police	<u>5,073,868</u>	<u>5,077,068</u>	<u>5,326,036</u>	<u>(248,968)</u>	<u>-4.90</u>
Fire Rescue					
Personnel services	2,958,001	2,958,001	3,044,254	(86,253)	-2.92
Operating expenses	213,210	213,210	183,868	29,342	13.76
Total Fire Rescue	<u>3,171,211</u>	<u>3,171,211</u>	<u>3,228,122</u>	<u>(56,911)</u>	<u>-1.79</u>
Public Works Administration					
Personnel services	207,565	207,565	204,555	3,010	1.45
Operating expenses	45,640	83,346	99,542	(16,196)	-19.43
Total Public Works	<u>253,205</u>	<u>290,911</u>	<u>304,097</u>	<u>(13,186)</u>	<u>-4.53</u>

(Continued)

THE VILLAGE OF NORTH PALM BEACH, FLORIDA
Schedule of Departmental Expenditures - Budget and Actual
General Fund
For the Year Ended September 30, 2015

	<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	\$ 1,319,148	\$ 1,319,148	\$ 1,419,726	\$ (100,578)	-7.62
Operating expenses	176,500	176,500	220,459	(43,959)	-24.91
Total Sanitation	<u>1,495,648</u>	<u>1,495,648</u>	<u>1,640,185</u>	<u>(144,537)</u>	<u>-9.66</u>
Facility Services					
Personnel services	296,578	296,578	307,850	(11,272)	-3.80
Operating expenses	346,400	349,050	303,668	45,382	13.00
Total Facility Services	<u>642,978</u>	<u>645,628</u>	<u>611,518</u>	<u>34,110</u>	<u>5.28</u>
Street Maintenance					
Personnel services	511,443	511,443	440,646	70,797	13.84
Operating expenses	960,865	976,809	880,575	96,234	9.85
Total Street Maintenance	<u>1,472,308</u>	<u>1,488,252</u>	<u>1,321,221</u>	<u>167,031</u>	<u>11.22</u>
Vehicle Maintenance					
Personnel services	212,827	212,827	198,070	14,757	6.93
Operating expenses	216,100	216,100	180,545	35,555	16.45
Total Vehicle Maintenance	<u>428,927</u>	<u>428,927</u>	<u>378,615</u>	<u>50,312</u>	<u>11.73</u>
Planning and Engineering					
Personnel services	257,184	257,184	263,430	(6,246)	-2.43
Operating expenses	107,850	251,363	126,709	124,654	49.59
Total Planning and Engineering	<u>365,034</u>	<u>508,547</u>	<u>390,139</u>	<u>118,408</u>	<u>23.28</u>
Building					
Personnel services	583,008	583,008	664,606	(81,598)	-14.00
Operating expenses	92,508	92,508	86,569	5,939	6.42
Total Building	<u>675,516</u>	<u>675,516</u>	<u>751,175</u>	<u>(75,659)</u>	<u>-11.20</u>
Code Enforcement					
Personnel services	132,952	132,952	111,006	21,946	16.51
Operating expenses	19,270	19,270	18,079	1,191	6.18
Total Code Enforcement	<u>152,222</u>	<u>152,222</u>	<u>129,085</u>	<u>23,137</u>	<u>15.20</u>
Leisure Services-Recreation					
Personnel services	638,919	638,919	640,698	(1,779)	-0.28
Operating expenses	376,392	380,289	334,321	45,968	12.09
Total Leisure Services-Recreation	<u>1,015,311</u>	<u>1,019,208</u>	<u>975,019</u>	<u>44,189</u>	<u>4.34</u>
Library					
Personnel services	622,336	622,336	614,303	8,033	1.29
Operating expenses	168,625	168,625	151,618	17,007	10.09
Total Library	<u>790,961</u>	<u>790,961</u>	<u>765,921</u>	<u>25,040</u>	<u>3.17</u>

(Continued)

THE VILLAGE OF NORTH PALM BEACH, FLORIDA
Schedule of Departmental Expenditures - Budget and Actual
General Fund
For the Year Ended September 30, 2015

	<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	\$ 140,214	\$ 140,214	\$ 136,488	\$ 3,726	2.66
Operating expenses	421,344	369,344	318,477	50,867	13.77
Total Tennis	<u>561,558</u>	<u>509,558</u>	<u>454,965</u>	<u>54,593</u>	<u>10.71</u>
Pool					
Personnel services	96,057	96,057	98,122	(2,065)	-2.15
Operating expenses	240,267	150,267	132,168	18,099	12.04
Total Pool	<u>336,324</u>	<u>246,324</u>	<u>230,290</u>	<u>16,034</u>	<u>6.51</u>
Special Events					
Operating expenses	100,500	100,500	88,300	12,200	12.14
Total Special Events	<u>100,500</u>	<u>100,500</u>	<u>88,300</u>	<u>12,200</u>	<u>12.14</u>
Non-Departmental					
Operating expenses	598,730	603,090	617,026	(13,936)	-2.31
	<u>598,730</u>	<u>603,090</u>	<u>617,026</u>	<u>(13,936)</u>	<u>-2.31</u>
Capital Outlay					
Police Forfeiture Trust Fund			16,640	(16,640)	
Facility Services	10,000	10,000		10,000	
Planning and Engineering		5,541		5,541	100.00
Total Capital Outlay	<u>10,000</u>	<u>15,541</u>	<u>16,640</u>	<u>(1,099)</u>	<u>(7.07)</u>
Total expenditures	<u>\$ 19,557,360</u>	<u>\$ 19,632,171</u>	<u>\$ 19,629,460</u>	<u>\$ 2,711</u>	<u>0.01%</u>

