

The Village of

ROYAL PALM BEACH

FLORIDA



Comprehensive Annual Financial Report
For the FISCAL YEAR ENDED September 30, 2015

1050 Royal Palm Beach Blvd.
Royal Palm Beach, FL 33411

COMPREHENSIVE ANNUAL FINANCIAL REPORT
VILLAGE OF ROYAL PALM BEACH, FLORIDA

Fiscal year ended September 30, 2015

Prepared by the Finance Department

VILLAGE OF ROYAL PALM BEACH, FLORIDA
COMPREHENSIVE ANNUAL FINANCIAL REPORT

SEPTEMBER 30, 2015

TABLE OF CONTENTS

	<u>Page Number</u>
INTRODUCTORY SECTION	
Title Page	i
Table of Contents	ii
Letter of Transmittal	v
Certificate of Achievement	xi
Distinguished Budget Presentation Award	xii
Village of Royal Palm Beach Organizational Chart	xiii
List of Principal Officials	xiv
FINANCIAL SECTION	
Independent Auditor's Report	1
Management's Discussion and Analysis	4
Basic Financial Statements	
Government-wide Financial Statements	
Statement of Net Position	11
Statement of Activities	12
Fund Financial Statements	
Balance Sheet - Governmental Funds	14
Reconciliation of Total Governmental Fund Balances to Net Position of Governmental Activities	15
Statement of Revenue, Expenditures, and Changes in Fund Balances - Governmental Funds	16
Reconciliation of the Statement of Revenue, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	17
Statement of Net Position - Enterprise Funds	18
Statement of Revenue, Expenses, and Changes in Net Position - Enterprise Funds	19
Statement of Cash Flows - Enterprise Funds	20
Statement of Fiduciary Net Position - Fiduciary Funds	21
Statement of Changes in Fiduciary Net Position - Fiduciary Funds	22
Notes to Financial Statements	23
Supplementary Financial Information	
Required Supplementary Information	
Budgetary Comparison Schedule - General Fund	54
Notes to Budgetary Comparison Schedule	59
Florida Retirement System	
Schedules of Changes in the Net Pension Liability and Related Ratios	60
Schedules of the Village's Proportionate Share of the Net Pension Liability	62
Schedule of Village Contributions	64
Schedule of Investment Returns	65

VILLAGE OF ROYAL PALM BEACH, FLORIDA
COMPREHENSIVE ANNUAL FINANCIAL REPORT

SEPTEMBER 30, 2015

TABLE OF CONTENTS

FINANCIAL SECTION (Continued)

Supplementary Financial Information (Continued)

Combining Fund Financial Statements

Nonmajor Governmental Funds

Combining Balance Sheet	66
Combining Statement of Revenue, Expenditures, and Changes in Fund Balances	67

Fiduciary Funds

Combining Statement of Fiduciary Net Position	68
Combining Statement of Changes in Fiduciary Net Position.....	69

STATISTICAL SECTION

Financial Trends

Net Position by Component	70
Changes in Net Position.....	71
Fund Balances of Governmental Funds	73
Changes in Fund Balances of Governmental Funds	74
General Governmental Tax Revenues by Source	75
Assessed Value and Estimated Actual Value of Taxable Property	76

Revenue Capacity

Direct and Overlapping Property Tax Rates	77
Principal Property Taxpayers.....	78
Property Tax Levies and Collections.....	79
Utility Service Tax Revenues By Source	80
Principal Utility Service Taxpayers	81

Debt Capacity

Ratios of Outstanding Debt by Type	82
Ratios of Net General Bonded Debt Outstanding	83
Direct and Overlapping Governmental Activities Debt	84

Demographic and Economic Information

Demographic and Economic Statistics	85
Principal Employers	86

Operating Information

Village Government Employees by Function	87
Operating Indicators by Function.....	88
Capital Asset Statistics by Function.....	89

VILLAGE OF ROYAL PALM BEACH, FLORIDA
COMPREHENSIVE ANNUAL FINANCIAL REPORT

SEPTEMBER 30, 2015

TABLE OF CONTENTS

COMPLIANCE REPORTS

Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i>	90
Management Letter	92
Independent Accountant's Report on Investment Compliance	94

INTRODUCTORY SECTION



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: shochman@royalpalmbeach.com

Department of Finance
Stanley G. Hochman, Director

May 18, 2016

Mayor Matty Mattioli
Vice Mayor Jeff Hmara
Councilperson Fred Pinto
Councilperson Richard Valuntas
Councilperson David Swift

The Honorable Mayor and Village Council:

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 by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the comprehensive annual financial report of the Village of Royal Palm Beach for the fiscal year ended September 30, 2015.

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 Caler, Donten, Levine, Cohen, Porter & Veil, P.A., 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, 2015 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 an unmodified opinion that the Village of Royal Palm Beach's financial statements for the fiscal year ended September 30, 2015, 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.

Management's discussion and analysis (MD&A) immediately follows the independent auditor's 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 35,000. 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 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 citizens 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 \$2,051,341,264 to \$2,282,070,445 during FY 2015 representing an 11.2% 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. The Village of Royal Palm Beach has experienced a significant increase in both residential and nonresidential building permit applications in 2015 compared to recent fiscal years past. There are also positive signs that the upward trend in building permit applications may continue through 2016 due to the activity in land use changes, site plan approvals, and annexations that occurred in 2015.

The majority of residential units constructed between the years 2000 and 2006 were located primarily within the Madison Green, Anthony Groves, Bella Vita, Barcelona and The Estates residential communities. Since development of these projects has been completed, much of the residential construction occurred within PortoSol by Minto and buildout of The Enclave Multifamily development, for 2015, and in time will shift to the Southern Boulevard Properties South, Southern Boulevard Properties North, Crestwood Redevelopment Site, and Cypress Key MXD developments. Southern Boulevard Properties South, Southern Boulevard Properties North, Crestwood Redevelopment Site, and Cypress Key developments currently possess valid development orders consisting of a total of 1,055 residential units of which none have been constructed.

Fiscal Year 2014/2015 saw an impressive amount of nonresidential construction occur within the commercial segment of the land development market. Certificates of Occupancy and Building Permits were issued for the construction of 122,232 nonresidential square feet. The construction occurred mainly within the Pioneer Road Commercial Planned Commercial Development, Anthony Groves Planned Commercial District, and the Toys R Us Planned Commercial Development.

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 2030 in terms of new residential and nonresidential development.

Currently, it is anticipated that there are about 1,055 approved but unconstructed residential units (Southern Boulevard Properties South, Southern Boulevard Properties North, Crestwood Redevelopment Site, and Cypress Key) available for actual construction during this timeframe without additional annexation. In the near future it is anticipated that the residential construction within the Village will revolve around these projects for the remainder of FY 15/16 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.

It is anticipated that commercial development will occur in the near future within the Cypress Key MXD, Al Packard Ford, and Sunshine Properties. Other developments such as Corporate Center West, Parcel 115, Sawgrass PID, Southern Palms Crossing, Southstar Self Storage, Waterway Plaza,

and Village Professional Park; along with additional properties that haven't received Site Plan approval but totals 82.1 acres will provide development potential for the Village in the longer term.

For the year

During the year the following major accomplishments occurred:

- Developed a one, five and fifteen year strategic plan for the Village with the assistance of a third party consultant who facilitated input from the Village Council, Village 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.
- Successfully annexed the 200+ acres south of SR 80, west of Lowes.

For the future

Maintenance of the Village's general infrastructure (such as streets and storm drainage collection) remains a major concern of the Village. To address this concern, the Village each year prepares a five-year Capital Improvement Program that provides the framework for the development and maintenance of infrastructure to meet current and future needs.

The following are priority goals that the Village has adopted for fiscal year 2016:

- Monitor and stay on track with the 5 year strategic plan.
- Begin design of an amphitheater on the Royal Palm Beach Commons Great Lawn .
- Construct a new RV and boat parking lot under the FPL transmission lines adjacent to Lamstein Lane.
- Complete the road resurfacing project on various roads throughout the Village.

Financial Policies: The Village has several 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.

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.

Risk management. The Village purchases insurance coverage for general liability, property damage, and workers' compensation from the Florida League of Cities. Health Insurance was also

provided by the Florida League of Cities during this audit period. Insurance coverage is evaluated annually as part of the Village's budget process. Adjustments are made as necessary to provide the greatest degree of coverage in the most cost effective manner.

Pension benefits. The Village of Royal Palm Beach sponsors a single-employer defined benefit pension plan for its public safety (police) employees. Effective October 1, 2006 the Village contracted with the Palm Beach County Sheriff's office to provide police services to the Village. At that time all but six (6) officers transferred to the Florida Retirement System which provides pension benefits for the Sheriff's deputies. As of July 1, 2008, all six of the officers retired from the Royal Palm Beach Pension Plan and are receiving benefits through an annuity purchased through the Mutual of Omaha Insurance Company. Subsequently, five of the six officers joined the Florida Retirement System under the auspices of the Sheriff's office. The Royal Palm Beach Pension Plan did not dissolve in that it still receives insurance premium monies from the Division of Retirement as authorized under Chapter 185 Florida Statutes. Hence, a share plan was created on their behalf and the annual premium monies received are distributed equally to all remaining members less any administrative monies held as established by the police pension board.

The Village of Royal Palm Beach also provides pension benefits for its non-public safety employees as well. Prior to October 1, 2008 all of these employees were covered under a defined contribution plan. The Village contributes 5% of the base salary of all full-time employees who have completed one year of continuous service and have attained the age of eighteen. In addition, the employees may voluntarily contribute up to 5% of their base salary and the Village will match this contribution. As of October 1, 2008 the Village joined the Florida Retirement System (FRS). Hence, all employees hired after that date must belong to FRS. Employees on board prior to that date had a one-time irrevocable option to stay in the current defined contribution plan or join the Florida Retirement System.

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 comprehensive annual financial report (CAFR) for the fiscal year ended September 30, 2014. This was the twenty fifth 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 CAFR. 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 CAFR 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 2014/2015 annual budget document. This was the twentieth 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 would not have been possible without the efficient and dedicated services of the entire staff of the finance and administration department. We would like to express our appreciation to all members of the department who assisted and

contributed to the preparation of this report. Credit also must be given to the Mayor and Council members for their unfailing support for maintaining the highest standards of professionalism in the management of the Village of Royal Palm Beach's finances.

Respectfully submitted,

A handwritten signature in blue ink, appearing to read "RC Liggins", written over a horizontal line.

Raymond C. Liggins
Village Manager

A handwritten signature in blue ink, appearing to read "Stanley G. Hochman", written over a horizontal line.

Stanley G Hochman CGFM
Director of Finance



Government Finance Officers Association

**Certificate of
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**Village of Royal Palm Beach
Florida**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

September 30, 2014

Executive Director/CEO



GOVERNMENT FINANCE OFFICERS ASSOCIATION

*Distinguished
Budget Presentation
Award*

PRESENTED TO

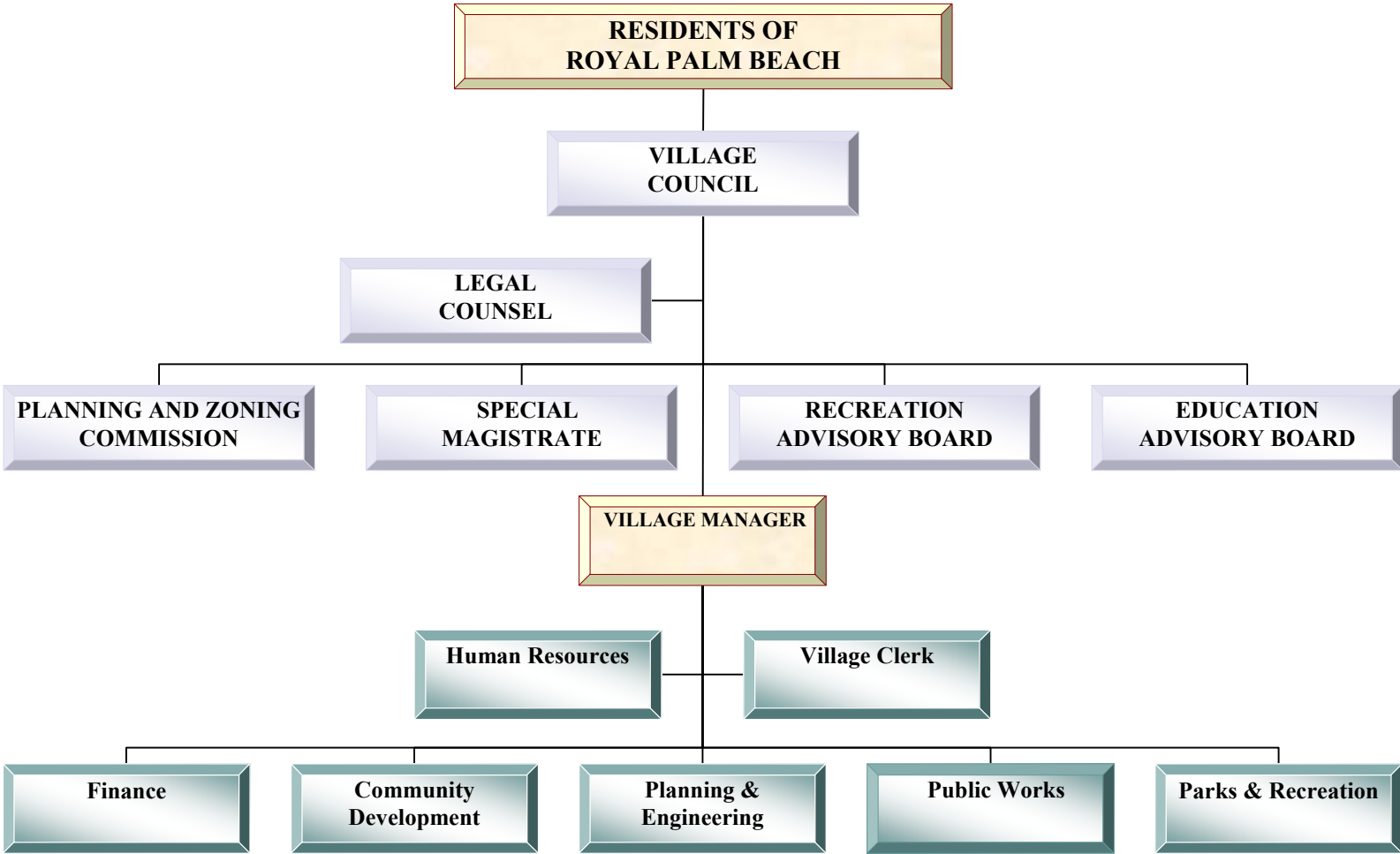
**Village of Royal Palm Beach
Florida**

For the Fiscal Year Beginning

October 1, 2014

Executive Director

**The Village of Royal Palm Beach
Organizational Chart**



VILLAGE OF ROYAL PALM BEACH

LIST OF PRINCIPAL OFFICIALS

September 30, 2015

Mayor	Matty Mattioli
Vice-Mayor	Richard Valuntas
Councilperson	Jeff Hmara
Councilperson	David Swift
Councilperson	Fred Pinto
Village Manager	Raymond C. Liggins
Director of Human Resources	Monika Bowles
Village Clerk	Diane DiSanto
Director of Community Development	Robert Hill
Director of Finance	Stanley G. Hochman
Village Engineer	Christopher Marsh
Director of Parks and Recreation	Louis Recchio
Director of Public Works	Paul Webster
Village Attorney	Jennifer G. Ashton

FINANCIAL SECTION



CALER, DONTEN, LEVINE, COHEN, PORTER & VEIL, P.A.

WILLIAM K. CALER, JR., CPA
LOUIS M. COHEN, CPA
JOHN C. COURTNEY, CPA, JD
DAVID S. DONTEN, CPA
JAMES B. HUTCHISON, CPA
JOEL H. LEVINE, CPA
JAMES F. MULLEN, IV, CPA
MICHAEL J. NALEZYTY, CPA
THOMAS A. PENCE, JR., CPA
SCOTT L. PORTER, CPA
MARK D. VEIL, CPA

CERTIFIED PUBLIC ACCOUNTANTS

505 SOUTH FLAGLER DRIVE, SUITE 900
WEST PALM BEACH, FL 33401-5948

TELEPHONE (561) 832-9292
FAX (561) 832-9455

info@cdlcpa.com

MEMBERS
AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS

FLORIDA INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditor's Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund and the aggregate remaining fund information of the Village of Royal Palm Beach, Florida, as of and for the year ended September 30, 2015, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with U.S. generally accepted accounting principles; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Village of Royal Palm Beach, Florida, as of September 30, 2015, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with U.S. generally accepted accounting principles.

Change in Accounting Principles

As discussed in Note A to the financial statements, the Village adopted the recognition and disclosure requirements of Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions – An Amendment of GASB Statement No. 27*, and Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*, during the year ended September 30, 2015. The net position of the governmental activities and business-type activities at October 1, 2014, has been restated. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

U.S. generally accepted accounting principles require that the management's discussion and analysis on pages 4 through 10, the budgetary comparison information on pages 54 to 59 and the pension information on pages 60 to 65 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with U.S. generally accepted auditing standards, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 18, 2016, on our consideration of the internal control over financial reporting of the Village of Royal Palm Beach, Florida, 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 to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.

