The Village of

ROYAL PALM BEACH

FLORIDA

The Village of ROYAL PALM BEACH FLORIDA Incorporated 1959

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

Comprehensive Annual Financial Report

For the FISCAL YEAR ENDED September 30, 2010

INTRODUCTORY SECTION

COMPREHENSIVE ANNUAL FINANCIAL REPORT

VILLAGE OF ROYAL PALM BEACH, FLORIDA

Fiscal year ended September 30, 2010

Prepared by the Finance Department

VILLAGE OF ROYAL PALM BEACH, FLORIDA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

SEPTEMBER 30, 2010

TABLE OF CONTENTS

INTRODUCTORY SECTION	Page Number
Title Page	i
Table of Contents	ii
Letter of Transmittal	iv
Certificate of Achievement	x
Distinguished Budget Presentation Award	xi
Village of Royal Palm Beach Organizational Chart	xii
List of Principal Officials	xiii
FINANCIAL SECTION	
Independent Auditor's Report	1
Management's Discussion and Analysis	3
Basic Financial Statements	
Government-wide Financial Statements	
Statement of Net Assets	11
Statement of Activities	12
Fund Financial Statements	
Balance Sheet - Governmental Funds	14
Reconciliation of Total Governmental Fund Balances to Net Assets 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 Assets - Enterprise Fund	18
Statement of Revenue, Expenses, and Changes in Fund Net Assets - Enterprise Fund	19
Statement of Cash Flows - Enterprise Fund	20
Statement of Fiduciary Net Assets - Fiduciary Funds	21
Statement of Changes in Fiduciary Net Assets - Fiduciary Funds	22
Notes to Financial Statements	23
Supplementary Financial Information	
Required Supplementary Information	
Budgetary Comparison Schedule - General Fund	43
Notes to Budgetary Comparison Schedule	48
Combining Fund Financial Statements	
Nonmajor Governmental Funds	
Combining Balance Sheet	49
Combining Statement of Revenue, Expenditures, and Changes in Fund Balances	50

VILLAGE OF ROYAL PALM BEACH, FLORIDA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

SEPTEMBER 30, 2010

TABLE OF CONTENTS

FINANCIAL SECTION (Continued)

Supplementary Financial Information (Continued)
Combining Fund Financial Statements (Continued)
Fiduciary Funds
Combining Statement of Plan Net Assets 51
Combining Statement of Changes in Plan Net Assets 52

STATISTICAL SECTION

Financial Trends
Net Assets by Component 53
Changes in Net Assets 54
Fund Balances of Governmental Funds 56
Changes in Fund Balances of Governmental Funds 57
General Governmental Tax Revenues by Source 58
Assessed Value and Estimated Actual Value of Taxable Property 59

Revenue Capacity
Direct and Overlapping Property Tax Rates 60
Principal Property Taxpayers 61
Property Tax Levies and Collections 62

Debt Capacity
Ratios of Outstanding Debt by Type 63
Ratios of Net General Bonded Debt Outstanding 64
Direct and Overlapping Governmental Activities Debt 65
Water and Sewer Pledged Revenue Coverage 66

Demographic and Economic Information
Demographic and Economic Statistics 67
Principal Employers 68

Operating Information
Village Government Employees by Function 69
Operating Indicators by Function 70
Capital Asset Statistics by Function 71

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 *Government Auditing Standards* 72
Management Letter 74

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

January 27, 2011

Mayor Matty Mattioli
Vice-Mayor Martha Webster
Councilperson Fred Pinto
Councilperson David R. Swift
Councilperson Richard Valuntas

The Honorable Mayor and Village Council:

State law requires that all general-purpose local governments publish within six 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, 2010.

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, 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, 2010, 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 unqualified opinion that the Village of Royal Palm Beach's financial statements for the fiscal year ended September 30, 2010, 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.

Matty Mattioli Mayor | Martha Webster Vice Mayor | David R. Swift Councilman | Fred Pinto Councilman | Richard Valuntas Councilman | Raymond C. Liggins Village Manager

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 34,000. 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 only for the General 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 property within the Village decreased from $2,603,092,074 to $2,143,199,597 during FY 2010 representing a 17.7% decrease. This decrease in overall valuation is a result of the reduction in new residential, commercial, and industrial construction, as well as a general decrease in the value of existing property. The Village of Royal Palm Beach will continue to experience a reduction in building permit activity through the remainder of 2010 and into 2011. However, there are positive signs that building permit activity may increase from 2009 and 2010 numbers due to the activity in land use changes that occurred in late 2010. This activity may possibly indicate that developers are attempting to modify their development strategy in order to capture emerging demands within the land development market.

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, construction has shifted to the PortoSol development and in time will shift to the Munne Royal Homes, The Enclave, and Cypress Key developments. PortoSol by Minto, Munne Royal Homes and Cypress Key currently possess valid development orders, which consist of a total of 602 residential units. Although The Enclave does not have an approved development order it does have land use and zoning in place that will allow for the development of 268 residential units.

