



# Village of North Palm Beach Budget-in-Brief

Fiscal Year 2018-2019

## At a Glance

Date of Incorporation  
August 13, 1956

Fiscal Year  
October 1 – September 30

Form of Government  
Council/Manager

Area  
5.8 square miles

Population  
13,057

FY 19 Operating Budget  
(General Fund + Country Club)  
\$27.86 million

Property Valuation  
\$2.24 billion

Millage Rate  
\$7.50 mils

FY 19 Capital Budget  
\$2.24 million

## Budgeted Positions

Full-time = 151

Part-time = 97

## Elected Officials

David Norris, Mayor

Mark Mullinix, Vice Mayor

Susan Bickel, Pres. Pro-Tem

Deborah Searcy, Council Member

Darryl Aubrey, Council Member

## About North Palm Beach

The Village of North Palm Beach is located on the sunny east coast of Florida, 9 miles north of West Palm Beach in Palm Beach County. The land area of the Village is approximately 5.8 square miles. The Village has an abundant amount of waterfront property created by a number of lakes, canals, and the Atlantic Ocean. Other assets include a Country Club with a golf course, driving range, pool, tennis courts, a restaurant, and a banquet facility; four parks; marina; library; a police and fire rescue station; and a public elementary school.

Additionally, with such advantages as warm weather, sunshine, golf, ocean fishing, boating, sandy beaches and balmy breezes, the Village has much to offer enthusiastic people whether they are raising families or are looking to retire.

## Budget Overview

The budget is a plan (both financially and policy driven) for the accomplishment of goals and objectives identified as being necessary to the purpose of our local government. As a financial plan, the budget includes estimates of resources required, tax and non-tax revenues available to support operations, the implementation of strategic priorities and the number of positions estimated to fulfill the levels of service set forth by policy decisions. Not only is the budget the means by which the Village implements its strategic plan, it is the legal authorization to expend Village funds during the fiscal year.

The budget is prepared according to Generally Accepted Accounting Principles (GAAP) and adopted according to Florida's statutory Truth in Millage (TRIM) requirements. Florida Statutes require that budget appropriations be made each year and that each year's budget be balanced.

This "Budget-in-Brief" presents a condensed overview of the fiscal year 2019 Budget for the Village of North Palm Beach and is intended to give residents information on the budget; the Village's approach to balancing the budget; the major sources of funding (i.e. taxes, customer charges); as well as any major changes included in the Fiscal Year 2019 budget.

Ultimately, the goal of this document is to make it easier to learn about the Village's budget, programs and services, while presenting an accurate depiction of how resources are deployed.

## Vision

NPB will be known for our unparalleled amenities and innovative approach to meeting the needs of our safe and secure community through continuous improvement in infrastructure and service delivery as identified by our stakeholders.

## Mission

We sustain NPB as the “best place to live under the sun” through

- Superior Services
- Timeless Traditions
- Quality Amenities

## Core Values

Our People

Continuous Improvement

Integrity

## Strategic Goals

Financial Sustainability

Beautification & Quality of Life

Organizational Excellence

Strong Local Economy

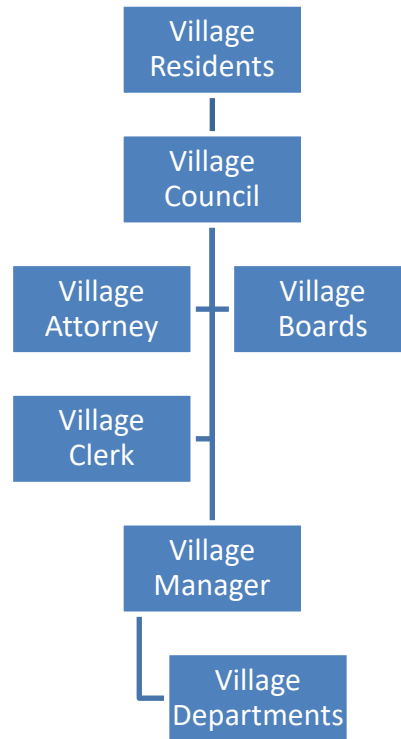
Community Outreach

Waterways & Recreation

All Neighborhoods as Desirable Places to Live

## Organizational Structure

The administrative day to day responsibilities are carried out through the Village Manager. The Village Manager acts as the Chief Executive Officer of the Village and is responsible for directing all Village employees other than those hired directly by the Village Council.



