



Village of North Palm Beach, FL

Comprehensive Annual Financial Report



2017

Fiscal year ended September 30, 2017

The Village of North Palm Beach, Florida



COMPREHENSIVE ANNUAL FINANCIAL REPORT

Fiscal Year Ended September 30, 2017

**Prepared by:
Finance Department**

**Samia Janjua
Director of Finance**

THE VILLAGE OF NORTH PALM BEACH, FLORIDA

FINANCIAL STATEMENTS

SEPTEMBER 30, 2017

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THE VILLAGE OF NORTH PALM BEACH, FLORIDA

FINANCIAL STATEMENTS

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INTRODUCTORY SECTION



THE VILLAGE OF NORTH PALM BEACH

"THE BEST PLACE TO LIVE UNDER THE SUN"

March 22, 2018

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

The Finance Department and Village Manager's Office are pleased to submit the Comprehensive Annual Financial Report (CAFR) for the Village of North Palm Beach, Florida for the fiscal year ended September 30, 2017.

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, 2017. 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 in assessing accountability to the citizenry by:

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

VILLAGE PROFILE

The Village

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

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

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

FINANCIAL DATA

Financial Reporting System and Budgetary Controls

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

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

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

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

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

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

ECONOMIC OUTLOOK

Property Values

The Village obtains a major portion of its annual General Fund financial resources (58%) 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.

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

Personnel Costs

The Village will continue to face increased financial challenges in the areas of personnel costs for both salaries and benefits. In past years, several retirement plan amendments were implemented by the Village and then followed by significant salary adjustments that magnified the impact and cost of the retirement changes. The impact of these changes as well as the continuous improvement in the financial markets have had a very positive financial impact on both plans. Due to legislative changes and catastrophic claims losses, the Village has encountered significant increases in annual health insurance costs during the past few years. In 2018, the Village introduced a high deductible insurance plan along with funding health saving accounts, is exploring the use of contractual health clinic services for its employees and 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 providers.

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

INITIATIVES AND FUTURE PROJECTS

The FY2017/2018 budget reflects a renewed commitment and predictable funding for community infrastructure in areas such as roadways, neighborhood sidewalks, lighting, public buildings, and park facilities. The use of revenue from a County-wide sales surtax is facilitating the Village's ability to develop a financially feasible capital program.

The Community Development Department provides Planning and Zoning, Code Compliance and Building services. The Department processed over 2,000 permits in FY 2017 including building permits, special events, zoning verification letters, right-of-way and zoning applications. Staff also performed in excess of 8,400 building and code compliance inspections. The Department continues to strive to improve its level of services for plan reviews, building inspections, code enforcement and zoning compliance. The Department will move ahead with the conversion of paper records to electronic records storage, resulting in a significant savings of staff's time and effort in records retrieval.

Upon completion of a design charrette process in which North Palm Beach residents described their vision for the community's future, the Village adopted the resulting Master Plan in 2016 that described the desired character of future development and redevelopment. Having in place a viable Master Plan, as well as a clear definition of the highest and best use of properties on U.S. 1 and Northlake Boulevard, will encourage developers to invest in the community creating an enhanced sense of place and culminating in increased Village revenues. Staff will proceed in actively implementing the Master Plan strategies as well as undertaking additional planning initiatives to include the Evaluation and Appraisal Report for the Comprehensive Plan.

The Parks and Recreation Department continues to offer programs for all age groups at each of its six (6) facilities. Anchorage Park will host diverse events in the upcoming year to include: movies in the park, food truck nights, 5K races, organized volleyball leagues, the Village's annual fishing tournament, and Heritage Day. The North Palm Beach Country Club Pool and Tennis facilities plan to offer a wide variety of leagues, training opportunities and tournaments as well as the July 4th fireworks program. In addition, the Department will provide youth sports training and leagues in baseball, soccer, flag football, volleyball, lacrosse and basketball. The Department will continue to sponsor bus trips throughout the year, ranging from local day activities to weekend excursions to Key West.

The Public Works Department is tasked with the oversight and management of Village sanitation, infrastructure, streets, parks, buildings, equipment, and the roadways. This Department's current focus is on enhancing infrastructure maintenance standards and meeting the community's expectation regarding the appearance of public spaces during the coming year. Department staff will also be analyzing all critical infrastructure needs throughout the community and in our facilities to determine future project priorities and identify opportunities to improve performance through the use of best maintenance practices. Public Works will address currently identified infrastructure projects such as drainage improvements, road maintenance, and park improvements in the ten (10) year Capital Improvement Plan (CIP). Finally, Public Works is completing a year-long project to convert its sanitation vehicles from rear-loading to front loader capability, which is expected to improve overall efficiency and decrease the number of Workers' Compensation claims.

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

The Police Department was ranked #10 of Florida Safest Cities by the National Council for Home Safety and Security due to a decrease in overall crime as well as an increase in our clearance rate. The Police Department will seek available Body Worn Camera grant opportunities and participate in a partnership with The State Attorney's Office on the Sober Homes Taskforce. Also, the Department will remain involved in the BVP (Ballistic Vest Program) and FDOT (Florida Department of Transportation) grant opportunities and will seek to improve and enhance its weapons and tactical training programs for all sworn law enforcement officers.

Fire Rescue has experienced an annual increase in calls for service since 2011 with the majority (77%) being medical in nature. The Department continues to support the annual Hands-Only CPR initiative as a charter provider. The fire inspector provides existing business inspections, fire code enforcement, and plans review and site inspections of new projects. This proactive approach to fire prevention has resulted in decreased incidents of commercial responses. In FY2017, a 2010 ambulance was replaced with a new, state-of-the-art unit. Through the CIP, the Department anticipates replacing older apparatus on a rolling schedule that will allow it to maintain high quality service to the Village's residents and guests.

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

The Library is focused on building a strategic relationship with The Conservatory School. To accomplish this, initial steps include issuing each student a Library card and having classes visit the Library weekly to checkout materials and listen to stories. The Library is currently streamlining processes and procedures, upgrading outdated equipment, and reorganizing various departments. Additionally, renovations within the Library to create a better experience for children and teens were recently completed.

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

The North Palm Beach Country Club will undergo a multi-million dollar renovation that includes a new clubhouse and ancillary facilities for members, residents, guests, and non-members alike. The new facility will have new dining options, a splash park for juniors, updated administrative offices, a new pool deck with updated shade structures, multipurpose rooms, locker rooms and an updated golf shop sizable to the demand of a golf course that supports approximately 42,000+ annual rounds. The goal of the Golf Operations Department is to continue to provide first class service at the Jack Nicklaus Signature municipal facility and expand upon its broad range of programming to juniors, women, seniors, beginners, families as well as avid golfers. The Golf Operations Department will also be working with Nicklaus Design Group to implement a project to renovate the golf course and upgrade the driving range turf and lighting at a cost of approximately \$1.5 million.

The Administration continues its ongoing implementation of an optical records storage system (Laserfiche) that allows Village departments to transition - over time - from paper records to optically stored records. These systems are now widely used by governments and meet all State record storage requirements. Optical storage permits digital "look up" of any optical record "at will" through the convenience of a simple computer search. It should be noted that the cost is relatively modest when considering the time savings benefits and customer service improvements.

To improve residents' access to information about policy and financial decisions, meetings and events, capital projects and other important community matters, the Village Council approved staff's recommendation to fund a Communications Manager position as part of the FY 2018 budget. More robust and consistent use of social media, newsletters, and community meetings will be used to share information and receive public feedback.

For Fiscal Year 2017-2018, the Village Council reiterated its primary objective to sustain the Village as the "Best Place to Live Under the Sun." As part of that objective, the Council developed the following goals to guide the budget process:

1. Provide a sustainable financial base for the Village
2. Maintain quality of 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. Implement the Master Plan for business economic development in our commercial corridors and community development in our neighborhoods
6. Continuously improve the way the Village operates
7. Complete the implementation of the Pay for Performance System
8. Implement and maintain a long-term (10-year) capital improvement plan
9. Establish programs to create a "family-feel" within the organization

OTHER INFORMATION

Independent Audit

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

Awards

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a ***Certificate of Achievement of Excellence in Financial Reporting*** to the Village of North Palm Beach for its Comprehensive Annual Financial Report for the fiscal year ended September 30, 2016, the 29th consecutive year the Village has received this award. The Certificate of Achievement is a prestigious national award, recognizing conformance with the highest standards for preparation of state and local government financial reports. In order to be awarded a Certificate of Achievement, the governmental unit must publish an easily readable and efficiently organized CAFR. This report satisfied both GAAP and applicable legal requirements.

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

The GFOA also presented a ***Distinguished Budget Presentation Award*** to the Village for its annual budget for the fiscal year beginning October 1, 2016, the 9th consecutive year the Village has received this award (previously this award had not been received since 1995). The Distinguished Budget Presentation Award is a prestigious national award that recognizes conformance with the highest principles of governmental budgeting. In order to qualify for the Distinguished Budget Presentation Award, a governmental unit must publish a budget document that meets program criteria as a policy document, as an operations guide, as a financial plan, and as a communication device.

Acknowledgements

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

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

Respectfully submitted,



Andrew D. Lukasik
Village Manager

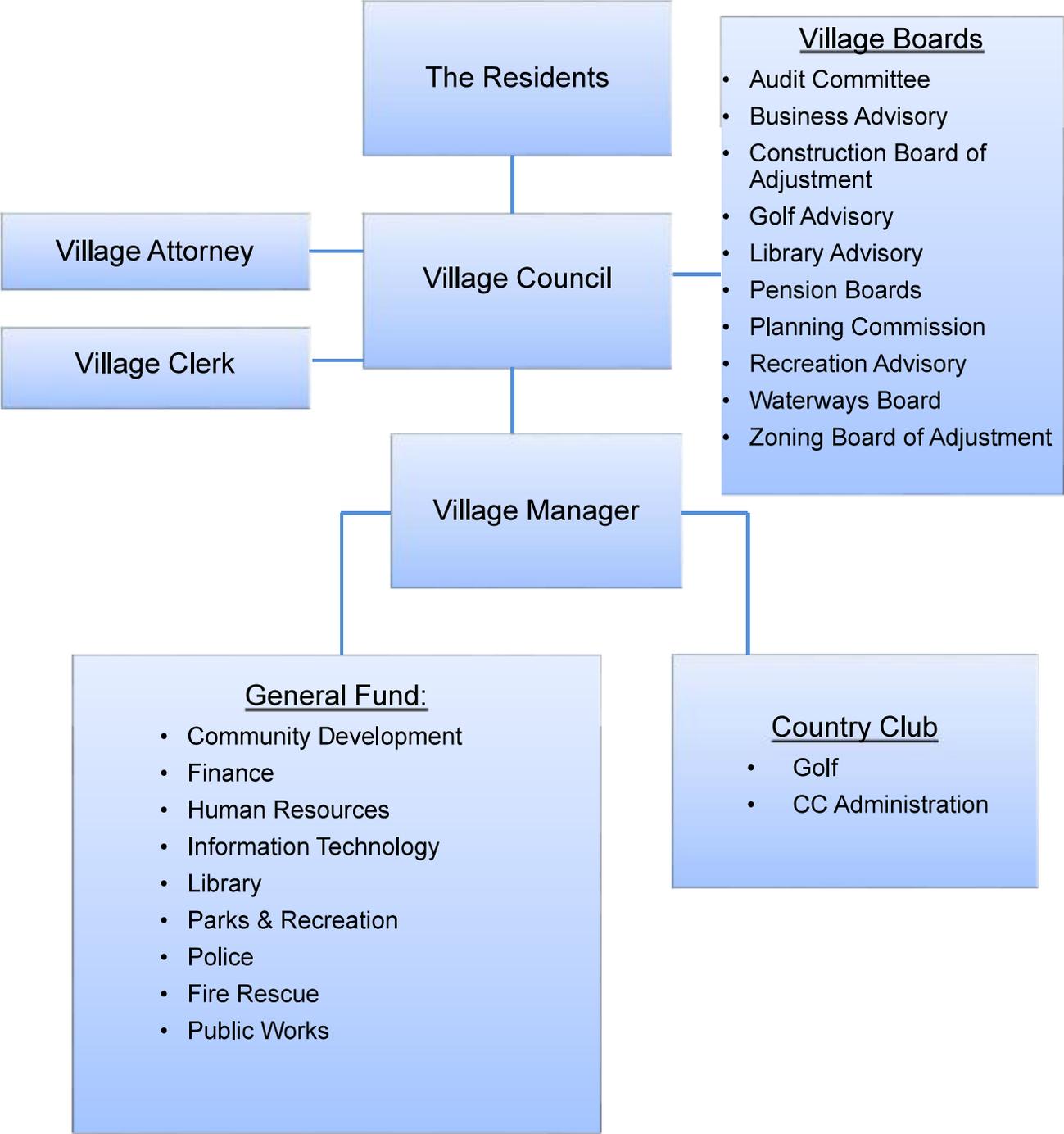
THE VILLAGE OF NORTH PALM BEACH, FLORIDA

PRINCIPAL VILLAGE OFFICIALS

SEPTEMBER 30, 2017

<u>Title</u>	<u>Name</u>
Mayor	Darryl C. Aubrey
Vice Mayor	Robert A. Gebbia
President Pro Tem	Mark Mullinix
Council Member	David B. Norris
Council Member	Susan Bickel
Village Manager	Andrew D. Lukasik
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, 2016

Christopher P. Morrill

Executive Director/CEO

FINANCIAL SECTION



NOWLEN, HOLT & MINER, P.A.

CERTIFIED PUBLIC ACCOUNTANTS

WEST PALM BEACH OFFICE
NORTHBRIDGE CENTRE
515 N. FLAGLER DRIVE, SUITE 1700
POST OFFICE BOX 347
WEST PALM BEACH, FLORIDA 33402-0347
TELEPHONE (561) 659-3060
FAX (561) 835-0628
WWW.NHMCPA.COM

EVERETT B. NOWLEN (1930-1984), CPA
EDWARD T. HOLT, CPA
WILLIAM B. MINER, RETIRED
ROBERT W. HENDRIX, JR., CPA
JANET R. BARICEVICH, RETIRED, CPA
TERRY L. MORTON, JR., CPA
N. RONALD BENNETT, CVA, ABV, CFF, CPA
ALEXIA G. VARGA, CFE, CPA
EDWARD T. HOLT, JR., PFS, CPA
BRIAN J. BRESCIA, CFP®, CPA

MARK J. BYMASTER, CFE, CPA
RYAN M. SHORE, CFP®, CPA
WEI PAN, CPA
WILLIAM C. KISKER, CPA
RICHARD E. BOTTS, CPA

INDEPENDENT AUDITOR'S REPORT

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

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, 2017, 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, 2017, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 4 through 13, Pension and Other Postemployment Benefit trend information on pages 74 through 78, and budgetary comparison information on pages 79 through 80 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 7, 2018, 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 & Miner, P.A.

West Palm Beach, Florida
March 7, 2018

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, 2017. 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 #
	2017	2016		
Total net position	\$23.36	\$23.47	(\$0.11)	14
Unrestricted net position available for future use	\$6.90	\$7.10	(\$0.20)	14
Governmental net position	\$21.01	\$21.18	(\$0.17)	14
Total revenues from all sources	\$26.25	\$25.58	\$0.67	15
Governmental revenues	\$23.29	\$21.81	\$1.48	15
Total cost of all Village programs	\$26.36	\$25.53	\$0.83	15
Governmental revenues over (under) expenses	(\$0.17)	\$0.12	(\$0.29)	16
General fund revenues over (under) expenses	\$0.76	\$1.74	(\$0.98)	19
General fund unassigned fund balance	\$11.81	\$10.72	\$1.09	17
As a percent of general fund expenditures	54.99%	54.18%	0.81%	
Country Club revenues over (under) expenses	\$0.05	(\$0.08)	\$0.13	22
Change in total long-term debt for the Village	\$14.56	(\$0.29)	\$14.85	

USING THIS ANNUAL REPORT

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

REPORTING ON THE VILLAGE AS A WHOLE

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

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

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

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

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

REPORTING THE VILLAGE'S MOST SIGNIFICANT FUNDS

Fund Financial Statements

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

- **Governmental Funds**

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

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

- **Proprietary Funds**

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

- **Fiduciary Funds**

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Village, the net position was \$23.36 million at the close of the most recent fiscal year.

A significant portion of the Village's net position (66.23%) 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	
	2017	2016	2017	2016	2017	2016
Assets:						
Current and other assets	\$ 30,326	\$ 15,122	\$ 655	\$ 858	\$ 30,981	\$ 15,980
Capital assets	14,479	14,102	4,238	4,551	18,717	18,653
Total assets	<u>44,805</u>	<u>29,224</u>	<u>4,893</u>	<u>5,409</u>	<u>49,698</u>	<u>34,633</u>
Deferred outflows of resources:	<u>4,044</u>	<u>3,951</u>			<u>4,044</u>	<u>3,951</u>
Liabilities:						
Current liabilities	1,248	1,125	149	197	1,397	1,322
Long-term liabilities	24,720	10,305	2,391	2,913	27,111	13,218
Total liabilities	<u>25,968</u>	<u>11,430</u>	<u>2,540</u>	<u>3,110</u>	<u>28,508</u>	<u>14,540</u>
Deferred inflows of resources:	<u>1,867</u>	<u>566,166</u>			<u>1,867</u>	<u>566,166</u>
Net position:						
Net investment in capital assets	13,485	14,102	1,991	1,880	15,476	15,982
Restricted	992	399			992	399
Unrestricted	6,536	6,678	362	419	6,898	7,097
Total net position	<u>\$ 21,013</u>	<u>\$ 21,179</u>	<u>\$ 2,353</u>	<u>\$ 2,299</u>	<u>\$ 23,366</u>	<u>\$ 23,478</u>

Governmental Activities

The cost of all governmental activities this year was \$23.46 million. As shown on Table 3, Changes in Net Position, those who directly benefited from the programs paid for \$3.48 million of this cost and \$19.81 million was financed through general revenues. Governmental activities decreased the Village's net position by \$0.17 million, thereby accounting for 100% of the total decrease in the net position of the Village.