COMBINING FINANCIAL STATEMENTS

NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds
Public Safety Fund
Northlake Boulevard Fund
Recreation Fund

THE VILLAGE OF NORTH PALM BEACH, FLORIDA
Combining Balance Sheet
Nonmajor Governmental Funds
September 30, 2015

	Special Revenue Funds			Total Nonmajor Governmental Funds
	Public Safety Fund	Northlake Boulevard Fund	Recreation	
Assets				
Cash and cash equivalents	\$ 1,520	\$ 1,986	\$ 365,178	\$ 368,684
Total assets	<u>\$ 1,520</u>	<u>\$ 1,986</u>	<u>\$ 365,178</u>	<u>\$ 368,684</u>
Liabilities				
Accounts payable	\$	\$	\$ 6,130	\$ 6,130
Due to other funds			44,028	44,028
Total liabilities			<u>50,158</u>	<u>50,158</u>
Fund balances				
Assigned	1,520	1,986	315,020	318,526
Total fund balances	<u>1,520</u>	<u>1,986</u>	<u>315,020</u>	<u>318,526</u>
Total liabilities and fund balances	<u>\$ 1,520</u>	<u>\$ 1,986</u>	<u>\$ 365,178</u>	<u>\$ 368,684</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, 2015

	Special Revenue Funds			Total Nonmajor Governmental Funds
	Public Safety Fund	Northlake Boulevard Fund	Recreation	
Revenues				
Intergovernmental	\$ 22,688	\$	\$	\$ 22,688
Total revenues	22,688			22,688
Expenditures				
Capital outlay	22,688		6,626	29,314
Total expenditures	22,688		6,626	29,314
Net changes in fund balances			(6,626)	(6,626)
Fund balances - Beginning of year	1,520	1,986	321,646	325,152
Fund balances - End of year	\$ 1,520	\$ 1,986	\$ 315,020	\$ 318,526

FIDUCIARY FUNDS

Pension Trust Funds

General Employees Pension Trust Fund

Fire and Police Officers Pension Trust Fund

THE VILLAGE OF NORTH PALM BEACH, FLORIDA
Combining Statement of Net Position - Pension Trust Funds
9/30/2015

	General Employees Pension	Fire and Police Officers Pension	Total Employee Retirement Funds
ASSETS			
Cash and cash equivalents	\$ 169,994	\$ 780,750	\$ 950,744
Investments:			
Domestic common equity securities		9,033,530	9,033,530
International common equity securities		1,148,713	1,148,713
U.S. Government agencies		980,088	980,088
Municipal bonds		208,536	208,536
Corporate bonds		3,363,819	3,363,819
Equity mutual funds	9,457,646	26,880	9,484,526
Fixed income mutual funds	2,452,812		2,452,812
Real estate investment fund		1,717,667	1,717,667
Accrued interest and dividends	5,079	42,893	47,972
Accounts receivable	23,614	365,948	389,562
Accounts receivable, broker-dealers		85,015	85,015
Prepays		1,526	1,526
Total assets	12,109,145	17,755,365	29,864,510
LIABILITIES			
Accounts payable		38,701	38,701
Total liabilities		38,701	38,701
Net Position			
Held in trust for pension benefits and other purposes	\$ 12,109,145	\$ 17,716,664	\$ 29,825,809

THE VILLAGE OF NORTH PALM BEACH, FLORIDA
Combining Statement of Changes in Fiduciary Net Position
Pension Trust Funds
For the Year Ended September 30, 2015

	General Employees Pension	Fire and Police Officers Pension	Total Employee Retirement Funds
	<u> </u>	<u> </u>	<u> </u>
Additions			
Contributions			
Employer	\$ 464,189	\$ 975,733	\$ 1,439,922
Plan members	125,738	216,896	342,634
State on-behalf payments		298,340	298,340
Total contributions	<u>589,927</u>	<u>1,490,969</u>	<u>2,080,896</u>
Investment earnings			
Dividends and interest	343,450	403,626	747,076
Net (decrease) in fair value of investments	<u>(410,026)</u>	<u>(162,193)</u>	<u>(572,219)</u>
Total investment earnings	(66,576)	241,433	174,857
Less: investment expenses	<u>29,540</u>	<u>129,147</u>	<u>158,687</u>
Total investment earnings	<u>(96,116)</u>	<u>112,286</u>	<u>16,170</u>
Total additions	<u>493,811</u>	<u>1,603,255</u>	<u>2,097,066</u>
Deductions			
Administration	20,655	76,857	97,512
Benefits	267,777	605,809	873,586
Refund of contributions	26,113	5,871	31,984
Total deductions	<u>314,545</u>	<u>688,537</u>	<u>1,003,082</u>
Change in net position	179,266	914,718	1,093,984
Net position - beginning	<u>11,929,879</u>	<u>16,801,946</u>	<u>28,731,825</u>
Net position - ending	<u>\$ 12,109,145</u>	<u>\$ 17,716,664</u>	<u>\$ 29,825,809</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, 2015

	Manatee Protection Agency	Northlake Boulevard Task Force	Total Agency Funds
Assets			
Cash and cash equivalents	\$ 296,604	\$ 63,059	\$ 359,663
 Liabilities			
Due to others	\$ 296,604	\$ 63,059	\$ 359,663

THE VILLAGE OF NORTH PALM BEACH, FLORIDA
Combining Schedule of Changes in Agency Net Position
For the Year Ended September 30, 2015