## Awards and Recognition

### GFOA Distinguished Budget Award

The Village has been awarded the Distinguished Budget Presentation Award for its budget document from the Government Finance Officers Association (GFOA) since 2009. This award is the highest form of recognition in governmental budgeting. Its attainment represents a significant accomplishment by a governmental agency, its financial staff, and its management.

### GFOA Certificate of Achievement for Excellence in Financial Reporting

The Village has been awarded the Certificate of Achievement for Excellence in Financial Reporting award from the GFOA for its Comprehensive Annual Financial Report (CAFR) since 1987. This certificate is a prestigious national award that recognizes conformance with the highest standards for preparation of financial audit reports.

### CALEA

The NPB Police Department has been awarded national accreditation by the Commission on Accreditation for Law Enforcement Agencies since 2008. By choosing to be accredited through CALEA, the Police Department voluntarily accepted the challenge to meet the most rigorous set of standards designed for law enforcement in the United States.

## Budget Calendar

May	Strategic Planning Workshop
May	Budget preparation materials distributed to departments
June	Budget review
July	Public Hearing for Proposed Budget & Tentative Millage Rate
August	Budget presentations to Village Council
September	Advertise & hold two public hearings to adopt budget and set final millage rate
October	Start of Fiscal Year

## Budget Amendment

The budget is adopted at the fund level so expenditures may not legally exceed appropriations at that level.

Any amendments that alter the total expenditures for a fund must be approved by the Village Council.

## Budget Process

The Village's annual budget process relies on a timetable of tasks and the planning of steps and meetings that must be maintained in order to comply with state requirements as well as internal requirements for sound planning and fiscal responsibility.

The budget process spans several months and involves an in-depth analysis of revenues and expenditures, examination of service levels across all departments, and opportunities for public input on Village priorities including several public workshops. The end result of this collaborative budget process is a balanced budget which is aligned with the Village's overall priorities.

Village Council adopts the budget by ordinance at a public hearing in late September. The Adopted Budget becomes effective October 1<sup>st</sup>. The final budget includes an operating budget and a capital budget:

- Operating Budget – the operating budget includes personnel costs and annual facility operating costs. It is a plan of current (annual) spending and the means to pay for it (taxes, fees, etc.). This budget includes the General Fund and Enterprise Fund.
- Capital Budget – the capital budget is based on the first year of needs in the five-year Capital Improvement Plan (CIP). The CIP includes long-term spending for the acquisition of assets and the means to pay for them, including borrowing. Village Council adopts a five-year CIP at the same time the Operating Budget is approved.

The Budget process does not end with the adoption of the budget. Instead, it is a continuous, ongoing cycle that includes budget development, public review, official adoption, implementation, and auditing.



## Governmental Budgeting

Governmental budgeting differs from private sector budgeting because governments are primarily responsible for accountability in spending public tax dollars vs. reporting profits and losses.

Public funds must be used as efficiently and effectively as possible to provide programs and services. The budget document is a statement of the Village's priorities for providing the services that are desired by the public.

## Annual Budget

Two primary components:

- Operating Budget
- Capital Budget

Two funds:

- General Fund
- Enterprise Fund

Balanced Budget:

The Village is required by law to balance its budget. The budget that is finally approved needs to be balanced so that current revenues are sufficient to pay for current services.

Purposes of Budget:

Determines the services the Village will provide and how they will be funded.

Sets the property tax levy needed to fund the services identified.

## Governmental Budgeting

Revenue collected by the Village is directed into different funds. These funds help manage Village spending by directing the revenue dedicated to specific activities or objectives to a group of related accounts. By maintaining separate funds, the Village is able to comply with laws that require certain money to be spent for specific purposes.

Basically, a fund provides a distinct accounting mechanism to keep public money designated for different purposes from being commingled.

The Village's operating budget has two funds, and the largest is the General Fund:

**General Fund** – The General Fund is the chief operating fund of the Village and accounts for all of the core services of general government (including ad-valorem taxes) that are not required to be accounted for separately.

Services provided in the General Fund include: Public Safety, Sanitation, Recreation, Library, Streets & Roads Maintenance, Public Improvements, Planning, Zoning & Building, and General Administrative Services.

**Enterprise Fund** – The Enterprise Fund is used to account for the Village's Golf and Country Club operation, which is considered a "business-type" municipal activity. It is the Village's only self-supporting enterprise for which fees charged to users are intended to pay for the full cost of operations, maintenance and capital improvements.