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

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

	Governmental Activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
Revenues:						
Program revenues:						
Charges for services	\$ 3,484	\$ 3,530	\$ 2,946	\$ 3,721	\$ 6,430	\$ 7,251
Operating grants and contributions	377	366			377	366
Capital grants and contributions	102	229			102	229
General revenues:						
Property taxes	13,092	12,254			13,092	12,254
Local option gas taxes	306	288			306	288
Utility service taxes	2,414	2,303			2,414	2,303
Sales and use taxes	1,924	1,364			1,924	1,364
Franchise taxes	1,307	1,264			1,307	1,264
Investment earnings	127	103	10	9	137	112
Miscellaneous	151	60			151	60
Gain on asset disposals	7	48		36	7	84
Total revenues	<u>23,291</u>	<u>21,809</u>	<u>2,956</u>	<u>3,766</u>	<u>26,247</u>	<u>25,575</u>
Expenses:						
Program expenses:						
General Government	3,206	2,985			3,206	2,985
Public Safety	9,906	9,309			9,906	9,309
Public Works	5,707	5,106			5,707	5,106
Community Development & Planning	1,255	1,382			1,255	1,382
Leisure Services	3,115	2,905			3,115	2,905
Interest on long-term debt	267				267	-
Country Club			2,903	3,845	2,903	3,845
Total expenses	<u>23,456</u>	<u>21,687</u>	<u>2,903</u>	<u>3,845</u>	<u>26,359</u>	<u>25,532</u>
Increase (decrease) in net position	(165)	122	53	(79)	(112)	43
Net position - beginning of year	<u>21,178</u>	<u>21,056</u>	<u>2,300</u>	<u>2,379</u>	<u>23,478</u>	<u>23,435</u>
Net position - end of year	<u>\$ 21,013</u>	<u>\$ 21,178</u>	<u>\$ 2,353</u>	<u>\$ 2,300</u>	<u>\$ 23,366</u>	<u>\$ 23,478</u>

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

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

	2017		2016	
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
General government	\$ 3,206	\$ (3,068)	\$ 2,985	\$ (2,850)
Public safety	9,906	(9,013)	9,309	(8,345)
Public works	5,707	(5,124)	5,106	(4,520)
Community development	1,255	(32)	1,382	(169)
Leisure services	3,115	(1,988)	2,905	(1,678)
Interest on long-term debt	267	(267)		
	<u>\$ 23,456</u>	<u>\$ (19,492)</u>	<u>\$ 21,687</u>	<u>\$ (17,562)</u>

At the end of the current year, as compared to the prior year, the total cost of services increased by \$1.77 million. This change in cost can be broken down as follows:

- A \$0.40 million increase in capital related costs.
- A \$0.66 million increase personnel related costs.
- A \$0.27 million increase in accrued interest on long-term debt resulting from a \$15 million loan that was secured for the Country Club Clubhouse project.

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 decreased by \$0.77 million and expenses decreased by \$0.94 million. Net position of the Proprietary Fund (Country Club) at September 30, 2017, were \$2.35 million. Net position increased by \$53,482 in the current year vs. a decrease of \$79,351 in the prior year, resulting in a positive impact of \$132,833.

The positive impact in the Village's Business-type activities was largely due to outsourcing the 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 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 \$29.14 million, a \$15.34 million increase over the 2016 fund balance of \$13.80 million. Approximately 49% of the combined ending fund balance (\$14.19 million) constitutes unrestricted (unassigned/assigned) fund balance, which is available for spending at the government's discretion. The remainder of fund balance (\$14.95 million) is restricted (non-spendable/restricted) to indicate that it is not available for new spending because it has already been committed for a variety of other restricted purposes.

General Fund

The General Fund is the chief operating fund of the Village. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$11.81 million while the General Fund total fund balance was \$13.09 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 61% of that same amount.

The general fund unassigned fund balance (\$11.81 million) represents an increase of \$1.09 million over the 2016 unassigned general fund balance of \$10.72 million. Key elements of this increase are listed below:

- Revenues for Franchise Fees and Utility Service Taxes were budgeted on prior year trends (\$3.37 million). For the current year, the Village received \$3.72 million.
- Due to discounts for prompt payments, State law requires that only 95% of the gross ad-valorem taxes be budgeted as revenue (\$12.87 million). For the current year, the Village received \$13.09 million.

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

General Fund Budgetary Highlights

Differences between the original budget and the final amended budget were \$15,355,289 and can be briefly summarized as follows:

- Debt Proceeds (\$15,000,000)
- Prior Year Open Purchase Order Carryover (\$258,207)
- Use of General Fund Assigned Fund Balance – Streets (\$44,000)
- Transfer in from Capital Project Fund (\$53,082)

General Fund Budget Analysis

As shown on pages 81-83 of this report, in the Schedule of Departmental Expenditures – Budget and Actual, there was an overall favorable budget to actual cost variance of \$842,427 in General Fund Departmental Expenditures. This is primarily a result of several unfinished projects at fiscal year-end that were carried over into the following fiscal year (\$755,276).

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 \$15.10 million, a \$13.45 million increase over the 2016 fund balance of \$1.65 million. This is primarily due to a transfer of loan proceeds to finance the Country Club Clubhouse project.

Infrastructure Surtax Fund

The Village's Infrastructure Surtax Fund is used to account for surtax proceeds. On November 8, 2016 PBC voters approved a one-cent sales surtax, raising the sales tax from 6% to 7% effective January 1, 2017. The surtax will sunset on December 31, 2026. The use of surtax proceeds are restricted to, among other things, the financing, planning and construction of infrastructure. Appropriations in this fund remain open and carry over to succeeding years until planned expenditures are made, or until they are amended or cancelled. At the end of the current fiscal year, the total fund balance was \$0.55 million.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

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

The Village's investment in capital assets for its governmental and business-type activities as of September 30, 2017 and 2016 amounts to \$18.72 million and \$18.67 million, respectively (net of accumulated depreciation).

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

	Governmental Activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
Land	\$ 2,056	\$ 2,056	\$ 1,051	\$ 1,051	\$ 3,107	\$ 3,107
Construction in progress	1,171	21	228	228	1,399	249
Buildings and improvements	23,577	23,590	1,405	1,405	24,982	24,995
Improvements other than buildings			322	322	322	322
Improvements - golf course			5,824	5,824	5,824	5,824
Furniture, fixtures and equipment	8,072	7,891	308	308	8,380	8,199
Total assets	34,876	33,558	9,138	9,138	44,014	42,696
Less accumulated depreciation	(20,397)	(19,455)	(4,900)	(4,573)	(25,297)	(24,028)
Net position	\$ 14,479	\$ 14,103	\$ 4,238	\$ 4,565	\$ 18,717	\$ 18,668

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

Debt

Currently, the Village uses debt financing on an as-needed basis each year. At the end of the current fiscal year, the Village had total long-term debt of \$17.25 million; \$15 million in the governmental activities and \$2.25 million in business-type activities. A \$15 million loan was secured in the fiscal year to finance the Village's Country Club Clubhouse project. 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	
	2017	2016	2017	2016	2017	2016
Loans payable	\$ 15,000		\$ 2,247	\$ 2,685	\$ 17,247	\$ 2,685
Total	\$ 15,000	\$	\$ 2,247	\$ 2,685	\$ 17,247	\$ 2,685

Additional information on the Village's debt can be found in Note 6 on pages 48 through 50 of this report.

NEXT YEAR'S BUDGET AND ECONOMIC FACTORS

The Village's Unassigned Fund Balance is viewed by the Administration as a measurement of Village financial stability. Unassigned general fund balance increased to \$11.81 million during the current 2017 fiscal year. The Village is now ready to address the economic challenges anticipated in the next few years.

The FY 2017/18 Budget reflects continued improvement to citizen services, public safety, and public facility maintenance while emphasizing improved community appearance and financial stability. Most importantly, the budget provides necessary resources for the Village of North Palm Beach to maintain and further improve services to our residents without increasing the millage rate and without having to use the General Fund Unassigned Fund Balance (General Fund Reserves).

The Village's financial plan represents an aggressive approach to adequately maintain infrastructure and address gaps in the organization in order to deliver services to the community while implementing the North Palm Beach Country Club clubhouse construction and golf course renovation projects. Upcoming investments into the clubhouse and golf course will result in increased expenditures and, due to the closure of both facilities at different times during the projects, reduced Country Club revenues. However, increasing property valuations and continued state and national economic growth will blunt the impact of these short-term facility closures to the annual financial plan.

CONTACTING THE VILLAGE'S FINANCIAL MANAGEMENT

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

BASIC FINANCIAL STATEMENTS

THE VILLAGE OF NORTH PALM BEACH, FLORIDA
Statement of Net Position
September 30, 2017

	Governmental Activities	Business-type Activities	Total
Assets			
Cash and cash equivalents	\$ 5,591,637	\$ 532,451	\$ 6,124,088
Investments	9,132,267		9,132,267
Accounts receivable	442,686	11,741	454,427
Accrued interest	26,388		26,388
Inventories	169,369	100,637	270,006
Prepays	13,851	10,018	23,869
Due from other governments	256,016		256,016
Restricted assets:			
Cash and cash equivalents	7,194,447		7,194,447
Investments	7,500,000		7,500,000
Capital assets:			
Nondepreciable	3,226,874	1,279,129	4,506,003
Depreciable (net of depreciation)	11,251,749	2,959,127	14,210,876
Total assets	44,805,284	4,893,103	49,698,387
Deferred outflows of resources			
Pension related items	4,044,030		4,044,030
Total deferred outflows of resources	4,044,030		4,044,030
Liabilities			
Accounts payable	558,872	45,580	604,452
Accrued liabilities	298,517		298,517
Unearned revenue	124,258	103,488	227,746
Accrued interest payable	266,892		266,892
Noncurrent liabilities:			
Due within one year	1,664,297	325,819	1,990,116
Due in more than one year	23,055,817	2,065,587	25,121,404
Total liabilities	25,968,653	2,540,474	28,509,127
Deferred inflows of resources			
Unearned revenue	204,383		204,383
Pension related items	1,662,784		1,662,784
Total deferred inflows of resources	1,867,167		1,867,167
Net position			
Net investment in capital assets	13,484,731	1,991,168	15,475,899
Restricted for:			
Country club project	66,123		66,123
Recreation	297,695		297,695
Infrastructure	554,604		554,604
Library	49,244		49,244
Other purposes	24,872		24,872
Unrestricted	6,536,225	361,461	6,897,686
Total net position	\$ 21,013,494	\$ 2,352,629	\$ 23,366,123

See notes to the financial statements.

THE VILLAGE OF NORTH PALM BEACH, FLORIDA
Statement of Activities
For the Year Ended September 30, 2017

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Charges for Activities</u>
Government:		
Governmental activities		
General government	\$ 3,205,903	\$ 134,249
Public safety	9,905,815	557,265
Public works	5,707,570	547,596
Community development and planning	1,255,115	1,222,464
Leisure services	3,114,720	1,022,175
Interest expense	266,892	
Total governmental activities	<u>23,456,015</u>	<u>3,483,749</u>
Business-type activities - country club	<u>2,903,224</u>	<u>2,946,432</u>
Total business-type activities	<u>2,903,224</u>	<u>2,946,432</u>
Total government	<u><u>\$ 26,359,239</u></u>	<u><u>\$ 6,430,181</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
\$ 3,779	\$	\$ (3,067,875)	\$	\$ (3,067,875)
316,775	18,992	(9,012,783)		(9,012,783)
35,648		(5,124,326)		(5,124,326)
		(32,651)		(32,651)
21,137	83,195	(1,988,213)		(1,988,213)
		(266,892)		(266,892)
<u>377,339</u>	<u>102,187</u>	<u>(19,492,740)</u>		<u>(19,492,740)</u>
			43,208	43,208
			<u>43,208</u>	<u>43,208</u>
<u>\$ 377,339</u>	<u>\$ 102,187</u>	<u>(19,492,740)</u>	<u>43,208</u>	<u>(19,449,532)</u>

General Revenues:

Taxes:				
Property taxes		13,091,985		13,091,985
Local option gas taxes		305,700		305,700
Utility service taxes		2,413,679		2,413,679
Franchise taxes		1,306,997		1,306,997
Sales and use taxes		1,924,490		1,924,490
Investment income - unrestricted		126,926	10,274	137,200
Miscellaneous		150,698		150,698
Gain on disposal of equipment		6,843		6,843
Total general revenues		<u>19,327,318</u>	<u>10,274</u>	<u>19,337,592</u>
Change in net position		(165,422)	53,482	(111,940)
Net position, beginning of year		<u>21,178,916</u>	<u>2,299,147</u>	<u>23,478,063</u>
Net position, end of year		<u>\$ 21,013,494</u>	<u>\$ 2,352,629</u>	<u>\$ 23,366,123</u>

See notes to the financial statements.

THE VILLAGE OF NORTH PALM BEACH, FLORIDA
Balance Sheet
Governmental Funds
September 30, 2017

	<u>General</u>	<u>Infrastructure Surtax Fund</u>	<u>Capital Projects Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets					
Cash and cash equivalents	\$ 3,512,360	\$	\$ 1,634,959	\$ 444,318	\$ 5,591,637
Investments	9,132,267				9,132,267
Accounts receivable	442,686				442,686
Accrued interest	26,388				26,388
Inventories	169,369				169,369
Prepays	13,851				13,851
Due from other funds			44,028		44,028
Due from other governments	177,172	76,053		2,791	256,016
Restricted cash and cash equivalents	781,756	478,551	5,934,140		7,194,447
Restricted investments			7,500,000		7,500,000
Total assets	<u>\$ 14,255,849</u>	<u>\$ 554,604</u>	<u>\$ 15,113,127</u>	<u>\$ 447,109</u>	<u>\$ 30,370,689</u>
Liabilities, deferred inflows of resources, and fund balances					
Liabilities					
Accounts payable	\$ 535,981	\$	\$ 8,791	\$ 14,100	\$ 558,872
Accrued liabilities	298,517				298,517
Due to other funds				44,028	44,028
Unearned revenue	124,258				124,258
Total liabilities	<u>958,756</u>		<u>8,791</u>	<u>58,128</u>	<u>1,025,675</u>
Deferred inflows of resources					
Unearned revenue	204,383				204,383
Total deferred inflows of resources	<u>204,383</u>				<u>204,383</u>
Fund balances					
Nonspendable:					
Inventories and prepaids	183,220				183,220
Restricted for:					
Country club project	455,445		13,388,640		13,844,085
Recreation	252,195		45,500		297,695
Infrastructure		554,604			554,604
Streets and roads	13,185				13,185
Police	8,914				8,914
Library	49,244				49,244
Other purposes	2,773				2,773
Assigned for:					
Small business grants	16,435				16,435
Subsequent year's expenditures	299,831				299,831
Special revenue funds				388,981	388,981
Capital project funds			1,670,196		1,670,196
Unassigned	11,811,468				11,811,468
Total fund balances	<u>13,092,710</u>	<u>554,604</u>	<u>15,104,336</u>	<u>388,981</u>	<u>29,140,631</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 14,255,849</u>	<u>\$ 554,604</u>	<u>\$ 15,113,127</u>	<u>\$ 447,109</u>	<u>\$ 30,370,689</u>

See notes to the financial statements.

