

The Village of

Royal Palm Beach

Florida



Annual Comprehensive Financial Report
For the Fiscal Year Ended September 30, 2023

ANNUAL COMPREHENSIVE FINANCIAL REPORT
VILLAGE OF ROYAL PALM BEACH, FLORIDA
FISCAL YEAR ENDED SEPTEMBER 30, 2023

Prepared by the Finance Department

VILLAGE OF ROYAL PALM BEACH, FLORIDA

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VILLAGE OF ROYAL PALM BEACH, FLORIDA

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VILLAGE OF ROYAL PALM BEACH, FLORIDA

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INTRODUCTORY SECTION



Village of Royal Palm Beach, Florida

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Department of Finance
Sharon Almeida, CGFO, Director

March 13, 2024

Mayor Fred Pinto
Vice Mayor Jan Rodusky
Councilman Jeff Hmara
Councilwoman Selena Samios
Councilman Richard Valuntas

The Honorable Mayor, Village Council and Residents of the Village of Royal Palm Beach:

State law requires that all general-purpose local governments publish within nine months of the close of each fiscal year a complete set of financial statements presented in conformity with U.S. generally accepted accounting principles (GAAP) and audited in accordance with U.S. generally accepted auditing standards and Government Auditing Standards by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the annual comprehensive financial report of the Village of Royal Palm Beach for the fiscal year ended September 30, 2023.

This report consists of management's representations concerning the finances of the Village of Royal Palm Beach. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of the Village of Royal Palm Beach has established a comprehensive internal control framework that is designed both to protect the Village assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the Village of Royal Palm Beach's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the Village of Royal Palm Beach's comprehensive framework of internal controls has been designed to provide reasonable, rather than absolute, assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The Village of Royal Palm Beach's financial statements have been audited by Marcum LLP a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the Village of Royal Palm Beach for the fiscal year ended, September 30, 2023 are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering unmodified opinions that the Village of Royal Palm Beach's financial statements for the fiscal year ended September 30, 2023, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

Fred Pinto
Mayor

Jan Rodusky
Vice Mayor

Jeff Hmara
Councilman

Selena Samios
Councilwoman

Richard Valuntas
Councilman

Raymond C. Liggins P. E
Village Manager

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

Profile of the Government

The Village of Royal Palm Beach, incorporated in 1959, is located in the central western part of Palm Beach County, which is considered to be a top growth area in the County, and one of the top growth areas in the State. The Village of Royal Palm Beach currently occupies a land area of 12 square miles and serves a population of approximately 40,300. The Village of Royal Palm Beach is empowered to levy a property tax on both real and personal properties located within its boundaries. It also is empowered by state statute to extend its corporate limits by annexation, which occurs periodically when deemed appropriate by the Village Council.

The Village of Royal Palm Beach has operated under the Council-Manager form of government since 1959. Policy-making and legislative authority are vested in the Village Council consisting of the Mayor and four Council members. The Village Council is responsible, among other things, for passing ordinances, adopting the budget, appointing committees, and hiring both the Village Manager and Attorney. The Village Manager is responsible for carrying out the policies and ordinances of the Village Council, for overseeing the day-to-day operations of the government, and for appointing the heads of the various departments. The Council is elected on a non-partisan basis. Council members serve two-year staggered terms. The Mayor is also elected to serve a two-year term. The Mayor and the four Council members are elected at large.

The Village provides general municipal services such as recreation, public works, cultural events, and Stormwater utility services. Police services are provided under contract by the Palm Beach County Sheriff and Fire/EMS services are provided by Palm Beach County Fire Rescue. Water and Wastewater utilities are provided by Palm Beach County Utilities subsequent to the sale of our utility in April 2006.

The annual budget serves as the foundation for the Village of Royal Palm Beach's financial planning and control. The Village is legally required to adopt a budget for the General and Stormwater Utility Fund. The Village of Royal Palm Beach's budget process begins in April with a staff meeting between the Village Manager and Department Heads to review budget philosophy and develop overall goals and objectives. All departments of the Village of Royal Palm Beach are required to submit requests for appropriation to the Village Manager on or before the second week in May each year. The Village Manager uses these requests as the starting point for developing a proposed budget. The Village Manager then presents this proposed budget to the Council for review prior to July 10. The Council is required to hold public hearings on the proposed budget and to adopt a final budget by no later than September 30, the close of the Village of Royal Palm Beach's fiscal year. The appropriated budget uses the Budgeting by Activity (Division) and Objective process in the formulation of its budget. Departmental Budgets include an Organizational Chart and Recap page. Each department is divided into major activities or programs, which are performed by that department. Individual activity budgets include an Objective/Performance page and a Budgetary Account Summary. The Objective/Performance page presents a brief review of the activity description, activity service objectives and quantitative performance/workload indicators, number of personnel and major budget level changes. The Budgetary Account Summary provides expenditure detail and a comparison of current and previous years' expenditures on a line item basis. The Budgetary Process is very valuable in communicating with the Council and residents of the Village.

Factors Affecting Financial Condition

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the Village of Royal Palm Beach operates.

Local Economy: Overall, the projected value of the Village increased from \$3.846 billion to \$4.265 billion during FY 2023 representing a 10.91% increase. This increase in overall valuation is a result of new residential, commercial and industrial construction, as well as a general increase in the value of existing property.

This past year the Village experienced a dramatic uptick in the number of development applications compared to recent years for both residential and commercial developments. During the past ten (10) fiscal years the Village annexed approximately 528.62 acres of vacant land (Southern Boulevard Properties; Porto Sol; Fox DRI MUPD; Heritage Oaks Commercial; Heritage Oaks Residential and Heron Cove, now known as Weldon Commercial; Sunshine Properties; Corporate Center West). It is projected that this land along with Cypress Key MXD; ALDI Park; Crestwood Redevelopment Site; Southern Boulevard Properties; and various other smaller vacant and infill properties along Southern Blvd., State Rd. 7 and Okeechobee Blvd., will be the focal point of much of the new development within the Village.

Non-residential development will continue to occur along Okeechobee Boulevard, Southern Boulevard and State Road 7, however, not at the rapid pace experienced in past years. These areas do however offer new development and redevelopment opportunities. Much of the immediate and short term development opportunity will occur within properties that are vacant and have received site plan approval and within properties that have already experienced development of portions of their site plan such as: Corporate Center West 30,000 ft²; completion of Carmax 6,846 ft²; ALDI Park 151,172 ft²; Cypress Key MXD 25,749 ft²; Sawgrass PID 33,935 ft²; ; Fox Property Parcel 4C 51,231 ft²; Southstar Self Storage 28,000 ft², Southern Boulevard Properties Pod 7 77,674 square feet for a Charter School. When evaluating the Village's build out potential it is important to also assess the vacant nonresidential properties which do not currently have site plan approval. This can be done by applying a floor area ratio of 30%, which is considered an industry standard when estimating a properties build out potential. The Southern Boulevard Properties 31.85 acres; Regal Industrial 13.08 acres; Weldon Commercial 51.94 acres; and various smaller properties 17.23 acres, have a build out potential of 1,491,058 ft². These development opportunities will continue along these roadways until the remaining development opportunities have been exhausted. Opportunities for annexations for both developed and vacant parcels remain possible along Southern Boulevard. It is important to note that considering current market conditions it is reasonable to believe that renovations to older non-residential developments will play an increasing role in the non-residential market in the future.

It is anticipated much of the near term residential development will occur within the Southern Boulevard Property sites. Specifically Pod 2 (401 multi-family units), Pod 3 (318 multi-family units), Pod 4 (100 single-family units). Opportunities still remain at various vacant land locations within the Village that would lend itself to multifamily development specifically within the recently annexed areas south of Southern Boulevard know as Tuttle Royale which includes Pod 6 that just recently has been Rezoned to Mixed Use Social Center Zoning District MXS that will for 10 units to the acre. It is important to note that considering current market conditions it is reasonable to believe that

renovations to older single family and multifamily units will play an increasing role in the residential market in the future.

Long-Term Financial Planning: As a result of new developments utilizing a big portion of the vacant land within the Village, and with only limited opportunities to annex new vacant lands, it is estimated that the Village could potentially be built out by the end of 2033 in terms of new residential and nonresidential development.

Currently, it is anticipated that there are about 601 approved but unconstructed residential units (Southern Boulevard Properties' Pod 4, Pod 6, and Lakeside Landing) available for actual construction during this timeframe without additional annexation. Currently there are 721 residential units currently being constructed within Southern Boulevard Properties' Pod 3 and Pod 2. In the near future it is anticipated that the residential construction within the Village will revolve around these projects for the remainder of FY 23 / 24 and beyond.

It is anticipated that future industrial development will be concentrated within the Aldi Park PID, the remaining portion of Sawgrass Center, and various other industrial sites totaling 10.8 acres; and in all total 386,718 square feet. It is anticipated that these properties will support the industrial development within the Village for the next 5 to 10 years.

Developments such as Pod 6, Corporate Center West, Parcel 115, Sawgrass PID, Southstar Self Storage, and Village Professional Park; along with additional properties that haven't received Site Plan approval but totals 128.55 acres will provide development potential for the Village in the longer term.

Accomplishments and Future Projects:

Below are some major accomplishments and completed projects over the last 12 months:

- ❖ Updated the strategic plan for the Village with the continued assistance of a third party consultant who facilitated input from the Council, senior staff and the general public.
- ❖ Adopted a budget that maintains the Village's high levels of service while maintaining the current ad valorem tax rate.
- ❖ New Village Hall Building Phase I
- ❖ FPL Pathway Dry Detention ponds
- ❖ Okeechobee Blvd Landscape Improvements
- ❖ Design Phase for the expansion of the Recreation Center
- ❖ Corporate Picnic Pavilions at Commons Park

The following capital projects are planned for the next fiscal year

- ❖ Renovation of Cypress Hall (old council meeting hall)
- ❖ Village Hall Phase II – construction of fountain, parking lot and landscaping
- ❖ Art in Public Places
- ❖ Human Resource Information System (HRIS) Software Implementation
- ❖ Road Resurfacing: Barcelona Drive, Bibao Street, Bob White Road, Chestnut Circle, Coco Plum Court, Copperwood Circle, Easton Court, Emerald Court, Goldfinch Lane, Habitat Court, Kent Court, Las Palmas Street, Laurel Way, Locust Lane, Mandeville Lane, Monterey Way, Morgate Drive, Natures' Way, Nottingham Road, Park Road North, Rainforest Court, Royal Palm Blvd, Sandpiper Ave, Saratoga Blvd, Segovia Ave, Sparrow Drive, Sycamore Drive, Twin Lakes Way, Valencia Street, Venetian Lane, Wildcat Way.
- ❖ Canal Bank Maintenance
- ❖ Canal System Dredging

- ❖ Crestwood North Park
- ❖ Earth Day Lake Bank Stabilization
- ❖ Bridge Slope Stabilization
- ❖ La Mancha Subdivision Underdrain Design
- ❖ Camellia Park Renovation
- ❖ Recreation Center Renovation and Expansion Construction
- ❖ David Farber Building Renovation
- ❖ Security Cameras at Commons Park

Financial Policies: The Village has adopted a comprehensive set of financial policies including, operating policies, revenue policies, investment policies, contingency policies, budgetary control, debt management and reserve policies for all major funds. The establishment of specific reserve policies is an important part of prudent financial management. Reserve policies reduce ambiguity and guide the creation, maintenance and use of resources for financial stabilization purposes. The Village was in compliance with all of its financial policies as of and for the year ended September 30, 2023.

Cash management policies and practices. Cash temporarily idle during the year is invested in a variety of long and short term fixed income securities. The Village contracts with PFM Asset Management, LLC to invest idle funds in accordance with its investment policy. The primary objective of the Village of Royal Palm Beach's investment program is the protection of public funds. Investing is undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio. The primary objective is to mitigate credit risk and interest rate risk. The investment strategy further provides sufficient liquidity to meet the Village's operating, payroll and capital requirements.

Awards and Acknowledgements

Awards. The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Village of Royal Palm Beach for its annual comprehensive financial report (ACFR) for the fiscal year ended September 30, 2022. This was the thirty-third consecutive year that the Village has received this prestigious award.

In order to be awarded a Certificate of Achievement, the government must publish an easily readable and efficiently organized ACFR. This report satisfied both GAAP and applicable legal requirements. The contents must conform to program standards, generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. We believe that our current ACFR continues to conform to the Certificate of Achievement Program requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

In addition, the Village also received the GFOA's Distinguished Budget Presentation Award for its 2022/2023 annual budget document. This was the twenty-fifth consecutive year that the Village has received this prestigious award. In order to qualify for the Distinguished Budget Presentation Award, the Village's budget document was judged to be proficient in several categories, including as a policy document, a financial plan, an operations guide, and a communications device.

Acknowledgements. The preparation of this report could not have been accomplished without the dedicated efforts of the entire staff of the Finance Department. Their technical expertise and concerted efforts were truly evident in the audit process. Their assistance and cooperation have allowed us to prepare, on a timely basis, a report which gives its readers a comprehensive view of the Village's financial and economic position.

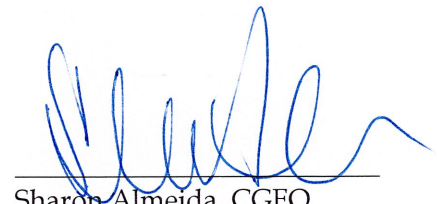
We would like to thank the Mayor and Village Council for their guidance and support towards the planning and administration of the financial operations of the Village in a responsible, progressive

manner. With this support, the Village can maintain a high degree of fiscal health and financial stability.

Respectfully submitted,



Raymond C. Liggins
Village Manager



Sharon Almeida, CGFO
Director of Finance

VILLAGE OF ROYAL PALM BEACH

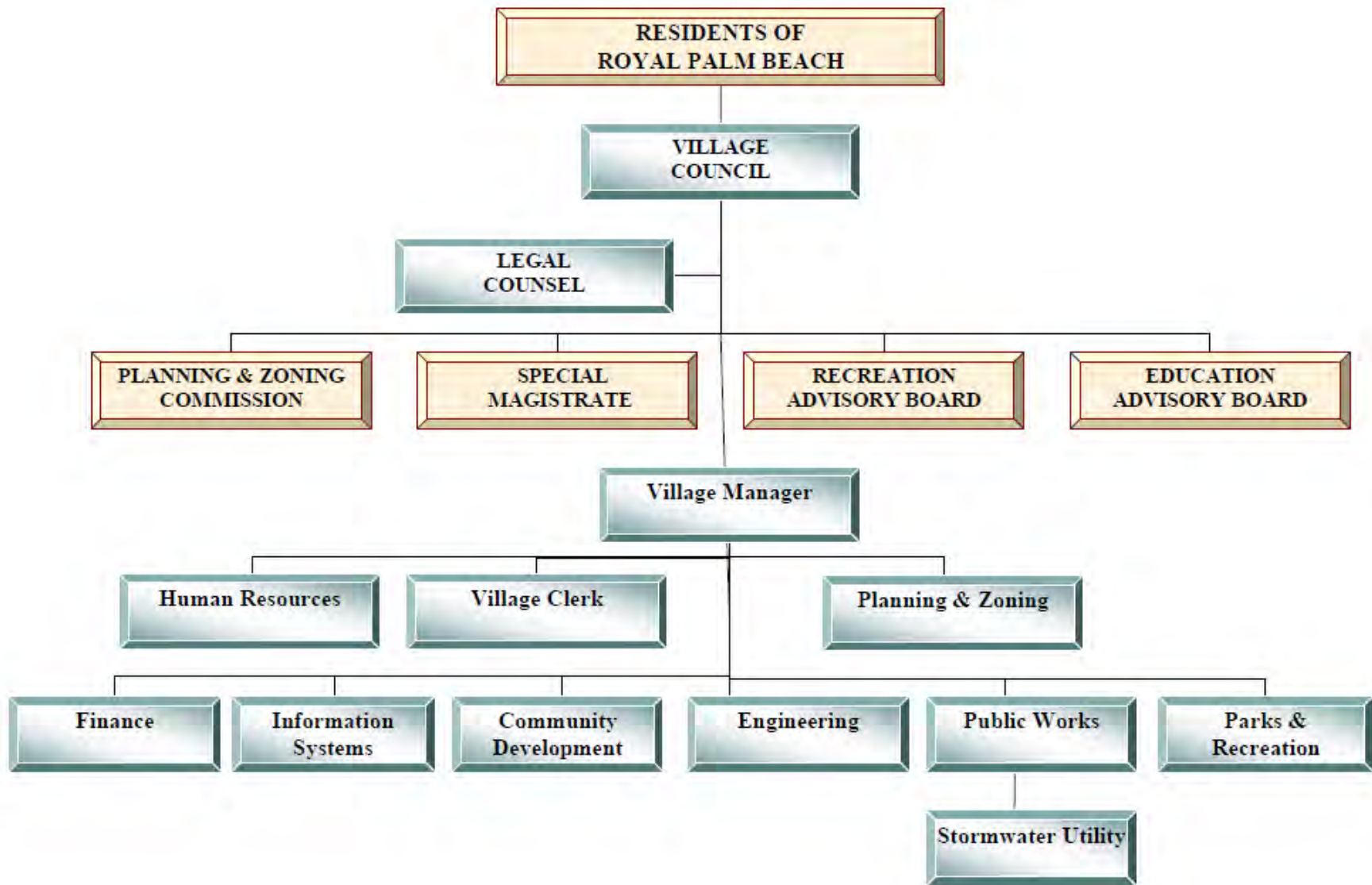
LIST OF PRINCIPAL OFFICIALS

SEPTEMBER 30, 2023

Mayor	Fred Pinto
Vice-Mayor	Jan Rodusky
Councilwoman	Selena Samios
Councilman	Richard Valuntas
Councilman	Jeff Hmara
Village Manager	Raymond C. Liggins
Director of Finance	Sharon Almeida
Director of Human Resources and Risk Management.....	Monika Bowles
Village Clerk	Diane DiSanto
Director of Community Development	Robert Hill
Village Engineer	Christopher Marsh
Director of Planning and Zoning	Bradford O'Brien
Director of Information Systems	Marina Quintero
Director of Parks and Recreation	Louis Recchio
Director of Public Works	Paul Webster
Village Attorney	Keith W. Davis

The Village of Royal Palm Beach

Organizational Chart





Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**Village of Royal Palm Beach
Florida**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

September 30, 2022

Christopher P. Morill

Executive Director/CEO

FINANCIAL SECTION

INDEPENDENT AUDITORS' REPORT

INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor, Village Council and Village Manager
Village of Royal Palm Beach, Florida

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Royal Palm Beach, Florida (the "Village"), as of and for the fiscal year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements as listed in the table of contents.

In our opinion, the accompanying 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, as of September 30, 2023, and the respective changes in financial position, and, where applicable, cash flows thereof for the fiscal 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 (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Village 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.

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'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.

Auditors' 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 auditors' 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 GAAS 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 GAAS 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'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'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 4 – 10, the budgetary comparing schedule – general fund on pages 61 - 67, and the required supplementary information for FRS, HIS and OPEB on pages 68 - 71 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's basic financial statements. The combining and individual fund financial statements, and the schedule of expenditures of federal awards and state financial assistance, as required by Title 2 *U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance") and Chapter 10.550, Rules of the Auditor General 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 combining and individual fund financial statements, and the schedule of expenditures of federal awards and state financial assistance 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 and statistical sections but does not include the basic financial statements and our auditors' 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 13, 2024 on our consideration of the Village'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's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.

Marcum LLP

West Palm Beach, FL
March 13, 2024

MANAGEMENT'S DISCUSSION AND ANALYSIS
(MD&A)

MANAGEMENT'S DISCUSSION AND ANALYSIS

The Village of Royal Palm Beach's Management's Discussion and Analysis (MD&A) is designed to provide an objective and easy to read analysis of the Village's financial activities based on currently known facts, decisions, and conditions. It is intended to provide a broad overview and short-term and long-term analysis of the Village's activities based on information presented in the financial statements. Specifically, this information is designed to assist the reader in focusing on significant financial issues, provide an overview of the Village's financial activity, identify changes in the Village's financial position, identify material deviations from the approved budget, and identify individual fund issues.

The information contained within this MD&A is only a component of the entire financial statement report. Readers should take time to read and evaluate all sections of the report, including the footnotes and the Required Supplementary Information that is provided in addition to this MD&A.

FINANCIAL HIGHLIGHTS

- ❖ The assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$169.5 million (net position). Of this amount, \$74.7 million is in unrestricted net position, which is available to meet the Village's ongoing obligations to citizens and creditors.
- ❖ The total net position of the Village increased by \$7.1 million. Of this amount, an increase of \$6.5 million was associated with governmental activities and an increase of \$617,443 was associated with the business-type activities.
- ❖ Governmental funds ended the fiscal year with a combined fund balance of \$89.1 million, which is an increase of \$4.5 million from the prior year. Of this amount, \$13.5 million is unassigned, while \$60.6 million has been assigned for future capital projects, \$4.4 million has been assigned for subsequent year's expenditures, \$5.6 million has been committed for current capital projects, recreation facilities and community beautification, \$113,140 has been restricted for law enforcement and police education, \$4.9 million has been restricted for capital projects, and \$24,952 of prepaid items have been classified as non-spendable.
- ❖ At the end of the current fiscal year, unassigned fund balance for the General Fund was \$13.5 million, or 41% of total General Fund expenditures and other financing uses.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the Village of Royal Palm Beach's basic financial statements. The Village's basic financial statements are comprised of three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide Financial Statements: The government-wide financial statements are designed to provide readers with a broad overview of the Village's finances, in a manner similar to a private-sector business.

The statement of net position presents information on all of the Village's assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position. Net position is the result of assets plus deferred outflows of resources minus liabilities and deferred inflows of resources. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Village is improving or deteriorating. The statement of activities presents information showing how

the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenue and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

Both of the government-wide financial statements distinguish functions of the Village that are principally supported by taxes and intergovernmental revenue (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the Village of Royal Palm Beach include general government, public safety, physical environment, and culture and recreation. The business-type activities of the Village include the water and wastewater system and the stormwater management system.

Fund Financial Statements: Traditional users of governmental financial statements will find the fund financial statements presentation more familiar. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Village, like other state and local governments, uses fund accounting to ensure and demonstrate legal compliance with finance-related legal requirements. The Village's funds can be divided into three categories: governmental funds, proprietary funds and fiduciary funds.

Governmental Funds. The fund financial statements provide detailed information about the most significant funds – not the Village as a whole. The Village has three major governmental funds for the fiscal year ended September 30, 2023. The major governmental funds are the General Fund, ARPA Fund and Local Discretionary Sales Surtax Fund which are reported individually in the governmental funds balance sheet and statement of revenue, expenditures and changes in fund balances. The remaining governmental funds are reported as a combined total.

Proprietary Funds. Proprietary funds are used to account for revenue and expenses from services provided on a user-charge basis to the public. Proprietary fund activities are reported on the same accounting basis and measurement focus as 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. The Village's proprietary activities are accounted for in enterprise funds for water and wastewater (for which there is no activity) and for stormwater.

Fiduciary Funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the Village's own programs. The accounting used for fiduciary funds is like that used for proprietary funds. The Village's Fiduciary Funds at September 30, 2023, were the General Employees' Pension Trust Fund and the Police Pension Trust Fund.

Notes to the Financial Statements: The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found beginning on page 22 of this report.

Other Supplementary Information: In addition to the basic financial statements and accompanying notes, this report also presents certain other supplementary information. This includes budget versus actual comparisons for General Fund revenue and expenditures and various pension and other postemployment benefits related schedules (required supplementary information) and combining fund financial statements for the non-major governmental funds and fiduciary funds. This information is presented immediately after the basic financial statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. At September 30, 2023, the Village's assets plus deferred outflows exceeded liabilities plus deferred inflows by \$169.5 million. A large portion of the Village's net position (53%) reflects its investment in capital assets. Capital assets are used to provide services to citizens and they are not available for future spending.

The following analysis summarizes the net position as of September 30, 2023 and 2022:

Village of Royal Palm Beach Net Position Summary						
	Governmental Activities		Business-type Activities		Total	
	2023	2022	2023	2022	2023	2022
Assets						
Current and other assets	\$ 109,615,144	\$ 107,143,554	\$ 1,604,900	\$ 1,757,635	\$ 111,220,044	\$ 108,901,189
Capital assets, net	89,440,114	85,879,789	1,020,630	112,328	90,460,744	85,992,117
Total Assets	<u>199,055,258</u>	<u>193,023,343</u>	<u>2,625,530</u>	<u>1,869,963</u>	<u>201,680,788</u>	<u>194,893,306</u>
Deferred Outflows of Resources	<u>2,165,670</u>	<u>2,446,568</u>	<u>104,266</u>	<u>117,780</u>	<u>2,269,936</u>	<u>2,564,348</u>
Liabilities						
Other liabilities	20,518,267	22,529,451	71,091	507,517	20,589,358	23,036,968
Noncurrent liabilities	11,953,347	10,688,456	1,038,127	477,219	12,991,474	11,165,675
Total Liabilities	<u>32,471,614</u>	<u>33,217,907</u>	<u>1,109,218</u>	<u>984,736</u>	<u>33,580,832</u>	<u>34,202,643</u>
Deferred Inflows of Resources	<u>865,004</u>	<u>863,870</u>	<u>41,150</u>	<u>41,022</u>	<u>906,154</u>	<u>904,892</u>
Net Position						
Net investment in capital assets	88,722,294	85,506,364	975,739	112,328	89,698,033	85,618,692
Restricted	5,034,847	8,171,566	--	--	5,034,847	8,171,566
Unrestricted	74,127,169	67,710,204	603,689	849,657	74,730,858	68,559,861
Total Net Position	<u>\$ 167,884,310</u>	<u>\$ 161,388,134</u>	<u>\$ 1,579,428</u>	<u>\$ 961,985</u>	<u>\$ 169,463,738</u>	<u>\$ 162,350,119</u>

For governmental activities, current assets increased \$2.5 million primarily due to higher investment balances. Capital assets also increased due to the completion of the Village Hall Phase I.