Other funds used by the Village are briefly described below. These funds are not considered budgetary funds because they either involve multi-year projects or are funds held in trust for someone else; they are used only for financial reporting purposes:

**Special Revenue Funds** –These funds account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. Examples include grants and infrastructure surtax.

**Capital Project Fund** –This fund accounts for financial resources to be used for the acquisition or construction of major capital facilities or improvements (other than those financed by proprietary funds) being financed from general long-term debt, grants, or transfers from other funds.

**Fiduciary funds** - used to account for resources that are held by the government as a trustee or agent for parties outside the government and that cannot be used to support the government's own programs. The funds in this category are the Village's Pension Trust Funds and Agency Funds.

## Budget Challenges

Each budget year is an opportunity to rethink how the Village allocates its financial resources to achieve the goals and objectives of the Village Council.

In the budget process, there will be more requests to fund programs or provide tax relief than there is money to go around; as a result, Village Council must weigh the demands alongside the need to keep the Village's budget in balance.

## The Budget reflects

Public choices about which goods & services the Village will or will not provide

Prioritization of activities in which the Village will be involved

Relative influence of various participants and interest groups in the budget development process

Village's plan for acquiring and using its resources

## The budget is a...

### Policy Guide

What services the Village will provide and why

### Financial Plan

How much will the services cost and how will they be funded

### Operations Guide

How services will be delivered to the community

### Communications Device

How services are communicated to the community

## Total Budget by Fund

The Fiscal Year 2019 village-wide operating budget amounts to \$27.86 million. The majority (approximately 90%) of the budget is attributable to the General Fund.

	<b>General Fund</b>	<b>Country Club</b>	<b>Total Budget</b>
<b>Positions</b>	FT = 145 PT = 70	FT = 6 PT = 27	FT = 151 PT = 97
<b>Revenues</b>			
Ad Valorem Taxes	\$15,941,051		\$15,941,051
Utility Service Taxes	2,478,772		2,478,772
Franchise Fees	1,227,209		1,227,209
Sales & Use Taxes	311,598		311,598
Licenses & Permits	980,100		980,100
Inter-Governmental	1,500,382		1,500,382
Charges for Services	2,345,560	2,588,609	4,934,169
Fines & Forfeitures	72,800		72,800
Interest	95,530	10,000	105,530
Miscellaneous	24,800	281,647	306,447
<b>Total Revenues</b>	<b>\$24,977,802</b>	<b>\$2,880,256</b>	<b>\$27,858,058</b>
<b>Expenses</b>			
General Government	\$ 3,347,808		\$ 3,347,808
Public Safety	9,671,875		9,671,875
Public Works	5,283,828		5,283,828
Community Development	1,658,923		1,658,923
Leisure Services	2,817,701		2,817,701
Transfer Out	405,000		405,000
Contingency	361,331		361,331
Golf		2,132,160	2,132,160
Food & Beverage		12,314	12,314
Country Club Admin		302,093	302,093
Debt Service	1,431,336	433,689	1,865,025
<b>Total Expenses</b>	<b>\$24,977,802</b>	<b>\$2,880,256</b>	<b>\$27,858,058</b>

## Revenue Sources

### Ad-Valorem Taxes

Levied on the taxable value of a property in the Village

### Utility Taxes

Consumer consumption of utility services provided in the Village

### Franchise Fees

Charges to service providers operating within the Village

### Sales & Use Taxes

Gasoline taxes collected at the state level and distributed to cities & counties

### Licenses & Permits

Fees collected from businesses providing goods and/or services within Village limits

### Inter-governmental Revenues

Revenues received from other governmental agencies

### Fines & Forfeitures

Revenues generated by enforcement and prosecution of municipal ordinances and state statutes

### User Charges

Charges for services provided. For example:

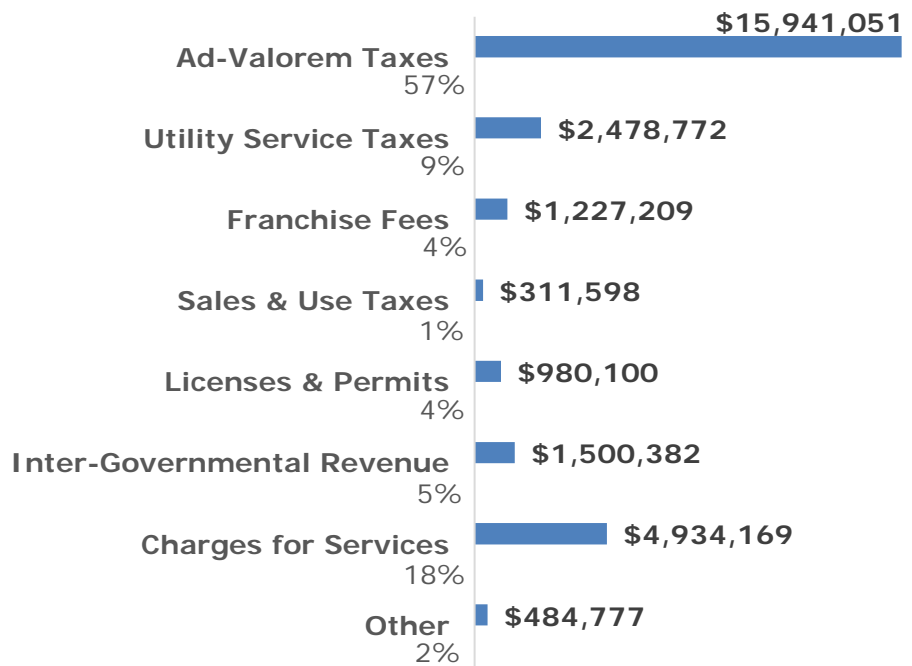
- Recreation fees for sports programs, community programs, special events, and facility use.
- Charges for services resulting from Country Club operations.

## Where the Money Comes From

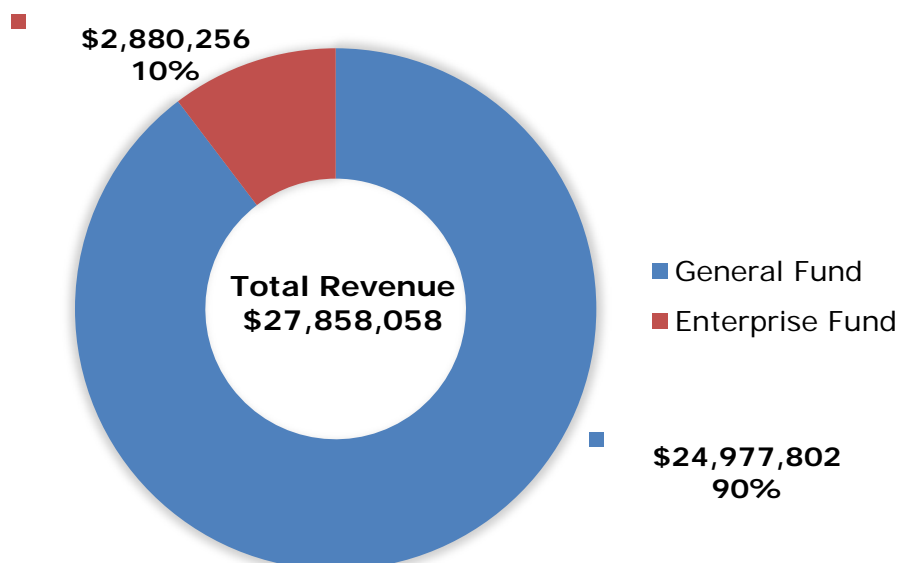
Understanding where Village funds come from is the first step in developing a budget plan; in other words, revenues are the key to developing the Village's budget.

The Village generates revenue from several sources to fund the services it provides, compensate its employees and pay its debt and other obligations. The major sources are briefly described in this section to illustrate where the Village gets its money, why it uses those sources and how much it expects to collect in Fiscal Year 2019 (revenues are shown by source and by fund).

### Total Revenue (by source)



### Total Revenue (by fund)



## Did You Know?

The Village does not assess many of the traditional fees that other municipalities use for generating revenue. Rather, it primarily depends on ad-valorem taxes to fund services. As a result, residents are not assessed additional fees for solid waste or fire rescue services.

## Assessed Value

The assessed value is the dollar value assigned to a property to measure applicable taxes (also known as an ad valorem tax)

## Taxable Value

The taxable value of a property is its assessed value less any exemptions. The General Fund Budget is prepared based on 95% of the total taxable value in the Village to allow for Tax Collector fees, under collection and changes by the Value Adjustment Board

## Tax Levy

The tax levy is the total amount of property taxes that the Village needs to collect in order to support the services to be provided during the year.

## Millage Rate

The millage rate is the tax rate used to calculate your ad valorem taxes. One mil equals \$1 for every \$1,000 of taxable property value.

For example, the Village's millage rate is 7.50, which means you are paying \$7.50 in taxes for every \$1,000 of taxable property value. The operating millage rate cannot exceed 10 mills.