*Calder, Dauter, Levine,
Cohen, Porter & Veil, P.A.*

West Palm Beach, Florida
May 18, 2016

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 of the Village of Royal Palm Beach exceeded its liabilities at September 30, 2015, by \$137,503,343. Of this amount, unrestricted net position of \$69,730,301 may be used to meet the Village's ongoing obligations to citizens and creditors.
- The total net position of the Village decreased by \$3,739,152. Of this amount, a decrease of \$3,787,245 was associated with governmental activities and a \$48,093 increase was associated with the business-type activities.
- As of the close of the current fiscal year, the Village of Royal Palm Beach's governmental funds reported combined ending fund balances of \$74,071,043, a decrease of \$2,772,462 in comparison with that of the prior year. Of this amount, \$50,651,117 is unassigned, while \$16,823,878 has been assigned for payment of debt service and subsequent year's expenditures, \$6,132,637 has been committed for capital projects, \$107,660 has been committed for recreation facilities, \$73,512 has been committed for community beautification, \$128,583 has been restricted for law enforcement and police education, and \$153,656 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 \$50,651,117, or 221% 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 of Royal Palm Beach'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 of Royal Palm Beach'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, public works, 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. Accordingly, two (2) major funds 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. Major governmental funds for the year ended September 30, 2015, were:

- General Fund
- Capital Improvements Fund (a Capital Projects Fund)

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 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 much like that used for proprietary funds. The Village's Fiduciary Funds at September 30, 2015, 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 23 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 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, 2015, the Village's assets exceeded liabilities by \$137,503,343. A large portion of the Village's net position (49 percent) reflects its net investment in capital assets. Capital assets are used to provide services to citizens and they are not available for future spending. Although the net investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The following analysis summarizes the net position as of September 30, 2015 and 2014:

	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
Assets						
Current and other assets	\$ 76,171,104	\$ 78,671,941	\$ 507,709	\$ 471,480	\$ 76,678,763	\$ 79,143,421
Capital assets, net	<u>81,936,880</u>	<u>84,214,866</u>	<u>1,462,328</u>	<u>1,462,328</u>	<u>83,399,208</u>	<u>85,677,194</u>
Total assets	158,107,934	162,886,807	1,970,037	1,933,808	160,077,971	164,820,615
Deferred outflows of resources	2,209,080	35,594	119,503	-	2,328,583	35,594
Liabilities						
Other liabilities	2,320,215	2,065,547	23,281	30,404	2,343,496	2,095,951
Noncurrent liabilities	<u>20,609,297</u>	<u>17,602,256</u>	<u>374,045</u>	<u>145,198</u>	<u>20,983,342</u>	<u>17,747,454</u>
Total liabilities	22,929,512	19,667,803	397,326	175,602	23,326,838	19,843,405
Deferred inflows of resources	1,494,402	-	81,971	-	1,576,373	-
Net position						
Net investment in capital assets	66,182,131	67,253,260	1,462,328	1,462,328	67,644,459	68,715,588
Restricted	128,583	125,642	-	-	128,583	125,642
Unrestricted	<u>69,582,386</u>	<u>75,875,696</u>	<u>147,915</u>	<u>295,878</u>	<u>69,730,301</u>	<u>76,171,574</u>
Total net position	<u>\$135,893,100</u>	<u>\$143,254,598</u>	<u>\$ 1,610,243</u>	<u>\$ 1,758,206</u>	<u>\$137,503,343</u>	<u>\$145,012,804</u>

An additional portion of net position (0.09%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position (\$69,730,301) may be used to meet the Village's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the Village is able to report positive balances in all three categories of net position for the government as a whole. The same situation held true for the prior year.

The following analysis summarizes the changes in net position for the years ended September 30, 2015 and 2014:

	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
Revenue						
Program revenue:						
Charges for services	\$ 3,430,474	\$ 3,084,209	\$ 785,709	\$ 766,045	\$ 4,216,183	\$ 3,850,254
Operating grants and contributions	448,676	350,953	-	-	448,676	350,953
Capital grants and contributions	608,958	398,190	-	-	608,958	398,190
General revenue:						
Taxes	11,746,888	11,413,520	-	-	11,746,888	11,413,520
State shared revenue	4,620,757	4,234,389	-	-	4,620,757	4,234,389
Investment earnings	825,024	417,401	327	604	825,351	418,005
Other	<u>19,348</u>	<u>9,168</u>	<u>-</u>	<u>-</u>	<u>19,348</u>	<u>9,168</u>
Total revenue	21,700,125	19,907,830	786,036	766,649	22,486,161	20,674,479
Expenses						
General						
government	5,077,561	5,055,361	-	-	5,077,561	5,055,361
Public safety	8,779,942	8,675,596	-	-	8,779,942	8,675,596
Public works	5,873,381	5,887,755	-	-	5,873,381	5,887,755
Culture and recreation	5,310,937	4,927,803	-	-	5,310,937	4,927,803
Interest on long-term debt	445,549	479,660	-	-	445,549	479,660
Stormwater	<u>-</u>	<u>-</u>	<u>737,943</u>	<u>670,174</u>	<u>737,943</u>	<u>670,174</u>
Total expenses	25,487,370	25,026,175	737,943	670,174	26,225,313	25,696,349
Increase (Decrease) in Net Position	(3,787,245)	(5,118,345)	48,093	96,475	(3,739,152)	(5,021,870)
Net position at beginning of year	<u>139,680,345</u>	<u>148,372,943</u>	<u>1,562,150</u>	<u>1,661,731</u>	<u>141,242,495</u>	<u>145,012,804</u>
Net position at end of Year	<u>\$135,893,100</u>	<u>\$143,254,598</u>	<u>\$ 1,610,243</u>	<u>\$ 1,758,206</u>	<u>\$137,503,343</u>	<u>\$145,012,804</u>

The Village's net position decreased by \$3,739,152 during the fiscal year ended September 30, 2015. This decrease is explained as follows:

Governmental activities: Governmental activities decreased the Village's net position by \$3,787,245, representing a reduction of \$1,331,100 from the prior year decrease of \$5,118,345. This decrease is directly related to decreased property taxes and investment income over the

past six years. Although these amounts continue to rise, they are still substantially less than they were six years ago. Over the same time period, expenses continue to increase on an annual basis.

Business-type activities: Business-type activities net position of the Village increased by \$48,093. Revenues continue to increase, although expenses continue to rise at a faster pace in the stormwater utility operations.

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, 2015, the Village's governmental funds reported combined ending fund balances of \$74,071,043, a decrease of \$2,772,462 in comparison to that of the prior year. Of this amount, \$50,651,117 (68 percent) is unassigned fund balance, which is available for spending at the government's discretion. Of the total fund balance, \$2,284,478 has been assigned by the Village for subsequent years' expenditures and \$14,539,400 has been assigned for future debt service payments. Funds have been committed for capital projects, recreation facilities and community beautification in the amounts of \$6,132,637, \$107,660, and \$73,512, respectively. Restricted funds for police education and law enforcement total \$128,583. The remaining fund balance of \$153,656 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 \$50,651,117, while the total General Fund fund balance was \$67,757,234. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 221 percent of total General Fund expenditures and other financing uses, while total fund balance represents 295 percent of that same amount.

The fund balance of the Village's General Fund decreased by \$1,880,253 during the current fiscal year, primarily as a result of the anticipated use of accumulated utility sale proceeds to fund operations.

The Capital Improvements Fund was established to account for the Village's General Capital Improvement Program. These monies are used to fund Village improvements and other projects and programs not accounted for in other capital improvement funds. The year end fund balance of \$2,575,745 is a decrease of \$831,449 in comparison to that of the prior year which was attributable to the completion of ongoing and new Capital Projects. All of the year end fund balance of \$2,575,745 is committed by the Village Council for capital projects' 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, 2015, the Village's enterprise funds reported a net position of \$1,610,243. Of this amount, the net position for the Water and Wastewater Utility System Fund, the Village's largest proprietary fund, was \$1,534,787 at September 30, 2015. The net income of the Utility Fund for 2015 consists of approximately \$204 in investment earnings on remaining cash that will be used to

decommission the water plant. The remaining enterprise fund, the Village's Stormwater Utility Fund, accounts for revenues and expenses related to stormwater operations.

General Fund Budgetary Highlights

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

- Finance and administrative expenditures were approximately \$105,000 under budget primarily due to budgeted contractual services that were not required.
- Non-departmental services expenditures were approximately \$136,000 under budget which was caused by overestimating utility and insurance costs.
- Engineering department expenditures were approximately \$104,000 under budget primarily due to unfilled positions.
- Culture and Recreation department expenditures were approximately \$186,000 under budget as a result of unfilled positions.

Capital assets. The Village's investment in capital assets for its governmental and business-type activities at September 30, 2015, amounts to \$83,399,208 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements other than buildings, equipment, vehicles, infrastructure and construction in progress. Governmental activities capital asset additions totaled approximately \$1,743,000. The majority of the increases were for park improvements. Additional information on the Village's capital assets can be found in Note C.

Long-term debt. At the end of the current fiscal year, the Village had \$15,785,200 in outstanding long-term debt consisting of a Capital Improvement Refunding Note, Series 2011B. The note is secured by non-ad valorem revenues. The outstanding amount due on this Note decreased by \$1,212,000 from the September 30, 2014 balance of \$16,997,200 as a result of principal payments due. There was no debt in the business-type activities at September 30, 2015 or 2014. Additional information on the Village's long-term debt can be found in Note D.

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 and fees to fund their governmental activities. There is a limited amount of state-shared revenue and recurring and non-recurring grants.

While property taxes are important to the Village, they represent only 21% of budgeted General Fund revenues. 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 2016 budget will be less of a challenge than in previous years. Property values have increased and are expected to continue that trend in future years. Major commercial construction is under way. Our

stabilization fund monies will not be needed to maintain the tax rate at its current level, if property values continue to rise. Additionally, the Village sold the old sewer plant property for approximately \$33.5 million in January 2016.

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

BASIC FINANCIAL STATEMENTS

VILLAGE OF ROYAL PALM BEACH, FLORIDA

STATEMENT OF NET POSITION

September 30, 2015

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Equity in pooled cash and investments	\$ 3,834,241	\$ 382,613	\$ 4,216,854
Investments	70,680,436	-	70,680,436
Accrued interest receivable	128,621	-	128,621
Accounts receivable	692,980	-	692,980
Due from other governments	681,120	125,096	806,216
Prepaid expenses	153,656	-	153,656
Capital assets			
Capital assets not being depreciated	9,549,961	1,462,328	11,012,289
Capital assets being depreciated, net of accumulated depreciation	72,386,919	-	72,386,919
Total Assets	158,107,934	1,970,037	160,077,971
DEFERRED OUTFLOWS OF RESOURCES			
Deferred charge on refunding	30,451	-	30,451
Deferred amount related to pensions	2,178,629	119,503	2,298,132
Total Deferred Outflows of Resources	2,209,080	119,503	2,328,583
LIABILITIES			
Accounts payable	490,174	19,949	510,123
Accrued payroll and related liabilities	183,786	3,332	187,118
Other liabilities	250,434	-	250,434
Contracts and retainage payable	336,578	-	336,578
Unearned revenue	1,059,243	-	1,059,243
Noncurrent liabilities			
Due within one year	1,270,002	145,198	1,415,200
Due in more than one year	14,999,245	-	14,999,245
Net pension liability	4,172,050	228,847	4,400,897
Other postemployment benefits	168,000	-	168,000
Total Liabilities	22,929,512	397,326	23,326,838
DEFERRED INFLOWS OF RESOURCES			
Deferred amount related to pensions	1,494,402	81,971	1,576,373
NET POSITION			
Net investment in capital assets	66,182,131	1,462,328	67,644,459
Restricted for public safety	128,583	-	128,583
Unrestricted	69,582,386	147,915	69,730,301
Total Net Position	\$ 135,893,100	\$ 1,610,243	\$ 137,503,343

See notes to financial statements.

VILLAGE OF ROYAL PALM BEACH, FLORIDA

STATEMENT OF ACTIVITIES

Year Ended September 30, 2015

Functions/Programs	Expenses	Program Revenue		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities				
General government	\$ 5,077,561	\$ 818,357	\$ 46,850	\$ 14,919
Public safety	8,779,942	1,705,893	266,018	83,512
Public works	5,873,381	3,440	135,808	323,938
Culture and recreation	5,310,937	902,784	-	186,589
Interest on long-term debt	445,549	-	-	-
Total Governmental Activities	25,487,370	3,430,474	448,676	608,958
Business-type activities				
Stormwater	737,943	785,709	-	-
Total Business-type Activities	737,943	785,709	-	-
Total	\$ 26,225,313	\$ 4,216,183	\$ 448,676	\$ 608,958

General revenue

Taxes

Property taxes

Franchise fees

Utility service taxes

Business taxes

State shared revenue, unrestricted

Investment earnings

Gain on sale of capital assets

Total General Revenue

Change in Net Position

Net position at beginning of year, as originally reported

Restatement for implementation of GASB Statements

Net position at beginning of year, as restated

Net position at September 30, 2015

Net (Expense) Revenue and Changes in Net Position

Governmental Activities	Business - Type Activities	Total
\$ (4,197,435)	\$ -	\$ (4,197,435)
(6,724,519)	-	(6,724,519)
(5,410,195)	-	(5,410,195)
(4,221,564)	-	(4,221,564)
(445,549)	-	(445,549)
<u>(20,999,262)</u>	<u>-</u>	<u>(20,999,262)</u>
-	47,766	47,766
<u>-</u>	<u>47,766</u>	<u>47,766</u>
(20,999,262)	47,766	(20,951,496)
3,766,974	-	3,766,974
2,799,075	-	2,799,075
4,476,157	-	4,476,157
704,682	-	704,682
4,620,757	-	4,620,757
825,024	327	825,351
19,348	-	19,348
<u>17,212,017</u>	<u>327</u>	<u>17,212,344</u>
(3,787,245)	48,093	(3,739,152)
143,254,598	1,758,206	145,012,804
(3,574,253)	(196,056)	(3,770,309)
<u>139,680,345</u>	<u>1,562,150</u>	<u>141,242,495</u>
<u>\$ 135,893,100</u>	<u>\$ 1,610,243</u>	<u>\$ 137,503,343</u>

See notes to financial statements.

VILLAGE OF ROYAL PALM BEACH, FLORIDA

BALANCE SHEET - GOVERNMENTAL FUNDS

September 30, 2015

	Major Governmental Funds		Other	Total
	General	Capital	Governmental	Governmental
	Fund	Improvements	Funds	Funds
	Fund	Fund	Funds	Funds
ASSETS				
Equity in pooled cash and investments	\$ 1,578	\$ 1,918,271	\$ 1,914,392	\$ 3,834,241
Investments	68,744,482	-	1,935,954	70,680,436
Accrued interest receivable	128,621	-	-	128,621
Accounts receivable	692,980	-	-	692,980
Due from other governments	681,120	-	-	681,120
Due from other funds	-	1,034,927	-	1,034,927
Prepaid items	153,656	-	-	153,656
TOTAL ASSETS	\$ 70,402,437	\$ 2,953,198	\$ 3,850,346	\$ 77,205,981
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
LIABILITIES				
Accounts payable	\$ 337,017	\$ 149,701	\$ 3,456	\$ 490,174
Accrued payroll and related liabilities	183,786	-	-	183,786
Other liabilities	30,230	-	-	30,230
Contracts and retainage payable	-	227,752	108,826	336,578
Due to other funds	1,034,927	-	-	1,034,927
TOTAL LIABILITIES	1,585,960	377,453	112,282	2,075,695
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue	1,059,243	-	-	1,059,243
FUND BALANCES				
Nonspendable:				
Prepaid items	153,656	-	-	153,656
Restricted for:				
Police education	98,233	-	-	98,233
Law enforcement	30,350	-	-	30,350
Committed for:				
Capital projects	-	2,575,745	3,556,892	6,132,637
Recreation facilities	-	-	107,660	107,660
Community beautification	-	-	73,512	73,512
Assigned for:				
Debt service	14,539,400	-	-	14,539,400
Subsequent year's expenditures	2,284,478	-	-	2,284,478
Unassigned	50,651,117	-	-	50,651,117
TOTAL FUND BALANCES	67,757,234	2,575,745	3,738,064	74,071,043
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 70,402,437	\$ 2,953,198	\$ 3,850,346	\$ 77,205,981

See notes to financial statements.

VILLAGE OF ROYAL PALM BEACH, FLORIDA

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES
TO NET POSITION OF GOVERNMENTAL ACTIVITIES

September 30, 2015

Total Governmental Fund Balances \$ 74,071,043

*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	188,965,025
Less accumulated depreciation	(107,028,145)

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

Deferred outflows of resources related to pensions	2,178,629
Deferred inflows of resources related to pensions	(1,494,402)

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

Deferred charge on refunding	30,451
Accrued interest payable on long-term debt	(220,204)
Compensated absences	(484,047)
Capital improvement note	(15,785,200)
Other postemployment benefits payable	(168,000)
Net pension liability	(4,172,050)

Net Position of Governmental Activities \$ 135,893,100

See notes to financial statements.