For business-type activities, current assets decreased slightly due to lower cash balances. Capital assets increased due to the acquisition of equipment and an increase in construction in progress (CIP) projects.

The largest portion of net position (53%) reflects its net investment in capital assets. The Village uses capital assets to provide services to citizens; accordingly, these assets are not available for future spending.

Restricted net position of \$5 million or 3% is reported in the governmental activities. These restricted amounts have limits on their use that are externally imposed. The remaining unrestricted net position of \$74.7 million or 44% may be used to meet the Village's ongoing obligations to citizens and creditors.

Overall, the Village's net position increased from prior year. The reasons for this change are explained in the next section.

The following analysis summarizes the changes in net position for the years ended September 30, 2023 and 2022:

Village of Royal Palm Beach Changes in Net Position						
	Governmental Activities		Business-type Activities		Total	
	2023	2022	2023	2022	2023	2022
Revenues						
Program Revenues						
Charges for services	\$ 5,690,316	\$ 4,262,369	\$ 1,096,636	\$ 1,063,561	\$ 6,786,952	\$ 5,325,930
Operating grants and contributions	357,726	439,668	--	--	357,726	439,668
Capital grants and contributions	4,632,011	1,357,825	568,432	--	5,200,443	1,357,825
General Revenues						
Taxes	17,709,356	15,668,388	--	--	17,709,356	15,668,388
State shared revenue	11,655,033	11,091,441	--	--	11,655,033	11,091,441
Investment earnings (loss)	2,507,644	(3,374,524)	10,108	1,463	2,517,752	(3,373,061)
Miscellaneous	358,348	495,290	32,100	32,100	390,448	527,390
Gain on sale of capital assets	360,079	84,103	--	--	360,079	84,103
Transfers	(75,820)	--	75,820	--	--	--
Total Revenues and Transfers	<u>43,194,693</u>	<u>30,024,560</u>	<u>1,783,096</u>	<u>1,097,124</u>	<u>44,977,789</u>	<u>31,121,684</u>
Expenses						
Program Expenses						
General government	7,984,311	7,268,250	--	--	7,984,311	7,268,250
Public safety	10,730,616	10,051,979	--	--	10,730,616	10,051,979
Physical Environment	9,197,541	7,029,786	--	--	9,197,541	7,029,786
Culture and recreation	8,786,049	6,433,893	--	--	8,786,049	6,433,893
Stormwater utility	--	--	1,165,653	1,004,900	1,165,653	1,004,900
Total Expenses	<u>36,698,517</u>	<u>30,783,908</u>	<u>1,165,653</u>	<u>1,004,900</u>	<u>37,864,170</u>	<u>31,788,808</u>
Changes in Net Position	6,496,176	(759,348)	617,443	92,224	7,113,619	(667,124)
Net Position -						
Beginning of Year	<u>161,388,134</u>	<u>162,147,482</u>	<u>961,985</u>	<u>869,761</u>	<u>162,350,119</u>	<u>163,017,243</u>
Net Position -						
Ending of Year	<u>\$167,884,310</u>	<u>\$161,388,134</u>	<u>\$ 1,579,428</u>	<u>\$ 961,985</u>	<u>\$169,463,738</u>	<u>\$ 162,350,119</u>

The Village's net position increased by \$7.1 million during the fiscal year ended September 30, 2023.

Governmental Activities

During the current fiscal year, net position for governmental activities increased \$6.5 million from the prior fiscal year for an ending balance of \$167.9 million.

Revenues increased from the prior year by \$13.1 million. Key elements of this increase are as follows:

- ❖ Charges for service increased \$1.4 million primarily due to the increase in impact fees.
- ❖ Capital grants and contributions increased \$3.3 million primarily due to an increase in American Rescue Plan Act (ARPA) funds.
- ❖ Taxes increased \$2 million primarily due to property taxes and utility service taxes.
- ❖ State shared revenue increased approximately \$500,000 primarily due to half-cent sales tax and state revenue sharing.
- ❖ Investment earnings increased \$5.9 million due to an increase in interest earned and unrealized/realized gains compared to the prior year.

Expenses increased from the prior year \$5.9 million. Key elements of this increase are as follows:

- ❖ Physical environment increased \$2.2 million primarily due to depreciation and pension expense.
- ❖ Culture and recreation increased \$2.4 million primarily due to depreciation and pension expense.

Business-type Activities

The net position for business-type activities increased \$617,443 from the prior fiscal year for an ending balance of \$1.6 million. This change is primarily attributable to grant funding from the Florida Department of Environmental Protection (FDEP) for the canal dredging project.

FINANCIAL ANALYSIS OF THE FUND FINANCIAL STATEMENTS

As noted earlier, the Village of Royal Palm Beach uses fund accounting to ensure and demonstrate compliance with finance related legal requirements.

Governmental Funds - The purpose of the Village's governmental fund financial statements 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, unassigned fund balances may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

At September 30, 2023, the Village's governmental funds reported combined ending fund balances of \$89.1 million, an increase of \$4.5 million in comparison to that of the prior year. Of this amount, \$13.5 million (15%) is unassigned fund balance, which is available for spending at the government's discretion. Of the total fund balance, \$4.4 million has been assigned by the Village for subsequent years' expenditures and \$60.6 million has been assigned for future capital projects. Funds have been committed for capital projects, recreation facilities and community beautification in the amount of \$5.6 million. Restricted funds for police education and law enforcement total \$113,140, while restricted funds for capital projects total \$4.9 million. The remaining fund balance of \$24,952 is nonspendable and consists of prepaid items.

The General Fund is the Village's chief operating fund. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$13.5 million, while the total General Fund balance was \$78.6 million. As a measure of the General Fund's liquidity, it may be useful to compare unassigned fund balance to total fund expenditures. Unassigned fund balance represents 41% of total General Fund expenditures and other financing uses.

The fund balance of the Village's General Fund increased by \$2.2 million in the current fiscal year compared to a decrease of \$2.4 million in the prior fiscal year. This is primarily a result of an increase in investment earnings.

The fund balance of the Village's ARPA Fund increased by \$126,794 in the current fiscal year compared to an increase of \$10,101 in the prior fiscal year. This is primarily a result of an increase investment earnings when compared to prior year as the unspent funds generated interest income during fiscal year 2023.

The fund balance of the Village's Local Discretionary Sales Surtax Fund decreased by \$3.8 million in the current fiscal year compared to a decrease of \$943,340 in the prior fiscal year. This is primarily a result of increased capital expenditures.

Proprietary Funds - The fund financial statements for the Village's enterprise funds provide the same type of information found in the government-wide financial statements, but in more detail.

At September 30, 2023, the Village's enterprise funds reported a net position of \$1.6 million. Of this amount, the net position for the Village's Stormwater Utility Fund was \$1.4 million at September 30, 2023, representing an increase of \$613,033 compared to an increase of \$91,718 in the prior fiscal year. This change is primarily attributable to an increase in capital assets and construction in progress (CIP). The remaining enterprise fund, the Village's Water and Wastewater Utility System Fund, reported a net position of \$204,574 at September 30, 2023, representing an increase in net position of \$4,410 in 2023 as a result of investment earnings.

General Fund Budgetary Highlights

In comparing budgeted expenditures to actual expenditures, the following significant variances are considered noteworthy:

- ❖ Electricity franchise fees (\$1.1 million) and utility service fees (\$714,043) were over budget as a result of FPL's increased costs.
- ❖ Half cent sales tax was over budget \$921,066 as a result of an increase in sales tax revenue.
- ❖ Investment earnings were over budget \$2.2 million as a result of better market conditions than what as anticipated.

In comparing budgeted expenditures to actual expenditures, the following significant variances are considered noteworthy:

- ❖ General Government expenditures were approximately \$606,926 under budget as a result of unfilled position and decreased expenditures in contractual services and maintenance contracts.
- ❖ Culture and Recreation expenditures were approximately \$876,216 under budget as a result of unfilled positions and over-budgeted health and life insurance costs and retirement contributions, as well as a decreased in other contractual services costs.

Additional information on budgetary comparisons can be found on page 61 of this report.

Capital Asset Activity

The Village's investment in a variety of capital assets for its governmental and business-type activities as of September 30, 2023, amounts to \$90.5 million. This investment in capital assets includes land, buildings, improvements, machinery and equipment, infrastructure and construction in progress.

Village of Royal Palm Beach Capital Assets (net of accumulated depreciation)						
	Governmental Activities		Business-type Activities		Total	
	2023	2022	2023	2022	2023	2022
Land	\$ 7,875,085	\$ 7,875,107	\$ 112,328	\$ 112,328	\$ 7,987,413	\$ 7,987,435
Buildings	31,125,512	19,485,417	-	-	31,125,512	19,485,417
Improvements	17,566,311	24,255,590	-	-	17,566,311	24,255,590
Infrastructure	25,204,344	21,907,070	-	-	25,204,344	21,907,070
Machinery and equipment	2,560,379	2,820,183	264,050	-	2,824,429	2,820,183
Construction in progress	5,108,483	9,536,422	644,252	-	5,752,735	9,536,422
Total	\$ 89,440,114	\$ 85,879,789	\$ 1,020,630	\$ 112,328	\$ 90,460,744	\$ 85,992,117

Governmental activities capital asset additions totaled approximately \$11.4 million. This is primarily due to the completion of the new Village Hall building.

Additional information on the Village's capital assets can be found in Note 3.

Long-term Debt

At the end of the current fiscal year, the Village had no outstanding long-term debt.

Economic Factors

The State of Florida, by constitution, does not have a personal income tax and therefore the State operates primarily using sales, gasoline and corporate income taxes. Local governments primarily rely on property taxes, state shared revenues and fees to fund their governmental activities. There is a limited amount of state-shared revenues and recurring and non-recurring grants.

While property taxes are important to the Village, they represented only 29% of budgeted General Fund revenues for 2023. However, when combined with other tax related revenues, such as utility service taxes, franchise fees, and business taxes, the percentage increases to 63%. Because of the decreased dependence upon property taxes, the Village's resources tend to keep pace with increased demand for services. Nevertheless, the Village monitors all of its resources and determines the need for program adjustment or fee increases accordingly.

Next Year's Budget

The operating millage rate of 1.92 mills for fiscal year 2024 remains the same as the prior fiscal year. This millage resulted in a total property tax budget of approximately \$7.8 million, an increase of \$763,406 or 10% from the property tax budget for the prior year.

Per Village policy, our cash position remains strong and we have maintained adequate reserves for emergencies.

Requests for Information

This financial report is designed to provide a general overview of the Village of Royal Palm Beach's finances. Questions concerning any of the information provided in this report or requests for additional information should be directed to:

**Finance Department
1050 Royal Palm Beach Boulevard
Royal Palm Beach, FL 33411
561-790-5100
www.royalpalmbeachfl.gov**

BASIC FINANCIAL STATEMENTS

VILLAGE OF ROYAL PALM BEACH, FLORIDA

STATEMENT OF NET POSITION

SEPTEMBER 30, 2023

	Governmental Activities	Business-type Activities	Total
Assets			
Cash and cash equivalents	\$ 31,098,757	\$ 923,876	\$ 32,022,633
Investments	73,618,223	--	73,618,223
Accrued interest receivable	447,359	--	447,359
Accounts receivable	1,091,053	--	1,091,053
Due from other governments	3,334,800	681,024	4,015,824
Prepaid expenses	24,952	--	24,952
Capital assets:			
Capital assets not being depreciated	12,983,568	756,580	13,740,148
Capital assets being depreciated, net	<u>76,456,546</u>	<u>264,050</u>	<u>76,720,596</u>
Total Assets	<u>199,055,258</u>	<u>2,625,530</u>	<u>201,680,788</u>
Deferred Outflows of Resources			
Deferred amounts related to pensions	2,065,296	99,580	2,164,876
Deferred amounts related to OPEB	<u>100,374</u>	<u>4,686</u>	<u>105,060</u>
Total Deferred Outflows of Resources	<u>2,165,670</u>	<u>104,266</u>	<u>2,269,936</u>
Liabilities			
Accounts payable	2,425,516	42,274	2,467,790
Accrued payroll and related liabilities	157,160	1,371	158,531
Other liabilities	266,047	--	266,047
Contracts and retainage payable	717,820	27,446	745,266
Unearned revenue	16,951,724	--	16,951,724
Noncurrent liabilities:			
Due within one year	38,524	500,000	538,524
Due in more than one year:			
Compensated absences	731,952	--	731,952
Net pension liability	10,487,772	505,678	10,993,450
Total OPEB liability	<u>695,099</u>	<u>32,449</u>	<u>727,548</u>
Total Liabilities	<u>32,471,614</u>	<u>1,109,218</u>	<u>33,580,832</u>
Deferred Inflows of Resources			
Deferred amounts related to pensions	502,143	24,211	526,354
Deferred amounts related to OPEB	<u>362,861</u>	<u>16,939</u>	<u>379,800</u>
Total Deferred Inflows of Resources	<u>865,004</u>	<u>41,150</u>	<u>906,154</u>
Net Position			
Net investment in capital assets	88,722,294	975,739	89,698,033
Restricted for:			
Restricted for public safety	113,140	--	113,140
Restricted for capital projects	4,921,707	--	4,921,707
Unrestricted	<u>74,127,169</u>	<u>603,689</u>	<u>74,730,858</u>
Total Net Position	<u>\$ 167,884,310</u>	<u>\$ 1,579,428</u>	<u>\$ 169,463,738</u>

The accompanying notes are an integral part of these financial statements.

VILLAGE OF ROYAL PALM BEACH, FLORIDA

STATEMENT OF ACTIVITIES

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business - type Activities	Total
Governmental Activities							
General government	\$ 7,984,311	\$ 3,680,556	\$ 50,447	\$ 4,632,011	\$ 378,703	\$ --	\$ 378,703
	10,730,616	367,845	--	--	(10,362,771)	--	(10,362,771)
Public safety	9,197,541	80	198,981	--	(8,998,480)	--	(8,998,480)
Physical environment	8,786,049		108,298	--		--	
Culture and recreation							
Total Governmental Activities	<u>36,698,517</u>	<u>5,690,316</u>	<u>357,726</u>	<u>4,632,011</u>	<u>(26,018,464)</u>	<u>--</u>	<u>(7,035,916)</u>
Business-type Activities							
	1,165,653	1,096,636	--	(7,035,916)	--		(26,018,464)
Stormwater							499,415
Total Business-type Activities	<u>1,165,653</u>	<u>1,096,636</u>	<u>--</u>		<u>--</u>		<u>499,415</u>
Total	<u>\$ 37,864,170</u>	<u>\$</u>	<u>\$ 568,432</u>			<u>499,415</u>	<u>(25,519,049)</u>
		General Revenue	568,432				
		Property taxes			7,101,851	--	7,101,851
		Franchise fees on gross receipts			4,248,355	--	4,248,355
		Utility service taxes	5,200,443		5,575,014	--	5,575,014
		Business taxes		(26,018,464)	784,136	--	784,136
	6,786,952	State shared revenue, unrestricted			11,655,033	--	11,655,033
		Investment earnings			2,507,644	10,108	2,517,752
		Miscellaneous			358,348	32,100	390,448
		Gain on sale of capital assets			360,079	--	360,079
		Transfers			(75,820)		
		Total General Revenue and transfers			<u>32,514,640</u>	<u>118,028</u>	<u>32,632,668</u>
		Change in Net Position			6,496,176	617,443	7,113,619
		Net Position, Beginning			<u>161,388,134</u>	<u>961,985</u>	<u>162,350,119</u>
		Net Position, Ending			<u>\$ 167,884,310</u>	<u>\$</u>	<u>\$</u>

The accompanying notes are an integral part of these financial statements.

VILLAGE OF ROYAL PALM BEACH, FLORIDA

**BALANCE SHEET
GOVERNMENT FUNDS**

SEPTEMBER 30, 2023

	Major Governmental Funds				
	General	ARPA	Local Discretionary Sales Surtax	Other Governmental	Total Governmental
	Fund	Fund	Fund	Funds	Funds
Assets					
Cash and cash equivalents	\$ 3,716,810	\$ 15,797,646	\$ 4,013,175	\$ 7,571,126	\$ 31,098,757
Investments	73,618,223	--	--	--	73,618,223
Accrued interest receivable	447,359	--	--	--	447,359
Accounts receivable	1,091,053	--	--	--	1,091,053
Due from other governments	2,200,374	--	1,134,426	--	3,334,800
Prepaid items	24,952	--	--	--	24,952
Total Assets	\$ 81,098,771	\$ 15,797,646	\$ 5,147,601	\$ 7,571,126	\$ 109,615,144
Liabilities, Deferred Inflows of Resources and Fund Balances					
Liabilities					
Accounts payable	\$ 978,402	218,709	\$ 826,511	\$ 401,894	\$ 2,425,516
Accrued payroll and related liabilities	157,160	--	--	--	157,160
Other liabilities	266,047	--	--	--	266,047
Retainage payable	--	80,660	552,525	84,635	717,820
Total Liabilities	1,401,609	299,369	1,379,036	486,529	3,566,543
Deferred Inflows of Resources					
Unavailable revenue	1,090,342	15,361,382	500,000	--	16,951,724
Fund Balances					
Nonspendable:					
Prepaid items	24,952	--	--	--	24,952
Restricted for:					
Police education	90,663	--	--	--	90,663
Law enforcement	22,477	--	--	--	22,477
Capital projects	--	136,895	3,268,565	1,516,247	4,921,707
Committed for:					
Capital projects	--	--	--	4,981,157	4,981,157
Recreation facilities	--	--	--	359,328	359,328
Community beautification	--	--	--	227,865	227,865
Assigned for:					
Future capital projects	60,599,399	--	--	--	60,599,399
Subsequent year's expenditures appropriate of fund balance	4,361,445	--	--	--	4,361,445
Unassigned	13,507,884	--	--	--	13,507,884
Total Fund Balances	78,606,820	136,895	3,268,565	7,084,597	89,096,877
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 81,098,771	\$ 15,797,646	\$ 5,147,601	\$ 7,571,126	\$ 109,615,144

The accompanying notes are an integral part of these financial statements.

VILLAGE OF ROYAL PALM BEACH, FLORIDA

**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION**

SEPTEMBER 30, 2023

Total Governmental Fund Balances	\$ 89,096,877
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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 funds.

Governmental capital assets	\$ 234,288,446	
Less accumulated depreciation	<u>(144,848,332)</u>	89,440,114

Deferred outflows/inflows of resources related to pensions for defined
benefit pension plans and OPEB are reported in the statement of net
position but are not reported in the governmental funds.

Deferred outflows of resources related to pensions	2,065,296	
Deferred outflows of resources related to OPEB	100,374	
Deferred inflows of resources related to pensions	(502,143)	
Deferred inflows of resources related to OPEB	<u>(362,861)</u>	1,300,666

Long-term liabilities are not due and payable in the current
period and therefore are not reported in the governmental funds.

Compensated absences	(770,476)	
Net pension liability	(10,487,772)	
Total OPEB liability	<u>(695,099)</u>	<u>(11,953,347)</u>

Net Position of Governmental Activities	\$ <u>167,884,310</u>
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The accompanying notes are an integral part of these financial statements.

VILLAGE OF ROYAL PALM BEACH, FLORIDA

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023

	Major Funds		Local	Other	Total
	General	ARPA	Discretionary	Governmental	Governmental
	Fund	Fund	Sales Surtax	Funds	Funds
	Fund	Fund	Fund	Funds	Funds
Revenue					
Ad valorem taxes	\$ 7,101,851	\$ --	\$ --	\$ --	\$ 7,101,851
Franchise fees	4,248,355	--	--	--	4,248,355
Utility service taxes	5,575,014	--	--	--	5,575,014
Business taxes	784,136	--	--	--	784,136
Licenses and permits	1,710,035	--	--	--	1,710,035
Intergovernmental revenue	8,172,099	4,632,011	3,840,660	--	16,644,770
Charges for services	489,977	--	--	--	489,977
Fines and forfeitures	367,845	--	--	--	367,845
Miscellaneous:					
Investment earnings	2,299,293	126,794	44,375	37,182	2,507,644
Impact fees	--	--	--	1,899,592	1,899,592
Rent and royalties	1,222,867	--	--	--	1,222,867
Other	324,509	--	--	--	324,509
Total Revenue	<u>32,295,981</u>	<u>4,758,805</u>	<u>3,885,035</u>	<u>1,936,774</u>	<u>42,876,595</u>
Expenditures					
Current:					
General government	7,134,788	--	--	76,203	7,210,991
Public safety	10,421,345	--	--	--	10,421,345
Physical environment	4,034,628	--	--	427,166	4,461,794
Culture and recreation	5,243,309	--	--	--	5,243,309
Capital outlay	--	2,132,011	7,726,553	1,643,146	11,501,710
Total Expenditures	<u>26,834,070</u>	<u>2,132,011</u>	<u>7,726,553</u>	<u>2,146,515</u>	<u>38,839,149</u>
Revenue Over (Under) Expenditures	<u>5,461,911</u>	<u>2,626,794</u>	<u>(3,841,518)</u>	<u>(209,741)</u>	<u>4,037,446</u>
Other Financing Sources (Uses)					
Insurance recoveries	33,839	--	--	--	33,839
Proceeds from sale of capital assets	411,489	--	--	--	411,489
Transfers in	2,500,000	--	--	6,200,000	8,700,000
Transfers out	(6,200,000)	(2,500,000)	--	--	(8,700,000)
Total Other Financing Sources (Uses)	<u>(3,254,672)</u>	<u>(2,500,000)</u>	<u>--</u>	<u>6,200,000</u>	<u>445,328</u>
Net Change in Fund Balances	2,207,239	126,794	(3,841,518)	5,990,259	4,482,774
Fund Balances, Beginning	<u>76,399,581</u>	<u>10,101</u>	<u>7,110,083</u>	<u>1,094,338</u>	<u>84,614,103</u>
Fund Balances, Ending	<u>\$78,606,820</u>	<u>\$ 136,895</u>	<u>\$ 3,268,565</u>	<u>\$ 7,084,597</u>	<u>\$89,096,877</u>

The accompanying notes are an integral part of these financial statements.

VILLAGE OF ROYAL PALM BEACH, FLORIDA

**RECONCILIATION OF THE STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE
STATEMENT OF ACTIVITIES**

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023

Net Change in Fund Balances - Total Governmental Funds \$ 4,482,774

**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 those assets is depreciated
over their estimated useful lives.

Expenditures for capital assets and cost related to expansion
of useful lives

\$ 11,426,711

Less transfer of governmental activities capital asset to stormwater fund

(75,820)

Less current year depreciation

(7,739,156)

3,611,735

In the statement of activities, only the gain or loss on the sale of
capital assets is reported, whereas in the governmental funds
the proceeds from the sale increases financial resources.

The change in net position differs from the change in fund
balance by the net book value of the assets retired.

(51,410)

Some expenses reported in the statement of activities do not
require the use of current financial resources and therefore
are not reported as expenditures in governmental funds.

Compensated absences

(736)

Other postemployment benefits expense

(653)

Pension expense

(1,545,534)

(1,546,923)

Change in Net Position of Governmental Activities

\$ 6,496,176

The accompanying notes are an integral part of these financial statements.

VILLAGE OF ROYAL PALM BEACH, FLORIDA

STATEMENT OF NET POSITION ENTERPRISE FUNDS

SEPTEMBER 30, 2023

	Major Funds		
	Water and Wastewater Utility System Fund	Stormwater Utility Fund	Total Enterprise Funds
Assets			
Current Assets			
Cash and cash equivalents	\$ 592,246	\$ 331,630	\$ 923,876
Due from other governments	--	681,024	681,024
Total Current Assets	592,246	1,012,654	1,604,900
Noncurrent Assets			
Capital assets not being depreciated	112,328	644,252	756,580
Capital assets being depreciated, net	--	264,050	264,050
Total Assets	704,574	1,920,956	2,625,530
Deferred Outflows of Resources			
Deferred amounts related to pensions	--	99,580	99,580
Deferred amounts related to OPEB	--	4,686	4,686
Total Deferred Outflows of Resources	--	104,266	104,266
Liabilities			
Current Liabilities			
Accounts payable	--	42,274	42,274
Retainage payable	--	27,446	27,446
Accrued payroll and related liabilities	--	1,371	1,371
Total Current Liabilities	--	71,091	71,091
Noncurrent Liabilities			
Accrued decommissioning costs	500,000	--	500,000
Net pension liability	--	505,678	505,678
Total OPEB liability	--	32,449	32,449
Total Liabilities	500,000	609,218	1,109,218
Deferred Inflows of Resources			
Deferred amounts related to pensions	--	24,211	24,211
Deferred amounts related to OPEB	--	16,939	16,939
Total Deferred Inflows of Resources	--	41,150	41,150
Net Position			
Investment in capital assets	112,328	863,411	975,739
Unrestricted	92,246	511,443	603,689
Total Net Position	\$ 204,574	\$ 1,374,854	\$ 1,579,428

The accompanying notes are an integral part of these financial statements.

