



Village of North Palm Beach, FL



Annual Comprehensive Financial Report

Fiscal year ended September 30, 2022



The Village of North Palm Beach, Florida



ANNUAL COMPREHENSIVE FINANCIAL REPORT

Fiscal Year Ended September 30, 2022

**Prepared by:
Finance Department**

**Samia Janjua
Director of Finance**

THE VILLAGE OF NORTH PALM BEACH, FLORIDA

FINANCIAL STATEMENTS

SEPTEMBER 30, 2022

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THE VILLAGE OF NORTH PALM BEACH, FLORIDA

FINANCIAL STATEMENTS

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INTRODUCTORY SECTION



THE VILLAGE OF NORTH PALM BEACH

"THE BEST PLACE TO LIVE UNDER THE SUN"

March 16, 2023

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, 2022.

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, 2022. 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 Funds (i.e., the Country Club & Stormwater Utility) is presented using the full accrual basis of accounting required by Generally Accepted Accounting Principles (GAAP) for its annual financial report. The Country Club & Stormwater Utility Fund annual budgets are 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 2022) 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 2022 to \$2,630,171,984 or nearly 8.09%, over 2021'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 55% of the annual budget is allotted for wages and fringe benefits.

INITIATIVES AND FUTURE PROJECTS

For Fiscal Year 2022-23, 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 strategic themes and objectives to guide the Village’s financial plan in 2022 that is carried into 2023:

Community Culture and Character

Preserving and honoring the small-village character, culture and charm of North Palm Beach is a significant consideration of the Village Council in all of its policy decisions. The preservation of the traditional boat and RV storage at Anchorage Park, the effort to manage the bulk and mass of new homes to be consistent with the overall character of the Village and the focus on small events as a means to bring residents together are examples of Council’s emphasis on community culture and character.

Community Engagement

The Village Council strives to build trust and relationships that inspire citizens to become involved in the community through effective communication. To that end, the Village is seeking to continually improve communication with residents and businesses. For example, the Communications Manager initiated a weekly e-newsletter to keep residents apprised of upcoming meetings, policy issues to be discussed by the Village Council, upcoming construction projects and events. The Village also works to “actively listen” to residents’ input. One means of accomplishing this has been to hold “open house” meetings to review and receive one-on-one feedback related to redevelopment issues that impact the community.

Quality of Life

This strategic goal is intended to ensure that the Village provides unsurpassed amenities and programming, efficient and reliable infrastructure and the preservation of safety and well-being to the community. To accomplish this, the Village will provide safe, clean, well-maintained and dependable infrastructure; offer and maintain top-quality and market-driven amenities and programming; and recognize and capitalize on the community’s essential and unique natural assets, especially our waterways.

A greater focus on recreation programming, an increase in maintenance and capital investment in existing infrastructure, pedestrian improvements to the Earman River bridges and plans to improve Lighthouse Drive and development of the Master Utilities Plan to underground overhead utilities are all examples of initiatives taking place this year to address Quality of Life issues.

All Neighborhoods as Safe and Desirable Places to Live

The Village Council wants every place in the Village to be a location where we would want our families to live. To accomplish this, public safety has to be excellent, aesthetics must be maintained and promoted and codes have to be maintained that are in keeping with community values and needs. 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 will initiate a review of its land development regulations related to residential neighborhoods.

People and Organizational Performance

Through this goal, the Village seeks to ensure that Village services are responsive to the community's needs and are equitably and efficiently delivered. This will be done, in part, by recruiting and retaining qualified staff. This goal is also intended to emphasize financial sustainability and fiscal responsibility through a diversified revenue stream and efficient management of resources.

This year's fiscal plan includes a reduction in the ad valorem tax rate and the introduction of a stormwater fee. The tax rate reduction was intended, in part, to offset the revenue being collected as part of the stormwater fee, which will be directed to planning, maintenance efforts and capital projects associated with managing the volume and quality of stormwater in the Village. This change in the Village's revenue stream also diversifies the source of revenue in accordance with the Village Council's strategic goals.

The Department of Public Works and the Village's Leisure Service departments – Parks & Recreation and Library – have been reorganized and restructured in order to deliver the services the community desires. Public Works has created a series of new leadership positions that replace traditional supervisory position that did not have the same level of technical and leadership expectations as are now being required. With the initial transition to this new structure occurring late in FY 2021, the organizational shift yielded results as service delivery and internal collaboration amongst its employees has greatly improved. Parks & Recreation restructured to include a Superintendent of Parks and two Park Ranger positions that will focus on parks and facilities maintenance, capital projects and park security. This will allow the Director of Leisure Services – which oversees Parks & Recreation and Library Services – to focus on programming and events. These changes, including the addition of two new police officers, were made with the projection of an overall decrease in General Fund personnel costs.

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 will assist the Village in achieving this strategic goal as well.

Functions at the Country Club continue to be reviewed to ensure that revenue is generated to finance debt, cover operating and maintenance costs and begin funding future improvements. The first contribution to a Renewal & Replacement (R&R) Fund, which will be used to finance the repair and replacement of capital assets at the clubhouse, will be made this fiscal year. Additionally, because of continued operational changes at the tennis center and the pool, it is anticipated that the financial obligations of the General Fund to those functions will be reduced even though they will continue to be accessible to all Village residents.

Economic Vitality

The Village Council is working to encourage commercial services and retail offerings that complement our community's requirements and expectations. 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, the Village with a reviewed and rewrote the Comprehensive Plan and Land Development regulations to facilitate the development process.

The new commercial code has resulted in significant interest in the Village from developers. Village staff anticipates the consideration of at least one significant development application on US1 in the upcoming year. Projects will be reviewed to ensure that they meet the objectives of the Master Plan, the Comprehensive Plan and the Land Development regulations.

As part of this effort, the Village's Business Advisory Board will be working to engage existing businesses to determine their needs in order to assist in the revitalization of our commercial corridors.

continued on next page

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, 2021. 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, 2021. 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,



Charles Huff
Village Manager

THE VILLAGE OF NORTH PALM BEACH, FLORIDA

PRINCIPAL VILLAGE OFFICIALS

SEPTEMBER 30, 2022

<u>Title</u>	<u>Name</u>
Mayor	Deborah Searcy
Vice Mayor	David Norris
President Pro Tem	Susan Bickel
Council Member	Darryl Aubrey
Council Member	Mark Mullinix
Village Manager	Charles Huff
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, 2021

Christopher P. Morill

Executive Director/CEO

FINANCIAL SECTION



NOWLEN, HOLT & MINER, P.A.

CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinions

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, 2022, 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.

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, 2022, 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.

Basis for Opinions

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Village of North Palm Beach, Florida and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Change in Accounting Principle

As described in Note 7 to the financial statements, Village of North Palm Beach, Florida implemented Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases*, during the year ended September 30, 2022. Application of this new standard to October 1, 2021, the earliest year presented, was insignificant. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America; and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Village of North Palm Beach, Florida's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit 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 Village of North Palm Beach, Florida's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Village of North Palm Beach, Florida's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 5 through 14, Pension and Other Postemployment Benefit trend information on pages 84 through 90, and budgetary comparison information on pages 91 through 92 be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

Supplementary 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 accompanying other supplementary information are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 supplementary information are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory section and the statistical section but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated March 7, 2023, 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, and 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 Village of North Palm Beach, Florida's internal control over financial reporting and compliance.

Nowlen, Holt & Mimer, P.A.

West Palm Beach, Florida
March 7, 2023

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, 2022. 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,	September 30,	Increase/ (Decrease)	Statement Page #
	2022	2021		
Total net position	\$45.64	\$33.68	\$11.96	15
Unrestricted net position available for future use	\$16.10	\$7.48	\$8.62	15
Governmental net position	\$40.78	\$30.41	\$10.37	15
Total revenues from all sources	\$43.74	\$34.68	\$9.06	16
Governmental revenues	\$36.41	\$28.78	\$7.63	16
Total cost of all Village programs	\$31.83	\$30.89	\$0.94	16
Governmental transfers to Business-type	\$0.76	\$3.53	(\$2.77)	16
Governmental revenues over (under) expenses	\$10.50	\$0.31	\$10.19	17
Proprietary revenues over (under) expenses	\$1.45	\$3.49	(\$2.04)	23
General fund revenues over (under) expenditures	\$1.29	\$1.59	(\$0.30)	20
General fund unassigned fund balance	\$13.65	\$13.89	(\$0.24)	18
As a percent of general fund expenditures	50.58%	53.71%	-3.13%	
Change in total long-term debt for the Village	(\$0.06)	\$0.23	(\$0.29)	

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 Fund and the Stormwater Utility Fund 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 18-21 of this report.

- **Proprietary Funds**

Proprietary funds report any activity for which the costs of providing goods and services to the general public on a continuing basis are primarily financed or recovered through user charges. These funds are reported in the same way that all activities are reported in the Statement of Net Position and the Statement of Activities. This is similar to that found in the private sector and provides a periodic measurement of net income.

Proprietary activities are accounted for in enterprise funds for the Country Club and Stormwater operations. The Country Club fund was the only major enterprise fund for the year ended September 30, 2022. The basic proprietary fund financial statements can be found on pages 22-24 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 25-26 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 \$45.64 million at the close of the most recent fiscal year.

A significant portion of the Village's net position (57.43%) 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	
	2022	2021	2022	2021	2022	2021
Assets:						
Current and other assets	\$ 32,630	\$ 23,498	\$ 497	\$ (1,258)	\$ 33,127	\$ 22,240
Capital assets	34,599	33,341	6,917	6,811	41,516	40,152
Total assets	67,229	56,839	7,414	5,553	74,643	62,392
Deferred outflows of resources:	2,312	3,433	2	8	2,314	3,441
Liabilities:						
Current liabilities	957	4,284	1,372	1,183	2,329	5,467
Long-term liabilities	16,413	21,703	1,022	1,039	17,435	22,742
Total liabilities	17,370	25,987	2,394	2,222	19,764	28,209
Deferred inflows of resources:	11,262	3,878	294	64	11,556	3,942
Net position:						
Net investment in capital assets	20,231	18,910	5,976	5,874	26,207	24,784
Restricted	3,331	1,419			3,331	1,419
Unrestricted	17,347	10,078	(1,248)	(2,599)	16,099	7,479
Total net position	\$ 40,909	\$ 30,407	\$ 4,728	\$ 3,275	\$ 45,637	\$ 33,682

Governmental Activities

The cost of all governmental activities this year was \$25.14 million. As shown on Table 3, Changes in Net Position, grants and those who directly benefited from the programs paid for \$11.09 million of this cost and \$14.06 million was financed through general revenues. Governmental activities increased the Village's net position by \$10.50 million, thereby accounting for 88% 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	
	2022	2021	2022	2021	2022	2021
Revenues:						
Program revenues:						
Charges for services	\$ 3,945	\$ 3,506	\$ 7,313	\$ 5,903	\$ 11,258	\$ 9,409
Operating grants and contributions	7,110	602			7,110	602
Capital grants and contributions	31	22	50		81	22
General revenues:						
Property taxes	17,833	17,629			17,833	17,629
Local option gas taxes	297	283			297	283
Local option infrastructure surtax	1,229	1,012			1,229	1,012
Utility service taxes	2,727	2,539			2,727	2,539
Sales and use taxes	1,869	1,548			1,869	1,548
Franchise taxes	1,492	1,354			1,492	1,354
Investment earnings	(249)	81	18	1	(231)	82
Miscellaneous	93	181			93	181
Gain on asset disposals	29	21			29	21
Total revenues	<u>36,406</u>	<u>28,778</u>	<u>7,381</u>	<u>5,904</u>	<u>43,787</u>	<u>34,682</u>
Expenses:						
Program expenses:						
General Government	3,566	3,819			3,566	3,819
Public Safety	10,900	11,260			10,900	11,260
Public Works	5,359	5,417			5,359	5,417
Community Development	1,406	1,262			1,406	1,262
Leisure Services	3,441	2,706			3,441	2,706
Interest on long-term debt	471	478			471	478
Country Club			6,566	5,942	6,566	5,942
Stormwater			123		123	
Total expenses	<u>25,143</u>	<u>24,942</u>	<u>6,689</u>	<u>5,942</u>	<u>31,832</u>	<u>30,884</u>
Transfers	<u>(761)</u>	<u>(3,528)</u>	<u>761</u>	<u>3,528</u>		
Increase (decrease) in net position	10,502	308	1,453	3,490	11,955	3,798
Net position - beginning of year	30,407	30,099	3,275	(215)	33,682	29,884
Net position - end of year	<u>\$ 40,909</u>	<u>\$ 30,407</u>	<u>\$ 4,728</u>	<u>\$ 3,275</u>	<u>\$ 45,637</u>	<u>\$ 33,682</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)

	2022		2021	
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
General government	\$ 3,566	\$ (3,285)	\$ 3,819	\$ (3,368)
Public safety	10,900	(3,310)	11,260	(10,397)
Public works	5,359	(4,891)	5,417	(4,952)
Community development	1,406	733	1,262	694
Leisure services	3,441	(2,834)	2,706	(2,311)
Interest on long-term debt	471	(471)	478	(478)
	<u>\$ 25,143</u>	<u>\$ (14,058)</u>	<u>\$ 24,942</u>	<u>\$ (20,812)</u>

At the end of the current year, as compared to the prior year, the total cost of services increased by \$0.20 million. This increase is primarily due to the increase in program expense for Leisure Services.

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 \$1.41 million and expenses increased by \$0.75 million. Net position of the Proprietary Funds at September 30, 2022, was \$4.73 million. Net position increased by \$1.45 million. This increase is primarily due to the increase in golf activity in the Country Club and the implementation of the Non-Ad Valorem assessment in the Stormwater Utility Fund.

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 \$26.56 million, a \$7.39 million increase from the 2021 fund balance of \$19.17 million. Approximately 89% of the combined ending fund balance (\$23.52 million) constitutes unrestricted (unassigned/assigned) fund balance, which is available for spending at the government's discretion. The remainder of fund balance (\$3.04 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 \$13.65 million while the General Fund total fund balance was \$16.04 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 51% of total general fund expenditures, while total fund balance represents 59% of that same amount.

The general fund unassigned fund balance (\$13.65 million) represents a decrease of \$0.24 million from the 2021 unassigned general fund balance of \$13.89 million. The decrease is primarily due to the use of General Fund Unassigned Fund Balance to finance the following capital improvements and equipment acquisitions:

- Public Safety Uninterruptible Power Supply (UPS) System (\$90,000)
- Cardiac Monitors and Power Stretchers (\$240,000)
- Anchorage Park Playground (\$125,000)
- Air Handlers/Chiller Replacement (\$440,000)
- Work Order Software for Public Works (\$100,000)
- Front-Load Solid Waste Vehicle (\$330,000)
- Lighthouse Traffic Calming/Bridge Design (\$115,000)
- East Alleyway Resurfacing & Wall Replacement and/or Anchorage Park Dry Storage (\$560,000)

General Fund Budgetary Highlights

Differences between the original budget and the final amended budget were \$3,692,845 and can be briefly summarized as follows:

- Vehicle Leases (\$1,215,113)
- Prior Year Open Purchase Order Carryover (\$477,732)
- Transfer to Capital Projects Fund (\$2,000,000)

General Fund Budget Analysis

As shown on pages 93-95 of this report, in the Schedule of Departmental Expenditures – Budget and Actual, there was an overall favorable budget to actual cost variance of \$0.29 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).

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 received a total of \$6.57 million in federal funding and, in accordance with the program's guidelines for revenue replacement, has allocated those funds to general government services to continue uninterrupted service levels and facility maintenance, including but not limited to law enforcement, public works, community services, recreation and customer service. 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 \$6.59 million.

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 \$1.02 million.

Proprietary Funds

Proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. As mentioned earlier, the major proprietary fund for the Village is the Country Club Fund. At the end of the current fiscal year, the unrestricted net position for the Country Club was (\$1.63) million while the Country Club total net position was \$4.01 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, 2022 and 2021 amounts to \$41.52 million and \$40.15 million, respectively (net of accumulated depreciation).

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

	Governmental Activities		Business-type Activities		Total	
	2022	2021	2022	2021	2022	2021
Land	\$ 2,056	\$ 2,056	\$ 1,051	\$ 1,051	\$ 3,107	\$ 3,107
Construction in progress	2,879	1,533	192	52	3,071	1,585
Buildings and improvements	39,035	42,765	12,074	11,480	51,109	54,245
Furniture, fixtures and equipment	10,558	9,966	980	398	11,538	10,364
Total assets	54,528	56,320	14,297	12,981	68,825	69,301
Less accumulated depreciation	(19,929)	(22,979)	(7,380)	(6,170)	(27,309)	(29,149)
Net position	<u>\$ 34,599</u>	<u>\$ 33,341</u>	<u>\$ 6,917</u>	<u>\$ 6,811</u>	<u>\$ 41,516</u>	<u>\$ 40,152</u>

Additional information on the Village's capital assets can be found in Note 5 on pages 48 through 50 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 \$15.31 million; \$14.37 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	
	2022	2021	2022	2021	2022	2021
Loans payable	\$ 10,915	\$ 11,815	\$ 573	\$ 936	\$ 11,488	\$ 12,751
Financing contracts	3,453	2,616			3,453	2,616
Total	<u>\$ 14,368</u>	<u>\$ 14,431</u>	<u>\$ 573</u>	<u>\$ 936</u>	<u>\$ 14,941</u>	<u>\$ 15,367</u>

Additional information on the Village's debt can be found in Note 6 on pages 50 through 54 of this report.

