



Village of North Palm Beach, FL



Annual Comprehensive Financial Report

Fiscal year ended September 30, 2021



The Village of North Palm Beach, Florida



ANNUAL COMPREHENSIVE FINANCIAL REPORT

Fiscal Year Ended September 30, 2021

**Prepared by:
Finance Department**

**Samia Janjua
Director of Finance**

THE VILLAGE OF NORTH PALM BEACH, FLORIDA

FINANCIAL STATEMENTS

SEPTEMBER 30, 2021

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FINANCIAL STATEMENTS

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INTRODUCTORY SECTION



THE VILLAGE OF NORTH PALM BEACH

"THE BEST PLACE TO LIVE UNDER THE SUN"

March 24, 2022

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 Annual Comprehensive Financial Report (Annual Report) for the Village of North Palm Beach, Florida for the fiscal year ended September 30, 2021.

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, 2021. The independent auditor's report is located at the front of the financial section of this report.

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

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

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

VILLAGE PROFILE

The Village

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

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

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

FINANCIAL DATA

Financial Reporting System and Budgetary Controls

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

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

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

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

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

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

ECONOMIC OUTLOOK

Property Values

The Village obtains a major portion of its annual General Fund financial resources (67% in 2021) from ad valorem property taxes. Gross assessed property values increased substantially between the years 2002 through 2006, but slowed significantly in 2007. In years 2008 through 2012, area property values declined in value, in many instances significantly, as a result of the economic downturn. This unprecedented decline in property values was exacerbated by the number of properties in various stages of foreclosure. Both of these real-estate issues have had an adverse impact upon the financial resources of the Village. However, there has been significant residential property investment in the community over the past few years. Both the State and South Florida, in particular, are enjoying resurgence in real estate activity, which has translated into annual gains in market prices for area homes. By comparison, the Village's gross taxable property values increased in 2021 to \$2,433,243,145 or nearly 3.78%, over 2020's valuation.

In 2016, following the completion of a design charrette process in which North Palm Beach residents described their vision for the community's future, the Village adopted the Citizens' Master Plan. It is anticipated that a viable Master Plan that identifies the highest and best use of properties on U.S. 1 and Northlake Boulevard and Alternate A1A will encourage investment in the community that will create an enhanced sense of place, active uses and an increase in Village revenues. Significant initiatives included the creation of a form-based code to encourage redevelopment in the Village's commercial corridors, which was completed in 2020 and has resulted in the submittal of applications and concept plans for the redevelopment of a number of underutilized commercial properties; the study of the US1 Corridor to determine if two of the roadway's six lanes should be repurposed for landscaping and bicycle/pedestrian traffic; and the redesign of the US1 and Prosperity Farms Road Bridges to serve as architectural features signaling the entry into the community.

Investment Revenues

The Great Recession had a significant impact on Village investment revenues. In the short-term, the Village reacted by modifying its investment strategies by directing investments 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 has had a very positive financial impact on both retirement plans.

Due to legislative changes and catastrophic claims losses, the Village has encountered significant increases in annual health insurance costs during the past few years. In 2018, the Village introduced a high deductible insurance plan along with funding health saving accounts to manage growing expenses. The Village continued its focus on Employee Wellness as a means to help control health care costs and improve our opportunity for additional savings from our providers.

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

INITIATIVES AND FUTURE PROJECTS

For Fiscal Year 2020-21, the Village Council reiterated its vision to sustain the Village as the “Best Place to Live Under the Sun.” As part of that vision, the Council developed the following goals to guide the Village’s financial plan in 2021:

Goal: Financial Sustainability

Through this goal, the Village has sought to ensure that the property taxes and fees levied on residents and businesses are equitable relative to the services received and that they do not increase significantly beyond the rate of inflation or the growth in property values. Annexation of adjacent unincorporated areas and implementation of the Citizens’ Master Plan Report (adopted in October, 2016), which will encourage mixed use development along the Village’s commercial corridors and provide for desired investments in residential districts as well as simplified code regulations, will assist the Village in achieving these goals.

Functions at the Country Club were reviewed to ensure that revenue is generated to finance debt, cover operating and maintenance costs and begin funding future replacement activities. Work continues on this effort, but the performance of the Club has exceeded expectations in the nascent stages of the new operation. Additionally, the Village adopted a new fee structure that equitably distributes financial responsibility for storm water infrastructure construction and maintenance during the 2021 fiscal year.

Goal: Beautification and Quality of Life

To support one of the suggestions to improve and stabilize neighborhoods in the Citizens’ Master Plan Report, the Village Council recently established the Environmental Committee. The newly established Environmental Committee works with staff and neighborhood participants to identify necessary improvements and is responsible for developing and implementing programs to address them. The Committee tackled a series of initiatives in its initial year of existence but will take the lead in guiding the Village Council’s strategic initiative to develop a Green/Environmental Sustainability Policy. Currently, the Committee is focusing attention on water quality initiatives and evaluating a “community greening” initiative.

Goal: All Neighborhoods as Desirable Places to Live

An emphasis on code compliance is a key to achieving this goal. The Citizens' Master Plan Report highlighted this point by pointing to "stressed" neighborhoods and identifying a lack of landscape and home maintenance, faded exterior paint broken shutters and overgrown lawns as indicators. To address those issues, the Village has continued to fund a third Code Compliance Officer and will begin to adjust staffs' schedules to provide coverage on weekends. Code will also work with the Neighborhood Enhancement Team to collaborate with residents in addressing quality of life issues in their neighborhoods.

Another strategy identified in the Citizens' Master Plan Report was the need to establish infill regulations that ensure compatibility in the neighborhood. Residents that participated in the Citizens' Master Plan Report charrette process voiced concerns about the character of new housing in established neighborhoods – specifically the mass of houses being constructed in single family neighborhoods. There were other issues, such as the desire to allow for "granny flats" in the Village, that were identified during the charrette process as well. To address these and similar issues, the Village initiated a review of its land development regulations related to residential neighborhoods. The process

Goal: Waterways and Recreation

The Village will continue efforts to maintain a high level of appearance and condition of Village parks and recreational facilities, including the Country Club and reinvigorating recreational activities for a fresh approach that is responsive to the current interests of residents. To that end, the Parks and Recreation Department, in response to residents' requests to enhance the Village's athletic and recreation programs, conduct surveys and small focus groups as part of the process of revisiting the community's needs to best determine what activities should be offered as part of a Needs Assessment. The Needs Assessment results will guide activities for the next few years.

Goal: Strong Local Economy

The Citizens' Master Plan Report served as the springboard for the effort to draft and adopt new regulations that will breathe life in our commercial districts, create a more sustainable financial future for the community and enhance the small-town living that makes North Palm Beach a special place to live. To implement the Master Plan, a planning consultant assisted the Village with a review and rewrite of the Comprehensive Plan, Land Development regulations and application processes to facilitate the development process. Based upon public feedback in response to development applications submitted to the Village, the Village Council has indicated that portions of the new Code must be revisited to better meet community expectations. As part of this effort, the Village also reconstituted the Business Advisory Board to assist in revitalizing and redeveloping our commercial corridors.

While rewriting the Village's Land Development Regulations will encourage new private investment, there will continue to be public investment needs as well. New infrastructure or improvements that will benefit the commercial areas will be required over time. The use of a Community Redevelopment Agency (or CRA), which implements a tax increment financing plan, is a common tool used throughout Florida and the nation. However, establishing a CRA requires county approval and Palm Beach County has a policy that precludes the creation of new CRAs. While a CRA may not be a viable economic development tool for the Village, the Village's Audit Committee and Business Advisory Board have provided preliminary feedback on a staff proposal to allocate a portion of ad valorem tax revenue from new commercial development for business retention activities as well as capital investments in commercial areas.

Goal: Improve Mobility

Palm Beach County and the Florida Department of Transportation each have bridge replacement projects scheduled to take place within the Village limits within the next two years. The replacement of these bridges at Prosperity Farms Road and US1 (both over the Earman River) afford the Village the opportunity to introduce some of the design concepts identified in the Citizens' Master Plan Report. Ensuring that pedestrians and bicyclists (as well as golf carts) are accommodated, adding architectural features and taking advantage of water views will create new gateway elements for the community to enjoy.

Additionally, although the Village made significant investments in the bridge during FY2019, staff has begun preparing for preliminary engineering necessary to replace the Lighthouse Bridge as well as initial concept plans to provide traffic calming on Lighthouse Drive in accordance with the Master Plan.

Goal: Organizational Excellence

Due to the failure to meet service and maintenance standards, the Department of Public Works was restructured during the fiscal year. The Department's leadership team was completely changed to engender a culture of collaboration and strategic thinking. With this change, service delivery has been refined and improved, infrastructure projects are moving forward, division leaders are collaborating with one another and long-term planning is the norm.

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 Annual Comprehensive Financial Report for the fiscal year ended September 30, 2020. The Village has received this award since 1988. The Certificate of Achievement is a prestigious national award, recognizing conformance with the highest standards for preparation of state and local government financial reports. In order to be awarded a Certificate of Achievement, the governmental unit must publish an easily readable and efficiently organized Annual Report. This report satisfied both GAAP and applicable legal requirements.

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

The GFOA also presented a ***Distinguished Budget Presentation Award*** to the Village for its annual budget for the fiscal year beginning October 1, 2020. The Village has received this award since 2010. The Distinguished Budget Presentation Award is a prestigious national award that recognizes conformance with the highest principles of governmental budgeting. In order to qualify for the Distinguished Budget Presentation Award, a governmental unit must publish a budget document that meets program criteria as a policy document, as an operations guide, as a financial plan, and as a communication device.

Acknowledgements

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

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

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Andrew D. Lukasik". The signature is fluid and cursive, with the first name being the most prominent.

Andrew D. Lukasik
Village Manager

THE VILLAGE OF NORTH PALM BEACH, FLORIDA

PRINCIPAL VILLAGE OFFICIALS

SEPTEMBER 30, 2021

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

Village of North Palm Beach Organizational Structure





Government Finance Officers Association

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

Presented to

**Village of North Palm Beach
Florida**

For its Annual Comprehensive
Financial Report
for the Fiscal Year Ended

September 30, 2020

Christopher P. Morill

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, 2021, 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, 2021, 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 80 through 86, and budgetary comparison information on pages 87 through 88 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 4, 2022, on our consideration of the Village of North Palm Beach, Florida's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the effectiveness of the Village of North Palm Beach, Florida's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village of North Palm Beach, Florida's internal control over financial reporting and compliance.

Nowlen, Holt & Mimer, P.A.

West Palm Beach, Florida
March 4, 2022

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, 2021. 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 #
	2021	2020		
Total net position	\$33.68	\$29.88	\$3.80	14
Unrestricted net position available for future use	\$7.48	\$3.53	\$3.95	14
Governmental net position	\$30.41	\$30.09	\$0.32	14
Total revenues from all sources	\$34.68	\$33.02	\$1.66	15
Governmental revenues	\$21.72	\$29.15	(\$7.43)	15
Total cost of all Village programs	\$30.89	\$30.24	\$0.65	15
Governmental transfers to Business-type	\$3.53		\$3.53	15
Governmental revenues over (under) expenses	\$0.31	\$3.26	(\$2.95)	16
General fund revenues over (under) expenditures	\$1.59	\$2.23	(\$0.64)	19
General fund unassigned fund balance	\$13.89	\$11.62	\$2.27	17
As a percent of general fund expenditures	53.71%	45.95%	7.76%	
Country Club revenues over (under) expenses	\$3.49	(\$0.47)	\$3.96	22
Change in total long-term debt for the Village	\$0.23	(\$0.26)	\$0.49	

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 eight individual governmental funds: the General Fund, one Capital Projects Fund, and six 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 American Rescue Plan Act (ARPA) 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 Custodial 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 \$33.68 million at the close of the most recent fiscal year.

A significant portion of the Village's net position (73.57%) 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	
	2021	2020	2021	2020	2021	2020
Assets:						
Current and other assets	\$ 23,498	\$ 17,755	\$ (1,258)	\$ (2,177)	\$ 22,240	\$ 15,578
Capital assets	33,341	36,278	6,811	4,232	40,152	40,510
Total assets	56,839	54,033	5,553	2,055	62,392	56,088
Deferred outflows of resources:	3,433	2,968	8	7	3,441	2,975
Liabilities:						
Current liabilities	4,284	1,634	1,183	873	5,467	2,507
Long-term liabilities	21,703	21,660	1,039	1,353	22,742	23,013
Total liabilities	25,987	23,294	2,222	2,226	28,209	25,520
Deferred inflows of resources:	3,878	3,608	64	50	3,942	3,658
Net position:						
Net investment in capital assets	18,910	22,423	5,874	2,947	24,784	25,370
Restricted	1,419	986			1,419	986
Unrestricted	10,078	6,690	(2,599)	(3,161)	7,479	3,529
Total net position	\$ 30,407	\$ 30,099	\$ 3,275	\$ (214)	\$ 33,682	\$ 29,885

Governmental Activities

The cost of all governmental activities this year was \$24.94 million. As shown on Table 3, Changes in Net Position, grants and those who directly benefited from the programs paid for \$4.13 million of this cost and \$20.81 million was financed through general revenues. Governmental activities increased the Village's net position by \$0.31 million, thereby accounting for 8% of the total increase in the net position of the Village.

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

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

	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
Revenues:						
Program revenues:						
Charges for services	\$ 3,506	\$ 3,731	\$ 5,903	\$ 3,768	\$ 9,409	\$ 7,499
Operating grants and contributions	602	718			602	718
Capital grants and contributions	22	850			22	850
General revenues:						
Property taxes	17,629	16,991			17,629	16,991
Local option gas taxes	283	273			283	273
Local option infrastructure surtax	1,012	870			1,012	870
Utility service taxes	2,539	2,558			2,539	2,558
Sales and use taxes	1,548	1,346			1,548	1,346
Franchise taxes	1,354	1,305			1,354	1,305
Investment earnings	81	502	1		82	502
Miscellaneous	181	105			181	105
Gain on asset disposals	21				21	-
Total revenues	<u>28,778</u>	<u>29,249</u>	<u>5,904</u>	<u>3,768</u>	<u>34,682</u>	<u>33,017</u>
Expenses:						
Program expenses:						
General Government	3,819	3,541			3,819	3,541
Public Safety	11,260	12,103			11,260	12,103
Public Works	5,417	5,634			5,417	5,634
Community Development	1,262	1,399			1,262	1,399
Leisure Services	2,706	2,796			2,706	2,796
Interest on long-term debt	478	521			478	521
Country Club			5,942	4,243	5,942	4,243
Total expenses	<u>24,942</u>	<u>25,994</u>	<u>5,942</u>	<u>4,243</u>	<u>30,884</u>	<u>30,237</u>
Transfers	<u>(3,528)</u>		<u>3,528</u>			
Increase (decrease) in net position	308	3,255	3,490	(475)	3,798	2,780
Net position - beginning of year	30,099	26,844	(215)	260	29,884	27,104
Net position - end of year	<u>\$ 30,407</u>	<u>\$ 30,099</u>	<u>\$ 3,275</u>	<u>\$ (215)</u>	<u>\$ 33,682</u>	<u>\$ 29,884</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)

	2021		2020	
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
General government	\$ 3,819	\$ (3,368)	\$ 3,541	\$ (3,044)
Public safety	11,260	(10,397)	12,103	(11,248)
Public works	5,417	(4,952)	5,634	(5,112)
Community development	1,262	694	1,399	325
Leisure services	2,706	(2,311)	2,796	(1,094)
Interest on long-term debt	478	(478)	521	(521)
	<u>\$ 24,942</u>	<u>\$ (20,812)</u>	<u>\$ 25,994</u>	<u>\$ (20,694)</u>

At the end of the current year, as compared to the prior year, the total cost of services decreased by \$1.06 million. This decrease is primarily due to the decrease in pension expense for Public Safety.

Business-Type Activities

At the end of the current year, as compared to the prior year, Charges for Services (revenues) for the Business-type activities increased by \$2.13 million and expenses increased by \$1.70 million. Net position of the Proprietary Fund (Country Club) at September 30, 2021, were \$3.27 million. Net position increased by \$3.49 million. This increase is primarily due to the transfer of pool and tennis assets with a net book value of \$3.25 million from the Governmental Activities.

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 \$19.17 million, a \$2.64 million increase from the 2020 fund balance of \$16.53 million. Approximately 82% of the combined ending fund balance (\$15.65 million) constitutes unrestricted (unassigned/assigned) fund balance, which is available for spending at the government's discretion. The remainder of fund balance (\$3.52 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 \$13.89 million while the General Fund total fund balance was \$16.58 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 54% of total general fund expenditures, while total fund balance represents 64% of that same amount.

The general fund unassigned fund balance (\$13.89 million) represents an increase of \$2.27 million from the 2020 unassigned general fund balance of \$11.62 million. Key elements of this increase are listed below:

- Revenue for Local Government Half-Cent Sales Tax were budgeted on prior year trends (\$0.87 million). For the current year, the Village received \$1.10 million;
- Due to discounts from prompt payments, State law requires that only 95% of the gross ad-valorem taxes be budgeted as revenue (\$17.37 million). For the current year, the Village received \$17.63 million);
- Revenues for Licenses and Permits were budgeted on prior year trends (\$1.10) million. For the current year, the Village received \$1.57 million. This is primarily a result of an increase in Building Permits; and

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

General Fund Budgetary Highlights

Differences between the original budget and the final amended budget were \$1,860,783 and can be briefly summarized as follows:

- Vehicle Leases (\$1,700,352)
- Prior Year Open Purchase Order Carryover (\$160,431)

General Fund Budget Analysis

As shown on pages 89-91 of this report, in the Schedule of Departmental Expenditures – Budget and Actual, there was an overall favorable budget to actual cost variance of \$0.91 million in General Fund Departmental Expenditures. This is primarily a result of:

- several unfinished projects at fiscal year-end that were carried over into the following fiscal year (\$0.48 million); and
- savings in personnel costs (\$0.79 million)
 - some of the by-products of the COVID-19 pandemic were mandatory facility closures within the Village as well as cancellations of special events, sports programs and other recreational activities. In addition, there were fewer vacant positions being filled while implementing furloughs of part-time employees on a temporary basis. To that end, a savings in overall personnel costs was realized.