VILLAGE OF ROYAL PALM BEACH, FLORIDA

STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION ENTERPRISE FUNDS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023

	Major Funds		
	Water and Wastewater Utility System Fund	Stormwater Utility Fund	Total Enterprise Funds
Operating Revenue			
Charges for services	\$ --	\$ 1,096,636	\$ 1,096,636
Total Operating Revenue	--	1,096,636	1,096,636
Operating Expenses			
Personnel services	--	573,182	573,182
General operating expenses	--	583,366	583,366
Depreciation	--	9,105	9,105
Total Operating Expenses	--	1,165,653	1,165,653
Operating Income (Loss)	--	(69,017)	(69,017)
Nonoperating Revenue and Expenses			
Intergovernmental revenue	--	568,432	568,432
Miscellaneous revenue	--	32,100	32,100
Capital contributions	--	75,820	75,820
Interest earnings	4,410	5,698	10,108
Total Nonoperating Revenue	4,410	682,050	686,460
Change in Net Position	4,410	613,033	617,443
Net Position, Beginning	200,164	761,821	961,985
Net Position, Ending	\$ 204,574	\$ 1,374,854	\$ 1,579,428

The accompanying notes are an integral part of these financial statements.

VILLAGE OF ROYAL PALM BEACH, FLORIDA

**STATEMENT OF CASH FLOWS
ENTERPRISE FUNDS**

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023

	Major Funds		
	Water and Wastewater Utility System Fund	Stormwater Utility Fund	Total Enterprise Funds
Cash Flows from Operating Activities			
Cash received from customers	\$ --	\$ 1,096,636	\$ 1,096,636
Cash received from others	--	32,100	32,100
Cash paid to suppliers and contractors	--	(1,117,479)	(1,117,479)
Cash paid to employees	--	(501,842)	(501,842)
Net Cash Used In Operating Activities	--	(490,585)	(490,585)
Cash Flows from Capital and Related Financing Activities			
Acquisition of property and equipment	--	(814,141)	(814,141)
Receipts from grants	--	568,432	568,432
Net Cash Used in Capital and Related Financing Activities	--	(245,709)	(245,709)
Cash Flows from Investing Activities			
Interest earnings	4,410	5,698	10,108
Net Cash Provided By Investing Activity	4,410	5,698	10,108
Net Increase (Decrease) in Cash and Cash Equivalents	4,410	(730,596)	(726,186)
Cash and Cash Equivalents, Beginning	587,836	1,062,226	1,650,062
Cash and Cash Equivalents, Ending	\$ 592,246	\$ 331,630	\$ 923,876
Reconciliation of Operating Income to Net Cash Used In Operating Activities			
Operating loss	\$ --	\$ (69,017)	\$ (69,017)
Adjustments to reconcile operating loss to net cash used in operating activities:			
Miscellaneous revenue	--	32,100	32,100
Depreciation expense	--	9,105	9,105
Changes in assets, liabilities and deferred inflows/outflows:			
(Increase) decrease in:			
Due from other governments	--	(573,451)	(573,451)
Deferred outflows for OPEB	--	905	905
Deferred outflows for pension	--	12,609	12,609
Increase (decrease) in:			
Accounts payable	--	39,338	39,338
Accrued payroll and related liabilities	--	(3,210)	(3,210)
Deferred inflows for OPEB	--	(2,238)	(2,238)
Deferred inflows for pension	--	2,366	2,366
Net pension liability	--	59,545	59,545
Total OPEB liability	--	1,363	1,363
Net Cash Used In Operating Activities	\$ --	\$ (490,585)	\$ (490,585)

The accompanying notes are an integral part of these financial statements.

VILLAGE OF ROYAL PALM BEACH, FLORIDA

STATEMENT OF FIDUCIARY NET POSITION FIDUCIARY FUNDS

SEPTEMBER 30, 2023

	Pension Trusts
Assets	
Cash	\$ 100,020
Investments	
Mutual funds	2,248,133
Guaranteed interest account	<u>446,700</u>
Total Assets	<u><u>\$ 2,794,853</u></u>
Net Position	
Net position restricted for pension benefits	<u><u>\$ 2,794,853</u></u>

The accompanying notes are an integral part of these financial statements.

VILLAGE OF ROYAL PALM BEACH, FLORIDA

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION FIDUCIARY FUNDS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023

	Pension Trusts
Additions	
Contributions:	
Employer	\$ 20,482
Employee	10,511
State	<u>471,790</u>
Total Contributions	502,783
Investment Income	
Net appreciation in fair value of plan assets	347,745
Interest and dividend income	<u>30,569</u>
Total Investment Income	<u>378,314</u>
Total Additions	881,097
Deductions	
Distributions to plan participants	520,014
Administrative expenses	<u>4,000</u>
Total Deductions	<u>524,014</u>
Change in Net Position	357,083
Net Position Restricted for Pension Benefits	
Beginning of Year	<u>2,437,770</u>
Net Position Restricted for Pension	
End of Year	<u><u>\$ 2,794,853</u></u>

The accompanying notes are an integral part of these financial statements.

VILLAGE OF ROYAL PALM BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES

FINANCIAL REPORTING ENTITY

The Village of Royal Palm Beach, Florida (the “Village”), is a municipal corporation established in 1959 pursuant to authority granted by the Florida Constitution and Florida Statutes Chapter 165. The Village Charter was enacted by the Legislature of the State of Florida under Chapter 59-1782. The Village enacted its current Charter by Ordinance No. 468, adopted February 3, 1994. The Village is governed by a five member, elected Village Council and provides the full range of municipal services including public safety, planning and zoning, roads and streets, recreation and park facilities, public improvements, and general administration functions.

As defined by accounting principles generally accepted in the United States of America (“GAAP”), the financial reporting entity consists of (a) the primary government, (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the primary government is not accountable, but for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity’s financial statements to be misleading or incomplete. Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. In addition, component units can be other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity’s financial statements to be misleading or incomplete.

Based upon the application of these criteria there were no organizations that were considered to be financially accountable to the Village and required to be included as a component unit in these financial statements.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The government-wide financial statements consist of the Statement of Net Position and the Statement of Activities and report information on all non-fiduciary activities of the Village. These statements include separate columns for the *governmental activities*, which are normally supported by taxes and intergovernmental revenue, and *business-type activities*, which rely primarily on user fees and charges for support. As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. All internal balances in the Statement of Net Position have been eliminated except those representing balances between the governmental activities and business-type activities, which are presented as internal balances and eliminated in the Total Column, if any.

VILLAGE OF ROYAL PALM BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

GOVERNMENT-WIDE FINANCIAL STATEMENTS (CONTINUED)

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or identifiable activity are offset by program revenue. *Direct expenses* are those that are clearly identifiable with a specific function or identifiable activity. *Program revenue* includes three categories of transactions: (1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment; (2) operating grants and contributions; and, (3) capital grants and contributions. Taxes and other items not meeting the definition of program revenue are reported as *general revenue*.

FUND FINANCIAL STATEMENTS

The underlying accounting system of the Village is organized and operated on the basis of separate funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, deferred inflows/outflows, fund equity, revenue and expenditures or expenses, as appropriate.

Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The funds used by the Village are classified into three categories: *governmental*, *proprietary* and *fiduciary*. 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. The Village's major individual governmental fund and proprietary funds are reported as separate columns in the fund financial statements.

Governmental Fund Financial Statements

Governmental Fund Financial Statements include a Balance Sheet and a Statement of Revenue, Expenditures and Changes in Fund Balances for all major governmental funds and nonmajor funds in the aggregate. Accompanying schedules are presented to reconcile and explain the differences in fund balances and changes in fund balances as presented in these statements, to the net position and changes in net position presented in the government-wide financial statements. The Village reports the following major governmental funds:

General Fund – This fund is used to account for all financial transactions not accounted for in another fund. Revenue is derived primarily from property taxes, state distributions, and other intergovernmental revenue.

VILLAGE OF ROYAL PALM BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

GOVERNMENT-WIDE FINANCIAL STATEMENTS (CONTINUED)

ARPA Fund – This special revenue fund was established to account for the Village's restricted activity related to the American Rescue Plan Act (ARPA) award.

Local Discretionary Sales Surtax Fund – This capital projects fund was established to account for the expenditure of the Village's share of the one cent sales surtax revenue that is legally restricted to various public infrastructure projects.

The Village also reports the following nonmajor special revenue and capital projects funds:

Recreation Facility Fund – This special revenue fund was established to account for contributions received from local developers and businesses restricted for the acquisition, improvement, expansion or implementation of parks and recreational facilities.

Community Beautification Fund – This special revenue fund was established to account for contributions received from local developers restricted to enhance the aesthetic landscape and visual perception of the Village.

Capital Improvements Fund – This capital projects fund was established to account for the Village's general capital improvement program.

Impact Fee Capital Projects Fund – This capital projects fund was established to account for the expenditure of impact fees on various capital improvement projects.

Proprietary Fund Financial Statements

Proprietary Fund Financial Statements include a Statement of Net Position, a Statement of Revenue, Expenses and Changes in Net Position, and a Statement of Cash Flows. The Village reports the following major enterprise funds:

Water and Wastewater Utility System Fund - This enterprise fund accounted for the operations of the Village's water, wastewater, and stormwater management services through April 27, 2006, when the majority of the assets were sold to Palm Beach County. During 2016, the majority of the remaining capital assets were sold. The capital assets that are left are pending decommissioning (see Note C).

Stormwater Utility Fund – This enterprise fund was established to account for the construction, operation and maintenance and user charges related to the Village's Stormwater system.

VILLAGE OF ROYAL PALM BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

GOVERNMENT-WIDE FINANCIAL STATEMENTS (CONTINUED)

Fiduciary Fund Financial Statements

Fiduciary Fund Financial Statements include a Statement of Fiduciary Net Position and a Statement of Changes in Fiduciary Net Position. Since by definition these assets are being held for the benefit of third parties (pension participants) and cannot be used to finance activities or obligations of the government, these funds are not included in the government-wide financial statements. The Fiduciary Funds of the Village are as follows:

General Employees Pension Trust Fund – This fund was established to receive and invest Village and general employees' contributions in a defined contribution pension plan and to disburse them to employees in accordance with the Pension Plan Ordinance.

Police Pension Trust Fund – This fund was established to receive and invest Village, State and Police employees' contributions in a defined benefit pension plan and to disburse these monies to Police employees in accordance with the Pension Plan Ordinance.

MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

The government-wide financial statements are reported using the *economic resources measurement* focus and the *accrual basis of accounting*, as are the proprietary fund and fiduciary fund financial statements. Revenue is recognized when earned and expenses are recognized when incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue 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*. Under the modified accrual basis of accounting, revenue is recognized in the period in which it becomes both measurable and available. Revenue is considered to be available when it is collectible within the current period or soon enough thereafter to pay liabilities of the current period. The Village considers revenue to be available if it is collected within 6 months of the end of the current fiscal year, except for property taxes, for which the period is 60 days.

VILLAGE OF ROYAL PALM BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

MEASUREMENT FOCUS AND BASIS OF ACCOUNTING (CONTINUED)

Unearned/unavailable revenue consists primarily of occupational licenses and other fees collected in advance of the year to which they relate. Expenditures are generally recognized in the accounting period in which the fund liability is incurred, except for principal and interest on general long-term debt, which is recognized when due. Intergovernmental revenue, franchise fees, charges for services and investment income are all considered susceptible to accrual and have been recognized as revenue in the current fiscal year. All other revenue items are considered to be measurable and available only when received in cash by the Village. Insurance recoveries received in 2023 primarily relate to repair costs incurred as a result of various minor property damage incidents during the year. During the fiscal year ended September 30, 2023, the Village received approximately \$34,000 in insurance recoveries.

Proprietary fund financial statements distinguish *operating* revenue and expenses from *nonoperating* items. Operating revenue 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 revenue of the proprietary funds is the stormwater user charges assessed to all residential properties within the Village limits. Operating expenses for the proprietary funds include the cost of maintenance and administrative expenses. All revenue and expenses not meeting this definition are reported as nonoperating revenue and expenses.

PROPERTY TAX CALENDAR

Ad valorem property taxes are assessed on property valuations by the Palm Beach County Property Appraiser as of January 1st and levied the following October 1st. Taxes are due by March 31st and become delinquent on April 1st, when liens are filed against the subject property. Ad valorem taxes are assessed and collected by the Palm Beach County Tax Collector, which remits the taxes to the Village. Revenue is recognized at the time the taxes are received from Palm Beach County.

PROPERTY TAX REFORM

During 2007, the Florida Legislature passed property tax reform legislation limiting the property tax levies of local governments in the State of Florida and increasing the homestead exemption. Local governments that adopt a property tax levy in excess of the limit under State law will lose their Half-Cent Sales Tax distribution from the State for the succeeding twelve months. For the fiscal year ended September 30, 2023, the maximum tax levy allowed by a majority vote of the governing body is generally based on a percentage

VILLAGE OF ROYAL PALM BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

PROPERTY TAX REFORM (CONTINUED)

applied to the prior year (2020/2021) property tax revenue. The percentage is calculated based on the compound annual growth rate in the per capita property taxes levied for five preceding fiscal years. The State law allows local governments to adopt a higher tax rate based on the following approval of the governing body: 1) a two-thirds vote to adopt a rate equal to the prior year “rolled-back” tax rate; 2) a unanimous vote to adopt a rate equal to the prior year tax rate; or, 3) any tax rate approved by referendum. For the fiscal year ended September 30, 2023, the Village adopted a millage rate of 1.92 mills (\$1.92 per \$1,000 of taxable property value) which is less than the maximum tax rate permitted. This tax rate resulted in a tax levy of \$7,101,851 for 2023. Future property tax growth is limited to the annual growth rate of per capita personal income plus the value of new construction. State Statutes permit municipalities to levy property taxes at a rate of up to 10 mills. Since Palm Beach County provides fire rescue services to the Village, the Palm Beach County Fire Rescue MSTU (municipal services taxing unit) taxes Village property owners 3.46 mills. This millage rate is deducted from the Village’s legal millage rate limit of 10 mills, thereby limiting the 2022/2023 Village millage rate to 6.54.

POOLED CASH AND CASH EQUIVALENTS

Pooled cash and investments consist of petty cash, checking accounts, and investments with a maturity of three months or less when purchased.

INVESTMENTS

Investments are stated at fair value. Securities and mutual funds held by the Village are traded on a national stock exchange and are valued at the last reported sales price.

ACCOUNTS RECEIVABLE

Accounts receivable represent amounts due from local businesses for franchise fees and utility taxes in the General Fund. General Fund receivables are not collateralized. The need for an allowance for uncollectible accounts is analyzed monthly based on the aging of outstanding receivables and management’s knowledge of the customer. Accounts receivable are written off on an individual basis in the year the Village deems them uncollectible.

VILLAGE OF ROYAL PALM BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

PREPAID ITEMS/EXPENSES

Expenditures/expenses for various administrative expenses extending over more than one accounting period are accounted for as prepaid items/expenses and allocated between accounting periods using the consumption method.

CAPITAL ASSETS

Capital assets are defined by the Village as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Capital assets are recorded at cost or, if donated, acquisition value at the date of donation. Expenses, which materially extend the useful life of existing assets, are capitalized. The cost of capital assets sold or retired is removed from the appropriate accounts and any resulting gain or loss is included in the change in net position. The Village records impairment losses on long-lived assets used in operations when events and circumstances indicate the assets might be impaired. No impairment losses have been recorded. Depreciation is computed using the straight-line method over the estimated useful lives of all reported capital assets, except land and construction in progress. Estimated useful lives assigned to the various categories of assets are as follows:

Buildings	30-50 years
Improvements	10-30 years
Infrastructure	30-60 years
Equipment and vehicles	3-10 years

UNEARNED/UNAVAILABLE REVENUE

Unearned revenue in the Governmental Activities and unavailable revenue in the Governmental Funds includes amounts received in advance by the Village for licenses and permits applicable to the following fiscal year.

COMPENSATED ABSENCES

Accumulated unpaid annual leave amounts and a portion of accumulated sick leave are accrued when earned. Benefits that were earned but not used during the current year were accrued at employees' pay rates in effect at September 30, 2023. The liability for compensated absences attributable to the Village's governmental funds is recorded in the government-wide financial statements. A liability is recorded in the governmental funds for

VILLAGE OF ROYAL PALM BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

COMPENSATED ABSENCES (CONTINUED)

compensated absences only if they have matured, for example, as a result of employee resignations and retirements, and the amount, if any, is reported with accrued payroll and related liabilities in the governmental funds' balance sheet. The General Fund is used to liquidate the liability recorded in the governmental funds.

INTERNAL BALANCES

Amounts reported in the fund financial statements as interfund receivables and payables are eliminated in the government-wide governmental and business-type activities columns of the statement of net position, except for the residual amount, if any, which is presented as internal balances.

DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

In addition to assets and liabilities, the government-wide and enterprise funds Statements of Net Position and the governmental funds Balance Sheet will sometimes report a separate section for deferred outflows or deferred inflows of resources. The separate financial statement element, *deferred outflows of resources*, represents a consumption of net assets that applies to future periods and so will not be recognized as an outflow of resources (expense/expenditure) until that time. The Village's deferred outflows of resources on the government-wide and enterprise funds Statements of Net Position relate to its pension and OPEB liabilities.

The separate financial statement element, *deferred inflows of resources*, represents an acquisition of net assets that applies to future periods and so will not be recognized as an inflow of resources (revenues) until that time. The Village's deferred inflows on the government-wide and enterprise funds Statements of Net Position relate to its pension and total OPEB liabilities. In addition, the Village has another item, unavailable revenue, which arises only under the modified accrual basis of accounting and is reported as a deferred inflow of resources on the governmental funds Balance Sheet. The unavailable revenue results from licenses and permit fees received by the Village in advance of the year to which they apply. These amounts are deferred and recognized as an inflow of resources in the year that the amounts become available.

NET POSITION/FUND BALANCES

The government-wide and business-type fund financial statements utilize a net position presentation. Net position is categorized as follows:

VILLAGE OF ROYAL PALM BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

NET POSITION/FUND BALANCES (CONTINUED)

Investment in Capital Assets – This component of net position consists of capital assets, net of accumulated depreciation and reduced by the outstanding balance of any bonds, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets, if any. If there are significant unspent debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds is not included in the calculation of net investment in capital assets. Rather, that portion of the debt is included in the same net position component as the unspent proceeds. The Village had no outstanding capital related debt at September 30, 2023.

Restricted – This component of net position consists of constraints placed on the use of net position by external restrictions imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation. The Village's entire restricted net position balance is the result of restrictions imposed by State Statutes and county ordinances.

Unrestricted – This component of net position consists of net position that does not meet the definition of *Investment in Capital Assets* or *Restricted*.

Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, establishes accounting and financial reporting requirements for all governmental funds and establishes criteria for classifying fund balances. Accordingly, the governmental fund financial statements report fund equity classifications that comprise a hierarchy based primarily on the extent to which the Village is legally bound to honor the specific purposes for which amounts in fund balance may be spent. The fund balance classifications are summarized as follows:

Nonspendable – Nonspendable fund balances include amounts that cannot be spent because they are either (a) not in spendable form, or (b) legally or contractually required to remain intact.

Restricted – Restricted fund balances include amounts that are restricted to specific purposes either by (a) constraints placed on the use of resources by creditors, grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or through enabling legislation.

VILLAGE OF ROYAL PALM BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

NET POSITION/FUND BALANCES (CONTINUED)

Committed – Committed fund balances include amounts that can only be used for specific purposes pursuant to constraints imposed by the Village Council through an ordinance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation.

Assigned – Assigned fund balances include amounts that are constrained by the Village's intent to be used for specific purposes, but are neither restricted nor committed. The Village Council has by resolution authorized the Finance Director to assign fund balance. The Council may also assign fund balance as it does when appropriating fund balance for the subsequent year's budget.

Unassigned – Unassigned fund balances include amounts that are not assigned to other funds and have not been restricted, committed or assigned to specific purposes within the General Fund. The General Fund is the only fund that may report a positive unassigned fund balance amount.

NET POSITION FLOW ASSUMPTION

Sometimes the Village will fund outlays for a particular purpose from both restricted and unrestricted resources. In order to calculate the amounts to report as restricted net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the Village's policy to consider restricted net position to have been used before unrestricted net position is applied.

FUND BALANCE FLOW ASSUMPTIONS

Sometimes the Village will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balances). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balances in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the Village's policy to consider restricted fund balances to have been used before using any of the components of unrestricted fund balances. Further, when the components of unrestricted fund balances can be used for the same purpose, committed fund balances are used first, followed by assigned fund balances. Unassigned fund balances are applied last.

VILLAGE OF ROYAL PALM BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

TAX RATE STABILIZATION

Beginning with the fiscal year ended September 30, 2012, the Village Council authorized management to use up to \$5.5 million of unassigned fund balances in any given year to limit increases in ad valorem tax rates.

MINIMUM FUND BALANCES POLICY

The Village Council has adopted a formal minimum fund balances policy whereby the Village strives to maintain a minimum unassigned fund balance in the General Fund of 25% of the following year's budgeted expenditures. In the event that the unassigned fund balance exceeds the minimum amount, the excess may be utilized for any lawful purpose of the Village or for one-time costs including the establishment of or increase in commitments or assignments of fund balances. As of September 30, 2023, the Village was in compliance with its minimum fund balances policy.

ON-BEHALF PAYMENTS

The Village receives on-behalf payments from the State of Florida to be used for Police pension benefits. Such payments are recorded as intergovernmental revenue and public safety expenses/expenditures in the GAAP basis government-wide and General Fund financial statements. On-behalf payments to the Village totaled \$471,790 for the fiscal year ended September 30, 2023.

INTERFUND TRANSACTIONS

Transactions between funds during the year consisted of loans, services provided, reimbursements or transfers. Loans are reported as *Due from Other Funds* and *Due to Other Funds* as appropriate and are subject to elimination in the government-wide financial statements. Services, deemed to be reasonably equivalent in value, are treated as revenue and expenditures/expenses. Reimbursements occur when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are presented as transfers. Transfers, if any, within the governmental and business-type activities are eliminated in the government-wide financial statements.

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; injuries to employees; and natural disasters. The Village purchases commercial and cyber insurance to cover all risks of loss to which it is exposed. Policy limits and deductibles are reviewed annually by management and

VILLAGE OF ROYAL PALM BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

RISK MANAGEMENT (CONTINUED)

established at amounts to provide reasonable protection from significant financial loss. There were no significant reductions in insurance coverage for 2023. The amounts of insurance settlements have not exceeded insurance coverage in any of the past three fiscal years.

GRANTS

Amounts received or receivable from grantor agencies are subject to audit and adjustment by those agencies. Any disallowed claims, including amounts already received, might constitute a liability of the Village for the return of those funds.

ESTIMATES

Management uses estimates and assumptions in preparing financial statements in accordance with U.S. generally accepted accounting principles. Those estimates and assumptions affect the reported amounts of assets, liabilities, and deferred inflows/outflows, the disclosure of contingent assets and liabilities, and the reported revenue, expenditures and expenses. Actual results could vary from the estimates that were used.

IMPLEMENTATION OF NEW GASB STATEMENTS

GASB Statement No. 91, *Conduit Debt Obligations*, establishes guidance regarding reporting of conduit debt obligations. The adoption of GASB No. 91 did not have an impact on the Village's financial statements.

GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, establishes guidance regarding reporting of these type of arrangements. The adoption of GASB No. 94 did not have an impact on the Village's financial statements.

GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*, establishes guidance regarding the accounting and reporting for subscription-based information technology arrangements. The adoption of GASB No. 96 did not have an impact on the Village's financial statements.

In April 2022, the GASB issued Statement No. 99, *Omnibus 2022*. The requirements related to leases, PPPs, and SBITAs will take effect for financial statement starting with the fiscal year that ends June 30, 2023. The requirements related to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement 53 will take effect for financial statements starting with the fiscal year that ends June 30, 2024. The objectives of this Statement are to enhance comparability in accounting and financial

VILLAGE OF ROYAL PALM BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

IMPLEMENTATION OF NEW GASB STATEMENTS (CONTINUED)

reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during the implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The adoption of GASB No. 99 did not have an impact on the Village's financial statements.

NOTE 2 – CASH AND CASH EQUIVALENTS

The Village maintains a pooled cash and cash equivalents that are available for use by all funds. At September 30, 2023, pooled cash and cash equivalents included deposits with financial institutions of \$32,022,633. Each fund type's portion of this pool is displayed on the financial statements as "Cash and cash equivalents". In addition, investments are held separately by the General Fund, and the Pension Trust Funds.