THE VILLAGE OF NORTH PALM BEACH, FLORIDA
Reconciliation of the Balance Sheet – Governmental Funds
to the Statement of Net Position
September 30, 2017

Fund balances - total governmental funds		\$ 29,140,631
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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	\$ 34,875,842	
Less: accumulated depreciation	<u>(20,397,219)</u>	
		14,478,623

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

Accrued interest payable	(266,892)	
Revenue notes	(15,000,000)	
Net pension liability	(5,649,589)	
Other postemployment benefits	(2,734,744)	
Accrued compensated absences	<u>(1,335,781)</u>	
		(24,987,006)

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	4,044,030	
Pension related deferred inflows	<u>(1,662,784)</u>	
		<u>2,381,246</u>

Net position of governmental activities		<u><u>\$ 21,013,494</u></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, 2017

	<u>General</u>	<u>Infrastructure Surtax Fund</u>	<u>Capital Projects Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues					
Taxes	\$ 17,118,361	\$	\$	\$	\$ 17,118,361
Licenses and permits	997,656				997,656
Intergovernmental	1,459,579	552,600		405,630	2,417,809
Charges for services	2,321,298				2,321,298
Fines and forfeitures	124,395				124,395
Investment	58,799	2,004	66,123		126,926
Miscellaneous	157,063				157,063
Total revenues	<u>22,237,151</u>	<u>554,604</u>	<u>66,123</u>	<u>405,630</u>	<u>23,263,508</u>
Expenditures					
Current					
General government	2,970,223				2,970,223
Public safety	8,856,922			309,138	9,166,060
Public works	4,882,159				4,882,159
Community development and planning	1,190,759				1,190,759
Leisure services - recreation	2,591,866				2,591,866
Capital outlay	985,885		921,865	215,992	2,123,742
Total expenditures	<u>21,477,814</u>	<u></u>	<u>921,865</u>	<u>525,130</u>	<u>22,924,809</u>
Excess (deficiency) of revenues over (under) expenditures	<u>759,337</u>	<u>554,604</u>	<u>(855,742)</u>	<u>(119,500)</u>	<u>338,699</u>
Other financing sources (uses)					
Debt proceeds	15,000,000				15,000,000
Transfers in	53,082		14,363,587		14,416,669
Transfers out	(14,363,587)		(53,082)		(14,416,669)
Total other financing sources (uses)	<u>689,495</u>	<u></u>	<u>14,310,505</u>	<u></u>	<u>15,000,000</u>
Net change in fund balances	1,448,832	554,604	13,454,763	(119,500)	15,338,699
Fund balances					
Beginning of year	11,643,878		1,649,573	508,481	13,801,932
End of year	<u>\$ 13,092,710</u>	<u>\$ 554,604</u>	<u>\$ 15,104,336</u>	<u>\$ 388,981</u>	<u>\$ 29,140,631</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, 2017

Net change in fund balances - total governmental funds \$ 15,338,699

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	\$ 1,906,689	
Less: current year depreciation	(1,507,698)	
Net book value for retired assets	<u>(22,915)</u>	
		376,076

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

Revenue notes issued	(15,000,000)	
Claims and settlements	<u>50,000</u>	(14,950,000)

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

Change in accrued interest payable	(266,892)	
Change in long-term compensated absences	(139,885)	
Change in net pension liability and related deferred amounts	(264,970)	
Change in other postemployment benefits	<u>(258,450)</u>	
		<u>(930,197)</u>

Change in net position \$ (165,422)

See notes to the financial statements.

THE VILLAGE OF NORTH PALM BEACH, FLORIDA
Statement of Net Position
Proprietary Fund
September 30, 2017

	Enterprise
Assets	
Current assets	
Cash and cash equivalents	\$ 532,451
Accounts receivable	11,741
Inventories	100,637
Prepays	10,018
Total current assets	654,847
Non-current assets	
Capital assets, net	4,238,256
Total non-current assets	4,238,256
Total assets	4,893,103
Liabilities	
Current liabilities	
Accounts payable	45,580
Unearned revenue	103,488
Compensated absences - current portion	18,100
Loans payable - current portion	307,719
Total current liabilities	474,887
Non-current liabilities	
Other postemployment benefits	119,439
Compensated absences	6,779
Loans payable	1,939,369
Total non-current liabilities	2,065,587
Total liabilities	2,540,474
Net position	
Net investment in capital assets	1,991,168
Unrestricted	361,461
Total net position	\$ 2,352,629

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, 2017

	Enterprise
Operating revenue	
Greens fee/cart rentals/membership fees	\$ 2,302,645
Golf shop revenues	296,119
Driving range revenues	303,994
Restaurant revenues	32,595
Miscellaneous	11,079
Total operating revenues	2,946,432
Operating expenses	
Golf course maintenance expenses	1,137,008
Clubhouse grounds expenses	120,795
Golf shop expenses	996,499
Food and beverage expenses	65,579
Administrative and general	105,462
Insurance	47,469
Depreciation and amortization	327,078
Total operating expenses	2,799,890
Operating income (loss)	146,542
Nonoperating revenues (expenses)	
Interest revenue	10,274
Interest expense	(103,334)
Total nonoperating revenues (expenses)	(93,060)
Change in net position	53,482
Net position - beginning	2,299,147
Net position - ending	\$ 2,352,629

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, 2017

	Enterprise
Cash flows from operating activities:	
Receipts from customers	\$ 2,944,444
Payments to suppliers for goods or services	(1,917,902)
Payments to employees for services	(606,588)
Net cash provided by operating activities	419,954
Cash flows from capital and related financing activities:	
Principal paid on long term debt	(437,825)
Interest paid on debt	(159,413)
Net cash provided (used) by capital and related financing activities	(597,238)
Cash flows from investing activities:	
Interest and dividends on investments	10,274
Net increase (decrease) in cash and cash equivalents	(167,010)
Cash and cash equivalents at beginning of year	699,461
Cash and cash equivalents at end of year	\$ 532,451
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	\$ 146,542
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation and amortization	327,078
Change in assets and liabilities	
Decrease in accounts receivable	6,089
Decrease in inventory	15,437
Decrease in prepaids	581
Decrease in accounts payable	(39,456)
Decrease in compensated absences payable	(35,658)
Decrease in deferred revenue	(8,077)
Increase in other postemployment benefits	7,418
Total adjustments	273,412
Net cash provided by operating activities	\$ 419,954

See notes to the financial statements.

THE VILLAGE OF NORTH PALM BEACH, FLORIDA
Statement of Fiduciary Net Position
Fiduciary Funds
September 30, 2017

	Employee Retirement Funds	Agency Funds
Assets		
Cash and cash equivalents	\$ 587,598	\$ 367,404
Investments:		
Domestic common equity securities	10,757,817	
International common equity securities	2,393,230	
U.S. Government and agencies	1,991,487	
Municipal bonds	311,950	
Corporate bonds	3,477,006	
Fixed income exchange traded funds	2,789,819	
Equity exchange traded funds	2,944,061	
Fixed income mutual funds	2,640,119	
Equity mutual funds	6,462,257	
Real estate investment fund	2,386,295	
Money market mutual funds	1,151,404	
Accrued interest and dividends	58,479	
Accounts receivable	113,125	
Prepays	2,182	
Total assets	38,066,829	367,404
Liabilities		
Accounts payable	62,346	
Due to others		367,404
Total liabilities	62,346	367,404
Net position restricted for pensions	\$ 38,004,483	\$

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, 2017

	<u>Employee Retirement Funds</u>
Additions	
Contributions	
Employer	\$ 1,473,497
Plan members	329,793
State on-behalf payments	<u>309,138</u>
Total contributions	<u>2,112,428</u>
Investment earnings	
Dividends and interest	919,323
Net increase in fair value of investments	<u>2,975,538</u>
Total investment earnings	3,894,861
Less: investment expenses	<u>208,525</u>
Total net investment earnings	<u>3,686,336</u>
Total additions	<u>5,798,764</u>
Deductions	
Administrative expense	99,379
Termination refunds	14,044
Benefits	<u>1,121,200</u>
Total deductions	<u>1,234,623</u>
Change in net position	4,564,141
Net position - beginning	<u>33,440,342</u>
Net position - ending	<u><u>\$ 38,004,483</u></u>

See notes to the financial statements.

THE VILLAGE OF NORTH PALM BEACH, FLORIDA
Notes to the Basic Financial Statements
September 30, 2017

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, 2017

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, 2017

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

The Village reports the following major governmental funds:

General Fund

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

Infrastructure Surtax Fund

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

Capital Projects Fund

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

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

Country Club Enterprise Fund

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

Additionally, the Village reports the following fund types:

Special Revenue Funds

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

Employee Retirement Funds

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

THE VILLAGE OF NORTH PALM BEACH, FLORIDA
Notes to the Basic Financial Statements
September 30, 2017

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Agency Funds

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

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

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

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

D. Assets, Liabilities, and Net Position or Equity

Cash and Cash Equivalents

Cash and cash equivalents consist of petty cash, deposits in checking accounts, money market mutual funds, and investments with Florida Prime managed by the State of Florida, State Board of Administration. All money market mutual funds are registered as a 2a-7 fund with the SEC and reported at amortized cost. Deposits in Florida Prime are generally available for withdrawal by the Village on a next day basis and are therefore considered cash equivalents. Florida Prime is an external investment pool administered by the State of Florida, which operates as a "2a-7-like" pool under GASB Statement No. 31. As such, the pool uses amortized cost for valuation of the pool shares and the fair value of the shares in the pool is the same as the Village's investment in the pool shares.

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

THE VILLAGE OF NORTH PALM BEACH, FLORIDA
Notes to the Basic Financial Statements
September 30, 2017

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Accounts Receivable

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

Concentration of Credit Risk

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

Investments

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

Interfund Transactions

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

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

Inventories and Prepaid Items

Inventories are valued at cost determined on a 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.

THE VILLAGE OF NORTH PALM BEACH, FLORIDA
Notes to the Basic Financial Statements
September 30, 2017

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Capital Assets and Depreciation

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

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

Capital assets of the Enterprise Fund are capitalized in the fund. The valuation basis for Enterprise Fund capital assets is the same as those used for General capital assets. Additionally, net interest cost is capitalized on Enterprise Fund projects during the construction period.

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

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

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

THE VILLAGE OF NORTH PALM BEACH, FLORIDA
Notes to the Basic Financial Statements
September 30, 2017

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Deferred Outflows and Inflows of Resources

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

The statement of net position also includes a separate section, listed below total liabilities, for deferred inflows of resources. This represents the acquisition of net position applicable to future periods and will not be recognized as revenue until the future period to which it applies. The Village currently has 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.

Compensated Absences

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

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

THE VILLAGE OF NORTH PALM BEACH, FLORIDA
Notes to the Basic Financial Statements
September 30, 2017

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Long-Term Obligations

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

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

Net Position

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

Fund Equity

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

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

THE VILLAGE OF NORTH PALM BEACH, FLORIDA
Notes to the Basic Financial Statements
September 30, 2017

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Fund Equity (Continued)

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

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

Use of Estimates

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

A. Budgetary Data

Formal budgetary integration is employed as a management control device during the year for the General Fund and the Enterprise Fund. The only governmental fund with a legally adopted annual budget is the General Fund. This budget is adopted on a basis consistent with generally accepted accounting principles. Except for budgeting capital expenditures and not budgeting for

THE VILLAGE OF NORTH PALM BEACH, FLORIDA
Notes to the Basic Financial Statements
September 30, 2017

NOTE 2 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary Data

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

The procedures for establishing budgetary data are as follows:

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

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

Encumbrance accounting is employed in governmental funds. Encumbrances (e.g. purchase orders or contracts) outstanding at year end are reported assigned fund balance and do not constitute expenditures or liabilities because the commitments will be reappropriated and honored during the subsequent year. The General Fund had \$755,276 and the Capital Projects Fund had \$378,979 in outstanding encumbrances at year-end.

B. Property Taxes

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

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

THE VILLAGE OF NORTH PALM BEACH, FLORIDA
Notes to the Basic Financial Statements
September 30, 2017

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

B. Property Taxes (Continued)

The Palm Beach County Property Appraiser incorporates the Village's millage into the total tax levy, which includes the County, County School Board, and special district tax requirements. The millage rate assessed by the Village for the year ended September 30, 2017, 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, 2017, unpaid delinquent taxes are not material and have not been recorded by the Village.

NOTE 3 – DEPOSITS AND INVESTMENTS

Deposits

As of September 30, 2017, the carrying amount of the Village's deposits (including fiduciary funds) was \$5,937,978 and the bank balances totaled \$6,260,920. In addition to insurance provided by the Federal Depository Insurance Corporation, deposits are held in banking institutions approved by the State Treasurer of the State of Florida to hold public funds. Under Florida Statutes Chapter 280, *Florida Security for Public Deposits Act*, the State Treasurer requires all Florida qualified public depositories to deposit with the Treasurer or other banking institution eligible collateral. In the event of failure of a qualified public depository, the remaining public depositories would be responsible for covering any resulting losses. The Village's deposits at year end are considered insured for custodial credit risk purposes.

THE VILLAGE OF NORTH PALM BEACH, FLORIDA
Notes to the Basic Financial Statements
September 30, 2017

NOTE 3 – DEPOSITS AND INVESTMENTS (Continued)

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

By Category:

Deposits	\$ 5,937,978
Petty cash	6,550
Investments	<u>62,266,721</u>
Total deposits and investments	<u><u>\$68,211,249</u></u>

Presented in the statement of net position

Governmental activities	
Cash and cash equivalents	\$ 5,591,637
Restricted cash and cash equivalents	7,194,447
Investments	9,132,267
Restricted investments	7,500,000
Business-type activities	
Cash and cash equivalents	<u>532,451</u>
Total statements of net position	<u><u>29,950,802</u></u>

Presented in the statement of fiduciary net position

Pension trust funds	
Cash and cash equivalents	587,598
Investments	37,305,445
Agency funds	
Cash and cash equivalents	<u>367,404</u>
Total fiduciary funds	<u><u>38,260,447</u></u>

Total deposits and investments	<u><u>\$68,211,249</u></u>
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Investments

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

THE VILLAGE OF NORTH PALM BEACH, FLORIDA
Notes to the Basic Financial Statements
September 30, 2017

NOTE 3 – DEPOSITS AND INVESTMENTS (Continued)

Investments (Continued)

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

The Florida Education Investment Trust Fund (FEITF) and Florida PRIME are external investment pools which meet the requirements with GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*, which allows reporting the investments at amortized cost. For both funds as of September 30, 2017, there were no redemption fees or maximum transaction amounts, or any other requirements that serve to limit a participant's daily access to 100 percent of their account value. However, the Trustees of the funds can suspend the right of withdrawal or postpone the date of payment if the Trustees determine that there is an emergency that makes the sale of a Portfolio's securities or determination of its net asset value not reasonably practical.

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

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

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

THE VILLAGE OF NORTH PALM BEACH, FLORIDA
Notes to the Basic Financial Statements
September 30, 2017

NOTE 3 – DEPOSITS AND INVESTMENTS (Continued)

Investments (Continued)

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

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

The Florida Education Investment Trust Fund – FEITF Term Series invests in highly rated securities including U.S. Treasury securities, U.S. government agency securities, deposits including certificates of deposit and commercial paper. Other securities permitted by the term portfolio's investment policy may include municipal obligations, repurchase agreements and government money market funds. Securities are rated at least 'A/F1' by Fitch Ratings or equivalent. The term portfolio is a fixed-rate, fixed-term portfolio with a maximum term of one year. The term program is designed to meet the cash flow requirements of investors with the cash flows from the portfolio. The maturity profile of the term portfolio is managed to meet preset redemptions of the portfolio's participants. Upon investing in the program, a participant selects a planned maturity date on which the portfolio seeks to produce a share price of at least \$1.00 for the participant that redeems on said date. Participants may request premature redemption, but the portfolio may charge significant penalties for any redemption prior to the agreed-upon redemption date and net asset value may be more or less than \$1.00 per share. Redemptions will be made seven days after the request is received.

The Villages investment in FEITF Term Series matures October 6, 2017 and has a stated rate of 1.16%

This fund is an alternative investment vehicle valued using the net asset value (NAV) provided by the investment manager of this fund. The NAV is based on the value of the underlying assets owned by the fund minus its liabilities and then divided by the number of shares or percentage of ownership outstanding. The NAV's unit price is quoted on a private market that is not active. Investments valued at NAV are excluded from the fair value hierarchy because the valuation is not based on actual market inputs but rather is quantified using the fund's reported NAV.

THE VILLAGE OF NORTH PALM BEACH, FLORIDA
Notes to the Basic Financial Statements
September 30, 2017

NOTE 3 – DEPOSITS AND INVESTMENTS (Continued)

Investments (Continued)

As of September 30, 2017, the Village held the following investments:

	Weighted Average Maturity	Fair Value	Fair Value Measurement	
			Level 1	Level 2
<i><u>Governmental Funds</u></i>				
U.S. Government and Agency Asset Backed Securities	2.05 Years	\$ 4,102,236	\$	\$ 4,102,236
Municipal Bonds	3.47 Years	1,204,318		1,204,318
Domestic Corporate Bonds	1.75 Years	180,770		180,770
International Corporate Bonds	1.69 Years	2,044,847		2,044,847
	1.45 Years	1,474,345		1,474,345
<i><u>Fiduciary Funds</u></i>				
U.S. Government and Agency Asset Backed Securities	11.21 Years	1,059,296		1,059,296
Municipal Bonds	19.01 Years	932,191		932,191
Domestic Corporate Bonds	7.53 Years	311,950		311,950
International Corporate Bonds	8.71 Years	2,801,318		2,801,318
Domestic Common Equity Securities	7.15 Years	675,688		675,688
International Common Equity Securities	N/A	10,757,817	10,757,817	
Fixed Income ETF	N/A	2,393,230	2,393,230	
Equity ETF	N/A	2,789,819	2,789,819	
Fixed Income Mutual Funds	N/A	2,944,061	2,944,061	
Equity Mutual Funds	N/A	2,640,119	2,640,119	
		6,462,257	6,462,257	
		42,774,262	\$ 27,987,303	\$ 14,786,959
Investments Reported at NAV				
<i><u>Governmental Funds</u></i>				
FEITF Term Series	N/A	7,500,000		
<i><u>Fiduciary Funds</u></i>				
American Core Realty Fund	N/A	2,386,295		
Investments Reported at Amortized Cost:				
<i><u>Governmental Funds</u></i>				
Money Market Mutual Funds	N/A	125,751		
Florida Prime	51 Days	519,961		
FEITF	51 Days	7,524,123		
<i><u>Fiduciary Funds</u></i>				
Money Market Mutual Funds	N/A	1,436,329		
Total Investments		\$ 62,266,721		

THE VILLAGE OF NORTH PALM BEACH, FLORIDA
Notes to the Basic Financial Statements
September 30, 2017

NOTE 3 – DEPOSITS AND INVESTMENTS (Continued)

Investments (Continued)

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

Investments:	S&P Rating	Moody’s Rating	Fair Value
<i><u>Governmental Funds</u></i>			
U.S. Government and Agency	AA+	Aaa	\$ 4,102,236
Asset Backed Securities	AAA	Aaa	1,204,318
Municipal Bonds	AA-	Aa3	180,770
Domestic Corporate Bonds	AAA to BBB+	Aaa to A3	2,044,847
International Corporate Bonds	AAA to A-	Aaa to A1	1,474,345
Money Market Mutual Funds	NR	NR	125,751
Florida Prime	AAAm	NR	519,961
FEITF	AAAm	NR	7,524,123
FEITF Term Series	NR*	NR	7,500,000
<i><u>Fiduciary Funds</u></i>			
U.S. Government and Agency	AA+	Aaa	1,059,296
Asset Backed Securities	NR	NR	932,191
Municipal Bonds	AAA to AA-	Aaa to Aa3	311,950
Domestic Corporate Bonds	AAA to BBB-	Aaa to Baa3	2,801,318
International Corporate Bonds	AAA to A-	Aaa to A1	675,688
Common Equity Securities	NR	NR	13,151,047
Exchange Traded Funds	NR	NR	5,733,880
Mutual Funds	NR	NR	9,102,376
American Core Realty Fund	NR	NR	2,386,295
Money Market Mutual Funds	NR	NR	1,436,329
Total Investments			<u>\$ 62,266,721</u>

* Rated AA Af by Fitch.