VILLAGE OF ROYAL PALM BEACH, FLORIDA

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

Year Ended September 30, 2015

	Major Governmental Funds		Other	Total
	General	Capital	Governmental	Governmental
	Fund	Improvements	Funds	Funds
	Fund	Fund	Funds	Funds
REVENUE				
Ad valorem taxes	\$ 3,766,974	\$ -	\$ -	\$ 3,766,974
Franchise fees	2,799,075	-	-	2,799,075
Utility service taxes	4,476,157	-	-	4,476,157
Business taxes	704,682	-	-	704,682
Licenses and permits	998,828	-	-	998,828
Intergovernmental revenue	5,041,090	-	-	5,041,090
Charges for services	699,120	-	-	699,120
Fines and forfeitures	482,065	-	-	482,065
Miscellaneous				
Investment earnings	798,284	13,402	13,338	825,024
Impact fees	-	-	426,318	426,318
Conditions of approval	-	5,000	172,640	177,640
Other	1,278,804	5,000	-	1,283,804
Total Revenue	21,045,079	23,402	612,296	21,680,777
EXPENDITURES				
Current				
General government	4,966,773	63,772	-	5,030,545
Public safety	8,628,119	-	-	8,628,119
Public works	2,656,622	233,675	-	2,890,297
Culture and recreation	4,122,181	247,351	147,955	4,517,487
Capital outlay	7,471	1,210,053	525,101	1,742,625
Debt service				
Principal	1,212,000	-	-	1,212,000
Interest and fiscal charges	457,314	-	-	457,314
Total Expenditures	22,050,480	1,754,851	673,056	24,478,387
REVENUE OVER (UNDER) EXPENDITURES	(1,005,401)	(1,731,449)	(60,760)	(2,797,610)
OTHER FINANCING SOURCES (USES)				
Insurance recoveries	5,800	-	-	5,800
Proceeds from sale of capital assets	19,348	-	-	19,348
Transfers in	-	900,000	-	900,000
Transfers out	(900,000)	-	-	(900,000)
Total Other Financing Sources (Uses)	(874,852)	900,000	-	25,148
Net Change in Fund Balances	(1,880,253)	(831,449)	(60,760)	(2,772,462)
FUND BALANCES at October 1, 2014	69,637,487	3,407,194	3,798,824	76,843,505
FUND BALANCES at September 30, 2015	\$ 67,757,234	\$ 2,575,745	\$ 3,738,064	\$ 74,071,043

See notes to financial statements.

VILLAGE OF ROYAL PALM BEACH, FLORIDA

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

Year Ended September 30, 2015

Net change in fund balances - total governmental funds \$ (2,772,462)

*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	1,742,625
Less current year depreciation	(4,020,611)

The issuance and repayment of long-term debt provides/consumes the
current financial resources of governmental funds. However, these
transactions do not have any effect on net position of the governmental activities.

Long-term debt repayment:	
Capital improvement note	1,212,000

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	(27,991)
Accrued interest	16,907
Other postemployment benefits	(19,000)
Pension expense	86,430
Amortization of deferred charge on refunding of bonds	(5,143)

Change in net position of governmental activities \$ (3,787,245)

See notes to financial statements.

VILLAGE OF ROYAL PALM BEACH, FLORIDA

STATEMENT OF NET POSITION - ENTERPRISE FUNDS

September 30, 2015

	Major Fund Water and Wastewater Utility System Fund	Stormwater Utility Fund	Total Enterprise Funds
ASSETS			
Current Assets			
Equity in pooled cash and investments	\$ 217,657	\$ 164,956	\$ 382,613
Due from other governments	-	125,096	125,096
Total Current Assets	217,657	290,052	507,709
Noncurrent Assets			
Capital assets - land	1,462,328	-	1,462,328
Total Assets	1,679,985	290,052	1,970,037
DEFERRED OUTFLOWS OF RESOURCES			
Deferred amount related to pensions	-	119,503	119,503
LIABILITIES			
Current Liabilities			
Accounts payable	-	19,949	19,949
Accrued payroll and related liabilities	-	3,332	3,332
Accrued decommissioning costs	145,198	-	145,198
Total Current Liabilities	145,198	23,281	168,479
Noncurrent Liability			
Net pension liability	-	228,847	228,847
Total Liabilities	145,198	252,128	397,326
DEFERRED INFLOWS OF RESOURCES			
Deferred amount related to pensions	-	81,971	81,971
NET POSITION			
Investment in capital assets	1,462,328	-	1,462,328
Unrestricted	72,459	75,456	147,915
Total Net Position	\$ 1,534,787	\$ 75,456	\$ 1,610,243

See notes to financial statements.

VILLAGE OF ROYAL PALM BEACH, FLORIDA

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

Year Ended September 30, 2015

	Major Fund Water and Wastewater Utility System Fund	Stormwater Utility Fund	Total Enterprise Funds
Operating revenue			
Charges for services	\$ -	\$ 785,709	\$ 785,709
Total Operating Revenue	-	785,709	785,709
Operating expenses			
Personal services	-	425,932	425,932
General operating expenses	-	312,011	312,011
Total Operating Expenses	-	737,943	737,943
Operating Income	-	47,766	47,766
Nonoperating revenue			
Interest earnings	204	123	327
Total Nonoperating Revenue	204	123	327
Change in Net Position	204	47,889	48,093
Net position at October 1, 2014, as originally reported	1,534,583	223,623	1,758,206
Restatement for implementation of GASB Statements	-	(196,056)	(196,056)
Net position at October 1, 2014, as restated	1,534,583	27,567	1,562,150
NET POSITION at September 30, 2015	\$ 1,534,787	\$ 75,456	\$ 1,610,243

See notes to financial statements.

VILLAGE OF ROYAL PALM BEACH, FLORIDA

STATEMENT OF CASH FLOWS - ENTERPRISE FUNDS

Year Ended September 30, 2015

	Major Fund Water and Wastewater Utility System Fund	Stormwater Utility Fund	Total Enterprise Funds
OPERATING ACTIVITIES			
Cash received from customers	\$ -	\$ 776,162	\$ 776,162
Cash paid to suppliers and contractors	-	(315,516)	(315,516)
Cash paid to employees	-	(434,291)	(434,291)
Net Cash Provided By Operating Activities	-	26,355	26,355
INVESTING ACTIVITY			
Interest earnings	204	123	327
Net Cash Provided By Investing Activity	204	123	327
Net Increase in Cash and Cash Equivalents	204	26,478	26,682
CASH AND CASH EQUIVALENTS at October 1, 2014	217,453	138,478	355,931
CASH AND CASH EQUIVALENTS at September 30, 2015	<u>\$ 217,657</u>	<u>\$ 164,956</u>	<u>\$ 382,613</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES			
Operating income	\$ -	\$ 47,766	\$ 47,766
Adjustments to reconcile operating income to net cash provided by operating activities:			
Changes in assets and liabilities:			
Increase in due from other governments	-	(9,547)	(9,547)
Decrease in deferred outflows	-	(67,255)	(67,255)
Decrease in accounts payable	-	(3,505)	(3,505)
Decrease in accrued payroll and related liabilities	-	(3,618)	(3,618)
Decrease in deferred inflows	-	(20,753)	(20,753)
Increase in net pension liability	-	83,267	83,267
Net Cash Provided By Operating Activities	<u>\$ -</u>	<u>\$ 26,355</u>	<u>\$ 26,355</u>

See notes to financial statements.

VILLAGE OF ROYAL PALM BEACH, FLORIDA

STATEMENT OF FIDUCIARY NET POSITION - FIDUCIARY FUNDS

September 30, 2015

	<u>Pension Trust</u>
ASSETS	
Investments	
Mutual funds	\$ 1,619,123
Florida Municipal Pension Trust Fund	284,841
Guaranteed interest account	<u>116,991</u>
	<u>\$ 2,020,955</u>
 NET POSITION	
Net position restricted for pension benefits	<u>\$ 2,020,955</u>

See notes to financial statements.

VILLAGE OF ROYAL PALM BEACH, FLORIDA

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION -
FIDUCIARY FUNDS

Year Ended September 30, 2015

	Pension Trust
ADDITIONS	
Contributions	
Employer	\$ 19,714
Employee	9,680
State	266,018
Total Contributions	295,412
Investment earnings	
Net depreciation in fair value of plan assets	(2,354)
Interest and dividend income	20,415
Net Investment Earnings	18,061
Total Additions	313,473
DEDUCTIONS	
Distributions to plan participants	141,917
Administrative expenses	3,804
Total Deductions	145,721
Net Increase	167,752
Net position restricted for pension benefits at October 1, 2014	1,853,203
NET POSITION RESTRICTED FOR PENSION BENEFITS AT SEPTEMBER 30, 2015	<u>\$ 2,020,955</u>

See notes to financial statements.

VILLAGE OF ROYAL PALM BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2015

NOTE A - 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 U.S. generally accepted accounting principles, 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 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.

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

VILLAGE OF ROYAL PALM BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2015

NOTE A - SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 funds and proprietary fund 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.

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

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 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 to enhance the aesthetic landscape and visual perception of the Village.

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 fund:

VILLAGE OF ROYAL PALM BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2015

NOTE A - SIGNIFICANT ACCOUNTING POLICIES (Continued)

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. This fund leased its water plant to Palm Beach County through August 2013, when the lease was cancelled.

The Village also reports the following nonmajor enterprise fund:

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.

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. 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. Property taxes, intergovernmental revenue, franchise fees, charges for services and investment income are all considered susceptible to accrual and have been recognized as revenue in

VILLAGE OF ROYAL PALM BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2015

NOTE A - SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 2015 primarily relate to repair costs incurred as a result of various minor property damage incidents during the year.

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 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.

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, 2015, the maximum tax levy allowed by a majority vote of the governing body is generally based on a percentage applied to the prior year (2013/2014) 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, 2015, the Village adopted a millage rate of 5.38 mills which is less than the maximum tax rate permitted. This tax rate resulted in a tax levy of \$3,741,646 for 2015. 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 2014/2015 Village millage rate to 6.54.

Pooled Cash and Investments: 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.

VILLAGE OF ROYAL PALM BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2015

NOTE A - SIGNIFICANT ACCOUNTING POLICIES (Continued)

Accounts Receivable: Accounts receivable represent amounts due from local businesses for franchise and utility taxes in the General Fund. No allowance for doubtful accounts was deemed necessary at September 30, 2015. General Fund receivables are not collateralized. The need for an allowance for doubtful 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.

Prepaid Items/Expenses: Expenditures/expenses for various administrative expenses extending over more than one accounting period, if any, 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, fair value at the date of donation. Expenses, which materially extend the useful life of existing assets, are capitalized. Certain costs for professional services and interest associated with the acquisition and construction of capital assets have been capitalized in the proprietary funds. 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. 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
Water and wastewater plant	2-10 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, 2015. The liability for compensated absences attributable to the Village's governmental funds is recorded in the government-wide financial statements. 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 Statement of Net Position and the governmental funds Balance Sheet will sometimes report a separate

VILLAGE OF ROYAL PALM BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2015

NOTE A - SIGNIFICANT ACCOUNTING POLICIES (Continued)

section for deferred outflows or deferred inflows of resources. The separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until that time. The Village has two items that qualify for reporting as a deferred outflow of resources on the government-wide Statement of Net Position. The deferred amount on refunding was a loss resulting from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The other deferred outflow is related to its pension obligation.

The separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenues) until that time. The Village's deferred inflows on the government-wide Statement of Net Position relate to its pension obligation. 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:

Net 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 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.

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.

Unrestricted – This component of net position consists of net position that does not meet the definition of *Net 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:

VILLAGE OF ROYAL PALM BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2015

NOTE A - SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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.

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 balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance 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 balance to have been used before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is used first, followed by assigned fund balance. Unassigned fund balance is applied last.

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 balance over the next five years to limit increases in ad valorem tax rates.

Minimum Fund Balance Policy - The Village Council has adopted a formal minimum fund balance 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

VILLAGE OF ROYAL PALM BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2015

NOTE A - SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 balance.

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 \$266,018 for the fiscal year ended September 30, 2015.

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 insurance to cover all risks of loss to which it is exposed. Policy limits and deductibles are reviewed annually by management and established at amounts to provide reasonable protection from significant financial loss. There were no significant reductions in insurance coverage for 2015. 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 and liabilities, 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 GASB Statements: The Village implemented the following GASB Statements for the fiscal year ended September 30, 2015.

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – An Amendment of GASB Statement No. 27*, provides accounting and financial reporting requirements for governments whose employees receive pensions through pension plans. The Statement establishes a definition for pension arrangements and determining pension obligations and requirements for accumulating and managing assets dedicated for pensions and paying benefits to plan members as they come due.

VILLAGE OF ROYAL PALM BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2015

NOTE A - SIGNIFICANT ACCOUNTING POLICIES (Continued)

GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*, amends Statement No. 68 regarding the reporting of contributions as deferred outflows upon adoption of Statement No. 68.

Restatement for Implementation of GASB Statements: The implementation of GASB Statements No. 68 and No. 71 resulted in a restatement that decreased the beginning net position of the governmental activities and business-type activities of the Village's government-wide financial statements by \$3,574,253 and \$196,056, respectively, and decreased the beginning net position of the Enterprise Funds by \$196,056 to record the net pension liability and net deferred inflows and outflows of resources for the Village's proportionate share of the two State of Florida Retirement Plans, which are both cost-sharing multiple employer pension plans, at October 1, 2014. The implementation of GASB Statements No. 68 and No. 71 had no effect on the Village's governmental and fiduciary fund financial statements.

Recent Accounting Pronouncements: The GASB has issued the following Statements effective in future years. Management has not completed its analysis of the effects, if any, of these GASB statements on the financial statements of the Village.

GASB Statement No. 72, *Fair Value Measurement and Application*, addresses financial reporting issues related to fair value measurements. The Statement provides guidance for determining fair value measurement for financial reporting purposes and for applying fair value to certain investments and disclosures related to all fair value measurements. The requirements of this statement will be effective for the Village for the fiscal year ending September 30, 2016.

GASB Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statement 67 and 68*, establishes requirements for defined benefit pensions that are not within the scope of Statement No. 68 by extending the accounting and financial reporting provisions to all pensions. Statement No. 73 also requires disclosures in the notes to the financial statements and required supplementary information as required by Statement No. 68. The requirements of this statement will be effective for the Village for the fiscal year ending September 30, 2016.

GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, establishes new standards of financial reporting for governments whose employees are provided with other postemployment benefits (OPEB) through defined benefit and defined contribution OPEB plans and requires enhanced note disclosures and schedules of required supplementary information for OPEB plans. The requirements of this statement will be effective for the Village for the fiscal year ending September 30, 2017.

GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, establishes new accounting and financial reporting requirements for governments whose employees are provided with other postemployment benefits (OPEB), as well as certain nonemployer governments that have a legal obligation to provide financial support for OPEB provided to employees of other entities. The requirements of this statement will be effective for the Village for the fiscal year ending September 30, 2018.

VILLAGE OF ROYAL PALM BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2015

NOTE A - SIGNIFICANT ACCOUNTING POLICIES (Continued)

GASB Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*, identifies, in the context of the current governmental financial reporting environment, the sources of accounting principles used to prepare financial statements of state and local governments in conformity with GAAP and the framework for selecting those principles. The requirements of this statement will be effective for the Village for the fiscal year ending September 30, 2016.

GASB Statement No. 77, *Tax Abatement Disclosures*, requires disclosure of tax abatement information about the reporting government's own tax abatement agreements and agreements that are entered into by other governments that reduce the reporting government's tax revenues. The requirements of this statement will be effective for the Village for the fiscal year ending September 30, 2017.

GASB Statement No. 78, *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans*, amends the scope and applicability of Statement No. 68 to exclude pensions provided to employees of state or local governmental employers through a cost-sharing multiple-employer defined benefit pension plan that: (1) is not a state or local governmental pension plan, (2) is used to provide defined benefit pensions both to employees of state or local governmental employers and to employees of employers that are not state or local governmental employers, and (3) has no predominant state or local governmental employer (either individually or collectively with other state or local governmental employers that provide pensions through the pension plan). This Statement establishes requirements for recognition and measurement of pension expense, expenditures, and liabilities; note disclosures; and required supplementary information for pensions that have the characteristics described above. The requirements of this statement will be effective for the Village for the fiscal year ending September 30, 2017.

GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*, addresses accounting and financial reporting for certain external investment pools and pool participants. Specifically, it establishes criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost for financial reporting purposes. The requirements of this statement will be effective for the Village for the fiscal year ending September 30, 2017.

GASB Statement No. 80, *Blending Requirements for Certain Component Units – an Amendment of GASB Statement No. 14*, amends the blending requirements for financial statement presentation of component units of all state and local governments and requires blending of a component unit incorporated as a not-for-profit corporation in which the primary government is the sole corporate member. The requirements of this statement will be effective for the Village for the fiscal year ending September 30, 2017.

NOTE B - CASH AND INVESTMENTS

The Village maintains a cash and investment pool that is available for use by all funds. At September 30, 2015, pooled cash and investments included petty cash of \$775 and deposits with financial institutions of \$4,216,079. Each fund type's portion of this pool is displayed on the financial statements as "Equity in pooled cash and investments". In addition, investments are held separately by the General Fund, Impact Fee Capital Projects Fund, and the Pension Trust Funds.

VILLAGE OF ROYAL PALM BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2015

NOTE B - CASH AND INVESTMENTS (Continued)

Deposits: At year end, the carrying amount of the Village's deposits with financial institutions, excluding the Pension Trust Funds, was \$4,216,079 and the bank balance was \$4,129,539. 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 Statement No. 3 of the Governmental Accounting Standards Board.

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; prime commercial paper, corporate notes, and bankers acceptances, subject to certain minimum ratings; 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.

The Village held the following investments at September 30, 2015:

	<u>Fair Value</u>
<i>Governmental Funds</i>	
U.S. Treasury notes	\$ 31,559,005
Corporate notes	16,411,654
U.S. Government agency notes	13,457,368
Money market mutual fund	3,899,321
Commercial paper	3,478,219
Municipal bond	<u>1,874,869</u>
	<u>\$ 70,680,436</u>

VILLAGE OF ROYAL PALM BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2015

NOTE B - CASH AND INVESTMENTS (Continued)

Pension Trust Funds

General Employees Pension Trust Fund

Mutual Funds

Equity funds	\$ 1,232,890
Fixed income funds	327,213
Money market funds	59,020
Guaranteed interest account	<u>116,991</u>
	1,736,114

Police Pension Trust Fund

Florida Municipal Investment Trust Fund	<u>284,841</u>
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\$ 2,020,955

The Police Pension Trust Fund invests in the Florida Municipal Investment Trust Fund (the "Trust Fund") which is a trust established for the purpose of funding individually designed employee pension plans and certain other postemployment benefit plans of participating Florida municipalities, public agencies and political subdivisions of the State of Florida. The Trust Fund has adopted GASB Statement No. 31 and the fair value of the Village's position in the Trust Fund is the same as the net asset value of the Trust Fund shares. The investment in the Trust Fund is not evidenced by securities that exist in physical or book entry form.