American Rescue Plan Act (ARPA) Fund

The Village's American Rescue Plan Act (ARPA) Fund is used to account for federal funds received in accordance with the American Rescue Plan Act. As part of the federal response to the COVID-19 pandemic, the American Rescue Plan Act provides more than \$130 billion in direct, flexible aid to local governments. This influx of dollars provides a unique opportunity for local governments to address financial issues resulting from the pandemic and strategically invest in the future. The Village anticipates receiving \$6.5 million in federal funding and, in accordance with the program's funding objectives, has prioritized the need to invest in water quality infrastructure and direct assistance to Village residents who were negatively affected financially by the pandemic. At the end of the current fiscal year, the Village received a total of \$3.28 million in ARPA Funds.

Infrastructure Surtax Fund

The Village's Infrastructure Surtax Fund is used to account for surtax proceeds. On November 8, 2016 PBC voters approved a one-cent sales surtax, raising the sales tax from 6% to 7% effective January 1, 2017. The surtax will sunset on December 31, 2026. The use of surtax proceeds is restricted to, among other things, the financing, planning and construction of infrastructure. Appropriations in this fund remain open and carry over to succeeding years until planned expenditures are made, or until they are amended or cancelled. At the end of the current fiscal year, the total fund balance was \$1.33 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, 2021 and 2020 amounts to \$40.15 million and \$40.51 million, respectively (net of accumulated depreciation).

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

	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
Land	\$ 2,056	\$ 2,056	\$ 1,051	\$ 1,051	\$ 3,107	\$ 3,107
Construction in progress	1,533	664	52		1,585	664
Buildings and improvements	42,765	45,848	11,480	7,751	54,245	53,599
Furniture, fixtures and equipment	9,966	9,826	398	100	10,364	9,926
Total assets	56,320	58,394	12,981	8,902	69,301	67,296
Less accumulated depreciation	(22,979)	(22,115)	(6,170)	(4,670)	(29,149)	(26,785)
Net position	\$ 33,341	\$ 36,279	\$ 6,811	\$ 4,232	\$ 40,152	\$ 40,511

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

Debt

Currently, the Village uses debt financing on an as-needed basis each year. At the end of the current fiscal year, the Village had total long-term debt of \$15.37 million; \$14.43 million in the governmental activities and \$0.94 million in business-type activities. None of the Village's long-term debt comprises debt backed by the full faith and credit of the government.

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

	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
Loans payable	\$ 11,815	\$ 12,680	\$ 936	\$ 1,285	\$ 12,751	\$ 13,965
Capital leases	2,616	1,176			2,616	1,176
Total	\$ 14,431	\$ 13,856	\$ 936	\$ 1,285	\$ 15,367	\$ 15,141

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

NEXT YEAR'S BUDGET AND ECONOMIC FACTORS

The Village's Unassigned Fund Balance is viewed by the Administration as a measurement of Village financial stability. Unassigned general fund balance increased to \$13.89 million during the current 2021 fiscal year. The increase is primarily due to the increase in several revenue categories and savings in personnel costs.

The FY 2021/22 Budget reflects continued improvement to citizen services, public safety, and public facility maintenance while emphasizing improved community appearance and financial stability. Most importantly, the budget provides necessary resources for the Village of North Palm Beach to maintain and further improve services to our residents without increasing the millage rate and without having to use the General Fund Unassigned Fund Balance. The Village's operating millage rate was decreased to \$7.05 mils.

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

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

CONTACTING THE VILLAGE'S FINANCIAL MANAGEMENT

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

BASIC FINANCIAL STATEMENTS

THE VILLAGE OF NORTH PALM BEACH, FLORIDA
Statement of Net Position
September 30, 2021

	Governmental Activities	Business-type Activities	Total
Assets			
Cash and cash equivalents	\$ 10,620,556	\$ 378,461	\$ 10,999,017
Investments	9,997,713		9,997,713
Accounts receivable	342,438	49,167	391,605
Accrued interest	15,635		15,635
Inventories	138,777	74,106	212,883
Prepays	263,962	12,743	276,705
Due from other governments	346,680		346,680
Internal balances	1,772,091	(1,772,091)	
Capital assets:			
Nondepreciable	3,589,023	1,103,077	4,692,100
Depreciable (net of depreciation)	29,752,514	5,707,985	35,460,499
Total assets	56,839,389	5,553,448	62,392,837
Deferred outflows of resources			
Other postemployment benefits related items	59,118	2,527	61,645
Pension related items	3,373,711	5,198	3,378,909
Total deferred outflows of resources	3,432,829	7,725	3,440,554
Liabilities			
Accounts payable	435,906	171,328	607,234
Deposits		46,934	46,934
Accrued liabilities	247,279		247,279
Unearned revenue	3,440,517	964,447	4,404,964
Accrued interest payable	160,179		160,179
Noncurrent liabilities:			
Due within one year	2,489,671	399,397	2,889,068
Due in more than one year	19,213,663	639,633	19,853,296
Total liabilities	25,987,215	2,221,739	28,208,954
Deferred inflows of resources			
Deferred revenue	203,175		203,175
Other postemployment benefits related items	1,703,492	54,779	1,758,271
Pension related items	1,971,229	9,394	1,980,623
Total deferred inflows of resources	3,877,896	64,173	3,942,069
Net position			
Net investment in capital assets	18,910,112	5,874,752	24,784,864
Restricted for:			
Recreation	195		195
Infrastructure	1,331,574		1,331,574
Library	24,898		24,898
Other purposes	62,249		62,249
Unrestricted	10,078,079	(2,599,491)	7,478,588
Total net position	\$ 30,407,107	\$ 3,275,261	\$ 33,682,368

See notes to the financial statements.

THE VILLAGE OF NORTH PALM BEACH, FLORIDA
Statement of Activities
For the Year Ended September 30, 2021

Functions/Programs	Expenses	Charges for Services
Government:		
Governmental activities		
General government	\$ 3,819,733	\$ 217,227
Public safety	11,260,437	496,492
Public works	5,416,934	461,166
Community development and planning	1,261,701	1,955,663
Leisure services	2,706,225	375,196
Interest expense	477,717	
Total governmental activities	<u>24,942,747</u>	<u>3,505,744</u>
Business-type activities - country club	<u>5,942,293</u>	<u>5,903,220</u>
Total business-type activities	<u>5,942,293</u>	<u>5,903,220</u>
Total government	<u>\$ 30,885,040</u>	<u>\$ 9,408,964</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
\$ 234,168	\$	\$ (3,368,338)	\$	\$ (3,368,338)
351,385	15,200	(10,397,360)		(10,397,360)
3,369		(4,952,399)		(4,952,399)
		693,962		693,962
13,110	6,575	(2,311,344)		(2,311,344)
		(477,717)		(477,717)
<u>602,032</u>	<u>21,775</u>	<u>(20,813,196)</u>		<u>(20,813,196)</u>
			(39,073)	(39,073)
			(39,073)	(39,073)
<u>\$ 602,032</u>	<u>\$ 21,775</u>	<u>(20,813,196)</u>	<u>(39,073)</u>	<u>(20,852,269)</u>

General Revenues:

Taxes:				
Property taxes		17,629,392		17,629,392
Local option gas taxes		283,233		283,233
Local option infrastructure surtax		1,011,627		1,011,627
Utility service taxes		2,539,175		2,539,175
Franchise taxes		1,354,110		1,354,110
Sales and use taxes		1,548,330		1,548,330
Investment income - unrestricted		81,338	134	81,472
Miscellaneous		181,109		181,109
Gain on disposal of equipment		21,384		21,384
Transfers		<u>(3,528,697)</u>	<u>3,528,697</u>	
Total general revenues		<u>21,121,001</u>	<u>3,528,831</u>	<u>24,649,832</u>
Change in net position		307,805	3,489,758	3,797,563
Net position, beginning of year		<u>30,099,302</u>	<u>(214,497)</u>	<u>29,884,805</u>
Net position, end of year		<u>\$ 30,407,107</u>	<u>\$ 3,275,261</u>	<u>\$ 33,682,368</u>

See notes to the financial statements.

THE VILLAGE OF NORTH PALM BEACH, FLORIDA
Balance Sheet
Governmental Funds
September 30, 2021

	<u>General</u>	<u>Infrastructure Surtax Fund</u>	<u>ARPA Grant Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets					
Cash and cash equivalents	\$ 4,799,892	\$ 1,312,979	\$ 3,288,788	\$ 1,218,897	\$ 10,620,556
Investments	9,997,713				9,997,713
Accounts receivable	342,438				342,438
Accrued interest	15,635				15,635
Inventories	138,777				138,777
Prepays	263,962				263,962
Due from other funds				72,091	72,091
Advances to other funds	1,700,000				1,700,000
Due from other governments	241,036	105,644			346,680
Total assets	<u>\$ 17,499,453</u>	<u>\$ 1,418,623</u>	<u>\$ 3,288,788</u>	<u>\$ 1,290,988</u>	<u>\$ 23,497,852</u>
Liabilities, deferred inflows of resources, and fund balances					
Liabilities					
Accounts payable	\$ 319,115	\$ 87,049	\$	\$ 29,742	\$ 435,906
Accrued liabilities	247,279				247,279
Unearned revenue	153,164		3,287,353		3,440,517
Total liabilities	<u>719,558</u>	<u>87,049</u>	<u>3,287,353</u>	<u>29,742</u>	<u>4,123,702</u>
Deferred inflows of resources					
Deferred revenue	203,175				203,175
Total deferred inflows of resources	<u>203,175</u>				<u>203,175</u>
Fund balances					
Nonspendable:					
Inventories and prepaids	402,739				402,739
Advances to other funds	1,700,000				1,700,000
Restricted for:					
Recreation	195				195
Infrastructure		1,331,574			1,331,574
Streets and roads	54,152				54,152
Police	5,324				5,324
Library	24,898				24,898
Other purposes	2,773				2,773
Assigned for:					
Small business grants	16,435				16,435
Subsequent year's expenditures	477,728				477,728
Special revenue funds			1,435	250,565	252,000
Capital project funds				1,010,681	1,010,681
Unassigned	13,892,476				13,892,476
Total fund balances	<u>16,576,720</u>	<u>1,331,574</u>	<u>1,435</u>	<u>1,261,246</u>	<u>19,170,975</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 17,499,453</u>	<u>\$ 1,418,623</u>	<u>\$ 3,288,788</u>	<u>\$ 1,290,988</u>	<u>\$ 23,497,852</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, 2021

Fund balances - total governmental funds \$ 19,170,975

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	\$ 56,320,265	
Less: accumulated depreciation	<u>(22,978,728)</u>	
		33,341,537

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	(160,179)	
Retainage payable		
Revenue notes	(11,815,000)	
Capital leases	(2,616,425)	
Net pension liability	(4,963,769)	
Other postemployment benefits	(846,364)	
Accrued compensated absences	<u>(1,461,776)</u>	
		(21,863,513)

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

Other postemployment benefits deferred outflows	59,118	
Other postemployment benefits deferred inflows	(1,703,492)	
Pension related deferred outflows	3,373,711	
Pension related deferred inflows	<u>(1,971,229)</u>	
		<u>(241,892)</u>

Net position of governmental activities \$ 30,407,107

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, 2021

	<u>General</u>	<u>Infrastructure Surtax Fund</u>	<u>ARPA Grant Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues					
Taxes	\$ 21,805,910	\$	\$	\$	\$ 21,805,910
Licenses and permits	1,574,639				1,574,639
Intergovernmental	1,826,787	1,011,627		350,777	3,189,191
Charges for services	1,726,853				1,726,853
Fines and forfeitures	154,410				154,410
Investment	70,892	9,011	1,435		81,338
Miscellaneous	296,245				296,245
Total revenues	<u>27,455,736</u>	<u>1,020,638</u>	<u>1,435</u>	<u>350,777</u>	<u>28,828,586</u>
Expenditures					
Current					
General government	3,507,052				3,507,052
Public safety	10,502,065			351,540	10,853,605
Public works	5,117,986				5,117,986
Community development and planning	1,292,216				1,292,216
Leisure services	1,695,054				1,695,054
Capital outlay	2,154,869	711,103		662,800	3,528,772
Debt service					
Principal	1,106,148				1,106,148
Interest	491,022				491,022
Total expenditures	<u>25,866,412</u>	<u>711,103</u>	<u></u>	<u>1,014,340</u>	<u>27,591,855</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,589,324</u>	<u>309,535</u>	<u>1,435</u>	<u>(663,563)</u>	<u>1,236,731</u>
Other financing sources (uses)					
Capital lease proceeds	1,682,018				1,682,018
Transfers in		115,280		510,000	625,280
Transfers out	(899,280)				(899,280)
Total other financing sources (uses)	<u>782,738</u>	<u>115,280</u>	<u></u>	<u>510,000</u>	<u>1,408,018</u>
Net change in fund balances	2,372,062	424,815	1,435	(153,563)	2,644,749
Fund balances					
Beginning of year	14,204,658	906,759		1,414,809	16,526,226
End of year	<u>\$ 16,576,720</u>	<u>\$ 1,331,574</u>	<u>\$ 1,435</u>	<u>\$ 1,261,246</u>	<u>\$ 19,170,975</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, 2021

Net change in fund balances - total governmental funds		\$ 2,644,749
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	\$ 3,138,544	
Donated assets	15,200	
Assets transferred to Country Club	(3,254,697)	
Less: current year depreciation	(2,313,606)	
Net book value for retired assets	(64,537)	(2,479,096)
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any affect on net assets of governmental activities:		
Capital lease proceeds	(1,682,018)	
Principal payments on debt	1,106,148	(575,870)
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	13,305	
Change in long-term compensated absences	103,578	
Change in net pension liability and related deferred amounts	299,589	
Change in other postemployment benefits and deferred amounts	301,550	718,022
Change in net position		\$ 307,805

See notes to the financial statements.

THE VILLAGE OF NORTH PALM BEACH, FLORIDA
Statement of Net Position
Proprietary Fund
September 30, 2021

	Enterprise
Assets	
Current assets	
Cash and cash equivalents	\$ 378,461
Accounts receivable	49,167
Inventories	74,106
Prepays	12,743
Total current assets	514,477
Non-current assets	
Capital assets, net	6,811,062
Total non-current assets	6,811,062
Total assets	7,325,539
Deferred outflows of resources	
Other postemployment benefits related items	2,527
Pension related items	5,198
Total deferred outflows of resources	7,725
Liabilities	
Current liabilities	
Accounts payable	171,328
Deposits	46,934
Unearned revenue	964,447
Due to other funds	72,091
Compensated absences - current portion	36,493
Loans payable - current portion	362,904
Total current liabilities	1,654,197
Non-current liabilities	
Other postemployment benefits	36,185
Compensated absences	18,335
Net pension liability	11,707
Advances from other funds	1,700,000
Loans payable	573,406
Total non-current liabilities	2,339,633
Total liabilities	3,993,830
Deferred inflows of resources	
Other postemployment benefits related items	54,779
Pension related items	9,394
Total deferred inflows of resources	64,173
Net position	
Net investment in capital assets	5,874,752
Unrestricted	(2,599,491)
Total net position	\$ 3,275,261

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, 2021

	Enterprise
Operating revenue	
Greens fee/cart rentals/golf membership fees	\$ 3,690,098
Golf shop revenues	437,185
Driving range revenues	509,455
Restaurant revenues	315,332
Tennis revenues	699,117
Pool revenues	180,030
Miscellaneous	72,003
Total operating revenues	5,903,220
Operating expenses	
Golf course maintenance expenses	1,794,711
Clubhouse grounds expenses	459,047
Golf shop expenses	1,450,234
Food and beverage expenses	13,659
Tennis expenses	604,512
Pool expenses	313,686
Administrative and general	364,208
Depreciation and amortization	855,838
Total operating expenses	5,855,895
Operating income (loss)	47,325
Nonoperating revenues (expenses)	
Interest revenue	134
Loss on disposal of equipment	(1,067)
Interest expense	(85,331)
Total nonoperating revenues (expenses)	(86,264)
Transfers in	3,528,697
Change in net position	3,489,758
Net position - beginning	(214,497)
Net position - ending	\$ 3,275,261

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, 2021

Cash flows from operating activities:	
Receipts from customers	\$ 6,156,408
Payments to suppliers for goods or services	(3,969,644)
Payments to employees for services	(961,642)
Net cash Provided by operating activities	<u>1,225,122</u>
Cash flows from non-capital financing activities:	
Transfers in	274,000
Payments to other funds	(507,250)
Net cash provided by non-capital financing activities:	<u>(233,250)</u>
Cash flows from capital and related financing activities:	
Principal paid on long term debt	(348,358)
Interest paid on debt	(85,331)
Acquisition of capital assets	(181,361)
Net cash provided (used) by capital and related financing activities	<u>(615,050)</u>
Cash flows from investing activities:	
Interest and dividends on investments	134
Net increase (decrease) in cash and cash equivalents	376,956
Cash and cash equivalents at beginning of year	1,505
Cash and cash equivalents at end of year	<u>\$ 378,461</u>
Reconciliation of operating income	
to net cash provided by operating activities:	
Operating income (loss)	<u>\$ 47,325</u>
Adjustments to reconcile operating income	
to net cash provided by operating activities:	
Depreciation and amortization	855,838
Change in OPEB liability and related deferred amounts	14,012
Change in pension deferred amounts	21,483
Change in assets and liabilities	
Increase in accounts receivable	(16,819)
Increase in inventory	(5,644)
Increase in prepaids	(12,694)
Increase in accounts payable	39,419
Decrease in deposits	(864)
Increase in compensated absences payable	12,195
Increase in deferred revenue	270,871
Total adjustments	<u>1,177,797</u>
Net cash provided by operating activities	<u>\$ 1,225,122</u>
Noncash investing, capital and financing activities	
Transfer of capital assets from the Governmental Activities	<u>\$ 3,254,697</u>

See notes to the financial statements.