NEXT YEAR'S BUDGET AND ECONOMIC FACTORS

The Village's Unassigned Fund Balance is viewed by the Administration as a measurement of Village financial stability. Unassigned general fund balance decreased to \$13.65 million during the current 2022 fiscal year. The decrease is primarily due to the increase in transfers to the Capital Projects Fund for additional capital investment.

The FY 2022/23 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 \$7.00 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 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.

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BASIC FINANCIAL STATEMENTS

THE VILLAGE OF NORTH PALM BEACH, FLORIDA
Statement of Net Position
September 30, 2022

	Governmental Activities	Business-type Activities	Total
Assets			
Cash and cash equivalents	\$ 10,219,710	\$ 1,806,360	\$ 12,026,070
Investments	14,544,757		14,544,757
Accounts receivable	405,444	72,513	477,957
Lease - receivable current portion	68,427	93,835	162,262
Accrued interest	23,951		23,951
Inventories	112,352	120,424	232,776
Prepays	27,251	21,360	48,611
Due from other governments	404,753		404,753
Internal balances	1,772,091	(1,772,091)	
Non-current assets			
Lease - receivable	2,923,328	154,444	3,077,772
Net pension asset	2,127,977		2,127,977
Capital assets:			
Nondepreciable	4,934,837	1,242,957	6,177,794
Depreciable (net of depreciation)	29,664,614	5,673,820	35,338,434
Total assets	67,229,492	7,413,622	74,643,114
Deferred outflows of resources			
Other postemployment benefits related items	48,282	1,959	50,241
Pension related items	2,264,301		2,264,301
Total deferred outflows of resources	2,312,583	1,959	2,314,542
Liabilities			
Accounts payable	452,773	175,172	627,945
Deposits		84,791	84,791
Accrued liabilities	206,755		206,755
Unearned revenue	143,351	1,111,276	1,254,627
Accrued interest payable	154,571		154,571
Noncurrent liabilities:			
Due within one year	2,639,041	574,907	3,213,948
Due in more than one year	13,774,030	447,475	14,221,505
Total liabilities	17,370,521	2,393,621	19,764,142
Deferred inflows of resources			
Deferred revenue	226,925		226,925
Leases	2,913,026	245,255	3,158,281
Other postemployment benefits related items	1,649,095	48,912	1,698,007
Pension related items	6,473,142		6,473,142
Total deferred inflows of resources	11,262,188	294,167	11,556,355
Net position			
Net investment in capital assets	20,231,457	5,976,057	26,207,514
Restricted for:			
Pension benefits	2,127,977		2,127,977
Recreation	26,857		26,857
Infrastructure	1,022,545		1,022,545
Library	48,088		48,088
Other purposes	105,803		105,803
Unrestricted	17,346,639	(1,248,264)	16,098,375
Total net position	\$ 40,909,366	\$ 4,727,793	\$ 45,637,159

See notes to the financial statements.

THE VILLAGE OF NORTH PALM BEACH, FLORIDA
Statement of Activities
For the Year Ended September 30, 2022

Functions/Programs	Expenses	Charges for Services
Government:		
Governmental activities		
General government	\$ 3,565,793	\$ 200,020
Public safety	10,899,752	597,258
Public works	5,359,535	464,084
Community development and planning	1,406,266	2,139,067
Leisure services	3,441,248	544,283
Interest expense	470,896	
Total governmental activities	25,143,490	3,944,712
Business-type activities - country club	6,566,206	6,833,669
Business-type activities - stormwater	123,196	479,459
Total business-type activities	6,689,402	7,313,128
Total government	\$ 31,832,892	\$ 11,257,840

Program Revenues		Net (Expense) Revenue and Changes in Net Position		
Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
\$ 80,505	\$	\$ (3,285,268)	\$	\$ (3,285,268)
6,992,667		(3,309,827)		(3,309,827)
4,521		(4,890,930)		(4,890,930)
		732,801		732,801
32,247	30,817	(2,833,901)		(2,833,901)
		(470,896)		(470,896)
7,109,940	30,817	(14,058,021)		(14,058,021)
	50,000		317,463	317,463
			356,263	356,263
	50,000		673,726	673,726
\$ 7,109,940	\$ 80,817	(14,058,021)	673,726	(13,384,295)
General Revenues:				
Taxes:				
Property taxes		17,833,603		17,833,603
Local option gas taxes		297,106		297,106
Local option infrastructure surtax		1,228,691		1,228,691
Utility service taxes		2,726,954		2,726,954
Franchise taxes		1,492,336		1,492,336
Sales and use taxes		1,868,788		1,868,788
Investment income - unrestricted		(248,726)	17,995	(230,731)
Miscellaneous		92,879		92,879
Gain on disposal of equipment		29,460		29,460
Transfers		(760,811)	760,811	
Total general revenues		24,560,280	778,806	25,339,086
Change in net position		10,502,259	1,452,532	11,954,791
Net position, beginning of year		30,407,107	3,275,261	33,682,368
Net position, end of year		\$ 40,909,366	\$ 4,727,793	\$ 45,637,159

See notes to the financial statements.

THE VILLAGE OF NORTH PALM BEACH, FLORIDA
Balance Sheet
Governmental Funds
September 30, 2022

	<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	\$ 2,843,189	\$ 899,652	\$ 3,591,584	\$ 2,885,285	\$ 10,219,710
Investments	11,544,757		3,000,000		14,544,757
Accounts receivable	405,444				405,444
Lease receivable	2,991,755				2,991,755
Accrued interest	23,951				23,951
Inventories	112,352				112,352
Prepays	27,251				27,251
Due from other funds	2,946			72,091	75,037
Advances to other funds	1,700,000				1,700,000
Due from other governments	277,484	127,269			404,753
Total assets	<u>\$ 19,929,129</u>	<u>\$ 1,026,921</u>	<u>\$ 6,591,584</u>	<u>\$ 2,957,376</u>	<u>\$ 30,505,010</u>
Liabilities, deferred inflows of resources, and fund balances					
Liabilities					
Accounts payable	\$ 395,696	\$ 4,376	\$	\$ 52,701	\$ 452,773
Accrued liabilities	206,755				206,755
Due to other funds				2,946	2,946
Unearned revenue	143,351				143,351
Total liabilities	<u>745,802</u>	<u>4,376</u>		<u>55,647</u>	<u>805,825</u>
Deferred inflows of resources					
Deferred revenue	226,925				226,925
Leases	2,913,026				2,913,026
Total deferred inflows of resources	<u>3,139,951</u>				<u>3,139,951</u>
Fund balances					
Nonspendable:					
Inventories and prepaids	139,603				139,603
Advances to other funds	1,700,000				1,700,000
Restricted for:					
Recreation	26,857				26,857
Infrastructure		1,022,545			1,022,545
Streets and roads	64,180				64,180
Public safety	38,850				38,850
Library	48,088				48,088
Other purposes	2,773				2,773
Assigned for:					
Small business grants	16,435				16,435
Subsequent year's expenditures	353,218				353,218
Special revenue funds			6,591,584	323,544	6,915,128
Capital project funds				2,581,131	2,581,131
Unassigned	13,653,372			(2,946)	13,650,426
Total fund balances	<u>16,043,376</u>	<u>1,022,545</u>	<u>6,591,584</u>	<u>2,901,729</u>	<u>26,559,234</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 19,929,129</u>	<u>\$ 1,026,921</u>	<u>\$ 6,591,584</u>	<u>\$ 2,957,376</u>	<u>\$ 30,505,010</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, 2022

Fund balances - total governmental funds	\$ 26,559,234
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Amounts reported for governmental activities in the statement of net position are different because:

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

Governmental capital assets	\$ 54,528,925	
Less: accumulated depreciation	(19,929,474)	
		34,599,451

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	(154,571)	
Revenue notes	(10,915,000)	
Contracts that transfer ownership	(3,452,994)	
Net pension asset	2,127,977	
Other postemployment benefits	(578,857)	
Accrued compensated absences	(1,466,220)	
		(14,439,665)

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	48,282	
Other postemployment benefits deferred inflows	(1,649,095)	
Pension related deferred outflows	2,264,301	
Pension related deferred inflows	(6,473,142)	
		(5,809,654)

Net position of governmental activities	\$ 40,909,366
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See notes to the financial statements.

THE VILLAGE OF NORTH PALM BEACH, FLORIDA
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended September 30, 2022

	General	Infrastructure Surtax Fund	ARPA Grant Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues					
Taxes	\$ 22,349,999	\$	\$	\$	\$ 22,349,999
Licenses and permits	1,764,430				1,764,430
Intergovernmental	1,937,865	1,228,691	6,574,706	414,512	10,155,774
Charges for services	1,968,268				1,968,268
Fines and forfeitures	169,045				169,045
Investment	(272,252)	8,083	15,443		(248,726)
Miscellaneous	364,911				364,911
Total revenues	<u>28,282,266</u>	<u>1,236,774</u>	<u>6,590,149</u>	<u>414,512</u>	<u>36,523,701</u>
Expenditures					
Current					
General government	3,612,174				3,612,174
Public safety	11,183,895			418,215	11,602,110
Public works	4,988,651				4,988,651
Community development and planning	1,437,597				1,437,597
Leisure services	2,431,335				2,431,335
Capital outlay	1,583,473	1,545,803		1,015,814	4,145,090
Debt service					
Principal	1,278,543				1,278,543
Interest	476,504				476,504
Total expenditures	<u>26,992,172</u>	<u>1,545,803</u>		<u>1,434,029</u>	<u>29,972,004</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,290,094</u>	<u>(309,029)</u>	<u>6,590,149</u>	<u>(1,019,517)</u>	<u>6,551,697</u>
Other financing sources (uses)					
Financing contracts proceeds	1,215,112				1,215,112
Transfers in				2,913,315	2,913,315
Transfers out	(3,038,550)			(253,315)	(3,291,865)
Total other financing sources (uses)	<u>(1,823,438)</u>			<u>2,660,000</u>	<u>836,562</u>
Net change in fund balances	(533,344)	(309,029)	6,590,149	1,640,483	7,388,259
Fund balances					
Beginning of year	16,576,720	1,331,574	1,435	1,261,246	19,170,975
End of year	<u>\$ 16,043,376</u>	<u>\$ 1,022,545</u>	<u>\$ 6,591,584</u>	<u>\$ 2,901,729</u>	<u>\$ 26,559,234</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, 2022

Net change in fund balances - total governmental funds \$ 7,388,259

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	\$ 4,135,665	
Donated assets		
Assets transferred to Business-Type Activities	(382,261)	
Less: current year depreciation	(2,378,349)	
Net book value for retired assets	(117,141)	1,257,914

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	(1,215,112)	
Principal payments on debt	1,278,543	63,431

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	5,608	
Change in long-term compensated absences	(4,444)	
Change in net pension liability and related deferred amounts	1,480,423	
Change in other postemployment benefits and deferred amounts	311,068	1,792,655

Change in net position		\$ 10,502,259
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See notes to the financial statements.

THE VILLAGE OF NORTH PALM BEACH, FLORIDA
Statement of Net Position
Proprietary Funds
September 30, 2022

	Country Club Enterprise Fund	Nonmajor Enterprise Fund	Total Enterprise Funds
Assets			
Current assets			
Cash and cash equivalents	\$ 1,412,975	\$ 393,385	\$ 1,806,360
Accounts receivable	72,513		72,513
Lease receivable - current portion	93,835		93,835
Inventories	120,424		120,424
Prepays	21,360		21,360
Total current assets	<u>1,721,107</u>	<u>393,385</u>	<u>2,114,492</u>
Non-current assets			
Lease receivable	154,444		154,444
Capital assets, net	<u>6,580,107</u>	<u>336,670</u>	<u>6,916,777</u>
Total non-current assets	<u>6,734,551</u>	<u>336,670</u>	<u>7,071,221</u>
Total assets	<u>8,455,658</u>	<u>730,055</u>	<u>9,185,713</u>
Deferred outflows of resources			
Other postemployment benefits related items	1,959		1,959
Total deferred outflows of resources	<u>1,959</u>		<u>1,959</u>
Liabilities			
Current liabilities			
Accounts payable	164,273	10,899	175,172
Deposits	84,791		84,791
Unearned revenue	1,111,276		1,111,276
Due to other funds	72,091		72,091
Lease liability - current portion	160,229		160,229
Compensated absences - current portion	36,493		36,493
Loans payable - current portion	378,185		378,185
Total current liabilities	<u>2,007,338</u>	<u>10,899</u>	<u>2,018,237</u>
Non-current liabilities			
Lease liability	207,158		207,158
Other postemployment benefits	23,492		23,492
Compensated absences	21,677		21,677
Advances from other funds	1,700,000		1,700,000
Loans payable	195,148		195,148
Total non-current liabilities	<u>2,147,475</u>		<u>2,147,475</u>
Total liabilities	<u>4,154,813</u>	<u>10,899</u>	<u>4,165,712</u>
Deferred inflows of resources			
Other postemployment benefits related items	48,912		48,912
Leases	245,255		245,255
Total deferred inflows of resources	<u>294,167</u>		<u>294,167</u>
Net position			
Net investment in capital assets	5,639,387	336,670	5,976,057
Unrestricted	<u>(1,630,750)</u>	<u>382,486</u>	<u>(1,248,264)</u>
Total net position	<u>\$ 4,008,637</u>	<u>\$ 719,156</u>	<u>\$ 4,727,793</u>

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, 2022

	Country Club Enterprise Fund	Nonmajor Enterprise Fund	Total Enterprise Funds
Operating revenue			
Greens fee/cart rentals/golf membership fees	\$ 4,283,032	\$	\$ 4,283,032
Golf shop revenues	680,550		680,550
Driving range revenues	501,491		501,491
Restaurant revenues	310,636		310,636
Tennis revenues	804,829		804,829
Pool revenues	210,920		210,920
Stormwater assessments		479,459	479,459
Miscellaneous	42,211		42,211
Total operating revenues	<u>6,833,669</u>	<u>479,459</u>	<u>7,313,128</u>
Operating expenses			
Golf course maintenance expenses	1,936,631		1,936,631
Clubhouse grounds expenses	521,794		521,794
Golf shop expenses	1,617,892		1,617,892
Food and beverage expenses	19,748		19,748
Tennis expenses	740,001		740,001
Pool expenses	300,430		300,430
Administrative and general	340,290	10,421	350,711
Repairs and maintenance		89,791	89,791
Amortization	121,415		121,415
Depreciation	884,527	22,984	907,511
Total operating expenses	<u>6,482,728</u>	<u>123,196</u>	<u>6,605,924</u>
Operating income	<u>350,941</u>	<u>356,263</u>	<u>707,204</u>
Nonoperating revenues (expenses)			
Interest revenue	14,756	3,239	17,995
Loss on disposal of equipment	(4,243)		(4,243)
Interest expense	(79,235)		(79,235)
Total nonoperating revenues (expenses)	<u>(68,722)</u>	<u>3,239</u>	<u>(65,483)</u>
Income (loss) before capital contributions and transfers	282,219	359,502	641,721
Capital contributions	72,607	359,654	432,261
Transfers in	<u>378,550</u>		<u>378,550</u>
Change in net position	733,376	719,156	1,452,532
Net position - beginning	<u>3,275,261</u>		<u>3,275,261</u>
Net position - ending	<u>\$ 4,008,637</u>	<u>\$ 719,156</u>	<u>\$ 4,727,793</u>

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, 2022

	Country Club Enterprise Fund	Nonmajor Enterprise Fund	Total Enterprise Funds
Cash flows from operating activities:			
Receipts from customers	\$ 6,995,009	\$ 479,459	\$ 7,474,468
Payments to suppliers for goods or services	(4,461,504)	(89,313)	(4,550,817)
Payments to employees for services	(1,110,851)		(1,110,851)
Net cash Provided by operating activities	<u>1,422,654</u>	<u>390,146</u>	<u>1,812,800</u>
Cash flows from non-capital financing activities:			
Transfers in	378,550		378,550
Net cash provided by non-capital financing activities:	<u>378,550</u>		<u>378,550</u>
Cash flows from capital and related financing activities:			
Capital contributions	50,000		50,000
Principal paid on long term debt	(481,249)		(481,249)
Interest paid on debt	(79,235)		(79,235)
Acquisition of capital assets	(270,962)		(270,962)
Net cash provided (used) by capital and related financing activities	<u>(781,446)</u>		<u>(781,446)</u>
Cash flows from investing activities:			
Interest and dividends on investments	14,756	3,239	17,995
Net increase (decrease) in cash and cash equivalents	1,034,514	393,385	1,427,899
Cash and cash equivalents at beginning of year	378,461		378,461
Cash and cash equivalents at end of year	<u>\$ 1,412,975</u>	<u>\$ 393,385</u>	<u>\$ 1,806,360</u>
Reconciliation of operating income to net cash provided by operating activities:			
Operating income (loss)	<u>\$ 350,941</u>	<u>\$ 356,263</u>	<u>\$ 707,204</u>
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation and amortization	1,005,942	22,984	1,028,926
Change in OPEB liability and related deferred amounts	(17,992)		(17,992)
Change in pension deferred amounts	(18,929)		(18,929)
Change in assets and liabilities			
Increase in accounts receivable	(23,346)		(23,346)
(Increase) decrease in inventory	(46,318)		(46,318)
(Increase) decrease in prepaids	(8,617)		(8,617)
Increase (decrease) in accounts payable	(7,055)	10,899	3,844
Increase (decrease) in compensated absences payable	3,342		3,342
Increase (decrease) in deposits	37,857		37,857
Increase (decrease) in deferred revenue	146,829		146,829
Total adjustments	<u>1,071,713</u>	<u>33,883</u>	<u>1,105,596</u>
Net cash provided by operating activities	<u>\$ 1,422,654</u>	<u>\$ 390,146</u>	<u>\$ 1,812,800</u>
Noncash investing, capital and financing activities			
Transfer of capital assets from the Governmental Activities	<u>\$ 22,607</u>	<u>\$ 359,654</u>	<u>\$ 382,261</u>

See notes to the financial statements.