	<u>September 30, 2014</u>	<u>Additions</u>	<u>Deductions</u>	<u>September 30, 2015</u>
<u>Manatee Protection Agency</u>				
Assets				
Cash and cash equivalents	\$ 293,632	\$ 2,972	\$	\$ 296,604
Liabilities				
Due to others	\$ 293,632	\$ 2,972	\$	\$ 296,604
<u>Northlake Boulevard Task Force</u>				
Assets				
Cash and cash equivalents	\$ 62,428	\$ 631	\$	\$ 63,059
Liabilities				
Due to others	\$ 62,428	\$ 631	\$	\$ 63,059
<u>Total All Agency Funds</u>				
Assets				
Cash and cash equivalents	\$ 356,060	\$ 3,603	\$	\$ 359,663
Liabilities				
Due to others	\$ 356,060	\$ 3,603	\$	\$ 359,663

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, 2015

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)	Percent Variance
Revenue					
Greens fee/cart rentals/membership fees	\$ 2,419,733	\$ 2,419,733	\$ 2,332,066	\$ (87,667)	-3.62
Golf shop revenues	383,350	383,350	407,269	23,919	6.24
Driving range revenues	304,548	304,548	313,882	9,334	3.06
Restaurant revenues	800,000	800,000	726,229	(73,771)	-9.22
Interest revenues	8,410	8,410	10,393	1,983	23.58
Miscellaneous			9,406	9,406	
Appropriated net position (1)		264,000		(264,000)	
Total revenues	3,916,041	4,180,041	3,799,245	(380,796)	-9.11
Golf Maintenance					
Operating expenses	1,146,385	1,146,385	1,178,337	(31,952)	-2.79
Total Golf Maintenance	1,146,385	1,146,385	1,178,337	(31,952)	-2.79
Golf Pro Shop and Range					
Personnel services	618,540	618,540	560,596	57,944	9.37
Operating expenses	374,329	374,329	340,915	33,414	8.93
Total Golf Pro Shop and Range	992,869	992,869	901,511	91,358	9.20
Food and Beverage					
Personnel services	513,437	513,437	463,058	50,379	9.81
Operating expenses	432,345	432,345	424,475	7,870	1.82
Total Food and Beverage	945,782	945,782	887,533	58,249	6.16
Administration					
Personnel services	62,121	62,121	66,849	(4,728)	-7.61
Operating expenses (1)	24,603	288,603	24,918	263,685	91.37
Total Administration	86,724	350,724	91,767	258,957	73.83
Clubhouse and Grounds					
Operating expenses	106,607	106,607	93,330	13,277	12.45
Capital outlay			8,161	(8,161)	
Total Clubhouse and Grounds	106,607	106,607	101,491	5,116	4.80
Insurance and General Liability					
Operating expenses	55,809	55,809	63,659	(7,850)	(14.07)
Reserves					
Operating	10,000	10,000	10,770	(770)	(7.70)
Contingency	33,714	33,714		33,714	100.00
Total Reserves	43,714	43,714	10,770	32,944	75.36
Debt service					
Debt service	538,151	538,151	533,821	4,330	0.80
Total expenses on the budgetary basis	3,916,041	4,180,041	3,768,889	411,152	9.84
Revenues over expenses	\$	\$	\$ 30,356	\$ 30,356	

Adjustments to reconcile to the GAAP Basis

Total expenses on the budgetary basis	3,768,889
Less: capital outlay costs capitalized	(8,161)
Less: debt service	(533,821)
Add: depreciation expense	480,574

Total operating expenses \$ 3,707,481

(1) \$264,000 was budgeted for design services relating to the country club, that were carried forward to the 2016 budget.

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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Financial Trends	
<i>These schedules contain trend information to help the reader understand how the Village's financial performance and well-being have changed over time. These schedules include:</i>	
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Fund Balances, Governmental Funds	92
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Revenue Capacity	
<i>These schedules contain information to help the reader assess the Village's most significant local revenue source, the property tax.</i>	
Net Assessed Value and Estimated Actual Value of Taxable Property	95
Property Tax Rates - Direct and Overlapping Governments	96
Principal Property Taxpayers	97
Property Tax Levies and Collections	98
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<i>These schedules present information to help the reader assess the affordability of the Village's current levels of outstanding debt and the Village's ability to issue additional debt in the future.</i>	
Ratios of Outstanding Debt by Type	99
Direct and Overlapping Governmental Activities Debt	100
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Demographic and Economic Information	
<i>These schedules offer demographic and economic indicators to help the reader understand the environment within which the Village's financial activities take place.</i>	
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<i>These schedules contain service and infrastructure data to help understand how the information in the Village's financial report relates to the services the Village provides and the activities it performs.</i>	
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Capital Asset Statistics by Function/Program	106