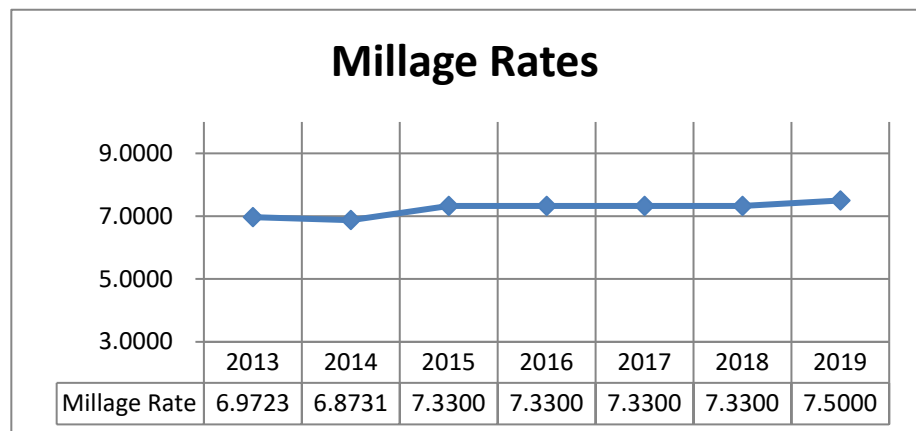
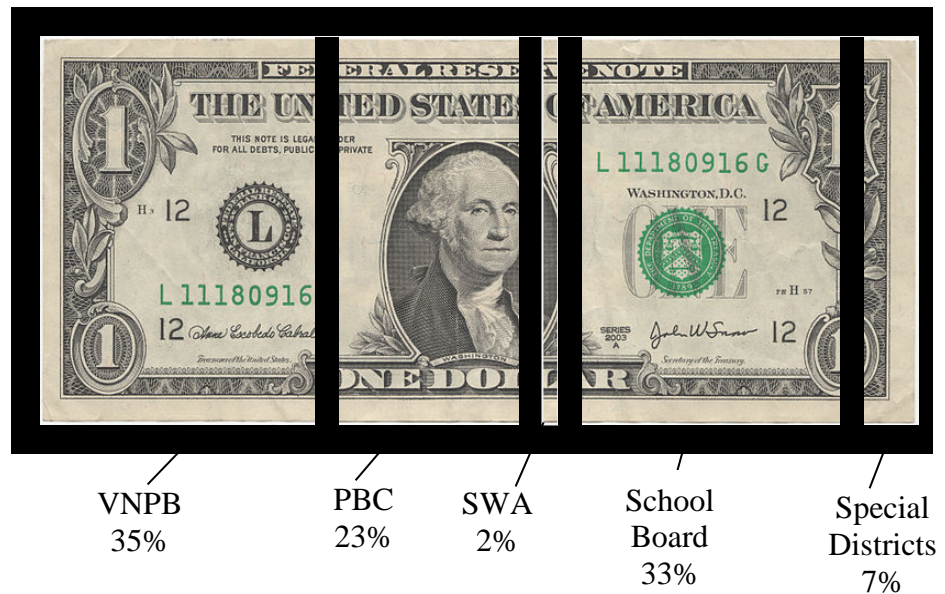
## Property Tax

The Village's operating budget relies on property taxes for approximately 57% of its total budget. A property tax (or millage rate) is an ad valorem tax on the value of a property. Property taxes are the single largest revenue line item in the budget and critical to funding the operations of the Village.

Your property tax bill is based on the assessed value of your property, any exemptions you qualify for and the property tax rate. It is important to note that your property tax bill contains more than just your Village taxes. You also pay property taxes to the county for county-wide services, school board, county library and debt service for these entities. Even when the Village's tax rate remains constant or is reduced, you may pay more taxes if your property value increases or other taxing authorities raise their rates.

For the FY 2019 budget, a property assessed at \$400,000 and a homestead exemption of \$50,000 will pay approximately \$7,582 in total property taxes. The portion of the total bill that North Palm Beach will receive in ad-valorem assessment on this property amounts to \$2,625, or 35% of your total tax bill. The graphic below shows the breakdown of your tax dollar amongst the various governmental agencies.

**Breakdown of your tax dollar**



## Expenses

The expense portion of the budget funds current Village services, including the salaries of Village employees, pension, debt service, and routine operating expenses. It is a commitment to a level of appropriations for a particular fiscal year.

## Budget Categories

### Personnel

Employee's salaries, benefits & taxes paid by the Village.