THE VILLAGE OF NORTH PALM BEACH, FLORIDA
Statement of Fiduciary Net Position
Fiduciary Funds
September 30, 2021

	Employee Retirement Funds	Custodial Funds
Assets		
Cash and cash equivalents	\$ 582,709	\$ 366,005
Investments:		
Domestic common equity securities	18,596,377	
International common equity securities	3,608,356	
U.S. Government and agencies	4,563,802	
Municipal bonds	478,775	
Domestic corporate bonds	3,115,749	
International corporate bonds	275,218	
Fixed income exchange traded funds	2,552,819	
Equity exchange traded funds	676,812	
Fixed income mutual funds	4,793,412	
Domestic equity mutual funds	10,212,616	
International equity mutual funds	1,997,705	
Real estate investment fund	3,052,366	
Money market mutual funds	648,615	
Accrued interest and dividends	45,144	
Prepays	5,399	
Total assets	55,205,874	366,005
Liabilities		
Accounts payable	63,245	42,251
Accounts payable, broker-dealers	122,418	
Total liabilities	185,663	42,251
Net position		
Restricted for pensions	55,020,211	
Restricted for individuals, organizations, and other governments		323,754
	\$ 55,020,211	\$ 323,754

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, 2021

	Employee Retirement Funds	Custodial Funds
	<u> </u>	<u> </u>
Additions		
Contributions		
Employer	\$ 952,460	\$
Plan members	441,928	
DROP contributions	21,235	
State on-behalf payments	350,777	
Total contributions	<u>1,766,400</u>	<u> </u>
Investment earnings		
Dividends and interest	987,916	3,211
Net increase in fair value of investments	<u>7,967,120</u>	<u> </u>
Total investment earnings	8,955,036	3,211
Less: investment expenses	<u>211,730</u>	<u> </u>
Total net investment earnings	<u>8,743,306</u>	<u>3,211</u>
Total additions	<u>10,509,706</u>	<u>3,211</u>
Deductions		
Administrative expense	162,223	
Refund of contributions	12,698	68,767
Benefits	1,612,957	
Total deductions	<u>1,787,878</u>	<u>68,767</u>
Change in net position	8,721,828	(65,556)
Net position - beginning	<u>46,298,383</u>	<u>389,310</u>
Net position - ending	<u>\$ 55,020,211</u>	<u>\$ 323,754</u>

See notes to the financial statements.

THE VILLAGE OF NORTH PALM BEACH, FLORIDA
Notes to the Basic Financial Statements
September 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

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

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

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

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

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

B. Government-wide and Fund Financial Statements

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

THE VILLAGE OF NORTH PALM BEACH, FLORIDA
Notes to the Basic Financial Statements
September 30, 2021

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 the economic resources measurement focus. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

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

THE VILLAGE OF NORTH PALM BEACH, FLORIDA
Notes to the Basic Financial Statements
September 30, 2021

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 a 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 are fiduciary funds that 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, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Custodial Funds

The Custodial Funds account for assets that are held for individuals, organizations and other governments, that cannot be used to finance the Village's own programs, and are not required to be reported in another fiduciary fund type. The two custodial 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 for the protection of manatees through the enforcement of boat speed zones on the intracoastal and inland waterways.

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

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

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

D. Assets, Liabilities, and Net Position or Equity

Cash and Cash Equivalents

Cash and cash equivalents consist of petty cash, deposits in checking accounts, money market mutual funds, investments with Florida Prime managed by the State of Florida, State Board of Administration and Florida Public Assets for Liquidly Management (FL Palm) sponsored by Florida School Boards Association and the Florida Association of District School Superintendents

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

THE VILLAGE OF NORTH PALM BEACH, FLORIDA
Notes to the Basic Financial Statements
September 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Accounts Receivable

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

Concentration of Credit Risk

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

Investments

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

Interfund Transactions

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

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

Inventories and Prepaid Items

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

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

THE VILLAGE OF NORTH PALM BEACH, FLORIDA
Notes to the Basic Financial Statements
September 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Capital Assets and Depreciation

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

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

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

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

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

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

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 OF NORTH PALM BEACH, FLORIDA
Notes to the Basic Financial Statements
September 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Deferred Outflows and Inflows of Resources (Continued)

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 Village also reports deferred OPEB items in connection to Other Post-Employment Benefits, which are amortized in a systemic and rational method and recognized as an expense in future periods.

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

Unearned Revenue

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

Compensated Absences

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

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

THE VILLAGE OF NORTH PALM BEACH, FLORIDA
Notes to the Basic Financial Statements
September 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Long-Term Obligations

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

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

Net Position

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

Fund Equity

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

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

THE VILLAGE OF NORTH PALM BEACH, FLORIDA
Notes to the Basic Financial Statements
September 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Fund Equity (Continued)

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

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

Use of Estimates

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

A. Budgetary Data

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

THE VILLAGE OF NORTH PALM BEACH, FLORIDA
Notes to the Basic Financial Statements
September 30, 2021

NOTE 2 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary Data

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

The procedures for establishing budgetary data are as follows:

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

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

Encumbrance accounting is employed in governmental funds. Encumbrances (e.g. purchase orders or contracts) outstanding at year end are reported assigned fund balance and do not constitute expenditures or liabilities because the commitments will be reappropriated and honored during the subsequent year. The General Fund had \$477,728, the Infrastructure Surtax fund had \$732,582 and the Capital Projects Fund had \$424,460 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, 2021

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, 2021, was 7.5000 (\$7.5000 for each \$1,000 of assessed valuation).

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

After sale, tax certificates bear interest at 18% per year or at any lower rate bid by the buyer. The certificate holder may make application for a tax deed on any unredeemed tax certificate after a period of two years. The County holds unsold certificates. Delinquent taxes on personal property bear interest at 18% per year until the tax is satisfied either by seizure and sale of the property or by the five-year statute of limitations. At September 30, 2021, unpaid delinquent taxes are not material and have not been recorded by the Village.

NOTE 3 – DEPOSITS AND INVESTMENTS

Deposits

As of September 30, 2021, the carrying amount of the Village's deposits (including fiduciary funds) was \$4,307,882 and the bank balances totaled \$4,532,428. 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, 2021

NOTE 3 – DEPOSITS AND INVESTMENTS (Continued)

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

By Category:	
Deposits	\$ 4,307,882
Petty cash	4,156
Investments	<u>72,206,028</u>
Total deposits and investments	<u><u>\$76,518,066</u></u>
Presented in the statement of net position	
Governmental activities	
Cash and cash equivalents	\$10,620,556
Investments	9,997,713
Business-type activities	
Cash and cash equivalents	<u>378,461</u>
Total statements of net position	<u><u>20,996,730</u></u>
Presented in the statement of fiduciary net position	
Pension trust funds	
Cash and cash equivalents	582,709
Investments	54,572,622
Custodial funds	
Cash and cash equivalents	<u>366,005</u>
Total fiduciary funds	<u><u>55,521,336</u></u>
Total deposits and investments	<u><u>\$76,518,066</u></u>

THE VILLAGE OF NORTH PALM BEACH, FLORIDA
Notes to the Basic Financial Statements
September 30, 2021

NOTE 3 – DEPOSITS AND INVESTMENTS (Continued)

Investments

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

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

The Florida Public Assets for Liquidity Management (FL Palm) and Florida PRIME are external investment pools which meet the requirements with GASB *Statement No. 79, Certain External Investment Pools and Pool Participants*, which allows reporting the investments at amortized cost. For both funds as of September 30, 2021, there were no redemption fees or maximum transaction amounts, or any other requirements that serve to limit a participant's daily access to 100 percent of their account value. However, the Trustees of the funds can suspend the right of withdrawal or postpone the date of payment if the Trustees determine that there is an emergency that makes the sale of a Portfolio's securities or determination of its net asset value not reasonably practical.

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

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

THE VILLAGE OF NORTH PALM BEACH, FLORIDA
Notes to the Basic Financial Statements
September 30, 2021

NOTE 3 – DEPOSITS AND INVESTMENTS (Continued)

Investments (Continued)

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

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

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

THE VILLAGE OF NORTH PALM BEACH, FLORIDA
Notes to the Basic Financial Statements
September 30, 2021

NOTE 3 – DEPOSITS AND INVESTMENTS (Continued)

Investments (Continued)

As of September 30, 2021, the Village held the following investments:

	Weighted Average Maturity	Fair Value	Fair Value Measurement	
			Level 1	Level 2
<i>Governmental Funds</i>				
U.S. Government and Agency MBS &ABS	2.29 Years	\$ 3,017,822	\$	\$ 3,017,822
Municipal Bonds	1.71 Years	3,752,434		3,752,434
Domestic Corporate Bonds	1.08 Years	210,740		210,740
International Corporate Bonds	2.03 Years	1,628,411		1,628,411
	1.81 Years	1,362,585		1,362,585
<i>Fiduciary Funds</i>				
U.S. Government and Agency MBS &ABS	18.48 Years	165,045		165,045
Municipal Bonds	16.96 Years	4,398,757		4,398,757
Domestic Corporate Bonds	17.41 Years	478,775		478,775
International Corporate Bonds	9.82 Years	3,115,749		3,115,749
Domestic Common Equity Securities	9.52 Years	275,218		275,218
International Common Equity Securities	N/A	18,596,377	18,596,377	
Fixed Income ETF	N/A	3,608,356	3,608,356	
Equity ETF	N/A	2,552,819	2,552,819	
Fixed Income Mutual Funds	N/A	676,812	676,812	
Domestic Equity Mutual Funds	N/A	4,793,412	4,793,412	
International Equity Mutual Funds	N/A	10,212,616	10,212,616	
		1,997,705	1,997,705	
		60,843,633	\$ 42,438,097	\$ 18,405,536
Investments Reported at NAV				
<i>Fiduciary Funds</i>				
American Core Realty Fund	N/A	3,052,366		
Investments Reported at Amortized Cost:				
<i>Governmental Funds</i>				
Money Market Mutual Funds	N/A	25,721		
Florida Prime	49 Days	3,602,959		
FL Palm	53 Days	3,696,740		
<i>Fiduciary Funds</i>				
Money Market Mutual Funds	N/A	984,609		
Total Investments		\$ 72,206,028		

THE VILLAGE OF NORTH PALM BEACH, FLORIDA
Notes to the Basic Financial Statements
September 30, 2021

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>Governmental Funds</i>			
U.S. Government and Agency	AA+	AAAa	\$ 3,017,822
MBS &ABS	AAA, AA+ & NR	AAA, Aaa & NR	3,752,434
Municipal Bonds	AA+, AA & A+	Aa3 & A1	210,740
Domestic Corporate Bonds	AA+ to BBB+	AA3, AA2,A1 & NR	1,628,411
International Corporate Bonds	AAA to A-	Aaa to A2	1,362,585
Money Market Mutual Funds	NR	NR	25,721
Florida Prime	AAAm	NR	3,602,959
FL Palm	AAAm	NR	3,696,740
<i>Fiduciary Funds</i>			
U.S. Government and Agency	AA+	Aaa	165,045
MBS &ABS	AAA to NR	Aaa to NR	4,398,757
Municipal Bonds	AAA to A-	Aaa to A1	478,775
Domestic Corporate Bonds	AAA to BBB-	Aaa to Baa3	3,115,749
International Corporate Bonds	AA- to BBB-	Aaa to Baa2	275,218
Common Equity Securities	NR	NR	22,204,733
Exchange Traded Funds	NR	NR	3,229,631
Mutual Funds	NR	NR	17,003,733
American Core Realty Fund	NR	NR	3,052,366
Money Market Mutual Funds	NR	NR	984,609
Total Investments			\$ 72,206,028

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

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

THE VILLAGE OF NORTH PALM BEACH, FLORIDA
Notes to the Basic Financial Statements
September 30, 2021

NOTE 3 – DEPOSITS AND INVESTMENTS (Continued)

Investments (Continued)

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

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

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

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

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

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

THE VILLAGE OF NORTH PALM BEACH, FLORIDA
Notes to the Basic Financial Statements
September 30, 2021

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, 2021

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, 2021

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, 2021

NOTE 4 – RECEIVABLES

Receivables at September 30, 2021, were as follows:

	<u>General Fund</u>	<u>Country Club</u>
Utility franchise fees & taxes	\$ 328,042	\$
Conroy Drive assessment	621	
Other accounts receivable	<u>13,775</u>	<u>49,167</u>
Total accounts receivable	<u>\$ 342,438</u>	<u>\$ 49,167</u>

NOTE 5 – CAPITAL ASSETS

Capital Assets activity for the year ended September 30, 2021, was as follows:

Primary Government

Governmental Activities:	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Capital assets not being depreciated:				
Land	\$ 2,055,889	\$	\$	\$ 2,055,889
Construction in progress	663,490	1,143,503	(273,859)	1,533,134
Capital assets being depreciated:				
Buildings	26,311,437		(1,008,964)	25,302,473
Improvements	19,537,160	622,030	(2,696,120)	17,463,070
Machinery and equipment	3,980,166	284,749	(402,293)	3,862,622
Vehicles	<u>5,845,552</u>	<u>919,279</u>	<u>(661,754)</u>	<u>6,103,077</u>
Total at historical cost:	<u>58,393,694</u>	<u>2,969,561</u>	<u>(5,042,990)</u>	<u>56,320,265</u>
Less accumulated depreciation:				
Buildings	(6,710,222)	(700,206)	11,601	(7,398,827)
Improvements	(10,343,906)	(576,601)	585,645	(10,334,862)
Machinery and equipment	(1,827,061)	(392,290)	254,469	(1,964,882)
Vehicles	<u>(3,233,830)</u>	<u>(644,509)</u>	<u>598,182</u>	<u>(3,280,157)</u>
Total accumulated depreciation	<u>(22,115,019)</u>	<u>(2,313,606)</u>	<u>1,449,897</u>	<u>(22,978,728)</u>
Governmental activities capital assets, net	<u>\$ 36,278,675</u>	<u>\$ 655,955</u>	<u>\$(3,593,093)</u>	<u>\$ 33,341,537</u>

THE VILLAGE OF NORTH PALM BEACH, FLORIDA
Notes to the Basic Financial Statements
September 30, 2021

NOTE 5 – CAPITAL ASSETS (Continued)

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

Governmental activities:

General government	\$ 93,950
Public safety	656,009
Public works	443,649
Community development	34,869
Leisure services	<u>1,085,129</u>
Total depreciation expense, governmental activities	<u><u>\$ 2,313,606</u></u>

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Business-type activities:				
Capital assets not being depreciated:				
Land	\$ 1,051,311	\$	\$	\$ 1,051,311
Construction in progress		51,766		51,766
Capital assets being depreciated:				
Buildings	136,862	1,005,549		1,142,411
Improvements	7,614,183	2,723,361		10,337,544
Machinery and equipment	75,791	343,583	(44,830)	374,544
Vehicles	<u>23,619</u>			<u>23,619</u>
Total at historical cost:	<u>8,901,766</u>	<u>4,124,259</u>	<u>(44,830)</u>	<u>12,981,195</u>
Less accumulated depreciation:				
Buildings	(136,862)	(48,214)		(185,076)
Improvements	(4,485,270)	(1,345,669)		(5,830,939)
Machinery and equipment	(24,106)	(150,156)	43,763	(130,499)
Vehicles	<u>(23,619)</u>			<u>(23,619)</u>
Total accumulated depreciation	<u>(4,669,857)</u>	<u>(1,544,039)</u>	<u>43,763</u>	<u>(6,170,133)</u>
Business-type activities capital assets, net	<u><u>\$ 4,231,909</u></u>	<u><u>\$ 2,580,220</u></u>	<u><u>\$ (1,067)</u></u>	<u><u>\$ 6,811,062</u></u>

The Governmental Activities transferred Tennis and Pool assets with a net book value of \$3,254,697 to the Business-type activities.

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

THE VILLAGE OF NORTH PALM BEACH, FLORIDA
Notes to the Basic Financial Statements
September 30, 2021

NOTE 6 – LONG TERM LIABILITIES

Change in Long-Term Liabilities

Long-term liability activity for the year ended September 30, 2021, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Amount Due Within One Year
Governmental activities:					
Direct borrowings and direct placements					
Loans payable	\$ 12,680,000	\$	\$ (865,000)	\$ 11,815,000	\$ 900,000
Capital leases	1,175,555	1,682,018	(241,148)	2,616,425	378,543
Total	13,855,555	1,682,018	(1,106,148)	14,431,425	1,278,543
OPEB (see Note 13)	778,074	68,290		846,364	
Net pension liability (see Note 8)	5,460,976	186,778	(683,985)	4,963,769	
Compensated absences payable	1,565,354	1,172,683	(1,276,261)	1,461,776	1,211,128
Total	<u>\$ 21,659,959</u>	<u>\$ 3,109,769</u>	<u>\$(3,066,394)</u>	<u>\$ 21,703,334</u>	<u>\$ 2,489,671</u>
Business-type activities:					
Direct borrowings and direct placements					
Loans payable	\$ 1,284,668	\$	\$ (348,358)	\$ 936,310	\$ 362,904
OPEB (see Note 13)	25,721	10,464		36,185	
Net pension liability (see Note 8)		11,707		11,707	
Compensated absences payable	42,633	40,673	(28,478)	54,828	36,493
Total	<u>\$ 1,353,022</u>	<u>\$ 62,844</u>	<u>\$ (376,836)</u>	<u>\$ 1,039,030</u>	<u>\$ 399,397</u>

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

Loans Payable from Direct Borrowings and Direct Placements

\$4,893,673 Promissory Note

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

THE VILLAGE OF NORTH PALM BEACH, FLORIDA
Notes to the Basic Financial Statements
September 30, 2021

NOTE 6 – LONG TERM LIABILITIES (Continued)

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

The interest rate on the loan is 4.11% and is subject to adjustment in the event of taxability of the interest on this note. As of September 30, 2021, the principal amount outstanding was \$936,310 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>
2022	\$ 362,904	\$ 35,255	\$ 398,159
2023	378,185	19,974	398,159
2024	195,221	4,074	199,295
	<u>\$ 936,310</u>	<u>\$ 59,303</u>	<u>\$ 995,613</u>

The loan agreement requires that pledged revenues cover 100% of the debt service due plus the expenses, other than non-cash expenses, of owning and operating the Country Club.

The loan agreement includes a provision that upon the occurrence of any event of default, the bank may declare all obligations of the Village under the Loan Agreement and the Note to be immediately due and payable without further action of any kind and upon such declaration the Note and the interest accrued thereon shall become immediately due and payable.

Non-Ad Valorem Revenue Notes, Series 2017

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

Series 2017A

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

THE VILLAGE OF NORTH PALM BEACH, FLORIDA
Notes to the Basic Financial Statements
September 30, 2021

NOTE 6 – LONG TERM LIABILITIES (Continued)

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

This note may be prepaid in whole but not in part at any time after June 1, 2025, at a redemption price equal to 100% of the principal amount outstanding plus accrued interest through the redemption date. As of September 30, 2021, the principal amount outstanding was \$8,900,000 and was for the purpose of governmental-type activities.