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

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

	Fiscal Year				
	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Governmental Activities:					
Net investment in capital assets	\$ 8,118,773	\$ 10,543,788	\$ 12,845,093	\$ 16,643,241	\$ 18,184,508
Restricted	154,073	113,269	979,182	251,088	390,081
Unrestricted	7,143,452	9,281,170	9,836,912	11,016,626	10,568,594
Total governmental activities net position	<u>15,416,298</u>	<u>19,938,227</u>	<u>23,661,187</u>	<u>27,910,955</u>	<u>29,143,183</u>
Business-Type Activities:					
Net investment in capital assets	1,999,123	2,195,630	2,492,524	2,364,814	2,295,125
Unrestricted	415,865	151,005	202,802	434,212	403,261
Total business-type activities net position	<u>2,414,988</u>	<u>2,346,635</u>	<u>2,695,326</u>	<u>2,799,026</u>	<u>2,698,386</u>
Primary government:					
Net investment in capital assets	10,117,896	12,739,418	15,337,617	19,008,055	20,479,633
Restricted	154,073	113,269	979,182	251,088	390,081
Unrestricted	7,559,317	9,432,175	10,039,714	11,450,838	10,971,855
Total primary government net position	<u>\$ 17,831,286</u>	<u>\$ 22,284,862</u>	<u>\$ 26,356,513</u>	<u>\$ 30,709,981</u>	<u>\$ 31,841,569</u>
	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015 (1)</u>
Governmental Activities:					
Net investment in capital assets	\$ 17,237,355	\$ 16,109,707	\$ 15,431,966	\$ 14,966,927	\$ 14,711,016
Restricted	548,489	658,194	317,190	180,755	177,431
Unrestricted	11,775,621	11,846,141	11,973,715	11,314,096	6,168,366
Total governmental activities net position	<u>29,561,465</u>	<u>28,614,042</u>	<u>27,722,871</u>	<u>26,461,778</u>	<u>21,056,813</u>
Business-Type Activities:					
Net investment in capital assets	2,200,927	2,082,668	1,998,974	1,907,746	1,833,975
Unrestricted	385,623	557,954	668,434	514,167	544,523
Total business-type activities net position	<u>2,586,550</u>	<u>2,640,622</u>	<u>2,667,408</u>	<u>2,421,913</u>	<u>2,378,498</u>
Primary government:					
Net investment in capital assets	19,438,282	18,192,375	17,430,940	16,874,673	16,544,991
Restricted	548,489	658,194	317,190	180,755	177,431
Unrestricted	12,161,244	12,404,095	12,642,149	11,828,263	6,712,889
Total primary government net position	<u>\$ 32,148,015</u>	<u>\$ 31,254,664</u>	<u>\$ 30,390,279</u>	<u>\$ 28,883,691</u>	<u>\$ 23,435,311</u>

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

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

VILLAGE OF NORTH PALM BEACH

CHANGES IN NET POSITION

LAST TEN FISCAL YEARS

(ACCRUAL BASIS OF ACCOUNTING) Unaudited

	Fiscal Year				
	2006	2007	2008	2009	2010
Expenses					
Governmental activities:					
General government	\$ 1,784,528	\$ 2,698,187	\$ 1,839,228	\$ 2,239,511	\$ 2,679,192
Public safety	7,036,117	6,671,490	7,154,578	7,095,043	7,304,233
Public works	4,131,500	3,733,815	3,996,711	4,083,441	4,594,738
Community development and planning	657,112	737,165	860,448	826,149	806,536
Leisure services	2,562,627	2,781,658	3,244,045	3,174,623	2,830,292
Other government	2,049				
Interest on long-term debt	241,995	204,666	120,549	26,702	4,384
Total governmental activities expenses	<u>16,415,928</u>	<u>16,826,981</u>	<u>17,215,559</u>	<u>17,445,469</u>	<u>18,219,375</u>
Business-type activities:					
Country club	2,124,927	3,570,683	3,268,562	3,308,535	3,398,206
Total business-type activities	<u>2,124,927</u>	<u>3,570,683</u>	<u>3,268,562</u>	<u>3,308,535</u>	<u>3,398,206</u>
Total primary government expenses	<u>\$ 18,540,855</u>	<u>\$ 20,397,664</u>	<u>\$ 20,484,121</u>	<u>\$ 20,754,004</u>	<u>\$ 21,617,581</u>
Program Revenues					
Governmental activities:					
Charges for services:					
General government	\$ 158,160	\$ 122,455	\$ 123,334	\$ 122,569	\$ 126,968
Public safety	388,671	345,731	383,325	378,591	465,263
Public works	140,923	217,975	288,994	394,082	411,722
Community development and planning	1,175,252	938,188	888,015	699,130	734,718
Leisure services	528,983	496,679	595,558	912,862	1,063,748
Other government					
Operating grants and contributions	998,573	170,389	88,224	105,080	96,670
Capital grants and contributions	462,394	1,454,526	1,602,465	2,017,158	75,845
Total governmental activities program revenues	<u>3,852,956</u>	<u>3,745,943</u>	<u>3,969,915</u>	<u>4,629,472</u>	<u>2,974,934</u>
Business-type activities:					
Charges for services:					
Country club	2,167,089	3,463,524	3,616,509	3,404,859	3,227,580
Operating grants and contributions	68,883		13,609		
Capital grants and contributions					
Total business-type activities program revenues	<u>2,235,972</u>	<u>3,463,524</u>	<u>3,630,118</u>	<u>3,404,859</u>	<u>3,227,580</u>
Total primary government program revenues	<u>\$ 6,088,928</u>	<u>\$ 7,209,467</u>	<u>\$ 7,600,033</u>	<u>\$ 8,034,331</u>	<u>\$ 6,202,514</u>
Net (Expense)/Revenue					
Governmental activities	\$ (12,562,972)	\$ (13,081,041)	\$ (13,245,644)	\$ (12,815,997)	\$ (15,244,441)
Business-type activities	111,045	(107,159)	361,556	96,324	(170,626)
Total primary government net expense	<u>\$ (12,451,927)</u>	<u>\$ (13,188,200)</u>	<u>\$ (12,884,088)</u>	<u>\$ (12,719,673)</u>	<u>\$ (15,415,067)</u>
General revenues and other changes in net position:					
Governmental activities:					
Taxes:					
Property taxes	\$ 10,881,501	\$ 12,076,184	\$ 11,915,355	\$ 11,917,359	\$ 11,053,128
Local option gas taxes	307,043	292,332	278,649	267,557	266,077
Utility service taxes	2,001,164	2,001,443	2,018,071	2,239,002	2,261,375
Franchise taxes	1,150,974	1,207,552	1,212,562	1,256,831	1,204,328
Sales and use taxes	1,415,917	1,339,893	1,227,341	1,116,107	1,114,945
Unrestricted grants and contributions					
Investment earnings	477,420	650,022	194,652	(1,346)	280,217
Miscellaneous	53,264	8,836	55,719	263,459	213,425
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>16,323,728</u>	<u>17,596,875</u>	<u>16,968,604</u>	<u>17,065,765</u>	<u>16,393,495</u>
Business-type activities:					
Investment income	112,841	43,917	36,431	7,376	14,686
Miscellaneous					55,300
Transfers	(36,445)	(5,111)	(49,296)		
Total business-type activities	<u>76,396</u>	<u>38,806</u>	<u>(12,865)</u>	<u>7,376</u>	<u>69,986</u>
Total primary government	<u>\$ 16,400,124</u>	<u>\$ 17,635,681</u>	<u>\$ 16,955,739</u>	<u>\$ 17,073,141</u>	<u>\$ 16,463,481</u>
Change in net position					
Governmental activities	\$ 3,760,756	\$ 4,515,834	\$ 3,722,960	\$ 4,249,768	\$ 1,149,054
Business-type activities	187,441	(68,353)	348,691	103,700	(100,640)
Total primary government	<u>\$ 3,948,197</u>	<u>\$ 4,447,481</u>	<u>\$ 4,071,651</u>	<u>\$ 4,353,468</u>	<u>\$ 1,048,414</u>