THE VILLAGE OF NORTH PALM BEACH, FLORIDA
Statement of Fiduciary Net Position
Fiduciary Funds
September 30, 2022

	Employee Retirement Funds	Custodial Fund
Assets		
Cash and cash equivalents	\$ 470,965	\$ 326,543
Investments:		
Domestic common equity securities	16,874,809	
International common equity securities	4,177,100	
U.S. Government and agencies	6,393,855	
Municipal bonds	1,334,520	
Domestic corporate bonds	4,015,202	
International corporate bonds	464,599	
Domestic equity exchange traded funds	2,602,239	
International equity exchange traded funds	671,219	
Fixed income mutual funds	1,699,649	
Domestic equity mutual funds	2,329,589	
International equity mutual funds	787,810	
Real estate investment fund	3,797,505	
Money market mutual funds	676,455	
Accrued interest and dividends	92,493	
Prepays	7,868	
Total assets	<u>46,395,877</u>	<u>326,543</u>
Liabilities		
Accounts payable	52,860	
Total liabilities	<u>52,860</u>	
Net position		
Restricted for pensions	46,343,017	
Restricted for individuals, organizations, and other governments		326,543
	<u>\$ 46,343,017</u>	<u>\$ 326,543</u>

See notes to the financial statements.

THE VILLAGE OF NORTH PALM BEACH, FLORIDA
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended September 30, 2022

	Employee Retirement Funds	Custodial Fund
Additions		
Contributions		
Employer	\$ 828,614	\$
Plan members	465,412	
DROP contributions	22,370	
State on-behalf payments	414,511	
Total contributions	<u>1,730,907</u>	
Investment earnings		
Dividends and interest	1,076,543	2,789
Change in fair value of investments	<u>(9,295,382)</u>	
Total investment earnings	(8,218,839)	2,789
Less: investment expenses	<u>237,810</u>	
Total net investment earnings	<u>(8,456,649)</u>	<u>2,789</u>
Total additions	<u>(6,725,742)</u>	<u>2,789</u>
Deductions		
Administrative expense	150,643	
Refund of contributions	16,692	
Benefits	1,784,117	
Total deductions	<u>1,951,452</u>	
Change in net position	(8,677,194)	2,789
Net position - beginning	<u>55,020,211</u>	<u>323,754</u>
Net position - ending	<u><u>\$ 46,343,017</u></u>	<u><u>\$ 326,543</u></u>

See notes to the financial statements.

THE VILLAGE OF NORTH PALM BEACH, FLORIDA
Notes to the Basic Financial Statements
September 30, 2022

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 fund’s 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, 2022

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, 2022

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.

ARPA Fund

The ARPA Fund is a special revenue fund used to account for the proceeds of the American Rescue Plan Act. The revenue was recognized in the current fiscal year using

The Village reports the following major proprietary fund:

Country Club Enterprise Fund

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

The Village reports the following nonmajor proprietary fund.

Stormwater Utility Fund

The Stormwater Utility Fund is used to account for the charges and related expenses for the Village's stormwater drainage system.

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.

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.

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, 2022

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 custodial fund is 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 Enterprise Funds are charges to customers for sales and services. Operating expenses for the Enterprise Funds 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 Liquidity 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, 2022

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, 2022

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, except for intangible right-to-use lease assets, the measurement of which is discussed in note 7. 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.

Land and construction in progress are not depreciated. The other tangible and intangible property, plant, equipment, the right to use leased vehicles, and infrastructure are depreciated/amortized using the straight-line method over the following estimated useful lives:

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

THE VILLAGE OF NORTH PALM BEACH, FLORIDA
Notes to the Basic Financial Statements
September 30, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Leases

Lease contracts that provide the Village with control of a non-financial asset, such as land, buildings, or equipment, for a period of time in excess of twelve months are reported as an intangible right to use lease asset with a related lease liability. The lease liability is recorded at the present value of future lease payments, including fixed payments, variable payments based on an index or fixed rate and reasonably certain residual guarantees. The intangible right to use leased asset is recorded for the same amount as the related lease liability plus any prepayments and initial direct costs to place the asset in service. Leased assets are amortized over the shorter of the useful life of the asset or the lease term. The lease liability is reduced for lease payments made, less the interest portion of the lease payment.

Lease contracts that provide an external entity with control of the Village's non-financial asset, such as land, buildings, or equipment, for a period of time in excess of twelve months are reported as a leased receivable with a related lease deferred inflow of resources. The lease receivable is recorded at the present value of future lease payments expected to be received during the lease term, reduced by any provision for estimated uncollectible amounts. The lease deferred inflow of resources is recorded for the same amount as the related lease receivable less any lease incentives. Leased deferred inflow of resources are amortized over the lease term. The lease receivable is reduced for lease payments made, less the interest portion of the lease payment.

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 assets applicable to future periods and will not be recognized as expenditures until the future period to which it applies.

The Village reports deferred pension items in connection with its two Retirement Systems. These deferred pension charges are either (a) recognized in the subsequent period as a reduction of the net pension liability (which includes pension contributions made after the measurement date) or (b) amortized in a systematic and rational method as pension expense in future periods. The 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 VILLAGE OF NORTH PALM BEACH, FLORIDA
Notes to the Basic Financial Statements
September 30, 2022

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 statement of net position also includes a separate section, listed below total liabilities, for deferred inflows of resources. This represents the acquisition of net assets applicable to future periods and will not be recognized as revenue until the future period to which it applies. The Village currently has four 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. The fourth are the deferred lease revenues receivable. 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, 2022

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, 2022

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, 2022

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 \$353,218 the Infrastructure Surtax Fund had \$2,748 and the Capital Projects Fund had \$474,483 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, 2022

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, 2022, was 7.0500 (\$7.0500 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, 2022, unpaid delinquent taxes are not material and have not been recorded by the Village.

NOTE 3 – DEPOSITS AND INVESTMENTS

Deposits

As of September 30, 2022, the carrying amount of the Village's deposits (including fiduciary funds) was \$3,593,470 and the bank balances totaled \$3,658,390. 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, 2022

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	\$ 3,593,470
Petty cash	4,156
Investments	<u>69,595,260</u>
Total deposits and investments	<u><u>\$73,192,886</u></u>

Presented in the statement of net position

Governmental activities	
Cash and cash equivalents	\$10,219,710
Investments	14,544,757
Business-type activities	
Cash and cash equivalents	<u>1,806,360</u>
Total statements of net position	<u><u>26,570,827</u></u>

Presented in the statement of fiduciary net position

Pension trust funds	
Cash and cash equivalents	470,965
Investments	45,824,551
Custodial funds	
Cash and cash equivalents	<u>326,543</u>
Total fiduciary funds	<u><u>46,622,059</u></u>

Total deposits and investments	<u><u>\$73,192,886</u></u>
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Investments

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

THE VILLAGE OF NORTH PALM BEACH, FLORIDA
Notes to the Basic Financial Statements
September 30, 2022

NOTE 3 – DEPOSITS AND INVESTMENTS (Continued)

Investments (Continued)

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

The Florida 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, 2022, 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 American Core Realty Fund, LLC is a diversified open-end commingled fund that invests primarily in high quality core income-producing office, industrial, retail, and multi-family properties. This fund is an alternative investment vehicle valued using the net asset value (NAV) provided by the investment manager of this fund. The NAV is based on the value of the underlying assets owned by the fund minus its liabilities and then divided by the number of shares or percentage of ownership outstanding. The NAV's unit price is quoted on a private market that is not active. Investments valued at NAV are excluded from the fair value hierarchy because the valuation is not based on actual market inputs but rather is quantified using the fund's reported NAV.

THE VILLAGE OF NORTH PALM BEACH, FLORIDA
Notes to the Basic Financial Statements
September 30, 2022

NOTE 3 – DEPOSITS AND INVESTMENTS (Continued)

Investments (Continued)

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

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

The Florida Public Assets for Liquidity Management FL Palm-Term Series invests in highly rated securities including U.S. Treasury securities, U.S. government agency securities, deposits including certificates of deposit and commercial paper Securities are rated at least 'A/F1' by Fitch Ratings or equivalent. The term portfolio is a fixed-rate, fixed-term portfolio with a maximum term of one year. The maturity profile of the term portfolio is managed to meet preset redemptions of the portfolio's participants. Upon investing in the program, a participant selects a planned maturity date on which the portfolio seeks to produce a share price of at least \$1.00 for the participant that redeems on said date. Participants may request premature redemption, but the portfolio may charge significant penalties for any redemption prior to the agreed-upon redemption date and net asset value may be more or less than \$1.00 per share. Redemptions will be made seven days after the request is received.

The Village's investments in FL Palm-Term are as follows:

<u>Maturity</u>	<u>Interest Rate</u>	<u>Amount</u>
12/06/2022	2.90%	\$ 2,007,238
10/05/2022	1.36%	1,000,000
01/05/2022	1.81%	1,000,000
04/03/2023	2.20%	1,000,000

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

THE VILLAGE OF NORTH PALM BEACH, FLORIDA
Notes to the Basic Financial Statements
September 30, 2022

NOTE 3 – DEPOSITS AND INVESTMENTS (Continued)

Investments (Continued)

As of September 30, 2022, the Village held the following investments:

	Weighted Average Maturity	Fair Value	Fair Value Measurement	
			Level 1	Level 2
<u>Governmental Funds</u>				
U.S. Government and Agency	1.94 Years	\$ 3,605,197	\$	\$ 3,605,197
MBS & ABS	2.92 Years	3,286,671		3,286,671
Municipal Bonds	1.63 Years	108,467		108,467
Domestic Corporate Bonds	2.18 Years	1,579,071		1,579,071
International Corporate Bonds	1.39 Years	918,807		918,807
<u>Fiduciary Funds</u>				
U.S. Government and Agency	14.29 Years	2,327,656		2,327,656
MBS & ABS	16.23 Years	4,066,199		4,066,199
Municipal Bonds	6.98 Years	1,334,520		1,334,520
Domestic Corporate Bonds	10.11 Years	4,015,202		4,015,202
International Corporate Bonds	7.87 Years	464,599		464,599
Domestic Common Equity				
Securities	N/A	16,874,809	16,874,809	
International Common Equity				
Securities	N/A	4,177,100	4,177,100	
Domestic Equity ETF	N/A	2,602,239	2,602,239	
International Equity ETF	N/A	671,219	671,219	
Fixed Income Mutual Funds	N/A	1,699,649	1,699,649	
Domestic Equity Mutual Funds	N/A	2,329,589	2,329,589	
International Equity Mutual				
Funds	N/A	787,810	787,810	
		50,848,804	<u>\$ 29,142,415</u>	<u>\$ 21,706,389</u>
Investments Reported at NAV				
<u>Governmental Funds</u>				
FL Palm-Term	N/A	5,007,238		
<u>Fiduciary Funds</u>				
American Core Realty Fund	N/A	3,797,505		
Investments Reported at Amortized Cost:				
<u>Governmental Funds</u>				
Money Market Mutual Funds	N/A	39,306		
Florida Prime	21 Days	1,641,112		
FL Palm	25 Days	7,313,856		
<u>Fiduciary Funds</u>				
Money Market Mutual Funds	N/A	947,439		
Total Investments		<u>\$ 69,595,260</u>		

THE VILLAGE OF NORTH PALM BEACH, FLORIDA
Notes to the Basic Financial Statements
September 30, 2022

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 that have credit ratings by S&P or Moody's.

Investments:	S&P Rating	Moody's Rating	Fair Value
<u><i>Governmental Funds</i></u>			
U.S. Government and Agency	AA+	AAA	\$ 3,605,197
MBS &ABS	AAA, AA+ & NR	AAA & NR	3,286,671
Municipal Bonds	AA+, AA & AA-	Aa3 & A1	108,467
Domestic Corporate Bonds	AA+ to BBB+	AA2 to A3	1,579,071
International Corporate Bonds	AAA to A-	Aaa to A2	918,807
Florida Prime	AAAm	NR	1,641,112
FL Palm Portfolio	AAAm	NR	7,313,856
FL Palm Term	NR*	NR	5,007,238
<u><i>Fiduciary Funds</i></u>			
U.S. Government and Agency	AA+	AAA to Aaa	2,237,658
MBS &ABS	AAA to NR	Aaa to NR	4,066,199
Municipal Bonds	AAA to NR-	Aaa to A1	1,334,520
Domestic Corporate Bonds	AAA to BBB-	Aaa to Baa3	4,015,202
International Corporate Bonds	A+ to BBB-	Aaa to Baa3	464,599

* Rated AAAs by Fitch.

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

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

THE VILLAGE OF NORTH PALM BEACH, FLORIDA
Notes to the Basic Financial Statements
September 30, 2022

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, 2022

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, 2022

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. Fixed Income Securities
 - . Treasury Bills and Money Market Funds
 - . Commercial Paper and Banker's Acceptances
 - . Certificates of Deposit
 - . Obligations of Non-U.S. governments and their subdivisions, agencies and government-sponsored enterprises
 - . Yankee Bonds
 - . Obligations of international agencies or supranational entities
 - . Obligations issued by the U.S. Government, its agencies and instrumentalities
 - . Collateralized Mortgage-Backed Securities
 - . Asset-Backed Securities
 - . Corporate Debt Securities, including convertible securities and corporate commercial paper
 - . Inflation-index bonds issued by corporations
 - . Structured notes, including hybrid or "indexed" securities, event-linked bonds and loan participations
 - . Delayed funding loans and revolving credit facilities
 - . Bank certificates of deposit, fixed time deposits and bankers acceptances
 - . Debt securities, issued by states or local governments and their agencies, authorities and other instrumentalities
2. Equity Securities
 - . Common Stocks
 - . Convertible Notes and Bonds
 - . Convertible Preferred Stocks
 - . American Depositary Receipts (ADRs) of Non-U.S. Companies
 - . Stocks of Non-U.S. Companies (Ordinary Shares)
 - . Real Estate Investment Trusts (REITs)
3. Investment Types
 - . • Open-Ended Mutual Funds
 - . • Closed-end Mutual Funds
 - . • Exchange Traded Funds
 - . • Managed Separate Accounts
 - . • Investment Partnerships
 - . • Commingled Funds

THE VILLAGE OF NORTH PALM BEACH, FLORIDA
Notes to the Basic Financial Statements
September 30, 2022

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, 2022

NOTE 4 – RECEIVABLES

Receivables at September 30, 2022, were as follows:

	<u>General Fund</u>	<u>Country Club</u>
Utility franchise fees & taxes	\$ 387,115	\$
Conroy Drive assessment	621	
Other accounts receivable	<u>17,708</u>	<u>72,513</u>
Total accounts receivable	<u>\$ 405,444</u>	<u>\$ 72,513</u>

NOTE 5 – CAPITAL ASSETS

Capital Assets activity for the year ended September 30, 2022, 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	1,533,134	1,382,392	(36,578)	2,878,948
Capital assets being depreciated:				
Buildings	25,302,473	99,499	(49,990)	25,351,982
Improvements	17,463,070	1,508,203	(5,287,924)	13,683,349
Machinery and equipment	3,862,622	148,916	(121,275)	3,890,263
Vehicles	<u>6,103,077</u>	<u>1,033,233</u>	<u>(467,816)</u>	<u>6,668,494</u>
Total:	<u>56,320,265</u>	<u>4,172,243</u>	<u>(5,963,583)</u>	<u>54,528,925</u>
Less accumulated depreciation:				
Buildings	(7,398,827)	(702,727)	48,324	(8,053,230)
Improvements	(10,334,862)	(600,500)	4,928,270	(6,007,092)
Machinery and equipment	(1,964,882)	(402,439)	121,275	(2,246,046)
Vehicles	<u>(3,280,157)</u>	<u>(672,683)</u>	<u>329,734</u>	<u>(3,623,106)</u>
Total accumulated depreciation	<u>(22,978,728)</u>	<u>(2,378,349)</u>	<u>5,427,603</u>	<u>(19,929,474)</u>
Governmental activities capital assets, net	<u>\$ 33,341,537</u>	<u>\$ 1,793,894</u>	<u>\$ (535,980)</u>	<u>\$ 34,599,451</u>

The Governmental Activities transferred stormwater improvements with a net book value of \$359,654 to the Stormwater Utility Fund and a vehicle with a net book value of \$22,607 to the Country Club Fund.