### Operating

Supplies, materials and other consumable items related to duties or function of the division

Services expenses, for example: utilities, general repair & maintenance, contracts for outside services and outsourcing

### Capital Outlay

Money spent to acquire, maintain, repair, or upgrade capital assets.

### Non-departmental

Items that are not assigned to a specific function or division. This would include items such as liability insurance

### Debt Service

Required annual principal and interest payment on debt for the fund in which the debt was issued.

### Transfers

Transfer of revenues or financial resources from one fund to another

### Contingency

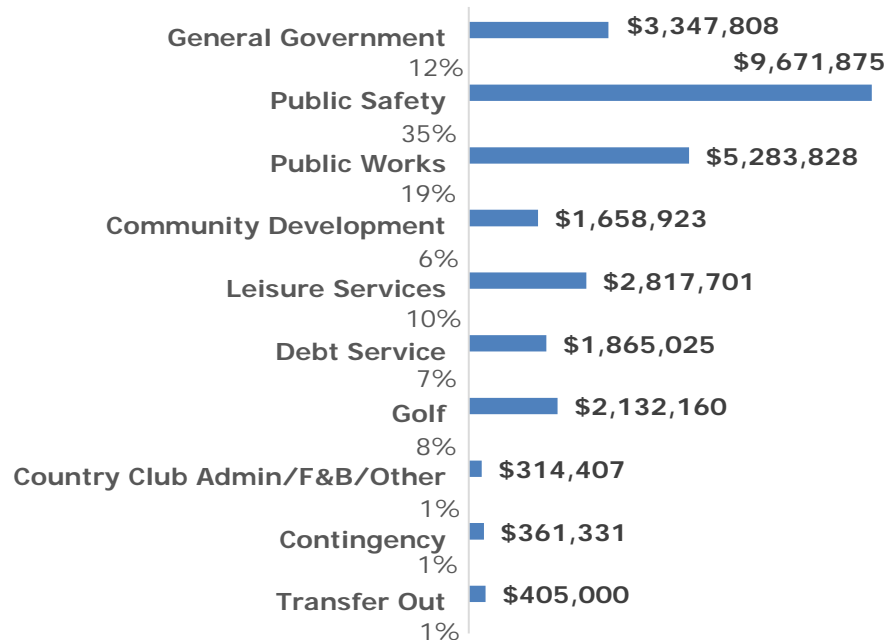
An appropriation within an operating fund to cover unforeseen events which occur in the budget year.

## Where the Money Goes

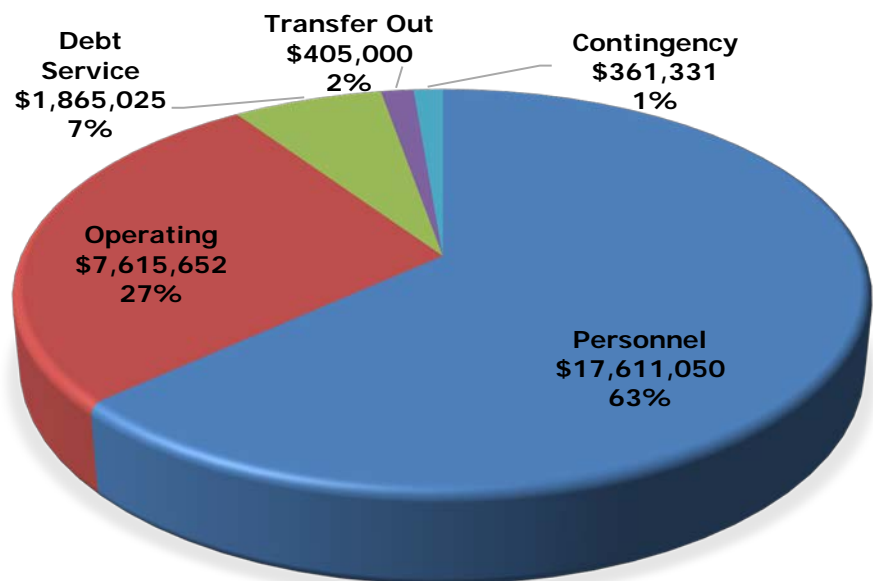
Village government is labor intensive, especially for the operations supported by the General Fund. North Palm Beach makes most of its expenditures (approximately 63%) on the employees who deliver municipal services.

This section describes the major expenditure categories to illustrate how the Village spends the money it collects and how much it expects to spend in Fiscal Year 2019 (expenditures are shown by department and by category).