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

	2011	2012	2013	2014	2015
\$	2,403,681	\$ 2,520,815	\$ 2,489,488	\$ 2,696,298	\$ 3,028,716
	7,232,748	7,892,561	8,282,062	9,259,442	9,013,101
	4,733,913	4,652,620	4,482,973	4,485,246	4,963,704
	811,177	884,773	966,245	1,046,299	1,308,924
	2,749,065	2,873,496	2,974,290	3,114,213	2,973,687
	<u>17,930,584</u>	<u>18,824,265</u>	<u>19,195,058</u>	<u>20,601,498</u>	<u>21,288,132</u>
	<u>3,691,528</u>	<u>3,536,139</u>	<u>3,629,120</u>	<u>3,902,131</u>	<u>3,842,660</u>
	<u>3,691,528</u>	<u>3,536,139</u>	<u>3,629,120</u>	<u>3,902,131</u>	<u>3,842,660</u>
\$	<u>21,622,112</u>	<u>\$ 22,360,404</u>	<u>\$ 22,824,178</u>	<u>\$ 24,503,629</u>	<u>\$ 25,130,792</u>
\$	130,886	\$ 135,372	\$ 107,976	\$ 110,694	\$ 131,445
	420,653	440,568	522,121	592,644	537,064
	400,662	386,974	403,447	402,814	514,354
	861,394	816,673	993,059	1,621,471	1,163,875
	1,043,459	1,018,883	1,087,182	1,096,021	1,006,382
	126,568	149,573	91,901	90,520	82,227
	5,169	5,686	233,949	16,098	26,548
	<u>2,988,791</u>	<u>2,953,729</u>	<u>3,439,635</u>	<u>3,930,262</u>	<u>3,461,895</u>
	3,571,199	3,582,760	3,577,446	3,645,706	3,788,852
	<u>3,571,199</u>	<u>3,582,760</u>	<u>3,577,446</u>	<u>3,645,706</u>	<u>3,788,852</u>
\$	<u>6,559,990</u>	<u>\$ 6,536,489</u>	<u>\$ 7,017,081</u>	<u>\$ 7,575,968</u>	<u>\$ 7,250,747</u>
\$	(14,941,793)	\$ (15,870,536)	\$ (15,755,423)	\$ (16,671,236)	\$ (17,826,237)
	(120,329)	46,621	(51,674)	(256,425)	(53,808)
\$	<u>(15,062,122)</u>	<u>\$ (15,823,915)</u>	<u>\$ (15,807,097)</u>	<u>\$ (16,927,661)</u>	<u>\$ (17,880,045)</u>
\$	10,441,869	\$ 10,011,748	\$ 9,981,391	\$ 10,154,695	\$ 11,364,888
	259,794	263,369	261,852	266,147	282,549
	2,198,148	2,164,920	2,197,760	2,277,366	2,267,118
	1,191,155	1,178,598	1,160,780	1,232,669	1,253,139
	1,140,744	1,138,097	1,187,221	1,260,617	1,332,209
	97,743	90,968	37,029	16,653	108,794
	30,622	75,413	38,219	146,360	57,137
				55,636	30,457
	<u>15,360,075</u>	<u>14,923,113</u>	<u>14,864,252</u>	<u>15,410,143</u>	<u>16,696,291</u>
	8,493	7,451	8,555	10,930	10,393
			69,905		
	<u>8,493</u>	<u>7,451</u>	<u>78,460</u>	<u>10,930</u>	<u>10,393</u>
\$	<u>15,368,568</u>	<u>\$ 14,930,564</u>	<u>\$ 14,942,712</u>	<u>\$ 15,421,073</u>	<u>\$ 16,706,684</u>
\$	418,282	\$ (947,423)	\$ (891,171)	\$ (1,261,093)	\$ (1,129,946)
	(111,836)	54,072	26,786	(245,495)	(43,415)
\$	<u>306,446</u>	<u>\$ (893,351)</u>	<u>\$ (864,385)</u>	<u>\$ (1,506,588)</u>	<u>\$ (1,173,361)</u>