THE VILLAGE OF NORTH PALM BEACH, FLORIDA
Notes to the Basic Financial Statements
September 30, 2022

NOTE 5 – CAPITAL ASSETS (Continued)

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

Governmental activities:

General government	\$ 95,401
Public safety	653,430
Public works	507,183
Community development	32,559
Leisure services	<u>1,089,776</u>

Total depreciation expense, governmental activities	<u>\$ 2,378,349</u>
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	<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	191,646	(51,766)	191,646
Capital assets being depreciated:				
Buildings	1,142,411			1,142,411
Improvements	10,337,544	594,041		10,931,585
Machinery and equipment	374,544	97,057	(23,843)	447,758
Vehicles	23,619	22,607		46,226
Intangible Right to Use Lease - Vehicles		<u>485,659</u>		<u>485,659</u>
Total:	<u>12,981,195</u>	<u>1,391,010</u>	<u>(75,609)</u>	<u>14,296,596</u>
Less accumulated depreciation/amortization:				
Buildings	(185,076)	(40,028)		(225,104)
Improvements	(5,830,939)	(993,423)		(6,824,362)
Machinery and equipment	(130,499)	(69,103)	19,602	(180,000)
Vehicles	(23,619)	(5,319)		(28,938)
Intangible Right to Use Lease - Vehicles		<u>(121,415)</u>		<u>(121,415)</u>
Total accumulated depreciation/amortization	<u>(6,170,133)</u>	<u>(1,229,288)</u>	<u>19,602</u>	<u>(7,379,819)</u>
Business-type activities capital assets, net	<u><u>\$ 6,811,062</u></u>	<u><u>\$ 161,722</u></u>	<u><u>\$ (56,007)</u></u>	<u><u>\$ 6,916,777</u></u>

Depreciation expense of \$884,527 and \$22,984 was charged to the Country Club and Stormwater Utility Funds respectively. Amortization expense of \$121,415 was charged to the Country Club Fund.

THE VILLAGE OF NORTH PALM BEACH, FLORIDA
Notes to the Basic Financial Statements
September 30, 2022

NOTE 5 – CAPITAL ASSETS (Continued)

Restatement for the implementation of GASB 87 as of October 1, 2021 related to the intangible right to use assets – vehicles was deemed insignificant

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.

NOTE 6 – LONG TERM LIABILITIES

Change in Long-Term Liabilities

Long-term liability activity for the year ended September 30, 2022, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Amount Due Within One Year
Governmental activities:					
Direct borrowings and direct placements					
Loans payable	\$ 11,815,000	\$	\$ (900,000)	\$ 10,915,000	\$ 935,000
Contracts that transfer ownership	2,616,425	1,215,112	(378,543)	3,452,994	487,411
Total	14,431,425	1,215,112	(1,278,543)	14,367,994	1,422,411
OPEB (see Note 14)	846,364		(267,507)	578,857	
Net pension liability (see Note 9)	4,963,769		(4,963,769)		
Compensated absences payable	1,461,776	1,214,402	(1,209,958)	1,466,220	1,216,630
Total	<u>\$ 21,703,334</u>	<u>\$ 2,429,514</u>	<u>\$ (7,719,777)</u>	<u>\$ 16,413,071</u>	<u>\$ 2,639,041</u>

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

THE VILLAGE OF NORTH PALM BEACH, FLORIDA
Notes to the Basic Financial Statements
September 30, 2022

NOTE 6 – LONG TERM LIABILITIES (Continued)

	Beginning Balance	Additions	Reductions	Ending Balance	Amount Due Within One Year
Business-type activities:					
Direct borrowings and direct placements					
Loans payable	\$ 936,310	\$	\$ (362,977)	\$ 573,333	\$ 378,185
Lease liability(see Note7)		485,659	(118,272)	367,387	160,229
OPEB(see Note 14)	36,185		(12,693)	23,492	
Net pension liability (see Note 9)	11,707		(11,707)		
Compensated absences payable	54,828	38,938	(35,596)	58,170	36,493
Total	<u>\$ 1,039,030</u>	<u>\$ 524,597</u>	<u>\$ (541,245)</u>	<u>\$ 1,022,380</u>	<u>\$ 574,907</u>

Restatement for the implementation of GASB 87 as of October 1, 2021 related to the lease liability was deemed insignificant.

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, 2022

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, 2022, 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>
2023	\$ 378,185	\$ 19,974	\$ 398,159
2024	195,148	4,074	199,295
	<u>\$ 573,333</u>	<u>\$ 24,048</u>	<u>\$ 597,381</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, 2022

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, 2022, 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, 2022, 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>
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	1,070,000	222,184	1,292,184
2028 - 2032	5,895,000	576,115	6,471,115
	<u>\$ 10,915,000</u>	<u>\$ 2,026,442</u>	<u>\$ 12,941,442</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 - Contracts That Transfer Ownership

The Village entered into contract agreements for the purpose of financing the purchase of vehicles. Principal and interest payments are due either quarterly or annually. As of September 30, 2022, the principal amounts outstanding were \$3,452,994 and the net book value of the equipment was \$3,548,803. Amortization is included with depreciation expense. The interest rates on the leases range from 1.74% 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, 2022

NOTE 6 – LONG TERM LIABILITIES (Continued)

Governmental Activities - Contracts That Transfer Ownership (Continued)

Annual debt service requirements to maturity are as follows:

Year Ending	Principal	Interest	Total
2023	\$ 487,411	\$ 93,077	\$ 580,488
2024	526,211	73,372	599,583
2025	539,239	60,344	599,583
2026	477,540	47,015	524,555
2027	626,792	35,267	662,059
2028 - 2031	795,801	40,504	836,305
	<u>\$ 3,452,994</u>	<u>\$ 349,579</u>	<u>\$ 3,802,573</u>

NOTE 7 – LEASES

Effective October 1, 2021, the Village implemented Governmental Accounting Standards Board Statement 87 (GASB 87), *Leases*. Restatement for the implementation of GASB 87 as of October 1, 2021 was deemed insignificant.

Right to Use Lease

Huntington National Bank

The Village has entered into a lease agreement with Huntington National Bank to lease eighty golf carts and three other vehicles for the Country Club Fund. The lease has a term of 36 months and is paid monthly from January 2022 to December 2024. The discount rate was 3% using the Village's estimated incremental borrowing rate.

Annual requirements to amortize long-term obligations and related interest as of September 30, 2022 are as follows:

Year Ending	Principal	Interest	Total
2023	\$ 160,229	\$ 8,830	\$ 169,059
2024	165,103	3,957	169,060
2025	42,055	210	42,265
	<u>\$ 367,387</u>	<u>\$ 12,997</u>	<u>\$ 380,384</u>

THE VILLAGE OF NORTH PALM BEACH, FLORIDA
Notes to the Basic Financial Statements
September 30, 2022

NOTE 7 – LEASES (Continued)

Lessor Leases – General Fund

AT&T, Inc.

The Village has entered into a lease agreement with AT&T which allows the use of the Village's land for a transmission tower site. The initial term of the lease was for monthly payments over a 5-year period commencing on July 11, 2015, the agreement was subsequently amended for an additional 5-year period with the option to extend for 4 successive terms in 5 year increments with a 15% increase in monthly lease payments at every renewal. This extended the total term with renewals to June 11, 2045. The Village expects AT&T to exercise the renewal options. The discount rate was 3% using the Village's estimated incremental borrowing rate.

Sprint Corporation

The Village has entered into a lease agreement with Sprint which allows the use of the Village's land for a transmission tower site. The initial term of the lease was for monthly payments over a 5-year period commencing on December 1, 1999, with three 5-year renewals. The agreement was subsequently amended for an additional four 5-year renewals. The discount rate was 3% using the Village's estimated incremental borrowing rate. This extended the total term with renewals to November 1, 2039. The Village expects Sprint to exercise the renewal options. The original agreement and subsequent amendment provided for annual increases in rent of 3% and a onetime increase of 10% in 2019. The discount rate was 3% using the Village's estimated incremental borrowing rate.

Verizon Communications, Inc.

The Village has entered into a lease agreement with Verizon which allows the use of the Village's land for a transmission tower site. The initial term of the lease was for monthly payments over a 5-year period commencing on December 20, 2001, with three 5-year renewals. In July 2020 the agreement was amended for an additional 5-year period with three 5 year renewals. This extended the total term with renewals to November 20, 2041. The Village expects Verizon to exercise the renewal options. The original agreement and subsequent amendment provided for annual increases in rent of 3%. The discount rate was 3% using the Village's estimated incremental borrowing rate.

The General Fund is reporting a lease receivable of \$2,991,755 at September 30, 2022. For the fiscal year ended September 30, 2022, the General Fund reported lease revenue of \$149,509 and interest revenue of \$83,152 related to lease payments received.

THE VILLAGE OF NORTH PALM BEACH, FLORIDA
Notes to the Basic Financial Statements
September 30, 2022

NOTE 7 – LEASES (Continued)

Lessor Leases – General Fund (Continued)

The General Fund's amortization of lease payments receivable as of September 30, 2022, are as follows:

Year Ending	Principal	Interest	Total
2023	\$ 68,427	\$ 88,824	\$ 157,251
2024	73,972	86,695	160,667
2025	81,420	84,393	165,813
2026	92,534	81,781	174,315
2027	99,135	78,914	178,049
2028 - 2032	623,522	343,596	967,118
2033 - 2037	887,267	231,420	1,118,687
2038 - 2042	865,602	86,352	951,954
2043 - 2045	199,876	8,610	208,486
	<u>\$ 2,991,755</u>	<u>\$ 1,090,585</u>	<u>\$ 4,082,340</u>

Lessor Leases –Country Club Fund

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. Since the lease is cancelable by either party, the renewal terms are not taken into account when calculating the lease receivable.

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 OF NORTH PALM BEACH, FLORIDA
Notes to the Basic Financial Statements
September 30, 2022

NOTE 7 – LEASES (Continued)

Lessor Leases –Country Club Fund

The Country Club Fund is reporting a lease receivable of \$248,279 at September 30, 2022. For the fiscal year ended September 30, 2022, the Country Club reported lease revenue of \$94,937 and interest revenue of \$8,087. The Country Club Fund also received \$124,269 in supplemental rent and \$87,032 in utility and property tax reimbursements for the year ended September 30, 2022 under the terms of this lease agreement. Except for the interest revenue, the lease income is recorded in operating revenues as the Village believes restaurant operations are an integral part of running a Country Club.

The Country Club Fund's amortization of lease payments receivable as of September 30, 2022, are as follows:

<u>Year Ending</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 93,835	\$ 6,165	\$ 100,000
2024	96,689	3,311	100,000
2025	57,755	578	58,333
	<u>\$ 248,279</u>	<u>\$ 10,054</u>	<u>\$ 258,333</u>

NOTE 8 – 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, 2022

NOTE 9 – 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, 2022, 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, 2022

NOTE 9 – 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, 2021:

	<u>GERF</u>	<u>F&P</u>
Inactive Plan Members or Beneficiaries		
currently receiving benefits	47	33
Inactive Plan Members entitled to but		
not yet receiving benefits	35	16
Active Plan Members	<u>20</u>	<u>51</u>
Total	<u>102</u>	<u>100</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, 2022

NOTE 9 – EMPLOYEE RETIREMENT PLANS (Continued)

General Employees' Retirement System (Continued)

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

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

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

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

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

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

THE VILLAGE OF NORTH PALM BEACH, FLORIDA
Notes to the Basic Financial Statements
September 30, 2022

NOTE 9 – 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, 2022, is as follows:

<u>Asset Class</u>	<u>Target Allocation</u>
Domestic equity	42%
International equity	18
Domestic bonds	<u>40</u>
Total	<u>100%</u>

Rate of Return. For the year ended September 30, 2022, the annual money-weighted rate of return on Pension Plan investments, net of pension plan investment expense, was -17.51 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, 2022

NOTE 9 – 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 police officers the benefit accrual rate will increase to 3.0% effective 10/1/22. 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, 2022, there was \$852,332 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, 2022, 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, 2022, the annual money-weighted rate of return on Pension Plan investments, net of pension plan investment expense, was -14.09 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, 2022

NOTE 9 – 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. This will be increased to 8.5% effective 10/1/22 and 10% effective 10/1/23. 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 \$414,511 during the fiscal year ended September 30, 2022.

All Retirement Plans

Net Pension Liability. The components of net pension liability of the Village on September 30, 2022, were as follows:

	<u>General Employees</u>	<u>Fire and Police</u>
Total pension liability	\$ 19,191,970	\$ 38,026,356
Plan fiduciary net position	<u>(16,267,288)</u>	<u>(30,075,729)</u>
Village's net pension liability(asset)	<u>\$ 2,924,682</u>	<u>\$ 7,950,627</u>
Plan fiduciary net position as a percentage of total pension liability	<u>84.76%</u>	<u>79.09%</u>

THE VILLAGE OF NORTH PALM BEACH, FLORIDA
Notes to the Basic Financial Statements
September 30, 2022

NOTE 9 – EMPLOYEE RETIREMENT PLANS (Continued)

All Retirement Plans (Continued)

Actuarial Assumptions. The total pension liability was determined by an actuarial valuation as of October 1, 2021 updated to September 30, 2022 using the following actuarial assumptions applied to the September 30, 2022 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 FRS in their 7/1/20 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, 2022, 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	9.44%	7.50%
International equity	10.07%	8.50%
Domestic bonds	4.20%	2.50%
Real estate	N/A	4.50%

THE VILLAGE OF NORTH PALM BEACH, FLORIDA
Notes to the Basic Financial Statements
September 30, 2022

NOTE 9 – 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>\$ 5,317,868</u>	<u>\$ 2,924,682</u>	<u>\$ 931,847</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>\$ 13,368,236</u>	<u>\$ 7,950,627</u>	<u>\$ 3,495,254</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, 2022, are reported using a measurement date of September 30, 2021. The above information on the plan required by GASB 67 are reported using a measurement date of September 30, 2022.

THE VILLAGE OF NORTH PALM BEACH, FLORIDA
Notes to the Basic Financial Statements
September 30, 2022

NOTE 9 – 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 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>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%	55%	6.75%	7.50%
International equity	15	10	6.50%	8.50%
Domestic bonds	40	25	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, 2022

NOTE 9 – 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.

General Employees' Retirement System

Changes in Net Pension Liability

Using a measurement date of September 30, 2021, the components of the net pension liability reported by the Village at September 30, 2022, were as follows:

Description	Total Pension Liability (a)	Fiduciary Net Position (b)	Net Pension Liability(asset) (a)-(b)
Balances at September 30, 2020	\$ 18,440,365	\$ 17,990,079	\$ 450,286
Changes due to:			
Service cost	211,929		211,929
Interest	1,232,553		1,232,553
Difference between expected and actual experience	(29,429)		(29,429)
Changes of Assumptions	(283,447)		(283,447)
Employer contributions		197,770	(197,770)
Employee contributions		76,595	(76,595)
Benefit payments and refunds	(784,490)	(784,490)	
Net investment income		3,135,663	(3,135,663)
Administrative expenses		(74,760)	74,760
Total changes	<u>347,116</u>	<u>2,550,778</u>	<u>(2,203,662)</u>
Balances at September 30, 2021	<u>\$ 18,787,481</u>	<u>\$ 20,540,857</u>	<u>\$ (1,753,376)</u>

THE VILLAGE OF NORTH PALM BEACH, FLORIDA
Notes to the Basic Financial Statements
September 30, 2022

NOTE 9 – EMPLOYEE RETIREMENT PLANS (Continued)

General Employees' Retirement System (Continued)

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.