DEPOSITS

At year end, the carrying amount of the Village's deposits with financial institutions, excluding the Pension Trust Funds, was \$32,022,633 and the bank balance was \$32,180,159.

The Police Pension Trust Fund's deposits are held in an interest bearing checking account with a balance of \$100,020 at September 30, 2023. All of the deposits with financial institutions were entirely covered by a combination of federal deposit insurance and a collateral pool pledged to the State Treasurer of Florida by financial institutions, which comply with the requirements of Florida Statutes and have been designated as a qualified public depository by the State Treasurer. Qualified public depositories are required to pledge collateral to the State Treasurer with a fair value equal to a percentage of the average daily balance of all government deposits in excess of any federal deposit insurance. In the event of a default by a qualified public depository, all claims for government deposits would be satisfied by the State Treasurer from the proceeds of federal deposit insurance, pledged collateral of the public depository in default and, if necessary, a pro rata assessment to the other qualified public depositories in the collateral pool.

Accordingly, all deposits with financial institutions are considered fully insured in accordance with the provisions of Statements of the Governmental Accounting Standards Board.

VILLAGE OF ROYAL PALM BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023

NOTE 2 – CASH AND CASH EQUIVALENTS (CONTINUED)

INVESTMENTS

Florida Statutes and Village ordinances authorize the Village to invest in Florida PRIME, an investment pool administered by the State of Florida; negotiable direct obligations of or obligations unconditionally guaranteed by the U.S. Government; interest-bearing time deposits or savings accounts in financial institutions located in Florida and/or in national banks organized under federal or Florida laws, provided that deposits are secured by the Florida Public Security for Public Deposits Act; obligations of U.S. Government Agencies such as the Federal Financing Bank, Federal Housing Administration Debentures, or Government National Mortgage Association; obligations of Federal Instrumentalities such as the Federal Home Loan Mortgage Corporation, the Federal Home Loan Bank or its district banks or the Federal National Mortgage Association; supranationals where the U.S. is a shareholder and voting member; prime commercial paper, corporate notes, and bankers acceptances, subject to certain minimum ratings; repurchase agreements subject to certain minimum rating requirements; state and/or local government taxable debt; certain mutual funds; intergovernmental investment pools authorized pursuant to the Florida Interlocal Cooperation Act; and mortgage and asset-backed securities. Pension trust funds are authorized by Village ordinance to also invest in mutual fund investments in money market funds, stocks and debt securities, guaranteed investment contracts and the Florida Municipal Investment Trust. The General Employees Pension Trust Fund allows employees to direct their contributions into any of the various investment options offered by the Plan. All investments are reported at their fair value, except for the guaranteed interest account that is reported at contract value.

The Village held the following investments at September 30, 2023:

Governmental Funds

U.S. Treasury notes	\$ 30,713,264
U.S. Government Agency notes	7,024,186
Corporate notes	19,420,795
Municipal bonds	579,669
Asset-backed bonds	15,185,608
Supranational agency notes	<u>694,701</u>

Total Governmental Funds	<u>\$ 73,618,223</u>
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VILLAGE OF ROYAL PALM BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023

NOTE 2 – CASH AND CASH EQUIVALENTS (CONTINUED)

INVESTMENTS (CONTINUED)

The general employees pension trust fund held the following investments at September 30, 2023:

Pension Trust Fund

General Employees Pension Trust Fund:

Mutual Funds:

Equity funds	\$ 2,103,744
Fixed income funds	144,389
Guaranteed interest account	<u>446,700</u>

Total Pension Trust Funds	<u>\$ 2,694,833</u>
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The guaranteed interest account is a group annuity contract with Prudential Insurance Company of America (Prudential). This account is valued at contract value based upon the participant contributions made to the fund, plus earnings at guaranteed crediting rates, less withdrawals and fees, which approximates fair value. Prudential is contractually obligated to repay the principal and a specified minimum interest rate that is guaranteed to the Plan and may not terminate the investment contract prior to scheduled maturity dates. The investment is part of the general account of Prudential and is not insured or collateralized.

FAIR VALUE OF INVESTMENTS

The Village follows the provisions of GASB Statement No. 72, *Fair Value Measurement and Application*, which establishes a framework for measuring the fair value of investments in a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives highest priority to unadjusted quoted prices in active markets for identical assets (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under GASB Statement No. 72 are described below:

Level 1

Inputs to the valuation methodology are unadjusted quoted prices for identical assets in active markets that the Village has the ability to access at the measurement date.

VILLAGE OF ROYAL PALM BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023

NOTE 2 – CASH AND CASH EQUIVALENTS (CONTINUED)

FAIR VALUE OF INVESTMENTS (CONTINUED)

Level 2

Inputs to the valuation methodology include the following:

- Quoted prices for similar assets in active markets.
- Quoted prices for identical or similar assets in inactive markets.
- Inputs other than quoted prices that are observable for the assets.
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset has a specified contractual term, the Level 2 input must be observable for substantially the full term of the asset.

Level 3

Inputs to the valuation methodology are unobservable and significant to the fair value measurement. These unobservable inputs reflect the entity's own estimates for assumptions that market participants would use in pricing the asset or liability. Valuation techniques would typically include discounted cash flow models and similar techniques, but may also include the use of market prices of assets that are not directly comparable to the subject asset.

The fair value measurement of an asset within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. The categorization of an investment within the fair value hierarchy is based upon the pricing transparency of the investment and does not necessarily correspond to the Village's perceived risk of that investment.

VALUATION METHODOLOGIES

The following valuation methods and assumptions were used by the Village in estimating the fair value of financial instruments that are measured at fair value on a recurring basis under GASB Statement No. 72:

U.S. Treasury notes, U.S. Government Agency notes, corporate notes, municipal bonds, asset-backed bonds, and supranational agency notes: Valued at the closing price reported on the active exchange on which the individual securities are actively traded. Securities that are not actively traded are valued by the investment safekeeping custodian using a matrix pricing technique based on the securities' relationship to quoted benchmark prices.

VILLAGE OF ROYAL PALM BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023

NOTE 2 – CASH AND CASH EQUIVALENTS (CONTINUED)

VALUATION METHODOLOGIES (CONTINUED)

Mutual Funds: Valued at the net asset value reported on the active exchange on which the funds are traded.

The methods and assumptions described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Village believes its valuation methodologies are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine fair value of certain financial instruments could result in a different fair value measurement at the reporting date. There were no changes in the methods and assumptions used for the fiscal year ended September 30, 2023.

FAIR VALUE OF INVESTMENTS

The financial assets measured at fair value on a recurring basis include the Village's investments in securities and equity and fixed income mutual funds. There were no liabilities measured at fair value on a recurring basis at September 30, 2023. The fair value of the Village's investments at September 30, 2023 is summarized as follows:

	Fair Values at September 30, 2023			
	Level 1	Level 2	Level 3	Total
Governmental Funds				
Debt securities:				
U.S. Treasury notes	\$ 30,713,264	\$ --	\$ --	\$ 30,713,264
U.S. Government Agency notes	--	7,024,186	--	7,024,186
Corporate notes	--	19,420,795	--	19,420,795
Municipal bonds	--	579,669	--	579,669
Asset-backed bonds	--	15,185,608	--	15,185,608
Supranational agency notes	--	694,701	--	694,701
Total Governmental Funds	<u>\$ 30,713,264</u>	<u>\$ 42,904,959</u>	<u>\$ --</u>	<u>\$ 73,618,223</u>

VILLAGE OF ROYAL PALM BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023

NOTE 2 – CASH AND CASH EQUIVALENTS (CONTINUED)

FAIR VALUE OF INVESTMENTS (CONTINUED)

The fair value of the Pension Trust Funds investments at September 30, 2023 is summarized as follows:

	Fair Values at September 30, 2023			
	Level 1	Level 2	Level 3	Total
Pension Trust Funds				
Equity mutual funds	\$ 2,103,744	\$ --	\$ --	\$ 2,103,744
Fixed income mutual funds	144,389	--	--	144,389
Total Pension Trust Funds	2,248,133	--	--	2,248,133
Total Investments by Level	<u>\$ 32,961,397</u>	<u>\$ 42,904,959</u>	<u>\$ --</u>	<u>\$ 75,866,356</u>

INTEREST RATE RISK

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment in debt securities. Generally, the longer the time to maturity, the greater the exposure to interest rate risk. The Village's investment policy generally limits the maturities of its investments to a maximum of 10 years, with maturities of 3 years or less for interest bearing time deposits, commercial paper, corporate notes, and bankers' acceptances. Money market mutual funds have a weighted average maturity of ninety days or less, resulting in minimal interest rate risk. The table below summarizes the scheduled maturities of all other fixed income investments at September 30, 2023.

	Fair Value of Investment Maturities			
	Less Than Level 1	One to Five Years	More than Five years	Total
Governmental Funds				
U.S. Treasury notes	\$ --	\$ 30,713,264	\$ --	\$ 30,713,264
U.S. Government Agency notes	14,308	6,330,215	679,663	7,024,186
Corporate notes	2,495,880	16,924,915	--	19,420,795
Municipal bonds	342,369	237,300	--	579,669
Asset-backed bonds	--	15,185,608	--	15,185,608
Supranational agency notes	694,701	--	--	694,701
Total Governmental Funds	<u>\$ 3,547,258</u>	<u>\$ 69,391,302</u>	<u>\$ 679,663</u>	<u>\$ 73,618,223</u>

VILLAGE OF ROYAL PALM BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023

NOTE 2 – CASH AND CASH EQUIVALENTS (CONTINUED)

CREDIT RISK

Credit risk is the risk that a debt issuer will not fulfill its obligations. The Village's investment policy addresses credit risk by limiting investments to the safest types of securities and diversifying the investment portfolio. The security rating by a Nationally Recognized Statistical Rating Organization (NRSRO) is also an indication of credit risk. Investments in commercial paper and bankers acceptances require a minimum rating of P-1 by Moody's and A-1 by Standard & Poor's at the time of purchase.

Corporate notes require a minimum rating of A by Moody's and A by Standard & Poor's at the time of purchase. State and/or local government taxable debt and mortgage and asset-backed securities require a minimum rating of Aa by Moody's and AA by Standard & Poor's at the time of purchase. Money market mutual funds require a minimum rating of AAm by Moody's or AAm-G by Standard & Poor's. U.S. Treasury notes with a fair value of \$30,713,264 are not considered to have credit risk and do not require disclosure of credit quality. The governmental funds' investments and the fixed income and money market mutual funds included in the pension trust funds' investments had credit quality ratings at September 30, 2023, as listed below. All other funds were unrated.

	NRSRO Rating	Fair Value
Governmental Funds		
U.S. Government Agency notes	AA	\$ 7,024,186
Corporate notes	A	14,026,046
Corporate notes	AA	3,150,681
Corporate notes	AAA	670,723
Corporate notes	BBB	1,318,468
Municipal bonds	AA	579,669
Asset-backed bonds	AAA	15,185,608
Supranational agency notes	AAA	694,701
Total Governmental Funds		<u>\$ 42,650,082</u>

VILLAGE OF ROYAL PALM BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023

NOTE 2 – CASH AND CASH EQUIVALENTS (CONTINUED)

CREDIT RISK (CONTINUED)

	NRSRO Rating	Effective Duration	Fair Value
Pension Trust Fund			
PGIM Total Return Bond Fund	A	6.29 years	\$ 138,905
PGIM Government Income Fund	AAA	5.94 years	<u>5,484</u>
Total Pension Trust Fund			<u>\$ 144,389</u>

CUSTODIAL CREDIT RISK

Custodial credit risk is defined as the risk that the Village may not recover cash and investments held by another party in the event of a financial failure. The Village does not have any specific policy for custodial credit risk. At September 30, 2023, all investments were held in independent custodial safekeeping accounts, except money market mutual funds, equity and fixed income mutual funds, and the guaranteed interest account which are considered *unclassified* pursuant to GASB Statements, because they are not evidenced by securities that exist in physical or book-entry form.

CONCENTRATION OF CREDIT RISK

Concentration of credit risk is defined as the risk of loss attributed to the magnitude of an investment in a single issuer. Generally, a maximum of 10% of available investment funds may be invested in any one issuer. Federal instrumentalities are limited to a maximum of 30% in any one issuer and asset-backed securities are limited to a maximum of 5% in any one issuer. Investments in U.S. Government securities, mutual funds and pools are excluded from the concentration of credit risk disclosure requirement. In addition, with the exception of Florida PRIME and U.S. Government Securities, all other security types have varying limits as to how much of the investment portfolio may be invested in a given security type. At September 30, 2023, there were no issuers representing more than 5% of the Village's total investments or for Pension Trust Fund, none that exceeded 5% of total pension investments.

FOREIGN CURRENCY RISK

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment. There was no exposure to foreign currency risk in the Village's investments at September 30, 2023.

VILLAGE OF ROYAL PALM BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023

NOTE 3 – CAPITAL ASSETS

The capital asset activity for the fiscal year ended September 30, 2023, was as follows:

Governmental Activities	Beginning Balances	Increases	Decreases	Ending Balances
Capital Assets, Not Being Depreciated				
Land	\$ 7,875,085	\$ --	\$ --	\$ 7,875,085
Construction in progress	<u>9,536,444</u>	<u>10,630,589</u>	<u>(15,058,550)</u>	<u>5,108,483</u>
Total Capital Assets, Not Being Depreciated	<u>17,411,529</u>	<u>10,630,589</u>	<u>(15,058,550)</u>	<u>12,983,568</u>
Capital Assets, Being Depreciated				
Buildings	28,888,151	12,710,690	--	41,598,841
Improvements other than buildings	44,320,566	1,439,219	--	45,759,785
Infrastructure	124,913,633	523,498	--	125,437,131
Equipment	5,363,950	904,674	(92,562)	6,176,062
Vehicles	<u>2,187,632</u>	<u>194,428</u>	<u>(49,001)</u>	<u>2,333,059</u>
Total Capital Assets, Being Depreciated	<u>205,673,932</u>	<u>15,772,509</u>	<u>(141,563)</u>	<u>221,304,878</u>
Less Accumulated Depreciation for:				
Buildings	9,402,734	1,070,595	--	10,473,329
Improvements other than buildings	25,230,151	2,963,323	--	28,193,474
Infrastructure	97,841,388	2,391,399	--	100,232,787
Equipment	3,254,115	926,463	(78,545)	4,102,033
Vehicles	<u>1,477,284</u>	<u>387,376</u>	<u>(17,951)</u>	<u>1,846,709</u>
Total Accumulation Depreciation	<u>137,205,672</u>	<u>7,739,156</u>	<u>(96,496)</u>	<u>144,848,332</u>
Total Capital Assets Being Depreciated, Net	<u>68,468,260</u>	<u>8,033,353</u>	<u>(238,059)</u>	<u>76,456,546</u>
Governmental Activities Capital Assets, Net	<u>\$ 85,879,789</u>	<u>\$ 18,663,942</u>	<u>\$ (15,296,609)</u>	<u>\$ 89,440,114</u>

VILLAGE OF ROYAL PALM BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023

NOTE 3 – CAPITAL ASSETS (CONTINUED)

Depreciation expense was charged to functions/programs as follows:

Governmental Activities

General government	\$ 142,275
Public safety	126,467
Physical environment	4,334,490
Culture and recreation	<u>3,135,924</u>

Total Depreciation Expense - Governmental Activities	<u>\$ 7,739,156</u>
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Business-Type Activities	Beginning Balances	Increases	Decreases	Ending Balances
Capital Assets, Not Being Depreciated				
Land	\$ 112,328	\$ --	\$ --	\$ 112,328
Construction in progress	<u>--</u>	<u>644,252</u>	<u>--</u>	<u>644,252</u>
Total Capital Assets, Not Being Depreciated	<u>112,328</u>	<u>644,252</u>	<u>--</u>	<u>756,580</u>
Capital Assets, Being Depreciated				
Equipment	<u>--</u>	<u>273,155</u>	<u>--</u>	<u>273,155</u>
Total Capital Assets, Being Depreciated	<u>--</u>	<u>273,155</u>	<u>--</u>	<u>273,155</u>
Less Accumulated Depreciation for:				
Equipment	<u>--</u>	<u>9,105</u>	<u>--</u>	<u>9,105</u>
Total Accumulation Depreciation	<u>--</u>	<u>9,105</u>	<u>--</u>	<u>9,105</u>
Total Capital Assets Being Depreciated, Net	<u>--</u>	<u>264,050</u>	<u>--</u>	<u>264,050</u>
Business-type Activities Capital Assets, Net	<u>\$ 112,328</u>	<u>\$ 908,302</u>	<u>\$ --</u>	<u>\$ 1,020,630</u>

VILLAGE OF ROYAL PALM BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023

NOTE 3 – CAPITAL ASSETS (CONTINUED)

In April 2006, the Village sold its Water and Wastewater Utility, except for land and the existing water and wastewater plants, to Palm Beach County. Under the terms of the agreement, the Village was required to lease the water and wastewater plants to the County for a period of up to 10 years and 2 years, respectively. At the point when the plants were no longer needed by the County, the Village was required to decommission the plants. The estimated cost to decommission the plants of \$1 million was accrued in the Water and Wastewater Utility System Fund in conjunction with the sale of the utility. The wastewater plant was fully decommissioned as of September 30, 2011 and the land was sold in 2016.

On August 1, 2013, Palm Beach County provided notice to the Village that the County had vacated the leased portions of the water treatment site, thereby terminating the lease. At September 30, 2023, the Village has not decommissioned the remaining water plant. The Village accounts for its legal obligation to decommission the water plant in accordance with GASB Statement No. 83. At September 30, 2023, the Village has an accrued decommissioning liability of \$500,000, which is based on the best estimate of current values of outlays expected to be incurred to decommission the water plant, including the effects of inflation. The Village anticipates meeting its asset retirement obligation with available liquid assets from the Water and Wastewater Utility System Fund. The water plant and related assets are fully depreciated and, accordingly, no deferred outflows are reported in relation to the Village's asset retirement obligation.

NOTE 4 – LONG-TERM DEBT

Changes in governmental activities long-term debt for the fiscal year ended September 30, 2023, are summarized as follows:

Governmental Activities	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Compensated Absences	<u>\$ 769,740</u>	<u>\$ 739,196</u>	<u>\$ (738,460)</u>	<u>\$ 770,476</u>	<u>\$ 38,524</u>

Compensated absences for the governmental activities are generally liquidated by the General Fund.

DEFEASED BONDS

In conjunction with the sale of the Utility System on April 27, 2006, the Village defeased its Series 1998 Revenue Bonds. During the year ended September 30, 2023, all amounts were repaid. As of September 30, 2023, no amounts were outstanding.

VILLAGE OF ROYAL PALM BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023

NOTE 5 – INTERFUND TRANSFERS

Interfund transfers for the fiscal year ended September 30, 2023 were as follows:

	Transfers In	Transfers Out
Governmental Funds		
General Fund	\$ 2,500,000	\$ 6,200,000
ARPA Fund	--	2,500,000
Impact Fee Capital Projects Fund	3,700,000	--
Capital Improvements Fund	<u>2,500,000</u>	<u>--</u>
Total	<u>\$ 8,700,000</u>	<u>\$ 8,700,000</u>

Transfers were made from the General Fund to the Capital Improvements Fund and the Impact Fee Capital Projects Fund to provide funding for various capital improvement projects within the Village. Transfers from the ARPA fund to the General fund were for fund used for police services.

NOTE 6 – PENSION PLANS

The Village offers pension benefits through three pension plans as of September 30, 2023. Effective October 1, 2008, the Village closed its defined contribution pension plan to new employees and gave its existing plan members a one-time election to terminate their membership in the defined contribution plan and use their accumulated monies to become a member of the Florida Retirement System and purchase past service in the plan. All employees hired on or after October 1, 2008 must participate in the Florida Retirement System. In addition, the Village has the Police Pension Trust Fund that is also closed and has only retirees remaining in that plan. The details of each plan are as follows:

STATE OF FLORIDA RETIREMENT SYSTEM

All regular, full-time employees of the Village hired on or after October 1, 2008, as well as those employees that chose to transfer to the Florida Retirement System, participate in the Florida Retirement System (FRS) Pension Plan and the Retiree Health Insurance Subsidy (HIS) Trust Fund administered by the Florida Department of Management Services, Division of Retirement. FRS and HIS are cost-sharing, multiple-employer defined benefit pension plans with approximately 1,000 participating employers. FRS and HIS were established and are administered in accordance with Chapter 121 and Section 112.363, Florida Statutes, respectively.

VILLAGE OF ROYAL PALM BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023

NOTE 6 – PENSION PLANS (CONTINUED)

STATE OF FLORIDA RETIREMENT SYSTEM (CONTINUED)

FRS includes a Deferred Retirement Option Program (“DROP”) available for eligible employees. Retirees receive a lifetime pension benefit with joint and survivor payment options. FRS membership is compulsory for employees filling regularly established positions in a state agency, county agency, state university, state community college, or district school board, unless restricted from FRS membership under sections 121.053 and 121.122, Florida Statutes, or allowed to participate in a defined contribution plan in lieu of FRS membership. Participation is optional for municipalities, special districts, charter schools and metropolitan planning organizations.

HIS membership is optional and available to all retirees under a state-administered retirement system, provided the retiree provides proof of health insurance coverage, which can include Medicare. Participation is compulsory for municipalities, special districts, charter schools and metropolitan planning organizations that participate in FRS.

Benefits Provided

FRS provides retirement, survivor and disability benefits to plan members and beneficiaries. Pension benefits of FRS are established by Florida Statutes, Chapter 121, and may be amended by the Florida Legislature. Retirement benefits are computed on the basis of age and/or years of service, average final compensation and service credit. Members initially enrolled on or after July 1, 2008, through June 30, 2011, vest after six years of service. Members initially enrolled on or after July 1, 2011, vest after eight years of service. HIS provides retirees and beneficiaries a monthly benefit equal to the number of years of service completed at the time of retirement multiplied by \$5. The monthly benefit payment is established by Section 112.363, Florida Statutes and is at least \$30, but not more than \$150.

Contributions

FRS members are required to contribute 3.0% and no contribution is required for HIS members. Participating governments, including the Village, contribute to FRS at actuarially determined rates for various classes of employees, which are presently 10.19% of annual covered payroll for employees covered in the regular class, 29.85% for the senior management class, 55.28% for elected officials and 16.94% for employees covered in the FRS DROP program. Participating governments, including the Village, contribute to HIS based on a percentage of gross compensation for all active FRS members, which is presently 1.66%. The Village’s contributions to FRS and HIS for the fiscal year ended September 30, 2023, were \$1,262,126 which was equal to 100% of the required contributions for the year.

VILLAGE OF ROYAL PALM BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023

NOTE 6 – PENSION PLANS (CONTINUED)

STATE OF FLORIDA RETIREMENT SYSTEM (CONTINUED)

Funding Policy

FRS funding policy provides for monthly employer contributions at actuarially determined rates that, expressed as percentages of annual covered payroll, are adequate to accumulate sufficient assets to pay benefits when due based upon plan assumptions. HIS uses a pay-as-you-go funding policy based on monthly employer contributions at a flat percentage of gross compensation for all active FRS members. Employer and employee contribution rates are established by State law as a level percentage of payroll. Employer contribution rates are determined using the entry-age actuarial cost method. The consulting actuary recommends rates based on the annual valuation, but actual contribution rates are established by the Florida Legislature. The FRS and HIS net pension liabilities have historically been and will continue to be liquidated primarily by the General Fund.

Publicly Available Financial Report

The State of Florida issues a publicly available financial report for FRS and HIS that includes financial statements and required supplementary information. The complete financial report is available on the Publications page of the Division of Retirement's website at www.frs.myflorida.com or by writing to the Research and Education Section at P.O. Box 9000, Tallahassee, Florida, 32315-9000 or by calling toll free 877-377-1737 or 850-488-5706.

Summary of Significant Accounting Policies

The financial statements of FRS and HIS are prepared using the economic resources measurement focus and the accrual basis of accounting. Employee contributions are recognized in the period for which the contributions are assessed. Employer contributions are recognized in the period in which employee services are performed. Benefit payments, including refunds of employee contributions, are recognized when due and payable in accordance with the terms of FRS and HIS. Other expenses are recognized when the corresponding liabilities are incurred. Investment income is recognized as revenue when earned. Investments are reported at fair value and are managed by external investment managers. The independent investment custodian for FRS and HIS determines the fair value of securities using various third party pricing sources. For private market investments, where no readily ascertainable market value exists, fair values are based on net asset value (capital account balance) provided by investment managers at the closest available reporting period and adjusted for subsequent contributions and distributions. The net appreciation (depreciation) in fair value of investments is recorded as an increase (decrease) to investment income based on the valuation of investments. Investment earnings are net of investment related expenses, such as management fees, portfolio evaluation and custodial services. For purposes of measuring the net pension liability, deferred inflows/outflows of resources related to pensions, and pension expense, information about the fiduciary net position of FRS and HIS and the additions to/deductions from the fiduciary net position have been determined on the same basis as they are reported by FRS and HIS.