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, 2015.

VILLAGE OF ROYAL PALM BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2015

NOTE B - CASH AND INVESTMENTS (Continued)

	Fair Value of Investment Maturities				
	Less Than One Year	One to Five Years	Fixed Income Funds	Effective Maturity	Total
<u>Governmental Funds Investments</u>					
U.S. Treasury notes	\$ -	\$ 31,559,005	\$ -		\$ 31,559,005
Corporate notes	3,626,551	12,785,103	-		16,411,654
U.S. Government agency notes	3,021,961	10,435,407	-		13,457,368
Commercial paper	3,486,831	-	-		3,486,831
Municipal bond	1,874,869	-	-		1,874,869
<u>Pension Trust Funds Investments</u>					
JP Morgan Core Bond Fund	-	-	136,213	6.61 yrs	136,213
PIMCO Total Return Fund	-	-	162,701	7.80 yrs	162,701
American Funds Bond Fund of America	-	-	146	7.90 yrs	146
Prudential Government Income Fund	-	-	12,451	4.64 yrs	12,451
Franklin U.S. Government Securities Fund	-	-	15,702	4.97 yrs	15,702
Total	\$ 12,010,212	\$ 54,779,515	\$ 327,213		\$ 67,116,940

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. 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 \$31,559,005 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, 2015, as listed below. All other funds were unrated.

VILLAGE OF ROYAL PALM BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2015

NOTE B - CASH AND INVESTMENTS (Continued)

	<u>NRSRO Rating</u>	<u>Fair Value</u>
<u>Governmental Funds</u>		
Corporate notes	AA	\$ 5,272,122
Corporate notes	A	11,139,532
U.S. Government agency notes	AA	13,457,368
Commercial paper	A	3,486,831
Municipal bond	AA	1,874,869
Money market mutual fund	AAAm	<u>3,899,321</u>
		<u>\$ 39,130,043</u>
<u>General Employees Pension Trust Fund</u>		
JP Morgan Core Bond Fund	BBB	\$ 136,213
PIMCO Total Return Fund	Not Rated	162,701
American Funds Bond Fund of America	A	146
Prudential Government Income Fund	AAA	12,451
Franklin U.S. Government Securities Fund	AAA	<u>15,702</u>
		<u>\$ 327,213</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, 2015, all investments were held in independent custodial safekeeping accounts, except money market mutual funds, mutual funds, the Florida Municipal Investment Trust Fund, and the guaranteed interest account which are considered *unclassified* pursuant to GASB Statement No. 3, 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, 2015, the following issuer represents more than 5% of the Village's total investments: Federal National Mortgage Association - 9.87%.

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, 2015.

VILLAGE OF ROYAL PALM BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2015

NOTE C - CAPITAL ASSETS

The capital asset activity for the year ended September 30, 2015, was as follows:

<u><i>Governmental Activities</i></u>	Balance at Beginning of Year	Increases	Decreases	Balance at End of Year
Capital assets not being depreciated				
Land	\$ 7,346,355	\$ -	\$ -	\$ 7,346,355
Construction in progress	<u>22,825,702</u>	<u>1,409,919</u>	<u>(22,032,015)</u>	<u>2,203,606</u>
Total capital assets not being depreciated	30,172,057	1,409,919	(22,032,015)	9,549,961
Capital assets being depreciated				
Buildings	13,583,253	14,271,940	-	27,855,193
Improvements other than buildings	26,683,128	3,525,375	-	30,208,503
Infrastructure	113,273,804	3,585,270	-	116,859,074
Equipment	1,746,864	946,437	(19,680)	2,673,621
Vehicles	<u>1,881,430</u>	<u>35,699</u>	<u>(98,456)</u>	<u>1,818,673</u>
Total capital assets being depreciated	157,168,479	22,364,721	(118,136)	179,415,064
Less accumulated depreciation for				
Buildings	(5,929,776)	(359,392)	-	(6,289,168)
Improvements other than buildings	(14,562,013)	(1,102,364)	-	(15,664,377)
Infrastructure	(79,346,095)	(2,408,987)	-	(81,755,082)
Equipment	(1,490,807)	(99,040)	19,680	(1,570,167)
Vehicles	<u>(1,796,979)</u>	<u>(50,828)</u>	<u>98,456</u>	<u>(1,749,351)</u>
Total accumulated depreciation	<u>(103,125,670)</u>	<u>(4,020,611)</u>	<u>118,136</u>	<u>(107,028,145)</u>
Total capital assets being depreciated, net	<u>54,042,809</u>	<u>18,344,110</u>	<u>-</u>	<u>72,386,919</u>
Governmental activities capital assets, net	<u>\$ 84,214,866</u>	<u>\$ 19,754,029</u>	<u>\$ (22,032,015)</u>	<u>\$ 81,936,880</u>

Depreciation expense was charged to functions/programs as follows:

<u><i>Governmental Activities</i></u>	
General government	\$ 66,818
Public safety	170,789
Public works	2,977,240
Culture and recreation	<u>805,764</u>
Total depreciation expense - governmental activities	<u>\$ 4,020,611</u>

VILLAGE OF ROYAL PALM BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2015

NOTE C - CAPITAL ASSETS (Continued)

<u><i>Business-type Activities</i></u>	Balance at Beginning of Year	Increases	Decreases	Balance at End of Year
Capital assets not being depreciated				
Land	\$ 1,462,328	\$ -	\$ -	\$ 1,462,328
Total capital assets not being depreciated	1,462,328	-	-	1,462,328
Capital assets being depreciated				
Buildings	16,145	-	-	16,145
Water and wastewater plant	<u>11,681,028</u>	<u>-</u>	<u>-</u>	<u>11,681,028</u>
Total capital assets being depreciated	11,697,173	-	-	11,697,173
Less accumulated depreciation for				
Buildings	(16,145)	-	-	(16,145)
Water and wastewater plant	<u>(11,681,028)</u>	<u>-</u>	<u>-</u>	<u>(11,681,028)</u>
Total accumulated depreciation	<u>(11,697,173)</u>	<u>-</u>	<u>-</u>	<u>(11,697,173)</u>
Total capital assets being depreciated, net	-	-	-	-
Business-type activity capital assets, net	<u>\$ 1,462,328</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,462,328</u>

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 Utility Fund in conjunction with the sale of the utility. The wastewater plant was fully decommissioned as of September 30, 2011. 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, 2015, the Village has an accrued liability of approximately \$145,000 for the remaining cost of decommissioning the water plant.

NOTE D - LONG-TERM DEBT

Changes in governmental activities long-term debt for the year ended September 30, 2015, are summarized as follows:

VILLAGE OF ROYAL PALM BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2015

NOTE D - LONG-TERM DEBT (Continued)

<u><i>Governmental Activities</i></u>	Balance at Beginning of Year	Additions	Retirements	Balance at End of Year	Amounts Due Within One Year
Compensated absences	\$ 456,056	\$ 511,025	\$ (483,034)	\$ 484,047	\$ 24,202
Capital Improvement Note, Series 2011B	<u>16,997,200</u>	<u>-</u>	<u>(1,212,000)</u>	<u>15,785,200</u>	<u>1,245,800</u>
Total long-term debt	17,453,256	<u>\$ 511,025</u>	<u>\$ (1,695,034)</u>	16,269,247	<u>\$ 1,270,002</u>
Current maturities	<u>1,234,803</u>			<u>1,270,002</u>	
Net long-term debt	<u>\$ 16,218,453</u>			<u>\$ 14,999,245</u>	

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

The Village had the following capital improvement note outstanding during 2015:

Capital Improvement Refunding Note, Series 2011B was issued on October 25, 2011, in the amount of \$19,358,500 with interest due at a rate of 2.79%. Annual payments of principal and semi-annual payments of interest are to be made from legally available non-ad valorem revenues until the maturity date of October 1, 2025. The proceeds of this note were used to refund the outstanding Capital Improvement Note, Series 2011 for the purpose of reducing the interest rate on this debt obligation. The reacquisition price exceeded the net carrying amount of the old debt by \$50,500. This loss on refunding is being amortized over the remaining life of the new debt. This advanced refunding was undertaken to reduce total debt service payments over the next fourteen years by approximately \$2,415,000 and resulted in an economic gain of approximately \$1,988,000.

The debt service requirements of the Village's outstanding Capital Improvement Refunding Note, Series 2011B are as follows:

VILLAGE OF ROYAL PALM BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2015

NOTE D - LONG-TERM DEBT (Continued)

Fiscal Year Ending September 30,	Principal	Interest	Total
2016	\$ 1,245,800	\$ 423,028	\$ 1,668,828
2017	1,280,600	387,785	1,668,385
2018	1,316,300	351,558	1,667,858
2019	1,353,100	314,320	1,667,420
2020	1,390,800	276,043	1,666,843
2021	1,429,600	236,698	1,666,298
2022	1,469,500	196,256	1,665,756
2023	1,510,500	154,685	1,665,185
2024	1,552,600	111,954	1,664,554
2025	1,595,900	68,033	1,663,933
2026	<u>1,640,500</u>	<u>22,885</u>	<u>1,663,385</u>
	<u>\$ 15,785,200</u>	<u>\$ 2,543,245</u>	<u>\$ 18,328,445</u>

The Village of Royal Palm Beach has no legal debt margin for general obligation debt. However, the Village does have a budget policy to not exceed 5% of the assessed valuation of taxable property.

Defeased Bonds: In conjunction with the sale of the Utility System on April 27, 2006, the Village defeased its Series 1998 Revenue Bonds. As of September 30, 2015, defeased Series 1998 revenue bonds are outstanding in the amount of \$6,525,000.

Pledged Revenues: The Village has pledged future non-ad valorem revenues to repay the \$19,358,500 Capital Improvement Refunding Note, Series 2011B. The note is payable solely from unrestricted, non-ad valorem revenues through maturity in fiscal year 2026. Annual principal and interest payments on the note are expected to require approximately 11 percent of non-ad valorem revenues. The total principal and interest remaining to be paid on the Series 2011B Note is \$18,328,445. Principal and interest paid on the Series 2011B Note for the current year and non-ad valorem revenues were \$1,669,314 and \$17,913,803, respectively.

Interest Expense: The Village incurred and paid interest expense totaling \$445,549 and \$457,314, respectively, for the year ended September 30, 2015.

VILLAGE OF ROYAL PALM BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2015

NOTE E - INTERFUND TRANSFERS

Interfund transfers for the year ended September 30, 2015 were as follows:

	<u>Transfers In</u>	<u>Transfers Out</u>
Governmental Funds		
General Fund	\$ -	\$ 900,000
Capital Improvements Fund	<u>900,000</u>	<u>-</u>
Total	<u>\$ 900,000</u>	<u>\$ 900,000</u>

A transfer was made from the General Fund to the Capital Improvements Fund to provide funding for various capital improvement projects within the Village.

NOTE F - PENSION PLANS

The Village offers pension benefits through three pension plans as of September 30, 2015. 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 (FRS) and the Retiree Health Insurance (HIS) Trust Fund and purchase past service in that plan. All employees hired on or after October 1, 2008 must participate in the Florida Retirement System and the Retiree Health Insurance (HIS) Trust Fund. 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 Plans

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, are required to 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.

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 cities, municipalities, special districts, charter schools and metropolitan planning organizations.

VILLAGE OF ROYAL PALM BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2015

NOTE F - PENSION PLANS (Continued)

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 cities, 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 creditable service. HIS provides retirees and beneficiaries a monthly benefit equal to the number of years of creditable 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 7.26% of annual covered payroll for employees covered in the regular class, 21.43% for senior management class, 42.27% for elected officials and 12.88% for employees covered in the FRS DROP program. These employer contribution rates include 1.66% for the HIS Plan. The Village's contributions to FRS (including the HIS subsidy) for the year ended September 30, 2015, were \$555,915 which was equal to 100% of the required contributions for the year.

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.

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 flow of 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

VILLAGE OF ROYAL PALM BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2015

NOTE F - PENSION PLANS (Continued)

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.

Pension Liabilities, Pension Expense, and Deferred Inflows/Outflows of Resources Related to Pensions

At September 30, 2015, the Village reported a liability of \$2,564,343 and \$1,836,554 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, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2015. 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, 2015, the Village's FRS proportionate share was 0.019853481 percent, which was an increase of 0.001139021 percent from its proportionate share measured as of June 30, 2014. The HIS proportionate share was 0.018008213 percent at June 30, 2015, which was an increase of 0.000278701 percent from its proportionate share measured as of June 30, 2014.

For the year ended September 30, 2015, the Village recognized pension expense of \$464,746 for FRS and HIS. At September 30, 2015, the Village reported deferred outflows and inflows of resources related to FRS pensions from the following sources:

VILLAGE OF ROYAL PALM BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2015

NOTE F - PENSION PLANS (Continued)

	<u>Deferred Outflows</u>	<u>Deferred Inflows</u>
Differences between expected and actual experience	\$ 270,719	\$ 60,818
Changes in assumptions	170,204	-
Net difference between projected and actual investment earnings on pension plan investments	903,233	1,515,555
Changes in proportion and differences between Village contributions and proportionate share of contributions	606,744	-
Village contributions subsequent to the measurement date	<u>121,781</u>	<u>-</u>
Total	<u>\$ 2,072,681</u>	<u>\$ 1,576,373</u>

At September 30, 2015, the Village reported net deferred outflows and inflows of resources related to HIS pensions from the following sources:

	<u>Deferred Outflows</u>	<u>Deferred Inflows</u>
Changes in assumptions	\$ 144,489	\$ -
Net difference between projected and actual investment earnings on pension plan investments	994	-
Changes in proportion and differences between Village contributions and proportionate share of contributions	55,708	-
Village contributions subsequent to the measurement date	<u>24,260</u>	<u>-</u>
Total	<u>\$ 225,451</u>	<u>\$ -</u>

Deferred outflows of resources related to FRS and HIS pensions of \$146,041 resulting from Village contributions subsequent to the measurement date of June 30, 2015 will be recognized as a reduction of the net pension liability in the year ended September 30, 2016. Other amounts reported as deferred inflows and outflows of resources related to pensions will be recognized in pension expense as follows:

VILLAGE OF ROYAL PALM BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2015

NOTE F - PENSION PLANS (Continued)

Fiscal Year Ending September 30,	FRS Amount	HIS Amount
2016	\$ (202,859)	\$ 25,162
2017	(202,859)	25,162
2018	(202,859)	25,162
2019	302,326	24,960
2020	58,711	24,863
Thereafter	15,324	20,172

Actuarial Assumptions: The total pension liability for FRS and HIS in the June 30, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

	FRS	HIS
Valuation date	July 1, 2015	July 1, 2014
Measurement date	June 30, 2015	June 30, 2015
Actuarial cost method	Entry Age Normal	Entry Age Normal
Amortization method	Level percent of pay, open 30 years	Level percent of pay, open 30 years
Equivalent single amortization period	5 year smoothed	Market value
Asset valuation method	7.65%	3.80%
Discount rate	2.60%	2.60%
Inflation	3.25%	3.25%
Salary increases, including inflation		
Long-term expected rate of return, net of investment expenses	7.65% N/A	N/A 3.80%
Municipal bond rate	3.00%	N/A
Cost of living adjustments	Mortality rates Generational	Mortality rates
Mortality rates	RP-2000 with Projection Scale BB	Generational RP-2000 with Projection Scale BB

The actuarial assumptions used in the June 30, 2015 valuation were based on the results of an actuarial experience study for the period July 1, 2008 to June 30, 2013. As a result of the actuarial experience study, the expectation of life after disability was adjusted in the June 30, 2014 actuarial valuation to more closely reflect actual experience.

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

VILLAGE OF ROYAL PALM BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2015

NOTE F - PENSION PLANS (Continued)

Best estimates of arithmetic real rates of return for each major asset class are as follows:

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	3.1%
Fixed income	4.7
Global equity	7.2
Private equity	8.2
Strategic investments	6.1
Real estate (property)	6.2

Discount Rate: The discount rate used to measure the total pension liability of FRS at June 30, 2015 was 7.65% for FRS and 3.80% 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 3.80% 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, 2015, calculated using the current discount rate, as well as what the Village's proportionate share of the net pension liability 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:

<u>FRS</u>			<u>HIS</u>		
1.0% Decrease (6.65%)	Current Discount Rate (7.65%)	1.0% Increase (8.65%)	1.0% Decrease (2.80%)	Current Discount Rate (3.80%)	1.0% Increase (4.80%)
\$ 6,644,794	\$ 2,564,343	\$ (831,261)	\$ 2,092,668	\$ 1,836,554	\$ 1,622,994

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.

VILLAGE OF ROYAL PALM BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2015

NOTE F - PENSION PLANS (Continued)

Payables to FRS

There were no amounts payable to FRS by the Village at September 30, 2015.

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. At September 30, 2015, there were 4 active plan members.

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, 2015, amounted to \$19,714 and \$9,680, 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 are reported at 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.

Defined Benefit Pension Plan

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

VILLAGE OF ROYAL PALM BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2015

NOTE F - PENSION PLANS (Continued)

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.

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 future 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 will be no future 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.

Investments: Investments are reported at fair value, based on the Plan's ratable share of the fair value of the investments held by the external investment pool managed by the Florida Municipal Pension Trust Fund.

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 financed through investment earnings and/or State contributions, if necessary.