Series 2017B

The Series 2017B is a taxable issuance for \$6,100,000 with an interest rate of 3.78%. Interest is payable on June 1 and December 1 of each year beginning December 1, 2017. Principal payments start June 1, 2018 with the final payment on June 1, 2025. This note may not be prepaid. As of September 30, 2021, the principal amount outstanding was \$2,915,000 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>
2022	\$ 900,000	\$ 394,097	\$ 1,294,097
2023	935,000	359,981	1,294,981
2024	970,000	324,734	1,294,734
2025	1,005,000	288,068	1,293,068
2026	1,040,000	255,360	1,295,360
2027 - 2031	5,710,000	758,264	6,468,264
2032	1,255,000	40,035	1,295,035
	<u>\$ 11,815,000</u>	<u>\$ 2,420,539</u>	<u>\$ 14,235,539</u>

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

Governmental Activities Capital Leases

The Village entered into capital lease agreements for the purpose of financing the purchase of vehicles. Principal and interest payments are due annually. As of September 30, 2021, the principal amounts outstanding were \$2,616,425 and the net book value of the equipment was \$2,668,686. Amortization of leased equipment under capital assets is included with depreciation expense. The interest rates on the leases range from 2.25% to 7.25%.

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

THE VILLAGE OF NORTH PALM BEACH, FLORIDA
Notes to the Basic Financial Statements
September 30, 2021

NOTE 6 – LONG TERM LIABILITIES (Continued)

Governmental Activities Capital Leases (Continued)

Annual debt service requirements to maturity are as follows:

<u>Year Ending</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 378,543	\$ 82,406	\$ 460,949
2023	397,566	63,384	460,950
2024	333,234	49,507	382,741
2025	342,240	40,500	382,740
2026	276,435	31,277	307,712
2027 - 2031	888,407	48,249	936,656
	<u>\$ 2,616,425</u>	<u>\$ 315,323</u>	<u>\$ 2,931,748</u>

NOTE 7 – RISK MANAGEMENT

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

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

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

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

THE VILLAGE OF NORTH PALM BEACH, FLORIDA
Notes to the Basic Financial Statements
September 30, 2021

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, 2021, the report may be obtained from the Village Clerk, at the Village of North Palm Beach, 501 U.S. Highway 1, North Palm Beach, Florida 33408. The General Employees Plan does not issue separate financial statements.

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

All Retirement Plans

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

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

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

THE VILLAGE OF NORTH PALM BEACH, FLORIDA
Notes to the Basic Financial Statements
September 30, 2021

NOTE 8 – EMPLOYEE RETIREMENT PLANS (Continued)

PLAN DESCRIPTION, INVESTMENT AND CONTRIBUTION INFORMATION

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

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

Membership of each plan consisted of the following at October 1, 2020:

	<u>GERF</u>	<u>F&P</u>
Inactive Plan Members or Beneficiaries		
currently receiving benefits	40	31
Inactive Plan Members entitled to but		
not yet receiving benefits	37	15
Active Plan Members	<u>26</u>	<u>51</u>
Total	<u>103</u>	<u>97</u>

General Employees' Retirement System

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

THE VILLAGE OF NORTH PALM BEACH, FLORIDA
Notes to the Basic Financial Statements
September 30, 2021

NOTE 8 – EMPLOYEE RETIREMENT PLANS (Continued)

General Employees' Retirement System (Continued)

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

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

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

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

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

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

THE VILLAGE OF NORTH PALM BEACH, FLORIDA
Notes to the Basic Financial Statements
September 30, 2021

NOTE 8 – EMPLOYEE RETIREMENT PLANS (Continued)

General Employees' Retirement System (Continued)

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

Asset Allocation. The plan's adopted asset allocation policy as of September 30, 2021, 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, 2021, the annual money-weighted rate of return on Pension Plan investments, net of pension plan investment expense, was 17.85 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

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

Fire and Police Retirement System

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

THE VILLAGE OF NORTH PALM BEACH, FLORIDA
Notes to the Basic Financial Statements
September 30, 2021

NOTE 8 – EMPLOYEE RETIREMENT PLANS (Continued)

Fire and Police Retirement System (Continued)

The normal retirement benefit consists of ten years certain and life thereafter, with other options available, (subject to cost of living adjustments not to exceed 3% a year), of 2.75% of AME times the years of credited services starting 10/1/18; for years prior to 10/1/18 the percentage is 2.5%; with a maximum benefit of 75% of AME. For firefighter members the maximum benefit will increase to 80% effective 10/1/22. Members are eligible for non-service connected disability, after ten years of credited service and a total and permanent disability. For service connected disability, a total and permanent disability with no service requirement, the disability benefit consists of a ten-year certain and life annuity that can be provided by the single-sum value of the member’s accrued pension benefit, but is at least 42% of AME for service connected disability and at least 25% of AME for non-service connected disability. See the description of the General Employees’ Retirement System for the remainder of the benefits, except that early retirement and termination benefits for vested members can be received at age 50 and the Deferred Retirement Option Plan (DROP) as describe below.

The Plan contains a DROP whereupon the member could retire from the pension plan but continue employment with the Village for an additional maximum period of up to five years. The retirement benefit is immediately calculated and the monthly benefit is allocated to the DROP account. The actual rate of investment return is credited to the account, but no less than 0.00% or more than 6.4%. Once a participant elects this option, he is no longer eligible for disability or pre-retirement benefits. The Plan’s guidelines for the DROP are designed to adhere to IRS regulations. At September 30, 2021, there was \$190,575 in the DROP, this amount is included in both the Total Pension Liability and the Plan Fiduciary Net Position. Additional information about the DROP can be obtained from the ordinance.

Asset Allocation. The plan’s adopted asset allocation policy as of September 30, 2021, is as follows:

<u>Asset Class</u>	<u>Target Allocation</u>
Domestic equity	55%
International equity	10
Domestic bonds	25
Real estate	<u>10</u>
Total	<u>100%</u>

Rate of Return. For the year ended September 30, 2021, the annual money-weighted rate of return on Pension Plan investments, net of pension plan investment expense, was 19.69 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, 2021

NOTE 8 – EMPLOYEE RETIREMENT PLANS (Continued)

Fire and Police Retirement System (Continued)

Contributions. Firefighter members are required to contribute 7.00% of their basic compensation to the plan. This will be increased to 7.5% effective 10/1/22, 8% effective 10/1/23 and 8.5% effective 10/1/24. Police Officer members are required to contribute 7.00% of their basic compensation to the plan. Members enrolled in the DROP shall contribute 4% of earnings (3% allocated to the DROP account and 1% remaining in Plan assets). The Village is required to contribute the remaining amount to fund the plan using the Entry Age Actuarial Cost Method. Contribution requirements of plan members and the Village are established and may be amended by the Village Council.

The Florida Constitution requires local governments to make the actuarially determined contribution. The Florida Division of Retirement reviews and approves each local government's actuarial report prior to its being approved for use for funding purposes. Additionally, the State collects locally authorized insurance premium surcharges which can only be distributed after the State has ascertained that the local government has met its actuarial funding requirement for the then most recently completed fiscal year. Contributions to the Plan from the State of Florida totaled \$350,777 during the fiscal year ended September 30, 2021.

All Retirement Plans

Net Pension Liability. The components of net pension liability of the Village on September 30, 2021, were as follows:

	General Employees	Fire and Police
Total pension liability	\$ 18,787,481	\$ 34,104,753
Plan fiduciary net position	(20,540,857)	(34,479,354)
Village's net pension liability(asset)	\$ (1,753,376)	\$ (374,601)
Plan fiduciary net position as a percentage of total pension liability	109.33%	101.10%

The mortality tables, the assumed rates of retirement, withdrawal rate, salary increases, and cost of living adjustments were all updated and the investment return assumption was reduced from 6.75% to 6.25% which decreased the pension liability of the General Employees plan by \$283,447.

The investment return assumption was reduced from 7.70% to 7.45% along with changes to the salary increase rates, normal retirement rates and the assumed rates of withdrawal, which increased the pension liability of the Fire and Police plan by \$464,035.

THE VILLAGE OF NORTH PALM BEACH, FLORIDA
Notes to the Basic Financial Statements
September 30, 2021

NOTE 8 – EMPLOYEE RETIREMENT PLANS (Continued)

All Retirement Plans (Continued)

Actuarial Assumptions. The total pension liability was determined by an actuarial valuation as of October 1, 2020 updated to September 30, 2021 using the following actuarial assumptions applied to the September 30, 2021 measurement period.

	<u>General Employees</u>	<u>Fire and Police</u>
Inflation	2.40%	2.50%
Salary increases	Service based	Service based
Investment rate of return	6.25%	7.45%
Mortality	The same version of Pub-2010 Headcount weighted tables as used the the FRS in their 7/1/19 Actuarial Valuation	PubS.H-2010 for Employees, set forward one year

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included the pension plan's target asset allocation as of September 30, 2021, are summarized in the following table:

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

THE VILLAGE OF NORTH PALM BEACH, FLORIDA
Notes to the Basic Financial Statements
September 30, 2021

NOTE 8 – EMPLOYEE RETIREMENT PLANS (Continued)

All Retirement Plans (Continued)

Discount Rate. The discount rate used to measure the total pension liability was 6.25 percent for the General Employees Retirement Fund and 7.45 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
	5.25%	6.25%	7.25%
Village's net pension liability	<u>\$ 683,222</u>	<u>\$ (1,753,376)</u>	<u>\$ (3,776,585)</u>

Fire and Police Retirement System

	1% Decrease	Current Discount Rate	1% Increase
	6.45%	7.45%	8.45%
Village's net pension liability	<u>\$ 4,481,219</u>	<u>\$ (374,601)</u>	<u>\$ (4,372,496)</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, 2021, are reported using a measurement date of September 30, 2020.

THE VILLAGE OF NORTH PALM BEACH, FLORIDA
Notes to the Basic Financial Statements
September 30, 2021

NOTE 8 – EMPLOYEE RETIREMENT PLANS (Continued)

All Retirement Plans (Continued)

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

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

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included the pension plan's target asset allocation as of September 30, 2020, are summarized in the following table:

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

THE VILLAGE OF NORTH PALM BEACH, FLORIDA
Notes to the Basic Financial Statements
September 30, 2021

NOTE 8 – EMPLOYEE RETIREMENT PLANS (Continued)

All Retirement Plans (Continued)

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

General Employees' Retirement System

Changes in Net Pension Liability

Using a measurement date of September 30, 2020, the components of the net pension liability reported by the Village at September 30, 2021, were as follows:

Description	Total Pension Liability (a)	Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Balances at September 30, 2019	\$ 18,093,051	\$ 16,970,487	\$ 1,122,564
Changes due to:			
Service cost	216,125		216,125
Interest	1,211,026		1,211,026
Difference between expected and actual experience	(343,736)		(343,736)
Changes of Assumptions			
Employer contributions		232,738	(232,738)
Employee contributions		85,829	(85,829)
Benefit payments and refunds	(736,101)	(736,101)	
Net investment income		1,497,222	(1,497,222)
Administrative expenses		(60,096)	60,096
Total changes	<u>347,314</u>	<u>1,019,592</u>	<u>(672,278)</u>
Balances at September 30, 2020	<u>\$ 18,440,365</u>	<u>\$ 17,990,079</u>	<u>\$ 450,286</u>

THE VILLAGE OF NORTH PALM BEACH, FLORIDA
Notes to the Basic Financial Statements
September 30, 2021

NOTE 8 – EMPLOYEE RETIREMENT PLANS (Continued)

General Employees' Retirement System (Continued)

Plan fiduciary net position as a
percentage of total pension liability 97.56%

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

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

Pension expense and deferred outflows and inflows of resources

For the fiscal year ended September 30, 2021, the Village recognized pension expense of \$(447,478). 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	\$	\$ 114,579
Differences between expected and actual experience		246,720
Village plan contributions subsequent to the measurement date	<u>197,770</u>	
Total	<u>\$ 197,770</u>	<u>\$ 361,299</u>

THE VILLAGE OF NORTH PALM BEACH, FLORIDA
Notes to the Basic Financial Statements
September 30, 2021

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 \$197,770 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 subsequent fiscal year. 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>
2022	\$ (259,447)
2023	(30,748)
2024	2,462
2025	(73,566)
2026	
Thereafter	
	<u><u>\$ (361,299)</u></u>

Fire and Police Retirement System

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

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

THE VILLAGE OF NORTH PALM BEACH, FLORIDA
Notes to the Basic Financial Statements
September 30, 2021

NOTE 8 – EMPLOYEE RETIREMENT PLANS (Continued)

Fire and Police Retirement System (Continued)

Changes in Net Pension Liability

Using a measurement date of September 30, 2020, the components of the net pension liability reported by the Village at September 30, 2021, were as follows:

Description	Total Pension Liability (a)	Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Balances at September 30, 2019	\$ 30,766,565	\$ 26,428,153	\$ 4,338,412
Changes due to:			
Service cost	1,102,333		1,102,333
Interest	2,423,113		2,423,113
Differences between expected and actual experience	319,251		319,251
Change of benefit terms			
Change of assumptions	(981,457)		(981,457)
Employer contributions		863,762	(863,762)
Employer contributions-state		339,482	(339,482)
Employee contributions		329,454	(329,454)
Employee contributions buy back	3,498	3,498	
Benefit payments and refunds	(799,809)	(799,809)	
Net investment income		1,228,865	(1,228,865)
Administrative expenses		(85,101)	85,101
Total changes	<u>2,066,929</u>	<u>1,880,151</u>	<u>186,778</u>
Balances at September 30, 2020	<u>\$ 32,833,494</u>	<u>\$ 28,308,304</u>	<u>\$ 4,525,190</u>
Plan fiduciary net position as a percentage of total pension liability	<u>86.24%</u>		

The pension liability of the Fire and Police plan decreased by \$981,457 due to a change in the assumed rates of mortality.

THE VILLAGE OF NORTH PALM BEACH, FLORIDA
Notes to the Basic Financial Statements
September 30, 2021

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, 2021, the Village recognized pension expense of \$2,625,446. In addition, the Village reported deferred outflows of resources and deferred inflows of resources related to the Plan from the following sources:

<u>Description</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Net difference between projected and actual earnings on plan investments	\$ 1,316,590	\$
Differences between expected and actual experience	396,242	216,646
Change of assumptions	362,867	1,402,678
Village plan contributions subsequent to the measurement date	<u>1,105,440</u>	<u></u>
Total	<u>\$ 3,181,139</u>	<u>\$ 1,619,324</u>

The deferred outflows of resources totaling \$1,105,440 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 subsequent fiscal year. 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>
2022	\$ 145,421
2023	266,390
2024	233,077
2025	(2,174)
2064	(29,181)
Thereafter	<u>(157,158)</u>
	<u>\$ 456,375</u>

THE VILLAGE OF NORTH PALM BEACH, FLORIDA
Notes to the Basic Financial Statements
September 30, 2021

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, 2021, using a measurement date of September 30, 2020, are as follows:

	<u>General Employees</u>	<u>Fire and Police</u>	<u>Total</u>
Total pension liability	\$ 18,440,365	\$ 32,833,494	\$ 51,273,859
Plan fiduciary net position	17,990,079	28,308,304	46,298,383
Net pension liability	450,286	4,525,190	4,975,476
Deferred outflows of resources	197,770	3,181,139	3,378,909
Deferred inflows of resources	361,299	1,619,324	1,980,623
Pension expense	(447,478)	1,466,377	1,018,899
Accounts Payable	-	-	-

NOTE 9 – ON-BEHALF PAYMENTS

The state makes a contribution to the Fire and Police Officers' Retirement System from the firefighters' and police officers' Insurance Premium Tax. For the fiscal year ended September 30, 2021, \$350,777 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, 2021

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, 2021, is presented below.

STATEMENT OF FIDUCIARY NET POSITION

	General Employees' Pension
Assets	
Cash and cash equivalents	\$ 335,993
Investments:	
Fixed income exchange traded funds	2,552,819
Equity exchange traded funds	676,812
Fixed income mutual funds	4,793,412
Domestic equity mutual funds	10,212,616
International equity mutual funds	1,997,705
Accrued dividends and interest	1
Prepays	3,548
Total assets	20,572,906
Liabilities	
Accounts payable	32,049
Total liabilities	32,049
Net position	
Held in trust for pension benefits and other purposes	\$ 20,540,857

THE VILLAGE OF NORTH PALM BEACH, FLORIDA
Notes to the Basic Financial Statements
September 30, 2021

NOTE 10 – PENSION PLAN FINANCIAL INFORMATION (Continued)

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

	General Employees’ Pension
Additions	
Contributions	
Employer	\$ 197,770
Plan members	76,595
Total contributions	274,365
Investment earnings	
Dividends and interest	306,066
Net (decrease) in the fair value of investments	2,887,424
Less investment expense	(57,827)
Total investment earnings	3,135,663
Total additions	3,410,028
Deductions	
Administration	74,760
Refund of member contributions	3,001
Benefits	781,489
Total deductions	859,250
Change in net position	2,550,778
Net position - beginning	17,990,079
Net position - ending	\$ 20,540,857

NOTE 11 – DEFINED CONTRIBUTION PLAN

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

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

THE VILLAGE OF NORTH PALM BEACH, FLORIDA
Notes to the Basic Financial Statements
September 30, 2021

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.

The Village’s activities do not meet the criteria for inclusion in the fiduciary funds of a government.

Plan detail for participating employees at September 30, 2021, is listed below:

	<u>Village Manager</u>	<u>Directors</u>	<u>General Employees</u>	<u>Municipal Employees</u>
Employee contributions	\$ 5,620	\$ 78,657	\$ 71,219	\$ 79,522
Village pension expense	28,101	155,017	201,730	193,831
Forfeitures	-	-	22,002	5,973
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’s activities do not meet the criteria for inclusion in the fiduciary funds of a government.

THE VILLAGE OF NORTH PALM BEACH, FLORIDA
Notes to the Basic Financial Statements
September 30, 2021

NOTE 13 – OTHER POSTEMPLOYMENT BENEFITS

General Information about the OPEB Plan

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

The following describes the Village’s OPEB Provisions:

Plan Description

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

Benefits Provided

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

Employees Covered by Benefit Terms

At September 30, 2020, the date of the last actuarial valuation, the following employees were covered by benefit terms:

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

THE VILLAGE OF NORTH PALM BEACH, FLORIDA
Notes to the Basic Financial Statements
September 30, 2021

NOTE 13 – OTHER POSTEMPLOYMENT BENEFITS (Continued)

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

Total OPEB Liability

The Village's total OPEB liability of \$882,549 was measured as of September 30, 2021 and was determined by the actuarial valuation as September 30, 2020.

Actuarial Assumptions and Methods

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

Valuation Date:	September 30, 2020
Measurement Date:	September 30, 2021
Discount Rate:	2.19% per annum
Source	Bond Buyer GO 20-Bond Municipal Index
Salary Increase Rate:	Service based between 4% to 10% per annum
Health Care Trend Rate:	An initial rate of 6.25% decreasing by 0.25% annually to an ultimate rate of 3.99%.
Inflation Rate:	2.25%
Marriage Rate/Participation:	The assumed number of eligible dependents is based on the current portions of single and family contracts in the census provided. The spousal participation assumed at retirement is 75%.
Actuarial Cost Method:	Entry Age Normal based on level percentage of projected salary.
Amortization Method:	<i>Experience/Assumptions</i> gains and losses are amortized over the closed period of 9 years starting on October 1, 2017, equal to the average remaining service of active and inactive plan members (who have no future service).