VILLAGE OF ROYAL PALM BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023

NOTE 6 – PENSION PLANS (CONTINUED)

STATE OF FLORIDA RETIREMENT SYSTEM (CONTINUED)

Summary of Significant Accounting Policies (continued)

At September 30, 2023, the Village reported a liability of \$8,017,991 and \$2,975,459 for its proportionate share of the net pension liability of FRS and HIS, respectively. The net pension liability of each plan was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by actuarial valuations as of July 1, 2023. The Village's proportion of the net pension liability was based on a projection of the Village's long-term share of contributions to the pension plan relative to the projected contributions of all participating governments, as actuarially determined. At June 30, 2023, the Village's FRS proportionate share was 0.0002012 percent. The HIS proportionate share was 0.0001873 percent at June 30, 2023.

At September 30, 2023, the Village reported deferred outflows and inflows of resources related to the FRS pension from the following sources:

	FRS	
	Deferred Outflows	Deferred Inflows
Differences between expected and actual experience	\$ 752,820	\$ --
Changes in assumptions	522,679	--
Net difference between projected and actual investment earnings on pension plan investments	334,853	--
Changes in proportion and differences between Village contributions and proportionate share of contributions	71,509	147,184
Village contributions subsequent to the measurement date	289,627	--
Total	\$ 1,971,488	\$ 147,184

VILLAGE OF ROYAL PALM BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023

NOTE 6 – PENSION PLANS (CONTINUED)

STATE OF FLORIDA RETIREMENT SYSTEM (CONTINUED)

Summary of Significant Accounting Policies (continued)

At September 30, 2023, the Village reported net deferred outflows and inflows of resources related to the HIS pension from the following sources:

	HIS	
	Deferred Outflows	Deferred Inflows
Differences between expected and actual experience	\$ 43,559	\$ 6,984
Changes in assumptions	78,224	257,834
Net difference between projected and actual investment earnings on pension plan investments	1,537	--
Changes in proportion and differences between Village contributions and proportionate share of contributions	29,716	114,352
Village contributions subsequent to the measurement date	40,352	--
Total	\$ 193,388	\$ 379,170

Deferred outflows of resources related to FRS and HIS pensions of \$329,979 resulting from Village contributions subsequent to the measurement date of June 30, 2023 will be recognized as a reduction of the net pension liability in the year ending September 30, 2024. Other amounts reported as deferred inflows and outflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal Year Ending September 30,	FRS Amount	HIS Amount
2024	\$ 215,245	\$ (43,493)
2025	(89,010)	(34,832)
2026	1,284,278	(44,927)
2027	95,627	(62,746)
2028	28,537	(35,111)
Thereafter	--	(5,025)
Total	\$ 1,534,677	\$ (226,134)

VILLAGE OF ROYAL PALM BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023

NOTE 6 – PENSION PLANS (CONTINUED)

ACTUARIAL ASSUMPTIONS

The total pension liability for FRS and HIS in the most recent actuarial valuations was determined using the following actuarial assumptions, applied to all periods included in the measurement:

	FRS	HIS
Valuation date	July 1, 2023	July 1, 2022
Measurement date	June 30, 2023	June 30, 2023
Actuarial cost method	Individual Entry	Individual Entry
Age	Age	Age
Amortization method	Level percent of pay, closed	Level percent of pay, closed
Equivalent single amortization period	30 years	30 years
Asset valuation method	5-year smoothed	Fair Market value
Discount rate	6.7%	3.65%
Inflation	2.4%	2.4%
Salary increases, including inflation	3.25%	3.25%
Long-term expected rate of return, net of investment expenses	6.7%	N/A
Municipal bond rate	N/A	3.54%
Cost of living adjustments	3.00% pre-July 2011; 0% thereafter	N/A
Mortality rates	Mortality rates PUB-2010 base table with Scale MP-2018	Mortality rates PUB-2010 base table with Scale MP-2018

The actuarial assumptions that determined the total pension liability as of June 30, 2023, were based on certain results of an actuarial experience study of the FRS for the period July 1, 2013 to June 30, 2018.

LONG-TERM EXPECTED RATE OF RETURN

The long-term expected rate of return on FRS 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

VILLAGE OF ROYAL PALM BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023

NOTE 6 – PENSION PLANS (CONTINUED)

LONG-TERM EXPECTED RATE OF RETURN (CONTINUED)

percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class are as follows:

Asset Class	Target Allocation ¹	Annual Arithmetic Return	Compound Annual (Geometric) Return	Standard Deviation
Cash	1.0%	2.9%	2.9%	1.1%
Fixed income	19.8%	4.5%	4.4%	3.4%
Global equity	54.0%	8.7%	7.1%	18.1%
Real estate (property)	10.3%	7.6%	6.6%	14.8%
Private equity	11.1%	11.9%	8.8%	26.3%
Strategic investments	3.8%	6.3%	6.1%	7.7%
	<u>100%</u>			
Assumed inflation-Mean			2.4%	1.4%

Note: ⁽¹⁾ As outlined in the Plan's investment policy

DISCOUNT RATE

The discount rate used to measure the total pension liability of FRS at June 30, 2023 was 6.70% for FRS and 3.65% for HIS. The FRS discount rate was based on the expected rate of return on FRS investments. The HIS discount rate was based on the municipal bond rate. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rates and that member contributions will be made at rates equal to the difference between actuarially determined contribution rates and the employee rate. Based on those assumptions, the fiduciary net position of FRS was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on investments of FRS was applied to all periods of projected benefit payments to determine the projected total pension liability. Because the HIS uses a pay-as-you-go funding structure, a municipal bond rate of 3.65% was used to determine the total pension liability.

Sensitivity of the Village's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate: The following table presents the Village's proportionate share of the net pension liability of FRS and HIS at September 30, 2023, calculated using the current discount rate, as well as what the Village's proportionate share of the net pension liability

VILLAGE OF ROYAL PALM BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023

NOTE 6 – PENSION PLANS (CONTINUED)

DISCOUNT RATE

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:

FRS			HIS		
	Current			Current	
1.0%	Discount	1.0%	1.0%	Discount	1.0%
Decrease	Rate	Increase	Decrease	Rate	Increase
(5.70)%	(6.70)%	(7.70)%	(2.65)%	(3.65)%	(4.65)%
<u>\$ 13,696,362</u>	<u>\$ 8,017,991</u>	<u>\$ 3,267,355</u>	<u>\$ 3,394,534</u>	<u>\$ 2,975,459</u>	<u>\$ 2,628,074</u>

PENSION PLAN FIDUCIARY NET POSITION:

Detailed information about the fiduciary net position of FRS and HIS are available in a separately issued financial report, which is available on the Publications page of the Division of Retirement's website at www.frs.myflorida.com or in writing to the Research and Education Section at P.O. Box 9000, Tallahassee, Florida, 32315-9000 or by calling toll free 877-377-1737 or 850-488-5706.

PAYABLES TO FRS

There were no amounts payable to FRS by the Village at September 30, 2023.

DEFINED CONTRIBUTION PENSION PLAN

The Village provides pension benefits through a defined contribution plan, the General Employees Pension Trust Fund, administered by the Village for full-time employees that chose to remain in the Plan after it was closed on September 30, 2008. The Plan was established by Village Ordinance and may be amended in the same manner.

In July 2008, the Village amended its defined contribution pension plan to close the plan to new employees as of October 1, 2008, and require new employees to participate in the Florida Retirement System. In addition, the amendment provided for a one-time election for existing plan members to terminate their membership in the existing plan and use their accumulated monies to become a member of the Florida Retirement System and purchase past service in that plan. The amendment also allowed certain plan members to rollover monies from other qualified plans to purchase additional past service credits. At September 30, 2023, there were three active plan members.

VILLAGE OF ROYAL PALM BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023

NOTE 6 – PENSION PLANS (CONTINUED)

DEFINED CONTRIBUTION PENSION PLAN (CONTINUED)

In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. Employees were eligible to participate after completion of one year of continuous service and attainment of the age of 18. The Village makes monthly contributions to the plan equal to 5% of each participant's total earnings. In addition, participants may contribute up to 5% of their total earnings and the Village will match this contribution. Each participant's interest in their accrued benefits from employer contributions, investment earnings, and forfeitures is vested at 20% after two years of credited service and 20% for each additional year of service. Contributions made by the Village and plan members for the fiscal year ended September 30, 2023, amounted to \$21,023 and \$10,511, respectively. The Village's pension trust fund uses the accrual basis of accounting. Employer and plan member contributions are recognized in the period that the contributions are due. Plan investments in mutual funds are reported at fair value and investments in the guaranteed interest account are reported at contract value, which approximates fair value. The investments are valued based on the last reported sales price of mutual fund shares traded on a national exchange. The plan holds no securities issued by the Village.

PLAN DESCRIPTION

On December 19, 2002, the Village established the Police Pension Trust Fund, a single-employer, defined benefit pension plan, for the benefit of the Village of Royal Palm Beach Police Officers. The Plan covered substantially all full time Police personnel through September 30, 2006. During 2006, the Village voted to contract with Palm Beach County for police services and all Village police officers joined Palm Beach County's Sheriff Department as of October 1, 2006. In addition, the Village amended the Plan to allow police officers the option to opt out of the current Plan and join the County's retirement plan or remain in the Village's Plan. All but six Plan members opted out of the Plan. In August 2008, the Village amended the Plan to provide for retirement after 16 years of service, a pension benefit of 2.5% per year of credited service and the creation of a share plan to be funded exclusively with Chapter 185 premium tax receipts received from the State. In conjunction with this amendment, the remaining six plan members retired and the Plan purchased annuities for each of these members to satisfy all future pension obligations under the amended Plan.

The Plan administrator is the Florida Municipal Pension Trust Fund which provides employee pension plans with administrative and investment services.

VILLAGE OF ROYAL PALM BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023

NOTE 6 – PENSION PLANS (CONTINUED)

PLAN DESCRIPTION (CONTINUED)

Pursuant to Chapter 185 of the Florida Statutes, a premium tax on certain insurance contracts written on properties in the Village is collected by the State and remitted to the Village for Police pensions. The Plan is closed to new members and the only activity after September 30, 2008, is receipt of the Chapter 185 funds from the State and the distribution of those funds to the six retired Plan members over their lifetimes.

BASIS OF ACCOUNTING

The Plan's financial statements are prepared using the accrual basis of accounting. Since all Plan members retired in fiscal year 2008, there are no employer or employee contributions. The only future contributions will be from the State of Florida which are recognized when due. Benefits are recognized when due and payable in accordance with the terms of the Plan.

FUNDING POLICY

The Village Council is authorized to establish benefit levels. Pursuant to Florida Statutes, Chapter 185, the State collects a tax on insurance premiums for property and casualty coverage and annually remits a contribution for the Plan. Contribution requirements by the State are established and may only be amended by State statute. Administrative costs of the Police pension plan are paid from State contributions.

ACTUARIAL AND TREND INFORMATION

Since all Plan members retired during the 2008 fiscal year and the future retirement obligations were completely funded by annuities purchased for each retiree, there is no actuarial or trend information. The Plan is effectively a defined contribution plan from that point forward as benefits paid out will be determined by the amount of State contributions received.

A separate stand-alone financial report is not prepared for the General Employees Pension Trust Fund or the Police Pension Trust Fund and, accordingly, a statement of net position and statement of changes in net position for each Plan at September 30, 2023, and for the fiscal year then ended is available in the accompanying combining and individual fund financial statements.

VILLAGE OF ROYAL PALM BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023

NOTE 6 – PENSION PLANS (CONTINUED)

ACTUARIAL AND TREND INFORMATION (CONTINUED)

For the year ended September 30, 2023, the Village recognized an increase in pension expense of \$1,620,054 as the result of GASB Statement No. 68. Deferred outflows and inflows of resources and Net Pension Liability related to pensions are as follows:

	FRS Pension	HIS Pension	Total Pension
Deferred outflows	\$ 1,971,488	\$ 193,388	\$ 2,164,876
Deferred inflows	\$ (147,184)	\$ (379,170)	\$ (526,354)
Net pension liability	\$ (8,017,991)	\$ (2,975,459)	\$ (10,993,450)
Pension expense (income)	\$ 641,643	\$ 978,411	\$ 1,620,054

NOTE 7 – POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS

DESCRIPTION OF THE PLAN

The Village administers a single-employer defined benefit health care plan (the “OPEB Plan”) that provides health care benefits to eligible retired employees and their beneficiaries. The Village Council has the authority to establish and amend the premiums for and the benefit provisions of the OPEB Plan. The OPEB Plan is financed on a “pay-as-you-go” basis and is not administered as a formal qualifying trust. The OPEB Plan does not issue a publicly available financial report.

The Village is required by Florida Statute 112.0801 to allow retirees to buy healthcare coverage at the same group insurance rates that current employees are charged, resulting in an *implicit* healthcare benefit. The State of Florida prohibits the OPEB Plan from separately rating retirees and active employees. The OPEB Plan therefore charges both groups an equal, blended rate premium. Although both groups are charged the same blended rate premium, GAAP requires the actuarial figures to be calculated using age adjusted premiums approximating claim costs for retirees separate from active employees. The use of age adjusted premiums results in the addition of the implicit rate subsidy into the actuarial accrued liability. OPEB Plan members receiving benefits contribute 100% of the monthly premium ranging from a minimum of \$889 for single coverage to a maximum of \$1,618 for single plus spousal coverage.

VILLAGE OF ROYAL PALM BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023

NOTE 7 – POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

PLAN MEMBERSHIP

Membership in the OPEB Plan was comprised of the following at October 1, 2021, the date of the latest actuarial valuation:

Active employees	95
Retirees and beneficiaries receiving benefits	--
Inactive employees not yet receiving benefits	--
Total Members	<u><u>95</u></u>

TOTAL OPEB LIABILITY

The Village's total OPEB liability of \$727,548 was measured as of September 30, 2023, and was determined by an actuarial valuation as of October 1, 2021. The OPEB liability has historically been and will continue to be liquidated primarily by the General Fund.

Actuarial Methods and Significant Assumptions: The actuarial methods and significant assumptions used to determine the Village's total OPEB liability for the current year are summarized as follows:

Valuation Date	October 1, 2021
Actuarial cost method	Entry age, normal
Post-retirement benefit increase	None
Health care cost trend rates	8.00% per year initially, reduced annually by .50% to an ultimate rate of 5.00%
Amortization method	Level percent of projected salary – closed

Actuarial Assumptions:

Discount rate	4.91% ⁽²⁾
Projected salary increases	3.0%

Amortization

Method	Average of expected future working lifetime of the active group
Remaining amortization period	13 years
Mortality rates	PUB-2010 Mortality Table with generational improvements using Scale MP-2020

(1) The plan is funded on a pay-as-you-go basis and is not administered as a formal qualifying trust. There were no plan assets as of September 30, 2023.

VILLAGE OF ROYAL PALM BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023

NOTE 7 – POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

TOTAL OPEB LIABILITY (CONTINUED)

- (2) Since there are currently no invested plan assets held in trust to finance the OPEB obligation, the discount rate is the long-term expected rate of return on tax-exempt, high quality municipal bonds based on the *Bond Buyer 20-Bond GO Index*.

CHANGES IN THE TOTAL OPEB LIABILITY

The changes in the total OPEB liability were as follows for the fiscal year ended September 30, 2023:

Total OPEB Liability at October 1, 2022	\$ 696,991
Changes for the Current Year	
Service cost	47,392
Interest	35,432
Demographic experience changes	--
Assumption changes	(6,226)
Benefit payments	<u>(46,041)</u>
Net Change	<u>30,557</u>
Total OPEB Liability at September 30, 2023	<u><u>\$ 727,548</u></u>

CHANGES OF ASSUMPTIONS

Since prior year, the discount rate was increased from 4.77% to 4.91% per annum.

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate: The following table presents the total OPEB liability of the Village calculated using the current discount rate of 4.91%, as well as what the total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (3.91%) or one percentage point higher (5.91%) than the current rate:

	1.0% Decrease (3.91)%	Current Discount Rate (4.91)%	1.0% Increase (5.91)%
Total OPEB Liability	<u>\$ 782,643</u>	<u>\$ 727,548</u>	<u>\$ 677,287</u>

VILLAGE OF ROYAL PALM BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023

NOTE 7 – POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

CHANGES OF ASSUMPTIONS (CONTINUED)

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rate: The following table presents the total OPEB liability of the Village calculated using the current healthcare cost trend rate of 8.0%, as well as what the total OPEB liability would be if it were calculated using a healthcare cost trend rate that is one percentage point lower (7.0% decreasing to 4.0%) or one percentage point higher (9.0% decreasing to 6.0%) than the current rate:

	1.0% Decrease (7.0% decrease to 4%)	Healthcare Cost Trend Rates (8.0% decreasing to 5%)	1.0% Increase (9.0% decreasing to 6%)
Total OPEB Liability	<u>\$ 647,044</u>	<u>\$ 727,548</u>	<u>\$ 822,776</u>

OPEB EXPENSE AND DEFERRED INFLOWS/OUTFLOWS OF RESOURCES RELATED TO OPEB

For the fiscal year ended September 30, 2023, the Village recognized OPEB expense of \$653. At September 30, 2023, the Village reported deferred outflows/inflows of resources related to OPEB from the following sources:

Description	Deferred Outflows	Deferred Inflows
Changes in assumptions	\$ 1,231	\$ 276,879
Differences between expected and actual experience	103,829	102,921
Total	<u>\$ 105,060</u>	<u>\$ 379,800</u>

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

Fiscal Year Ending September 30	Amount
2024	\$ (36,100)
2025	(36,100)
2026	(36,100)
2027	(36,489)
2028	(36,505)
Thereafter	<u>(93,446)</u>
Total	<u>\$ (274,740)</u>

VILLAGE OF ROYAL PALM BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023

NOTE 8 – COMMITMENTS AND CONTINGENCIES

LITIGATION

The Village is a defendant in various lawsuits arising in the ordinary course of normal operations. Although the ultimate outcome of these lawsuits cannot be determined at the present time, it is the opinion of management based upon consultation with legal counsel, that the outcome of these actions will not materially affect the financial position of the Village.

CONSTRUCTION COMMITMENTS

The Village has several uncompleted construction contracts for improvements to Village facilities. The capital improvement projects are being funded primarily from accumulated funds in the Capital Improvements Fund, the Impact Fee Capital Projects Fund, and the Local Discretionary Sales Surtax Fund. At September 30, 2023, the remaining commitments are summarized as follows:

	Contract Amounts	Approved Payments	Retainage Payable	Remaining Commitments
Governmental capital improvements	<u>\$ 17,731,877</u>	<u>\$ 14,160,040</u>	<u>\$ 745,266</u>	<u>\$ 2,826,571</u>

FIRE PROTECTION AND EMERGENCY MEDICAL SERVICES CONTRACT

In accordance with the terms of interlocal agreements with Palm Beach County, the Village sold two fire stations to the County. In the event the Village no longer utilizes County Fire Rescue services, the Village would be required to repurchase these stations at an amount equal to the tax assessed value for the properties for the year in which the opt out occurs.

VILLAGE OF ROYAL PALM BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023

NOTE 9 – GENERAL EMPLOYEES PENSION TRUST FUND AND THE POLICE PENSION TRUST FUND

A statement of net position and statement of changes in net position for each Plan at September 30, 2023, and for the fiscal year then ended, are presented as follows:

Statement of Net Position

	GE Pension Trust Fund	Pension Trust Fund	Total
Assets			
Cash	\$ --	\$ 100,020	\$ 100,020
Investments			
Mutual funds	2,248,133	--	2,248,133
Guaranteed interest account	446,700	--	446,700
Total Assets	<u>\$ 2,694,833</u>	<u>\$ 100,020</u>	<u>\$ 2,794,853</u>
Net Position			
Net position restricted for pension benefits	<u>\$ 2,694,833</u>	<u>\$ 100,020</u>	<u>\$ 2,794,853</u>

Statement of Changes in Net Position

	GE Pension Trust Fund	Police Pension Trust Fund	Total
Additions			
Contributions:			
Employer	\$ 20,482	\$ --	\$ 20,482
Employee	10,511	--	10,511
State	--	471,790	471,790
Total Contributions	30,993	471,790	502,783
Investment Income			
Net appreciation in fair value of plan assets	347,720	25	347,745
Interest and dividend income	30,569	--	30,569
Net Investment Income	378,289	25	378,314
Total Additions	409,282	471,815	881,097
Deductions			
Distributions to plan participants	70,151	449,863	520,014
Administrative expenses	2,067	1,933	4,000
Total Deductions	72,218	451,796	524,014
Change in Net Position	337,064	20,019	357,083
Net Position Restricted for Pension Benefits - Beg.	<u>2,357,769</u>	<u>80,001</u>	<u>2,437,770</u>
Net Position Restricted for Pension Benefits - End of Year	<u>\$ 2,694,833</u>	<u>\$ 100,020</u>	<u>\$ 2,794,853</u>

REQUIRED SUPPLEMENTARY INFORMATION

VILLAGE OF ROYAL PALM BEACH, FLORIDA

BUDGETARY COMPARISON SCHEDULE GENERAL FUND

**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023
(WITH COMPARATIVE ACTUAL FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022)**

	2023				2022
	Original Budget	Final Budget	Actual	Variance with Final Budget Favorable (Unfavorable)	Actual
Revenue					
Ad valorem taxes					
Current	\$ 7,015,344	\$ 7,015,344	\$ 7,096,919	\$ 81,575	\$ 6,258,259
Delinquent	10,000	10,000	4,932	(5,068)	3,021
Total revenue	<u>7,025,344</u>	<u>7,025,344</u>	<u>7,101,851</u>	<u>76,507</u>	<u>6,261,280</u>
Franchise fees					
Electricity	1,587,403	1,787,403	2,844,991	1,057,588	2,524,353
Water	766,069	766,069	1,075,861	309,792	905,830
Gas	24,000	24,000	39,768	15,768	29,081
Solid waste	151,093	151,093	287,735	136,642	222,725
Total franchise fees	<u>2,528,565</u>	<u>2,728,565</u>	<u>4,248,355</u>	<u>1,519,790</u>	<u>3,681,989</u>
Utility service taxes					
Electricity	2,939,301	2,939,301	3,653,344	714,043	3,137,453
Water	832,962	832,962	719,077	(113,885)	685,615
Gas	103,000	103,000	125,635	22,635	124,005
Telecommunications	919,375	919,375	1,076,958	157,583	997,232
Total utility services taxes	<u>4,794,638</u>	<u>4,794,638</u>	<u>5,575,014</u>	<u>780,376</u>	<u>4,944,305</u>
Business taxes	<u>511,687</u>	<u>511,687</u>	<u>784,136</u>	<u>272,449</u>	<u>780,814</u>
Licenses and permits					
Building permits	788,561	788,561	1,297,585	509,024	1,320,798
Site plan fees	174,000	174,000	412,450	238,450	352,978
Total licenses and permits	<u>962,561</u>	<u>962,561</u>	<u>1,710,035</u>	<u>747,474</u>	<u>1,673,776</u>
Intergovernmental revenue					
Grants	194,000	194,000	357,726	163,726	200,577
State revenue sharing	1,465,324	1,465,324	2,037,742	572,418	1,953,737
Alcoholic beverage license	16,000	16,000	18,039	2,039	20,649
Half-cent sales tax	3,438,285	3,438,285	4,359,351	921,066	4,046,225
Motor fuel tax rebate	4,000	4,000	5,660	1,660	5,066
Local option gas tax	797,828	797,828	819,912	22,084	746,163
Business tax	80,564	80,564	101,879	21,315	86,849
Recycling program	10,000	10,000	--	(10,000)	19,792
Total intergovernmental revenue	<u>6,006,001</u>	<u>6,006,001</u>	<u>7,700,309</u>	<u>1,694,308</u>	<u>7,079,058</u>

(Continued)

See notes to budgetary comparison schedule.

VILLAGE OF ROYAL PALM BEACH, FLORIDA

BUDGETARY COMPARISON SCHEDULE GENERAL FUND (CONTINUED)

**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023
(WITH COMPARATIVE ACTUAL FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022)**

	2023				2022
	Original Budget	Final Budget	Actual	Variance with Final Budget Favorable (Unfavorable)	Actual
Charges for services					
Zoning fees	\$ 10,000	\$ 10,000	\$ 7,140	\$ (2,860)	\$ 13,875
Certification, copying and research	75,100	75,100	63,789	(11,311)	88,012
Lot mowing and clearing	500	500	80	(420)	80
Program activity fees	<u>293,000</u>	<u>293,000</u>	<u>418,968</u>	<u>125,968</u>	<u>351,081</u>
Total charges for services	<u>378,600</u>	<u>378,600</u>	<u>489,977</u>	<u>111,377</u>	<u>453,048</u>
Fines and forfeitures					
Court fines	25,000	25,000	59,207	34,207	44,261
Police education fees	2,500	2,500	4,147	1,647	3,548
Other fines and forfeitures	<u>399,000</u>	<u>399,000</u>	<u>304,491</u>	<u>(94,509)</u>	<u>497,031</u>
Total fines and forfeitures	<u>426,500</u>	<u>426,500</u>	<u>367,845</u>	<u>(58,655)</u>	<u>544,840</u>
Miscellaneous					
Investment earnings (loss)	103,000	103,000	2,299,293	2,196,293	(3,393,738)
Rents and royalties	830,596	830,596	1,222,867	392,271	1,195,975
Sale of surplus materials/ capital assets	17,000	17,000	411,489	394,489	84,344
Insurance recoveries	10,000	10,000	33,839	23,839	34,223
Contributions and donations	2,000	2,000	8,291	6,291	8,057
Other miscellaneous revenue	<u>209,500</u>	<u>209,500</u>	<u>316,218</u>	<u>106,718</u>	<u>442,150</u>
Total Miscellaneous	<u>1,172,096</u>	<u>1,172,096</u>	<u>4,291,997</u>	<u>3,119,901</u>	<u>(1,628,989)</u>
Total Revenue	<u>\$ 23,805,992</u>	<u>\$ 24,005,992</u>	<u>\$ 32,269,519</u>	<u>\$ 8,263,527</u>	<u>\$ 23,790,121</u>

(Continued)

See notes to budgetary comparison schedule.