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 to present. 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, 2015, and for the year then ended, are presented as follows:

VILLAGE OF ROYAL PALM BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2015

NOTE F - PENSION PLANS (Continued)

Statements of Net Position

	<u>General Employees</u>	<u>Police Pension</u>
Assets		
Investments	\$ 1,736,114	\$ 284,841
Net Position		
Net position restricted for pension benefits	\$ 1,736,114	\$ 284,841

Statements of Changes in Net Position

	<u>General Employees</u>	<u>Police Pension</u>
Additions		
Contributions		
Employer	\$ 19,714	\$ -
Employee	9,680	-
State	-	266,018
Total Contributions	29,394	266,018
Investment earnings		
Net depreciation in fair value of plan assets	(2,354)	-
Interest and dividend income	20,415	-
Net Investment Earnings	18,061	-
Total Additions	47,455	266,018
Deductions		
Distributions to plan participants	141,917	-
Administrative expenses	2,627	1,177
Total Deductions	144,544	1,177
Net Increase (Decrease)	(97,089)	264,841
Net position restricted for pension benefits at October 1, 2014	1,833,203	20,000
NET POSITION RESTRICTED FOR PENSION BENEFITS AT SEPTEMBER 30, 2015	\$ 1,736,114	\$ 284,841

VILLAGE OF ROYAL PALM BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2015

NOTE G - OTHER POSTEMPLOYMENT BENEFITS

The Village adopted GASB Statement No. 45 ("Statement 45"), *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, for the fiscal year ended September 30, 2009. Statement 45 establishes the financial reporting and disclosure requirements by employers for other postemployment benefits ("OPEB").

Plan Description

The Village administers a single-employer defined benefit health care plan (the "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 Plan. The Plan is financed on a "pay-as-you-go" basis and is not administered as a formal qualifying trust. The Plan does not issue a publicly available financial report.

Funding Policy

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 Plan from separately rating retirees and active employees. The 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 an implicit rate subsidy into the actuarial accrued liability. Plan members receiving benefits contribute 100% of the monthly premium ranging from a minimum of \$813 to a maximum of \$2,264.

Annual OPEB Cost and Net OPEB Obligation

The annual other postemployment benefit cost is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost each year and the amortization of any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

The Village's annual OPEB cost and the net OPEB obligation for the year ended September 30, 2015, were based on an actuarial valuation as of September 30, 2014, and are summarized as follows:

Annual required contribution	\$ 52,000
Interest on net pension obligation	7,000
Adjustment to annual required contribution	<u>(21,000)</u>
Annual OPEB cost	38,000
Contributions made	<u>(19,000)</u>
Increase in net OPEB obligation	19,000
Net OPEB obligation, beginning of year	<u>149,000</u>
Net OPEB obligation, end of year	<u>\$ 168,000</u>

VILLAGE OF ROYAL PALM BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2015

NOTE G - OTHER POSTEMPLOYMENT BENEFITS (Continued)

The year ended September 30, 2009, was the year of implementation of Statement 45 and the Village elected to implement prospectively. The Village's annual OPEB cost, employer contribution, the percentage of annual OPEB cost contributed, and the net OPEB obligation for 2015 and the prior two years are as follows:

<u>Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Actual Employer Contribution</u>	<u>Percentage Contributed</u>	<u>Net OPEB Obligation</u>
9-30-15	\$ 38,000	\$ 19,000	50.0%	\$ 168,000
9-30-14	38,000	27,000	71.0%	149,000
9-30-13	51,000	48,000	94.1%	138,000

Funded Status and Funding Progress

The Plan is financed on a pay-as-you-go basis and the Village has not contributed assets to the Plan. The net OPEB obligation has historically been and will continue to be liquidated by the General Fund. The latest actuarial valuation was done as of September 30, 2014, and the Village intends to obtain such valuations triennially in the future. The following schedule of funding progress is presented based upon available information and presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits:

<u>Date of Actuarial Valuation</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability (AAL)</u>	<u>Unfunded AAL (UAAL)</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>UAAL as a Percentage of Covered Payroll</u>
9-30-14	\$ -	\$ 274,000	\$ 274,000	0.0%	\$ 4,064,000	6.7%
9-30-11	-	250,000	250,000	0.0%	4,271,000	5.9%
9-30-09	-	135,000	135,000	0.0%	4,218,000	3.2%

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the actuarial valuation for the Plan as of September 30, 2014, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 4.0% investment rate of return (net of administrative expenses), and an annual healthcare cost trend rate of 8.0% initially, reduced by decrements to an ultimate rate of 5.0% after eight years. Both rates included a 2.75% inflation assumption.

VILLAGE OF ROYAL PALM BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2015

NOTE G - OTHER POSTEMPLOYMENT BENEFITS (Continued)

The actuarial value of assets will be determined using fair value. The UAAL will be amortized as a level dollar payment on an open basis. The remaining amortization period is 10 years.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. Although the valuation results are based on values the actuarial consultant believes are reasonable assumptions, the valuation result is only an estimate of what future costs may actually be and reflect a long-term perspective. Deviations in any of several factors, such as future interest rate discounts, medical cost inflation, Medicare coverage and changes in marital status, could result in actual costs being greater or less than estimated.

Changes in Actuarial Assumptions: Several actuarial assumptions were changed in the September 30, 2014, valuation: (1) the assumed mortality basis changed, (2) the healthcare inflation assumption decreased for 2014, and (3) the implied subsidy at age 62 was increased.

NOTE H - 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. At September 30, 2015 the remaining commitments are summarized as follows:

	<u>Contract Amounts</u>	<u>Approved Payments</u>	<u>Retainage Payable</u>	<u>Remaining Commitments</u>
Governmental capital improvements	\$ <u>632,763</u>	\$ <u>582,858</u>	\$ <u>22,776</u>	\$ <u>27,129</u>

The remaining commitments amount of \$27,129 were encumbered and included in committed fund balance in the Capital Improvements Fund at September 30, 2015. Under the Village's budgetary basis of accounting, the encumbrances and related appropriation are established on a project basis in the capital projects funds and do not lapse until the project is completed.

Fire Protection and Emergency Medical Services Contract: The Village entered into an interlocal agreement with Palm Beach County effective October 1, 2005, whereby the County will provide fire protection and emergency medical services to the Village. Under the terms of the agreement, the Village will make their fire rescue stations available to the County for a fee of \$200,000 per year for the first five years and \$225,000 per year for the second five years. The net book value of the fire rescue stations at September 30, 2015, was \$1,391,681 (cost of \$2,695,844 less accumulated depreciation of \$1,304,163).

VILLAGE OF ROYAL PALM BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2015

NOTE I - SUBSEQUENT EVENTS

On January 7, 2016, the Village sold the former wastewater treatment facility land to a developer for approximately \$33,523,000, net of settlement and closing costs.

On February 10, 2016, the Village paid the remaining principal balance due on the Capital Improvement Note, Series 2011B, plus all accrued interest. The total amount paid on the Note, including principal, interest and prepayment fees, totaled \$15,007,819.

SUPPLEMENTARY FINANCIAL INFORMATION

REQUIRED SUPPLEMENTARY INFORMATION

VILLAGE OF ROYAL PALM BEACH, FLORIDA

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

Year Ended September 30, 2015 with Comparative
Actual for the Year Ended September 30, 2014

	2015				2014
	Original Budget	Final Budget	Actual	Variance with Final Budget Favorable (Unfavorable)	Actual
Revenue					
Ad valorem taxes					
Current	\$ 3,741,646	\$ 3,741,646	\$ 3,766,974	\$ 25,328	\$ 3,446,962
Delinquent	10,000	10,000	-	(10,000)	16,427
	<u>3,751,646</u>	<u>3,751,646</u>	<u>3,766,974</u>	<u>15,328</u>	<u>3,463,389</u>
Franchise fees					
Electricity	1,856,194	1,856,194	2,050,324	194,130	1,999,458
Water	463,617	463,617	537,474	73,857	524,075
Gas	9,144	9,144	8,964	(180)	21,971
Solid waste	209,020	209,020	202,313	(6,707)	192,399
	<u>2,537,975</u>	<u>2,537,975</u>	<u>2,799,075</u>	<u>261,100</u>	<u>2,737,903</u>
Utility service taxes					
Electricity	2,550,476	2,550,476	2,650,189	99,713	2,603,701
Water	479,292	479,292	478,615	(677)	474,730
Gas	100,639	100,639	103,574	2,935	118,233
Telecommunications	1,287,668	1,287,668	1,243,779	(43,889)	1,282,944
	<u>4,418,075</u>	<u>4,418,075</u>	<u>4,476,157</u>	<u>58,082</u>	<u>4,479,608</u>
Business taxes	750,028	750,028	704,682	(45,346)	732,620
Licenses and permits					
Building permits	411,024	411,024	641,185	230,161	635,403
Site plan fees	70,000	70,000	357,643	287,643	131,064
	<u>481,024</u>	<u>481,024</u>	<u>998,828</u>	<u>517,804</u>	<u>766,467</u>
Intergovernmental revenue					
Grants	-	-	135,808	135,808	35,505
State revenue sharing	842,345	842,345	1,100,828	258,483	969,015
Alcoholic beverage license	15,510	15,510	13,192	(2,318)	14,024
Half-cent sales tax	2,599,187	2,599,187	2,709,574	110,387	2,519,603
Motor fuel tax rebate	3,213	3,213	4,524	1,311	5,653
Local option gas tax	662,851	662,851	708,981	46,130	663,052
Business tax	57,921	57,921	75,558	17,637	63,042
Recycling program	35,609	35,609	18,507	(17,102)	33,055
Public safety grants	-	-	8,100	8,100	-
	<u>4,216,636</u>	<u>4,216,636</u>	<u>4,775,072</u>	<u>558,436</u>	<u>4,302,949</u>

(Continued)

VILLAGE OF ROYAL PALM BEACH, FLORIDA

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND (CONTINUED)

Year Ended September 30, 2015 with Comparative
Actual for the Year Ended September 30, 2014

	2015				2014
	Original Budget	Final Budget	Actual	Variance with Final Budget Favorable (Unfavorable)	Actual
Charges for services					
Zoning fees	\$ -	\$ -	\$ 20,400	\$ 20,400	\$ 19,370
Sales of maps and publications	2,300	2,300	1,821	(479)	2,005
Certification, copying and research	30,000	30,000	106,382	76,382	95,832
Lot mowing and clearing	-	-	3,440	3,440	5,360
Program activity fees	470,000	470,000	567,077	97,077	522,434
	<u>502,300</u>	<u>502,300</u>	<u>699,120</u>	<u>196,820</u>	<u>645,001</u>
Fines and forfeitures					
Court fines	50,384	50,384	39,497	(10,887)	45,493
Police education fees	-	3,800	4,150	350	4,738
Other fines and forfeitures	269,500	269,500	438,418	168,918	383,611
	<u>319,884</u>	<u>323,684</u>	<u>482,065</u>	<u>158,381</u>	<u>433,842</u>
Miscellaneous					
Investment earnings	67,500	67,500	798,284	730,784	400,313
Rents and royalties	753,041	753,041	909,483	156,442	907,469
Sale of surplus materials	2,500	2,500	19,348	16,848	9,168
Insurance proceeds	10,000	10,000	5,800	(4,200)	63,788
Contributions and donations	48,000	48,000	46,850	(1,150)	63,000
Other miscellaneous revenue	261,684	316,684	322,471	5,787	298,375
	<u>1,142,725</u>	<u>1,197,725</u>	<u>2,102,236</u>	<u>904,511</u>	<u>1,742,113</u>
Total Revenue	\$ 18,120,293	\$ 18,179,093	\$ 20,804,209	\$ 2,625,116	\$ 19,303,892

(Continued)

VILLAGE OF ROYAL PALM BEACH, FLORIDA

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND (CONTINUED)

Year Ended September 30, 2015 with Comparative
Actual for the Year Ended September 30, 2014

	2015				2014
	Original Budget	Final Budget	Actual	Variance with Final Budget Favorable (Unfavorable)	Actual
Expenditures					
General Government					
Legislative - Council					
Personal services	\$ 98,500	\$ 98,500	\$ 97,018	\$ 1,482	\$ 92,374
Operating expenditures	146,576	146,576	134,248	12,328	95,512
	<u>245,076</u>	<u>245,076</u>	<u>231,266</u>	<u>13,810</u>	<u>187,886</u>
Executive					
Personal services	1,155,360	1,155,360	1,159,034	(3,674)	1,132,589
Operating expenditures	214,612	240,217	210,647	29,570	187,886
	<u>1,369,972</u>	<u>1,395,577</u>	<u>1,369,681</u>	<u>25,896</u>	<u>1,320,475</u>
Finance and administrative					
Personal services	953,820	953,820	899,716	54,104	902,444
Operating expenditures	374,909	374,909	324,425	50,484	326,706
	<u>1,328,729</u>	<u>1,328,729</u>	<u>1,224,141</u>	<u>104,588</u>	<u>1,229,150</u>
Legal					
Operating expenditures	281,000	354,000	351,185	2,815	515,348
Non-departmental					
Utility services	1,107,400	1,089,400	1,041,203	48,197	1,073,463
Insurance	644,106	644,106	583,786	60,320	581,875
Other	193,184	193,184	165,511	27,673	143,767
	<u>1,944,690</u>	<u>1,926,690</u>	<u>1,790,500</u>	<u>136,190</u>	<u>1,799,105</u>
Total General Government	5,169,467	5,250,072	4,966,773	283,299	5,051,964

(Continued)

VILLAGE OF ROYAL PALM BEACH, FLORIDA

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND (CONTINUED)

Year Ended September 30, 2015 with Comparative
Actual for the Year Ended September 30, 2014

	2015				2014
	Original Budget	Final Budget	Actual	Variance with Final Budget Favorable (Unfavorable)	Actual
Public Safety					
Law enforcement					
Operating expenditures	\$ 7,208,118	\$ 7,252,762	\$ 7,252,303	\$ 459	\$ 7,208,461
	<u>7,208,118</u>	<u>7,252,762</u>	<u>7,252,303</u>	<u>459</u>	<u>7,208,461</u>
Community Development					
Personal services	1,089,077	1,089,077	989,371	99,706	951,504
Operating expenditures	93,253	93,253	120,427	(27,174)	90,594
	<u>1,182,330</u>	<u>1,182,330</u>	<u>1,109,798</u>	<u>72,532</u>	<u>1,042,098</u>
Total Public Safety	8,390,448	8,435,092	8,362,101	72,991	8,250,559
Public Works					
Engineering					
Personal services	628,014	628,014	542,522	85,492	552,457
Operating expenditures	59,190	59,190	40,322	18,868	27,162
	<u>687,204</u>	<u>687,204</u>	<u>582,844</u>	<u>104,360</u>	<u>579,619</u>
Public Works					
Personal services	1,489,508	1,489,508	1,445,105	44,403	1,416,368
Operating expenditures	651,310	651,310	628,673	22,637	607,240
Capital outlay	-	-	-	-	15,236
	<u>2,140,818</u>	<u>2,140,818</u>	<u>2,073,778</u>	<u>67,040</u>	<u>2,038,844</u>
Total Public Works	2,828,022	2,828,022	2,656,622	171,400	2,618,463

(Continued)

VILLAGE OF ROYAL PALM BEACH, FLORIDA

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND (CONTINUED)

Year Ended September 30, 2015 with Comparative
Actual for the Year Ended September 30, 2014

	2015				2014
	Original Budget	Final Budget	Actual	Variance with Final Budget Favorable (Unfavorable)	Actual
Culture and Recreation					
Personal services	\$ 2,843,591	\$ 2,843,591	\$ 2,670,213	\$ 173,378	\$ 2,475,092
Operating expenditures	1,465,076	1,465,076	1,451,968	13,108	1,330,745
Capital outlay	7,000	7,000	7,471	(471)	6,215
Total Culture and Recreation	<u>4,315,667</u>	<u>4,315,667</u>	<u>4,129,652</u>	<u>186,015</u>	<u>3,812,052</u>
Debt Service					
Principal	1,212,000	1,212,000	1,212,000	-	1,179,100
Interest and fiscal charges	457,315	457,315	457,314	1	490,670
Total Debt Service	<u>1,669,315</u>	<u>1,669,315</u>	<u>1,669,314</u>	<u>1</u>	<u>1,669,770</u>
Total Expenditures	<u>22,372,919</u>	<u>22,498,168</u>	<u>21,784,462</u>	<u>713,706</u>	<u>21,402,808</u>
Other Financing Source (Uses)					
Transfers in	3,014,040	3,014,040	-	(3,014,040)	-
Transfers out	(900,000)	(900,000)	(900,000)	-	(900,000)
Total Other Financing Sources (Uses)	<u>2,114,040</u>	<u>2,114,040</u>	<u>(900,000)</u>	<u>(3,014,040)</u>	<u>(900,000)</u>
Revenue Over (Under) Expenditures and Other Financing Sources (Uses)	<u>\$ (2,138,586)</u>	<u>\$ (2,205,035)</u>	<u>\$ (1,880,253)</u>	<u>\$ 324,782</u>	<u>\$ (2,998,916)</u>

See notes to budgetary comparison schedule.

VILLAGE OF ROYAL PALM BEACH, FLORIDA
NOTES TO BUDGETARY COMPARISON SCHEDULE

September 30, 2015

NOTE A - 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 Capital Improvements 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.