THE VILLAGE OF NORTH PALM BEACH, FLORIDA
Notes to the Basic Financial Statements
September 30, 2021

NOTE 13 – OTHER POSTEMPLOYMENT BENEFITS (Continued)

Actuarial Assumptions and Methods (Continued)

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

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

Discount Rate

The Village does not have a dedicated Trust to pay retiree healthcare benefits. Per GASB 75, the discount rate is a yield or index rate for 20-year, tax-exempt municipal bonds. As a result, the calculation used a rate of 2.19%.

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance at September 30, 2020	\$ 803,795
Changes for the Year:	
Service Cost	72,316
Interest Cost	20,766
Changes in benefit terms	
Changes of Assumptions and Other Inputs	14,544
Benefit Payments	(28,872)
Net Change in Total OPEB Liability	78,754
Balance at September 30, 2021	\$ 882,549

THE VILLAGE OF NORTH PALM BEACH, FLORIDA
Notes to the Basic Financial Statements
September 30, 2021

NOTE 13 – OTHER POSTEMPLOYMENT BENEFITS (Continued)

Changes in Assumptions

The discount rate was 2.41% at 10/1/20 and 2.19% at 9/30/21.

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

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

	1.0% Decrease (1.19%)	Discount Rate (2.19%)	1.0% Increase (3.19%)
Total OPEB Liability	\$ 952,168	\$ 882,549	\$ 817,771

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

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

	1.0% Decrease	Healthcare cost Trend Rates	1.0% Increase
Total OPEB Liability	\$ 779,424	\$ 882,549	\$ 1,004,898

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

For the year ended September 30, 2021, the Village recognized OPEB expense of \$(258,666). At September 30, 2021, the Village reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of Assumptions/Inputs	\$ 61,645	\$ 1,081,077
Differences Between Expected and Actual Experience		677,194
Total	\$ 61,654	\$ 1,758,271

THE VILLAGE OF NORTH PALM BEACH, FLORIDA
Notes to the Basic Financial Statements
September 30, 2021

NOTE 13 – OTHER POSTEMPLOYMENT BENEFITS (Continued)

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

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

Fiscal Year Ending:	
September 30, 2022	\$ (351,748)
September 30, 2023	(351,748)
September 30, 2024	(351,748)
September 30, 2025	(351,746)
September 30, 2026	(97,762)
Thereafter	(191,874)
	\$ (1,696,626)

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 \$204,019 to Seacoast during the fiscal year for water and sewer service.

NOTE 15 –INTERFUND ACTIVITY

Due from/to other funds

The due to Capital Projects Fund of \$72,091 from the Country Club Fund are for capital projects that have not been fully expended.

Advances to/from other funds

The advance from the General Fund to the Country Club Fund was to provide \$1,700,000 for the renovation of the Golf Course. The Country Club Fund will start paying back the advance \$1,700,000 in the fiscal year ending September 30, 2025, which is after the Bank of America loan is paid off.

THE VILLAGE OF NORTH PALM BEACH, FLORIDA
Notes to the Basic Financial Statements
September 30, 2021

NOTE 15 – INTERFUND ACTIVITY (Continued)

Transfers

Interfund transfers during the year ended September 30, 2021, are as follows:

The \$510,000 from the General Fund to the Capital Projects Fund and the \$115,280 from the General Fund to the Infrastructure Surtax Fund were to fund capital projects according to the original budget and subsequent budget amendments. The \$274,000 from the General Fund to the Country Club Enterprise Fund were to help fund the operations of the Tennis and Pool activities. There was also a transfer in the Country Club Enterprise Fund of \$3,254,697 from the Governmental Activities which was the net book value of the assets of the Tennis and Pool.

NOTE 16 – CONTRACTS, COMMITMENTS AND CONTINGENCIES

Restaurant Operating Lease

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

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

The Village received \$100,000 in base rent, \$132,852 in supplemental rent and \$75,885 in utility and property tax reimbursements for the year ended September 30, 2021 under the terms of this lease agreement.

THE VILLAGE OF NORTH PALM BEACH, FLORIDA
Notes to the Basic Financial Statements
September 30, 2021

NOTE 16 – CONTRACTS, COMMITMENTS AND CONTINGENCIES (Continued)

Restaurant Operating Lease (Continued)

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

<u>Year ended September 30:</u>	<u>Amount</u>
2022	\$ 100,000
2023	100,000
2024	100,000
2025	58,333
	<u>\$ 358,333</u>

At September 30, 2021, the estimated cost of the exclusive use leased assets was \$7,051,900, net book value was \$6,860,911 and depreciation expense was \$176,298.

Golf Carts Operating Lease

The Village entered into a three-year operating agreement for 80 golf carts, including GPS systems and software, for the Country Club in December 2019, at a monthly cost of \$13,391. For the fiscal year ended September 30, 2021 expenses under the lease were \$160,692. Future minimum rental commitments are as follows:

<u>Year ended September 30:</u>	<u>Amount</u>
2022	<u>\$ 26,782</u>

Subsequent to September 30, 2021, the Village started a new three year lease at an annual cost of \$169,060.

Contract Commitments

On September 17, 2014, the Village entered into an agreement with the City of Palm Beach Gardens whereby the City of Palm Beach Gardens will provide the Village public safety dispatch services. The term of the agreement was for two years beginning on October 1, 2014, and extending through September 30, 2016. In 2016 the agreement was renewed for an additional five years extending through September 30, 2021. On August 11, 2021 a new five year agreement was approved expiring September 30, 2026. The fee for each year under the contract will be based upon the budget of the North County Dispatch (NCDC) center prorated to each contracting municipality based on that municipalities cost share. If at the end any contract year a budget shortfall exists, each contracting municipality shall pay its share of the shortfall. Conversely, if at the end of any contract year a budget surplus exists, such surplus shall represent a committed fund balance to be utilized specifically for NCDC budgetary purposes. The Village's estimated cost for fiscal year ending September 30, 2021 is \$469,180. On August 11, 2021, a second interlocal agreement was signed for five years expiring on September 30, 2026.

THE VILLAGE OF NORTH PALM BEACH, FLORIDA
Notes to the Basic Financial Statements
September 30, 2021

NOTE 16 – CONTRACTS, COMMITMENTS AND CONTINGENCIES (Continued)

Contract Commitments (Continued)

Subsequent to September 30, 2021, the Village approved a lease of \$482,712 for seven vehicles, a lease of \$822,335 for a new fire truck and road resurfacing projects of \$654,048.

Contingencies

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

NOTE 17 – COVID-19

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

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

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

THE VILLAGE OF NORTH PALM BEACH, FLORIDA
Notes to the Basic Financial Statements
September 30, 2021

NOTE 18 – STORMWATER UTILITY FUND

For Fiscal Year 2022, the Village implemented a stormwater utility enterprise fund. The Village established utility assessments for stormwater management services to be levied against all developed properties that benefit from the Village's stormwater management system. These functions include, but are not limited to, maintenance, planning, design, construction, regulation, surveying, and inspection as they relate to stormwater management facilities of the Village. The stormwater utility assessments will be levied as a non-ad valorem special assessment on the tax bill using the Uniform Method of Collection as authorized by state statute. The fund has a budget of \$518,112 for fiscal year 2022.

NOTE 19 – NEW ACCOUNTING STANDARDS

Implementation of Governmental Accounting Standards Board Statements

The Village implemented the following Governmental Accounting Standards Board (GASB) Statements during the fiscal year ended September 30, 2021:

- GASB issued Statement No. 84, *Fiduciary Activities*. This Statement will improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. The statement had no financial impact in the current year. However, the statement did change the classification of Agency Funds to Custodial Funds, which now present a Statement of Changes in Net Position.
- GASB Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans—an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32*. The requirements of this Statement will result in more consistent financial reporting of defined contribution pension plans, defined contribution OPEB plans, and other employee benefit plans, while mitigating the costs associated with reporting those plans. The Village implemented the provisions of this statement related to GASB Statements No. 14 and No. 84 in the current fiscal year.
- In October 2021 the GASB issued Statement No. 98, *The Annual Comprehensive Financial Report*. This Statement establishes the term annual comprehensive financial report and its acronym ACFR. The new term and acronym replace instances of comprehensive annual financial report and its acronym in generally accepted accounting principles for state and local governments

THE VILLAGE OF NORTH PALM BEACH, FLORIDA
Notes to the Basic Financial Statements
September 30, 2021

NOTE 19 – NEW ACCOUNTING STANDARDS (Continued)

Recently Issued Accounting Pronouncements

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

- GASB Statement No. 87, *Leases*. This Statement will increase the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting that is based on the foundational principle that leases are financings of the right to use an underlying asset. This Statement is effective for the fiscal year ending September 30, 2022
- GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement is effective for the fiscal year ending September 30, 2023.
- GASB Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans—an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32*. The requirements of this Statement will result in more consistent financial reporting of defined contribution pension plans, defined contribution OPEB plans, and other employee benefit plans, while mitigating the costs associated with reporting those plans. The sections of the statement related to Section 457 deferred compensation plans is effective for the fiscal year ending September 30, 2022.

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

REQUIRED SUPPLEMENTARY INFORMATION OTHER THAN MD&A

PENSION AND OTHER POSTEMPLOYMENT BENEFIT TREND INFORMATION

THE VILLAGE OF NORTH PALM BEACH, FLORIDA
Required Supplemental Information
September 30, 2021

Schedule of Changes in Total OPEB Liability
Last Ten Fiscal Years

	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Total OPEB liability				
Service cost	\$ 274,702	\$ 113,906	\$ 119,601	\$ 72,316
Interest cost	124,097	63,447	61,990	20,766
Change in benefit terms			655	
Difference between expected and actual experience	(1,354,390)			
Changes of assumptions and other inputs	(677,494)	78,007	(960,663)	14,544
Benefit payments	(134,593)	(56,645)	(59,477)	(28,872)
Net change in total OPEB liability	(1,767,678)	198,715	(837,894)	78,754
Total OPEB liability, beginning of year	<u>3,210,652</u>	<u>1,442,974</u>	<u>1,641,689</u>	<u>803,795</u>
Total OPEB liability, end of year	<u>\$ 1,442,974</u>	<u>\$ 1,641,689</u>	<u>\$ 803,795</u>	<u>\$ 882,549</u>
Covered employee payroll	<u>\$ 10,148,392</u>	<u>\$ 10,566,520</u>	<u>\$ 9,347,911</u>	<u>\$ 11,834,425</u>
Net OPEB liability as a percentage of covered employee payroll	<u>14.22%</u>	<u>15.54%</u>	<u>8.60%</u>	<u>7.46%</u>
Changes of Assumptions				
Discount rate (3.36% at 10/1/17)	4.15%	3.58%	2.41%	2.19%
Coverage acceptance rate	40.00%	40.00%	25.00%	25.00%

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

THE VILLAGE OF NORTH PALM BEACH, FLORIDA
Required Supplemental Information
September 30, 2021

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

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

Changes of Assumptions (By Measurement Year)

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

For the 2017 fiscal year the mortality rate changed.

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

<u>2020</u>	<u>2021</u>	<u>2022</u>
<u>2019</u>	<u>2020</u>	<u>2021</u>
\$ 251,678	\$ 216,125	\$ 211,929
1,201,578	1,211,026	1,232,553
(625,948)	(343,736)	(29,429)
		(283,447)
<u>(567,472)</u>	<u>(736,101)</u>	<u>(784,490)</u>
259,836	347,314	347,116
<u>17,833,215</u>	<u>18,093,051</u>	<u>18,440,365</u>
<u>\$ 18,093,051</u>	<u>\$ 18,440,365</u>	<u>\$ 18,787,481</u>
\$ 358,152	\$ 232,738	\$ 197,770
97,522	85,829	76,595
721,786	1,497,222	3,135,663
(567,472)	(736,101)	(784,490)
<u>(38,690)</u>	<u>(60,096)</u>	<u>(74,760)</u>
571,298	1,019,592	2,550,778
<u>16,399,189</u>	<u>16,970,487</u>	<u>17,990,079</u>
<u>\$ 16,970,487</u>	<u>\$ 17,990,079</u>	<u>\$ 20,540,857</u>
<u>\$ 1,122,564</u>	<u>\$ 450,286</u>	<u>\$ (1,753,376)</u>
<u>93.80%</u>	<u>97.56%</u>	<u>109.33%</u>
<u>\$ 1,834,767</u>	<u>\$ 1,612,777</u>	<u>\$ 1,472,661</u>
<u>61.18%</u>	<u>27.92%</u>	<u>-119.06%</u>

For the 2021 fiscal year the morality tables, assumed rates of retirement, withdrawal rate, salary increases, and cost of living adjustments were all updated and the investment return assumption was reduce from 6.75% to 6.25%.

THE VILLAGE OF NORTH PALM BEACH, FLORIDA
Required Supplemental Information
September 30, 2021
Fire and Police Retirement Fund
Schedule of Changes in Net Pension Liability and Related Ratios
Last Ten Fiscal Years

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

Changes of Assumptions (By Measurement Year)

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

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

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

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

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

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

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

<u>2020</u>	<u>2021</u>	<u>2022</u>
<u>2019</u>	<u>2020</u>	<u>2021</u>
\$ 1,031,048	\$ 1,102,333	\$ 1,026,423
2,236,125	2,423,113	2,574,829
(600,965)		
1,660,762		
(138,741)	319,251	(1,956,361)
205,896	(981,457)	464,035
6,698	3,498	3,498
<u>(793,277)</u>	<u>(799,809)</u>	<u>(841,165)</u>
3,607,546	2,066,929	1,271,259
<u>27,159,019</u>	<u>30,766,565</u>	<u>32,833,494</u>
<u>\$ 30,766,565</u>	<u>\$ 32,833,494</u>	<u>\$ 34,104,753</u>
\$ 918,263	\$ 863,762	\$ 754,690
328,826	339,482	350,777
239,271	329,454	383,070
6,698	3,498	3,498
787,045	1,228,865	5,607,643
(793,277)	(799,809)	(841,165)
<u>(83,413)</u>	<u>(85,101)</u>	<u>(87,463)</u>
1,403,413	1,880,151	6,171,050
<u>25,024,740</u>	<u>26,428,153</u>	<u>28,308,304</u>
<u>\$ 26,428,153</u>	<u>\$ 28,308,304</u>	<u>\$ 34,479,354</u>
<u>\$ 4,338,412</u>	<u>\$ 4,525,190</u>	<u>\$ (374,601)</u>
<u>85.90%</u>	<u>86.22%</u>	<u>101.10%</u>
<u>\$ 5,451,987</u>	<u>\$ 5,134,942</u>	<u>\$ 5,169,073</u>
<u>79.57%</u>	<u>88.13%</u>	<u>-7.25%</u>

For the 2020 fiscal year the mortality rates changed.

For the 2021 fiscal year the investment return assumption was reduced from 7.7% to 7.45% along with changes to the salary increase rates, normal retirement rates and the assumed rates of withdrawal.

THE VILLAGE OF NORTH PALM BEACH, FLORIDA
Required Supplemental Information
September 30, 2021

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%
2018	449,477	451,560	(2,083)	1,966,566	22.96%
2019	355,507	358,152	(2,645)	1,834,767	19.52%
2020	231,604	232,738	(1,134)	1,612,777	14.43%
2021	194,733	197,770	(3,037)	1,472,661	13.43%

Fire and Police Retirement Fund

2014	\$ 1,173,930	\$ 1,174,329	\$ (399)	\$ 4,312,746	27.23%
2015	1,205,408	1,206,428	(1,020)	4,518,020	26.70%
2016	1,193,059	1,200,531	(7,472)	4,601,075	26.09%
2017	1,175,844	1,171,787	4,057	4,772,092	24.55%
2018	1,038,576	1,053,646	(15,070)	5,088,564	20.71%
2019	1,135,649	1,247,089	(111,440)	5,451,987	22.87%
2020	1,190,793	1,203,271	(12,478)	5,134,942	23.43%
2021	1,233,858	1,105,440	128,418 *	5,169,073	21.39%

* Prior year excess contributions were used.

Schedule of Investment Returns

Fiscal Year Ending September 30	Annual money weighted rate of return net of investment expense	
	General Employees	Fire and Police Employees
2014	10.50%	10.00%
2015	-0.39%	0.66%
2016	9.72%	8.25%
2017	11.32%	10.92%
2018	8.26%	7.14%
2019	4.63%	3.13%
2020	9.28%	4.62%
2021	17.85%	19.69%

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, 2021

Methods and assumptions used in calculations of determined contributions.