Plan fiduciary net position as a
percentage of total pension liability 109.33%

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

	1% Decrease 5.25%	Current Discount Rate 6.25%	1% Increase 7.25%
Village's net pension liability	<u>\$ 683,222</u>	<u>\$ (1,753,376)</u>	<u>\$ (3,776,585)</u>

Pension expense and deferred outflows and inflows of resources

For the fiscal year ended September 30, 2022, the Village recognized pension expense of \$(608,189). In addition, the Village reported deferred outflows of resources and deferred inflows of resources related to the Plan from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on plan investments	\$	\$ 1,654,710
Differences between expected and actual experience		9,810
Assumption changes		94,482
Village plan contributions subsequent to the measurement date	<u>165,928</u>	
Total	<u>\$ 165,928</u>	<u>\$ 1,759,002</u>

THE VILLAGE OF NORTH PALM BEACH, FLORIDA
Notes to the Basic Financial Statements
September 30, 2022

NOTE 9 – 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 \$165,928 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	\$ (523,255)
2023	(385,753)
2024	(461,781)
2025	(388,213)
2026	
Thereafter	
	<u><u>\$ (1,759,002)</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
	6.45%	7.45%	8.45%
Village's net pension liability	<u>\$ 4,481,219</u>	<u>\$ (374,601)</u>	<u>\$ (4,372,496)</u>

THE VILLAGE OF NORTH PALM BEACH, FLORIDA
Notes to the Basic Financial Statements
September 30, 2022

NOTE 9 – EMPLOYEE RETIREMENT PLANS (Continued)

Fire and Police Retirement System (Continued)

Changes in Net Pension Liability

Using a measurement date of September 30, 2021, the components of the net pension liability reported by the Village at September 30, 2022, were as follows:

Description	Total Pension Liability (a)	Fiduciary Net Position (b)	Net Pension Liability(asset) (a)-(b)
Balances at September 30, 2020	\$ 32,833,494	\$ 28,308,304	\$ 4,525,190
Changes due to:			
Service cost	1,026,423		1,026,423
Interest	2,574,829		2,574,829
Differences between expected and actual experience	(1,956,361)		(1,956,361)
Change of benefit terms			
Change of assumptions	464,035		464,035
Employer contributions		754,690	(754,690)
Employer contributions-state		350,777	(350,777)
Employee contributions		383,070	(383,070)
Employee contributions buy back	3,498	3,498	
Benefit payments and refunds	(841,165)	(841,165)	
Net investment income		5,607,643	(5,607,643)
Administrative expenses		(87,463)	87,463
Total changes	<u>1,271,259</u>	<u>6,171,050</u>	<u>(4,899,791)</u>
Balances at September 30, 2021	<u>\$ 34,104,753</u>	<u>\$ 34,479,354</u>	<u>\$ (374,601)</u>
Plan fiduciary net position as a percentage of total pension liability	<u>101.10%</u>		

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, 2022

NOTE 9 – 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, 2022, the Village recognized pension expense of \$361,193. 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	\$	\$ 1,722,084
Differences between expected and actual experience	332,956	1,848,036
Change of assumptions	688,220	1,144,020
Village plan contributions subsequent to the measurement date	<u>1,077,197</u>	
Total	<u>\$ 2,098,373</u>	<u>\$ 4,714,140</u>

The deferred outflows of resources totaling \$1,077,197 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	\$ (627,995)
2023	(661,308)
2024	(896,559)
2025	(923,566)
2064	(287,571)
Thereafter	<u>(295,965)</u>
	<u>\$ (3,692,964)</u>

THE VILLAGE OF NORTH PALM BEACH, FLORIDA
Notes to the Basic Financial Statements
September 30, 2022

NOTE 9 – 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, 2022, using a measurement date of September 30, 2021, are as follows:

	<u>General Employees</u>	<u>Fire and Police</u>	<u>Total</u>
Total pension liability	\$ 18,787,481	\$ 34,104,753	\$ 52,892,234
Plan fiduciary net position	20,540,857	34,479,354	55,020,211
Net pension liability(asset)	(1,753,376)	(374,601)	(2,127,977)
Deferred outflows of resources	165,928	2,098,373	2,264,301
Deferred inflows of resources	1,759,002	4,714,140	6,473,142
Pension expense	(608,189)	361,193	(246,996)
Accounts Payable	-	-	-

NOTE 10 – ON-BEHALF PAYMENTS

The state makes a contribution to the Fire and Police Officers' Retirement System from the firefighters' and police officers' Insurance Premium Tax. For the fiscal year ended September 30, 2022, \$414,512 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, 2022

NOTE 11 – 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, 2022, is presented below.

STATEMENT OF FIDUCIARY NET POSITION

	General Employees' Pension
<hr/>	
Assets	
Cash and cash equivalents	\$ 270,984
Investments:	
Domestic equity securities	2,041,905
International equity securities	1,427,839
U.S. Government and agencies	1,370,777
Municipal bonds	932,212
Domestic corporate bonds	1,859,564
International corporate bonds	245,421
Domestic equity income ETF	2,602,239
International equity ETF	671,219
Fixed income mutual funds	1,699,649
Domestic equity mutual funds	2,329,589
International equity mutual funds	787,810
Accrued dividends and interest	50,723
Prepays	3,617
Total assets	<hr/> 16,293,548 <hr/>
Liabilities	
Accounts payable	26,260
Total liabilities	<hr/> 26,260 <hr/>
Net position	
Held in trust for pension benefits and other purposes	<hr/> <hr/> \$ 16,267,288 <hr/> <hr/>

THE VILLAGE OF NORTH PALM BEACH, FLORIDA
Notes to the Basic Financial Statements
September 30, 2022

NOTE 11 – PENSION PLAN FINANCIAL INFORMATION (Continued)

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

	General Employees' Pension
Additions	
Contributions	
Employer	\$ 165,928
Plan members	68,012
Total contributions	<u>233,940</u>
Investment earnings	
Dividends and interest	352,113
Change in the fair value of investments	(3,853,763)
Less investment expense	<u>84,680</u>
Total investment earnings	<u>(3,586,330)</u>
Total additions	<u>(3,352,390)</u>
Deductions	
Administration	66,486
Refund of member contributions	
Benefits	<u>854,693</u>
Total deductions	<u>921,179</u>
Change in net position	(4,273,569)
Net position - beginning	<u>20,540,857</u>
Net position - ending	<u>\$ 16,267,288</u>

NOTE 12 – 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, 2022

NOTE 12 – 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, 2022, is listed below:

	<u>Village Manager</u>	<u>Directors</u>	<u>General Employees</u>	<u>Municipal Employees</u>
Employee contributions	\$ 4,883	\$ 70,034	\$ 93,164	\$ 72,965
Village pension expense	24,413	138,067	238,979	192,814
Forfeitures	-	-	11,113	22,877
Payable as of fiscal year end	-	-	-	-

NOTE 13 – 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.

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, 2022

NOTE 14 – 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, 2022, the date of the last actuarial valuation, the following employees were covered by benefit terms:

Participants	
Active employees	123
Inactive employees currently receiving benefits	3
Inactive employees entitled to but not receiving benefits	-
Total	<u>126</u>

THE VILLAGE OF NORTH PALM BEACH, FLORIDA
Notes to the Basic Financial Statements
September 30, 2022

NOTE 14 – 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 \$602,349 was measured as of September 30, 2022 and was determined by the actuarial valuation as September 30, 2022.

Actuarial Assumptions and Methods

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

Valuation Date:	September 30, 2022
Measurement Date:	September 30, 2022
Discount Rate:	4.40% per annum
Source	Bond Buyer GO 20-Bond Municipal Index
Salary Increase Rate:	Service based between 2.4% to 8% per annum
Health Care Trend Rate:	An initial rate of 5.75% decreasing 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, 2022

NOTE 14 – 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 20% 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. Adjustments to the referenced table are based on the results of a statewide experience study from 2013-2018.

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 4.40%.

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance at September 30, 2021	\$ 882,549
Changes for the Year:	
Service Cost	77,845
Interest Cost	20,623
Difference between expected and actual experience	(102,114)
Changes of Assumptions and Other Inputs	(239,114)
Benefit Payments	(37,440)
Net Change in Total OPEB Liability	(280,200)
Balance at September 30, 2022	\$ 602,349

THE VILLAGE OF NORTH PALM BEACH, FLORIDA
Notes to the Basic Financial Statements
September 30, 2022

NOTE 14 – OTHER POSTEMPLOYMENT BENEFITS (Continued)

Changes in Assumptions

The discount rate was 2.19% at 10/1/21 and 4.40% at 9/30/22. The coverage acceptance rate was lowered from 25% to 20%.

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 (3.40%)	Discount Rate (4.40%)	1.0% Increase (5.40%)
Total OPEB Liability	\$ 650,238	\$ 602,349	\$ 558,373

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	\$ 541,843	\$ 602,349	\$ 673,215

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

For the year ended September 30, 2022, the Village recognized OPEB expense of \$(291,620). At September 30, 2022, 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	\$ 50,241	\$ 1,099,471
Differences Between Expected and Actual Experience		598,536
Total	\$ 50,241	\$ 1,698,007

THE VILLAGE OF NORTH PALM BEACH, FLORIDA
Notes to the Basic Financial Statements
September 30, 2022

NOTE 14 – 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, 2023	\$ (390,088)
September 30, 2024	(390,088)
September 30, 2025	(390,086)
September 30, 2026	(136,102)
September 30, 2027	(145,853)
Thereafter	(195,549)
	<u>\$ (1,647,766)</u>

NOTE 15 – 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 \$229,484 to Seacoast during the fiscal year for water and sewer service.

NOTE 16 –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, 2022

NOTE 16 –INTERFUND ACTIVITY (Continued)

Transfers

Interfund transfers during the year ended September 30, 2022, are as follows:

The \$2,660,000 from the General Fund to the Capital Projects Fund were to fund capital projects according to the original budget and subsequent budget amendments. The \$378,500 from the General Fund to the Country Club Enterprise Fund were to help fund the operations of the Tennis and Pool activities.

NOTE 17 – CONTRACTS, COMMITMENTS AND CONTINGENCIES

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, 2023 is \$499,420. On August 11, 2021, a second interlocal agreement was signed for five years expiring on September 30, 2026.

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.

THE VILLAGE OF NORTH PALM BEACH, FLORIDA
Notes to the Basic Financial Statements
September 30, 2022

NOTE 18 – 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, 2022:

- 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. 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.

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. 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.

THE VILLAGE OF NORTH PALM BEACH, FLORIDA
Notes to the Basic Financial Statements
September 30, 2022

NOTE 18 – NEW ACCOUNTING STANDARDS (Continued)

Recently Issued Accounting Pronouncements (Continued)

In June 2022, the GASB issued Statement No. 100, Accounting Changes and Error Corrections. The requirements of this Statement will improve the clarity of the accounting and financial reporting requirements for accounting changes and error corrections, which will result in greater consistency in application in practice. In turn, more understandable, reliable, relevant, consistent, and comparable information will be provided to financial statement users for making decisions or assessing accountability. In addition, the display and note disclosure requirements will result in more consistent, decision useful, understandable, and comprehensive information for users about accounting changes and error corrections. The requirements of this Statement are effective for accounting changes and error corrections made in fiscal years ending September 30, 2024, and all reporting periods thereafter. Earlier application is encouraged.

In June 2022, the GASB issued Statement No. 101, Compensated Absences. The unified recognition and measurement model in this Statement will result in a liability for compensated absences that more appropriately reflects when a government incurs an obligation. In addition, the model can be applied consistently to any type of compensated absence and will eliminate potential comparability issues between governments that offer different types of leave. The model also will result in a more robust estimate of the amount of compensated absences that a government will pay or settle, which will enhance the relevance and reliability of information about the liability for compensated absences. The requirements of this Statement are effective for fiscal years ending September 30, 2025, and all reporting periods thereafter. Earlier application is encouraged.

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

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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, 2022

Schedule of Changes in Total OPEB Liability
Last Ten Fiscal Years

	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Total OPEB liability					
Service cost	\$ 274,702	\$ 113,906	\$ 119,601	\$ 72,316	\$ 77,845
Interest cost	124,097	63,447	61,990	20,766	20,623
Change in benefit terms			655		
Difference between expected and actual experience	(1,354,390)				(102,114)
Changes of assumptions and other inputs	(677,494)	78,007	(960,663)	14,544	(239,114)
Benefit payments	<u>(134,593)</u>	<u>(56,645)</u>	<u>(59,477)</u>	<u>(28,872)</u>	<u>(37,440)</u>
Net change in total OPEB liability	(1,767,678)	198,715	(837,894)	78,754	(280,200)
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>	<u>882,549</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>	<u>\$ 602,349</u>
Covered employee payroll	<u>\$ 10,148,392</u>	<u>\$ 10,566,520</u>	<u>\$ 9,347,911</u>	<u>\$ 11,834,425</u>	<u>\$ 8,871,817</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>	<u>6.79%</u>
Changes of Assumptions					
Discount rate (3.36% at 10/1/17)	4.15%	3.58%	2.41%	2.19%	4.40%
Coverage acceptance rate	40.00%	40.00%	25.00%	25.00%	20.00%

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, 2022
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(asset) (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.

2020	2021	2022	2023
2019	2020	2021	2022
\$ 251,678	\$ 216,125	\$ 211,929	\$ 164,218
1,201,578	1,211,026	1,232,553	1,157,772
(625,948)	(343,736)	(29,429)	(62,808)
		(283,447)	
(567,472)	(736,101)	(784,490)	(854,693)
259,836	347,314	347,116	404,489
17,833,215	18,093,051	18,440,365	18,787,481
<u>\$ 18,093,051</u>	<u>\$ 18,440,365</u>	<u>\$ 18,787,481</u>	<u>\$ 19,191,970</u>
\$ 358,152	\$ 232,738	\$ 197,770	\$ 165,928
97,522	85,829	76,595	68,012
721,786	1,497,222	3,135,663	(3,586,330)
(567,472)	(736,101)	(784,490)	(854,693)
(38,690)	(60,096)	(74,760)	(66,486)
571,298	1,019,592	2,550,778	(4,273,569)
16,399,189	16,970,487	17,990,079	20,540,857
<u>\$ 16,970,487</u>	<u>\$ 17,990,079</u>	<u>\$ 20,540,857</u>	<u>\$ 16,267,288</u>
<u>\$ 1,122,564</u>	<u>\$ 450,286</u>	<u>\$ (1,753,376)</u>	<u>\$ 2,924,682</u>
93.80%	97.56%	109.33%	84.76%
<u>\$ 1,834,767</u>	<u>\$ 1,612,777</u>	<u>\$ 1,472,661</u>	<u>\$ 1,316,077</u>
61.18%	27.92%	-119.06%	222.23%

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%.

For the 2022 fiscal year the investment rate of return changed from 6.75% to 6.25% and inflation changed from 2.5% to 2.4%.

THE VILLAGE OF NORTH PALM BEACH, FLORIDA
Required Supplemental Information
September 30, 2022
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(asset) (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.

2020	2021	2022	2023
2019	2020	2021	2022
\$ 1,031,048	\$ 1,102,333	\$ 1,026,423	\$ 1,186,982
2,236,125	2,423,113	2,574,829	2,639,997
(600,965)			
1,660,762			617,530
(138,741)	319,251	(1,956,361)	419,712
205,896	(981,457)	464,035	
6,698	3,498	3,498	3,498
(793,277)	(799,809)	(841,165)	(946,116)
3,607,546	2,066,929	1,271,259	3,921,603
27,159,019	30,766,565	32,833,494	34,104,753
<u>\$ 30,766,565</u>	<u>\$ 32,833,494</u>	<u>\$ 34,104,753</u>	<u>\$ 38,026,356</u>
\$ 918,263	\$ 863,762	\$ 754,690	\$ 662,686
328,826	339,482	350,777	414,511
239,271	329,454	383,070	416,272
6,698	3,498	3,498	3,498
787,045	1,228,865	5,607,643	(4,870,319)
(793,277)	(799,809)	(841,165)	(946,116)
(83,413)	(85,101)	(87,463)	(84,157)
1,403,413	1,880,151	6,171,050	(4,403,625)
25,024,740	26,428,153	28,308,304	34,479,354
<u>\$ 26,428,153</u>	<u>\$ 28,308,304</u>	<u>\$ 34,479,354</u>	<u>\$ 30,075,729</u>
<u>\$ 4,338,412</u>	<u>\$ 4,525,190</u>	<u>\$ (374,601)</u>	<u>\$ 7,950,627</u>
85.90%	86.22%	101.10%	79.09%
<u>\$ 5,451,987</u>	<u>\$ 5,134,942</u>	<u>\$ 5,169,073</u>	<u>\$ 5,627,173</u>
79.57%	88.13%	-7.25%	141.29%

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.