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

THE VILLAGE OF NORTH PALM BEACH, FLORIDA
Notes to the Basic Financial Statements
September 30, 2017

NOTE 3 – DEPOSITS AND INVESTMENTS (Continued)

Investments (Continued)

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.

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

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

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

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

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

THE VILLAGE OF NORTH PALM BEACH, FLORIDA
Notes to the Basic Financial Statements
September 30, 2017

NOTE 3 – DEPOSITS AND INVESTMENTS (Continued)

Investments (Continued)

Authorized Investments (Continued)

The Village is authorized to invest its funds as follows:

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

THE VILLAGE OF NORTH PALM BEACH, FLORIDA
Notes to the Basic Financial Statements
September 30, 2017

NOTE 3 – DEPOSITS AND INVESTMENTS (Continued)

Investments (Continued)

Authorized Investments (Continued)

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

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

THE VILLAGE OF NORTH PALM BEACH, FLORIDA
Notes to the Basic Financial Statements
September 30, 2017

NOTE 3 – DEPOSITS AND INVESTMENTS (Continued)

Investments (Continued)

Authorized Investments (Continued)

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

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

THE VILLAGE OF NORTH PALM BEACH, FLORIDA
Notes to the Basic Financial Statements
September 30, 2017

NOTE 4 – RECEIVABLES

Receivables at September 30, 2017, were as follows:

	<u>General Fund</u>	<u>Country Club</u>
Utility franchise fees & taxes	\$ 387,234	\$
Conroy Drive assessment	2,978	
Other accounts receivable	<u>52,474</u>	<u>11,741</u>
Total accounts receivable	<u>\$ 442,686</u>	<u>\$ 11,741</u>

NOTE 5 – CAPITAL ASSETS

Capital Assets activity for the year ended September 30, 2017, 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	21,171	1,185,777	(35,963)		1,170,985
Capital assets being depreciated:					
Buildings	9,413,835	27,849	(73,920)		9,367,764
Improvements	14,175,980	33,014			14,208,994
Machinery and equipment	3,219,818	25,368	(210,471)		3,034,715
Vehicles	<u>4,671,505</u>	<u>670,644</u>	<u>(304,654)</u>		<u>5,037,495</u>
Total at historical cost:	<u>33,558,198</u>	<u>1,942,652</u>	<u>(625,008)</u>		<u>34,875,842</u>
Less accumulated depreciation for:					
Buildings	(5,725,801)	(259,887)	51,004		(5,934,684)
Improvements	(8,646,130)	(756,873)			(9,403,003)
Machinery and equipment	(2,027,824)	(182,344)	210,470		(1,999,698)
Vehicles	<u>(3,055,896)</u>	<u>(308,594)</u>	<u>304,656</u>		<u>(3,059,834)</u>
Total accumulated depreciation	<u>(19,455,651)</u>	<u>(1,507,698)</u>	<u>566,130</u>		<u>(20,397,219)</u>
Governmental activities capital assets, net	<u>\$ 14,102,547</u>	<u>\$ 434,954</u>	<u>\$ (58,878)</u>	<u>\$</u>	<u>\$ 14,478,623</u>

THE VILLAGE OF NORTH PALM BEACH, FLORIDA
Notes to the Basic Financial Statements
September 30, 2017

NOTE 5 – CAPITAL ASSETS (Continued)

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

Governmental activities:

General government	\$ 89,020
Public safety	386,727
Public works	558,630
Community development	22,523
Leisure services	450,798
	450,798

Total depreciation expense, governmental activities

\$ 1,507,698

Business-type activities:	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Transfers</u>	<u>Ending Balance</u>
Capital assets not being depreciated:					
Land	\$ 1,051,311	\$	\$	\$	\$ 1,051,311
Construction in progress	227,818				227,818
Capital assets being depreciated:					
Buildings	1,405,035				1,405,035
Improvements	6,146,307				6,146,307
Machinery and equipment	244,567				244,567
Vehicles	63,700				63,700
Total at historical cost:	<u>9,138,738</u>				<u>9,138,738</u>
Less accumulated depreciation for:					
Buildings	(1,089,113)	(23,883)			(1,112,996)
Improvements	(3,206,878)	(294,210)			(3,501,088)
Machinery and equipment	(222,197)	(4,915)			(227,112)
Vehicles	(55,216)	(4,070)			(59,286)
Total accumulated depreciation	<u>(4,573,404)</u>	<u>(327,078)</u>			<u>(4,900,482)</u>
Business-type activities capital assets, net	<u>\$ 4,565,334</u>	<u>\$ (327,078)</u>	<u>\$</u>	<u>\$</u>	<u>\$ 4,238,256</u>

Contract Commitments

Commitments relating to the new country club clubhouse are \$207,752 relating to the design and \$300,768 relating to construction of temporary facilities. There also was a contract for \$270,000 for the purchase of a new sanitation truck.

THE VILLAGE OF NORTH PALM BEACH, FLORIDA
Notes to the Basic Financial Statements
September 30, 2017

NOTE 6 – LONG TERM LIABILITIES

Change in Long-Term Liabilities

Long-term liability activity for the year ended September 30, 2017, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Amount Due Within One Year</u>
Governmental activities:					
Loans payable	\$	\$ 15,000,000	\$	\$ 15,000,000	\$ 680,000
Claims and settlements	50,000		(50,000)		
OPEB (see Note 13)	2,476,294	258,450		2,734,744	
Net pension liability (see Note 8)	6,583,056		(933,467)	5,649,589	
Compensated absences payable	1,195,896	1,094,316	(954,431)	1,335,781	984,297
Total	<u>\$ 10,305,246</u>	<u>\$ 16,352,766</u>	<u>\$(1,937,898)</u>	<u>\$ 24,720,114</u>	<u>\$ 1,664,297</u>
Business-type activities:					
Loans payable	\$ 2,684,913	\$	\$ (437,825)	\$ 2,247,088	\$ 307,719
OPEB (see Note 13)	112,021	7,418		119,439	
Compensated absences payable	60,537	11,112	(46,770)	24,879	18,100
Total	<u>\$ 2,857,471</u>	<u>\$ 18,530</u>	<u>\$(484,595)</u>	<u>\$ 2,391,406</u>	<u>\$ 325,819</u>

Governmental activities other postemployment 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, 2017

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, 2017, the principal amount outstanding was \$2,247,088 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>
2018	\$ 307,719	\$ 90,440	\$ 398,159
2019	320,677	77,482	398,159
2020	333,990	64,169	398,159
2021	348,241	49,918	398,159
2022	362,904	35,255	398,159
2023 - 2024	573,557	24,048	597,605
	<u>\$ 2,247,088</u>	<u>\$ 341,312</u>	<u>\$ 2,588,400</u>

Non-Ad Valorem Revenue Notes, Series 2017

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

Series 2017A

The Series 2017A is a tax-exempt issuance for \$8,900,000 with an interest rate of 3.19%, which is subject to adjustment in the event of taxability of the interest on this note. Interest is payable on June 1 and December 1 of each year beginning December 1, 2017. Principal payments start June 1, 2025 with the final payment on June 1, 2032. This note may be prepaid in whole but not in part at any time after June 1, 2025, at a redemption price equal to 100% of the principal amount outstanding plus accrued interest through the redemption date. As of September 30, 2017, the principal amount outstanding was \$8,900,000 and was for the purpose of governmental-type activities.

THE VILLAGE OF NORTH PALM BEACH, FLORIDA
Notes to the Basic Financial Statements
September 30, 2017

NOTE 6 – LONG TERM LIABILITIES (Continued)

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

Series 2017B

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

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

<u>Year Ending</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 680,000	\$ 558,684	\$ 1,238,684
2019	805,000	488,786	1,293,786
2020	835,000	458,357	1,293,357
2021	865,000	426,794	1,291,794
2022	900,000	394,097	1,294,097
2023 - 2027	5,020,000	1,450,327	6,470,327
2028 - 2032	5,895,000	576,115	6,471,115
	<u>\$ 15,000,000</u>	<u>\$ 4,353,160</u>	<u>\$ 19,353,160</u>

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 \$61,100 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 \$61,100 recorded in the General Fund is adequate to cover the outstanding claims. The \$50,000 recognized as a long-term claim in prior years was recognized as income in the current year.

THE VILLAGE OF NORTH PALM BEACH, FLORIDA
Notes to the Basic Financial Statements
September 30, 2017

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.

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, 2017, 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.

THE VILLAGE OF NORTH PALM BEACH, FLORIDA
Notes to the Basic Financial Statements
September 30, 2017

NOTE 8 – EMPLOYEE RETIREMENT PLANS (Continued)

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

All Retirement Plans

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

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

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

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, 2016:

	<u>GERF</u>	<u>F&P</u>
Inactive Plan Members or Beneficiaries		
currently receiving benefits	31	25
Inactive Plan Members entitled to but		
not yet receiving benefits	39	12
Active Plan Members	<u>36</u>	<u>53</u>
Total	<u>106</u>	<u>90</u>

THE VILLAGE OF NORTH PALM BEACH, FLORIDA
Notes to the Basic Financial Statements
September 30, 2017

NOTE 8 – EMPLOYEE RETIREMENT PLANS (Continued)

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.

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.

THE VILLAGE OF NORTH PALM BEACH, FLORIDA
Notes to the Basic Financial Statements
September 30, 2017

NOTE 8 – EMPLOYEE RETIREMENT PLANS (Continued)

General Employees' Retirement System (Continued)

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.

"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, 2017, 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, 2017, the annual money-weighted rate of return on Pension Plan investments, net of pension plan investment expense, was 11.32 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.

THE VILLAGE OF NORTH PALM BEACH, FLORIDA
Notes to the Basic Financial Statements
September 30, 2017

NOTE 8 – EMPLOYEE RETIREMENT PLANS (Continued)

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 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, 2017, is as follows:

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

Rate of Return. For the year ended September 30, 2017, the annual money-weighted rate of return on Pension Plan investments, net of pension plan investment expense, was 10.92 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

THE VILLAGE OF NORTH PALM BEACH, FLORIDA
Notes to the Basic Financial Statements
September 30, 2017

NOTE 8 – EMPLOYEE RETIREMENT PLANS (Continued)

Fire and Police Retirement System

Contributions. Firefighter members are required to 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 4.00% 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 \$310,200 during the fiscal year ended September 30, 2017.

All Retirement Plans

Net Pension Liability. The components of net pension liability of the Village on September 30, 2017 were as follows:

	<u>General Employees</u>	<u>Fire and Police</u>
Total pension liability	\$ 17,201,122	\$ 24,646,485
Plan fiduciary net position	<u>(15,148,684)</u>	<u>(22,855,799)</u>
Village's net pension liability	<u>\$ 2,052,438</u>	<u>\$ 1,790,686</u>
Plan fiduciary net position as a percentage of total pension liability	<u>88.07%</u>	<u>92.73%</u>

The pension liability of the General Employees plan increased by \$23,053 due a change in the mortality rates.

The pension liability of the Fire and Police plan increased by a net of \$198,680 due to assumptions changes in the investment rate of return and mortality rates.

THE VILLAGE OF NORTH PALM BEACH, FLORIDA
Notes to the Basic Financial Statements
September 30, 2017

NOTE 8 – EMPLOYEE RETIREMENT PLANS (Continued)

All Retirement Plans

Actuarial Assumptions. The total pension liability was determined by an actuarial valuation as of October 1, 2016 updated to September 30, 2017 using the following actuarial assumptions applied to the September 30, 2017 measurement period.

	<u>General Employees</u>	<u>Fire and Police</u>
Inflation	2.75%	2.50%
Salary increases	Service based	Service based
Investment rate of return	6.75%	7.80%
Mortality	RP2000 Combined Healthy Participant, Scale BB. Female: 100% Annuitant White Collar, Male Annuitant White Collar/50% Annuitant Blue Collar	Female: RP2000 Generational, 100% Annuitant White Collar, Scale BB Male: RP2000 Generational, 10% Annuitant White Collar/90% Annuitant Blue Collar, Scale BB

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included the pension plan's target asset allocation as of September 30, 2017, are summarized in the following table:

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>	
	<u>General Employees</u>	<u>Fire and Police</u>
Domestic equity	6.50%	7.50%
International equity	6.75%	8.50%
Domestic bonds	2.25%	2.50%
Real estate	N/A	4.50%

THE VILLAGE OF NORTH PALM BEACH, FLORIDA
Notes to the Basic Financial Statements
September 30, 2017

NOTE 8 – EMPLOYEE RETIREMENT PLANS (Continued)

All Retirement Plans

Discount Rate. The discount rate used to measure the total pension liability was 6.75 percent for the General Employees Retirement Fund and 7.80 percent for the Fire and Police Retirement Fund. The projection of cash flows used to determine the discount rates assumed that plan member contributions will be made at the current contribution rate and that sponsor contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plans' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

General Employees' Retirement System

	1% Decrease	Current Discount Rate	1% Increase
	5.75%	6.75%	7.75%
Village's net pension liability	<u>\$ 4,561,024</u>	<u>\$ 2,052,438</u>	<u>\$ (9,258)</u>

Fire and Police Retirement System

	1% Decrease	Current Discount Rate	1% Increase
	6.80%	7.80%	8.80%
Village's net pension liability	<u>\$ 5,352,774</u>	<u>\$ 1,790,686</u>	<u>\$ (1,125,716)</u>

All Retirement Plans

The Village's total pension liability, plan fiduciary net position, net pension liability, pension related deferred outflows and inflows, and pension expense for the fiscal year ended September 30, 2017, are reported using a measurement date of September 30, 2016.

THE VILLAGE OF NORTH PALM BEACH, FLORIDA
Notes to the Basic Financial Statements
September 30, 2017

NOTE 8 – EMPLOYEE RETIREMENT PLANS (Continued)

All Retirement Plans

Actuarial Assumptions. The total pension liability was determined by an actuarial valuation as of October 1, 2015 updated to September 30, 2016 using the following actuarial assumptions applied to the September 30, 2016, measurement period.

	<u>General Employees</u>	<u>Fire and Police</u>
Inflation	2.75%	2.50%
Salary increases	Service based	Service based
Investment rate of return	6.75%	7.85%
Mortality	Female: RP2000, 100% Annuitant White Collar, Scale BB Male: RP2000, 50% Annuitant White Collar/50% Annuitant Blue Collar, Scale BB	Female: RP2000 Generational, 100% Annuitant White Collar, Scale BB Male: RP2000 Generational, 10% Annuitant White Collar/90% Annuitant Blue Collar, Scale BB

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included the pension plan's target asset allocation as of September 30, 2016, are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>		<u>Long-Term Expected Real Rate of Return</u>	
	<u>General Employees</u>	<u>Fire and Police</u>	<u>General Employees</u>	<u>Fire and Police</u>
Domestic equity	45%	50%	6.75%	7.50%
International equity	15	10	6.75%	8.50%
Domestic bonds	40	30	2.00%	2.50%
Real estate	<u>N/A</u>	<u>10</u>	N/A	4.50%
Total	<u>100%</u>	<u>100%</u>		

THE VILLAGE OF NORTH PALM BEACH, FLORIDA
Notes to the Basic Financial Statements
September 30, 2017

NOTE 8 – EMPLOYEE RETIREMENT PLANS (Continued)

All Retirement Plans

Discount Rate. The discount rate used to measure the total pension liability was 6.75 percent for the General Employees Retirement Fund and 7.85 percent for the Fire and Police Retirement Fund. The projection of cash flows used to determine the discount rates assumed that plan member contributions will be made at the current contribution rate and that sponsor contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plans' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

General Employees' Retirement System

Changes in Net Pension Liability

Using a measurement date of September 30, 2016, the components of the net pension liability reported by the Village at September 30, 2017, were as follows:

Description	Total Pension Liability (a)	Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Balances at September 30, 2015	\$ 14,556,047	\$ 12,109,145	\$ 2,446,902
Changes due to:			
Service cost	357,344		357,344
Interest	1,106,085		1,106,085
Difference between expected and actual experience	(129,381)		(129,381)
Changes of Assumptions	928,295		928,295
Employer contributions		458,615	(458,615)
Employee contributions		126,947	(126,947)
Benefit payments and refunds	(331,174)	(331,174)	
Net investment income		1,161,530	(1,161,530)
Administrative expenses		(24,794)	24,794
Total changes	<u>1,931,169</u>	<u>1,391,124</u>	<u>540,045</u>
Balances at September 30, 2016	<u>\$ 16,487,216</u>	<u>\$ 13,500,269</u>	<u>\$ 2,986,947</u>

THE VILLAGE OF NORTH PALM BEACH, FLORIDA
Notes to the Basic Financial Statements
September 30, 2017

NOTE 8 – EMPLOYEE RETIREMENT PLANS (Continued)

General Employees' Retirement System (Continued)

The pension liability increased by a net of \$928,295 due to assumption changes in the discount rate, investment rate of return, inflation rate, salary scale, and the withdrawal and mortality rates.