### A look at the FY19 Operating Budget by Department:



### A look at the FY19 Operating Budget by Category:



**Total Expense = \$27,858,058**



## CIP

Village Council adopts a five-year Capital Improvement Plan (CIP) budget at the same time the Operating Budget is approved; however, the first year of the plan is the only year for which funding is authorized.

### Total 5-Year CIP

\$18.58 million

### Total FY 19 Capital

\$2.24 million

### FY 2019 Planned Projects

Sanitation Collection Vehicle Replacement

Cardiac Monitor / Defibrillator

Community Center Lighting

Pool Resurfacing

Pool Pump Room Renovation

Tennis Court Drainage System

Anchorage Park Phase I completion

Anchorage Park Phase II Design

Bridge Improvements  
Prosperity / Monet / US1

Asphalt Resurfacing – Streets

Sidewalks & Crosswalks

Pool Chiller

East Alley Wall Replacement

Community Center Pathways

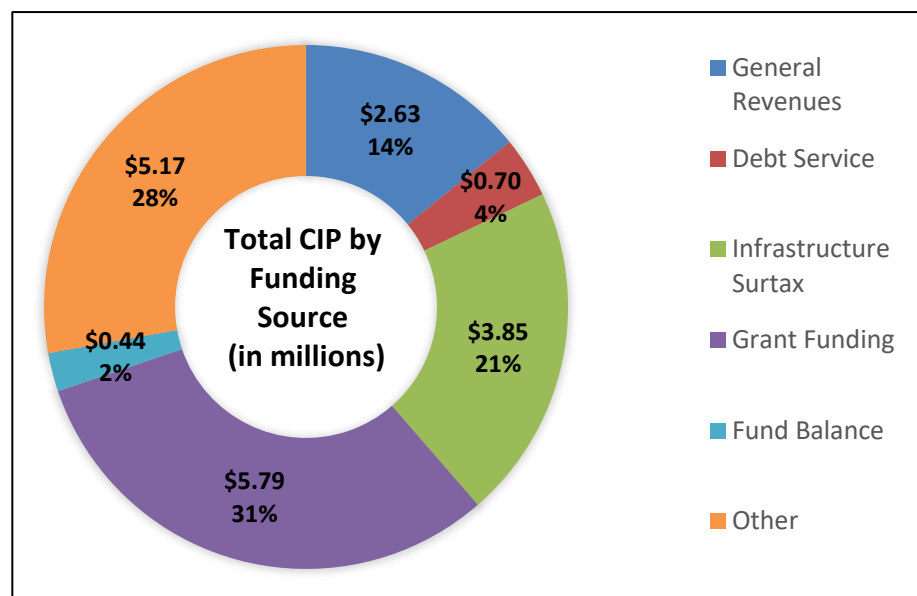
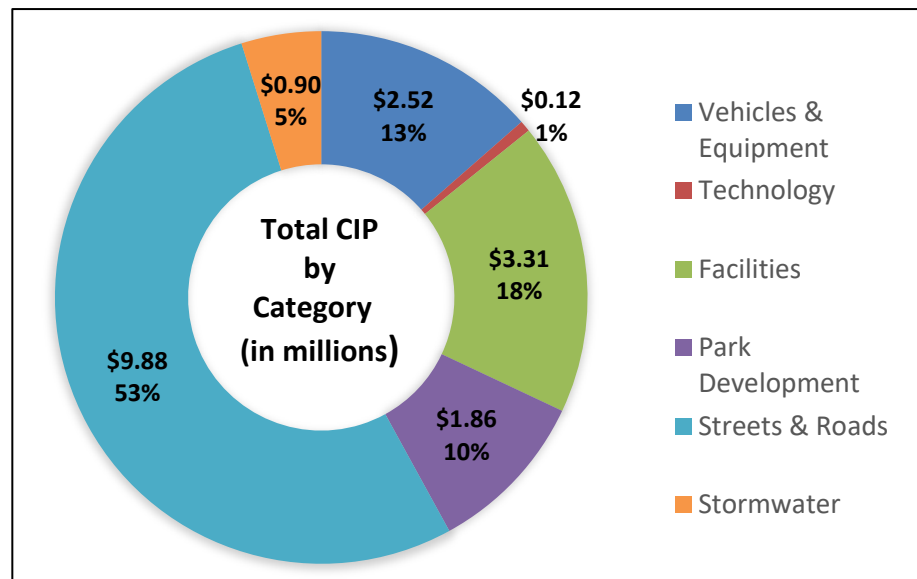
## Capital Improvement Plan

Protecting, maintaining and replacing the Village's infrastructure such as roads, bridges, parks and public buildings is one of the most important aspects of running an efficient, responsible municipality. This is accomplished through the use of a Capital Improvement Plan (CIP).