For the 2022 fiscal year the maximum benefit changed from 75% to 80% of average monthly earnings, member contribution rates increased, and the benefit accrual rate changed from 2.75% to 3.00% for police officers.

THE VILLAGE OF NORTH PALM BEACH, FLORIDA
Required Supplemental Information
September 30, 2022

Last Ten Fiscal Years

Schedule of Contributions

<u>Fiscal Year Ending September 30</u>	<u>Actuarially Determined Contribution</u>	<u>Actual Contribution</u>	<u>Contribution Deficiency (Excess)</u>	<u>Covered Payroll</u>	<u>Actual Contribution as a Percentage of Covered Payroll</u>
<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%
2022	162,168	165,928	(3,760)	1,316,077	12.61%

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%
2022	1,074,227	1,077,197	(2,970)	5,627,173	19.14%

* Prior year excess contributions were used.

Schedule of Investment Returns

<u>Fiscal Year Ending September 30</u>	<u>Annual money weighted rate of return net of investment expense</u>	
	<u>General</u>	<u>Fire and Police</u>
	<u>Employees</u>	<u>Employees</u>
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%
2022	-17.51%	-14.09%

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, 2022

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, 2020	October 1, 2020
Actuarial Cost Method	Frozen Entry-Age	Entry Age Normal
Amortization Method	Level Dollar, closed	Level Percentage of Compensation
Remaining Amortization Period	30	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%	7.45%
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, 2022

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Revenues				
Taxes	\$ 21,799,413	\$ 21,799,413	\$ 22,349,999	\$ 550,586
Licenses and permits	1,310,200	1,310,200	1,764,430	454,230
Intergovernmental	1,477,720	1,477,720	1,937,865	460,145
Charges for services	1,778,280	1,778,280	1,968,268	189,988
Fines and forfeitures	121,212	121,212	169,045	47,833
Investment	129,902	129,902	(272,252)	(402,154)
Miscellaneous	11,680	11,680	364,911	353,231
Total revenues	<u>26,628,407</u>	<u>26,628,407</u>	<u>28,282,266</u>	<u>1,653,859</u>
Expenditures				
Current				
General government	3,431,083	3,432,083	3,612,174	(180,091)
Public safety	10,517,083	10,519,467	11,183,895	(664,428)
Public works	5,511,446	5,543,500	4,988,651	554,849
Community development and planning	1,743,989	1,929,900	1,437,597	492,303
Leisure services	2,341,797	2,433,611	2,431,335	2,276
Other government	185,412	185,412		185,412
Capital outlay	10,000	1,389,682	1,583,473	(193,791)
Debt service				
Principal payments	1,278,543	1,278,543	1,278,543	
Interest paid on debt	570,504	570,504	476,504	94,000
Total expenditures	<u>25,589,857</u>	<u>27,282,702</u>	<u>26,992,172</u>	<u>290,530</u>
Excess of revenues over expenditures	<u>1,038,550</u>	<u>(654,295)</u>	<u>1,290,094</u>	<u>1,944,389</u>
Other financing sources (uses)				
Appropriated fund balance		2,477,732		(2,477,732)
Capital lease proceeds		1,215,113	1,215,112	(1)
Transfer out	(1,038,550)	(3,038,550)	(3,038,550)	
Total other financing uses	<u>(1,038,550)</u>	<u>654,295</u>	<u>(1,823,438)</u>	<u>(2,477,733)</u>
Net change in fund balances	<u>\$</u>	<u>\$</u>	<u>(533,344)</u>	<u>\$ (533,344)</u>
Fund Balances				
Beginning of year			<u>16,576,720</u>	
End of year			<u>\$ 16,043,376</u>	

THE VILLAGE OF NORTH PALM BEACH, FLORIDA
Notes to the Budgetary
Required Supplementary Information (RSI)
General Fund
September 30, 2022

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, 2022

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)	Percent Variance
Village Council					
Personnel services	\$ 68,718	\$ 68,718	\$ 71,289	\$ (2,571)	-3.74
Operating expenses	96,100	97,100	101,112	(4,012)	-4.13
Total Village Council	164,818	165,818	172,401	(6,583)	-3.97
Village Manager					
Personnel services	489,360	489,360	489,575	(215)	-0.04
Operating expenses	59,950	59,950	97,574	(37,624)	-62.76
Total Village Manager	549,310	549,310	587,149	(37,839)	-6.89
Village Finance					
Personnel services	622,589	622,589	624,192	(1,603)	-0.26
Operating expenses	56,400	56,400	71,660	(15,260)	-27.06
Total Village Finance	678,989	678,989	695,852	(16,863)	-2.48
Village Attorney					
Operating expenses	185,000	185,000	244,793	(59,793)	-32.32
Village Clerk					
Personnel services	305,320	305,320	280,590	24,730	8.10
Operating expenses	61,290	61,290	60,274	1,016	1.66
Total Village Clerk	366,610	366,610	340,864	25,746	7.02
Information Technology					
Personnel services	435,236	435,236	435,290	(54)	-0.01
Operating expenses	98,500	98,500	140,346	(41,846)	-42.48
Total Information Technology	533,736	533,736	575,636	(41,900)	-7.85
Human Resources					
Personnel services	336,890	336,890	310,097	26,793	7.95
Operating expenses	108,050	108,050	169,828	(61,778)	-57.18
Total Human Resources	444,940	444,940	479,925	(34,985)	-7.86
Police					
Personnel services	5,619,607	5,619,607	6,123,970	(504,363)	-8.98
Operating expenses	1,054,187	1,054,187	1,059,737	(5,550)	-0.53
Total Police	6,673,794	6,673,794	7,183,707	(509,913)	-7.64
Fire Rescue					
Personnel services	3,364,689	3,364,689	3,537,514	(172,825)	-5.14
Operating expenses	357,760	360,144	325,244	34,900	9.69
Total Fire Rescue	3,722,449	3,724,833	3,862,758	(137,925)	-3.70

(Continued)

THE VILLAGE OF NORTH PALM BEACH, FLORIDA
Schedule of Departmental Expenditures - Budget and Actual
General Fund
For the Year Ended September 30, 2022

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)	Percent Variance
(Continued)					
Public Works Administration					
Personnel services	\$ 403,239	\$ 403,239	\$ 427,359	\$ (24,120)	-5.98
Operating expenses	92,000	92,000	119,648	(27,648)	-30.05
Total Public Works	495,239	495,239	547,007	(51,768)	-10.45
Sanitation					
Personnel services	1,564,841	1,564,841	1,327,923	236,918	15.14
Operating expenses	304,000	304,000	421,314	(117,314)	-38.59
Total Sanitation	1,868,841	1,868,841	1,749,237	119,604	6.40
Facility Services					
Personnel services	192,090	192,090	218,405	(26,315)	-13.70
Operating expenses	642,200	649,185	344,891	304,294	46.87
Total Facility Services	834,290	841,275	563,296	277,979	33.04
Street Maintenance					
Personnel services	398,456	398,456	324,135	74,321	18.65
Operating expenses	1,374,000	1,394,250	1,247,991	146,259	10.49
Total Street Maintenance	1,772,456	1,792,706	1,572,126	220,580	12.30
Vehicle Maintenance					
Personnel services	282,020	282,020	225,483	56,537	20.05
Operating expenses	258,600	258,600	328,173	(69,573)	-26.90
Total Vehicle Maintenance	540,620	540,620	553,656	(13,036)	-2.41
Planning and Engineering					
Personnel services	302,008	302,008	201,724	100,284	33.21
Operating expenses	149,400	320,717	123,660	197,057	61.44
Total Planning and Engineering	451,408	622,725	325,384	297,341	47.75
Building					
Personnel services	809,147	809,147	616,013	193,134	23.87
Operating expenses	239,750	254,344	265,212	(10,868)	-4.27
Total Building	1,048,897	1,063,491	881,225	182,266	17.14
Code Enforcement					
Personnel services	219,409	219,409	211,448	7,961	3.63
Operating expenses	27,275	27,275	22,540	4,735	17.36
Total Code Enforcement	246,684	246,684	233,988	12,696	5.15
Recreation					
Personnel services	610,206	610,206	529,079	81,127	13.30
Operating expenses	712,700	804,514	865,579	(61,065)	-7.59
Total Leisure Services-Recreation	1,322,906	1,414,720	1,394,658	20,062	1.42

(Continued)

THE VILLAGE OF NORTH PALM BEACH, FLORIDA
Schedule of Departmental Expenditures - Budget and Actual
General Fund
For the Year Ended September 30, 2022

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)	Percent Variance
(Continued)					
Library					
Personnel services	\$ 733,469	\$ 733,469	\$ 696,092	\$ 37,377	5.10
Operating expenses	187,422	187,422	247,573	(60,151)	-32.09
Total Library	920,891	920,891	943,665	(22,774)	-2.47
Special Events					
Operating expenses	98,000	98,000	93,012	4,988	5.09
Total Special Events	98,000	98,000	93,012	4,988	5.09
Debt Service	1,849,047	1,849,047	1,755,047	94,000	5.08
Reserves and contingencies					
Operating expenses		4,819	3,329	1,490	30.92
Contingencies	185,412	185,412		185,412	100.00
	185,412	190,231	3,329	186,902	98.25
Non-Departmental					
Operating expenses	625,520	625,520	649,984	(24,464)	-3.91
	625,520	625,520	649,984	(24,464)	-3.91
Capital Outlay					
Information Technology					
Village Clerk					
Police			14,897	(14,897)	
Facility Services			6,123	(6,123)	
Vehicle Maintenance			26,392	(26,392)	
Street Maintenance		55,600	100,000	(44,400)	
Sanitation			107,099	(107,099)	
Leisure Services-Recreation	10,000	19,469.00	8,488	10,981	
Library			5,862	(5,862)	
Capital leases		1,215,113	1,215,112	1	0.00
Non-Departmental		99,500	99,500		
Total Capital Outlay	10,000	1,389,682	1,583,473	(193,791)	-13.94
Total expenditures	\$ 25,589,857	\$ 27,282,702	\$ 26,992,172	\$ 290,530	1.06%

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, 2022

	Special Revenue Funds					
	Public Safety Fund	Northlake Boulevard Fund	Recreation	On-Behalf Pension Contributions	Capital Projects Fund	Total Nonmajor Governmental Funds
Assets						
Cash and cash equivalents	\$	\$ 1,987	\$ 321,665	\$	\$ 2,561,633	\$ 2,885,285
Due from other funds					72,091	72,091
Total assets	<u>\$</u>	<u>\$ 1,987</u>	<u>\$ 321,665</u>	<u>\$</u>	<u>\$ 2,633,724</u>	<u>\$ 2,957,376</u>
Liabilities						
Accounts payable	\$	\$	\$ 108	\$	\$ 52,593	\$ 52,701
Due to other funds	2,946					2,946
Total liabilities	<u>2,946</u>	<u></u>	<u>108</u>	<u></u>	<u>52,593</u>	<u>55,647</u>
Fund balances						
Assigned	<u>(2,946)</u>	<u>1,987</u>	<u>321,557</u>	<u></u>	<u>2,581,131</u>	<u>2,901,729</u>
Total fund balances	<u>(2,946)</u>	<u>1,987</u>	<u>321,557</u>	<u></u>	<u>2,581,131</u>	<u>2,901,729</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$</u>	<u>\$ 1,987</u>	<u>\$ 321,665</u>	<u>\$</u>	<u>\$ 2,633,724</u>	<u>\$ 2,957,376</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, 2022

	Special Revenue Funds					
	Public Safety Fund	Northlake Boulevard Fund	Recreation	On-Behalf Pension Contributions	Capital Projects Fund	Total Nonmajor Governmental Funds
Revenues						
Intergovernmental	\$	\$	\$	\$ 414,512	\$	\$ 414,512
Total revenues				414,512		414,512
Expenditures						
Current						
Public safety	3,703			414,512		418,215
Capital outlay			179,579		836,235	1,015,814
Total expenditures	3,703		179,579	414,512	836,235	1,434,029
Excess (deficiency) of revenues over (under) expenditures	(3,703)		(179,579)		(836,235)	(1,019,517)
Other financing sources (uses)						
Transfers in			253,315		2,660,000	2,913,315
Transfers out					(253,315)	(253,315)
Total other financing sources (uses)			253,315		2,406,685	2,660,000
Net changes in fund balances	(3,703)		73,736		1,570,450	1,640,483
Fund balances - Beginning of year	757	1,987	247,821		1,010,681	1,261,246
Fund balances - End of year	\$ (2,946)	\$ 1,987	\$ 321,557	\$	\$ 2,581,131	\$ 2,901,729

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, 2022

	General Employees Pension	Fire and Police Officers Pension	Total Employee Retirement Funds
Assets			
Cash and cash equivalents	\$ 270,984	\$ 199,981	\$ 470,965
Investments:			
Domestic common equity securities	2,041,905	14,832,904	16,874,809
International common equity securities	1,427,839	2,749,261	4,177,100
U.S. Government and agencies	1,370,777	5,023,078	6,393,855
Municipal bonds	932,212	402,308	1,334,520
Domestic corporate bonds	1,859,564	2,155,638	4,015,202
International corporate bonds	245,421	219,178	464,599
Domestic equity exchange traded funds	2,602,239		2,602,239
International equity exchange traded	671,219		671,219
Fixed income mutual funds	1,699,649		1,699,649
Domestic equity mutual funds	2,329,589		2,329,589
International equity mutual funds	787,810		787,810
Real estate investment fund		3,797,505	3,797,505
Money market mutual funds		676,455	676,455
Accrued interest and dividends	50,723	41,770	92,493
Prepays	3,617	4,251	7,868
Total assets	<u>16,293,548</u>	<u>30,102,329</u>	<u>46,395,877</u>
Liabilities			
Accounts payable	26,260	26,600	52,860
Total liabilities	<u>26,260</u>	<u>26,600</u>	<u>52,860</u>
Net Position restricted for pensions	<u>\$ 16,267,288</u>	<u>\$ 30,075,729</u>	<u>\$ 46,343,017</u>

THE VILLAGE OF NORTH PALM BEACH, FLORIDA
Combining Statement of Changes in Fiduciary Net Position
Pension Trust Funds
For the Year Ended September 30, 2022

	General Employees Pension	Fire and Police Officers Pension	Total Employee Retirement Funds
	<u> </u>	<u> </u>	<u> </u>
Additions			
Contributions			
Employer	\$ 165,928	\$ 662,686	\$ 828,614
Plan members	68,012	397,400	465,412
DROP contributions		22,370	22,370
State on-behalf payments		414,511	414,511
Total contributions	<u>233,940</u>	<u>1,496,967</u>	<u>1,730,907</u>
Investment earnings			
Dividends and interest	352,113	724,430	1,076,543
Change in fair value of investments	<u>(3,853,763)</u>	<u>(5,441,619)</u>	<u>(9,295,382)</u>
Total investment earnings	<u>(3,501,650)</u>	<u>(4,717,189)</u>	<u>(8,218,839)</u>
Less: investment expenses	<u>84,680</u>	<u>153,130</u>	<u>237,810</u>
Total investment earnings	<u>(3,586,330)</u>	<u>(4,870,319)</u>	<u>(8,456,649)</u>
Total additions	<u>(3,352,390)</u>	<u>(3,373,352)</u>	<u>(6,725,742)</u>
Deductions			
Administration	66,486	84,157	150,643
Refund of member contributions		16,692	16,692
Benefits	<u>854,693</u>	<u>929,424</u>	<u>1,784,117</u>
Total deductions	<u>921,179</u>	<u>1,030,273</u>	<u>1,951,452</u>
Change in net position	(4,273,569)	(4,403,625)	(8,677,194)
Net position - beginning	<u>20,540,857</u>	<u>34,479,354</u>	<u>55,020,211</u>
Net position - ending	<u><u>\$ 16,267,288</u></u>	<u><u>\$ 30,075,729</u></u>	<u><u>\$ 46,343,017</u></u>