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

	1% Decrease 5.75%	Current Discount Rate 6.75%	1% Increase 7.75%
Village's net pension liability	<u>\$ 5,436,118</u>	<u>\$ 2,986,947</u>	<u>\$ 972,220</u>

Pension expense and deferred outflows and inflows of resources

For the fiscal year ended September 30, 2017, the Village recognized pension expense of \$777,854. In addition, the Village reported deferred outflows of resources and deferred inflows of resources related to the Plan from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on plan investments	\$ 600,710	\$ 378,570
Differences between expected and actual experience		168,479
Assumption changes	596,761	
Village plan contributions subsequent to the measurement date	<u>527,617</u>	<u> </u>
Total	<u>\$ 1,725,088</u>	<u>\$ 547,049</u>

THE VILLAGE OF NORTH PALM BEACH, FLORIDA
Notes to the Basic Financial Statements
September 30, 2017

NOTE 8 – EMPLOYEE RETIREMENT PLANS (Continued)

General Employees' Retirement System (Continued)

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

The deferred outflows of resources totaling \$527,617 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, 2017. 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>
2018	\$ 278,255
2019	306,496
2020	132,953
2022	(67,282)
2022	
Thereafter	
	<u><u>\$ 650,422</u></u>

Fire and Police Retirement System

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

	1% Decrease	Current Discount Rate	1% Increase
	6.85%	7.85%	8.85%
Village's net pension liability	<u>\$ 5,938,411</u>	<u>\$ 2,662,642</u>	<u>\$ (17,797)</u>

THE VILLAGE OF NORTH PALM BEACH, FLORIDA
Notes to the Basic Financial Statements
September 30, 2017

NOTE 8 – EMPLOYEE RETIREMENT PLANS (Continued)

Fire and Police Retirement System (Continued)

Changes in Net Pension Liability

Using a measurement date of September 30, 2016, the components of the net pension liability reported by the Village at September 30, 2017, were as follows:

Description	Total Pension Liability (a)	Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Balances at September 30, 2015	\$ 21,852,818	\$ 17,716,664	\$ 4,136,154
Changes due to:			
Service cost	833,909		833,909
Interest	1,738,069		1,738,069
Change in excess state money	79,505		79,505
Differences between expected and actual experience	(31,422)		(31,422)
Change of Assumptions	(1,223,780)		(1,223,780)
Employer contributions		969,836	(969,836)
Employer contributions-state		310,200	(310,200)
Employee contributions		190,989	(190,989)
Employee contributions buy back	7,609	7,609	
Benefit payments and refunds	(653,993)	(653,993)	
Net investment income		1,475,735	(1,475,735)
Administrative expenses		(76,967)	76,967
Total changes	<u>749,897</u>	<u>2,223,409</u>	<u>(1,473,512)</u>
Balances at September 30, 2016	<u>\$ 22,602,715</u>	<u>\$ 19,940,073</u>	<u>\$ 2,662,642</u>

The pension liability of the Fire and Police plan decreased by a net of \$1,223,780 due to assumptions changes in the salary scale, normal retirement rates, discount rate, investment rate of return, withdrawal and mortality rates, and the actuarial cost method.

THE VILLAGE OF NORTH PALM BEACH, FLORIDA
Notes to the Basic Financial Statements
September 30, 2017

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, 2017, the Village recognized pension expense of \$1,269,751. 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	\$ 601,141	\$
Differences between expected and actual experience	322,127	27,930
Change of assumptions	140,656	1,087,805
Village plan contributions subsequent to the measurement date	<u>1,255,018</u>	<u></u>
Total	<u>\$ 2,318,942</u>	<u>\$ 1,115,735</u>

The deferred outflows of resources totaling \$1,255,018 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, 2017. 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>
2018	\$ 161,441
2019	161,442
2020	216,262
2021	(33,088)
2022	(139,467)
Thereafter	<u>(418,401)</u>
	<u>\$ (51,811)</u>

THE VILLAGE OF NORTH PALM BEACH, FLORIDA
Notes to the Basic Financial Statements
September 30, 2017

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, 2017, using a measurement date of September 30, 2016, are as follows:

	<u>General Employees</u>	<u>Fire and Police</u>	<u>Total</u>
Total pension liability	\$ 16,487,216	\$ 22,602,715	\$ 39,089,931
Plan fiduciary net position	13,500,269	19,940,073	33,440,342
Net pension liability	2,986,947	2,662,642	5,649,589
Deferred outflows of resources	1,725,088	2,318,942	4,044,030
Deferred inflows of resources	547,049	1,115,735	1,662,784
Pension expense	777,854	1,269,751	2,047,605
Accounts Payable	422	15,663	16,085

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, 2017, \$309,138 was recorded as revenues and expenditures in the On-Behalf Pension Contribution Special Revenue Fund relating to on-behalf payments received from the state.

THE VILLAGE OF NORTH PALM BEACH, FLORIDA
Notes to the Basic Financial Statements
September 30, 2017

NOTE 10 – PENSION PLAN FINANCIAL INFORMATION

Generally accepted accounting principles (GAAP) requires that financial statements for individual pension plans be presented in the notes to the financial statements of the primary government if separate GAAP financial reports have not been issued. The General Employees' pension fund does not have a separate GAAP report issued, and the financial information as of September 30, 2017, is presented below.

STATEMENT OF FIDUCIARY NET POSITION

	General Employees' Pension
Assets	
Cash and cash equivalents	\$ 284,925
Investments:	
Fixed income exchange traded funds	2,789,819
Equity exchange traded funds	2,944,061
Fixed income mutual funds	2,640,119
Equity mutual funds	6,462,257
Accrued dividends and interest	5,596
Accounts receivable	45,599
Total assets	15,172,376
Liabilities	
Accounts payable	23,692
Net position	
Held in trust for pension benefits and other purposes	\$ 15,148,684

THE VILLAGE OF NORTH PALM BEACH, FLORIDA
Notes to the Basic Financial Statements
September 30, 2017

NOTE 10 – PENSION PLAN FINANCIAL INFORMATION (Continued)

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

	<u>General Employees' Pension</u>
Additions	
Contributions	
Employer	\$ 527,617
Plan members	110,417
Total contributions	<u>638,034</u>
Investment earnings	
Dividends and interest	374,112
Net (decrease) in the fair value of investments	1,157,744
Less investment expense	<u>(44,543)</u>
Total investment earnings	<u>1,487,313</u>
Total additions	<u>2,125,347</u>
Deductions	
Administration	22,361
Termination refunds	13,492
Benefits	441,079
Total deductions	<u>476,932</u>
Change in net position	1,648,415
Net position - beginning	<u>13,500,269</u>
Net position - ending	<u>\$ 15,148,684</u>

NOTE 11 – DEFINED CONTRIBUTION PLAN

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

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

THE VILLAGE OF NORTH PALM BEACH, FLORIDA
Notes to the Basic Financial Statements
September 30, 2017

NOTE 11 – DEFINED CONTRIBUTION PLAN (Continued)

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

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

Plan detail for participating employees at September 30, 2017, is listed below:

	<u>Village Manager</u>	<u>Directors</u>	<u>General Employees</u>	<u>Municipal Employees</u>
Employee contributions	\$ 4,583	\$ 38,321	\$ 46,537	\$ 55,778
Village pension expense	14,123	86,407	155,467	139,747
Forfeitures	-	12,079	14,594	9,825
Payable as of fiscal year end	-	-	-	-

NOTE 12 – DEFERRED COMPENSATION PLAN ASSETS

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

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

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

THE VILLAGE OF NORTH PALM BEACH, FLORIDA
Notes to the Basic Financial Statements
September 30, 2017

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, 2017

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	\$ 234,470
Amortization	166,502
Interest	<u>16,039</u>
Annual required contribution (ARC)	<u>417,011</u>
Interest on net unfunded OPEB obligation	103,533
Adjustment to ARC	<u>(149,682)</u>
Annual OPEB cost	370,862
Contributions made	<u>(104,994)</u>
Increase in net OPEB obligation	265,868
Net OPEB obligation October 1, 2016	<u>2,588,315</u>
Net OPEB obligation September 30, 2017	<u><u>\$ 2,854,183</u></u>

Trend Information

<u>Three-Year Trend Information</u>				
Fiscal Year End	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation	
09/30/15	\$329,436	19.3%	\$2,306,807	
09/30/16	\$350,729	19.7%	\$2,588,315	
09/30/17	\$370,862	28.3%	\$2,854,183	

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, 2017

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 2017 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 \$192,088 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, 2017

NOTE 15 – TRANSFERS

Interfund transfers during the year ended September 30, 2017, are as follows:

The \$14,363,587 from the General Fund to the Capital Projects Fund and \$53,082 from the Capital Projects Fund to the General Fund to fund capital projects according to the original budget and subsequent budget amendments.

NOTE 16 – CONTRACTS, COMMITMENTS AND CONTINGENCIES

Operating Lease

The Village entered into a three-year operating agreement for 80 golf carts, including GPS systems and software, for the Country Club in December 2015. For the fiscal year ended September 30, 2017 expenses under the lease were \$110,682. Future minimum rental commitments are as follows:

<u>Year ended September 30:</u>	<u>Amount</u>
2018	\$ 147,576
2019	<u>36,894</u>
	<u>\$ 184,470</u>

Commitments

On September 17, 2014, the Village entered into an agreement with the City of Palm Beach Gardens whereby the City of Palm Beach Gardens will provide the Village public safety dispatch services. The term of the agreement was for two years beginning on October 1, 2014, and extending through September 30, 2016. In 2016 the agreement was renewed for an additional five years extending through September 30, 2021. The fee for each year under the contract will be based upon the budget of the North County Dispatch (NCDC) center prorated to each contracting municipality based on that municipalities cost share. If at the end any contract year a budget shortfall exists, each contracting municipality shall pay its share of the shortfall. Conversely, if at the end of any contract year a budget surplus exists, such surplus shall represent a committed fund balance to be utilized specifically for NCDC budgetary purposes. The Village's estimated cost for fiscal year ending September 30, 2017 is \$381,960.

THE VILLAGE OF NORTH PALM BEACH, FLORIDA
Notes to the Basic Financial Statements
September 30, 2017

NOTE 16 – CONTRACTS, COMMITMENTS AND CONTINGENCIES (Continued)

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

Commitments

Subsequent to September 30, 2017, the Village approved the purchase of three sanitation collection vehicles for \$127,665, five vehicles for the police and fire rescue departments for \$206,339, \$341,748 for additional architectural and design services for the new country club clubhouse, \$150,000 for consulting services to Land Development Code to implement the Village Master Plan, \$384,688 for roadway milling and resurfacing, \$100,000 for the preparation of a plan, contractor documents, and oversight of the Village's Golf Course Renovation Project, \$146,600 for Lighthouse Drive bridge repairs, and amended the construction management contract for the clubhouse adding an additional \$286,606 for a total cost of \$339,356.

NOTE 18 – NEW ACCOUNTING STANDARDS

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

In June 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 this statement on the Village's financial statements.

REQUIRED SUPPLEMENTARY INFORMATION OTHER THAN MD&A

THE VILLAGE OF NORTH PALM BEACH, FLORIDA
Required Supplemental Information
September 30, 2017

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, 2017

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

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

Changes of Assumptions

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

For the 2017 fiscal year the mortality rate changed.

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

THE VILLAGE OF NORTH PALM BEACH, FLORIDA
Required Supplemental Information
September 30, 2017

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

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

Changes of Assumptions

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

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

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

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

THE VILLAGE OF NORTH PALM BEACH, FLORIDA
Required Supplemental Information
September 30, 2017

Last Ten Fiscal Years

Schedule of Contributions

Fiscal Year Ending September 30	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll	Actual Contribution as a Percentage of Covered Payroll
<u>General Employees Retirement Fund</u>					
2014	\$ 562,509	\$ 562,953	\$ (444)	\$ 2,701,771	20.84%
2015	464,189	464,189		2,375,585	19.54%
2016	449,552	458,615	(9,063)	2,376,069	19.30%
2017	519,821	527,617	(7,796)	2,072,121	25.46%
<u>Fire and Police Retirement Fund</u>					
2014	\$ 1,173,930	\$ 1,174,329	\$ (399)	\$ 4,312,746	27.23%
2015	1,205,408	1,206,428	(1,020)	4,518,020	26.70%
2016	1,193,059	1,200,531	(7,472)	4,601,075	26.09%
2017	1,173,387	1,175,102	(1,715)	4,772,092	24.62%

Schedule of Investment Returns

Fiscal Year Ending September 30	Annual money weighted rate of return net of investment expense	
	General	Fire and Police
	Employees	Employees
2014	10.50%	10.00%
2015	-0.39%	0.66%
2016	9.72%	8.25%
2017	11.32%	10.92%

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, 2017

Methods and assumptions used in calculations of determined contributions.

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

	General Employees Retirement Fund	Police and Fire Retirement Fund
Actuarial Cost Method	Frozen Entry-Age	Aggregate
Amortization Method	Level Dollar, closed	N/A
Remaining Amortization Period	30 years	N/A
Asset Valuation Method	Five year smoothed market	Five year smoothed market
Inflation	2.75%	4.00%
Salary increases	Service based Between 4% and 10%	6.00%
Cost of living adjustments	2.5% for those retired before 2/1/82 or who contribute an extra 2%.	3.00%
Investment Rate of Return	6.75%	7.90%
Mortality	Female: RP2000, 100% Annuitant White Collar, Scale BB Male: RP2000, 50% Annuitant White Collar/50% Annuitant Blue Collar, Scale BB	RP-2000 Table with no projection - (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, 2017

	<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	\$ 16,531,775	\$ 16,531,775	\$ 17,118,361	\$ 586,586
Licenses and permits	971,800	971,800	997,656	25,856
Intergovernmental	1,451,803	1,451,803	1,459,579	7,776
Charges for services	2,231,365	2,231,365	2,321,298	89,933
Fines and forfeitures	76,175	76,175	124,395	48,220
Investment	52,521	52,521	58,799	6,278
Miscellaneous	13,100	13,100	157,063	143,963
Total revenues	<u>21,328,539</u>	<u>21,328,539</u>	<u>22,237,151</u>	<u>908,612</u>
Expenditures				
Current				
General government	3,089,825	3,094,925	2,970,223	124,702
Public safety	8,688,912	8,738,912	8,856,922	(118,010)
Public works	4,702,663	4,779,241	4,882,159	(102,918)
Community development and planning	1,510,909	1,628,599	1,190,759	437,840
Leisure services - recreation	2,616,643	2,623,603	2,591,866	31,737
Capital outlay		1,454,961	985,885	469,076
Total expenditures	<u>20,608,952</u>	<u>22,320,241</u>	<u>21,477,814</u>	<u>842,427</u>
Excess of revenues over expenditures	<u>719,587</u>	<u>(991,702)</u>	<u>759,337</u>	<u>1,751,039</u>
Other financing sources (uses)				
Appropriated fund balance		302,207		(302,207)
Debt proceeds		15,000,000	15,000,000	
Transfer in		53,082	53,082	
Transfer out	(719,587)	(14,363,587)	(14,363,587)	
Total other financing uses	<u>(719,587)</u>	<u>991,702</u>	<u>689,495</u>	<u>(302,207)</u>
Net change in fund balances	<u>\$</u>	<u>\$</u>	1,448,832	<u>\$ 1,448,832</u>
Fund Balances				
Beginning of year			<u>11,643,878</u>	
End of year			<u>\$ 13,092,710</u>	

THE VILLAGE OF NORTH PALM BEACH, FLORIDA
Notes to the Budgetary
Required Supplementary Information (RSI)
General Fund
September 30, 2017

Note 1 - Basis of Accounting

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

Note 2 - Legal Level of Control

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

OTHER SUPPLEMENTARY INFORMATION

GENERAL FUND

THE VILLAGE OF NORTH PALM BEACH, FLORIDA
Schedule of Departmental Expenditures - Budget and Actual
General Fund
For the Year Ended September 30, 2017