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

	General Employees Retirement Fund	Police and Fire Retirement Fund
Valuation Date	October 1, 2019	October 1, 2019
Actuarial Cost Method	Frozen Entry-Age	Entry Age Normal
Amortization Method	Level Dollar, closed	Level Percentage of Compensation
Remaining Amortization Period	27	19
Asset Valuation Method	Five year smoothed market	Five year smoothed market
Inflation	2.50%	2.50%
Salary increases	Service based Between 4% and 10%	Service based Between 4.5% and 10%
Cost of living adjustments	2.5% for those retired before 2/1/82 or who contribute an extra 2%.	2.50%
Investment Rate of Return	6.75%	7.70%
Mortality	RP2000 Combined Healthy Participant, Scale BB. Female: 100% Annuitant White Collar, Male Annuitant White Collar/50% Annuitant Blue Collar	PubS.H-2010 for Employees, set forward one year

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, 2021

	<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	\$ 21,179,961	\$ 21,179,961	\$ 21,805,910	\$ 625,949
Licenses and permits	1,102,200	1,102,200	1,574,639	472,439
Intergovernmental	1,260,736	1,260,736	1,826,787	566,051
Charges for services	1,797,050	1,797,050	1,726,853	(70,197)
Fines and forfeitures	117,260	117,260	154,410	37,150
Investment	218,710	218,710	70,892	(147,818)
Miscellaneous	27,880	27,880	296,245	268,365
Total revenues	<u>25,703,797</u>	<u>25,703,797</u>	<u>27,455,736</u>	<u>1,751,939</u>
Expenditures				
Current				
General government	3,366,932	3,371,832	3,507,052	(135,220)
Public safety	10,569,018	10,569,018	10,502,065	66,953
Public works	5,704,792	5,725,388	5,117,986	607,402
Community development and planning	1,655,019	1,780,867	1,292,216	488,651
Leisure services	1,974,036	1,974,036	1,695,054	278,982
Other government				
Capital outlay	10,000	1,719,439	2,154,869	(435,430)
Debt service				
Principal payments	1,106,148	1,106,148	1,106,148	
Interest paid on debt	533,852	533,852	491,022	42,830
Total expenditures	<u>24,919,797</u>	<u>26,780,580</u>	<u>25,866,412</u>	<u>914,168</u>
Excess of revenues over expenditures	<u>784,000</u>	<u>(1,076,783)</u>	<u>1,589,324</u>	<u>2,666,107</u>
Other financing sources (uses)				
Appropriated fund balance		160,431		(160,431)
Capital lease proceeds		1,700,352	1,682,018	(18,334)
Transfer out	(784,000)	(784,000)	(899,280)	(115,280)
Total other financing uses	<u>(784,000)</u>	<u>1,076,783</u>	<u>782,738</u>	<u>(294,045)</u>
Net change in fund balances	<u>\$</u>	<u>\$</u>	<u>2,372,062</u>	<u>\$ 2,372,062</u>
Fund Balances				
Beginning of year			<u>14,204,658</u>	
End of year			<u>\$ 16,576,720</u>	

THE VILLAGE OF NORTH PALM BEACH, FLORIDA
Notes to the Budgetary
Required Supplementary Information (RSI)
General Fund
September 30, 2021

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, 2021

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)	Percent Variance
Village Council					
Personnel services	\$ 69,330	\$ 69,330	\$ 50,449	\$ 18,881	27.23
Operating expenses	81,840	86,740	78,151	8,589	9.90
Total Village Council	<u>151,170</u>	<u>156,070</u>	<u>128,600</u>	<u>27,470</u>	<u>17.60</u>
Village Manager					
Personnel services	641,082	641,082	643,115	(2,033)	-0.32
Operating expenses	51,050	51,050	60,136	(9,086)	-17.80
Total Village Manager	<u>692,132</u>	<u>692,132</u>	<u>703,251</u>	<u>(11,119)</u>	<u>-1.61</u>
Village Finance					
Personnel services	638,965	638,965	622,369	16,596	2.60
Operating expenses	56,400	56,400	69,644	(13,244)	-23.48
Total Village Finance	<u>695,365</u>	<u>695,365</u>	<u>692,013</u>	<u>3,352</u>	<u>0.48</u>
Village Attorney					
Operating expenses	160,000	160,000	185,550	(25,550)	-15.97
Village Clerk					
Personnel services	293,259	293,259	292,089	1,170	0.40
Operating expenses	42,715	42,715	62,742	(20,027)	-46.89
Total Village Clerk	<u>335,974</u>	<u>335,974</u>	<u>354,831</u>	<u>(18,857)</u>	<u>-5.61</u>
Information Technology					
Personnel services	388,577	388,577	396,148	(7,571)	-1.95
Operating expenses	121,825	121,825	106,072	15,753	12.93
Total Information Technology	<u>510,402</u>	<u>510,402</u>	<u>502,220</u>	<u>8,182</u>	<u>1.60</u>
Human Resources					
Personnel services	332,244	332,244	309,926	22,318	6.72
Operating expenses	85,650	85,650	89,313	(3,663)	-4.28
Total Human Resources	<u>417,894</u>	<u>417,894</u>	<u>399,239</u>	<u>18,655</u>	<u>4.46</u>
Police					
Personnel services	5,393,159	5,393,159	5,727,062	(333,903)	-6.19
Operating expenses	983,512	983,512	885,778	97,734	9.94
Total Police	<u>6,376,671</u>	<u>6,376,671</u>	<u>6,612,840</u>	<u>(236,169)</u>	<u>-3.70</u>
Fire Rescue					
Personnel services	3,681,347	3,681,347	3,456,145	225,202	6.12
Operating expenses	397,235	397,235	337,824	59,411	14.96
Total Fire Rescue	<u>4,078,582</u>	<u>4,078,582</u>	<u>3,793,969</u>	<u>284,613</u>	<u>6.98</u>

(Continued)

THE VILLAGE OF NORTH PALM BEACH, FLORIDA
Schedule of Departmental Expenditures - Budget and Actual
General Fund
For the Year Ended September 30, 2021

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)	Percent Variance
(Continued)					
Public Works Administration					
Personnel services	\$ 362,648	\$ 362,648	\$ 310,898	\$ 51,750	14.27
Operating expenses	88,920	88,920	99,049	(10,129)	-11.39
Total Public Works	<u>451,568</u>	<u>451,568</u>	<u>409,947</u>	<u>41,621</u>	<u>9.22</u>
Sanitation					
Personnel services	1,517,735	1,517,735	1,303,415	214,320	14.12
Operating expenses	259,000	259,000	267,908	(8,908)	-3.44
Total Sanitation	<u>1,776,735</u>	<u>1,776,735</u>	<u>1,571,323</u>	<u>205,412</u>	<u>11.56</u>
Facility Services					
Personnel services	368,869	368,869	331,090	37,779	10.24
Operating expenses	494,800	505,793	418,059	87,734	17.35
Total Facility Services	<u>863,669</u>	<u>874,662</u>	<u>749,149</u>	<u>125,513</u>	<u>14.35</u>
Street Maintenance					
Personnel services	514,829	514,829	473,432	41,397	8.04
Operating expenses	1,494,920	1,497,720	1,278,172	219,548	14.66
Total Street Maintenance	<u>2,009,749</u>	<u>2,012,549</u>	<u>1,751,604</u>	<u>260,945</u>	<u>12.97</u>
Vehicle Maintenance					
Personnel services	300,386	300,386	295,734	4,652	1.55
Operating expenses	302,685	302,685	268,922	33,763	11.15
Total Vehicle Maintenance	<u>603,071</u>	<u>603,071</u>	<u>564,656</u>	<u>38,415</u>	<u>6.37</u>
Planning and Engineering					
Personnel services	340,342	340,342	261,732	78,610	23.10
Operating expenses	132,350	236,608	110,192	126,416	53.43
Total Planning and Engineering	<u>472,692</u>	<u>576,950</u>	<u>371,924</u>	<u>205,026</u>	<u>35.54</u>
Building					
Personnel services	760,924	760,924	577,139	183,785	24.15
Operating expenses	163,800	185,390	183,292	2,098	1.13
Total Building	<u>924,724</u>	<u>946,314</u>	<u>760,431</u>	<u>185,883</u>	<u>19.64</u>
Code Enforcement					
Personnel services	232,578	232,578	144,888	87,690	37.70
Operating expenses	28,025	28,025	17,973	10,052	35.87
Total Code Enforcement	<u>260,603</u>	<u>260,603</u>	<u>162,861</u>	<u>97,742</u>	<u>37.51</u>
Recreation					
Personnel services	578,217	578,217	451,211	127,006	21.97
Operating expenses	448,430	448,430	386,438	61,992	13.82
Total Leisure Services-Recreation	<u>1,026,647</u>	<u>1,026,647</u>	<u>837,649</u>	<u>188,998</u>	<u>18.41</u>

(Continued)

THE VILLAGE OF NORTH PALM BEACH, FLORIDA
Schedule of Departmental Expenditures - Budget and Actual
General Fund
For the Year Ended September 30, 2021

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)	Percent Variance
(Continued)					
Library					
Personnel services	\$ 668,737	\$ 668,737	\$ 640,703	\$ 28,034	4.19
Operating expenses	180,652	180,652	185,234	(4,582)	-2.54
Total Library	<u>849,389</u>	<u>849,389</u>	<u>825,937</u>	<u>23,452</u>	<u>2.76</u>
Special Events					
Operating expenses	98,000	98,000	31,468	66,532	67.89
Total Special Events	<u>98,000</u>	<u>98,000</u>	<u>31,468</u>	<u>66,532</u>	<u>67.89</u>
Debt Service	<u>1,640,000</u>	<u>1,640,000</u>	<u>1,597,170</u>	<u>42,830</u>	<u>2.61</u>
Reserves and contingencies					
Operating expenses		6,803	71,307	(64,504)	-948.17
		<u>6,803</u>	<u>71,307</u>	<u>(64,504)</u>	<u>(948.17)</u>
Non-Departmental					
Operating expenses	514,760	514,760	633,604	(118,844)	-23.09
	<u>514,760</u>	<u>514,760</u>	<u>633,604</u>	<u>(118,844)</u>	<u>-23.09</u>
Capital Outlay					
Police			48,810	(48,810)	
Facility Services	10,000	10,000	9,715	285	
Vehicle Maintenance			51,199	(51,199)	
Street Maintenance		9,087	288,642	(279,555)	
Sanitation			60,000	(60,000)	
Leisure Services-Recreation			14,485	(14,485)	
Capital leases		1,700,352	1,682,018	18,334	1.08
Total Capital Outlay	<u>10,000</u>	<u>1,719,439</u>	<u>2,154,869</u>	<u>(435,430)</u>	<u>-25.32</u>
Total expenditures	<u>\$ 24,919,797</u>	<u>\$ 26,780,580</u>	<u>\$ 25,866,412</u>	<u>\$ 914,168</u>	<u>3.41%</u>

COMBINING FINANCIAL STATEMENTS

NONMAJOR GOVERNMENTAL FUNDS

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

Capital Projects Fund

THE VILLAGE OF NORTH PALM BEACH, FLORIDA
Combining Balance Sheet
Nonmajor Governmental Funds
September 30, 2021

	Special Revenue Funds				Capital Projects Fund	Total Nonmajor Governmental Funds
	Public Safety Fund	Northlake Boulevard Fund	Recreation	On-Behalf Pension Contributions		
Assets						
Cash and cash equivalents	\$ 757	\$ 1,987	\$ 248,509	\$	\$ 967,644	\$ 1,218,897
Due from other funds					72,091	72,091
Total assets	<u>\$ 757</u>	<u>\$ 1,987</u>	<u>\$ 248,509</u>	<u>\$</u>	<u>\$ 1,039,735</u>	<u>\$ 1,290,988</u>
Liabilities						
Accounts payable	\$	\$	\$ 688	\$	\$ 29,054	\$ 29,742
Total liabilities	<u>\$</u>	<u>\$</u>	<u>\$ 688</u>	<u>\$</u>	<u>\$ 29,054</u>	<u>\$ 29,742</u>
Fund balances						
Assigned	757	1,987	247,821		1,010,681	1,261,246
Total fund balances	<u>757</u>	<u>1,987</u>	<u>247,821</u>		<u>1,010,681</u>	<u>1,261,246</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 757</u>	<u>\$ 1,987</u>	<u>\$ 248,509</u>	<u>\$</u>	<u>\$ 1,039,735</u>	<u>\$ 1,290,988</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, 2021

	Special Revenue Funds					Total Nonmajor Governmental Funds
	Public Safety Fund	Northlake Boulevard Fund	Recreation	On-Behalf Pension Contributions	Capital Projects Fund	
Revenues						
Intergovernmental	\$	\$	\$	\$ 350,777	\$	\$ 350,777
Total revenues	\$	\$	\$	350,777	\$	350,777
Expenditures						
Current						
Public safety	763			350,777		351,540
Capital outlay			12,470		650,330	662,800
Total expenditures	763		12,470	350,777	650,330	1,014,340
Excess (deficiency) of revenues over (under) expenditures	(763)		(12,470)		(650,330)	(663,563)
Other financing sources (uses)						
Transfers in					510,000	510,000
Total other financing sources (uses)					510,000	510,000
Net changes in fund balances	(763)		(12,470)		(140,330)	(153,563)
Fund balances - Beginning of year	1,520	1,987	260,291		1,151,011	1,414,809
Fund balances - End of year	\$ 757	\$ 1,987	\$ 247,821	\$	\$ 1,010,681	\$ 1,261,246

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, 2021

	General Employees Pension	Fire and Police Officers Pension	Total Employee Retirement Funds
Assets			
Cash and cash equivalents	\$ 335,993	\$ 246,716	\$ 582,709
Investments:			
Domestic common equity securities		18,596,377	18,596,377
International common equity securities		3,608,356	3,608,356
U.S. Government and agencies		4,563,802	4,563,802
Municipal bonds		478,775	478,775
Domestic corporate bonds		3,115,749	3,115,749
International corporate bonds		275,218	275,218
Fixed income exchange traded funds	2,552,819		2,552,819
Equity exchange traded funds	676,812		676,812
Fixed income mutual funds	4,793,412		4,793,412
Domestic equity mutual funds	10,212,616		10,212,616
International equity mutual funds	1,997,705		1,997,705
Real estate investment fund		3,052,366	3,052,366
Money market mutual funds		648,615	648,615
Accrued interest and dividends	1	45,143	45,144
Prepays	3,548	1,851	5,399
Total assets	20,572,906	34,632,968	55,205,874
Liabilities			
Accounts payable	32,049	31,196	63,245
Accounts payable, broker-dealers		122,418	122,418
Total liabilities	32,049	153,614	185,663
Net Position restricted for pensions	\$ 20,540,857	\$ 34,479,354	\$ 55,020,211

THE VILLAGE OF NORTH PALM BEACH, FLORIDA
Combining Statement of Changes in Fiduciary Net Position
Pension Trust Funds
For the Year Ended September 30, 2021

	General Employees Pension	Fire and Police Officers Pension	Total Employee Retirement Funds
	<u> </u>	<u> </u>	<u> </u>
Additions			
Contributions			
Employer	\$ 197,770	\$ 754,690	\$ 952,460
Plan members	76,595	365,333	441,928
DROP contributions		21,235	21,235
State on-behalf payments		350,777	350,777
Total contributions	<u>274,365</u>	<u>1,492,035</u>	<u>1,766,400</u>
Investment earnings			
Dividends and interest	306,066	681,850	987,916
Net increase in fair value of investments	2,887,424	5,079,696	7,967,120
Total investment earnings	<u>3,193,490</u>	<u>5,761,546</u>	<u>8,955,036</u>
Less: investment expenses	<u>57,827</u>	<u>153,903</u>	<u>211,730</u>
Total investment earnings	<u>3,135,663</u>	<u>5,607,643</u>	<u>8,743,306</u>
Total additions	<u>3,410,028</u>	<u>7,099,678</u>	<u>10,509,706</u>
Deductions			
Administration	74,760	87,463	162,223
Refund of member contributions	3,001	9,697	12,698
Benefits	781,489	831,468	1,612,957
Total deductions	<u>859,250</u>	<u>928,628</u>	<u>1,787,878</u>
Change in net position	2,550,778	6,171,050	8,721,828
Net position - beginning	<u>17,990,079</u>	<u>28,308,304</u>	<u>46,298,383</u>
Net position - ending	<u>\$ 20,540,857</u>	<u>\$ 34,479,354</u>	<u>\$ 55,020,211</u>

FIDUCIARY FUNDS

Custodial Funds

Manatee Protection Agency
Northlake Boulevard Task Force

THE VILLAGE OF NORTH PALM BEACH, FLORIDA
Combining Statement of Net Position - Custodial Funds
September 30, 2021

	Manatee Protection Agency	Northlake Boulevard Task Force	Total Custodial Funds
Assets			
Cash and cash equivalents	\$ 323,754	\$ 42,251	\$ 366,005
Liabilities			
Accounts Payable		42,251	42,251
Net Position restricted for individuals, organizations and other governments	\$ 323,754	\$	\$ 323,754

THE VILLAGE OF NORTH PALM BEACH, FLORIDA
Combining Statement of Changes in Fiduciary Net Position
Custodial Funds
September 30, 2021

	Manatee Protection Agency	Northlake Boulevard Task Force	Total Custodial Funds
Additions			
Interest	\$ 2,701	\$ 510	\$ 3,211
Deductions			
Refund of contributions		68,767	68,767
Change in net position	2,701	(68,257)	(65,556)
Net position - beginning	321,053	68,257	389,310
Net position - ending	\$ 323,754	\$	\$ 323,754

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, 2021

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)	Percent Variance
Revenue					
Greens fee/cart rentals/membership fees	\$ 3,149,116	\$ 3,149,116	\$ 3,690,098	\$ 540,982	17.18
Golf shop revenues	359,000	359,000	437,185	78,185	21.78
Driving range revenues	335,000	335,000	509,455	174,455	52.08
Restaurant revenues	305,150	305,150	315,332	10,182	3.34
Tennis revenues	685,365	685,365	699,117	13,752	2.01
Pool revenues	117,000	117,000	180,030	63,030	53.87
Interest revenues			134	134	
Miscellaneous	19,000	19,000	72,003	53,003	278.96
Operating transfers	274,000	274,000	274,000		
Appropriated net position	200,000	200,000		(200,000)	-100.00
Total revenues	5,443,631	5,443,631	6,177,354	733,723	13.48
Golf Maintenance					
Operating expenses	1,721,600	1,721,600	1,794,577	(72,977)	-4.24
Capital outlay	42,500	42,500	32,674	9,826	
Total Golf Maintenance	1,764,100	1,764,100	1,827,251	(63,151)	-3.58
Clubhouse and Grounds					
Personnel services	70,636	70,636	75,184	(4,548)	(6.44)
Operating expenses	370,200	370,200	382,602	(12,402)	(3.35)
Total Clubhouse and Grounds	440,836	440,836	457,786	(16,950)	(3.84)
Golf Pro Shop and Range					
Personnel services	801,005	801,005	740,215	60,790	7.59
Operating expenses	555,919	555,919	702,389	(146,470)	-26.35
Capital outlay	10,000	10,000	52,308	(42,308)	
Total Golf Pro Shop and Range	1,366,924	1,366,924	1,494,912	(127,988)	-9.36
Food and Beverage					
Operating expenses	20,000	20,000	13,659	6,341	31.71
Tennis					
Personnel services	604,092	604,092	463,590	140,502	
Operating expenses	155,900	155,900	136,378	19,522	12.52
Capital outlay	17,000	17,000	51,487	(34,487)	
Total Tennis	776,992	776,992	651,455	125,537	16.16
Pool					
Personnel services	111,074	111,074	130,442	(19,368)	
Operating expenses	157,420	157,420	178,790	(21,370)	-13.58
Capital outlay	30,000	30,000	54,589	(24,589)	
Total Pool	298,494	298,494	363,821	(65,327)	(21.89)
Administration					
Personnel services	263,206	263,206	282,067	(18,861)	-7.17
Operating expenses	29,390	29,390	24,470	4,920	16.74
Total Administration	292,596	292,596	306,537	(13,941)	-4.76
Insurance and General Liability					
Operating expenses	40,000	40,000	21,748	18,252	45.63
Reserves					
Operating	10,000	10,000	8,695	1,305	13.05
Total Reserves	10,000	10,000	8,695	1,305	13.05
Debt service					
Debt service	433,689	433,689	433,689		0.00
Total expenses on the budgetary basis	5,443,631	5,443,631	5,579,553	(135,922)	(2.50)
Revenues under expenses	\$	\$	\$ 597,801	\$ 597,801	
Adjustments to reconcile to the GAAP Basis					
Total expenses on the budgetary basis			5,579,553		
Pension and OPEB adjustments			35,555		
Less: capital outlay costs capitalized			(181,362)		
Less: debt service			(433,689)		
Add: depreciation expense			855,838		
Total operating expenses			5,855,895		