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

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
<i>Pre GASB 54</i>					
General Fund					
Reserved	\$ 308,836	\$ 945,891	\$ 775,339	\$ 563,115	\$ 563,115
Unreserved	7,022,606	8,179,659	8,265,513	10,058,216	
Total general fund					
<i>Post GASB 54</i>					
General Fund					
Nonspendable					
Restricted					167,108
Committed					338,457
Assigned					
Unassigned					104,245
Total general fund	<u>\$ 7,331,442</u>	<u>\$ 9,125,550</u>	<u>\$ 9,040,852</u>	<u>\$ 10,621,331</u>	<u>\$ 11,052,909</u>
<i>Pre GASB 54</i>					
All other Governmental Funds					
Reserved	\$	\$	\$ 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					
<i>Post GASB 54</i>					
All other Governmental Funds					
Restricted					
Assigned					
Special revenue funds					47,379
Capital projects funds					844,742
Total all other governmental funds	<u>\$ 797,233</u>	<u>\$ 898,169</u>	<u>\$ 1,547,751</u>	<u>\$ 672,917</u>	<u>\$ 892,121</u>
<i>Post GASB 54</i>					
	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
General Fund					
Nonspendable	\$ 276,924	\$ 166,839	\$ 293,674	\$ 244,438	\$ 155,594
Restricted	548,489	658,194	317,190	135,255	131,931
Committed			442,833		
Assigned	186,594	127,574	200,016	216,808	319,888
Unassigned	10,688,660	11,244,977	11,451,668	12,391,362	10,802,623
Total general fund	<u>\$ 11,700,667</u>	<u>\$ 12,197,584</u>	<u>\$ 12,705,381</u>	<u>\$ 12,987,863</u>	<u>\$ 11,410,036</u>
All other Governmental Funds					
Restricted	\$	\$	\$	\$ 45,500	\$ 45,500
Assigned					
Special revenue funds	47,107	47,652	47,652	325,152	318,526
Capital projects funds	1,491,574	2,129,831	1,799,617	841,850	1,448,620
Total all other governmental funds	<u>\$ 1,538,681</u>	<u>\$ 2,177,483</u>	<u>\$ 1,847,269</u>	<u>\$ 1,212,502</u>	<u>\$ 1,812,646</u>

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.

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

	Fiscal Year				
	2006	2007	2008	2009	2010
Revenues:					
Taxes	\$ 14,340,682	\$ 15,577,511	\$ 15,424,638	\$ 15,680,749	\$ 14,784,906
Licenses and Permits	1,128,658	880,266	1,047,144	880,016	910,997
Intergovernmental	2,914,057	2,750,021	2,459,211	3,315,908	1,768,388
Charges for services	1,003,660	1,082,569	1,268,774	1,684,718	1,944,245
Fines and forfeitures	165,496	132,158	235,965	145,340	142,048
Investment earnings	477,421	650,022	194,652	(1,345)	280,218
Miscellaneous	130,515	194,716	137,447	300,455	278,062
Total revenues	<u>20,160,489</u>	<u>21,267,263</u>	<u>20,767,831</u>	<u>22,005,841</u>	<u>20,108,864</u>
Expenditures:					
General government	1,648,131	2,304,654	2,246,461	1,970,257	2,496,342
Public safety	6,494,578	6,609,801	7,056,833	6,835,730	7,021,231
Public works	4,708,196	3,558,264	3,725,450	3,432,556	3,887,034
Community development and planning	651,331	735,155	840,366	784,486	774,121
Leisure services - recreation	1,682,030	2,430,403	2,876,840	2,898,252	2,361,388
Other government	2,049				
Capital outlay	1,917,377	2,737,805	2,597,065	3,939,455	663,582
Debt service					
Principal payments	879,527	789,048	716,206	1,395,735	2,250,000
Interest paid on debt	199,373	207,088	143,726	43,725	4,384
Total expenditures	<u>18,182,592</u>	<u>19,372,218</u>	<u>20,202,947</u>	<u>21,300,196</u>	<u>19,458,082</u>
Excess of revenues over (under) expenditures	1,977,897	1,895,045	564,884	705,645	650,782
Other financing sources (uses)					
Transfers in	1,471,529	593,884	1,254,952	454,111	163,490
Transfers out	(1,471,529)	(593,884)	(1,254,952)	(454,111)	(163,490)
Capital lease					
Proceeds from debt issuance					
Miscellaneous					
Total other financing sources (uses)	<u> </u>				
Net change in fund balances	<u>\$ 1,977,897</u>	<u>\$ 1,895,045</u>	<u>\$ 564,884</u>	<u>\$ 705,645</u>	<u>\$ 650,782</u>
Debt service as a percentage of noncapital expenditures	7.29%	6.41%	4.91%	8.07%	11.99%

<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
\$ 14,090,966	\$ 13,618,635	\$ 13,601,783	\$ 13,930,877	\$ 15,167,694
959,098	810,390	803,337	1,344,653	947,158
1,557,377	1,591,678	1,817,603	1,688,608	1,758,246
1,934,424	1,966,179	2,141,437	2,320,305	2,231,673
164,366	140,610	131,524	117,869	128,235
97,743	90,968	37,029	16,653	108,794
59,462	130,293	207,076	258,086	122,107
<u>18,863,436</u>	<u>18,348,753</u>	<u>18,739,789</u>	<u>19,677,051</u>	<u>20,463,907</u>
2,402,241	2,328,568	2,346,281	2,541,546	2,904,553
7,053,282	7,583,018	7,947,221	8,947,627	8,966,077
4,044,642	3,886,698	3,733,977	3,773,689	4,255,636
790,937	844,748	933,117	1,004,642	1,270,399
2,295,959	2,374,748	2,491,559	2,644,598	2,514,495
682,057	495,254	1,110,051	1,117,234	1,530,430
<u>17,269,118</u>	<u>17,513,034</u>	<u>18,562,206</u>	<u>20,029,336</u>	<u>21,441,590</u>
1,594,318	835,719	177,583	(352,285)	(977,683)
1,334,934	500,000	265,000	323,000	323,000
(1,334,934)	(500,000)	(265,000)	(323,000)	(323,000)
<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>	<u><u>\$ (977,683)</u></u>