	<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	\$ 50,466	\$ 50,466	\$ 50,477	\$ (11)	-0.02
Operating expenses	84,492	84,492	64,879	19,613	23.21
Total Village Council	<u>134,958</u>	<u>134,958</u>	<u>115,356</u>	<u>19,602</u>	<u>14.52</u>
Village Manager					
Personnel services	443,670	443,670	382,250	61,420	13.84
Operating expenses	41,670	46,770	88,396	(41,626)	-89.00
Total Village Manager	<u>485,340</u>	<u>490,440</u>	<u>470,646</u>	<u>19,794</u>	<u>4.04</u>
Procurement and Purchasing					
Personnel services	185,848	185,848	181,576	4,272	
Operating expenses	16,910	16,910	12,282	4,628	
Total Procurement and Purchasing	<u>202,758</u>	<u>202,758</u>	<u>193,858</u>	<u>8,900</u>	
Village Finance					
Personnel services	532,781	532,781	533,670	(889)	-0.17
Operating expenses	48,150	48,150	95,742	(47,592)	-98.84
Total Village Finance	<u>580,931</u>	<u>580,931</u>	<u>629,412</u>	<u>(48,481)</u>	<u>-8.35</u>
Village Attorney					
Operating expenses	<u>160,000</u>	<u>160,000</u>	<u>179,915</u>	<u>(19,915)</u>	<u>-12.45</u>
Village Clerk					
Personnel services	324,059	324,059	342,422	(18,363)	-5.67
Operating expenses	35,460	35,460	34,288	1,172	3.31
Total Village Clerk	<u>359,519</u>	<u>359,519</u>	<u>376,710</u>	<u>(17,191)</u>	<u>-4.78</u>
Information Technology					
Personnel services	323,058	323,058	309,673	13,385	4.14
Operating expenses	101,425	101,425	71,148	30,277	29.85
Total Information Technology	<u>424,483</u>	<u>424,483</u>	<u>380,821</u>	<u>43,662</u>	<u>10.29</u>
Human Resources					
Personnel services	279,235	279,235	216,625	62,610	22.42
Operating expenses	91,283	91,283	52,200	39,083	42.82
Total Human Resources	<u>370,518</u>	<u>370,518</u>	<u>268,825</u>	<u>101,693</u>	<u>27.45</u>
Police					
Personnel services	4,252,008	4,252,008	4,484,837	(232,829)	-5.48
Operating expenses	962,429	962,429	788,627	173,802	18.06
Total Police	<u>5,214,437</u>	<u>5,214,437</u>	<u>5,273,464</u>	<u>(59,027)</u>	<u>-1.13</u>
Fire Rescue					
Personnel services	3,125,565	3,125,565	3,209,567	(84,002)	-2.69
Operating expenses	264,185	264,185	211,477	52,708	19.95
Total Fire Rescue	<u>3,389,750</u>	<u>3,389,750</u>	<u>3,421,044</u>	<u>(31,294)</u>	<u>-0.92</u>

(Continued)

THE VILLAGE OF NORTH PALM BEACH, FLORIDA
Schedule of Departmental Expenditures - Budget and Actual
General Fund
For the Year Ended September 30, 2017

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>	<u>Percent Variance</u>
(Continued)					
Public Works Administration					
Personnel services	\$ 214,875	\$ 214,875	\$ 131,936	\$ 82,939	38.60
Operating expenses	128,918	128,918	88,890	40,028	31.05
Total Public Works	<u>343,793</u>	<u>343,793</u>	<u>220,826</u>	<u>122,967</u>	<u>35.77</u>
Sanitation					
Personnel services	1,362,433	1,362,433	1,450,918	(88,485)	-6.49
Operating expenses	192,500	192,500	228,082	(35,582)	-18.48
Total Sanitation	<u>1,554,933</u>	<u>1,554,933</u>	<u>1,679,000</u>	<u>(124,067)</u>	<u>-7.98</u>
Facility Services					
Personnel services	323,684	323,684	333,039	(9,355)	-2.89
Operating expenses	430,350	437,175	249,518	187,657	42.92
Total Facility Services	<u>754,034</u>	<u>760,859</u>	<u>582,557</u>	<u>178,302</u>	<u>23.43</u>
Street Maintenance					
Personnel services	465,949	465,949	444,536	21,413	4.60
Operating expenses	1,095,827	1,158,305	992,967	165,338	14.27
Total Street Maintenance	<u>1,561,776</u>	<u>1,624,254</u>	<u>1,437,503</u>	<u>186,751</u>	<u>11.50</u>
Vehicle Maintenance					
Personnel services	230,677	230,677	259,868	(29,191)	-12.65
Operating expenses	257,450	264,725	221,308	43,417	16.40
Total Vehicle Maintenance	<u>488,127</u>	<u>495,402</u>	<u>481,176</u>	<u>14,226</u>	<u>2.87</u>
Planning and Engineering					
Personnel services	269,566	269,566	226,334	43,232	16.04
Operating expenses	141,265	241,238	106,330	134,908	55.92
Total Planning and Engineering	<u>410,831</u>	<u>510,804</u>	<u>332,664</u>	<u>178,140</u>	<u>34.87</u>
Building					
Personnel services	815,664	815,664	633,328	182,336	22.35
Operating expenses	140,962	158,679	125,612	33,067	20.84
Total Building	<u>956,626</u>	<u>974,343</u>	<u>758,940</u>	<u>215,403</u>	<u>22.11</u>
Code Enforcement					
Personnel services	118,784	118,784	81,038	37,746	31.78
Operating expenses	24,668	24,668	18,117	6,551	26.56
Total Code Enforcement	<u>143,452</u>	<u>143,452</u>	<u>99,155</u>	<u>44,297</u>	<u>30.88</u>
Leisure Services-Recreation					
Personnel services	645,394	645,394	694,931	(49,537)	-7.68
Operating expenses	401,825	401,825	338,455	63,370	15.77
Total Leisure Services-Recreation	<u>1,047,219</u>	<u>1,047,219</u>	<u>1,033,386</u>	<u>13,833</u>	<u>1.32</u>

(Continued)

THE VILLAGE OF NORTH PALM BEACH, FLORIDA
Schedule of Departmental Expenditures - Budget and Actual
General Fund
For the Year Ended September 30, 2017

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>	<u>Percent Variance</u>
(Continued)					
Library					
Personnel services	\$ 658,869	\$ 658,869	\$ 619,779	\$ 39,090	5.93
Operating expenses	161,194	161,194	161,445	(251)	-0.16
Total Library	<u>820,063</u>	<u>820,063</u>	<u>781,224</u>	<u>38,839</u>	<u>4.74</u>
Tennis					
Personnel services	155,643	155,643	129,384	26,259	16.87
Operating expenses	294,354	301,314	313,220	(11,906)	-3.95
Total Tennis	<u>449,997</u>	<u>456,957</u>	<u>442,604</u>	<u>14,353</u>	<u>3.14</u>
Pool					
Personnel services	95,009	95,009	118,308	(23,299)	-24.52
Operating expenses	103,255	103,255	126,250	(22,995)	-22.27
Total Pool	<u>198,264</u>	<u>198,264</u>	<u>244,558</u>	<u>(46,294)</u>	<u>-23.35</u>
Special Events					
Operating expenses	101,000	101,000	90,065	10,935	10.83
Total Special Events	<u>101,000</u>	<u>101,000</u>	<u>90,065</u>	<u>10,935</u>	<u>10.83</u>
Reserves and contingencies					
Operating expenses		1,008,183	1,281,527	(273,344)	
		<u>1,008,183</u>	<u>1,281,527</u>	<u>(273,344)</u>	
Non-Departmental					
Operating expenses	456,143	506,143	517,123	(10,980)	-2.17
	<u>456,143</u>	<u>506,143</u>	<u>517,123</u>	<u>(10,980)</u>	<u>-2.17</u>
Capital Outlay					
Police			29,683	(29,683)	
Vehicle Maintenance			5,352	(5,352)	
Planning and Engineering		1,879		1,879	100.00
Building			6,295	(6,295)	
Reserves and contingencies		444,899	144,125	300,774	67.61
Total Capital Outlay		<u>446,778</u>	<u>185,455</u>	<u>261,323</u>	<u>58.49</u>
Total expenditures	<u>\$ 20,608,952</u>	<u>\$ 22,320,241</u>	<u>\$ 21,477,814</u>	<u>\$ 842,427</u>	<u>3.77%</u>

COMBINING FINANCIAL STATEMENTS

NONMAJOR GOVERNMENTAL FUNDS

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

THE VILLAGE OF NORTH PALM BEACH, FLORIDA
Combining Balance Sheet
Nonmajor Governmental Funds
September 30, 2017

	Special Revenue Funds				Total Nonmajor Governmental Funds
	Public Safety Fund	Northlake Boulevard Fund	Recreation	On-Behalf Pension Contributions	
Assets					
Cash and cash equivalents	\$ 1,520	\$ 1,986	\$ 440,812		\$ 444,318
Due from other governments				2,791	2,791
Total assets	<u>\$ 1,520</u>	<u>\$ 1,986</u>	<u>\$ 440,812</u>	<u>\$ 2,791</u>	<u>\$ 447,109</u>
Liabilities					
Accounts payable	\$	\$	\$ 11,309	\$ 2,791	\$ 14,100
Due to other funds			44,028		44,028
Total liabilities			<u>55,337</u>	<u>2,791</u>	<u>58,128</u>
Fund balances					
Assigned	<u>1,520</u>	<u>1,986</u>	<u>385,475</u>		<u>388,981</u>
Total fund balances	<u>1,520</u>	<u>1,986</u>	<u>385,475</u>		<u>388,981</u>
Total liabilities and fund balances	<u>\$ 1,520</u>	<u>\$ 1,986</u>	<u>\$ 440,812</u>	<u>\$ 2,791</u>	<u>\$ 447,109</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, 2017

	Special Revenue Funds				Total Nonmajor Governmental Funds
	Public Safety Fund	Northlake Boulevard Fund	Recreation	On-Behalf Pension Contributions	
Revenues					
Intergovernmental	\$ 18,992	\$	\$ 77,500	\$ 309,138	\$ 405,630
Fines and forfeitures					
Total revenues	18,992		77,500	309,138	405,630
Expenditures					
Current					
Public safety				309,138	309,138
Capital outlay	18,992		197,000		215,992
Total expenditures	18,992		197,000	309,138	525,130
Excess (deficiency) of revenues over (under) expenditures			(119,500)		(119,500)
Other financing sources (uses)					
Transfers in					
Total other financing sources (uses)					
Net changes in fund balances			(119,500)		(119,500)
Fund balances - Beginning of year	1,520	1,986	504,975		508,481
Fund balances - End of year	\$ 1,520	\$ 1,986	\$ 385,475	\$	\$ 388,981

FIDUCIARY FUNDS

Pension Trust Funds

General Employees Pension Trust Fund

Fire and Police Officers Pension Trust Fund

THE VILLAGE OF NORTH PALM BEACH, FLORIDA
Combining Statement of Net Position - Pension Trust Funds
September 30, 2017

	General Employees Pension	Fire and Police Officers Pension	Total Employee Retirement Funds
Assets			
Cash and cash equivalents	\$ 284,925	\$ 302,673	\$ 587,598
Investments:			
Domestic common equity securities		10,757,817	10,757,817
International common equity securities		2,393,230	2,393,230
U.S. Government and agencies		1,991,487	1,991,487
Municipal bonds		311,950	311,950
Corporate bonds		3,477,006	3,477,006
Fixed income exchange traded funds	2,789,819		2,789,819
Equity exchange traded funds	2,944,061		2,944,061
Fixed income mutual funds	2,640,119		2,640,119
Equity mutual funds	6,462,257		6,462,257
Real estate investment fund		2,386,295	2,386,295
Money market mutual funds		1,151,404	1,151,404
Accrued interest and dividends	5,596	52,883	58,479
Accounts receivable	45,599	67,526	113,125
Prepays		2,182	2,182
Total assets	15,172,376	22,894,453	38,066,829
Liabilities			
Accounts payable	23,692	38,654	62,346
Total liabilities	23,692	38,654	62,346
Net Position restricted for pensions	\$ 15,148,684	\$ 22,855,799	\$ 38,004,483

THE VILLAGE OF NORTH PALM BEACH, FLORIDA
Combining Statement of Changes in Fiduciary Net Position
Pension Trust Funds
For the Year Ended September 30, 2017

	<u>General Employees Pension</u>	<u>Fire and Police Officers Pension</u>	<u>Total Employee Retirement Funds</u>
Additions			
Contributions			
Employer	\$ 527,617	\$ 945,880	\$ 1,473,497
Plan members	110,417	219,376	329,793
State on-behalf payments		309,138	309,138
Total contributions	<u>638,034</u>	<u>1,474,394</u>	<u>2,112,428</u>
Investment earnings			
Dividends and interest	374,112	545,211	919,323
Net increase in fair value of investments	<u>1,157,744</u>	<u>1,817,794</u>	<u>2,975,538</u>
Total investment earnings	1,531,856	2,363,005	3,894,861
Less: investment expenses	<u>44,543</u>	<u>163,982</u>	<u>208,525</u>
Total investment earnings	<u>1,487,313</u>	<u>2,199,023</u>	<u>3,686,336</u>
Total additions	<u>2,125,347</u>	<u>3,673,417</u>	<u>5,798,764</u>
Deductions			
Administration	22,361	77,018	99,379
Termination refunds	13,492	552	14,044
Benefits	<u>441,079</u>	<u>680,121</u>	<u>1,121,200</u>
Total deductions	<u>476,932</u>	<u>757,691</u>	<u>1,234,623</u>
Change in net position	1,648,415	2,915,726	4,564,141
Net position - beginning	<u>13,500,269</u>	<u>19,940,073</u>	<u>33,440,342</u>
Net position - ending	<u>\$ 15,148,684</u>	<u>\$ 22,855,799</u>	<u>\$ 38,004,483</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, 2017

	Manatee Protection Agency	Northlake Boulevard Task Force	Total Agency Funds
Assets			
Cash and cash equivalents	\$ 302,987	\$ 64,417	\$ 367,404
Liabilities			
Due to others	\$ 302,987	\$ 64,417	\$ 367,404

THE VILLAGE OF NORTH PALM BEACH, FLORIDA
Combining Schedule of Changes in Agency Net Position
For the Year Ended September 30, 2017

	<u>September 30, 2016</u>	<u>Additions</u>	<u>Deductions</u>	<u>September 30, 2017</u>
<u>Manatee Protection Agency</u>				
Assets				
Cash and cash equivalents	\$ 299,502	\$ 3,485	\$	\$ 302,987
Liabilities				
Due to others	\$ 299,502	\$ 3,485	\$	\$ 302,987
<u>Northlake Boulevard Task Force</u>				
Assets				
Cash and cash equivalents	\$ 63,675	\$ 742	\$	\$ 64,417
Liabilities				
Due to others	\$ 63,675	\$ 742	\$	\$ 64,417
<u>Total All Agency Funds</u>				
Assets				
Cash and cash equivalents	\$ 363,177	\$ 4,227	\$	\$ 367,404
Liabilities				
Due to others	\$ 363,177	\$ 4,227	\$	\$ 367,404

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, 2017

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)	Percent Variance
Revenue					
Greens fee/cart rentals/membership fees	\$ 2,359,290	\$ 2,359,290	\$ 2,302,645	\$ (56,645)	-2.40
Golf shop revenues	367,800	367,800	296,119	(71,681)	-19.49
Driving range revenues	315,920	315,920	303,994	(11,926)	-3.78
Restaurant revenues	738,445	738,445	32,595	(705,850)	-95.59
Interest revenues	10,000	10,000	10,274	274	2.74
Miscellaneous	6,000	6,000	11,079	5,079	84.65
Appropriated net position	45,400	45,400		(45,400)	-100.00
Total revenues	3,842,855	3,842,855	2,956,706	(886,149)	-23.06
Golf Maintenance					
Operating expenses	1,138,162	1,138,162	1,137,008	1,154	0.10
Total Golf Maintenance	1,138,162	1,138,162	1,137,008	1,154	0.10
Golf Pro Shop and Range					
Personnel services	654,128	654,128	577,878	76,250	11.66
Operating expenses	509,973	509,973	418,621	91,352	17.91
Total Golf Pro Shop and Range	1,164,101	1,164,101	996,499	167,602	14.40
Food and Beverage					
Personnel services	498,754	498,754	1,291	497,463	99.74
Operating expenses	389,017	389,017	64,288	324,729	83.47
Total Food and Beverage	887,771	887,771	65,579	822,192	92.61
Administration					
Personnel services	65,424	65,424	70,262	(4,838)	-7.39
Operating expenses	28,887	28,887	20,110	8,777	30.38
Total Administration	94,311	94,311	90,372	3,939	4.18
Clubhouse and Grounds					
Operating expenses	95,889	95,889	118,379	(22,490)	(23.45)
Capital outlay	7,000	7,000	2,416	4,584	
Total Clubhouse and Grounds	102,889	102,889	120,795	(17,906)	(17.40)
Insurance and General Liability					
Operating expenses	47,470	47,470	47,469	1	0.00
Reserves					
Operating	10,000	10,000	15,090	(5,090)	(50.90)
Total Reserves	10,000	10,000	15,090	(5,090)	(50.90)
Debt service					
Debt service (1)	398,151	398,151	541,159	(143,008)	(35.92)
Total expenses on the budgetary basis	3,842,855	3,842,855	3,013,971	828,884	21.57
Revenues over expenses	<u>\$</u>	<u>\$</u>	<u>\$ (57,265)</u>	<u>\$ (57,265)</u>	
Adjustments to reconcile to the GAAP Basis					
Total expenses on the budgetary basis			3,013,971		
Less: debt service			(541,159)		
Add: depreciation expense			327,078		
Total operating expenses			<u>\$ 2,799,890</u>		

(1) The payment that is due October 1 is typically paid in September, but was paid in October of the current year.