STATISTICAL SECTION

STATISTICAL SECTION

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

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Financial Trends	
<i>These schedules contain trend information to help the reader understand how the Village's financial performance and well-being have changed over time. These schedules include:</i>	
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Fund Balances, Governmental Funds	102
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Revenue Capacity	
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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				
	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015 (1)</u>	<u>2016</u>
Governmental Activities:					
Net investment in capital assets	\$ 16,109,707	\$ 15,431,966	\$ 14,966,927	\$ 14,711,016	\$ 14,102,547
Restricted	658,194	317,190	180,755	177,431	398,519
Unrestricted	<u>11,846,141</u>	<u>11,973,715</u>	<u>11,314,096</u>	<u>6,168,366</u>	<u>6,677,850</u>
Total governmental activities net position	<u>28,614,042</u>	<u>27,722,871</u>	<u>26,461,778</u>	<u>21,056,813</u>	<u>21,178,916</u>
Business-Type Activities:					
Net investment in capital assets	2,082,668	1,998,974	1,907,746	1,833,975	1,880,421
Unrestricted	557,954	668,434	514,167	544,523	418,726
Total business-type activities net position	<u>2,640,622</u>	<u>2,667,408</u>	<u>2,421,913</u>	<u>2,378,498</u>	<u>2,299,147</u>
Primary government:					
Net investment in capital assets	18,192,375	17,430,940	16,874,673	16,544,991	15,982,968
Restricted	658,194	317,190	180,755	177,431	398,519
Unrestricted	<u>12,404,095</u>	<u>12,642,149</u>	<u>11,828,263</u>	<u>6,712,889</u>	<u>7,096,576</u>
Total primary government net position	<u>\$ 31,254,664</u>	<u>\$ 30,390,279</u>	<u>\$ 28,883,691</u>	<u>\$ 23,435,311</u>	<u>\$ 23,478,063</u>
	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Governmental Activities:					
Net investment in capital assets	\$ 13,484,731	\$ 15,429,484	\$ 18,814,116	\$ 22,423,120	\$ 18,910,112
Restricted	992,538	484,568	525,536	986,489	1,418,916
Unrestricted	<u>6,536,225</u>	<u>6,658,744</u>	<u>7,504,062</u>	<u>6,689,693</u>	<u>10,078,079</u>
Total governmental activities net position	<u>21,013,494</u>	<u>22,572,796</u>	<u>26,843,714</u>	<u>30,099,302</u>	<u>30,407,107</u>
Business-Type Activities:					
Net investment in capital assets	1,991,168	3,056,715	3,422,142	2,947,241	5,874,752
Unrestricted	<u>361,461</u>	<u>(1,324,978)</u>	<u>(3,162,414)</u>	<u>(3,161,738)</u>	<u>(2,599,491)</u>
Total business-type activities net position	<u>2,352,629</u>	<u>1,731,737</u>	<u>259,728</u>	<u>(214,497)</u>	<u>3,275,261</u>
Primary government:					
Net investment in capital assets	15,475,899	18,486,199	22,236,258	25,370,361	24,784,864
Restricted	992,538	484,568	525,536	986,489	1,418,916
Unrestricted	<u>6,897,686</u>	<u>5,333,766</u>	<u>4,341,648</u>	<u>3,527,955</u>	<u>7,478,588</u>
Total primary government net position	<u>\$ 23,366,123</u>	<u>\$ 24,304,533</u>	<u>\$ 27,103,442</u>	<u>\$ 29,884,805</u>	<u>\$ 33,682,368</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				
	2012	2013	2014	2015	2016
Expenses					
Governmental activities:					
General government	\$ 2,520,815	\$ 2,489,488	\$ 2,696,298	\$ 3,028,716	\$ 2,985,185
Public safety	7,892,561	8,282,062	9,259,442	9,311,441	9,308,778
Public works	4,652,620	4,482,973	4,485,246	4,963,704	5,106,651
Community development and planning	884,773	966,245	1,046,299	1,308,924	1,382,121
Leisure services	2,873,496	2,974,290	3,114,213	2,973,687	2,904,715
Interest on long-term debt					
Total governmental activities expenses	<u>18,824,265</u>	<u>19,195,058</u>	<u>20,601,498</u>	<u>21,586,472</u>	<u>21,687,450</u>
Business-type activities:					
Country club	3,536,139	3,629,120	3,902,131	3,842,660	3,845,547
Total business-type activities	<u>3,536,139</u>	<u>3,629,120</u>	<u>3,902,131</u>	<u>3,842,660</u>	<u>3,845,547</u>
Total primary government expenses	<u>\$ 22,360,404</u>	<u>\$ 22,824,178</u>	<u>\$ 24,503,629</u>	<u>\$ 25,429,132</u>	<u>\$ 25,532,997</u>
Program Revenues					
Governmental activities:					
Charges for services:					
General government	\$ 135,372	\$ 107,976	\$ 110,694	\$ 131,445	\$ 128,459
Public safety	440,568	522,121	592,644	537,064	628,529
Public works	386,974	403,447	402,814	514,354	565,011
Community development and planning	816,673	993,059	1,621,471	1,163,875	1,213,032
Leisure services	1,018,883	1,087,182	1,096,021	1,006,382	994,918
Other government					
Operating grants and contributions	149,573	91,901	90,520	380,567	365,823
Capital grants and contributions	5,686	233,949	16,098	26,548	229,161
Total governmental activities program revenues	<u>2,953,729</u>	<u>3,439,635</u>	<u>3,930,262</u>	<u>3,760,235</u>	<u>4,124,933</u>
Business-type activities:					
Charges for services:					
Country club	3,582,760	3,577,446	3,645,706	3,788,852	3,720,573
Operating grants and contributions					
Capital grants and contributions					
Total business-type activities program revenues	<u>3,582,760</u>	<u>3,577,446</u>	<u>3,645,706</u>	<u>3,788,852</u>	<u>3,720,573</u>
Total primary government program revenues	<u>\$ 6,536,489</u>	<u>\$ 7,017,081</u>	<u>\$ 7,575,968</u>	<u>\$ 7,549,087</u>	<u>\$ 7,845,506</u>
Net (Expense)/Revenue					
Governmental activities	\$ (15,870,536)	\$ (15,755,423)	\$ (16,671,236)	\$ (17,826,237)	\$ (17,562,517)
Business-type activities	46,621	(51,674)	(256,425)	(53,808)	(124,974)
Total primary government net expense	<u>\$ (15,823,915)</u>	<u>\$ (15,807,097)</u>	<u>\$ (16,927,661)</u>	<u>\$ (17,880,045)</u>	<u>\$ (17,687,491)</u>
General revenues and other changes in net position:					
Governmental activities:					
Taxes:					
Property taxes	\$ 10,011,748	\$ 9,981,391	\$ 10,154,695	\$ 11,364,888	\$ 12,253,917
Local option gas taxes	263,369	261,852	266,147	282,549	288,150
Local option infrastructure surtax					
Utility service taxes	2,164,920	2,197,760	2,277,366	2,267,118	2,303,294
Franchise taxes	1,178,598	1,160,780	1,232,669	1,253,139	1,263,812
Sales and use taxes	1,138,097	1,187,221	1,260,617	1,332,209	1,363,954
Unrestricted grants and contributions					
Investment earnings	90,968	37,029	16,653	108,794	103,353
Miscellaneous	75,413	38,219	146,360	57,137	60,026
Contributions for Support Our Troops					
Gain on disposal of equipment			55,636	30,457	48,114
Transfers					
Total governmental activities	<u>14,923,113</u>	<u>14,864,252</u>	<u>15,410,143</u>	<u>16,696,291</u>	<u>17,684,620</u>
Business-type activities:					
Investment income	7,451	8,555	10,930	10,393	9,230
Miscellaneous		69,905			36,393
Transfers					
Total business-type activities	<u>7,451</u>	<u>78,460</u>	<u>10,930</u>	<u>10,393</u>	<u>45,623</u>
Total primary government	<u>\$ 14,930,564</u>	<u>\$ 14,942,712</u>	<u>\$ 15,421,073</u>	<u>\$ 16,706,684</u>	<u>\$ 17,730,243</u>
Change in net position					
Governmental activities	\$ (947,423)	\$ (891,171)	\$ (1,261,093)	\$ (1,129,946)	\$ 122,103
Business-type activities	54,072	26,786	(245,495)	(43,415)	(79,351)
Total primary government	<u>\$ (893,351)</u>	<u>\$ (864,385)</u>	<u>\$ (1,506,588)</u>	<u>\$ (1,173,361)</u>	<u>\$ 42,752</u>

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

	2017	2018	2019	2020	2021
\$	3,205,903	\$ 3,213,886	\$ 3,312,770	\$ 3,541,302	\$ 3,819,733
	9,905,815	10,045,757	10,505,278	12,103,224	11,260,437
	5,707,570	5,911,225	5,603,991	5,633,427	5,416,934
	1,255,115	1,458,523	1,685,525	1,398,876	1,261,701
	3,114,720	3,058,410	3,037,981	2,795,698	2,706,225
	266,892	499,929	489,988	520,755	477,717
	<u>23,456,015</u>	<u>24,187,730</u>	<u>24,635,533</u>	<u>25,993,282</u>	<u>24,942,747</u>
	2,903,224	2,912,523	2,879,376	4,242,674	5,942,293
	<u>2,903,224</u>	<u>2,912,523</u>	<u>2,879,376</u>	<u>4,242,674</u>	<u>5,942,293</u>
\$	<u>26,359,239</u>	<u>27,100,253</u>	<u>27,514,909</u>	<u>30,235,956</u>	<u>30,885,040</u>
\$	134,249	\$ 140,998	\$ 147,104	\$ 152,779	\$ 217,227
	557,265	548,019	687,905	488,393	496,492
	547,596	510,732	538,459	511,916	461,166
	1,222,464	1,495,298	1,799,878	1,723,949	1,955,663
	1,022,175	876,174	899,164	853,581	375,196
	377,339	422,255	395,376	717,982	602,032
	102,187	9,591	808,193	850,187	21,775
	<u>3,963,275</u>	<u>4,003,067</u>	<u>5,276,079</u>	<u>5,298,787</u>	<u>4,129,551</u>
	2,946,432	2,946,432	1,406,563	3,768,449	5,903,220
	<u>2,946,432</u>	<u>2,254,638</u>	<u>1,406,563</u>	<u>3,768,449</u>	<u>5,903,220</u>
\$	<u>6,909,707</u>	<u>6,257,705</u>	<u>6,682,642</u>	<u>9,067,236</u>	<u>10,032,771</u>
\$	(19,492,740)	\$ (20,184,663)	\$ (19,359,454)	\$ (20,694,495)	\$ (20,813,196)
	43,208	(657,885)	(1,472,813)	(474,225)	(39,073)
\$	<u>(19,449,532)</u>	<u>(20,842,548)</u>	<u>(20,832,267)</u>	<u>(21,168,720)</u>	<u>(20,852,269)</u>
\$	13,091,985	\$ 15,003,141	\$ 16,185,283	\$ 16,991,314	\$ 17,629,392
	305,700	302,208	307,130	273,428	283,233
	552,600	879,565	922,937	869,852	1,011,627
	2,413,679	2,511,877	2,521,954	2,558,092	2,539,175
	1,306,997	1,294,280	1,352,464	1,304,936	1,354,110
	1,371,890	1,413,335	1,448,423	1,345,508	1,548,330
	126,926	376,227	811,915	502,335	81,338
	150,698	268,471	80,266	104,618	181,109
	6,843	74,449			21,384
	<u>19,327,318</u>	<u>22,123,553</u>	<u>23,630,372</u>	<u>23,950,083</u>	<u>(3,528,697)</u>
	10,274	13,874	804		134
					3,528,697
	<u>10,274</u>	<u>13,874</u>	<u>804</u>	<u>23,950,083</u>	<u>3,528,831</u>
\$	<u>19,337,592</u>	<u>22,137,427</u>	<u>23,631,176</u>	<u>23,950,083</u>	<u>24,649,832</u>
\$	(165,422)	\$ 1,938,890	\$ 4,270,918	\$ 3,255,588	\$ 307,805
	53,482	(644,011)	(1,472,009)	(474,225)	3,489,758
\$	<u>(111,940)</u>	<u>1,294,879</u>	<u>2,798,909</u>	<u>2,781,363</u>	<u>3,797,563</u>

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

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
General Fund					
Nonspendable	\$ 166,839	\$ 293,674	\$ 244,438	\$ 155,594	\$ 358,606
Restricted	658,194	317,190	135,255	131,931	353,019
Committed		442,833			
Assigned	127,574	200,016	216,808	319,888	208,204
Unassigned	11,244,977	11,451,668	12,391,362	10,802,623	10,724,049
Total general fund	<u>\$ 12,197,584</u>	<u>\$ 12,705,381</u>	<u>\$ 12,987,863</u>	<u>\$ 11,410,036</u>	<u>\$ 11,643,878</u>
All other Governmental Funds					
Restricted			\$ 45,500	\$ 45,500	\$ 45,500
Assigned					
Special revenue funds	\$ 47,652	\$ 47,652	325,152	318,526	508,481
Capital projects funds	2,129,831	1,799,617	841,850	1,448,620	1,604,073
Unassigned					
Total all other governmental funds	<u>\$ 2,177,483</u>	<u>\$ 1,847,269</u>	<u>\$ 1,212,502</u>	<u>\$ 1,812,646</u>	<u>\$ 2,158,054</u>
	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
General Fund					
Nonspendable	\$ 183,220	\$ 1,240,793	\$ 2,789,824	\$ 2,325,778	\$ 2,102,739
Restricted	781,756	47,338	61,227	79,730	87,342
Committed					
Assigned	316,266	407,862	582,008	176,865	494,163
Unassigned	11,811,468	7,547,415	8,177,758	11,622,285	13,892,476
Total general fund	<u>\$ 13,092,710</u>	<u>\$ 9,243,408</u>	<u>\$ 11,610,817</u>	<u>\$ 14,204,658</u>	<u>\$ 16,576,720</u>
All other Governmental Funds					
Restricted	\$ 13,988,744	\$ 11,826,016	\$ 464,309	\$ 906,759	\$ 1,331,574
Assigned					
Special revenue funds	388,981	3,506	3,507	263,798	252,000
Capital projects funds	1,670,196	5,398,245	3,727,482	1,151,011	1,010,681
Unassigned		(114,279)	(421,599)	-	
Total all other governmental funds	<u>\$ 16,047,921</u>	<u>\$ 17,113,488</u>	<u>\$ 3,773,699</u>	<u>\$ 2,321,568</u>	<u>\$ 2,594,255</u>

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

	Fiscal Year				
	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Revenues:					
Taxes	\$ 13,618,635	\$ 13,601,783	\$ 13,930,877	\$ 15,167,694	\$ 16,109,173
Licenses and Permits	810,390	803,337	1,344,653	947,158	1,235,782
Intergovernmental	1,591,678	1,817,603	1,688,608	1,758,246	1,765,836
Charges for services	1,966,179	2,141,437	2,320,305	2,231,673	2,364,013
Fines and forfeitures	140,610	131,524	117,869	128,235	91,534
Investment earnings	90,968	37,029	16,653	108,794	103,353
Miscellaneous	130,293	207,076	258,086	122,107	191,250
Total revenues	<u>18,348,753</u>	<u>18,739,789</u>	<u>19,677,051</u>	<u>20,463,907</u>	<u>21,860,941</u>
Expenditures:					
General government	2,328,568	2,346,281	2,541,546	2,904,553	2,876,521
Public safety	7,583,018	7,947,221	8,947,627	8,966,077	9,129,947
Public works	3,886,698	3,733,977	3,773,689	4,255,636	4,266,749
Community development	844,748	933,117	1,004,642	1,270,399	1,351,061
Leisure services	2,374,748	2,491,559	2,644,598	2,514,495	2,448,164
Other government					
Capital outlay	495,254	1,110,051	1,117,234	1,530,430	1,209,249
Debt service					
Principal payments					
Interest paid on debt					
Total expenditures	<u>17,513,034</u>	<u>18,562,206</u>	<u>20,029,336</u>	<u>21,441,590</u>	<u>21,281,691</u>
Excess of revenues over (under) expenditures	835,719	177,583	(352,285)	(977,683)	579,250
Other financing sources (uses)					
Transfers in	500,000	265,000	323,000	2,091,246	1,503,750
Transfers out	(500,000)	(265,000)	(323,000)	(2,091,246)	(1,503,750)
Capital lease					
Proceeds from debt issuance					
Miscellaneous					
Total other financing sources (uses)	<u> </u>				
Net change in fund balances	<u>\$ 835,719</u>	<u>\$ 177,583</u>	<u>\$ (352,285)</u>	<u>\$ (977,683)</u>	<u>\$ 579,250</u>
Debt service as a percentage of noncapital expenditures	-	-	-	-	-

<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
\$ 17,118,361	\$ 19,111,506	\$ 20,366,831	\$ 21,127,770	\$ 21,805,910
997,656	1,222,594	1,522,913	1,320,361	1,574,639
2,417,809	2,679,389	2,910,395	3,857,230	3,189,191
2,321,298	2,200,860	2,399,174	2,169,814	1,726,853
124,395	100,140	100,188	197,343	154,410
126,926	376,227	811,915	502,335	81,338
157,063	412,513	510,688	160,147	296,245
<u>23,263,508</u>	<u>26,103,229</u>	<u>28,622,104</u>	<u>29,335,000</u>	<u>28,828,586</u>
2,970,223	3,059,623	3,275,570	3,265,210	3,507,052
9,166,060	9,669,361	10,350,598	10,418,956	10,853,605
4,882,159	5,313,834	5,255,606	5,300,077	5,117,986
1,190,759	1,429,764	1,532,428	1,382,443	1,292,216
2,591,866	2,613,664	2,664,689	2,305,309	1,695,054
2,123,742	5,507,617	15,487,329	5,094,135	3,528,772
	680,000	882,777	934,496	1,106,148
	613,101	488,786	502,193	491,022
<u>22,924,809</u>	<u>28,886,964</u>	<u>39,937,783</u>	<u>29,202,819</u>	<u>27,591,855</u>
338,699	(2,783,735)	(11,315,679)	132,181	1,236,731
1,503,750	4,963,307	407,000	844,475	625,280
(1,503,750)	(4,963,307)	(407,000)	(844,475)	(899,280)
		343,299	1,009,529	1,682,018
15,000,000				
<u>15,000,000</u>	<u></u>	<u>343,299</u>	<u>1,009,529</u>	<u>1,408,018</u>
<u>\$ 15,338,699</u>	<u>\$ (2,783,735)</u>	<u>\$ (10,972,380)</u>	<u>\$ 1,141,710</u>	<u>\$ 2,644,749</u>
-	5.53%	5.70%	5.90%	6.53%