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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		
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
2015	2014	1,355,969,888	214,484,701	34,077,944	1,604,532,533	7.3300

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	
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
2015	2014	7.3300	7.5940	4.9729	2.1732	22.0701

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 2006

Unaudited

<u>Taxpayers</u>	<u>2015</u>			<u>2006</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	29,886,172	1	1.86%			
Greater Fla Inv CO				25,530,387	1	1.53%
Olen Residential Realty	23,629,696	2	1.47%	16,800,000	3	1.01%
Florida Power & Light	18,677,604	3	1.16%			
Wolfchase Associates, LLC				10,000,000	6	0.60%
Sanctuary Bay Trust Corporation	18,581,936	4	1.16%	13,200,300	5	0.79%
New Country Motor Cars	13,020,939	5	0.81%			
CFO2 Palm Beach III LP	12,501,222	6	0.78%			
Domani Development, LLC	11,690,020	7	0.73%	22,867,125	2	1.37%
Old Port Cove Holdings, Inc	9,987,421	8	0.62%	11,242,451	7	0.68%
Crystal Tree Property Owners	9,500,000	9	0.59%	16,465,781	4	0.99%
Chouest, Gary	8,217,716	10	0.51%			
Riverside National Bank of Florida				6,153,244	8	0.37%
Village Shoppes at US 1, LLC				5,500,000	9	0.33%
701 US One Inc				5,160,153	10	0.31%
Total	\$ 155,692,726		9.69%	\$ 132,919,441		7.98%

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
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%
2015	2014	11,761,226	11,350,738	96.51%	14,777	11,365,515	96.64%

Source: Palm Beach Country Property Appraiser

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

Fiscal Year Ended <u>Sept 30,</u>	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	Percent of Median Personal <u>Income (1)</u>	Per <u>Capita</u>
	<u>Loans Payable</u>	<u>Capital Leases</u>	<u>Loans Payable</u>	<u>Capital Leases</u>			
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
2015	-	-	2,824,987	147,767	2,972,754	4.87%	234.94

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 102 for personal income and population data.

N/A Data not available.

VILLAGE OF NORTH PALM BEACH
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
SEPTEMBER 30, 2015
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	\$ 151,736,000	1.15%	\$ 1,744,964
Palm Beach County School Board	17,430,000	1.07%	\$ 186,501
Other debt:			
Palm Beach County	803,014,000	1.15%	9,234,661
Palm Beach County School Board		1.07%	
Subtotal, overlapping debt			11,166,126
Village of North Palm Beach Direct Debt			0.00
Total direct and overlapping debt			\$ 11,166,126

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>
2006	\$ 2,348,813	\$ 1,910,640	\$ 438,173	\$ 106,936	4.10
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
2015	3,799,245	3,226,907	572,338	394,900	1.45

(1) Gross revenue includes interest revenue.

(2) Operating expenses excludes non-cash expenses

(3) Coverage should be not less than 1.00.

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)
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
2015 (estimate)	12,653	***61,057	43,120	**3.15

Sources: Business Development Board
US Census Bureau

* 2011 Demographic data is not available due to Agency Software upgrade that is not complete

** Village of North Palm Beach Unemployment Rate for 2012-2015 presented

*** North Palm Beach Median Personal Income for 2012 - 2015 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***

<u>Employer</u>	<i>Unaudited</i>			
	2014**		2005	
	<u>Employees</u>	<u>Percentage of Total Employment</u>	<u>Employees</u>	<u>Percentage of Total Employment</u>
Palm Beach Country School Board	22,000	3.20%	21,618	3.57%
Tenet Health Care Corp	6,100	0.89%	5,000	0.83%
Palm Beach County Government	5,507	0.80%	6,379	1.05%
NextEra Energy (Florida Power & Light)	3,854	0.56%	2,924	0.48%
Hospital Corporation of America (HCA) (1)	2,714	0.39%	3,750	0.62%
Florida Atlantic University	2,655	0.39%	1,400	0.23%
Bethesda Memorial Hospital	2,600	0.38%	1,280	0.21%
Boca Raton Regional Hospital (2)	2,500	0.36%	1,700	0.28%
Veterans Health Administration	2,500	0.36%	1,400	0.23%
Jupiter Medical Center	2,000	0.29%	1,400	0.23%
Boca Raton Resort & Club	1,292	0.19%	2,200	0.36%
Office Depot	2,000	0.29%	2,680	0.44%
The Breakers Hotel	2,000	0.29%	1,800	0.30%
U.S. Sugar Corp	900	0.13%	2,100	0.35%
Florida Crystals	1,700	0.25%	2,000	0.33%
City of Boca Raton	1,228	0.18%	1,991	0.33%
City of West Palm Beach	1,326	0.19%	1,700	0.28%
	<u>62,876</u>	<u>9.14%</u>	<u>61,322</u>	<u>10.12%</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 2015 data was not available - FY 2005 & 2014 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>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>	<u>2015</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	0	0	0	0	0	0	0	0	0	0
Systems Specialist										
Full-Time	2	2	2	2	2	2	3	3	3	3
Part-Time	0	0	0	1	1	1	0	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	1
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	7
Part-Time	0	0	1	1	1	1	1	1	1	0
Public Works										
Full-time	54	47	48	38	37	37	37	37	37	35
Part-Time	3	0	0	0	0	0	0	0	0	0
Public Safety										
Full-time	66	68	68	67	67	67	0	0	0	0
Part-Time	14	13	12	11	12	12	0	0	0	0
Law Enforcement										
Full-time	0	0	0	0	0	0	43	43	43	36
Part-Time	0	0	0	0	0	0	12	13	13	13
Fire Rescue										
Full-time	0	0	0	0	0	0	24	24	24	24
Part-Time	0	0	0	0	0	0	0	0	0	0
Community Development and Planning										
Full-time	0	9	10	9	9	9	8	8	10	11
Part-Time	0	1	1	2	2	2	2	2	1	0
Leisure Services										
Library										
Full-time	7	7	7	6	6	6	6	6	6	7
Part-Time	8	8	8	10	10	10	10	10	10	9
Recreation										
Full-time	15	15	17	9	7	6	6	6	6	6
Part-Time	31	39	42	42	42	43	43	43	43	43
Other Government - Country Club										
Full-time	18	19	18	5	5	7	5	6	8	8
Part-Time	24	25	22	21	21	64	56	54	65	65
Total Number of Employees Budgeted FY Ending	254	265	268	236	234	279	268	268	282	275