NOTE B - 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	\$ 20,804,209	\$ 21,784,462
State on-behalf pension payments	266,018	266,018
Insurance recoveries	(5,800)	-
Proceeds from sale of capital assets	<u>(19,348)</u>	<u>-</u>
GAAP Basis	<u>\$ 21,045,079</u>	<u>\$ 22,050,480</u>

Village of Royal Palm Beach, Florida

Required Supplementary Information

Schedule of Changes in the Net Pension Liability and Related Ratios -

Florida Retirement System (FRS) Pension Plan

Last Two Fiscal Years

	Fiscal Year	
	2015	2014
Total Pension Liability		
Service cost	\$ 2,114,046,879	\$ 2,256,738,453
Interest	11,721,563,262	11,489,920,524
Differences between expected and actual experience	1,620,863,000	(448,818,280)
Changes of assumptions	-	1,256,045,470
Benefit payments, including refunds	(10,201,501,000)	(8,714,250,810)
Net change in total pension liability	5,254,972,141	5,839,635,357
Total pension liability, beginning of fiscal year	156,115,762,947	150,276,127,590
Total pension liability, end of fiscal year (a)	<u>\$ 161,370,735,088</u>	<u>\$ 156,115,762,947</u>
Plan Fiduciary Net Position		
Contributions		
Employer	\$ 2,438,084,925	\$ 2,190,424,344
Plan members	698,304,112	682,507,323
Net investment income	5,523,287,472	22,812,286,493
Benefit payments, including refunds	(10,201,501,000)	(8,714,250,810)
Administration expense	(18,073,979)	(18,351,882)
Net change in plan fiduciary net position	(1,559,898,470)	16,952,615,468
Plan fiduciary net position, beginning of fiscal year	150,014,292,372	133,061,676,904
Plan fiduciary net position, end of fiscal year (b)	<u>\$ 148,454,393,902</u>	<u>\$ 150,014,292,372</u>
Net Pension Liability, end of fiscal year [(a)-(b)]	<u>\$ 12,916,341,186</u>	<u>\$ 6,101,470,575</u>
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	<u>92.0%</u>	<u>96.1%</u>
Covered Employee Payroll	<u>\$ 32,726,034,000</u>	<u>\$ 24,723,564,758</u>
Net Pension Liability as a Percentage of Covered Employee Payroll	<u>39.5%</u>	<u>24.7%</u>

Notes to Schedule:

The amounts presented for each fiscal year were determined as of the preceding fiscal year ended June 30 that occurred within the Village's fiscal year.

Changes in Benefits: There were no changes in benefits for FRS during 2015 and 2014.

Changes in Assumptions: There were no changes in actuarial assumptions for FRS during 2015 and 2014.

Information prior to adoption of GASB Statement No. 67 by FRS in fiscal year 2014 is not available.

VILLAGE OF ROYAL PALM BEACH, FLORIDA

Required Supplementary Information

Schedule of Changes in the Net Pension Liability and Related Ratios -

Florida Retiree Health Insurance Subsidy (HIS) Trust Fund

Last Two Fiscal Years

	Fiscal Year	
	2015	2014
Total Pension Liability		
Service cost	\$ 217,518,873	\$ 190,371,170
Interest	405,440,918	409,906,929
Changes of assumptions	607,698,044	386,383,120
Benefit payments, including refunds	(425,086,006)	(407,275,857)
Net change in total pension liability	805,571,829	579,385,362
Total pension liability, beginning of fiscal year	9,443,629,461	8,864,244,099
Total pension liability, end of fiscal year (a)	<u>\$ 10,249,201,290</u>	<u>\$ 9,443,629,461</u>
Plan Fiduciary Net Position		
Contributions		
Employer	\$ 382,454,396	\$ 342,566,361
Net investment income	208,147	219,369
Benefit payments, including refunds	(425,086,006)	(407,275,857)
Administration expense	(187,672)	(53,708)
Net change in plan fiduciary net position	(42,611,135)	(64,543,835)
Plan fiduciary net position, beginning of fiscal year	93,385,450	157,929,285
Plan fiduciary net position, end of fiscal year (b)	<u>\$ 50,774,315</u>	<u>\$ 93,385,450</u>
Net Pension Liability, end of fiscal year [(a)-(b)]	<u>\$ 10,198,426,975</u>	<u>\$ 9,350,244,011</u>
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	<u>0.5%</u>	<u>1.0%</u>
Covered Employee Payroll	<u>\$ 30,340,449,100</u>	<u>\$ 29,676,340,167</u>
Net Pension Liability as a Percentage of Covered Employee Payroll	<u>33.6%</u>	<u>31.5%</u>

Notes to Schedule:

The amounts presented for each fiscal year were determined as of the preceding fiscal year ended June 30 that occurred within the Village's fiscal year.

Changes in Benefits: There were no changes in benefits for HIS during 2015 and 2014.

Changes in Assumptions: The municipal rate used to determine the total pension liability was decreased from 4.29% in 2014 to 3.80% for 2015. The HIS employer contribution rate was increased on July 1, 2015 from 1.26% to 1.66%.

Information prior to adoption of GASB Statement No. 67 by HIS in fiscal year 2014 is not available.

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

Last Two Fiscal Years

	Fiscal Year	
	2015	2014
Village's proportion of the net pension liability	0.019853481%	0.018714460%
Village's proportionate share of the net pension liability	\$ 2,564,343	\$ 1,141,857
Village covered employee payroll	\$ 5,518,000	\$ 5,292,000
Village's proportionate share of the net pension liability as a percentage of Village covered employee payroll	46.47%	21.58%
Plan fiduciary net position as a percentage of the total pension liability	92.00%	96.10%

Notes to Schedule:

Actuarial valuation date	7/1/2015
Actuarial measurement date	6/30/2015
Actuarial methods and assumptions used to determine contribution rates:	
Discount rate - 2015	7.65%
Discount rate - 2014	7.65%
Actuarial cost method	Entry Age Normal
Amortization method	Level Percent of
Amortization period:	
Gains and losses	15 years
Assumption, method and plan changes	15 years
Asset valuation method	Fair Market Value
	5-year smoothed
Inflation, per year	2.60%
Salary increases (with inflation), per year	3.25%
Investment rate of return (net of expenses, with inflation), per year	7.65%
Payroll growth	3.25%
Cost of living adjustments	3.0% pre-July 2011
	0% thereafter
Retirement age	Varies by tier
	and member class
Mortality	RP 2000
	Mortality Table
	Scale BB

Information prior to adoption of GASB Statement No. 67 by the Florida Retirement System in fiscal year 2014 is not available.

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

Last Two Fiscal Years

	Fiscal Year	
	2015	2014
Village's proportion of the net pension liability	0.018008213%	0.017729512%
Village's proportionate share of the net pension liability	\$ 1,836,554	\$ 1,657,753
Village covered employee payroll	\$ 5,518,000	\$ 5,292,000
Village's proportionate share of the net pension liability as a percentage of Village covered employee payroll	33.28%	31.33%
Plan fiduciary net position as a percentage of the total pension liability	0.50%	1.00%

Notes to Schedule:

Actuarial valuation date	7/1/2014
Actuarial measurement date	6/30/2015
Actuarial methods and assumptions used to determine contribution rates:	
Discount rate - 2015	3.80%
Discount rate - 2014	4.29%
Actuarial cost method	Entry Age
Amortization method	Level Percent of
Amortization period:	
Gains and losses	15 years
Assumption, method and plan changes	25 years
Asset valuation method	Fair Market Value
Inflation, per year	2.60%
Salary increases (with inflation), per year	3.25%
Investment rate of return (net of expenses, with inflation), per year	N/ A
Payroll growth	N/ A
Cost of living adjustments	N/ A
Retirement age	N/ A
Mortality	RP 2000
	Mortality Table
	Scale BB

Information prior to adoption of GASB Statement No. 67 by the Florida Retirement System in fiscal year 2014 is not available.

VILLAGE OF ROYAL PALM BEACH, FLORIDA*Required Supplementary Information**Schedule of Village Contributions - Florida Retirement System FRS and HIS Plans**Last Two Fiscal Years*

Florida Retirement System (FRS) Pension Plan	Fiscal Year	
	2015	2014
Contractually required Village contribution	\$ 480,540	\$ 432,730
Contributions in relation to the contractually required Village contribution	480,540	432,730
Contribution deficiency (excess)	\$ -	\$ -
Village covered employee payroll	\$ 5,518,000	\$ 5,292,000
Contributions as a percentage of Village covered employee payroll	8.71%	8.18%
Florida Retiree Health Insurance Subsidy (HIS) Trust Fund		
Contractually required Village contribution	\$ 75,375	\$ 63,275
Contributions in relation to the contractually required Village contribution	75,375	63,275
Contribution deficiency (excess)	\$ -	\$ -
Village covered employee payroll	\$ 5,518,000	\$ 5,292,000
Contributions as a percentage of Village covered employee payroll	1.37%	1.20%

Note to Schedule:

Information prior to adoption of GASB Statement No. 67 by FRS in fiscal year 2014 is not available.

VILLAGE OF ROYAL PALM BEACH, FLORIDA*Required Supplementary Information**Schedule of Investment Returns- Florida Retirement System FRS and HIS Plans**Last Two Fiscal Years*

Fiscal Year Ended September 30,	Florida Retirement System (FRS)	Florida Retiree Health Insurance Subsidy (HIS) Trust Fund
2015	3.77%	0.00%
2014	17.57%	0.00%

Note to Schedule:

Information prior to adoption of GASB Statement No. 67 in fiscal year 2014 is not available.

COMBINING 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 FUND

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, 2015

	Special Revenue Funds		Capital Projects Fund	Total Nonmajor Governmental Funds
	Recreation Facility Fund	Community Beautification Fund	Impact Fee Capital Projects Fund	
ASSETS				
Equity in pooled cash and investments	\$ 107,660	\$ 73,512	\$ 1,733,220	\$ 1,914,392
Investments	-	-	1,935,954	1,935,954
Total Assets	<u>\$ 107,660</u>	<u>\$ 73,512</u>	<u>\$ 3,669,174</u>	<u>\$ 3,850,346</u>
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts payable	\$ -	\$ -	\$ 3,456	\$ 3,456
Contracts and retainage payable	-	-	108,826	108,826
Total Liabilities	-	-	112,282	112,282
FUND BALANCES				
Committed for capital projects	-	-	3,556,892	3,556,892
Committed for recreation facilities	107,660	-	-	107,660
Committed for community beautification	-	73,512	-	73,512
Total Fund Balances	<u>107,660</u>	<u>73,512</u>	<u>3,556,892</u>	<u>3,738,064</u>
Total Liability and Fund Balances	<u>\$ 107,660</u>	<u>\$ 73,512</u>	<u>\$ 3,669,174</u>	<u>\$ 3,850,346</u>

VILLAGE OF ROYAL PALM BEACH, FLORIDA

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

Year Ended September 30, 2015

	Special Revenue Funds		Capital Projects Fund	Total Nonmajor Governmental Funds
	Recreation Facility Fund	Community Beautification Fund	Impact Fee Capital Projects Fund	
Revenue				
Miscellaneous				
Investment earnings	\$ 102	\$ 2	\$ 13,234	\$ 13,338
Impact fees	-	-	426,318	426,318
Conditions of approval	100,568	72,072	-	172,640
Total Revenue	100,670	72,074	439,552	612,296
Expenditures				
Current				
Culture and recreation	147,955	-	-	147,955
Capital outlay	4,154	-	520,947	525,101
Total Expenditures	152,109	-	520,947	673,056
Net Change in Fund Balances	(51,439)	72,074	(81,395)	(60,760)
Fund balances at October 1, 2014	159,099	1,438	3,638,287	3,798,824
Fund balances at September 30, 2015	<u>\$ 107,660</u>	<u>\$ 73,512</u>	<u>\$ 3,556,892</u>	<u>\$ 3,738,064</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, 2015

	General Employees Pension Trust Fund	Police Pension Trust Fund	Total
ASSETS			
Investments			
Mutual funds	\$ 1,619,123	\$ -	\$ 1,619,123
Florida Municipal Pension Trust Fund	-	284,841	284,841
Guaranteed interest account	116,991	-	116,991
Total Assets	<u>\$ 1,736,114</u>	<u>\$ 284,841</u>	<u>\$ 2,020,955</u>
NET POSITION			
Net position restricted for pension benefits	<u>\$ 1,736,114</u>	<u>\$ 284,841</u>	<u>\$ 2,020,955</u>

VILLAGE OF ROYAL PALM BEACH, FLORIDA

COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION -
FIDUCIARY FUNDS

Year Ended September 30, 2015

	General Employees Pension Trust Fund	Police Pension Trust Fund	Total
ADDITIONS			
Contributions			
Employer	\$ 19,714	\$ -	\$ 19,714
Employee	9,680	-	9,680
State	-	266,018	266,018
Total Contributions	<u>29,394</u>	<u>266,018</u>	<u>295,412</u>
Investment earnings			
Net depreciation in			
fair value of plan assets	(2,354)	-	(2,354)
Interest and dividend income	<u>20,415</u>	<u>-</u>	<u>20,415</u>
Net Investment Earnings	<u>18,061</u>	<u>-</u>	<u>18,061</u>
Total Additions	47,455	266,018	313,473
DEDUCTIONS			
Distributions to plan participants	141,917	-	141,917
Administrative expenses	<u>2,627</u>	<u>1,177</u>	<u>3,804</u>
Total Deductions	<u>144,544</u>	<u>1,177</u>	<u>145,721</u>
Net Increase (Decrease)	(97,089)	264,841	167,752
Net position restricted for pension benefits at October 1, 2014	<u>1,833,203</u>	<u>20,000</u>	<u>1,853,203</u>
NET POSITION RESTRICTED FOR PENSION BENEFITS AT SEPTEMBER 30, 2015	<u>\$ 1,736,114</u>	<u>\$ 284,841</u>	<u>\$ 2,020,955</u>

STATISTICAL SECTION

STATISTICAL SECTION

This part of the Village of Royal Palm Beach's comprehensive annual 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.

Contents	Page
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Financial Trends	70
------------------------	----

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.

Revenue Capacity	77
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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.

Debt Capacity	82
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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.

Demographic and Economic Information.....	85
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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.

Operating Information.....	87
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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.

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

Village of Royal Palm Beach, Florida

Net Position by Component

Last Ten Fiscal Years

(Accrual Basis of Accounting)

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Governmental activities										
Net investment in capital assets	\$ 69,001,420	\$ 68,357,274	\$ 73,759,549	\$ 75,436,462	\$ 76,214,049	\$ 74,924,952	\$ 72,365,552	\$ 68,896,899	\$ 67,253,260	\$ 66,182,131
Restricted	152,448	130,683	116,715	121,981	121,656	107,059	108,424	108,882	125,642	128,583
Unrestricted	87,323,710	89,446,330	87,216,086	87,572,901	82,948,342	80,435,758	79,992,888	79,367,162	75,875,696	69,582,386
Total governmental activities net position	\$ 156,477,578	\$ 157,934,287	\$ 161,092,350	\$ 163,131,344	\$ 159,284,047	\$ 155,467,769	\$ 152,466,864	\$ 148,372,943	\$ 143,254,598	\$ 135,893,100
Business-type activities										
Net investment in capital assets	\$ 12,919,775	\$ 11,593,643	\$ 10,332,684	\$ 9,162,967	\$ 7,993,250	\$ 6,823,533	\$ 5,653,816	\$ 1,462,328	\$ 1,462,328	\$ 1,462,328
Unrestricted (deficit)	(11,457,447)	(10,076,871)	(8,801,981)	(7,631,760)	(6,461,737)	(5,291,246)	(4,120,473)	199,403	295,878	147,915
Total business-type activities net position	\$ 1,462,328	\$ 1,516,772	\$ 1,530,703	\$ 1,531,207	\$ 1,531,513	\$ 1,532,287	\$ 1,533,343	\$ 1,661,731	\$ 1,758,206	\$ 1,610,243
Primary government										
Net investment in capital assets	\$ 81,921,195	\$ 79,950,917	\$ 84,092,233	\$ 84,599,429	\$ 84,207,299	\$ 81,748,485	\$ 78,019,368	\$ 70,359,227	\$ 68,715,588	\$ 67,644,459
Restricted	152,448	130,683	116,715	121,981	121,656	107,059	108,424	108,882	125,642	128,583
Unrestricted	75,866,263	79,369,459	78,414,105	79,941,141	76,486,605	75,144,512	75,872,415	79,566,565	76,171,574	69,730,301
Total primary government net position	\$ 157,939,906	\$ 159,451,059	\$ 162,623,053	\$ 164,662,551	\$ 160,815,560	\$ 157,000,056	\$ 154,000,207	\$ 150,034,674	\$ 145,012,804	\$ 137,503,343

Village of Royal Palm Beach, Florida

Changes in Net Position

Last Ten Fiscal Years

(Accrual Basis of Accounting)