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		
2012	2011	1,265,549,795	189,284,601	33,303,512	1,488,137,908	6.9723
2013	2012	1,254,302,880	195,770,816	30,033,151	1,480,106,847	6.9723
2014	2013	1,287,481,785	203,512,929	33,792,851	1,524,787,565	6.8731
2015	2014	1,355,969,888	214,484,701	34,077,944	1,604,532,533	7.3300
2016	2015	1,453,735,176	232,020,936	36,939,006	1,722,695,118	7.3300
2017	2016	1,545,192,840	259,097,141	40,181,846	1,844,471,827	7.3300
2018	2017	1,804,338,668	279,488,569	35,855,827	2,119,683,064	7.3300
2019	2018	1,897,471,175	297,293,001	38,440,924	2,233,205,100	7.5000
2020	2019	1,991,785,138	315,226,821	37,569,787	2,344,581,746	7.5000
2021	2020	2,063,558,234	330,847,141	38,837,770	2,433,243,145	7.5000

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

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

Source: Palm Beach County Property Appraiser

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

Fiscal Year	Tax Roll Year	Village of N. Palm Beach	Overlapping Rates (1)			Total Direct and Overlapping Rates
			Palm Beach County School District	Palm Beach County	Special Districts	
2012	2011	6.9723	8.1800	4.9925	2.3433	22.4881
2013	2012	6.9723	7.7780	4.9902	2.3154	22.0559
2014	2013	6.8731	7.5860	4.9852	2.2280	21.6723
2015	2014	7.3300	7.5940	4.9729	2.1732	22.0701
2016	2015	7.3300	7.5120	4.9277	2.0974	21.8671
2017	2016	7.3300	7.0700	4.9142	1.9453	21.2595
2018	2017	7.3300	6.7690	4.9023	1.7818	20.7831
2019	2018	7.5000	4.8980	6.5720	1.6920	20.6620
2020	2019	7.5000	7.1640	4.8580	1.6873	21.2093
2021	2020	7.5000	7.0100	4.8124	1.6753	20.9977

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
2021 & 2012 Presented**

<u>Taxpayers</u>	<u>2021</u>			<u>2012</u>		
	<u>Taxable Assessed Value</u>	<u>Rank</u>	<u>Percentage of Total Village Net Taxable Assessed Value</u>	<u>Taxable Assessed Value</u>	<u>Rank</u>	<u>Percentage of Total Village Net Taxable Assessed Value</u>
Olen Residential Realty	36,837,729	1	1.51%	16,779,214	1	1.13%
SHM Old Port Cove LLC	33,327,910	2	1.37%			
Sanctuary Bay Trust Corporation	29,057,403	3	1.19%	13,509,049	4	0.91%
Florida Power & Light	24,134,860	4	0.99%	14,776,425	3	0.99%
Pearland RJR LLC	17,347,786	5	0.71%			
JB Shoppes LLLP	16,499,921	6	0.68%			
New Country Motor Cars	15,311,342	7	0.63%	10,658,192	5	0.72%
SHM North Palm Beach LLC	12,757,744	8	0.52%			
Palm Beach Autoplex LLC	9,783,465	9	0.40%			
Chouest Gary	9,611,888	10	0.40%			
Old Port Cove Equities, INC				16,815,716	2	1.13%
Crystal Tree Property Owners				8,500,000	6	0.57%
CF02 Palm Beach III LP				7,000,000	7	0.47%
Old Port Cove Holding, INC				6,662,012	8	0.45%
Bozzuto, Michael A				6,334,818	9	0.43%
Village Shoppers at US 1LLC				5,770,298	10	0.39%
Total	\$ 204,670,048		8.40%	\$ 106,805,724		7.19%

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
2012	2011	10,424,715	9,992,145	95.85%	15,616	10,007,761	96.00%
2013	2012	10,358,172	9,948,550	96.05%	36,366	9,984,916	96.40%
2014	2013	10,503,598	10,097,763	96.14%	57,493	10,155,256	96.68%
2015	2014	11,761,226	11,350,738	96.51%	14,777	11,365,515	96.64%
2016	2015	12,627,355	12,197,736	96.60%	57,133	12,254,869	97.05%
2017	2016	13,519,978	13,051,272	96.53%	41,267	13,092,539	96.84%
2018	2017	15,537,277	14,999,572	96.54%	3,390	15,002,962	96.56%
2019	2018	16,749,038	16,176,654	96.58%	6,223	16,182,877	96.62%
2020	2019	17,584,371	16,980,948	96.57%	7,965	16,988,913	96.61%
2021	2020	18,249,331	17,608,184	96.49%	21,233	17,629,417	96.60%

Source: Palm Beach Country Property Appraiser

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

Fiscal Year Ended Sept 30,	Governmental Activities		Business-type Activities		Total	Percent of Median Personal Income (1)	Per Capita
	Loans Payable	Capital Leases	Loans Payable	Capital Leases			
2012	-	-	3,608,294	106,933	3,715,227	0.50%	303.51
2013	-	-	3,357,875	396,055	3,753,930	0.49%	305.37
2014	-	-	3,096,925	274,471	3,371,396	0.46%	266.62
2015	-	-	2,824,987	147,767	2,972,754	0.37%	234.94
2016	-	-	2,684,913	-	2,684,913	0.35%	212.20
2017	15,000,000	-	2,247,088	-	17,247,088	1.85%	1,292.69
2018	14,320,000	-	1,939,366	-	16,259,366	1.79%	1,229.26
2019	13,515,000	265,522	1,618,633	-	15,399,155	1.74%	1,161.32
2020	12,680,000	1,175,555	1,284,668	-	15,140,223	1.70%	1,135.63
2021	11,815,000	2,616,425	936,310	-	15,367,735	1.55%	1,173.47

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

(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, 2021
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	\$ 39,478	1.16%	\$ 458
Palm Beach County School Board	5,379	1.10%	59
Other debt:			
Palm Beach County	684,231	1.16%	7,937
Palm Beach County School Board			8,454
Subtotal, overlapping debt			8,454
Village of North Palm Beach Direct Debt			14,431,425
Total direct and overlapping debt			\$ 14,439,879

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>
2012	3,590,211	2,932,743	657,468	394,900	1.66
2013	3,586,001	2,986,080	599,921	394,900	1.52
2014	3,656,636	3,248,284	408,352	394,900	1.03
2015	3,799,245	3,226,907	572,338	394,900	1.45
2016	3,766,196	3,333,395	432,801	394,900	1.10
2017	2,956,706	2,472,812	483,894	394,900	1.23
2018	2,268,512	2,227,913	40,599	394,900	0.10
2019	1,407,367	2,443,701	(1,036,334)	394,900	-2.62
2020	3,769,907	3,504,881	265,026	394,900	0.67
2021	5,903,220	4,964,502	938,718	394,900	2.38

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)
2012 (estimate)	12,241	***62,121	****49,117	**5.29
2013 (estimate)	12,293	***59,778	****42,830	**4.66
2014 (estimate)	12,645	***63,349	****43,120	**3.92
2015 (estimate)	12,653	***61,057	****43,120	**3.15
2016 (estimate)	12,817	***61,653	****45,110	**2.10
2017 (estimate)	13,342	***69,718	****46,160	**2.70
2018 (estimate)	13,227	***68,833	****46,160	**1.79
2019 (estimate)	13,260	***66,898	****48,240	**1.24
2020 (estimate)	13,332	***66,898	****48,240	**1.15
2021 (estimate)	13,096	***75,510	****52,970	**4.38

Sources: Business Development Board
US Census Bureau

** Village of North Palm Beach Unemployment Rate for 2021 presented
*** North Palm Beach Median Personal Income for 2021 presented
**** West Palm Beach/Ft Lauderdale/Miami Mean Income data presented

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

VILLAGE OF NORTH PALM BEACH
PRINCIPAL EMPLOYERS
2021 & 2012 Presented

<u>Employer</u>	<u>2021</u>		<u>2012</u>	
	<u>Employees</u>	<u>Percentage of Total Employment</u>	<u>Employees</u>	<u>Percentage of Total Employment</u>
Palm Beach Country School Board	22,600	3.02%	21,495	3.47%
State Government	10,030	1.34%		0.00%
Federal Government	6,809	0.91%		0.00%
Tenet Health Care Corp	6,505	0.87%	6,100	0.98%
Palm Beach County Government	5,686	0.76%	11,381	1.84%
NextEra Energy (Florida Power & Light)	5,119	0.69%	3,635	0.59%
Florida Atlantic University	3,133	0.42%	2,706	0.44%
Boca Raton Regional Hospital (2)	3,052	0.41%	2,250	0.36%
Veterans Health Administration	3,000	0.40%		0.00%
Hospital Corporation of America (HCA) (1)	2,806	0.38%	2,714	0.44%
The Breakers Hotel	2,300	0.31%		0.00%
Bethesda Memorial Hospital	2,282	0.31%	2,391	0.39%
Office Depot	2,000	0.27%	2,250	0.36%
Florida Crystal Corp.	2,000	0.27%		0.00%
City of Boca Raton	1,810	0.24%		0.00%
Jupiter Medical Center	1,800	0.24%		0.00%
City of West Palm Beach	1,636	0.22%		0.00%
G4s (Wachenhut Corp)			3,000	0.48%
	82,568	11.06%	57,922	9.35%

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

- * Employer: Palm Beach County
Information is not available for the Village of North Palm Beach.
- ** Percentage of total employment is calculated using Palm Beach County's available labor force in each of the respective years presented.
- *** Most current data available in BDP.org

Notes:

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

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

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Number of Employees:										
General Government										
Village Manager										
Full-Time	2	2	2	2	2	4	4	4	4	4
Part-Time	0	0	0	0	0	1	1	1	1	0
Information Technology										
Full-Time	3	3	3	3	3	3	3	3	3	3
Part-Time	0	0	0	0	0	0	0	0	1	1
Human Resources										
Full-Time	2	2	2	2	2	2	2	2	2	2
Part-Time	0	0	0	1	2	2	2	2	2	2
Village Clerk - Full-Time	3	3	3	3	3	3	3	3	3	3
Finance										
Full-time	5	5	5	7	7	5	6	6	6	6
Part-Time	1	1	1	0	0	1	0	0	0	0
Public Works										
Full-time	37	37	37	35	34	36	37	37	37	36
Part-Time	0	0	0	0	0	0	0	2	2	2
Police & Fire										
Full-time	0	0	0	0	0	0	0	0	0	0
Part-Time	0	0	0	0	0	0	0	0	0	0
Police										
Full-time	43	43	43	36	36	36	38	38	38	38
Part-Time	12	13	13	13	13	13	15	15	15	15
Fire Rescue										
Full-time	24	24	24	24	24	24	24	24	24	24
Part-Time	0	0	0	0	0	0	0	0	0	1
Community Development and Planning										
Full-time	8	8	10	11	12	13	14	15	15	14
Part-Time	2	2	1	0	0	1	1	1	0	2
Leisure Services										
Library										
Full-time	6	6	6	7	7	7	7	7	7	7
Part-Time	10	10	10	9	9	9	7	7	9	9
Recreation										
Full-time	6	6	6	6	6	6	6	6	5	5
Part-Time	43	43	43	43	43	43	42	42	16	17
Pool/Tennis										
Full-time	0	0	0	0	0	0	0	0	2	1
Part-Time	0	0	0	0	0	0	0	0	22	29
Other Government - Country Club										
Full-time	5	6	8	8	8	5	5	6	7	9
Part-Time	56	54	65	65	65	27	27	27	28	26
Total Number of Employees Budgeted FY Ending	268	268	282	275	276	241	244	248	249	256

* 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	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
PUBLIC WORKS										
Sanitation (Tons of Refuse Collected)	10,065	10,720	10,720	11,167	12,556	12,980	12,624	12,330	12,059	12,398
No. of collection units for solid waste (residential)	7,076	7,471	7,616	7,618	7,614	7,614	7,632	7,632	7,627	7,627
Number of vehicles maintained	98	111	98	98	92	85	89	88	89	90
Number of repair overlays completed (miles)	-	-	-	-	-	-	-	-	-	-
POLICE										
Number of arrests by police officers	211	216	238	293	247	233	192	134	150	150
Number of traffic citations issued	2,566	1,254	2,799	3,407	2,494	1,974	2,014	1,184	853	2,038
FIRE RESCUE										
EMS average response times (minutes)	5.26	5.11	5.10	5.05	5.26	5.21	5.37	4.50	5.42	5.44
Number of EMS calls	1,326	1,296	1,110	1,499	1,601	1,746	1,550	1,577	1,452	1,620
COMMUNITY DEVELOPMENT & PLANNING										
Bldg Dept - Number of Permits, Subpermits and certificates	1,835	2,480	2,103	3,920	4,242	4,665	2,173	2,737	4,832	5,103
Number of code enforcement violations/cases	817	790	887	769	680	**516/357	**726/317	885	941	327
Number of code violations brought to board/magistrate (Calendar Yr End)	100	62	28	56	42	98	246	263	183***	173
RECREATION										
Number of community events presented	49	37	53	57	48	40	38	24	8	19
Number of registrants in athletic programs	1,311	2,074	1,439	1,389	1,174	1,109	1,174	1,077	120***	275
LIBRARY										
Library - Number of Volumes	43,340	44,966	46,546	47,339	*57,935	41,161	43,992	45,446	39,886	33,315
OTHER GOVERNMENT										
Country Club										
Number of Golf Members	283	262	250	255	265	271	178	198	278	263
Number of Tennis/Pool Members	162	190	194	193	183	183	159	182	241	786

Source: Village of North Palm Beach

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

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

*** Variances due to COVID-19

Number of code violations not provided by department at the time of data collection

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

Function/Program:	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016*</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
General Government										
No. of General Government Buildings	23	23	23	23	23	23	23	23	23	23
Public Works										
Square Miles	5.18	5.18	5.18	5.18	5.18	5.18	5.18	5.18	5.18	5.40
Miles of Streets	36.00	36.00	36.00	36.00	32.30**	32.30	32.30	32.30	32.30	32.30
Number of Street Lights (within corp surroundings)	513	513	513	513	513	628****	628	628	628	628
Public Safety										
Fire:										
Number of Stations	1	1	1	1	1	1	1	1	1	1
Number of Firemen & Officers	0	0	0	0	0	0	0	0	0	0
Number of Firemen/Paramedics/EMTs	22	22	22	22	23	24	21	23	18	17
Number of Fire Captains	0	0	0	0	0	0	0	0	3	3
Police/EMS Protection:										
Number of Stations	1	1	1	1	1	1	1	1	1	1
Number of Policemen & Officers	28	28	28	28	28	28	30	28	30	24
Number of Police Captains	2	2	2	2.5	2.5	2.5	2.5	2.5	2.5	1
Leisure Services										
Recreation/Tennis/Pool										
Number of Parks	4	4	4	4	4	4	4	4	4	4
Public Tennis Courts	2	2	2	2	2	2	2	2	2	2
Swimming Pool	1	1	1	1	1	1	1	1	1	1
Number of Marinas	1	1	1	1	1	1	1	1	1	1
Library										
Number of Libraries	1	1	1	1	1	1	1	1	1	1
Number of Volumes (Printed items only)	43,340	44,966	46,546	47,339	48,913	33,502	36,009	37,429	33,672	28,575
Other Government										
Country Club										
Golf Course	1	1	1	1	1	1	1	1	1	1
Driving Range	1	1	1	1	1	1	1	1	1	1
Tennis Courts	10	10	10	10	10	10	10	10	10	10
Restaurant	1	1	1	1	1	1***	1***	1	1	1
Snack Bar	1	1	1	1	1	1***	1***	1	1	1

Source: Village of North Palm Beach

* Preliminary 2016 information is presented

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

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

**** 173 Village owned/455 FPL owned

OTHER REPORTS



NOWLEN, HOLT & MINER, P.A.

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
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EDWARD T. HOLT, JR., PFS, CPA
BRIAN J. BRESCHIA, 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, 2021, 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 4, 2022.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Nowlen, Holt & Mimes, P.A.

West Palm Beach, Florida
March 4, 2022



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
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ALEXIA G. VARGA, CFE, CPA
EDWARD T. HOLT, JR., PFS, CPA
BRIAN J. BRESCHIA, 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, 2021, and have issued our report thereon dated March 4, 2022.

Auditor's Responsibility

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

Other Reporting Requirements

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards* and Independent Accountant's Report on an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports, which are dated March 4, 2022, should be considered in conjunction with this management letter.

Prior Audit Findings

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

Official Title and Legal Authority

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

Financial Condition and Management

Sections 10.554(1)(i)5.a. and 10.556(7), Rules of the Auditor General, require us to apply appropriate procedures and communicate the results of our determination as to whether or not the Village of North Palm Beach, Florida has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and to identify the specific condition(s) met. In connection with our audit, we determined that the Village of North Palm Beach, Florida did not meet any of the conditions described in Section 218.503(1), Florida Statutes, during the fiscal year ended September 30, 2021.

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

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

Special District Component Units

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

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

Additional Matters

Section 10.554(1)(i)3., Rules of the Auditor General, requires us to communicate noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but warrants the attention of those charged with governance. In connection with our audit, we did not note 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 fiscal year ended September 30, 2021, and was not required to have a federal single audit or a state single audit.

Purpose of this Letter

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

Nowlen, Holt & Mimes, P.A.

March 4, 2022
West Palm Beach, Florida



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

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ALEXIA G. VARGA, CFE, CPA
EDWARD T. HOLT, JR., PFS, CPA
BRIAN J. BRESCIA, CFP®, CPA

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
333 S.E. 2nd STREET
POST OFFICE BOX 338
BELLE GLADE, FLORIDA 33430-0338
TELEPHONE (561) 996-5612
FAX (561) 996-5248

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, 2021. 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, 2021.

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 4, 2022