The Village's five year CIP is an expenditure plan that provides the Village with a financial strategy for major infrastructure projects that require multiple years to plan, design and fund. In other words, it is the blueprint for new construction and major maintenance projects designed to protect and preserve the Village's outstanding quality of life.

While the plan serves as the long range plan, it is updated annually to add new appropriations and/or projects while evaluating priorities, new requirements and new funding sources.

### Total 5-Year CIP = \$18.58 million



## Debt Service

The Village borrows a large sum of cash to pay for projects and then repays it with interest over a long period of time. The amount repaid each year is called debt service.

## Financing Options

### Bank Loan

Fixed rate loan with defined maturity

Loan or line of credit that has a variable interest rate and a flexible payment provision.

### Capital Lease

Lease-purchase agreement in which payments are made to a vendor or a third party investor over time, acquiring the property at the end of the lease period for a nominal payment

### Inter-fund Loan

Inter-fund loans are used to loan money from one fund to any other fund of a municipality whenever the loan is authorized by official ordinance of the governing body

### Revenue Bond

Pledged by a specific revenue source, not government's taxing power

### General Obligation Bond

Pledged by ad valorem taxes which requires voter referendum approval (Secured by the "full faith and credit" of the government).

Note: None of the Village's long-term debt comprises debt backed by the full faith and credit of the government.

## Debt

The Village issues debt to fund the building, maintenance, and improvement of the Village's infrastructure and other capital assets. Every year, a portion of the Village's expense budget must be used to fund debt service (funds included in the expense budget for the payment of principal and interest on long-term and short-term debt).

Currently, The Village has two loan obligations and an inter-fund loan outstanding. In addition, The Village plans to enter into a capital lease program for a portion of its fleet in Fiscal Year 2019.

A total of \$1.87 million has been budgeted in the upcoming year as debt service expense. The breakdown is provided below:

### **Country Club (FY 2019 Debt Service Total = \$433,689)**

- \$4,893,673 Promissory Note

A note in the amount of \$4,893,673 was issued in 2006 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.

- \$1.7 million Inter-Fund Loan

The General fund loaned \$1.7 million to the Country Club to finance improvements to the Country Club Golf Course. The loan is to be repaid in ten (10) annual installments beginning September 30, 2019, with interest only payments until fiscal year 2024.

### **General Fund (FY 2019 Debt Service Total = \$1,431,336)**

- \$15 million Non-Ad Valorem Revenue Notes

Two revenue notes (totaling \$15 million) were issued in 2017 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:

- \$8.9 million tax-exempt issuance

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.

- \$6.1 million taxable issuance

Interest is payable on June 1 and December 1 of each year. Principal payments start June 1, 2018 with the final payment on June 1, 2025.

The fiscal year 2019 budgeted debt service for these notes is \$1,293,786.

- Capital Lease

Lease purchase agreement for a portion of the Village's Fleet. The fiscal year 2019 budgeted lease payment is \$137,550.

## Contact Us

### Website

[www.village-npb.org](http://www.village-npb.org)

### Departments

Village Clerk

(561) 841-3355

Village Manager

(561) 904-2122

Finance

(561) 841-3360

Information Technology

(561) 841-3356

Human Resources

(561) 882-1155

Community Development

(561) 841-3365

Public Works

(561) 691-3440

Recreation

(561) 841-3386

Library

(561) 841-3383

Police

(561) 848-2525

Fire Rescue

(561) 882-1141

Golf

(561) 691-3433

Tennis

(561) 691-3425

## Conclusion

The annual budget is a vital tool for communicating public policy to the public. It contains the financial, political, and service delivery plans for the upcoming fiscal year. A significant amount of time and effort is expended in preparing the annual budget.

Several budget workshop meetings were held during the months of July, August, and September where Council reviewed the substance and content of the upcoming budget in detail.

The FY 2019 budget reflects continued improvement to citizen services, public safety, and public facility maintenance while emphasizing improved community appearance and financial stability.

Our goal is to give you the information and knowledge you need to understand why your leaders make their financial decisions. We hope you found this document both useful and informative.

A full copy of our budget and other financial documents are available on our website at <http://www.village-npb.org>.