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	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
GENERAL GOVERNMENT										
Number of Parcels	-	7,411	7,422	7,472	7,466	7,466	7,473	7,470	7,471	7,630
PUBLIC WORKS										
Sanitation (Tons of Refuse Collected)	13,203	12,085	11,974	10,667	10,165	9,962	10,065	10,720	10,720	11,167
No. of collection units for solid waste (residential)	7,558	7,152	7,163	7,214	7,070	7,071	7,076	7,471	7,616	7,238
Number of vehicles maintained	95	104	104	110	110	98	98	111	98	102
Number of repair overlays completed (miles)	2.935	2	3	2.5	2.71	-	-	-	-	-
PUBLIC SAFETY										
Number of arrests by police officers	410	545	549	448	402	260	211	216	238	295
Number of traffic citations issued	4,272	4,269	5,520	6,305	4,951	2,564	2,566	1,254	2,799	3,871
EMS average response times (minutes)	4.69	4.73	5.17	5.01	5.12	5.19	5.26	5.11	5.10	5.11
Number of EMS calls	1,056	1,034	1,114	1,214	1,146	1,179	1,326	1,296	1,110	1,499
COMMUNITY DEVELOPMENT & PLANNING										
Building Department - Number of Permits	(1)	1,875	1,619	1,548	1,744	1,616	1,835	2,480	2,103	2,515
Number of code enforcement violations	1,767	1,617	729	613	391	575	817	790	887	886
Number of code violations brought to board/magistrate (Calendar Yr End)	144	126	115	73	38	72	100	62	28	33
RECREATION										
Number of community events presented	21	24	23	28	28	38	49	37	53	55
Number of registrants in athletic programs	1,520	1,600	1,400	1,125	1,005	1,260	1,311	2,074	1,439	1,444
LIBRARY										
Library - Number of Volumes	47,371	42,372	33,122	35,681	39,277	40,658	43,340	44,966	46,546	47,339
OTHER GOVERNMENT										
Country Club										
Number of Golf Members	365	579	389	297	354	298	283	262	250	256
Number of Tennis Members	136	171	171	180	184	173	162	190	194	193

(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>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>	<u>2015</u>
General Government										
No. of General Government Buildings	11	11	11	23	23	23	23	23	23	23
Public Works										
Square Miles	5.18	5.18	5.18	5.18	5.18	5.18	5.18	5.18	5.18	5.18
Miles of Streets	32,318	32,318	32,318	32,318	32,318	32,318	32,318	32,318	32,318	32,318
Number of Street Lights (within corp surroundin	425	425	513	513	513	513	513	513	513	513
Public Safety										
Fire:										
Number of Stations	1	1	1	1	1	1	1	1	1	1
Number of Firemen/Paramedics/EMTs	23	23	23	23	23	23	22	22	22	22
Number of Fire Captains	0	0	0	0	0	0	1	1	1	1
Police/EMS Protection:										
Number of Stations	1	1	1	1	1	1	1	1	1	1
Number of Policemen & Officers	33	32	32	31	31	31	28	28	28	28
Number of Police Captains	0	0	0	0	0	0	2	2	2	2
EMS Protection	0	0	0	0	0	0	0	0	1	1
Leisure Services										
Recreation										
Number of Parks	4	4	4	4	4	4	4	4	4	4
Public Tennis Courts	2	2	2	2	2	2	2	2	2	2
Swimming Pool	1	1	1	1	1	1	1	1	1	1
Number of Marinas	1	1	1	1	1	1	1	1	1	1
Library										
Number of Libraries	1	1	1	1	1	1	1	1	1	1
Number of Volumes	47,371	42,372	33,122	35,681	39,277	40,658	43,340	44,966	46,546	47,339
Other Government										
Country Club										
Golf Course	1	1	1	1	1	1	1	1	1	1
Driving Range	1	1	1	1	1	1	1	1	1	1
Tennis Courts	10	10	10	10	10	10	10	10	10	10
Restaurant	0	0	0	0	1	1	1	1	1	1
Snack Bar	0	0	0	0	1	1	1	1	1	1

OTHER REPORTS



NOWLEN, HOLT & MINER, P.A.

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of North Palm Beach, Florida, as of and for the year ended September 30, 2015, 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 16, 2016.

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 & Mimer, P.A.

West Palm Beach, Florida
March 16, 2016



NOWLEN, HOLT & MINER, P.A.

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

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

Report on the Financial Statements

We have audited the financial statements of the Village of North Palm Beach, Florida, as of and for the fiscal year ended September 30, 2015, and have issued our report thereon dated March 16, 2016.

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 16, 2016, 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. and 10.556(7), Rules of the Auditor General, require 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, 2015.

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. and 10.556(7), Rules of the Auditor General, require 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, 2015, 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, 2015. In connection with our audit, we determined that these two reports were in 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, 2015, 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 16, 2016
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, 2015. 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, 2015.

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 16, 2016