STATISTICAL SECTION

STATISTICAL SECTION

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

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

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

	Fiscal Year				
	2008	2009	2010	2011	2012
Governmental Activities:					
Net investment in capital assets	\$ 12,845,093	\$ 16,643,241	\$ 18,184,508	\$ 17,237,355	\$ 16,109,707
Restricted	979,182	251,088	390,081	548,489	658,194
Unrestricted	9,836,912	11,016,626	10,568,594	11,775,621	11,846,141
Total governmental activities net position	<u>23,661,187</u>	<u>27,910,955</u>	<u>29,143,183</u>	<u>29,561,465</u>	<u>28,614,042</u>
Business-Type Activities:					
Net investment in capital assets	2,492,524	2,364,814	2,295,125	2,200,927	2,082,668
Unrestricted	202,802	434,212	403,261	385,623	557,954
Total business-type activities net position	<u>2,695,326</u>	<u>2,799,026</u>	<u>2,698,386</u>	<u>2,586,550</u>	<u>2,640,622</u>
Primary government:					
Net investment in capital assets	15,337,617	19,008,055	20,479,633	19,438,282	18,192,375
Restricted	979,182	251,088	390,081	548,489	658,194
Unrestricted	10,039,714	11,450,838	10,971,855	12,161,244	12,404,095
Total primary government net position	<u>\$ 26,356,513</u>	<u>\$ 30,709,981</u>	<u>\$ 31,841,569</u>	<u>\$ 32,148,015</u>	<u>\$ 31,254,664</u>
	2013	2014	2015 (1)	2016	2017
Governmental Activities:					
Net investment in capital assets	\$ 15,431,966	\$ 14,966,927	\$ 14,711,016	\$ 14,102,547	\$ 13,484,731
Restricted	317,190	180,755	177,431	398,519	992,538
Unrestricted	11,973,715	11,314,096	6,168,366	6,677,850	6,536,225
Total governmental activities net position	<u>27,722,871</u>	<u>26,461,778</u>	<u>21,056,813</u>	<u>21,178,916</u>	<u>21,013,494</u>
Business-Type Activities:					
Net investment in capital assets	1,998,974	1,907,746	1,833,975	1,880,421	1,991,168
Unrestricted	668,434	514,167	544,523	418,726	361,461
Total business-type activities net position	<u>2,667,408</u>	<u>2,421,913</u>	<u>2,378,498</u>	<u>2,299,147</u>	<u>2,352,629</u>
Primary government:					
Net investment in capital assets	17,430,940	16,874,673	16,544,991	15,982,968	15,475,899
Restricted	317,190	180,755	177,431	398,519	992,538
Unrestricted	12,642,149	11,828,263	6,712,889	7,096,576	6,897,686
Total primary government net position	<u>\$ 30,390,279</u>	<u>\$ 28,883,691</u>	<u>\$ 23,435,311</u>	<u>\$ 23,478,063</u>	<u>\$ 23,366,123</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				
	2008	2009	2010	2011	2012
Expenses					
Governmental activities:					
General government	\$ 1,839,228	\$ 2,239,511	\$ 2,679,192	\$ 2,403,681	\$ 2,520,815
Public safety	7,154,578	7,095,043	7,304,233	7,232,748	7,892,561
Public works	3,996,711	4,083,441	4,594,738	4,733,913	4,652,620
Community development and planning	860,448	826,149	806,536	811,177	884,773
Leisure services	3,244,045	3,174,623	2,830,292	2,749,065	2,873,496
Interest on long-term debt	120,549	26,702	4,384		
Total governmental activities expenses	<u>17,215,559</u>	<u>17,445,469</u>	<u>18,219,375</u>	<u>17,930,584</u>	<u>18,824,265</u>
Business-type activities:					
Country club	3,268,562	3,308,535	3,398,206	3,691,528	3,536,139
Total business-type activities	<u>3,268,562</u>	<u>3,308,535</u>	<u>3,398,206</u>	<u>3,691,528</u>	<u>3,536,139</u>
Total primary government expenses	<u>\$ 20,484,121</u>	<u>\$ 20,754,004</u>	<u>\$ 21,617,581</u>	<u>\$ 21,622,112</u>	<u>\$ 22,360,404</u>
Program Revenues					
Governmental activities:					
Charges for services:					
General government	\$ 123,334	\$ 122,569	\$ 126,968	\$ 130,886	\$ 135,372
Public safety	383,325	378,591	465,263	420,653	440,568
Public works	288,994	394,082	411,722	400,662	386,974
Community development and planning	888,015	699,130	734,718	861,394	816,673
Leisure services	595,558	912,862	1,063,748	1,043,459	1,018,883
Other government					
Operating grants and contributions	88,224	105,080	96,670	126,568	149,573
Capital grants and contributions	1,602,465	2,017,158	75,845	5,169	5,686
Total governmental activities program revenues	<u>3,969,915</u>	<u>4,629,472</u>	<u>2,974,934</u>	<u>2,988,791</u>	<u>2,953,729</u>
Business-type activities:					
Charges for services:					
Country club	3,616,509	3,404,859	3,227,580	3,571,199	3,582,760
Operating grants and contributions	13,609				
Capital grants and contributions					
Total business-type activities program revenues	<u>3,630,118</u>	<u>3,404,859</u>	<u>3,227,580</u>	<u>3,571,199</u>	<u>3,582,760</u>
Total primary government program revenues	<u>\$ 7,600,033</u>	<u>\$ 8,034,331</u>	<u>\$ 6,202,514</u>	<u>\$ 6,559,990</u>	<u>\$ 6,536,489</u>
Net (Expense)/Revenue					
Governmental activities	\$ (13,245,644)	\$ (12,815,997)	\$ (15,244,441)	\$ (14,941,793)	\$ (15,870,536)
Business-type activities	361,556	96,324	(170,626)	(120,329)	46,621
Total primary government net expense	<u>\$ (12,884,088)</u>	<u>\$ (12,719,673)</u>	<u>\$ (15,415,067)</u>	<u>\$ (15,062,122)</u>	<u>\$ (15,823,915)</u>
General revenues and other changes in net position:					
Governmental activities:					
Taxes:					
Property taxes	\$ 11,915,355	\$ 11,917,359	\$ 11,053,128	\$ 10,441,869	\$ 10,011,748
Local option gas taxes	278,649	267,557	266,077	259,794	263,369
Utility service taxes	2,018,071	2,239,002	2,261,375	2,198,148	2,164,920
Franchise taxes	1,212,562	1,256,831	1,204,328	1,191,155	1,178,598
Sales and use taxes	1,227,341	1,116,107	1,114,945	1,140,744	1,138,097
Unrestricted grants and contributions					
Investment earnings	194,652	(1,346)	280,217	97,743	90,968
Miscellaneous	55,719	263,459	213,425	30,622	75,413
Contributions for Support Our Troops	16,959	6,796			
Gain on disposal of equipment					
Transfers	49,296				
Total governmental activities	<u>16,968,604</u>	<u>17,065,765</u>	<u>16,393,495</u>	<u>15,360,075</u>	<u>14,923,113</u>
Business-type activities:					
Investment income	36,431	7,376	14,686	8,493	7,451
Miscellaneous			55,300		
Transfers	(49,296)				
Total business-type activities	<u>(12,865)</u>	<u>7,376</u>	<u>69,986</u>	<u>8,493</u>	<u>7,451</u>
Total primary government	<u>\$ 16,955,739</u>	<u>\$ 17,073,141</u>	<u>\$ 16,463,481</u>	<u>\$ 15,368,568</u>	<u>\$ 14,930,564</u>
Change in net position					
Governmental activities	\$ 3,722,960	\$ 4,249,768	\$ 1,149,054	\$ 418,282	\$ (947,423)
Business-type activities	348,691	103,700	(100,640)	(111,836)	54,072
Total primary government	<u>\$ 4,071,651</u>	<u>\$ 4,353,468</u>	<u>\$ 1,048,414</u>	<u>\$ 306,446</u>	<u>\$ (893,351)</u>

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

	2013	2014	2015	2016	2017
\$	2,489,488	\$ 2,696,298	\$ 3,028,716	\$ 2,985,185	\$ 3,205,903
	8,282,062	9,259,442	9,311,441	9,308,778	9,905,815
	4,482,973	4,485,246	4,963,704	5,106,651	5,707,570
	966,245	1,046,299	1,308,924	1,382,121	1,255,115
	2,974,290	3,114,213	2,973,687	2,904,715	3,114,720
					266,892
	19,195,058	20,601,498	21,586,472	21,687,450	23,456,015
	<u>3,629,120</u>	<u>3,902,131</u>	<u>3,842,660</u>	<u>3,845,547</u>	<u>2,903,224</u>
	<u>3,629,120</u>	<u>3,902,131</u>	<u>3,842,660</u>	<u>3,845,547</u>	<u>2,903,224</u>
\$	<u>22,824,178</u>	<u>\$ 24,503,629</u>	<u>\$ 25,429,132</u>	<u>\$ 25,532,997</u>	<u>\$ 26,359,239</u>
\$	107,976	\$ 110,694	\$ 131,445	\$ 128,459	\$ 134,249
	522,121	592,644	537,064	628,529	557,265
	403,447	402,814	514,354	565,011	547,596
	993,059	1,621,471	1,163,875	1,213,032	1,222,464
	1,087,182	1,096,021	1,006,382	994,918	1,022,175
	91,901	90,520	380,567	365,823	377,339
	233,949	16,098	26,548	229,161	102,187
	<u>3,439,635</u>	<u>3,930,262</u>	<u>3,760,235</u>	<u>4,124,933</u>	<u>3,963,275</u>
	3,577,446	3,645,706	3,788,852	3,720,573	2,946,432
	<u>3,577,446</u>	<u>3,645,706</u>	<u>3,788,852</u>	<u>3,720,573</u>	<u>2,946,432</u>
\$	<u>7,017,081</u>	<u>\$ 7,575,968</u>	<u>\$ 7,549,087</u>	<u>\$ 7,845,506</u>	<u>\$ 6,909,707</u>
\$	(15,755,423)	\$ (16,671,236)	\$ (17,826,237)	\$ (17,562,517)	\$ (19,492,740)
	(51,674)	(256,425)	(53,808)	(124,974)	43,208
\$	<u>(15,807,097)</u>	<u>\$ (16,927,661)</u>	<u>\$ (17,880,045)</u>	<u>\$ (17,687,491)</u>	<u>\$ (19,449,532)</u>
\$	9,981,391	\$ 10,154,695	\$ 11,364,888	\$ 12,253,917	\$ 13,091,985
	261,852	266,147	282,549	288,150	305,700
	2,197,760	2,277,366	2,267,118	2,303,294	2,413,679
	1,160,780	1,232,669	1,253,139	1,263,812	1,306,997
	1,187,221	1,260,617	1,332,209	1,363,954	1,924,490
	37,029	16,653	108,794	103,353	126,926
	38,219	146,360	57,137	60,026	150,698
		55,636	30,457	48,114	6,843
	<u>14,864,252</u>	<u>15,410,143</u>	<u>16,696,291</u>	<u>17,684,620</u>	<u>19,327,318</u>
	8,555	10,930	10,393	9,230	10,274
	69,905			36,393	
	<u>78,460</u>	<u>10,930</u>	<u>10,393</u>	<u>45,623</u>	<u>10,274</u>
\$	<u>14,942,712</u>	<u>\$ 15,421,073</u>	<u>\$ 16,706,684</u>	<u>\$ 17,730,243</u>	<u>\$ 19,337,592</u>
\$	(891,171)	\$ (1,261,093)	\$ (1,129,946)	\$ 122,103	\$ (165,422)
	26,786	(245,495)	(43,415)	(79,351)	53,482
\$	<u>(864,385)</u>	<u>\$ (1,506,588)</u>	<u>\$ (1,173,361)</u>	<u>\$ 42,752</u>	<u>\$ (111,940)</u>

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

	2008	2009	2010	2011	2012
<i>Pre GASB 54</i>					
General Fund					
Reserved	\$ 775,339	\$ 563,115	\$	\$	\$
Unreserved	8,265,513	10,058,216			
Total general fund					
<i>Post GASB 54</i>					
General Fund					
Nonspendable					
Restricted			167,108	276,924	166,839
Committed			338,457	548,489	658,194
Assigned					
Unassigned			104,245	186,594	127,574
Total general fund	<u>\$ 9,040,852</u>	<u>\$ 10,621,331</u>	<u>\$ 11,052,909</u>	<u>\$ 11,700,667</u>	<u>\$ 12,197,584</u>
<i>Pre GASB 54</i>					
All other Governmental Funds					
Reserved	\$ 239,979	\$	\$	\$	\$
Unreserved, reported in:					
Special revenue funds	594,399	(152,861)			
Capital projects funds	713,373	825,778			
Total all other governmental funds					
<i>Post GASB 54</i>					
All other Governmental Funds					
Restricted					
Assigned					
Special revenue funds			47,379	47,107	47,652
Capital projects funds			844,742	1,491,574	2,129,831
Total all other governmental funds	<u>\$ 1,547,751</u>	<u>\$ 672,917</u>	<u>\$ 892,121</u>	<u>\$ 1,538,681</u>	<u>\$ 2,177,483</u>
<i>Post GASB 54</i>					
	2013	2014	2015	2016	2017
General Fund					
Nonspendable	\$ 293,674	\$ 244,438	\$ 155,594	\$ 358,606	\$ 183,220
Restricted	317,190	135,255	131,931	353,019	781,756
Committed	442,833				
Assigned	200,016	216,808	319,888	208,204	316,266
Unassigned	11,451,668	12,391,362	10,802,623	10,724,049	11,811,468
Total general fund	<u>\$ 12,705,381</u>	<u>\$ 12,987,863</u>	<u>\$ 11,410,036</u>	<u>\$ 11,643,878</u>	<u>\$ 13,092,710</u>
All other Governmental Funds					
Restricted	\$	\$ 45,500	\$ 45,500	\$ 45,500	\$ 13,988,744
Assigned					
Special revenue funds	47,652	325,152	318,526	508,481	388,981
Capital projects funds	1,799,617	841,850	1,448,620	1,604,073	1,670,196
Total all other governmental funds	<u>\$ 1,847,269</u>	<u>\$ 1,212,502</u>	<u>\$ 1,812,646</u>	<u>\$ 2,158,054</u>	<u>\$ 16,047,921</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				
	2008	2009	2010	2011	2012
Revenues:					
Taxes	\$ 15,424,638	\$ 15,680,749	\$ 14,784,906	\$ 14,090,966	\$ 13,618,635
Licenses and Permits	1,047,144	880,016	910,997	959,098	810,390
Intergovernmental	2,459,211	3,315,908	1,768,388	1,557,377	1,591,678
Charges for services	1,268,774	1,684,718	1,944,245	1,934,424	1,966,179
Fines and forfeitures	235,965	145,340	142,048	164,366	140,610
Investment earnings	194,652	(1,345)	280,218	97,743	90,968
Miscellaneous	137,447	300,455	278,062	59,462	130,293
Total revenues	<u>20,767,831</u>	<u>22,005,841</u>	<u>20,108,864</u>	<u>18,863,436</u>	<u>18,348,753</u>
Expenditures:					
General government	2,246,461	1,970,257	2,496,342	2,402,241	2,328,568
Public safety	7,056,833	6,835,730	7,021,231	7,053,282	7,583,018
Public works	3,725,450	3,432,556	3,887,034	4,044,642	3,886,698
Community development and planning	840,366	784,486	774,121	790,937	844,748
Leisure services - recreation	2,876,840	2,898,252	2,361,388	2,295,959	2,374,748
Other government					
Capital outlay	2,597,065	3,939,455	663,582	682,057	495,254
Debt service					
Principal payments	716,206	1,395,735	2,250,000		
Interest paid on debt	143,726	43,725	4,384		
Total expenditures	<u>20,202,947</u>	<u>21,300,196</u>	<u>19,458,082</u>	<u>17,269,118</u>	<u>17,513,034</u>
Excess of revenues over (under) expenditures	564,884	705,645	650,782	1,594,318	835,719
Other financing sources (uses)					
Transfers in	1,254,952	454,111	163,490	1,334,934	500,000
Transfers out	(1,254,952)	(454,111)	(163,490)	(1,334,934)	(500,000)
Capital lease					
Proceeds from debt issuance					
Miscellaneous					
Total other financing sources (uses)	<u> </u>				
Net change in fund balances	<u>\$ 564,884</u>	<u>\$ 705,645</u>	<u>\$ 650,782</u>	<u>\$ 1,594,318</u>	<u>\$ 835,719</u>
Debt service as a percentage of noncapital expenditures	4.91%	8.07%	11.99%	-	-