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, 2022

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)	Percent Variance
Revenue					
Greens fee/cart rentals/membership fees	\$ 3,397,900	\$ 3,397,900	\$ 4,283,032	\$ 885,132	26.05
Golf shop revenues	462,500	462,500	680,550	218,050	47.15
Driving range revenues	375,000	375,000	501,491	126,491	33.73
Restaurant revenues	328,000	328,000	315,699	(12,301)	-3.75
Tennis revenues	726,300	726,300	804,829	78,529	10.81
Pool revenues	172,500	172,500	210,920	38,420	22.27
Interest revenues	10,000	10,000	6,669	(3,331)	
Miscellaneous	18,000	18,000	42,211	24,211	134.51
Capital grants			50,000	50,000	
Operating transfers	378,550	378,550	378,550		
Appropriated net position	227,319	331,073		(331,073)	-100.00
Total revenues	6,096,069	6,199,823	7,273,951	1,074,128	17.33
Golf Maintenance					
Operating expenses	1,781,900	1,835,530	1,936,631	(101,101)	-5.51
Capital outlay	200,000	222,890	246,121	(23,231)	
Total Golf Maintenance	1,981,900	2,058,420	2,182,752	(124,332)	-6.04
Clubhouse and Grounds					
Personnel services	78,452	78,452	63,026	15,426	19.66
Operating expenses	434,615	434,615	460,208	(25,593)	(5.89)
Total Clubhouse and Grounds	513,067	513,067	523,234	(10,167)	(1.98)
Golf Pro Shop and Range					
Personnel services	862,129	862,129	864,512	(2,383)	-0.28
Operating expenses	665,100	665,100	890,430	(225,330)	-33.88
Capital outlay			19,812	(19,812)	
Total Golf Pro Shop and Range	1,527,229	1,527,229	1,774,754	(247,525)	-16.21
Food and Beverage					
Operating expenses	15,000	15,000	19,748	(4,748)	-31.65
Tennis					
Personnel services	638,389	638,389	568,079	70,310	
Operating expenses	176,150	181,873	155,440	26,433	14.53
Capital outlay		10,126	10,126		
Total Tennis	814,539	830,388	733,645	96,743	11.65
Pool					
Personnel services	176,347	176,347	122,015	54,332	
Operating expenses	182,695	182,695	178,415	4,280	2.34
Capital outlay		11,385	11,385		
Total Pool	359,042	370,427	311,815	58,612	15.82

(Continued)

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, 2022

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)	Percent Variance
(Continued)					
Administration					
Personnel services	\$ 288,103	\$ 288,103	\$ 257,844	\$ 30,259	10.50
Operating expenses	28,500	28,500	58,490	(29,990)	-105.23
Total Administration	<u>316,603</u>	<u>316,603</u>	<u>316,334</u>	<u>269</u>	<u>0.08</u>
Insurance and General Liability					
Operating expenses	<u>25,000</u>	<u>25,000</u>	<u>23,293</u>	<u>1,707</u>	<u>6.83</u>
Reserves					
Operating	10,000	10,000	6,960	3,040	30.40
Capital	<u>100,000</u>	<u>100,000</u>	<u>100,000</u>	<u>0.00</u>	<u>0.00</u>
Total Reserves	<u>110,000</u>	<u>110,000</u>	<u>106,960</u>	<u>3,040</u>	<u>2.76</u>
Debt service					
Debt service	<u>433,689</u>	<u>433,689</u>	<u>433,689</u>		
Total expenses on the budgetary basis	<u>6,096,069</u>	<u>6,199,823</u>	<u>6,426,224</u>	<u>(226,401)</u>	<u>(3.65)</u>
Revenues under expenses	<u>\$</u>	<u>\$</u>	<u>\$ 847,727</u>	<u>\$ 847,727</u>	
Adjustments to reconcile to the GAAP Basis					
Total expenses on the budgetary basis			\$ 6,426,224		
Pension and OPEB adjustments			(17,992)		
Less: capital reserve			(100,000)		
Less: capital outlay costs capitalized			(270,962)		
Less: debt service			(433,689)		
Less: lease adjustment			(5,380)		
Add: depreciation expense			884,527		
Total operating expenses			<u>\$ 6,482,728</u>		

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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.

<u>Contents</u>	<u>Page</u>
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	105
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Revenue Capacity	
<i>These schedules contain information to help the reader assess the Village's most significant local revenue source, the property tax.</i>	
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Property Tax Rates - Direct and Overlapping Governments	109
Principal Property Taxpayers	110
Property Tax Levies and Collections	111
Debt Capacity	
<i>These schedules present information to help the reader assess the affordability of the Village's current levels of outstanding debt and the Village's ability to issue additional debt in the future.</i>	
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<i>These schedules offer demographic and economic indicators to help the reader understand the environment within which the Village's financial activities take place.</i>	
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<i>These schedules contain service and infrastructure data to help understand how the information in the Village's financial report relates to the services the Village provides and the activities it performs.</i>	
Full-Time Equivalent Village Government Employees by Function	117
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Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

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

	Fiscal Year				
	<u>2013</u>	<u>2014</u>	<u>2015 (1)</u>	<u>2016</u>	<u>2017</u>
Governmental Activities:					
Net investment in capital assets	\$ 15,431,966	\$ 14,966,927	\$ 14,711,016	\$ 14,102,547	\$ 13,484,731
Restricted	317,190	180,755	177,431	398,519	992,538
Unrestricted	11,973,715	11,314,096	6,168,366	6,677,850	6,536,225
Total governmental activities net position	<u>27,722,871</u>	<u>26,461,778</u>	<u>21,056,813</u>	<u>21,178,916</u>	<u>21,013,494</u>
Business-Type Activities:					
Net investment in capital assets	1,998,974	1,907,746	1,833,975	1,880,421	1,991,168
Unrestricted	668,434	514,167	544,523	418,726	361,461
Total business-type activities net position	<u>2,667,408</u>	<u>2,421,913</u>	<u>2,378,498</u>	<u>2,299,147</u>	<u>2,352,629</u>
Primary government:					
Net investment in capital assets	17,430,940	16,874,673	16,544,991	15,982,968	15,475,899
Restricted	317,190	180,755	177,431	398,519	992,538
Unrestricted	12,642,149	11,828,263	6,712,889	7,096,576	6,897,686
Total primary government net position	<u>\$ 30,390,279</u>	<u>\$ 28,883,691</u>	<u>\$ 23,435,311</u>	<u>\$ 23,478,063</u>	<u>\$ 23,366,123</u>
	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Governmental Activities:					
Net investment in capital assets	\$ 15,429,484	\$ 18,814,116	\$ 22,423,120	\$ 18,910,112	\$ 20,231,457
Restricted	484,568	525,536	986,489	1,418,916	3,331,270
Unrestricted	6,658,744	7,504,062	6,689,693	10,078,079	17,346,639
Total governmental activities net position	<u>22,572,796</u>	<u>26,843,714</u>	<u>30,099,302</u>	<u>30,407,107</u>	<u>40,909,366</u>
Business-Type Activities:					
Net investment in capital assets	3,056,715	3,422,142	2,947,241	5,874,752	5,976,057
Unrestricted	(1,324,978)	(3,162,414)	(3,161,738)	(2,599,491)	(1,248,264)
Total business-type activities net position	<u>1,731,737</u>	<u>259,728</u>	<u>(214,497)</u>	<u>3,275,261</u>	<u>4,727,793</u>
Primary government:					
Net investment in capital assets	18,486,199	22,236,258	25,370,361	24,784,864	26,207,514
Restricted	484,568	525,536	986,489	1,418,916	3,331,270
Unrestricted	5,333,766	4,341,648	3,527,955	7,478,588	16,098,375
Total primary government net position	<u>\$ 24,304,533</u>	<u>\$ 27,103,442</u>	<u>\$ 29,884,805</u>	<u>\$ 33,682,368</u>	<u>\$ 45,637,159</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				
	2013	2014	2015	2016	2017
Expenses					
Governmental activities:					
General government	\$ 2,489,488	\$ 2,696,298	\$ 3,028,716	\$ 2,985,185	\$ 3,205,903
Public safety	8,282,062	9,259,442	9,311,441	9,308,778	9,905,815
Public works	4,482,973	4,485,246	4,963,704	5,106,651	5,707,570
Community development and planning	966,245	1,046,299	1,308,924	1,382,121	1,255,115
Leisure services	2,974,290	3,114,213	2,973,687	2,904,715	3,114,720
Interest on long-term debt					266,892
Total governmental activities expenses	19,195,058	20,601,498	21,586,472	21,687,450	23,456,015
Business-type activities:					
Country club	3,629,120	3,902,131	3,842,660	3,845,547	2,903,224
Stormwater					
Total business-type activities	3,629,120	3,902,131	3,842,660	3,845,547	2,903,224
Total primary government expenses	<u>\$ 22,824,178</u>	<u>\$ 24,503,629</u>	<u>\$ 25,429,132</u>	<u>\$ 25,532,997</u>	<u>\$ 26,359,239</u>
Program Revenues					
Governmental activities:					
Charges for services:					
General government	\$ 107,976	\$ 110,694	\$ 131,445	\$ 128,459	\$ 134,249
Public safety	522,121	592,644	537,064	628,529	557,265
Public works	403,447	402,814	514,354	565,011	547,596
Community development and planning	993,059	1,621,471	1,163,875	1,213,032	1,222,464
Leisure services	1,087,182	1,096,021	1,006,382	994,918	1,022,175
Other government					
Operating grants and contributions	91,901	90,520	380,567	365,823	377,339
Capital grants and contributions	233,949	16,098	26,548	229,161	102,187
Total governmental activities program revenues	3,439,635	3,930,262	3,760,235	4,124,933	3,963,275
Business-type activities:					
Charges for services:					
Country club	3,577,446	3,645,706	3,788,852	3,720,573	2,946,432
Stormwater					
Operating grants and contributions					
Capital grants and contributions					
Total business-type activities program revenues	3,577,446	3,645,706	3,788,852	3,720,573	2,946,432
Total primary government program revenues	<u>\$ 7,017,081</u>	<u>\$ 7,575,968</u>	<u>\$ 7,549,087</u>	<u>\$ 7,845,506</u>	<u>\$ 6,909,707</u>
Net (Expense)/Revenue					
Governmental activities	\$ (15,755,423)	\$ (16,671,236)	\$ (17,826,237)	\$ (17,562,517)	\$ (19,492,740)
Business-type activities	(51,674)	(256,425)	(53,808)	(124,974)	43,208
Total primary government net expense	<u>\$ (15,807,097)</u>	<u>\$ (16,927,661)</u>	<u>\$ (17,880,045)</u>	<u>\$ (17,687,491)</u>	<u>\$ (19,449,532)</u>
General revenues and other changes in net position:					
Governmental activities:					
Taxes:					
Property taxes	\$ 9,981,391	\$ 10,154,695	\$ 11,364,888	\$ 12,253,917	\$ 13,091,985
Local option gas taxes	261,852	266,147	282,549	288,150	305,700
Local option infrastructure surtax					552,600
Utility service taxes	2,197,760	2,277,366	2,267,118	2,303,294	2,413,679
Franchise taxes	1,160,780	1,232,669	1,253,139	1,263,812	1,306,997
Sales and use taxes	1,187,221	1,260,617	1,332,209	1,363,954	1,371,890
Unrestricted grants and contributions					
Investment earnings	37,029	16,653	108,794	103,353	126,926
Miscellaneous	38,219	146,360	57,137	60,026	150,698
Contributions for Support Our Troops					
Gain on disposal of equipment		55,636	30,457	48,114	6,843
Transfers					
Total governmental activities	14,864,252	15,410,143	16,696,291	17,684,620	19,327,318
Business-type activities:					
Investment income	8,555	10,930	10,393	9,230	10,274
Miscellaneous	69,905			36,393	
Transfers					
Total business-type activities	78,460	10,930	10,393	45,623	10,274
Total primary government	<u>\$ 14,942,712</u>	<u>\$ 15,421,073</u>	<u>\$ 16,706,684</u>	<u>\$ 17,730,243</u>	<u>\$ 19,337,592</u>
Change in net position					
Governmental activities	\$ (891,171)	\$ (1,261,093)	\$ (1,129,946)	\$ 122,103	\$ (165,422)
Business-type activities	26,786	(245,495)	(43,415)	(79,351)	53,482
Total primary government	<u>\$ (864,385)</u>	<u>\$ (1,506,588)</u>	<u>\$ (1,173,361)</u>	<u>\$ 42,752</u>	<u>\$ (111,940)</u>

<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
\$ 3,213,886	\$ 3,312,770	\$ 3,541,302	\$ 3,819,733	\$ 3,565,793
10,045,757	10,505,278	12,103,224	11,260,437	10,899,752
5,911,225	5,603,991	5,633,427	5,416,934	5,359,535
1,458,523	1,685,525	1,398,876	1,261,701	1,406,266
3,058,410	3,037,981	2,795,698	2,706,225	3,441,248
499,929	489,988	520,755	477,717	470,896
<u>24,187,730</u>	<u>24,635,533</u>	<u>25,993,282</u>	<u>24,942,747</u>	<u>25,143,490</u>
2,912,523	2,879,376	4,242,674	5,942,293	6,566,206
<u>2,912,523</u>	<u>2,879,376</u>	<u>4,242,674</u>	<u>5,942,293</u>	<u>123,196</u>
<u>\$ 27,100,253</u>	<u>\$ 27,514,909</u>	<u>\$ 30,235,956</u>	<u>\$ 30,885,040</u>	<u>\$ 31,832,892</u>
\$ 140,998	\$ 147,104	\$ 152,779	\$ 217,227	\$ 200,020
548,019	687,905	488,393	496,492	597,258
510,732	538,459	511,916	461,166	464,084
1,495,298	1,799,878	1,723,949	1,955,663	2,139,067
876,174	899,164	853,581	375,196	544,283
422,255	395,376	717,982	602,032	7,109,940
9,591	808,193	850,187	21,775	30,817
<u>4,003,067</u>	<u>5,276,079</u>	<u>5,298,787</u>	<u>4,129,551</u>	<u>11,085,469</u>
2,946,432	1,406,563	3,768,449	5,903,220	6,833,669
				479,459
				50,000
<u>2,254,638</u>	<u>1,406,563</u>	<u>3,768,449</u>	<u>5,903,220</u>	<u>7,363,128</u>
<u>\$ 6,257,705</u>	<u>\$ 6,682,642</u>	<u>\$ 9,067,236</u>	<u>\$ 10,032,771</u>	<u>\$ 18,448,597</u>
\$ (20,184,663)	\$ (19,359,454)	\$ (20,694,495)	\$ (20,813,196)	\$ (14,058,021)
(657,885)	(1,472,813)	(474,225)	(39,073)	673,726
<u>\$ (20,842,548)</u>	<u>\$ (20,832,267)</u>	<u>\$ (21,168,720)</u>	<u>\$ (20,852,269)</u>	<u>\$ (13,384,295)</u>
\$ 15,003,141	\$ 16,185,283	\$ 16,991,314	\$ 17,629,392	\$ 17,833,603
302,208	307,130	273,428	283,233	297,106
879,565	922,937	869,852	1,011,627	1,228,691
2,511,877	2,521,954	2,558,092	2,539,175	2,726,954
1,294,280	1,352,464	1,304,936	1,354,110	1,492,336
1,413,335	1,448,423	1,345,508	1,548,330	1,868,788
376,227	811,915	502,335	81,338	(248,726)
268,471	80,266	104,618	181,109	92,879
74,449			21,384	29,460
			(3,528,697)	(760,811)
<u>22,123,553</u>	<u>23,630,372</u>	<u>23,950,083</u>	<u>21,121,001</u>	<u>24,560,280</u>
13,874	804		134	17,995
			3,528,697	760,811
<u>13,874</u>	<u>804</u>	<u></u>	<u>3,528,831</u>	<u>778,806</u>
<u>\$ 22,137,427</u>	<u>\$ 23,631,176</u>	<u>\$ 23,950,083</u>	<u>\$ 24,649,832</u>	<u>\$ 25,339,086</u>
\$ 1,938,890	\$ 4,270,918	\$ 3,255,588	\$ 307,805	\$ 10,502,259
(644,011)	(1,472,009)	(474,225)	3,489,758	1,452,532
<u>\$ 1,294,879</u>	<u>\$ 2,798,909</u>	<u>\$ 2,781,363</u>	<u>\$ 3,797,563</u>	<u>\$ 11,954,791</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>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
General Fund					
Nonspendable	\$ 293,674	\$ 244,438	\$ 155,594	\$ 358,606	\$ 183,220
Restricted	317,190	135,255	131,931	353,019	781,756
Committed	442,833				
Assigned	200,016	216,808	319,888	208,204	316,266
Unassigned	11,451,668	12,391,362	10,802,623	10,724,049	11,811,468
Total general fund	<u>\$ 12,705,381</u>	<u>\$ 12,987,863</u>	<u>\$ 11,410,036</u>	<u>\$ 11,643,878</u>	<u>\$ 13,092,710</u>
All other Governmental Funds					
Restricted		\$ 45,500	\$ 45,500	\$ 45,500	\$ 13,988,744
Assigned					
Special revenue funds	\$ 47,652	325,152	318,526	508,481	388,981
Capital projects funds	1,799,617	841,850	1,448,620	1,604,073	1,670,196
Unassigned					
Total all other governmental funds	<u>\$ 1,847,269</u>	<u>\$ 1,212,502</u>	<u>\$ 1,812,646</u>	<u>\$ 2,158,054</u>	<u>\$ 16,047,921</u>
	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
General Fund					
Nonspendable	\$ 2,789,824	\$ 2,789,824	\$ 2,325,778	\$ 2,102,739	\$ 1,839,603
Restricted	61,227	61,227	79,730	87,342	180,748
Committed					
Assigned	582,008	582,008	176,865	494,163	369,653
Unassigned	8,177,758	8,177,758	11,622,285	13,892,476	13,653,372
Total general fund	<u>\$ 11,610,817</u>	<u>\$ 11,610,817</u>	<u>\$ 14,204,658</u>	<u>\$ 16,576,720</u>	<u>\$ 16,043,376</u>
All other Governmental Funds					
Restricted	\$ 11,826,016	\$ 464,309	\$ 906,759	\$ 1,331,574	\$ 1,022,545
Assigned					
Special revenue funds	3,506	3,507	263,798	252,000	6,915,128
Capital projects funds	5,398,245	3,727,482	1,151,011	1,010,681	2,581,131
Unassigned	(114,279)	(421,599)	-		(2,946)
Total all other governmental funds	<u>\$ 17,113,488</u>	<u>\$ 3,773,699</u>	<u>\$ 2,321,568</u>	<u>\$ 2,594,255</u>	<u>\$ 10,515,858</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>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Revenues:					
Taxes	\$ 13,601,783	\$ 13,930,877	\$ 15,167,694	\$ 16,109,173	\$ 17,118,361
Licenses and Permits	803,337	1,344,653	947,158	1,235,782	997,656
Intergovernmental	1,817,603	1,688,608	1,758,246	1,765,836	2,417,809
Charges for services	2,141,437	2,320,305	2,231,673	2,364,013	2,321,298
Fines and forfeitures	131,524	117,869	128,235	91,534	124,395
Investment earnings	37,029	16,653	108,794	103,353	126,926
Miscellaneous	207,076	258,086	122,107	191,250	157,063
Total revenues	<u>18,739,789</u>	<u>19,677,051</u>	<u>20,463,907</u>	<u>21,860,941</u>	<u>23,263,508</u>
Expenditures:					
General government	2,346,281	2,541,546	2,904,553	2,876,521	2,970,223
Public safety	7,947,221	8,947,627	8,966,077	9,129,947	9,166,060
Public works	3,733,977	3,773,689	4,255,636	4,266,749	4,882,159
Community development	933,117	1,004,642	1,270,399	1,351,061	1,190,759
Leisure services	2,491,559	2,644,598	2,514,495	2,448,164	2,591,866
Other government					
Capital outlay	1,110,051	1,117,234	1,530,430	1,209,249	2,123,742
Debt service					
Principal payments					
Interest paid on debt					
Total expenditures	<u>18,562,206</u>	<u>20,029,336</u>	<u>21,441,590</u>	<u>21,281,691</u>	<u>22,924,809</u>
Excess of revenues over (under) expenditures	177,583	(352,285)	(977,683)	579,250	338,699
Other financing sources (uses)					
Transfers in	265,000	323,000	2,091,246	1,503,750	1,503,750
Transfers out	(265,000)	(323,000)	(2,091,246)	(1,503,750)	(1,503,750)
Financing contracts					
Proceeds from debt issuance					15,000,000
Miscellaneous					
Total other financing sources (uses)	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u>15,000,000</u>
Net change in fund balances	<u>\$ 177,583</u>	<u>\$ (352,285)</u>	<u>\$ (977,683)</u>	<u>\$ 579,250</u>	<u>\$ 15,338,699</u>
Debt service as a percentage of noncapital expenditures	-	-	-	-	-