VILLAGE OF ROYAL PALM BEACH, FLORIDA

BUDGETARY COMPARISON SCHEDULE GENERAL FUND (CONTINUED)

**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023
(WITH COMPARATIVE ACTUAL FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022)**

	2023				2022
	Original Budget	Final Budget	Actual	Variance with Final Budget Favorable (Unfavorable)	Actual
Expenditures					
General Government					
Legislative - Council					
Personnel services	\$ 172,265	\$ 172,265	\$ 171,603	\$ 662	\$ 154,059
Operating expenditures	<u>160,578</u>	<u>160,578</u>	<u>139,031</u>	<u>21,547</u>	<u>140,963</u>
Total legislative - council	<u>332,843</u>	<u>332,843</u>	<u>310,634</u>	<u>22,209</u>	<u>295,022</u>
Executive					
Personnel services	1,651,482	1,651,482	1,704,538	(53,056)	1,377,702
Operating expenditures	<u>404,930</u>	<u>476,430</u>	<u>303,373</u>	<u>173,057</u>	<u>331,681</u>
Total executive - council	<u>2,056,412</u>	<u>2,127,912</u>	<u>2,007,911</u>	<u>120,001</u>	<u>1,709,383</u>
Finance and administrative					
Personnel services	761,804	761,804	685,334	76,470	646,862
Operating expenditures	<u>250,011</u>	<u>250,011</u>	<u>150,307</u>	<u>99,704</u>	<u>237,231</u>
Total finance and administrative	<u>1,011,815</u>	<u>1,011,815</u>	<u>835,641</u>	<u>176,174</u>	<u>884,093</u>
Information Systems					
Personnel services	695,922	695,922	694,396	1,526	652,572
Operating expenditures	<u>620,349</u>	<u>620,349</u>	<u>447,444</u>	<u>172,905</u>	<u>456,965</u>
Total information systems	<u>1,316,271</u>	<u>1,316,271</u>	<u>1,141,840</u>	<u>174,431</u>	<u>1,109,537</u>
Legal					
Operating expenditures	<u>395,000</u>	<u>395,000</u>	<u>361,755</u>	<u>33,245</u>	<u>358,877</u>
Non-departmental					
Utility services	1,106,652	1,306,652	1,295,019	11,633	1,211,171
Insurance	1,053,596	1,053,596	1,015,896	37,700	946,425
Other	<u>197,625</u>	<u>197,625</u>	<u>166,092</u>	<u>31,533</u>	<u>165,008</u>
Total non-departmental	<u>2,357,873</u>	<u>2,557,873</u>	<u>2,477,007</u>	<u>80,866</u>	<u>2,322,604</u>
Total General Government	<u>7,470,214</u>	<u>7,741,714</u>	<u>7,134,788</u>	<u>606,926</u>	<u>6,679,516</u>

(Continued)

See notes to budgetary comparison schedule.

VILLAGE OF ROYAL PALM BEACH, FLORIDA

BUDGETARY COMPARISON SCHEDULE GENERAL FUND (CONTINUED)

**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023
(WITH COMPARATIVE ACTUAL FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022)**

	2023				2022
	Original Budget	Final Budget	Actual	Variance with Final Budget Favorable (Unfavorable)	Actual
Public Safety					
Law enforcement					
Operating expenditures	\$ 8,595,745	\$ 8,600,086	\$ 8,600,336	\$ (250)	\$ 8,262,721
Capital outlay	--	--	--	--	--
Total law enforcement	<u>8,595,745</u>	<u>8,600,086</u>	<u>8,600,336</u>	<u>(250)</u>	<u>8,262,721</u>
Community Development					
Personnel services	1,245,659	1,245,659	1,256,139	(10,480)	1,200,377
Operating expenditures	<u>131,348</u>	<u>131,348</u>	<u>93,080</u>	<u>38,268</u>	<u>91,753</u>
Total community development	<u>1,377,007</u>	<u>1,377,007</u>	<u>1,349,219</u>	<u>27,788</u>	<u>1,292,130</u>
Total Public Safety	<u>9,972,752</u>	<u>9,977,093</u>	<u>9,949,555</u>	<u>27,538</u>	<u>9,554,851</u>
Physical Environment					
Engineering					
Personnel services	1,074,730	1,074,730	1,116,820	(42,090)	1,055,833
Operating expenditures	<u>104,624</u>	<u>104,624</u>	<u>47,740</u>	<u>56,884</u>	<u>40,950</u>
Total Engineering	<u>1,179,354</u>	<u>1,179,354</u>	<u>1,164,560</u>	<u>14,794</u>	<u>1,096,783</u>
Public Works					
Personnel services	2,113,538	2,113,538	1,831,439	282,099	1,769,802
Operating expenditures	920,139	920,139	1,038,629	(118,490)	888,365
Capital outlay	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>7,643</u>
Total Public Works	<u>3,033,677</u>	<u>3,033,677</u>	<u>2,870,068</u>	<u>163,609</u>	<u>2,665,810</u>
Total Physical Environment	<u>4,213,031</u>	<u>4,213,031</u>	<u>4,034,628</u>	<u>178,403</u>	<u>3,762,593</u>

(Continued)

See notes to budgetary comparison schedule.

VILLAGE OF ROYAL PALM BEACH, FLORIDA

BUDGETARY COMPARISON SCHEDULE GENERAL FUND (CONTINUED)

**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023
(WITH COMPARATIVE ACTUAL FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022)**

	2023				2022
	Original Budget	Final Budget	Actual	Variance with Final Budget Favorable (Unfavorable)	Actual
Culture and Recreation					
Personnel services	\$ 4,018,754	\$ 4,018,754	\$ 3,464,470	\$ 554,284	\$ 3,169,405
Operating expenditures	2,057,271	2,057,271	1,778,839	278,432	1,490,989
Capital outlay	<u>43,500</u>	<u>43,500</u>	<u>--</u>	<u>43,500</u>	<u>--</u>
Total Culture and Recreation	<u>6,119,525</u>	<u>6,119,525</u>	<u>5,243,309</u>	<u>876,216</u>	<u>4,660,394</u>
Total Expenditures	27,775,522	28,051,363	26,362,280	1,689,083	24,657,354
Other Financing Uses					
Transfers in	2,500,000	2,500,000	2,500,000	--	--
Transfers out	<u>(1,000,000)</u>	<u>(1,000,000)</u>	<u>(6,200,000)</u>	<u>(5,200,000)</u>	<u>(1,500,000)</u>
Total Other Financing Uses	<u>1,500,000</u>	<u>1,500,000</u>	<u>(3,700,000)</u>	<u>(5,200,000)</u>	<u>(1,500,000)</u>
Revenue Over (Under) Expenditures and Other Financing Uses	<u>\$ (2,469,530)</u>	<u>\$ (2,545,371)</u>	<u>\$ 2,207,239</u>	<u>\$ 4,752,610</u>	<u>\$ (2,367,233)</u>

See notes to budgetary comparison schedule.

VILLAGE OF ROYAL PALM BEACH, FLORIDA

NOTES TO BUDGETARY COMPARISON SCHEDULE

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023

NOTE 1 – BUDGETARY ACCOUNTING

BUDGETS

The Village is legally required to adopt a budget only for the General Fund. This budget is prepared on the modified accrual basis of accounting. Unencumbered appropriations lapse at fiscal year end. State on-behalf payments for the police pension are not budgeted. The Village does not adopt a budget for its Impact Fee Capital Projects Fund.

Changes or amendments to the total budgeted expenditures of the Village or total departmental expenditures must be approved by the Village Council; however, changes within a department that do not affect the total departmental expenditures may be approved by the Village Manager. Accordingly, the legal level of control is at the department level.

The Village has complied with the Florida Statute requirement that budgets be in balance. The budgeted expenditures reflected in the accompanying financial statements exceed revenue by the amounts budgeted from beginning fund balance.

ENCUMBRANCES

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of funds are recorded in order to reserve that portion of the applicable appropriation, is employed as part of the budgetary accounting system in the General Fund. Encumbrances outstanding at year end, if any, are reported as committed or assigned fund balance since they do not constitute expenditures or liabilities. For budgetary purposes current year encumbrances, if any, are treated as expenditures. Encumbrances lapse at year end. However, encumbrances that relate to capital outlay are reappropriated in the subsequent year.

VILLAGE OF ROYAL PALM BEACH, FLORIDA

NOTES TO BUDGETARY COMPARISON SCHEDULE

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023

NOTE 2 - BUDGET AND ACTUAL COMPARISONS

The adopted budgets are prepared on the modified accrual basis of accounting in accordance with GAAP, except that the State of Florida on-behalf payments to the Village for the police pension plan are not budgeted. In addition, insurance recoveries and proceeds from the sale of capital assets are budgeted as miscellaneous revenue. As a result, General Fund revenue and expenditures reported in the budgetary comparison schedule differ from the revenue and expenditures reported on the GAAP basis and can be reconciled as follows:

	<u>Revenue</u>	<u>Expenditures</u>
Budgetary Basis	\$ 32,269,519	\$ 26,362,280
State on-behalf pension payments	471,790	471,790
Insurance recoveries	(33,839)	--
Proceeds from sale of capital assets	<u>(411,489)</u>	<u>--</u>
GAAP Basis	<u>\$ 32,295,981</u>	<u>\$ 26,834,070</u>

VILLAGE OF ROYAL PALM BEACH, FLORIDA

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE VILLAGE'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY FLORIDA RETIREMENT SYSTEM (FRS) PENSION PLAN

	Measurement Date June 30,									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Village's proportion of the net pension liability	<u>0.020122028%</u>	<u>0.020574733%</u>	<u>0.020783556%</u>	<u>0.020730555%</u>	<u>0.019983101%</u>	<u>0.019930033%</u>	<u>0.020504108%</u>	<u>0.019904538%</u>	<u>0.019853481%</u>	<u>0.018714460%</u>
Village's proportionate share of the net pension liability	<u>\$ 8,017,991</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>
Village covered payroll	<u>\$ 6,758,000</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>
Village's proportionate share of the net pension liability as a percentage of Village covered payroll	<u>118.64%</u>	<u>115.38%</u>	<u>118.20%</u>	<u>128.98%</u>	<u>103.73%</u>	<u>92.81%</u>	<u>95.05%</u>	<u>86.05%</u>	<u>100.44%</u>	<u>21.68%</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>6,873,000</u> <u>82.38%</u>	<u>6,794,000</u> <u>82.89%</u>	<u>7,015,000</u> <u>96.40%</u>	<u>6,635,000</u> <u>78.80%</u>	<u>6,461,000</u> <u>82.60%</u>	<u>6,355,000</u> <u>84.30%</u>	<u>5,841,000</u> <u>83.90%</u>	<u>5,463,000</u> <u>84.90%</u>	<u>5,268,000</u> <u>92.00%</u>	<u>96.10%</u>

Note: The above schedule is intended to compile ten years of data.

VILLAGE OF ROYAL PALM BEACH, FLORIDA

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE VILLAGE'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY FLORIDA RETIREE HEALTH INSURANCE SUBSIDY (HIS) TRUST FUND

	Measurement Date June 30,									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Village's proportion of the net pension liability	<u>0.018735574%</u>	<u>0.019293505%</u>	<u>0.019175861%</u>	<u>0.020169162%</u>	<u>0.019828574%</u>	<u>0.019779122%</u>	<u>0.019930053%</u>	<u>0.018916681%</u>	<u>0.018008213%</u>	<u>0.017729512%</u>
Village's proportionate share of the net pension liability	<u>\$ 2,975,459</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>
Village covered payroll	<u>\$ 6,758,000</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>
Village's proportionate share of the net pension liability as a percentage of Village covered payroll	<u>44.03%</u> <u>44.03%</u>	<u>29.53%</u> <u>29.53%</u>	<u>34.62%</u> <u>34.62%</u>	<u>35.21%</u> <u>35.21%</u>	<u>33.64%</u> <u>33.64%</u>	<u>32.40%</u> <u>32.40%</u>	<u>32.52%</u> <u>32.52%</u>	<u>37.74%</u> <u>37.74%</u>	<u>33.62%</u> <u>33.62%</u>	<u>31.47%</u> <u>31.47%</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>6,873,000</u> <u>4.12%</u>	<u>6,794,000</u> <u>4.81%</u>	<u>7,015,000</u> <u>3.56%</u>	<u>6,635,000</u> <u>2.60%</u>	<u>6,461,000</u> <u>2.10%</u>	<u>6,355,000</u> <u>1.60%</u>	<u>5,841,000</u> <u>1.00%</u>	<u>5,463,000</u> <u>0.50%</u>	<u>5,268,000</u> <u>0.50%</u>	<u>1.00%</u>

Note: The above schedule is intended to compile ten years of data.

VILLAGE OF ROYAL PALM BEACH, FLORIDA

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF VILLAGE CONTRIBUTIONS FLORIDA RETIREMENT SYSTEM AND HIS PLANS

September 30, Florida Retirement System (FRS) Pension Plan	Fiscal Year									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Contractually required Village contribution	\$ 1,113,998	\$ 877,961	\$ 791,764	\$ 716,995	\$ 634,034	\$ 576,619	\$ 522,127	\$ 500,767	\$ 480,540	\$ 432,730
Contributions in relation to the contractually required Village contribution	<u>1,113,998</u>	<u>877,961</u>	<u>791,764</u>	<u>716,995</u>	<u>634,034</u>	<u>576,619</u>	<u>522,127</u>	<u>500,767</u>	<u>480,540</u>	<u>432,730</u>
Contribution deficiency (excess)	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>
Village covered payroll	<u>\$ 6,795,000</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>
Contributions as a percentage of Village covered payroll	<u>16.39% --</u>	<u>12.74% --</u>	<u>11.59% --</u>	<u>10.22% --</u>	<u>9.42% --</u>	<u>8.93% --</u>	<u>8.38% --</u>	<u>8.43% --</u>	<u>8.71% --</u>	<u>8.18%</u>
	6,891,000	6,830,000	7,014,000	6,731,000	6,460,000	6,231,000	5,938,000	5,518,000	5,292,000	
Florida Retiree Health Insurance Subsidy (HIS) Trust Fund										
Contractually required Village contribution	\$ 148,128	\$ 116,742	\$ 112,716	\$ 116,239	\$ 111,687	\$ 107,260	\$ 103,430	\$ 98,587	\$ 75,375	\$ 63,275
Contributions in relation to the contractually required Village contribution	<u>148,128</u>	<u>116,742</u>	<u>112,716</u>	<u>116,239</u>	<u>111,687</u>	<u>107,260</u>	<u>103,430</u>	<u>98,587</u>	<u>75,375</u>	<u>63,275</u>
Contribution deficiency (excess)	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>
Village covered payroll	<u>\$ 6,795,000</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>
Contributions as a percentage of Village covered payroll	<u>2.18% --</u>	<u>1.69% --</u>	<u>1.65% --</u>	<u>1.66% --</u>	<u>1.66% --</u>	<u>1.66% --</u>	<u>1.66% --</u>	<u>1.66% --</u>	<u>1.37% --</u>	<u>1.20%</u>
	6,891,000	6,830,000	7,014,000	6,731,000	6,460,000	6,231,000	5,938,000	5,518,000	5,292,000	

Net cash provided by non-capital and related financing activities

Note: The above schedule is intended to compile ten years of data.

VILLAGE OF ROYAL PALM BEACH, FLORIDA

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS

	Measurement Date September 30,					
	2023	2022	2021	2020	2019	2018
Total OPEB Liability						
Service cost	\$ 47,392	\$ 48,534	\$ 81,017	\$ 84,833	\$ 65,751	\$ 59,509
Interest	35,432	49,227	24,627	18,927	10,829	9,801
Demographic experience changes	--	(137,477)	16,283	184,164	--	--
Assumption changes	(6,226)	(230,502)	(36,185)	(127,906)	--	--
Benefit payments	<u>(46,041)</u>	<u>(32,152)</u>	<u>(37,382)</u>	<u>(15,668)</u>	<u>--</u>	<u>--</u>
Net Change in Total OPEB Liability	30,557	(302,370)	48,360	144,350	76,580	69,310
Total OPEB Liability - Beginning of Fiscal Year	<u>696,991</u>	<u>999,361</u>	<u>951,001</u>	<u>806,651</u>	<u>730,071</u>	<u>660,761</u>
Total OPEB Liability - End of Fiscal Year	<u>\$ 727,548</u>	<u>\$ 696,991</u>	<u>\$ 999,361</u>	<u>\$ 951,001</u>	<u>\$ 806,651</u>	<u>\$ 730,071</u>
 Village Covered Employee Payroll	 <u>\$ 6,010,181</u>	 <u>\$ 6,010,181</u>	 <u>\$ 5,435,763</u>	 <u>\$ 7,191,000</u>	 <u>\$ 6,899,000</u>	 <u>\$ 6,618,000</u>
 Total OPEB Liability as a Percentage of Village Covered Employee Payroll	 <u>12.1%</u>	 <u>11.6%</u>	 <u>18.4%</u>	 <u>13.2%</u>	 <u>11.7%</u>	 <u>11.0%</u>

Notes to Schedule:

The plan is funded on a pay-as-you-go basis and is not administered as a formal qualifying trust. There were no plan assets as of the date of the most recent valuation. Since there are currently no invested plan assets held in trust to finance the OPEB obligation, the discount rate is the long-term expected rate of return on tax-exempt, high quality municipal bonds based on the Bond Buyer 20-Bond GO Index.

Note: The above schedule is intended to compile ten years of data. Additional data will be compiled as information becomes available.

**COMBINING AND INDIVIDUAL
FUND FINANCIAL STATEMENTS**

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

Special revenue funds are used to account for specific revenue that is restricted to expenditure for particular purposes. The Village's nonmajor special revenue funds are as follows:

Recreation Facility Fund – To account for contributions received from local developers and businesses for the acquisition, improvement, expansion or implementation of parks and recreational facilities.

Community Beautification Fund – To account for contributions received from local developers to enhance the aesthetic landscape and visual perception of the Village.

CAPITAL PROJECTS FUNDS

Capital Improvements Fund – To account for the Village's general capital improvement program.

Impact Fee Capital Projects Fund – To account for the expenditure of impact fees on various capital improvement projects.

VILLAGE OF ROYAL PALM BEACH, FLORIDA

COMBINING BALANCE SHEET NONMAJOR GOVERNMENTAL FUNDS

SEPTEMBER 30, 2023

	Special Revenue Funds		Capital Projects Funds		Total Nonmajor Governmental Funds
	Recreation Facility Fund	Community Beautification Fund	Capital Improvements Fund	Impact Fee Capital Projects Fund	
Assets					
Cash and cash equivalents	\$ 359,328	\$ 227,865	\$ 1,917,352	\$ 5,066,581	\$ 7,571,126
Total Assets	<u>\$ 359,328</u>	<u>\$ 227,865</u>	<u>\$ 1,917,352</u>	<u>\$ 5,066,581</u>	<u>\$ 7,571,126</u>
Liabilities and Fund Balances					
Liabilities					
Accounts payable	\$ --	\$ --	\$ 398,907	\$ 2,987	\$ 401,894
Retainage payable	--	--	<u>2,198</u>	<u>82,437</u>	<u>84,635</u>
Total Liabilities	<u>--</u>	<u>--</u>	<u>401,105</u>	<u>85,424</u>	<u>486,529</u>
Fund Balances					
Restricted for capital projects	--	--	1,516,247	--	1,516,247
Committed for capital projects	--	--	--	4,981,157	4,981,157
Committed for recreation facilities	359,328	--	--	--	359,328
Committed for community beautification	<u>--</u>	<u>227,865</u>	<u>--</u>	<u>--</u>	<u>227,865</u>
Total Fund Balances	<u>359,328</u>	<u>227,865</u>	<u>1,516,247</u>	<u>4,981,157</u>	<u>7,084,597</u>
Total Liabilities and Fund Balances	<u>\$ 359,328</u>	<u>\$ 227,865</u>	<u>\$ 1,917,352</u>	<u>\$ 5,066,581</u>	<u>\$ 7,571,126</u>

VILLAGE OF ROYAL PALM BEACH, FLORIDA

COMBINING STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES NONMAJOR GOVERNMENTAL FUNDS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023

	Special Revenue Funds		Capital Projects Funds		Total Nonmajor Governmental Funds
	Recreation Facility Fund	Community Beautification Fund	Capital Improvements Fund	Impact Fee Capital Projects Fund	
Revenue					
Miscellaneous:					
Investment earnings	\$ 3,148	\$ 1,749	\$ 18,187	\$ 14,098	\$ 37,182
Impact fees	<u>549,104</u>	<u>91,728</u>	<u>5,000</u>	<u>1,253,760</u>	<u>1,899,592</u>
Total Revenue	<u>552,252</u>	<u>93,477</u>	<u>23,187</u>	<u>1,267,858</u>	<u>1,936,774</u>
Expenditures					
Current					
General government	--	--	76,203	--	76,203
Public works	--	245,006	182,160	--	427,166
Capital outlay	<u>--</u>	<u>--</u>	<u>1,470,344</u>	<u>172,802</u>	<u>1,643,146</u>
Total Expenditures	<u>--</u>	<u>245,006</u>	<u>1,728,707</u>	<u>172,802</u>	<u>2,146,515</u>
Revenue Over (Under) Expenditures	<u>552,252</u>	<u>(151,529)</u>	<u>(1,705,520)</u>	<u>1,095,056</u>	<u>(209,741)</u>
Other Financing Sources (Uses)					
Transfers in	--	--	2,500,000	3,700,000	6,200,000
Transfers out	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
Total Other Financing Sources (Uses)	<u>--</u>	<u>--</u>	<u>2,500,000</u>	<u>3,700,000</u>	<u>6,200,000</u>
Net Change in Fund Balances	552,252	(151,529)	794,480	4,795,056	5,990,259
Fund Balances, Beginning	<u>(192,924)</u>	<u>379,394</u>	<u>721,767</u>	<u>186,101</u>	<u>1,094,338</u>
Fund balances, Ending	<u>\$ 359,328</u>	<u>\$ 227,865</u>	<u>\$ 1,516,247</u>	<u>\$ 4,981,157</u>	<u>\$ 7,084,597</u>

FIDUCIARY FUNDS

These funds are used to account for assets held in trust by the Village for pension benefits.

General Employees Pension Trust Fund - This fund was established to receive and invest Village and employee contributions in a defined contribution pension plan and to disburse them to employees in accordance with the Pension Plan Ordinance.

Police Pension Trust Fund - This fund was established in 2003 to receive and invest Village, State and Police employee contributions in a defined benefit pension plan and to disburse them to Police employees in accordance with the Pension Plan Ordinance.