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Expenses										
Governmental activities:										
General government	\$ 4,451,821	\$ 5,043,972	\$ 4,321,564	\$ 4,275,564	\$ 4,275,487	\$ 4,487,030	\$ 4,469,023	\$ 4,511,520	\$ 5,055,361	\$ 5,077,561
Public safety	6,847,794	7,543,166	7,576,149	7,911,221	8,576,547	8,550,405	8,493,956	8,497,276	8,675,596	8,779,942
Public works	6,325,490	6,439,196	6,351,327	6,359,322	6,778,395	6,281,211	6,347,747	5,828,782	5,887,755	5,873,381
Culture and recreation	3,744,432	4,025,091	4,065,870	4,031,373	4,147,280	4,082,724	3,964,633	4,396,098	4,927,803	5,310,937
Interest on long-term debt	198,289	162,539	160,209	72,299	62,162	572,551	565,204	512,834	479,660	445,549
Total governmental activities expenses	21,567,826	23,213,964	22,475,119	22,649,779	23,839,871	23,973,921	23,840,563	23,746,510	25,026,175	25,487,370
Business-type activities:										
Water and wastewater	6,658,099	1,326,132	1,260,959	1,169,717	1,169,717	1,169,717	1,169,717	4,191,488	-	-
Stormwater	-	-	-	-	-	-	-	628,544	670,174	737,943
Total business-type activities expenses	6,658,099	1,326,132	1,260,959	1,169,717	1,169,717	1,169,717	1,169,717	4,820,032	670,174	737,943
Total primary government expenses	\$ 28,225,925	\$ 24,540,096	\$ 23,736,078	\$ 23,819,496	\$ 25,009,588	\$ 25,143,638	\$ 25,010,280	\$ 28,566,542	\$ 25,696,349	\$ 26,225,313
Program Revenue										
Governmental activities:										
Charges for services:										
General government	\$ 1,899,891	\$ 651,056	\$ 559,475	\$ 396,303	\$ 453,207	\$ 582,259	\$ 769,962	\$ 685,131	\$ 821,766	\$ 818,357
Public safety	1,669,441	2,048,807	1,858,578	1,213,484	917,932	1,014,550	1,639,053	1,983,027	1,425,309	1,705,893
Public works	14,468	2,802	915	3,720	7,960	5,600	6,640	3,280	5,360	3,440
Culture and recreation	376,148	382,117	524,076	541,475	559,014	577,888	585,073	680,517	831,774	902,784
Operating grants and contributions:										
General government	7,020	6,000	15,000	21,000	21,000	26,000	26,500	48,500	63,000	46,850
Public safety	340,838	38,508	195,319	243,603	232,283	210,040	223,683	235,832	252,448	266,018
Public works	872,700	143,528	284,785	30,241	49,231	35,427	63,572	34,758	35,505	135,808
Culture and recreation	1,966	10	14,720	-	-	1,237	-	-	-	-
Capital grants and contributions:										
General government	51,510	18,480	22,680	8,812	4,192	4,529	28,736	20,233	11,838	14,919
Public safety	354,375	138,783	105,979	50,976	18,442	19,830	171,927	151,878	50,798	83,512
Public works	814,480	544,690	501,592	1,073,791	669,769	2,211,797	1,254,481	586,770	221,395	323,938
Culture and recreation	182,752	237,737	1,556,194	907,112	457,357	78,546	608,030	214,413	114,159	186,589
Total governmental activities program revenue	6,585,589	4,212,518	5,639,313	4,490,517	3,390,387	4,767,703	5,377,657	4,644,339	3,833,352	4,488,108
Business-type activities:										
Charges for services:										
Water and wastewater	5,749,010	1,326,132	1,260,959	1,169,717	1,169,717	1,169,717	1,169,717	4,191,488	-	-
Stormwater	-	-	-	-	-	-	-	756,296	766,045	785,709
Operating grants and contributions:										
Water and wastewater	134,330	-	-	-	-	-	-	-	-	-
Capital grants and contributions:										
Water and wastewater	894,920	-	-	-	-	-	-	-	-	-
Total business-type activities program revenue	6,778,260	1,326,132	1,260,959	1,169,717	1,169,717	1,169,717	1,169,717	4,947,784	766,045	785,709
Total primary government program revenue	\$ 13,363,849	\$ 5,538,650	\$ 6,900,272	\$ 5,660,234	\$ 4,560,104	\$ 5,937,420	\$ 6,547,374	\$ 9,592,123	\$ 4,599,397	\$ 5,273,817

(Continued)

Village of Royal Palm Beach, Florida

Changes in Net Position (Continued)

Last Ten Fiscal Years

(Accrual Basis of Accounting)

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Net (expense) revenue										
Governmental activities	\$ (14,982,237)	\$ (19,001,446)	\$ (16,835,806)	\$ (18,159,262)	\$ (20,449,484)	\$ (19,206,218)	\$ (18,462,906)	\$ (19,102,171)	\$ (21,192,823)	\$ (20,999,262)
Business-type activities	1,222,128	120,161	-	-	-	-	-	127,752	95,871	47,766
Total primary government net expense	\$ (13,760,109)	\$ (18,881,285)	\$ (16,835,806)	\$ (18,159,262)	\$ (20,449,484)	\$ (19,206,218)	\$ (18,462,906)	\$ (18,974,419)	\$ (21,096,952)	\$ (20,951,496)
General Revenue and Other Changes in Net Position										
Governmental activities:										
Taxes:										
Property taxes	\$ 9,831,899	\$ 5,308,387	\$ 5,312,601	\$ 5,534,219	\$ 4,949,367	\$ 3,941,701	\$ 3,527,985	\$ 3,342,150	\$ 3,463,389	\$ 3,766,974
Franchise fees	1,707,863	2,098,506	2,259,641	2,360,842	2,465,538	2,431,560	2,471,640	2,487,385	2,737,903	2,799,075
Utility service taxes	3,690,331	3,761,697	3,898,634	3,941,068	4,464,979	4,231,877	4,142,025	4,265,188	4,479,608	4,476,157
Business taxes	-	-	-	-	595,552	619,952	607,786	674,687	732,620	704,682
State shared revenue, unrestricted	3,919,396	4,096,322	3,966,766	3,567,781	3,307,944	3,312,182	3,386,274	3,945,021	4,234,389	4,620,757
Investment earnings	592,275	2,658,844	5,020,513	4,589,959	4,414,876	2,064,915	1,054,230	318,975	417,401	825,024
Gain on sale of capital assets	-	154,098	-	-	-	-	-	2,556	9,168	19,348
Transfers	-	70,054,263	-	-	-	-	200,000	-	-	-
Total governmental activities	19,741,764	88,132,117	20,458,155	19,993,869	20,198,256	16,602,187	15,389,940	15,035,962	16,074,478	17,212,017
Business-type activities										
Investment earnings	535,984	607,456	54,444	13,931	504	306	774	636	604	327
Other income	-	-	-	-	-	-	200,000	-	-	-
Special item - net gain on sale of utility	-	40,585,497	-	-	-	-	-	-	-	-
Transfers	-	(70,054,263)	-	-	-	-	(200,000)	-	-	-
Total business-type activities	535,984	(28,861,310)	54,444	13,931	504	306	774	636	604	327
Total primary government	\$ 20,277,748	\$ 59,270,807	\$ 20,512,599	\$ 20,007,800	\$ 20,198,760	\$ 16,602,493	\$ 15,390,714	\$ 15,036,598	\$ 16,075,082	\$ 17,212,344
Changes in Net Position										
Governmental activities	\$ 4,759,527	\$ 69,130,671	\$ 3,622,349	\$ 1,834,607	\$ (251,228)	\$ (2,604,031)	\$ (3,072,966)	\$ (4,066,209)	\$ (5,118,345)	\$ (3,787,245)
Business-type activities	1,758,112	(28,741,149)	54,444	13,931	504	306	774	128,388	96,475	48,093
Total primary government	\$ 6,517,639	\$ 40,389,522	\$ 3,676,793	\$ 1,848,538	\$ (250,724)	\$ (2,603,725)	\$ (3,072,192)	\$ (3,937,821)	\$ (5,021,870)	\$ (3,739,152)

Village of Royal Palm Beach, Florida

Fund Balances of Governmental Funds

Last Ten Fiscal Years

(Modified Accrual Basis of Accounting)

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General Fund										
Reserved	\$ 187,925	\$ 226,259	\$ 259,401	\$ 247,493	\$ 335,339	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	9,401,299	8,984,275	7,437,233	7,487,073	6,651,791	-	-	-	-	-
Nonspendable:										
Prepaid items	-	-	-	-	-	112,643	120,050	152,536	155,949	153,656
Restricted for:										
Police education	-	-	-	-	-	96,319	98,722	96,952	97,830	98,233
Law enforcement	-	-	-	-	-	10,740	9,702	11,930	27,812	30,350
Assigned for:										
Debt service	-	-	-	-	-	-	21,667,529	19,997,759	15,785,200	14,539,400
Subsequent year's expenditures	-	-	-	-	-	2,734,013	1,623,256	2,524,333	2,227,995	2,284,478
Unassigned	-	-	-	-	-	74,171,800	51,478,969	49,852,893	51,342,701	50,651,117
Total General Fund	<u>\$ 9,589,224</u>	<u>\$ 9,210,534</u>	<u>\$ 7,696,634</u>	<u>\$ 7,734,566</u>	<u>\$ 6,987,130</u>	<u>\$ 77,125,515</u>	<u>\$ 74,998,228</u>	<u>\$ 72,636,403</u>	<u>\$ 69,637,487</u>	<u>\$ 67,757,234</u>
All other governmental funds										
Unreserved, reported in:										
Special Revenue Funds	\$65,769,925	\$66,687,672	\$68,940,788	\$71,308,043	\$71,668,049	\$ -	\$ -	\$ -	\$ -	\$ -
Capital Projects Funds	12,534,972	14,030,483	11,098,933	9,082,590	4,914,965	-	-	-	-	-
Committed for:										
Capital projects	-	-	-	-	-	18,721,020	9,638,838	7,124,473	7,045,481	6,132,637
Recreation facilities	-	-	-	-	-	92,762	257,441	258,018	159,099	107,660
Community beautification	-	-	-	-	-	222,712	289,131	289,981	1,438	73,512
Total all other governmental funds	<u>\$78,304,897</u>	<u>\$80,718,155</u>	<u>\$80,039,721</u>	<u>\$80,390,633</u>	<u>\$76,583,014</u>	<u>\$19,036,494</u>	<u>\$10,185,410</u>	<u>\$ 7,672,472</u>	<u>\$ 7,206,018</u>	<u>\$ 6,313,809</u>

Note: GASB Statement No. 54 was adopted for 2011, resulting in the reclassification of the Governmental Funds fund balances.

Village of Royal Palm Beach, Florida

Changes in Fund Balances of Governmental Funds

Last Ten Fiscal Years

(Modified Accrual Basis of Accounting)

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Revenue										
Taxes	\$ 11,168,590	\$ 11,470,876	\$ 11,836,129	\$ 12,475,436	\$ 11,225,090	\$ 10,749,436	\$ 10,637,091	\$ 10,769,410	\$ 11,413,520	\$ 11,746,888
Licenses and permits	1,363,895	1,627,922	1,509,430	601,429	456,472	522,074	994,528	1,337,180	766,467	998,828
Intergovernmental	5,406,512	4,389,752	5,321,115	5,247,062	4,661,513	5,854,751	4,973,409	4,616,697	4,638,627	5,041,090
Charges for services	411,650	395,875	419,600	419,896	469,680	494,337	499,160	576,233	645,001	699,120
Fines and forfeitures	293,561	418,785	349,148	334,758	261,460	267,476	419,525	420,847	433,842	482,065
Investment earnings	2,658,844	5,020,513	4,589,959	4,414,876	2,064,915	1,054,230	886,188	318,975	417,401	825,024
Impact fees	1,191,859	435,090	517,077	180,175	142,306	164,401	867,189	604,285	314,960	426,318
Conditions of approval	114,666	263,650	110,698	194,842	-	14,828	264,981	5,000	-	177,640
Miscellaneous	1,700,671	648,210	680,336	820,299	711,138	836,110	1,060,836	1,029,118	1,268,844	1,283,804
Total revenues	24,310,248	24,670,673	25,333,492	24,688,773	19,992,574	19,957,643	20,602,907	19,677,745	19,898,662	21,680,777
Expenditures										
General government	4,354,192	4,515,625	4,225,471	4,219,511	4,144,402	4,390,574	4,347,966	4,449,801	5,064,449	5,030,545
Public safety	6,715,250	7,317,567	7,397,543	7,747,778	8,398,401	8,377,235	8,320,498	8,327,729	8,503,007	8,628,119
Public works	3,764,386	3,671,440	3,534,195	3,448,144	3,824,736	3,276,495	3,183,689	2,643,062	2,801,013	2,890,297
Culture and recreation	2,944,331	3,148,326	3,030,343	2,922,047	3,058,083	3,060,993	3,072,684	3,478,336	4,090,582	4,517,487
Capital outlay	2,584,355	3,252,228	7,429,375	5,634,349	4,772,053	7,132,274	11,060,385	3,978,543	1,308,167	1,742,625
Debt service										
Principal	686,259	683,886	1,762,766	280,641	290,561	-	1,142,000	1,182,200	1,179,100	1,212,000
Interest and fiscal charges	166,797	170,050	165,000	77,259	67,338	168,996	662,551	523,610	490,670	457,314
Debt issue costs	-	-	-	-	-	50,500	28,000	-	-	-
Total expenditures	21,215,570	22,759,122	27,544,693	24,329,729	24,555,574	26,457,067	31,817,773	24,583,281	23,436,988	24,478,387
Revenue over (under) expenditures	3,094,678	1,911,551	(2,211,201)	359,044	(4,563,000)	(6,499,424)	(11,214,866)	(4,905,536)	(3,538,326)	(2,797,610)
Other financing sources (uses)										
Insurance recoveries	199,157	69,188	16,234	7,851	7,643	3,174	31,771	28,217	63,788	5,800
Proceeds from sale of capital assets	182,745	53,829	2,633	21,949	302	2,448	264,831	2,556	9,168	19,348
Proceeds from issuance of debt	-	-	-	-	-	20,500,000	19,358,500	-	-	-
Refunding of debt	-	-	-	-	-	(1,614,333)	(19,418,607)	-	-	-
Transfers in	65,682,077	5,301,642	3,548,006	3,018,300	1,739,359	400,000	500,000	1,271,401	1,444,000	900,000
Transfers out	(2,314,693)	(5,301,642)	(3,548,006)	(3,018,300)	(1,739,359)	(200,000)	(500,000)	(1,271,401)	(1,444,000)	(900,000)
Total other financing sources (uses)	63,749,286	123,017	18,867	29,800	7,945	19,091,289	236,495	30,773	72,956	25,148
Net change in fund balances	\$ 66,843,964	\$ 2,034,568	\$ (2,192,334)	\$ 388,844	\$ (4,555,055)	\$ 12,591,865	\$ (10,978,371)	\$ (4,874,763)	\$ (3,465,370)	\$ (2,772,462)
Debt service as a percentage of non-capital expenditures	4.58%	4.38%	9.58%	1.91%	1.81%	1.14%	8.83%	8.28%	7.55%	7.34%

Village of Royal Palm Beach, Florida

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 (1)	Total
2006	\$ 5,308,387	\$ 2,098,506	\$ 3,761,697	\$ -	\$ 11,168,590
2007	5,312,601	2,259,641	3,898,634	-	11,470,876
2008	5,534,219	2,360,842	3,941,068	-	11,836,129
2009	4,949,367	2,465,538	4,464,979	595,552	12,475,436
2010	3,941,701	2,431,560	4,231,877	619,952	11,225,090
2011	3,527,985	2,471,640	4,142,025	607,786	10,749,436
2012	3,402,534	2,431,277	4,190,499	612,781	10,637,091
2013	3,342,150	2,487,385	4,265,188	674,687	10,769,410
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

(1) Starting in 2009, occupational licenses and business permits were reclassified from charges for services to business taxes.

Village of Royal Palm Beach, Florida

Assessed Value and Estimated Actual Value of Taxable Property

Last Ten Fiscal Years

Fiscal Year	Real Property	Personal Property	Total	Total Direct Tax Rate	Estimated Actual Taxable Value
2006	\$ 1,998,540,919	\$ 99,137,295	\$ 2,097,678,214	\$ 5.62	\$ 2,097,678,214
2007	2,425,775,807	105,232,683	2,531,008,490	5.14	2,531,008,490
2008	2,734,523,508	114,753,917	2,849,277,425	4.79	2,849,277,425
2009	2,491,708,640	111,383,434	2,603,092,074	4.92	2,603,092,074
2010	2,025,681,694	117,517,903	2,143,199,597	5.38	2,143,199,597
2011	1,777,026,096	117,059,540	1,894,085,636	5.38	1,894,085,636
2012	1,738,716,997	102,977,493	1,841,694,490	5.38	1,841,694,490
2013	1,706,429,634	100,652,682	1,807,082,316	5.38	1,807,082,316
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

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, Florida

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	
2006	\$ 5.59	\$ 0.03	\$ 5.62	\$ 5.34	\$ 8.11	\$ 2.57	\$ 21.63
2007	5.12	0.02	5.14	5.08	7.87	2.33	20.42
2008	4.77	0.02	4.79	4.53	7.36	2.13	18.81
2009	4.92	0.00	4.92	4.51	7.25	2.26	18.94
2010	5.38	0.00	5.38	5.60	8.15	2.55	21.69
2011	5.38	0.00	5.38	5.60	8.18	2.34	21.50
2012	5.38	0.00	5.38	5.60	7.78	2.32	21.07
2013	5.38	0.00	5.38	5.59	7.59	2.23	20.79
2014	5.38	0.00	5.38	5.58	7.59	2.17	20.72
2015	5.38	0.00	5.38	5.53	7.51	2.10	20.52

Note: Tax rates are per \$1,000 of taxable value. 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 mil cap, less the tax rate of the Fire MSTU.