<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
\$ 19,111,506	\$ 20,366,831	\$ 21,127,770	\$ 21,805,910	\$ 22,349,999
1,222,594	1,522,913	1,320,361	1,574,639	1,764,430
2,679,389	2,910,395	3,857,230	3,189,191	10,155,774
2,200,860	2,399,174	2,169,814	1,726,853	1,968,268
100,140	100,188	197,343	154,410	169,045
376,227	811,915	502,335	81,338	(248,726)
412,513	510,688	160,147	296,245	364,911
<u>26,103,229</u>	<u>28,622,104</u>	<u>29,335,000</u>	<u>28,828,586</u>	<u>36,523,701</u>
3,059,623	3,275,570	3,265,210	3,507,052	3,612,174
9,669,361	10,350,598	10,418,956	10,853,605	11,602,110
5,313,834	5,255,606	5,300,077	5,117,986	4,988,651
1,429,764	1,532,428	1,382,443	1,292,216	1,437,597
2,613,664	2,664,689	2,305,309	1,695,054	2,431,335
5,507,617	15,487,329	5,094,135	3,528,772	4,145,090
680,000	882,777	934,496	1,106,148	1,278,543
613,101	488,786	502,193	491,022	476,504
<u>28,886,964</u>	<u>39,937,783</u>	<u>29,202,819</u>	<u>27,591,855</u>	<u>29,972,004</u>
(2,783,735)	(11,315,679)	132,181	1,236,731	6,551,697
4,963,307	407,000	844,475	625,280	2,913,315
(4,963,307)	(407,000)	(844,475)	(899,280)	(3,291,865)
	343,299	1,009,529	1,682,018	1,215,112
<u> </u>	<u>343,299</u>	<u>1,009,529</u>	<u>1,408,018</u>	<u>836,562</u>
<u>\$ (2,783,735)</u>	<u>\$ (10,972,380)</u>	<u>\$ 1,141,710</u>	<u>\$ 2,644,749</u>	<u>\$ 7,388,259</u>
-	5.53%	5.70%	5.90%	6.79%

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		
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
2022	2021	2,244,316,264	336,972,923	42,155,674	2,623,444,861	7.0500

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	
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
2022	2021	7.0500	6.8750	4.8149	1.6386	20.3785

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
2022 & 2013 Presented

<u>Taxpayers</u>	<u>2022</u>			<u>2013</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	40,521,502	1	1.54%	19,464,791	1	1.32%
SHM Old Port Cove LLC	34,848,306	2	1.33%			
Sanctuary Bay Trust Corporation	31,963,122	3	1.22%	15,461,523	4	1.04%
Crystal Cove Commons LLC	28,581,506	4	1.09%			
Florida Power & Light	27,397,787	5	1.04%	16,063,163	3	1.09%
Shoppes at City Centre LLC	18,149,913	6	0.69%			
New Country Motor Cars of PB LLC	16,842,476	7	0.64%	10,702,476	5	0.72%
SHM North Palm Beach LLC	12,766,261	8	0.49%			
Chouest Gary	10,573,076	9	0.40%			
NP Devland Holdings LLC	7,739,387	10	0.30%			
Old Port Cove Equities, INC				17,956,563	2	1.21%
Crystal Tree Property Owners				7,000,000	6	0.47%
CF02 Palm Beach III LP				7,000,000	7	0.47%
Old Port Cove Holdings, INC				6,663,383	8	0.45%
Bozzuto, Michael A				6,047,908	9	0.41%
Village Shoppers at US 1 LLC				4,770,298	10	0.32%
<hr/>						
Total	<u>\$ 229,383,336</u>		<u>8.74%</u>	<u>\$ 111,130,105</u>		<u>7.50%</u>

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
2013	2012	10,424,715	9,948,550	96.05%	36,366	9,984,916	96.40%
2014	2013	10,358,172	10,097,763	96.14%	57,493	10,155,256	96.68%
2015	2014	10,503,598	11,350,738	96.51%	14,777	11,365,515	96.64%
2016	2015	11,761,226	12,197,736	103.71%	57,133	12,254,869	104.20%
2017	2016	12,627,355	13,051,272	103.36%	41,267	13,092,539	103.68%
2018	2017	13,519,978	14,999,572	110.94%	3,390	15,002,962	110.97%
2019	2018	15,537,277	16,176,654	104.12%	6,223	16,182,877	104.16%
2020	2019	16,749,038	16,980,948	101.38%	7,965	16,988,913	101.43%
2021	2020	17,584,371	17,608,184	100.14%	21,233	17,629,417	100.26%
2022	2021	18,249,331	17,832,252	97.71%	1,406	17,833,658	97.72%

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	Financing Contracts	Loans Payable	Financing Contracts			
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
2022	10,915,000	3,452,994	573,333	-	14,941,327	1.52%	1,132.69

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, 2022
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	\$ 29,059	1.18%	\$ 343
Palm Beach County School Board	4,273	1.12%	48
Other debt:			
Palm Beach County	625,025	1.18%	7,375
Palm Beach County School Board		1.12%	
Subtotal, overlapping debt			7,766
Village of North Palm Beach Direct Debt			14,367,994
Total direct and overlapping debt			<u>\$ 14,375,760</u>

Sources: Palm Beach County Tax Appraiser's Office
Palm Beach County School Board
Palm Beach County Clerk & Comptroller

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the Village. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the Village of North Palm Beach. This process recognizes that, when considering the Village's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

(1) For debt repaid with property taxes, the percentage of overlapping debt applicable is estimated using taxable assessed property values. Value that is within the Village's boundaries and dividing it by the County's and School Board's total taxable assessed value. This approach was also used for the other debt.

VILLAGE OF NORTH PALM BEACH
Pledged - Revenue Coverage
Country Club Bonds
Last Ten Fiscal Years
Unaudited

<u>Fiscal Year</u>	<u>Gross Revenues (1)</u>	<u>Operating Expenses (2)</u>	<u>Net Revenue</u>	<u>Required Debt Service</u>	<u>Coverage (3)</u>
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
2022	6,848,425	5,476,786	1,371,639	394,900	3.47

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)
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
2022 (estimate)	13,191	***74,666	****52,970	**0.77

Sources: Business Development Board
US Census Bureau

** North Palm Beach Unemployment Rate for 2022 presented
*** North Palm Beach Median Personal Income for 2022 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
2022 & 2013 Presented

<u>Employer</u>	<u>2022</u>		<u>2013</u>	
	<u>Employees</u>	<u>Percentage of Total Employment</u>	<u>Employees</u>	<u>Percentage of Total Employment</u>
Palm Beach Country School District	22,426	2.94%	21,499	3.21%
State Government	9,934	1.30%		0.00%
Federal Government	6,878	0.90%		0.00%
Palm Beach County Government	5,753	0.75%	5,330	0.79%
Tenet Coastal Division PBC	5,734	0.75%	6,100	0.91%
NextEra Energy (Florida Power & Light)	5,330	0.70%	3,804	0.57%
Florida Atlantic University	5,059	0.66%	2,980	0.44%
Boca Raton Regional Hospital (2)	3,135	0.41%	2,250	0.34%
Veterans Health Administration	2,600	0.34%	2,700	0.40%
Hospital Corporation of America (HCA) (1)	2,419	0.32%	2,714	0.40%
The Breakers Hotel	2,300	0.30%	1,800	0.27%
Baptist Health South Florida Hospital (3)	2,282	0.30%	2,643	0.39%
Office Depot	2,000	0.26%	2,000	0.30%
Florida Crystal Corp.	2,000	0.26%		0.00%
Jupiter Medical Center	1,880	0.25%	1,600	0.24%
City of Boca Raton	1,810	0.24%		0.00%
City of West Palm Beach	1,725	0.23%		0.00%
	<u>83,265</u>	<u>10.91%</u>	<u>55,420</u>	<u>8.26%</u>

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

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

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

*** Most current data available in BDP.org

Notes:

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

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

	<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>	<u>2022</u>
Number of Employees:										
General Government										
Village Manager										
Full-Time	2	2	2	2	4	4	4	4	4	3
Part-Time	0	0	0	0	1	1	1	1	0	0
Information Technology										
Full-Time	3	3	3	3	3	3	3	3	3	4
Part-Time	0	0	0	0	0	0	0	1	1	0
Human Resources										
Full-Time	2	2	2	2	2	2	2	2	2	2
Part-Time	0	0	1	2	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	7	7	5	6	6	6	6	6
Part-Time	1	1	0	0	1	0	0	0	0	0
Public Works										
Full-time	37	37	35	34	36	37	37	37	36	32
Part-Time	0	0	0	0	0	0	2	2	2	2
Public Safety										
Police										
Full-time	43	43	36	36	36	38	38	38	38	40
Part-Time	13	13	13	13	13	15	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	1	1
Community Development and Planning										
Full-time	8	10	11	12	13	14	15	15	14	14
Part-Time	2	1	0	0	1	1	1	0	2	2
Leisure Services										
Library										
Full-time	6	6	7	7	7	7	7	7	7	7
Part-Time	10	10	9	9	9	7	7	9	9	9
Recreation										
Full-time	6	6	6	6	6	6	6	5	5	5
Part-Time	43	43	43	43	43	42	42	16	17	16
Other Government - Country Club **										
Full-time	6	8	8	8	5	5	6	7	9	10
Part-Time	54	65	65	65	27	27	27	28	26	62
Total Number of Employees Budgeted FY Ending	268	282	275	276	241	244	248	225	226	259

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

** Includes Golf/Pool/Tennis

Source: Village of North Palm Beach Budget Report

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

FUNCTION/PROGRAM	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
PUBLIC WORKS										
Sanitation (Tons of Refuse Collected)	10,720	10,720	11,167	12,556	12,980	12,624	12,330	12,059	12,398	10,683
No. of collection units for solid waste (residential)	7,471	7,616	7,618	7,614	7,614	7,632	7,632	7,627	7,627	7,715
Number of vehicles maintained	111	98	98	92	85	89	88	89	90	97
Number of repair overlays completed (miles)	-	-	-	-	-	-	-	-	-	6.86
POLICE										
Number of arrests by police officers	216	238	293	247	233	192	134	150	150	161
Number of traffic citations issued	1,254	2,799	3,407	2,494	1,974	2,014	1,184	853	2,038	2,617
FIRE RESCUE										
EMS average response times (minutes)	5.11	5.10	5.05	5.26	5.21	5.37	4.50	5.42	5.44	5.40
Number of EMS calls	1,296	1,110	1,499	1,601	1,746	1,550	1,577	1,452	1,620	1,724
COMMUNITY DEVELOPMENT & PLANNING										
Bldg Dept - Number of Permits, Subpermits and certificates	2,480	2,103	3,920	4,242	4,665	2,173	2,737	4,832	5,103	2,989
Number of code enforcement violations/cases	790	887	769	680	**516/357	**726/317	885	941	327	**217/20
Number of code violations brought to board/magistrate (Calendar Yr End)	62	28	56	42	98	246	263	183***	173	97
RECREATION										
Number of community events presented	37	53	57	48	40	38	24	8	19	23
Number of registrants in athletic programs	2,074	1,439	1,389	1,174	1,109	1,174	1,077	120***	275	435
LIBRARY										
Library - Number of Volumes	44,966	46,546	47,339	*57,935	41,161	43,992	45,446	39,886	33,315	30,357
OTHER GOVERNMENT										
Country Club										
Number of Golf Members	262	250	255	265	271	178	198	278	263	208
Number of Tennis/Pool Members	190	194	193	183	183	159	182	241	786	569

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>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>	<u>2022</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	5.40	5.40
Miles of Streets	36.00	36.00	36.00	32.30**	32.30	32.30	32.30	32.30	32.30	32.30
Number of Street Lights (within corp surroundings)	513	513	513	513	628****	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	23	24	21	23	18	17	18
Number of Fire Captains	0	0	0	0	0	0	0	3	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	30	28	30	24	31
Number of Police Captains	2	2	2.5	2.5	2.5	2.5	2.5	2.5	1	2
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)	44,966	46,546	47,339	48,913	33,502	36,009	37,429	33,672	28,575	26,031
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
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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of North Palm Beach, Florida, as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise the Village of North Palm Beach, Florida's basic financial statements and have issued our report thereon dated March 7, 2023.

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 or significant deficiencies may exist that were not 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 & Mimer, P.A.

West Palm Beach, Florida
March 7, 2023



NOWLEN, HOLT & MINER, P.A.

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

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

Report on the Financial Statements

We have audited the financial statements of the Village of North Palm Beach, Florida, as of and for the fiscal year ended September 30, 2022, and have issued our report thereon dated March 7, 2023.

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 7, 2023, 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 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, 2022.

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, excluding Coronavirus State and Local Fiscal Recovery Funds, and less than \$750,000 of state financial assistance for the fiscal year ended September 30, 2022, and was not required to have a federal single audit or a state single audit. The Village expended more than \$750,000 of Coronavirus State and Local Fiscal Recovery Funds and elected for the alternative compliance attestation engagement in lieu of a federal 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 7, 2023
West Palm Beach, Florida



NOWLEN, HOLT & MINER, P.A.

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

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

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We have examined the Village of North Palm Beach, Florida's compliance with Section 218.415, Florida Statutes during the year ended September 30, 2022. 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.

We are required to be independent and to meet our other ethical responsibilities in accordance with relevant ethical requirements relating to the examination engagement.

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, 2022.

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

Nowlen, Holt & Miner, P.A.

West Palm Beach, Florida
March 7, 2023