VILLAGE OF ROYAL PALM BEACH, FLORIDA

COMBINING STATEMENT OF FIDUCIARY NET POSITION FIDUCIARY FUNDS

SEPTEMBER 30, 2023

	General Employees Pension Fund	Police Pension Trust Fund	Total
<hr/>			
Assets			
Cash	\$ --	\$ 100,020	\$ 100,020
Investments			
Mutual funds	2,248,133	--	2,248,133
Guaranteed interest account	<u>446,700</u>	<u>--</u>	<u>446,700</u>
Total Assets	<u>2,694,833</u>	<u>100,020</u>	<u>2,794,853</u>
Net Position			
Net position restricted for pension benefits	<u>\$ 2,694,833</u>	<u>\$ 100,020</u>	<u>\$ 2,794,853</u>

VILLAGE OF ROYAL PALM BEACH, FLORIDA

COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION FIDUCIARY FUNDS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023

	General Employees Pension Trust Fund	Police Pension Trust Fund	Total
Additions			
Contributions			
Employer	\$ 20,482	\$ --	\$ 20,482
Employee	10,511	--	10,511
State	<u>--</u>	<u>471,790</u>	<u>471,790</u>
Total Contributions	<u>30,993</u>	<u>471,790</u>	<u>502,783</u>
Investment earnings			
Net appreciation in fair value of plan assets	347,720	25	347,745
Interest and dividend income	<u>30,569</u>	<u>--</u>	<u>30,569</u>
Total Investment Income	<u>378,289</u>	<u>25</u>	<u>378,314</u>
Total Additions	<u>409,282</u>	<u>471,815</u>	<u>881,097</u>
Deductions			
Distributions to plan participants	70,151	449,863	520,014
Administrative expenses	<u>2,067</u>	<u>1,933</u>	<u>4,000</u>
Total Deductions	<u>72,218</u>	<u>451,796</u>	<u>524,014</u>
Change in Net Position	337,064	20,019	357,083
Net Position Restricted for Pension Benefits			
Beginning of Year	<u>2,357,769</u>	<u>80,001</u>	<u>2,437,770</u>
Net Position Restricted for Pension Benefits			
End of Year	<u>\$ 2,694,833</u>	<u>\$ 100,020</u>	<u>\$ 2,794,853</u>

STATISTICAL SECTION

STATISTICAL SECTION

TABLE OF CONTENTS

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

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<i>These schedules contain trend information to help the reader understand how the Village of Royal Palm Beach's financial performance and well-being have changed over time.</i>	
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<i>These schedules contain information to help the reader assess the Village of Royal Palm Beach's most significant local revenue sources, the property tax and utility service tax.</i>	
Debt Capacity.....	88-90
<i>These schedules present information to help the reader assess the affordability of the Village of Royal Palm Beach's current levels of outstanding debt and the Village of Royal Palm Beach's ability to issue additional debt in the future.</i>	
Demographic and Economic Information.....	91-92
<i>These schedules offer demographic and economic indicators to help the reader understand the environment within which the Village of Royal Palm Beach's financial activities take place and to help make comparisons over time and with other governments.</i>	
Operating Information	93-95
<i>These schedules contain information about the Village's operations and resources to help the reader understand how the information in the Village of Royal Palm Beach's financial report relates to the services the Village provides and the activities it performs.</i>	

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

VILLAGE OF ROYAL PALM BEACH

NET POSITION BY COMPONENT

LAST TEN FISCAL YEARS (ACCRUAL BASIS OF ACCOUNTING)

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Governmental Activities										
Net investment in capital assets	\$ 67,253,260	\$ 66,182,131	\$ 82,344,700	\$ 82,460,016	\$ 83,534,506	\$ 83,338,042	\$ 82,470,935	\$ 80,933,284	\$ 85,506,364	\$ 88,722,294
Restricted	125,642	128,583	123,721	1,978,001	4,088,102	6,084,401	6,823,535	8,612,003	8,171,566	5,034,847
Unrestricted	<u>75,875,696</u>	<u>69,582,386</u>	<u>83,134,120</u>	<u>79,301,795</u>	<u>75,621,166</u>	<u>74,965,530</u>	<u>72,970,657</u>	<u>72,602,195</u>	<u>67,710,204</u>	<u>74,127,169</u>
Total Governmental Activities Net Position	<u>\$ 143,254,598</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>
Business-type Activities										
Net investment in capital assets	\$ 1,462,328	\$ 1,462,328	\$ 112,328	\$ 112,328	\$ 112,328	\$ 112,328	\$ 112,328	\$ 112,328	\$ 112,328	\$ 975,739
Unrestricted (deficit)	<u>135,893,800</u>	<u>165,607,546</u>	<u>163,739,842</u>	<u>163,249,774</u>	<u>164,387,974</u>	<u>162,265,514</u>	<u>162,147,482</u>	<u>161,388,434</u>	<u>167,884,967</u>	<u>603,689</u>
Total Business-type Activities Net Position	<u>\$ 1,758,206</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>
Primary Government										
Net investment in capital assets	\$ 68,715,588	\$ 67,644,459	\$ 82,457,028	\$ 82,572,344	\$ 83,646,834	\$ 83,450,370	\$ 82,583,263	\$ 81,045,612	\$ 85,618,692	\$ 89,698,033
Restricted	1,010,243	128,583	123,721	1,978,001	4,088,102	6,084,401	6,823,535	8,612,003	8,171,566	5,034,847
Unrestricted	<u>76,171,574</u>	<u>69,770,901</u>	<u>83,267,462</u>	<u>79,462,103</u>	<u>75,852,480</u>	<u>75,476,044</u>	<u>73,370,108</u>	<u>73,359,628</u>	<u>68,559,861</u>	<u>74,730,858</u>
Total Primary Government Net Position	<u>\$ 145,012,804</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>
	137,503,343	165,848,211	164,012,448	163,587,416	165,010,815	162,776,906	163,017,243	162,350,119	169,463,738	

VILLAGE OF ROYAL PALM BEACH

CHANGES IN NET POSITION

LAST TEN FISCAL YEARS (ACCRUAL BASIS OF ACCOUNTING)

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Expenses										
Governmental activities:										
General government	\$ 5,055,361	\$ 5,077,561	\$ 5,436,143	\$ 5,863,876	\$ 5,966,518	\$ 6,456,215	\$ 7,211,134	\$ 5,919,803	\$ 7,268,250	\$ 7,984,311
Public safety	8,675,596	8,779,942	9,083,219	9,317,725	9,480,280	9,853,312	9,663,356	9,975,237	10,051,979	10,730,616
Physical environment	5,887,755	5,873,381	5,973,824	6,667,053	7,237,176	6,877,689	7,273,093	6,883,260	7,029,786	9,197,541
Culture and recreation	4,927,803	5,310,937	5,936,648	6,411,165	6,895,654	7,113,180	6,904,888	5,779,597	6,433,893	8,786,049
Interest on long-term debt	479,660									
Total governmental activities expenses	25,026,175	25,487,370	26,898,252	28,259,819	29,579,628	30,300,396	31,052,471	28,557,897	30,783,908	36,698,517
Business-type activities:										
Water and wastewater	--	--	354,802	--	--	--	--	--	--	--
Stormwater	670,174	468,418								
Total business-type activities expense:	670,174	737,943	1,163,665	771,144	833,234	888,386	1,166,192	749,309	1,004,900	1,165,653
Total Primary Government Expenses	\$ 25,696,349	\$	\$	\$	\$	\$	\$	\$	\$	\$
Program Revenue	737,943	808,863	771,144	833,234	888,386	1,166,192	749,309	1,004,900	1,165,653	
Governmental activities:										
Charges for services:										
General government	\$ 26,225,319	\$ 28,818,357	\$ 29,698,106	\$ 30,744,882	\$ 31,688,782	\$ 32,218,863	\$ 29,519,356	\$ 31,948,371	\$ 32,170,470	\$ 3,680,556
Public safety	1,425,309	1,705,893	1,755,132	1,424,655	1,955,000	1,870,694	1,751,453	322,743	544,840	367,845
Public works	5,360	3,440	5,200	5,995	745	480	800	640	--	80
Culture and recreation	831,774	902,784	885,528	821,920	944,934	976,771	652,271	1,023,911	1,547,056	1,641,835
Operating grants and contributions:										
General government	63,000	46,850	42,500	42,633	216,143	105,298	65,755	--	239,091	50,447
Public safety	252,448	266,018	306,237	306,793	329,939	364,344	384,122	121,455	--	--
Physical Environment	35,505	135,808	137,650	179,504	171,644	621,257	342,735	313,247	200,577	198,981
Culture and recreation	--	--	--	--	--	--	--	--	--	108,298
Capital grants and contributions:										
General government	11,838	14,919	184,082	344,148	162,615	337,958	94,375	--	--	4,632,011
Public safety	50,798	83,512	101,577	181,838	--	--	--	--	--	--
Physical Environment	221,395	323,938	29,194	997,245	1,590,025	1,094,562	755,034	--	1,002,254	--
Culture and recreation	114,159									
Total Governmental Activities Program Revenue	3,833,352	4,488,108	5,198,784	5,991,054	6,568,701	6,467,288	4,593,358	3,831,367	6,059,862	10,680,053
Business-type activities:									355,571	
Charges for services:		1,083,578								
Water and wastewater	186,589	--	941,833	512,029	529,066	27,557	--	--	--	--
Stormwater	766,045						--		--	
Capital grants and contributions										
Stormwater	--	--	--	--	--	--	--	--	--	568,432
Total Business-type Activities Program Revenue	766,045	785,709	794,059	798,110	905,257	1,116,573	1,013,424	1,075,148	1,063,561	1,665,068
Total Primary Government Program Revenue	\$ 4,389,397	\$ 794,059	\$ 798,110	\$ 905,257	\$ 1,116,573	\$ 1,013,424	\$ 1,075,148	\$ 1,063,561	\$ 1,096,636	\$
										(Continued)
	5,273,817	5,992,843	6,789,164	7,473,958	7,583,861	5,606,782	4,906,515	7,123,423	12,345,121	

VILLAGE OF ROYAL PALM BEACH

CHANGES IN NET POSITION (CONTINUED)

LAST TEN FISCAL YEARS (ACCRUAL BASIS OF ACCOUNTING)

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Net (Expense) Revenue										
Governmental activities	\$ (21,192,823)	\$ (20,999,262)	\$ (21,699,468)	\$ (22,268,765)	\$ (23,010,927)	\$ (23,833,108)	\$ (26,459,113)	\$ (24,726,530)	\$ (24,724,046)	\$ (26,018,464)
Business-type activities	95,871									
Total Primary Government Net Expense	<u>\$ (21,096,852)</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>
General Revenue and Other Changes in Net Position										
	47,766	(369,606)		72,023	228,187	(152,768)	325,839	58,661	499,415	
			26,966							
Governmental activities:	(20,951,496)	(22,069,074)	(22,241,799)	(22,938,904)	(23,604,921)	(26,611,881)	(24,400,691)	(24,665,385)	(25,519,049)	
Taxes:										
Property taxes	\$ 3,463,389	\$ 3,766,974	\$ 4,272,825	\$ 4,658,932	\$ 4,996,956	\$ 5,278,156	\$ 5,489,761	\$ 5,972,737	\$ 6,261,280	\$ 7,101,851
Franchise fees	2,737,903	2,799,075	2,829,621	2,760,818	2,708,888	2,945,827	3,099,076	3,296,230	3,681,989	4,248,355
Utility service taxes	4,479,608	4,476,157	4,499,054	4,557,505	4,642,324	4,634,148	4,672,259	4,741,110	4,944,305	5,575,014
Business taxes	732,620	704,682	695,591	693,524	686,382	645,288	651,866	521,599	780,814	784,136
State shared revenue, unrestricted	4,234,389	4,620,757	4,883,138	6,893,200	7,752,017	7,950,246	7,421,874	9,313,803	11,091,441	11,655,033
Investment earnings	417,401	825,024	922,983	572,871	462,214	3,521,218	2,999,074	237,543	(3,374,524)	2,507,644
Miscellaneous	--	--	--	--	--	--	--	433,200	495,290	358,348
Gain on sale of capital assets	9,168	19,348	137,499	269,186	1,673,752	2,424	2,357	92,663	84,103	360,079
Transfers	--									
Total governmental activities	<u>16,074,478</u>	<u>17,212,017</u>	<u>51,408,909</u>	<u>20,406,036</u>	<u>22,922,533</u>	<u>24,977,307</u>	<u>24,336,267</u>	<u>24,608,885</u>	<u>23,964,698</u>	<u>32,514,640</u>
		33,168,198								
Business-type activities										(75,820)
Investment earnings	604	327	--	--	--	18,913	9,605	43	1,463	10,108
Miscellaneous	--	--	--	--	32,100	32,100	32,100	32,100	32,100	32,100
Gain on sale of capital assets	--	--	32,173,231	--	--	--	--	--	--	--
Transfers	--		--							
Total business-type activities	<u>636</u>	<u>604</u>	<u>(994,967)</u>	<u>--</u>	<u>--</u>	<u>51,013</u>	<u>41,705</u>	<u>32,143</u>	<u>33,563</u>	<u>118,028</u>
		33,168,198								
Total Primary Government	<u>\$ 16,075,082</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$ 75,820</u>	<u>\$</u>
	--			32,100	--	--	--	--		
Changes in Net Position										
Governmental activities	\$ (5,118,345)	\$ (3,787,245)	\$ 29,709,441	\$ (1,862,729)	\$ (88,394)	\$ 1,144,199	\$ (2,122,846)	\$ (117,645)	\$ (759,348)	\$ 6,496,176
Business-type activities	96,475		--							
	17,212,344	50,413,942	20,406,036	22,954,633	25,028,320	24,377,972	24,641,028	23,998,261	32,632,668	
Total Primary Government	<u>\$ (5,021,870)</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>
		(1,364,573)								
	48,093			104,123	279,200	(111,063)	357,982	92,224	617,443	78
			26,966		1,423,399					
	(3,739,152)	28,344,868	(1,835,763)			(2,233,909)		(667,124)	7,113,619	
				15,729			240,337			

VILLAGE OF ROYAL PALM BEACH

FUND BALANCES OF GOVERNMENTAL FUNDS

LAST TEN FISCAL YEARS (MODIFIED ACCRUAL BASIS OF ACCOUNTING)

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
General Fund										
Nonspendable:										
Prepaid items	\$ 155,949	\$ 153,656	\$ 154,156	\$ 167,209	\$ 181,935	\$ 201,774	\$ 225,702	\$ 293,962	\$ 252,225	\$ 24,952
Restricted for:										
Police education	97,830	98,233	94,548	88,414	89,328	87,932	89,118	89,202	91,107	90,663
Law enforcement	27,812	30,350	29,173	30,797	22,477	22,477	22,477	22,477	22,477	22,477
Assigned for:										
Debt service	15,785,200	14,539,400	--	--	--	--	--	--	--	--
Future capital projects	--	--	--	--	--	--	--	--	--	60,599,399
Subsequent year's expenditures	2,227,995	2,284,478	3,046,224	3,352,350	3,896,580	4,192,646	5,472,509	4,959,790	2,469,528	4,361,445
Unassigned	51,342,701									
Total General Fund	<u>\$ 69,637,487</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>
All Other Governmental Funds	50,651,117	76,262,937	73,977,435	72,829,298	74,721,386	73,064,024	73,401,383	73,564,244	13,507,884	
Restricted for:										
Capital projects	\$ 67,757,234	\$ 79,587,038	\$ 77,616,205	\$ 71,858,618	\$ 79,226,215	\$ 78,873,892	\$ 78,711,844	\$ 78,300,584	\$ 78,036,882	\$ 4,921,707
Committed for:										
Capital projects	7,045,481	6,132,637	8,154,815	6,077,940	4,076,343	2,577,895	2,394,699	2,495,197	186,101	4,981,157
Recreation facilities	159,099	107,660	105,377	982,945	848,534	904,774	888,354	-	-	359,328
Community beautification	1,438	73,512	73,512	172,684	380,586	330,830	354,999	369,808	379,394	227,865
Unassigned	-								(408,955)	
Total All Other Governmental Funds	<u>\$ 7,206,018</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$ (225,884)</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>
	-	-	-	-	-	-	-	-	-	-
	6,313,809	8,333,704	9,092,359	9,281,760	9,787,491	10,349,992	11,139,445	8,214,522	10,490,057	

VILLAGE OF ROYAL PALM BEACH

CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS

LAST TEN FISCAL YEARS (MODIFIED ACCRUAL BASIS OF ACCOUNTING)

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Revenue										
Taxes	\$ 11,413,520	\$ 11,746,888	\$ 12,297,091	\$ 12,670,779	\$ 13,034,550	\$ 13,503,419	\$ 13,912,962	\$ 14,531,676	\$ 15,668,388	\$ 17,709,356
Licenses and permits	766,467	998,828	993,621	854,834	1,354,439	1,265,113	1,133,630	1,434,303	1,673,776	1,710,035
Intergovernmental	4,638,627	5,041,090	5,742,404	8,491,588	9,428,760	9,807,486	8,829,787	9,748,505	12,888,934	16,644,770
Charges for services	645,001	699,120	601,550	603,248	628,403	521,190	303,208	279,750	453,048	489,977
Fines and forfeitures	433,842	482,065	536,824	485,613	513,019	522,063	531,148	322,743	544,840	367,845
Investment earnings (losses)	417,401	825,024	922,983	572,871	462,214	3,521,218	2,999,074	237,543	(3,374,524)	2,507,644
Impact fees	314,960	426,318	174,590	400,684	984,430	1,099,171	239,368	508,381	394,730	1,899,592
Other	1,268,844									
Total Revenues	<u>19,898,662</u>	<u>21,680,777</u>	<u>22,473,554</u>	<u>26,127,904</u>	<u>27,634,489</u>	<u>31,353,873</u>	<u>28,888,513</u>	<u>28,214,281</u>	<u>29,906,234</u>	<u>42,876,595</u>
Expenditures										
General government	5,064,449	5,030,545	5,212,267	5,548,986	5,661,639	5,936,024	6,254,256	6,444,069	6,995,903	7,210,991
Public safety	8,405,467	8,828,419	8,858,218	9,208,066	9,889,712	9,594,390	9,788,842	9,882,041	9,567,358	10,421,345
Physical environment	2,801,013	2,890,297	2,939,957	3,451,372	3,854,869	3,557,868	3,972,689	4,044,026	4,139,741	4,461,794
Culture and recreation	4,090,582	4,517,487	4,499,375	4,390,440	4,845,428	4,901,906	4,699,060	4,072,292	4,730,319	5,243,309
Capital outlay	1,308,167	1,742,625	4,613,153	5,860,792	6,774,568	4,742,079	4,004,662	3,318,957	9,491,636	11,501,710
Debt service										
Principal	1,179,100	1,212,000	15,785,200	--	--	--	--	--	--	--
Interest and fiscal charges	490,670	457,314	365,561	--	--	--	--	--	--	--
Debt issue costs	--	--	--	--	--	--	--	--	--	--
Bond prepayment fee	--	--	--	--	--	--	--	--	--	--
Total Expenditures	<u>23,436,988</u>	<u>24,478,387</u>	<u>42,594,992</u>	<u>28,355,650</u>	<u>30,426,216</u>	<u>28,732,267</u>	<u>28,719,509</u>	<u>27,762,015</u>	<u>35,316,957</u>	<u>38,839,149</u>
Revenue Over (Under) Expenditures	(3,538,326)	^{323,061} (2,797,610)	(20,121,438)	(2,227,746)	(2,791,727)	2,621,606	169,004	452,266	(5,410,723)	4,037,446
Other Financing Sources (Uses)	--			--	--	--	--	--	--	
Insurance recoveries	63,788	5,800	32,657	35,024	182,993	88,298	38,755	133,308	34,223	33,839
Proceeds from sale of capital assets	9,168	19,348	770,282	980,544	2,201,548	2,424	2,357	96,863	84,344	411,489
Proceeds from issuance of debt	--	--	--	--	--	--	--	--	--	--
Payment to refunded bond escrow agent	--	--	--	--	--	--	--	--	--	--
Transfers in	1,444,000	900,000	34,433,000	2,705,000	2,550,000	1,000,000	1,423,000	1,000,000	1,500,000	8,700,000
Transfers out	(1,444,000)									
Total Other Financing Sources (Uses)	<u>72,956</u>	<u>25,148</u>	<u>33,971,137</u>	<u>1,015,568</u>	<u>2,384,541</u>	<u>90,722</u>	<u>41,112</u>	<u>230,171</u>	<u>118,567</u>	<u>445,328</u>
Net Change in Fund Balances	<u>\$ (3,465,370)</u>	<u>\$ (2,472,462)</u>	<u>\$ (1,648,384)</u>	<u>\$ (2,232,646)</u>	<u>\$ (437,176)</u>	<u>\$ 2,712,328</u>	<u>\$ 210,116</u>	<u>\$ 682,437</u>	<u>\$ (5,292,156)</u>	<u>\$ 4,482,774</u>
Debt Service as a Percentage of Non-Capital Expenditures	<u>(99.0000)</u>	<u>7.34%</u>	<u>45.52%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>
	(2,772,462)	13,849,699	(1,212,178)	(407,186)	2,712,328	210,116	682,437	(5,292,156)	4,482,774	

VILLAGE OF ROYAL PALM BEACH

GENERAL GOVERNMENTAL TAX REVENUES BY SOURCE

LAST TEN FISCAL YEARS (MODIFIED ACCRUAL BASIS OF ACCOUNTING)

Fiscal Year	Ad Valorem Taxes	Franchise Fees	Utility Service Taxes	Business Taxes	Total
2014	\$ 3,463,389	\$ 2,737,903	\$ 4,479,608	\$ 732,620	\$ 11,413,520
2015	3,766,974	2,799,075	4,476,157	704,682	11,746,888
2016	4,272,825	2,829,621	4,499,054	695,591	12,297,091
2017	4,658,932	2,760,818	4,557,505	693,524	12,670,779
2018	4,996,956	2,708,888	4,642,324	686,382	13,034,550
2019	5,278,156	2,945,827	4,634,148	645,288	13,503,419
2020	5,489,761	3,099,076	4,672,259	651,866	13,912,962
2021	5,972,737	3,296,230	4,741,110	521,599	14,531,676
2022	6,261,280	3,681,989	4,944,305	780,814	15,668,388
2023	7,101,851	4,248,355	5,575,014	784,136	17,709,356

VILLAGE OF ROYAL PALM BEACH

ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF PROPERTY

LAST TEN FISCAL YEARS

Fiscal Year	Real Property	Personal Property	Total	Total Direct Tax Rate	Estimated Actual Taxable Value
2014	\$ 1,776,535,613	\$ 101,636,831	\$ 1,878,172,444	\$ 5.38	\$ 1,878,172,444
2015	1,941,988,056	109,353,208	2,051,341,264	5.38	2,051,341,264
2016	2,397,218,755	112,830,630	2,510,049,385	5.38	2,510,049,385
2017	2,602,640,902	98,917,446	2,701,558,348	5.38	2,701,558,348
2018	2,762,019,330	107,358,757	2,869,378,087	5.38	2,869,378,087
2019	2,882,203,763	101,105,760	2,983,309,523	5.38	2,983,309,523
2020	3,119,428,753	104,651,627	3,224,080,380	5.38	3,224,080,380
2021	3,289,556,388	110,085,126	3,399,641,514	5.38	3,399,641,514
2022	3,716,505,092	129,626,524	3,846,131,616	5.38	3,846,131,616
2023	3,707,955,769	129,188,325	3,837,144,094	5.38	4,265,762,006

Source: Palm Beach County Property Appraiser's Office

Note: 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.

VILLAGE OF ROYAL PALM BEACH

DIRECT AND OVERLAPPING PROPERTY TAX RATES

LAST TEN FISCAL YEARS (RATE PER \$1,000 OF ASSESSED VALUE)

Fiscal Year	Village Direct Rates			Overlapping Rates				Total
	General Fund	Debt Service	Total Direct	Palm Beach County	School District	Special Taxing Districts	Total Overlapping	
2014	\$ 5.38	\$ --	\$ 5.38	\$ 5.58	\$ 7.59	\$ 2.17	\$ 15.34	\$ 20.72
2015	5.38	--	5.38	5.53	7.51	2.10	15.14	20.52
2016	5.38	--	5.38	5.51	7.07	1.95	14.53	19.91
2017	5.38	--	5.38	5.49	6.77	1.78	14.04	19.42
2018	5.38	--	5.38	5.49	6.57	1.69	13.75	19.13
2019	5.38	--	5.38	5.45	7.16	1.69	14.30	19.68
2020	5.38	--	5.38	5.40	7.01	1.68	14.09	19.47
2021	5.38	--	5.38	5.40	6.88	1.64	13.92	19.30
2022	5.38	--	5.38	5.32	6.52	1.54	13.38	18.76
2023	5.38	--	5.38	5.08	6.46	1.43	12.97	18.35

Note: Tax rates are per \$1,000 of taxable value (1 mill). The Village's General Fund property tax rate may be increased only by a majority vote of the Village Council. Rates for debt service are set based on each year's requirements. Under Florida law, the Village has a 10 mill cap, including the tax rate of the Palm Beach County Fire Rescue MSTU.