Village of Royal Palm Beach, Florida

Principal Property Taxpayers

Current Year and Nine Years Ago

78

Taxpayer	2015			2006		
	Taxable Assessed Value	Rank	Percentage of Total Village Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Village Taxable Assessed Value
Florida South Division LLC	\$ 48,538,776	1	2.37%	\$ -	-	-
Florida Power & Light Co	48,450,630	2	2.36%	-	-	-
Centre On Southern LLLP	45,768,119	3	2.23%	-	-	-
ERP Holding Co Inc	39,797,948	4	1.94%	-	-	-
CP Ipers Coral LLC	21,109,641	5	1.03%	-	-	-
Casco Properties	18,101,249	6	0.88%	12,049,280	8	0.57%
Centre On 441 LLLP	17,459,189	7	0.85%	12,600,831	6	0.60%
RPAI Royal Palm Beach Commons LLC	16,627,210	8	0.81%	-	-	-
Wal Mart Stores East LP	15,771,107	9	0.77%	20,535,089	1	-
Ramco Crossroads at Royal Palm	14,622,591	10	0.71%	15,197,709	5	0.72%
Enclave at RPB LTD	-	-	-	17,500,000	2	0.83%
Southern Center Land Trust	-	-	-	16,748,508	3	0.80%
Inland Western Royal	-	-	-	16,201,218	4	0.77%
Heritage Royal Palm Partners	-	-	-	12,417,368	7	0.59%
Second Fairgrounds Assoc, Ltd	-	-	-	11,081,341	9	0.53%
Lowes Home Centers, Inc	-	-	-	11,027,414	10	0.53%
Total	\$ 286,246,460		13.95%	\$ 145,358,758		5.43%

Source: Palm Beach County Property Appraiser's Office

Village of Royal Palm Beach, Florida

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
2006	\$ 5,308,322	\$ 5,309,405	100.02 %	\$ 4,695	\$ 5,314,100	100.11 %
2007	5,305,323	5,291,361	99.74	22,414	5,313,775	100.16
2008	5,539,162	5,529,495	99.83	4,695	5,534,190	99.91
2009	4,964,153	4,928,283	99.28	25,347	4,953,630	99.79
2010	4,005,152	3,923,499	97.96	52,408	3,975,907	99.27
2011	3,510,810	3,484,380	99.25	35,827	3,520,207	100.27
2012	3,413,787	3,362,724	98.50	-	3,362,724	98.50
2013	3,469,598	3,315,060	95.55	27,090	3,342,150	96.33
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

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 2006 - 2015.

Village of Royal Palm Beach, Florida

Utility Service Tax Revenues By Source

Last Ten Fiscal Years

(Modified Accrual Basis of Accounting)

Fiscal Year	Electricity	Telecommunications	Water	Gas	Total
2006	\$ 1,791,930	\$ 1,435,788	\$ 447,181	\$ 86,798	\$ 3,761,697
2007	1,899,349	1,490,753	420,083	88,449	3,898,634
2008	1,954,826	1,485,071	394,883	106,288	3,941,068
2009	1,996,922	1,914,538	451,599	101,920	4,464,979
2010	2,167,701	1,502,573	446,498	115,105	4,231,877
2011	2,147,928	1,412,562	468,643	112,892	4,142,025
2012	2,160,221	1,458,902	460,778	110,598	4,190,499
2013	2,340,259	1,357,696	466,457	100,776	4,265,188
2014	2,603,701	1,282,944	474,730	118,233	4,479,608
2015	2,650,189	1,243,779	478,615	103,574	4,476,157

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

1. Electricity - 10%
2. Telecommunications:
 - 5.52% for the period October 1, 2005 to December 31, 2010
 - 5.22% for the period January 1, 2011 to September 30, 2015
3. Water - 10%
4. Gas - 6%

Village of Royal Palm Beach, Florida

Principal Utility Service Taxpayers

Current Year and Nine Years Ago

Taxpayer	2015			2006		
	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	\$ 2,650,189	1	59.21%	\$ 1,791,930	1	47.64%
AT&T	1,243,779	2	27.79%	1,435,788	2	38.17%
Village of Royal Palm Beach	478,615	3	10.69%	447,181	3	11.89%
Florida Public Utilities	44,265	4	0.99%	N/A		-
Lowes Home Centers, Inc	18,888	5	0.42%	N/A		-
Amerigas Propane	12,379	6	0.28%	N/A		-
Miscellaneous other	28,042	7	0.63%	N/A		-
Total	\$ 4,476,157		100.00%	\$ 1,882,969		97.70%

Source: Village Finance records

Village of Royal Palm Beach, Florida

Ratios of Outstanding Debt by Type

Last Ten Fiscal Years

Fiscal Year	Governmental Activities ⁽¹⁾			Notes Payable	Total Primary Government	Percentage of Personal Income	Per Capita
	General Obligation Bonds	Special Revenue Bonds					
2006	\$ 99,476	\$ 1,814,313	\$ 2,718,398	\$ 4,632,187	0.66%	\$ 155.21	
2007	43,823	1,447,884	2,456,594	3,948,301	0.60%	131.14	
2008	-	-	2,185,535	2,185,535	0.31%	72.05	
2009	-	-	1,904,894	1,904,894	0.24%	59.78	
2010	-	-	1,614,333	1,614,333	0.19%	51.14	
2011	-	-	20,500,000	20,500,000	2.49%	657.03	
2012	-	-	19,358,500	19,358,500	1.97%	567.03	
2013	-	-	18,176,300	18,176,300	2.00%	520.39	
2014	-	-	16,997,200	16,997,200	1.73%	467.43	
2015	-	-	15,785,200	15,785,200	1.57%	427.71	

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

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

Village of Royal Palm Beach, Florida

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
2006	\$ 99,476	\$ 58,787	\$ 40,689	0.00%	29,845	\$ 1.36
2007	43,823	43,823	-	-	30,108	-
2008	-	-	-	-	30,334	-
2009	-	-	-	-	31,864	-
2010	-	-	-	-	31,567	-
2011	-	-	-	-	31,201	-
2012	-	-	-	-	34,140	-
2013	-	-	-	-	34,928	-
2014	-	-	-	-	36,363	-
2015	-	-	-	-	36,906	-

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

Village of Royal Palm Beach, Florida

Direct and Overlapping Governmental Activities Debt

September 30, 2015

	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	\$ 15,785,200	100.00%	\$ 15,785,200
Overlapping:			
Palm Beach County ⁽²⁾	163,630,000	1.34%	2,200,149
Palm Beach County School District ⁽³⁾	17,430,000	1.34%	234,362
Total overlapping debt	181,060,000		2,434,511
Total direct and overlapping debt payable from ad valorem taxes	\$ 196,845,200		18,219,711
Estimated population			36,906
Total direct and overlapping debt per capita			\$ 493.68

NOTES:

⁽¹⁾ Based on Ratio of Assessed Taxable Values

⁽²⁾ Source: Palm Beach County, Florida, Budget Office

⁽³⁾ Source: Palm Beach County School Board, Finance Department

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

Village of Royal Palm Beach, Florida

Demographic and Economic Statistics

Last Ten Fiscal Years

Fiscal Year	Population⁽¹⁾	Total Personal Income⁽²⁾	Per Capita Personal Income⁽²⁾	Median Age⁽²⁾	Education Level in Years of Schooling⁽²⁾	School Enrollment⁽³⁾	Unemployment Rate⁽²⁾
2006	29,845	\$ 699,745,870	\$ 23,446	37.8	13.6	6,120	3.7%
2007	30,108	657,709,260	21,845	38.2	13.5	6,173	4.9%
2008	30,334	716,276,742	23,613	38.6	13.5	6,071	2.9%
2009	31,864	795,134,256	24,954	38.7	13.5	5,954	7.2%
2010	31,567	833,873,872	26,416	39	13.5	5,450	7.7%
2011	31,201	824,205,616	26,416	39	13.5	5,398	7.7%
2012	34,140	981,798,120	28,758	37	13.4	5,374	8.8%
2013	34,928	908,093,072	25,999	37	13.4	6,338	5.9%
2014	36,363	982,164,630	27,010	37	13.4	6,378	5.2%
2015	36,906	1,008,235,014	27,319	37	13.6	4,893	5.2%

Data Sources: The population for 2006 through 2011 was obtained from the University of Florida, Bureau of Economic Business Administration. The population for 2012 was obtained from the 2010 U.S. Census Bureau count. The population for 2013 and forward was obtained from the Business Development Board of Palm Beach County.

⁽²⁾ Source: Business Development Board of Palm Beach County.

⁽³⁾ Source: School District of Palm Beach County.

N/A - Not Available

Village of Royal Palm Beach

Principal Employers

Current Year and Nine Years Ago

	2015 ⁽¹⁾			2006		
	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
Employer						
Palm Beach County School District	22,000	1	3.80%	21,616	1	N/A
Tenet Healthcare Corp.	6,100	2	1.05%	4,794	4	N/A
Palm Beach County Government	5,507	3	0.95%	6,594	2	N/A
NextEra Energy (Hqtrs)	3,854	4	0.67%	2,850	5	N/A
Hospital Corp of America	2,714	5	0.47%	-	-	-
Florida Atlantic University	2,655	6	0.46%	2,825	6	N/A
Bethesda Memorial Hospital	2,600	7	0.45%	-	-	-
Boca Raton Community Hospital	2,500	8	0.43%	-	-	-
Veterans Health Administration	2,500	9	0.43%	-	-	-
Office Depot (Hdqtrs)	2,000	10	0.35%	-	-	-
Columbia PB Healthcare System, Inc.	-	-	-	5,200	3	N/A
Boca Raton Resort & Club	-	-	-	2,200	7	N/A
U.S. Sugar Corp	-	-	-	2,100	8	N/A
Florida Crystals	-	-	-	2,000	9	N/A
The Breakers	-	-	-	1,800	10	N/A
Totals	52,430		9.05%	51,979		N/A

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

N/A - Data is not available.

Village of Royal Palm Beach, Florida

Village Government Employees by Function

Last Ten Fiscal Years

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General government	20	20	20	15.5	15.5	18	18	18	18	18
Public Safety										
Community Development	16	16	16	14	13	13	12	12	12	12
Police Officers ⁽²⁾	57	-	-	-	-	-	-	-	-	-
Civilian Police ⁽²⁾	48	-	-	-	-	-	-	-	-	-
Public Works										
Engineering	8	8	8	8.5	7.5	5	5	5	5	5.5
Public Works	38	38	35	35	31	31	30	23	23	23
Culture/Recreation	84	87	80	77	72	72	77	77	83	86
Water & Sewer Utility ⁽¹⁾	36	-	-	-	-	-	-	-	-	-
Total	307	169	159	150	139	139	142	135	141	145

Source: Village Human Resources office.

⁽¹⁾ The utility was sold to Palm Beach County in April 2006.

⁽²⁾ Police services were contracted with Palm Beach County Sheriff's Office beginning October 2006.

Village of Royal Palm Beach, Florida

Operating Indicators by Function

Last Ten Fiscal Years

Function	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Public Safety										
Police										
Physical arrests ⁽¹⁾	710	1,213	1,318	1,123	1,173	1,136	980	949	805	1,027
Parking violations ⁽²⁾	338	228	214	371	280	290	225	444	188	180
Traffic violations ⁽³⁾	8,079	10,468	12,203	12,825	11,425	8,700	9,944	8,943	4,245	4,862
Fire										
Number of calls ⁽⁴⁾	2,937	3,338	3,634	3,712	3,502	3,682	3,504	3,604	3,692	3,894
Parks and Recreation Services⁽²⁾										
Participants - Athletic Programs	2,496	2,297	1,889	1,759	1,607	1,636	1,543	1,747	2,308	2,133
Participants - Arts & Craft/Classes	501	306	374	342	459	497	610	437	508	406
Participants - Social/Special Events	268	324	243	200	179	186	429	498	540	559
Participants - Health/Fitness Programs	595	665	704	691	700	789	1,638	1,325	1,173	1,644
Participants - Spring/Summer Camps	1,035	1,140	940	940	917	889	348	621	359	604
Participants - Other Programs	98	87	104	75	65	62	36	-	-	-
Participants - Seniors Programs	2,467	2,535	2,257	2,570	3,048	3,288	2,714	2,752	2,850	3,380
Participants - Teen Programs	1,650	1,750	1,977	1,875	1,438	1,500	1,437	884	698	755
Roads and Streets⁽²⁾										
Street resurfacing (lane miles)	-	4.45	-	-	-	4.13	-	4.00	-	-
Pot holes repaired	N/A	55	N/A	127	113	68	45	18	35	43

(millions of gallons)

Note: Indicators are not available for the general government function.

N/A: Not available.

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, Florida

Capital Asset Statistics by Function

Last Ten Fiscal Years

Function	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Roads and Streets										
Street lights	651	651	668	668	668	668	668	695	703	703
Lane miles	141	147	147	147	147	147	147	148	148	149
Parks and Recreation Services										
Ballfields	16	16	16	14	14	14	14	14	14	14
Basketball courts	9	10	10	12	14	14	14	14	14	14
Soccer fields	4	4	4	4	4	4	4	8	8	8
Tennis courts	8	8	8	8	8	8	8	8	8	8
Parks	18	18	18	24	24	24	24	24	24	24
Bocce courts	4	4	4	4	4	4	4	4	4	4
Remote car track	N/A	N/A	1	1	1	1	1	1	1	1
Racquetball courts	N/A	N/A	N/A	4	4	4	4	4	4	4
Hockey rink	2	2	2	1	1	1	1	-	-	-
Skate park	-	-	-	-	-	-	-	1	1	1

Sources: Village departments

N/A: Not available.

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

COMPLIANCE REPORTS



CALER, DONTEN, LEVINE,
COHEN, PORTER & VEIL, P.A.

WILLIAM K. CALER, JR., CPA
LOUIS M. COHEN, CPA
JOHN C. COURTNEY, CPA, JD
DAVID S. DONTEN, CPA
JAMES B. HUTCHISON, CPA
JOEL H. LEVINE, CPA
JAMES F. MULLEN, IV, CPA
MICHAEL J. NALEZYTY, CPA
THOMAS A. PENCE, JR., CPA
SCOTT L. PORTER, CPA
MARK D. VEIL, CPA

CERTIFIED PUBLIC ACCOUNTANTS

505 SOUTH FLAGLER DRIVE, SUITE 900
WEST PALM BEACH, FL 33401-5948

TELEPHONE (561) 832-9292
FAX (561) 832-9455

info@cdlcpa.com

MEMBERS
AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS

FLORIDA INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditor's Report on Internal Control Over Financial Reporting
and on Compliance and Other Matters Based on an Audit of Financial
Statements Performed in Accordance With *Government Auditing Standards*

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

We have audited, in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Village of Royal Palm Beach, Florida, as of and for the year ended September 30, 2015, and the related notes to the financial statements, which collectively comprise the basic financial statements of the Village of Royal Palm Beach, Florida, and have issued our report thereon dated May 18, 2016.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

*Calix, Dauten, Levine,
Cohen, Porter & Veil, P.A.*

West Palm Beach, Florida
May 18, 2016



CALER, DONTEN, LEVINE,
COHEN, PORTER & VEIL, P.A.

WILLIAM K. CALER, JR., CPA
LOUIS M. COHEN, CPA
JOHN C. COURTNEY, CPA, JD
DAVID S. DONTEN, CPA
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JAMES F. MULLEN, IV, CPA
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THOMAS A. PENCE, JR., CPA
SCOTT L. PORTER, CPA
MARK D. VEIL, CPA

CERTIFIED PUBLIC ACCOUNTANTS

505 SOUTH FLAGLER DRIVE, SUITE 900
WEST PALM BEACH, FL 33401-5948

TELEPHONE (561) 832-9292
FAX (561) 832-9455

info@cdlcpa.com

MEMBERS
AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS

FLORIDA INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS

Management Letter

The Honorable Mayor and Members
of the Village Council
Village of Royal Palm Beach
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, 2015, and have issued our report thereon dated May 18, 2016.

Auditor's Responsibility

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

Other Reports

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards* and Independent Accountant's Report on an examination conducted in accordance with *AICPA Professional Standards*, Section 601, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports, which are dated May 18, 2016, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. Corrective action has been taken to address findings and recommendations 2014-001 Bank Reconciliations and 2014-002 Interpretation of Investment Policy reported in the prior year management letter dated February 20, 2015.

Official Title and Legal Authority

Section 10.554(1)(i)4., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. This information is disclosed in Note A to the financial statements. There were no component units related to the Village.

Financial Condition

Section 10.554(1)(i)5.a. and 10.556(7), Rules of the Auditor General, require that we apply appropriate procedures and report the results of our determination as to whether or not the Village has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identification of the specific condition(s) met. In connection with our audit, we determined that the Village did not meet any of the conditions described in Section 218.503(1), Florida Statutes, as of and for the year ended September 30, 2015.

Pursuant to Sections 10.554(1)(i)5.c. and 10.556(8), Rules of the Auditor General, we applied financial condition assessment procedures as of September 30, 2015. 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 the review of financial information provided by same.

Annual Financial Report

Section 10.554(1)(i)5.b. and 10.556(7), Rules of the Auditor General, require that we apply appropriate procedures and report the results of our determination as to whether the annual financial report for the Village for the fiscal year ended September 30, 2015, filed with the Florida Department of Financial Services pursuant to Section 218.32(1)(a), Florida Statutes, is in agreement with the annual financial audit report for the fiscal year ended September 30, 2015. In connection with our audit, we determined that these two reports were in agreement.

Other Matters

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

Section 10.554(1)(i)3., Rules of the Auditor General, requires that we address noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but which warrants the attention of those charged with governance. In connection with our audit, we did not have any such findings.

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, and Village Council and management of the Village of Royal Palm Beach, Florida, and is not intended to be and should not be used by anyone other than these specified parties.

*Calder, Dauter, Levine,
Cohen, Porter & Veil, P.A.*

West Palm Beach, Florida
May 18, 2016



CALER, DONTEN, LEVINE,
COHEN, PORTER & VEIL, P.A.

CERTIFIED PUBLIC ACCOUNTANTS

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WEST PALM BEACH, FL 33401-5948

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FAX (561) 832-9455

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Independent Accountant's Report on Investment Compliance

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

We have examined the Village of Royal Palm Beach, Florida's (the "Village") compliance with Section 218.415, Florida Statutes, regarding the investment of public funds during the year ended September 30, 2015. Management is responsible for the Village's compliance with those 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 and, accordingly, included examining, on a test basis, evidence about the Village's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. 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 the aforementioned requirements for the year ended September 30, 2015.

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

*Caler, Donten, Levine,
Cohen, Porter & Veil, P.A.*

West Palm Beach, Florida
May 18, 2016