<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
\$ 13,601,783	\$ 13,930,877	\$ 15,167,694	\$ 16,109,173	\$ 17,118,361
803,337	1,344,653	947,158	1,235,782	997,656
1,817,603	1,688,608	1,758,246	1,765,836	2,417,809
2,141,437	2,320,305	2,231,673	2,364,013	2,321,298
131,524	117,869	128,235	91,534	124,395
37,029	16,653	108,794	103,353	126,926
207,076	258,086	122,107	191,250	157,063
<u>18,739,789</u>	<u>19,677,051</u>	<u>20,463,907</u>	<u>21,860,941</u>	<u>23,263,508</u>
2,346,281	2,541,546	2,904,553	2,876,521	2,970,223
7,947,221	8,947,627	8,966,077	9,129,947	9,166,060
3,733,977	3,773,689	4,255,636	4,266,749	4,882,159
933,117	1,004,642	1,270,399	1,351,061	1,190,759
2,491,559	2,644,598	2,514,495	2,448,164	2,591,866
1,110,051	1,117,234	1,530,430	1,209,249	2,123,742
<u>18,562,206</u>	<u>20,029,336</u>	<u>21,441,590</u>	<u>21,281,691</u>	<u>22,924,809</u>
177,583	(352,285)	(977,683)	579,250	338,699
265,000	323,000	2,091,246	1,503,750	1,503,750
(265,000)	(323,000)	(2,091,246)	(1,503,750)	(1,503,750)
				15,000,000
				<u>15,000,000</u>
<u>\$ 177,583</u>	<u>\$ (352,285)</u>	<u>\$ (977,683)</u>	<u>\$ 579,250</u>	<u>\$ 15,338,699</u>

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

Fiscal Year Ended Sept 30,	Tax Roll Year	Real Property			Total Net Market - Assessed Value	Total Direct Tax Rate
		Residential Property	Commercial Property	Personal Property		
2008	2007	\$ 1,744,202,888	\$ 229,300,592	\$ 43,735,861	\$ 2,017,239,341	6.0000
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
2016	2015	1,453,735,176	232,020,936	36,939,006	1,722,695,118	7.3300
2017	2016	1,545,192,840	259,097,141	40,181,846	1,844,471,827	7.3300

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

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

Source: Palm Beach County Property Appraiser

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

Fiscal Year	Tax Roll Year	Village of N. Palm Beach	Overlapping Rates (1)			Total Direct and Overlapping Rates
			Palm Beach County School District	Palm Beach County	Special Districts	
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
2016	2015	7.3300	7.5120	4.9277	2.0974	21.8671
2017	2016	7.3300	7.0700	4.9142	1.9453	21.2595

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

2017 & 2008 Presented

<u>Taxpayers</u>	<u>2017</u>			<u>2008</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>
Domani Development, LLC	36,000,043	1	1.95%	13,720,275	3	0.68%
Olen Residential Realty	30,410,469	2	1.65%	16,800,000	2	0.83%
Old Port Cove Equities, Inc	33,053,607	3	1.79%			
Sanctuary Bay Trust Corporation	24,073,391	4	1.31%	13,200,300	4	0.65%
Florida Power & Light	19,832,057	5	1.08%			
JB Shoppes LLLP	16,035,391	6	0.87%			
Pearland RJR LLC	13,004,935	7	0.71%			
New Country Motor Cars	14,366,560	8	0.78%			
Old Port Cove Holdings, Inc	10,514,192	9	0.57%	7,702,923	8	0.38%
Chouest, Gary	9,428,273	10	0.51%			
Crystal Tree NPb				18,037,727	1	0.89%
CF02 Palm Beach III LP				13,000,000	5	0.64%
Greater Fla Inv Co&				10,371,407	6	0.51%
Village Shoppers at US ILLC				9,325,955	7	0.46%
Riverside National Bank of FL				6,363,298	9	0.32%
Northlake Storage, LLC				5,610,908	10	0.28%
Total	\$ 206,718,918		11.22%	\$ 114,132,793		5.64%

Source: Palm Beach Country Appraiser

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

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

Fiscal Year Ending Sept 30,	Tax Roll Year	Total Taxes Levied for Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
			Amount	Percent of Levy		Amount	Percent of Levy
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%
2016	2015	12,627,355	12,197,736	96.60%	57,133	12,254,869	97.05%
2017	2016	13,519,978	13,051,272	96.53%	41,267	13,092,539	96.84%

Source: Palm Beach Country Property Appraiser

* Information available from the PBC Tax Collector is presented

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

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>			
2008	3,605,639	40,097	4,662,833	192,892	8,501,461	1.01%	692.64
2009	2,250,000	-	4,383,033	97,049	6,730,082	0.83%	583.15
2010	-	-	4,090,284	235,176	4,325,460	0.56%	371.64
2011	-	-	3,844,928	173,084	4,018,012 *	0.54%	* 345.22
2012	-	-	3,608,294	106,933	3,715,227	0.50%	303.51
2013	-	-	3,357,875	396,055	3,753,930	0.49%	305.37
2014	-	-	3,096,925	274,471	3,371,396	0.46%	266.62
2015	-	-	2,824,987	147,767	2,972,754	0.37%	234.94
2016	-	-	2,684,913	-	2,684,913	0.35%	212.20
2017	15,000,000	-	2,247,088	-	17,247,088	1.85%	1,292.69

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

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

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

VILLAGE OF NORTH PALM BEACH
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
SEPTEMBER 30, 2017
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	\$ 111,216	1.12%	\$ 1,246
Palm Beach County School Board	11,396	1.03%	\$ 117
Other debt:			
Palm Beach County	846,515	1.12%	9,481
Palm Beach County School Board		1.03%	
Subtotal, overlapping debt			10,844
Village of North Palm Beach Direct Debt			-
Total direct and overlapping debt			\$ 10,844

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>
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
2016	3,766,196	3,333,395	432,801	394,900	1.10
2017	2,956,706	2,472,812	483,894	394,900	1.23

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

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

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

Calendar Year	Population (1)	Median Personal Income (1)	Per Capita Personal Income (1)	Palm Beach County Unemployment Rate (2)
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
2016 (estimate)	12,817	***61,653	****45,110	**2.10
2017 (estimate)	13,342	***69,718	****46,160	**2.70

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 2012-2016 presented
- *** North Palm Beach Median Personal Income for 2012 - 2016 presented
- **** West Palm Beach/Ft Lauderdale/Miami Mean Income data 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>	<u>2016**</u>		<u>2007**</u>	
	<u>Employees</u>	<u>Percentage of Total Employment</u>	<u>Employees</u>	<u>Percentage of Total Employment</u>
Palm Beach Country School Board	21,200	2.98%	21,707	3.47%
Federal Government	6,265	0.88%	6,191	0.99%
Tenet Health Care Corp	6,136	0.86%	4,500	0.72%
Palm Beach County Government	5,928	0.83%	11,293	1.80%
NextEra Energy (Florida Power & Light)	4,021	0.57%	3,250	0.52%
Hospital Corporation of America (HCA) (1)	3,550	0.50%	3,411	0.54%
Boca Raton Regional Hospital (2)	2,800	0.39%	1,860	0.30%
Florida Atlantic University	2,761	0.39%	2,923	0.47%
Veterans Health Administration	2,468	0.35%	1,500	0.24%
Bethesda Memorial Hospital	2,200	0.31%	1,600	0.26%
Office Depot	2,034	0.29%	2,180	0.35%
The Breakers Hotel	2,000	0.28%	2,300	0.37%
Florida Crystals (Headquarters)	2,000	0.28%	1,800	0.29%
Jupiter Medical Center	1,907	0.27%	1,400	0.22%
State Government	1,618	0.23%	2,287	0.37%
City of Boca Raton	1,499	0.21%	1,297	0.21%
City of West Palm Beach	1,420	0.20%	1,544	0.25%
	<u>69,807</u>	<u>9.82%</u>	<u>71,043</u>	<u>11.37%</u>

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

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

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

*** FY 2017 data is not available - FY 2007 & 2016 data presented

Notes:

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

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

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Number of Employees:										
General Government										
Village Manager										
Full-Time	2	2	2	2	2	2	2	2	2	4
Part-Time	0	0	0	0	0	0	0	0	0	1
Information Technology										
Full-Time	2	2	2	2	3	3	3	3	3	3
Part-Time	0	1	1	1	0	0	0	0	0	0
Human Resources										
Full-Time	2	2	2	2	2	2	2	2	2	2
Part-Time	0	0	0	0	0	0	0	1	2	2
Village Clerk - Full-Time	3	3	3	3	3	3	3	3	3	3
Finance										
Full-time	5	5	5	5	5	5	5	7	7	5
Part-Time	1	1	1	1	1	1	1	0	0	1
Public Works										
Full-time	48	38	37	37	37	37	37	35	34	36
Part-Time	0	0	0	0	0	0	0	0	0	0
Police & Fire										
Full-time	68	67	67	67	0	0	0	0	0	0
Part-Time	12	11	12	12	0	0	0	0	0	0
Police										
Full-time	0	0	0	0	43	43	43	36	36	36
Part-Time	0	0	0	0	12	13	13	13	13	13
Fire Rescue										
Full-time	0	0	0	0	24	24	24	24	24	24
Part-Time	0	0	0	0	0	0	0	0	0	0
Community Development and Planning										
Full-time	10	9	9	9	8	8	10	11	12	13
Part-Time	1	2	2	2	2	2	1	0	0	1
Leisure Services										
Library										
Full-time	7	6	6	6	6	6	6	7	7	7
Part-Time	8	10	10	10	10	10	10	9	9	9
Recreation										
Full-time	17	9	7	6	6	6	6	6	6	6
Part-Time	42	42	42	43	43	43	43	43	43	43
Other Government - Country Club										
Full-time	18	5	5	7	5	6	8	8	8	5
Part-Time	22	21	21	64	56	54	65	65	65	27
Total Number of Employees Budgeted FY Ending	268	236	234	279	268	268	282	275	276	241

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

Source: Village of North Palm Beach Budget Report

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

FUNCTION/PROGRAM	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
PUBLIC WORKS										
Sanitation (Tons of Refuse Collected)	11,974	10,667	10,165	9,962	10,065	10,720	10,720	11,167	12,556	12,980
No. of collection units for solid waste (residential)	7,163	7,214	7,070	7,071	7,076	7,471	7,616	7,618	7,614	7,614
Number of vehicles maintained	104	110	110	98	98	111	98	98	92	85
Number of repair overlays completed (miles)	3	2.5	2.71	-	-	-	-	-	-	-
POLICE										
Number of arrests by police officers	549	448	402	260	211	216	238	293	247	233
Number of traffic citations issued	5,520	6,305	4,951	2,564	2,566	1,254	2,799	3,407	2,494	1,974
FIRE RESCUE										
EMS average response times (minutes)	5.17	5.01	5.12	5.19	5.26	5.11	5.10	5.05	5.26	5.21
Number of EMS calls	1,114	1,214	1,146	1,179	1,326	1,296	1,110	1,499	1,601	1,746
COMMUNITY DEVELOPMENT & PLANNING										
Building Department - Number of Permits	1,619	1,548	1,744	1,616	1,835	2,480	2,103	3,920	4,242	4,665
Number of code enforcement violations	729	613	391	575	817	790	887	769	680	**516/357
Number of code violations brought to board/magistrate (Calendar Yr End)	115	73	38	72	100	62	28	56	42	98
RECREATION										
Number of community events presented	23	28	28	38	49	37	53	57	48	40
Number of registrants in athletic programs	1,400	1,125	1,005	1,260	1,311	2,074	1,439	1,389	1,174	1,109
LIBRARY										
Library - Number of Volumes	33,122	35,681	39,277	40,658	43,340	44,966	46,546	47,339	*57,935	41,161
OTHER GOVERNMENT										
Country Club										
Number of Golf Members	389	297	354	298	283	262	250	255	265	271
Number of Tennis Members	171	180	184	173	162	190	194	193	183	183

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

* Beginning in FY 2016 Number of Volumes includes not only printed items, but media items as well.

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

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

Function/Program:	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016*</u>	<u>2017</u>
General Government										
No. of General Government Buildings	11	23	23	23	23	23	23	23	23	23
Public Works										
Square Miles	5.18	5.18	5.18	5.18	5.18	5.18	5.18	5.18	5.18	5.18
Miles of Streets	36.00	36.00	36.00	36.00	36.00	36.00	36.00	36.00	32.30**	32.30
Number of Street Lights (within corp surroundings)	513	513	513	513	513	513	513	513	513	628****
Public Safety										
Fire:										1
Number of Stations	1	1	1	1	1	1	1	1	1	0
Number of Firemen/Paramedics/EMTs	0	0	0	0	0	0	0	0	0	24
Number of Fire Captains	23	23	23	23	22	22	22	22	23	0
Police/EMS Protection:										
Number of Stations	1	1	1	1	1	1	1	1	1	1
Number of Policemen & Officers	32	31	31	31	28	28	28	28	28	28
Number of Police Captains	0	0	0	0	2	2	2	2.5	2.5	2.5
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 (Printed items only)	33,122	35,681	39,277	40,658	43,340	44,966	46,546	47,339	48,913	33,502
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	1	1	1	1	1	1	1	1***
Snack Bar	0	0	1	1	1	1	1	1	1	1***

Source: Village of North Palm Beach

* Preliminary 2016 information is presented

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

*** Restaurant services closed on 10/01/2016

**** 173 Village owned/455 FPL owned

OTHER REPORTS



NOWLEN, HOLT & MINER, P.A.

CERTIFIED PUBLIC ACCOUNTANTS

WEST PALM BEACH OFFICE
NORTHBRIDGE CENTRE
515 N. FLAGLER DRIVE, SUITE 1700
POST OFFICE BOX 347
WEST PALM BEACH, FLORIDA 33402-0347
TELEPHONE (561) 659-3060
FAX (561) 835-0628
WWW.NHMCPA.COM

EVERETT B. NOWLEN (1930-1984), CPA
EDWARD T. HOLT, CPA
WILLIAM B. MINER, RETIRED
ROBERT W. HENDRIX, JR., CPA
JANET R. BARICEVICH, RETIRED, CPA
TERRY L. MORTON, JR., CPA
N. RONALD BENNETT, CVA, ABV, CFF, CPA
ALEXIA G. VARGA, CFE, CPA
EDWARD T. HOLT, JR., PFS, CPA
BRIAN J. BRESCIA, CFP®, CPA

MARK J. BYMASTER, CFE, CPA
RYAN M. SHORE, CFP®, CPA
WEI PAN, CPA
WILLIAM C. KISKER, CPA
RICHARD E. BOTTS, CPA

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*

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

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, 2017, 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 7, 2018.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Nowlen, Holt & Mimes, P.A.

West Palm Beach, Florida
March 7, 2018



NOWLEN, HOLT & MINER, P.A.

CERTIFIED PUBLIC ACCOUNTANTS

WEST PALM BEACH OFFICE
NORTHBRIDGE CENTRE
515 N. FLAGLER DRIVE, SUITE 1700
POST OFFICE BOX 347
WEST PALM BEACH, FLORIDA 33402-0347
TELEPHONE (561) 659-3060
FAX (561) 835-0628
WWW.NHMCOPA.COM

EVERETT B. NOWLEN (1930-1984), CPA
EDWARD T. HOLT, CPA
WILLIAM B. MINER, RETIRED
ROBERT W. HENDRIX, JR., CPA
JANET R. BARICEVICH, RETIRED, CPA
TERRY L. MORTON, JR., CPA
N. RONALD BENNETT, CVA, ABV, CFF, CPA
ALEXIA G. VARGA, CFE, CPA
EDWARD T. HOLT, JR., PFS, CPA
BRIAN J. BRESCIA, CFP®, CPA

MARK J. BYMASTER, CFE, CPA
RYAN M. SHORE, CFP®, CPA
WEI PAN, CPA
WILLIAM C. KISKER, CPA
RICHARD E. BOTTS, CPA

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

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

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, 2017, and have issued our report thereon dated March 7, 2018.

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 7, 2018, 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

Sections 10.554(1)(i)5.a. and 10.556(7), Rules of the Auditor General, require that we apply appropriate procedures and 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, 2017.

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.

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

Annual Financial Report

Sections 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, 2017, 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, 2017. 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.

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 \$750,000 of federal awards and less than \$750,000 of state financial assistance for the year ended September 30, 2017, 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 7 2018
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**

MARK J. BYMASTER, CFE, CPA
RYAN M. SHORE, CFP®, CPA
WEI PAN, CPA
WILLIAM C. KISKER, CPA
RICHARD E. BOTTS, CPA

BELLE GLADE OFFICE
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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, 2017. Management of the Village of North Palm Beach, Florida is responsible for the Village of North Palm Beach, Florida’s compliance with the specified requirements. Our responsibility is to express an opinion on the Village of North Palm Beach, Florida’s compliance with the specified requirements based on our examination.

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

Our examination does not provide a legal determination on the Village of North Palm Beach, Florida’s compliance with the specified requirements.

In our opinion, the Village of North Palm Beach, Florida complied, in all material respects, with Section 218.415, Florida Statutes for the year ended September 30, 2017.

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

Nowlen, Holt & Miner, P.A.

West Palm Beach, Florida
March 7, 2018