VILLAGE OF ROYAL PALM BEACH

PRINCIPAL PROPERTY TAXES

CURRENT YEAR AND NINE YEARS AGO

Taxpayer	2023			2014		
	Taxable Assessed Value	Rank	Percentage of Total Village Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Village Taxable Assessed Value
PP Royal Palm Investors LLC	\$ 104,723,543	1	3.09%	\$ --	-	-
Florida South Division LLC	80,237,031	2	2.37%	--	-	-
IVT Southern Royal Palm Beach 1031 LLC	69,466,392	3	2.05%	--	-	-
PP Park Aire Property Owner LLC	62,057,789	4	1.83%	--	-	-
Florida Power & Light Co	58,653,999	5	1.73%	44,660,412	1	2.38%
Verse at Royal Palm Beach LP	45,564,372	6	1.35%		-	0.00%
JBL Village Shoppes LLC	30,931,670	7	0.91%		-	0.00%
Coral Sky Retail LLC	33,124,639	8	0.98%		-	0.00%
511 SR7 Owner LLC	27,781,413	9	0.82%		-	0.00%
CubeSmart	25,282,251	10	0.75%		-	0.00%
Centre on Southern LLLP	--	-	-	41,966,277	2	2.23%
ERP Holding Co Inc	--	-	-	29,513,803	3	1.57%
CP Ipers Coral LLC	--	-	-	19,451,078	4	1.04%
Centre on 441 LLLP	--	-	-	16,588,489	5	0.88%
Casco Properties	--	-	-	16,658,303	6	0.89%
Wal Mart Stores East LP	--	-	-	15,268,295	7	0.81%
Inland Western Royal	--	-	-	15,061,487	8	0.80%
Palms West Hospital	--	-	-	14,602,335	9	0.78%
Ramco Crossroads at Royal Palm	--	-	-	13,127,269	10	0.70%
Total	\$ 537,823,099			\$ 226,897,748		12.08%

Source: Palm Beach County Property Appraiser's Office

VILLAGE OF ROYAL PALM BEACH

PROPERTY TAX LEVIES AND COLLECTIONS

LAST TEN FISCAL YEARS

Fiscal Year	Net Tax Levy* for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2014	\$3,606,091	\$ 3,446,962	95.59	\$ 16,427	\$ 3,463,389	96.04
2015	3,938,575	3,766,974	95.64	--	3,766,974	95.64
2016	4,386,429	4,272,825	97.41	--	4,272,825	97.41
2017	4,819,295	4,658,932	96.67	--	4,658,932	96.67
2018	5,170,985	4,990,187	96.50	6,769	4,996,956	96.63
2019	5,472,460	5,272,628	96.35	4,472	5,277,100	96.43
2020	5,702,818	5,486,009	96.20	3,752	5,489,761	96.26
2021	6,185,668	5,954,484	96.26	18,253	5,972,737	96.56
2022	6,503,040	6,258,259	96.24	3,021	6,261,280	96.28
2023	7,367,317	7,096,919	96.33	4,932	7,101,851	96.40

Notes: All property taxes are assessed and collected by Palm Beach County. Collections are distributed in full as collected.

Since the tax levy is shown net of the maximum allowance for discounts, it is possible for the total collections as a percentage of the tax levy to exceed 100%, to the extent that all taxpayers do not take advantage of the maximum discount.

*Tax levy, net of maximum allowance for discounts of 4% for fiscal years 2014– 2024.

VILLAGE OF ROYAL PALM BEACH

UTILITY SERVICE TAX REVENUES BY SOURCE

LAST TEN FISCAL YEARS (MODIFIED ACCRUAL BASIS OF ACCOUNTING)

Fiscal Year	Electricity	Telecommunications	Water	Gas	Total
2014	\$ 2,340,259	\$ 1,357,696	\$ 466,457	\$ 100,776	\$ 4,265,188
2015	2,603,701	1,282,944	474,730	118,233	4,479,608
2016	2,755,210	1,134,368	487,357	122,119	4,499,054
2017	2,804,492	1,078,399	541,950	132,664	4,557,505
2018	2,877,854	1,072,454	571,141	120,875	4,642,324
2019	2,930,503	992,445	582,847	128,353	4,634,148
2020	2,995,180	979,468	629,964	107,647	4,712,259
2021	3,013,178	943,237	666,085	118,610	4,741,110
2022	3,137,453	997,232	685,615	124,005	4,944,305
2023	3,653,344	1,076,958	719,077	115,272	5,564,651

The Village assesses utility services taxes on charges for utility services at the following rates:

1. Electricity - 10%
2. Telecommunications:
5.22% for the period January 1, 2013 to September 30, 2023
3. Water - 10%
4. Gas - 10%

VILLAGE OF ROYAL PALM BEACH
PRINCIPAL UTILITY SERVICE TAXPAYERS
CURRENT YEAR AND NINE YEARS AGO

Taxpayer	2023			2014		
	Utility Service Taxes	Rank	Percentage of Total Village Utility Service Taxes	Utility Service Taxes	Rank	Percentage of Total Village Utility Service Taxes
Florida Power & Light Co	\$ 3,137,453	1	56.38%	\$ 2,340,259	1	42.06%
AT&T	997,232	2	17.92%	1,357,796	2	24.40%
Village of Royal Palm Beach	685,615	3	12.32%	466,457	3	8.38%
Florida Public Utilities	52,363	4	0.94%	54,820	4	0.99%
AmeriGas Propane	23,901	5	0.43%	13,011	6	0.23%
Miscellaneous other	22,213	6	0.40%	8,236	5	0.15%
Lowes Home Centers, Inc	18,014	7	0.32%	16,918	7	0.30%
BJ'S Wholesale Club	7,514		0.14%	7,790		0.14%
Total	<u>\$ 4,944,305</u>			<u>\$ 4,265,286</u>		
	8			8		

Source: Village Finance records

88.85%

76.65%

VILLAGE OF ROYAL PALM BEACH

RATIOS OF OUTSTANDING DEBT BY TYPE

LAST TEN YEARS

Fiscal Year	Governmental Activities ⁽¹⁾			Notes Payable	Total Primary Government	Percentage of Personal Income	Per Capita	
	General Obligation Bonds	Special Revenue Bonds						
2014	\$	--	\$	--	\$ 16,997,200	\$ 16,997,200	1.73%	\$ 467.43
2015		--		--	15,785,200	15,785,200	1.57%	427.71
2016		--		--	--	--	-	--
2017		--		--	--	--	-	--
2018		--		--	--	--	-	--
2019		--		--	--	--	-	--
2020		--		--	--	--	-	--
2021		--		--	--	--	-	--
2022		--		--	--	--	-	--
2023		--		--	--	--	-	--

⁽¹⁾ The Village does not have a legal debt margin.

VILLAGE OF ROYAL PALM BEACH

RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING

LAST TEN FISCAL YEARS

Fiscal Year	General Obligation Bonds	Less: Amounts Reserved for Debt Service	Total	Percentage of Actual Value of Property	Population	Per Capita
2014	\$ --	\$ --	\$ --	--	36,363	\$ --
2015	--	--	--	--	36,906	--
2016	--	--	--	--	37,138	--
2017	--	--	--	--	37,485	--
2018	--	--	--	--	37,934	--
2019	--	--	--	--	38,691	--
2020	--	--	--	--	38,932	--
2021	--	--	--	--	39,144	--
2022	--	--	--	--	39,345	--
2023	--	--	--	--	40,299	--

Note: The Village did not have any outstanding General Obligation Bonds from 2014 through 2023.

VILLAGE OF ROYAL PALM BEACH

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT

SEPTEMBER 30, 2023

	Total Outstanding	Percentage Applicable to Village of Royal Palm Beach ⁽¹⁾	Amount Applicable to Village of Royal Palm Beach
Direct:			
Village of Royal Palm Beach	\$ --		\$ --
Overlapping			
Debt repaid with property taxes:			
Palm Beach County	16,370,000	1.51%	246,604
Other debt:			
Palm Beach County	848,410,888	1.51%	12,780,797
Palm Beach County School Board	<u>1,522,462,000</u>	3.22%	<u>49,076,120</u>
Total Direct and Overlapping Debt			
Payable from Ad Valorem Taxes	<u>\$ 2,370,872,888</u>		<u>\$ 61,856,917</u>
Estimated Population			39,345
Total Direct and Overlapping Debt per Capita			\$ 1,572.17

Sources: Data provided by the Palm Beach County Finance Department, Palm Beach County Property Appraiser and the Palm Beach County School Board

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 Royal 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) The percentage of overlapping debt applicable is estimated using taxable assessed property values by taking the value that is within the Village's boundaries and dividing it by the County's and School Board's total taxable assessed value.

The Village of Royal Palm Beach has no legal debt margin.

VILLAGE OF ROYAL PALM BEACH

DEMOGRAPHIC AND ECONOMIC STATISTICS

LAST TEN FISCAL YEARS

Fiscal Year	Village Population ⁽¹⁾	Per Capita Personal Income ⁽²⁾	Median Age ⁽³⁾	Village School Enrollment ⁽⁴⁾	Village Unemployment Rate ⁽⁵⁾	Palm Beach County Unemployment Rate ⁽⁵⁾
2014	36,363	\$ 66,495	37	6378	5.2%	5.9%
2015	36,906	70,718	37	4893	5.2%	5.2%
2016	37,138	71,682	37	4971	4.1%	5.2%
2017	37,485	77,543	37	4894	3.3%	4.4%
2018	37,934	82,076	38.4	5103	3.2%	3.1%
2019	38,691	85,213	38.18	5458	2.7%	3.2%
2020	38,932	87,478	38.18	5458	5.5%	7.7%
2021	39,144	100,927	38.9	5311	3.5%	4.7%
2022	39,345	109,055	38.9	5861	2.4%	2.8%
2023	40,299	n/a	40	5920	2.8%	3.3%

NOTES:

- (1) The population for 2014 thru 2015 was obtained from the Business Development Board of Palm Beach County. The population for 2016 thru 2023 are estimations obtained from the University of Florida Bureau of Economic and Business Research; except for years noted with an asterisk are direct Us Census Bureau Count. Total population is available as of
- (2) Source: Business Development Board of Palm Beach County
Data is being reported one year in arrears
- (3) Source: Business Development Board of Palm Beach County
- (4) Source: School District of Palm Beach County
- (5) Bureau of Labor and Statistics
- N/A Not available

Net cash provided by non-capital and related financing activities

VILLAGE OF ROYAL PALM BEACH

PRINCIPAL EMPLOYERS

CURRENT AND NINE YEARS AGO

	2023 ⁽¹⁾			2014		
	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
Employer						
Palm Beach County School District	22,426	1	2.96%	21,495	1	3.34%
Palm Beach County Government	5,753	2	0.76%	11,381	2	1.77%
Tenet Healthcare Corp.	5,734	3	0.76%	6,100	3	0.95%
NextEra Energy (Hqtrs) for FPL	5,330	4	0.70%	3,635	4	0.56%
Florida Atlantic University	5,059	5	0.67%	2,706	6	0.42%
Boca Raton Regional Hospital	3,135	6	0.41%	2,250	8	0.35%
Veterans Health Administration	2,600	7	0.34%	--	-	0.00%
HCA Healthcare	2,419	8	0.32%	2,714	5	0.42%
The Breakers	2,300	9	0.30%	--	-	0.00%
Baptist Health South Florida fka Bethesda	2,282	10	0.30%	2,391	7	0.37%
Totals	<u>57,038</u>		<u>7.54%</u>	<u>52,672</u>		<u>8.18%</u>

⁽¹⁾ Source: Business Development Board of Palm Beach County. Data is for Palm Beach County, Florida. Employment information for the Village is not available.

Palm Beach County School District

VILLAGE OF ROYAL PALM BEACH

VILLAGE GOVERNMENT EMPLOYEES BY FUNCTION

LAST TEN FISCAL YEARS

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
General government	18	18	18	19	19	19	19	19	22	23
Public Safety ⁽¹⁾										
Community Development	12	12	12	12	11	12	11	11	10	11
Public Works										
Engineering	5	5	6	7	9	9	9	8	9	9
Public Works	29	29	30	31	30	31	32	30	28	29
Culture/Recreation	<u>83</u>	<u>86</u>	<u>86</u>	<u>80</u>	<u>66</u>	<u>62</u>	<u>53</u>	<u>51</u>	<u>53</u>	<u>56</u>
Total	<u>147</u>	<u>150</u>	<u>152</u>	<u>149</u>	<u>135</u>	<u>133</u>	<u>124</u>	<u>119</u>	<u>122</u>	<u>128</u>

Source: Village Human Resources office.

⁽¹⁾ Police services are contracted with the Palm Beach County Sheriff's Office.

2014 - 2017 are depicting budgeted positions, while years 2018 - 2023 are actual filled positions, excluding seasonal employees.

VILLAGE OF ROYAL PALM BEACH

OPERATING INDICATORS BY FUNCTION

LAST TEN FISCAL YEARS

Function	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Public Safety										
Police										
Physical arrests ⁽¹⁾	805	1,027	872	743	1,060	635	543	446	631	722
Parking violations ⁽²⁾	188	180	124	643	150	235	99	71	45	141
Traffic violations ⁽³⁾	4,245	4,862	3,455	4,199	4,166	5,200	4,522	2,379	3,982	4,921
Fire										
Number of calls ⁽⁴⁾	3,692	3,894	3,907	4,153	4,087	4,959	4,106	4,564	4,564	5,050
Parks and Recreation Services⁽²⁾										
Participants - Athletic Programs	2,308	2,133	1,937	1,372	3,493	3,457	550	1,320	2,100	2,430
Participants - Arts & Craft/Classes	508	406	459	435	464	236	60	600	650	690
Participants - Social/Special Events	540	559	575	566	71,000	72,400	20,800	21,150	58,650	59,825
Participants - Health/Fitness Programs	1,173	1,644	1,232	1,254	1,112	1,122	350	628	710	850
Participants - Spring/Summer Camps	359	604	525	628	679	547	401	425	525	610
Participants - Other Programs	--	--	--	--	--	--	--	--	--	--
Participants - Seniors Programs	2,850	3,380	3,636	4,720	5,022	5,322	2,585	250	1,955	2,357
Participants - Teen Programs	698	755	565	120	112	--	--	--	--	--
Roads and Streets⁽²⁾										
Street resurfacing (lane miles)	--	--	3	7	10	6	9	--	--	--
Pot holes repaired	35	43	97	22	84	95	105	80	44	183

Note: Indicators are not available for the general government function

Source:

⁽¹⁾ Florida Department of Law Enforcement

⁽²⁾ Village departments

⁽³⁾ Palm Beach County Sheriff's Office

⁽⁴⁾ Palm Beach County Fire Rescue

VILLAGE OF ROYAL PALM BEACH

CAPITAL ASSET STATISTICS BY FUNCTION

LAST TEN FISCAL YEARS

Function	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Roads and Streets										
Street lights	703	950	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,431
Lane miles	148	149	149	149	149	149	149	148	148	148
Parks and Recreation Services										
Ballfields	14	14	14	14	14	14	18	18	18	14
Basketball courts	14	14	14	14	14	14	18	18	18	12
Soccer fields	8	8	8	8	8	8	8	8	8	8
Tennis courts	8	8	8	8	8	8	8	8	8	8
Parks	24	24	24	24	24	24	24	24	24	24
Bocce courts	4	4	4	4	4	4	4	4	4	4
Remote car track	1	1	1	1	1	1	1	1	1	0
125	4	4	4	4	4	4	4	4	4	4
Hockey rink	1	1	1	1	1	1	1	1	1	1
Skate park	8	8	8	8	8	8	8	8	8	8

Sources: Village departments

Note: No capital asset indicators are available for the general government function.

REPORTING SECTION

**INDEPENDENT AUDITORS' 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***

To the Honorable Mayor, Village Council and Village Manager
Village of Royal 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 (*Government Auditing Standards*), the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Royal, Palm Beach, Florida (the "Village"), as of and for the fiscal year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements, and have issued our report thereon dated March 13, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Village'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's internal control. Accordingly, we do not express an opinion on the effectiveness of the Village'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.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Village'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 Village'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 Village's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Marcum LLP

West Palm Beach, FL
March 13, 2024

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR THE MAJOR
FEDERAL PROGRAM AND STATE PROJECT AND REPORT ON INTERNAL
CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE AND
CHAPTER 10.550, RULES OF THE AUDITOR GENERAL**

To the Honorable Mayor, Village Council and Village Manager
Village of Royal Palm Beach, Florida

Report on Compliance for the Major Federal Program and Major State Project

Opinion on the Major Federal Program and Major State Project

We have audited the Village of Royal Palm Beach, Florida (the “Village”) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement*, and the requirements described in the *State of Florida Department of Financial Services’ State Projects Compliance Supplement*, that could have a direct and material effect on the Village’s major federal program and major state project for the fiscal year ended September 30, 2023. The Village’s major federal program and major state project are identified in the summary of auditors’ results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Village complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program and major state project for the fiscal year ended September 30, 2023.

Basis for Opinion on the Major Federal Program and Major State Project

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and Chapter 10.550, Rules of the Auditor General. Our responsibilities under those standards, the Uniform Guidance and Chapter 10.550, Rules of the Auditor General are further described in the Auditors’ Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Village and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for the major federal program and major state project. Our audit does not provide a legal determination of the Village’s compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the Village's federal programs and state projects.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Village's compliance based on our audit. 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 GAAS, *Government Auditing Standards*, the Uniform Guidance, and Chapter 10.550, Rules of the Auditor General will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Village's compliance with the requirements of the major federal program and major state project as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, the Uniform Guidance, and Chapter 10.550, Rules of the Auditor General, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 Village's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Village's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance and Chapter 10.550, Rules of the Auditor General, but not for the purpose of expressing an opinion on the effectiveness of the Village's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance and Chapter 10.550, Rules of the Auditor General. Accordingly, this report is not suitable for any other purpose.

Marcum LLP

West Palm Beach, FL
March 13, 2024

VILLAGE OF ROYAL PALM BEACH, FLORIDA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023

Federal/State Agency, Pass-Through Entity Federal Program/State Project	ALN/ CFSA No.	Grant Number/ Pass-through Entity Identifying Number	Total Expenditures	Passed Through to Subrecipients
FEDERAL AWARDS				
U.S. Department of the Interior				
Passed through Florida Department of Environmental Protection				
Outdoor Recreation Acquisition, Development and Planning	15.916	LW715	\$ 63,040	\$ --
Total U.S. Department of the Interior			<u>63,040</u>	<u>--</u>
U.S. Department of Homeland Security				
Passed through Florida Department of Emergency Management				
Hazard Mitigation Grant	97.039	H0885	72,536	--
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	666463	<u>50,446</u>	<u>--</u>
Total U.S. Department of Homeland Security			<u>122,982</u>	<u>--</u>
U.S. Department of Justice				
Passed through Florida Department of Emergency Management				
Coronavirus Emergency Supplemental Funding Program	16.034	Y55280	<u>4,632,011</u>	<u>--</u>
Total U.S. Department of Justice			<u>4,632,011</u>	<u>--</u>
Total Expenditures of Federal Awards			<u>4,818,033</u>	<u>--</u>
STATE FINANCIAL ASSISTANCE				
Florida Department of Environmental Protection				
Statewide Water Quality Restoration Projects	37.039	LPA0042	<u>1,068,432</u>	<u>--</u>
Total Florida Department of Environmental Protection			<u>1,068,432</u>	<u>--</u>
Florida Department of State and Secretary of State				
General Program Support	45.061	23.C.PS.180.444	<u>108,298</u>	<u>--</u>
Total Florida Department of State and Secretary of State			<u>108,298</u>	<u>--</u>
Total Expenditures of State Financial Assistance			<u>1,176,730</u>	<u>--</u>
Total Expenditures of Federal Awards and State Financial Assistance			<u>\$ 5,994,763</u>	<u>\$ --</u>

See notes to schedule of expenditures of federal awards and state financial assistance.

VILLAGE OF ROYAL PALM BEACH, FLORIDA

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023

NOTE 1 – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards and state financial assistance (the “Schedule”) includes the federal award activity and state grant activity of the Village of Royal Palm Beach, Florida (the “Village”) for the fiscal year ended September 30, 2023. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and Chapter 10.550, Rules of the Auditor General. Because the Schedule presents only a selected portion of the operations of the Village, it is not intended to and does not present the financial position, or the changes in net position of the Village.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance and the Florida Single Audit Act, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

NOTE 3 – INDIRECT COST RATE

The Village has elected not to use the 10% de minimus indirect cost rate as allowed under the Uniform Guidance.

VILLAGE OF ROYAL PALM BEACH, FLORIDA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023

SECTION I – SUMMARY OF AUDITORS' RESULTS

FINANCIAL STATEMENTS

Type of auditors' report issued on whether the financial statements audited were prepared in accordance with GAAP:

Unmodified Opinion

Internal control over financial reporting:

Material weakness(es) identified?

☐ Yes ☒ No

Significant deficiency(ies) identified?

☐ Yes ☒ None Reported

Noncompliance material to financial statement noted?

☐ Yes ☒ No

FEDERAL AWARDS AND STATE PROJECTS

Internal control over its major federal program and major state project:

Material weakness(es) identified?

☐ Yes ☒ No

Significant deficiency(ies) identified?

☐ Yes ☒ None Reported

Type of auditor's report issued on compliance over major federal program and state project:

Unmodified Opinion

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a) or Chapter 10.557, Rules of the Auditor General?

☐ Yes ☒ No

IDENTIFICATION OF MAJOR FEDERAL PROGRAM AND STATE PROJECT

Federal Program

AL No.

Coronavirus State and Local Fiscal Recovery Funds

21.027

State Project

CSFA No.

Statewide Water Quality Restoration Projects

37.039

Dollar threshold used to distinguish between Type A and Type B Federal programs:

\$ 750,000

Dollar threshold used to distinguish between Type A and Type B State projects:

\$ 353,019

Auditee qualified as low-risk auditee (Federal)?

☐ Yes ☒ No

VILLAGE OF ROYAL PALM BEACH, FLORIDA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023

SECTION II – FINANCIAL STATEMENT FINDINGS

None

SECTION III – FEDERAL AWARDS AND STATE PROJECTS FINDINGS AND QUESTIONED COSTS

None

VILLAGE OF ROYAL PALM BEACH, FLORIDA

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023

I. PRIOR YEAR FINANCIAL STATEMENT FINDINGS

None

II. PRIOR YEAR FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

None

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

To the Honorable Mayor, Village Council and Village Manager
Village of Royal Palm Beach, Florida

Report on the Financial Statements

We have audited the financial statements of the Village of Royal Palm Beach, Florida (the “Village”), as of and for the fiscal year ended September 30, 2023, and have issued our report thereon dated March 13, 2024.

Auditors’ 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; the audit requirements of the Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements of Federal Awards* (Uniform Guidance); and Chapter 10.550, Rules of the Auditor General.

Other Reporting Requirements

We have issued our Independent Auditors’ 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*; Independent Auditors’ Report on Compliance for the Major Federal Program and Major State Project; Report on Internal Control Over Compliance Required by Uniform Guidance and Chapter 10.550, Rules of the Auditor General; Schedule of Findings and Questioned Costs; Summary Schedule of Prior Audit Findings and Independent Accountants’ 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 and schedules, which are dated March 13, 2024, 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 were no findings and recommendations made in the preceding financial audit report.

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. The Village was established by the Village's charter, which was adopted under the provisions of Chapter 59-1782 Laws of Florida in 1959. There are no component units related to the Village.

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 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 did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

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. It is management's responsibility to monitor the Village'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. This assessment was done as of the fiscal year end.

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.

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.

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 Honorable Mayor, the Village Council, and applicable management, and is not intended to be and should not be used by anyone other than these specified parties.

Marcum LLP

West Palm Beach, FL
March 13, 2024



INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE PURSUANT TO SECTION 218.415, FLORIDA STATUTES

To the Honorable Mayor, Village Council and Village Manager
Village of Royal Palm Beach, Florida

We have examined the Village of Royal Palm Beach, Florida (the "Village") compliance with Section 218.415, Florida Statutes, Local Government Investment Policies for the fiscal year ended September 30, 2023. Management of the Village is responsible for the Village's compliance with the specified requirements. Our responsibility is to express an opinion on the Village's compliance 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 complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether the Village complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks 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 ethical responsibilities in accordance with relevant ethical requirements relating to the engagement.

Our examination does not provide a legal determination on the Village's compliance with specified requirements.

In our opinion, the Village complied, in all material respects, with Section 218.415, Florida Statutes for the fiscal year ended September 30, 2023.

This report is intended to describe our testing of compliance with Section 218.415, Florida Statutes and it is not suitable for any other purpose.

Marcum LLP

West Palm Beach, FL
March 13, 2024



Village of Royal Palm Beach, Florida

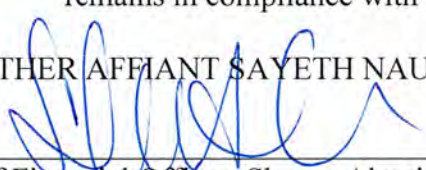
1050 Royal Palm Beach Boulevard Royal Palm Beach, Florida 33411
Telephone (561) 790-5112 Fax (561) 790-5174 E-mail: salmeida@royalpalmbeachfl.gov

Department of Finance
Sharon Almeida, CGFO, Director

BEFORE ME, the undersigned authority, personally appeared CFO, Sharon Almeida, who being duly sworn, deposes and says on oath that:

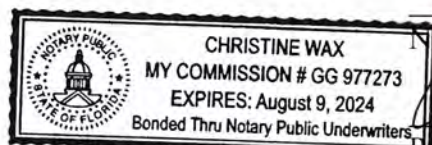
1. I am the Chief Financial Officer of the Village of Royal Palm Beach, Florida which is a local governmental entity of the State of Florida;
2. The governing body of the Village of Royal Palm Beach adopted Ordinances N. 953, Dated July 6, 2017, implementing impact fees for Building, Roads and Parks.
3. The Village of Royal Palm Beach has complied and, as of the date of this Affidavit, remains in compliance with Section 163.31801, Florida Statutes.

FURTHER AFFIANT SAYETH NAUGHT.

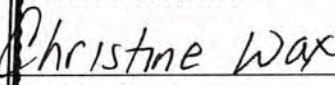

Chief Financial Officer, Sharon Almeida

STATE OF FLORIDA
COUNTY OF PALM BEACH

SWORN TO AND SUBSCRIBED before me this 6 day of March, 2024.




NOTARY PUBLIC


Print Name

Personally known X or produced identification _____

Type of identification produced: _____

My Commission Expires: _____