In 2008 and 2009 new commercial and industrial development and redevelopment occurred within the remaining out parcels within Southern Center (43,000 square feet), a portion of University Centre aka Corporate Center West (40,000 square feet), United Auto (100,000 square feet), a portion of Royal Office Park aka Wiener Property (29,438 square feet), a portion of Sawgrass Center (33,935 square feet), and a portion of Southern Mills Distribution Center (152,390 square feet). In fiscal year 2009/2010 permit activity included new construction and renovations. New construction included an AutoZone (7,381 square feet), an Immigration Services Building (35,539 square feet), new clubhouse at the Village Golf Club (8,100 square feet), a club member facility at Madison Green (6,450 square feet), and Our Lady Queen of Apostles Church (24,085 square feet). The renovations include the restaurant and pro-shop facility at Madison Green (6,500 square feet), the conversion of Max & Erma's Restaurant to the On the Border Restaurant (6,000 square feet), the completion of Phase 1.c. of the First Baptist Church (5,810 square feet), and the conversion of the old gym within Royal Plaza to accommodate the expansion of Western Academy (12,679 square feet).

Long-Term Financial Planning: As a result of new developments utilizing most 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 2014 in terms of new residential development.

Currently, it is anticipated that there are about 541 approved but non-constructed units (PortoSol by Minto, Cypress Key, and Munne Royal Homes) available for actual construction during this timeframe without additional annexation. It is important to note that Heron Cove Residential and Heritage Oaks Residential received a Commercial Land Use designation and Commercial Zoning designation decreasing the residential development potential by 257 residential units on these lands; and on the other hand The Enclave received a Low Residential Land Use designation and a Residential Multi-Family Zoning designation that will allow for a maximum of 268 residential units to be development onthese lands. Another property that is of significance is Tract 207 that possesses a Townhouse Residential Land Use designation and Townhouse Zoning designation that will allow for a maximum of 106 residential units.

It is anticipated that new industrial development will occur in the near future within industrial properties which already hold development order approvals. These properties include: the

remaining portions of Southern Mills Distribution Center aka Taheri (198,860 square feet), Sawgrass Center (33,935 square feet), and the Wasser Property (48,875 square feet). Although Regal Industrial, a 63 acre site, has not received a development order, it does have the Industrial Land Use and Industrial Zoning making the property attractive for development.

The new commercial development is projected to occur on several commercial parcels, specifically: Corporate Center West aka University Centre (60,000 square feet); Fox Property MUPD (153,806 square feet); Cypress Key MXD (125,000 square feet); United Pentecostal Church (84,674 square feet); Waterway Plaza (153,560 square feet); Royal Office Park (16,030 square feet); Heritage Oaks Commercial (10,000 square feet); Village Center at Royal Palm Beach (7,000 square feet); Anthony Groves Plaza (6,000 square feet), and Peninsula Bank (3,970 square feet). Given the state of today's real estate market it is anticipated that these properties will develop over the next five to ten years. Although the Ruben Property does not have a current development order, it does have the General Commercial Land Use and the General Commercial Zoning, making the property attractive for development.

Overall, the Village is nearing build out within its current municipal boundaries. In addition, expansions through future annexations are limited in scope. As such, future revenues will be based more on tax related revenues and less on building related revenues.

Major Initiatives and Accomplishments:

For the year

During the year the following major accomplishments occurred:

- Although property tax reform continued to have a negative impact on the Village's ability to generate revenues we adopted a budget that again reduced the property tax rate for the 15th year in a row and continued to provide the same level of service as in prior years.
- The Public Safety training center building which includes a fitness center with all modern exercise equipment, a boxing gym for the Police Athletic League and a training room for Police and Fire personnel was completed. It was subsequently dedicated and renamed the David B. Farber Training Center in honor of our Village Manager who passed away.
- Camellia Park Renovations were completed which included the renovation of two (2) basketball courts, six (6) tennis courts the replacement of playground equipment and the building of a restroom/storage facility.
- The land development portion of the 163 acre Village Commons Park was completed.

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 2011:

- Obtain financing and start construction of Village Commons, a 163 acre property that will ultimately become the signature park of the Village.

- Interest earnings on the invested proceeds of the sale of the Utility Plant in 2006 (currently $73.5 million) will continue to subsidize General Fund revenues and will also be utilized to help pay for Village Commons debt service costs.
- Construct on-street and off-street bike paths, curbing, an urban drainage system and landscaping, on Royal Palm Beach Blvd from Okeechobee Blvd to the Village limits.
- Adopt a budget that maintains the Village's high levels of service while complying with the severe state-imposed caps on budget growth.

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 provided by CIGNA during this audit period, and continues to be our insurance provider. 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, 2009. This was the twenty-second 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. This report must satisfy both 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 2009/2010 annual budget document. This was the fifteenth 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,

Raymond C. Liggins
Village Manager

Stanley G. Hochman
Director of Finance

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Village of Royal Palm Beach Florida

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
September 30, 2009

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.

President

Executive Director

GOVERNMENT FINANCE OFFICERS ASSOCIATION

Distinguished Budget Presentation Award

PRESENTED TO

Village of Royal Palm Beach

Florida

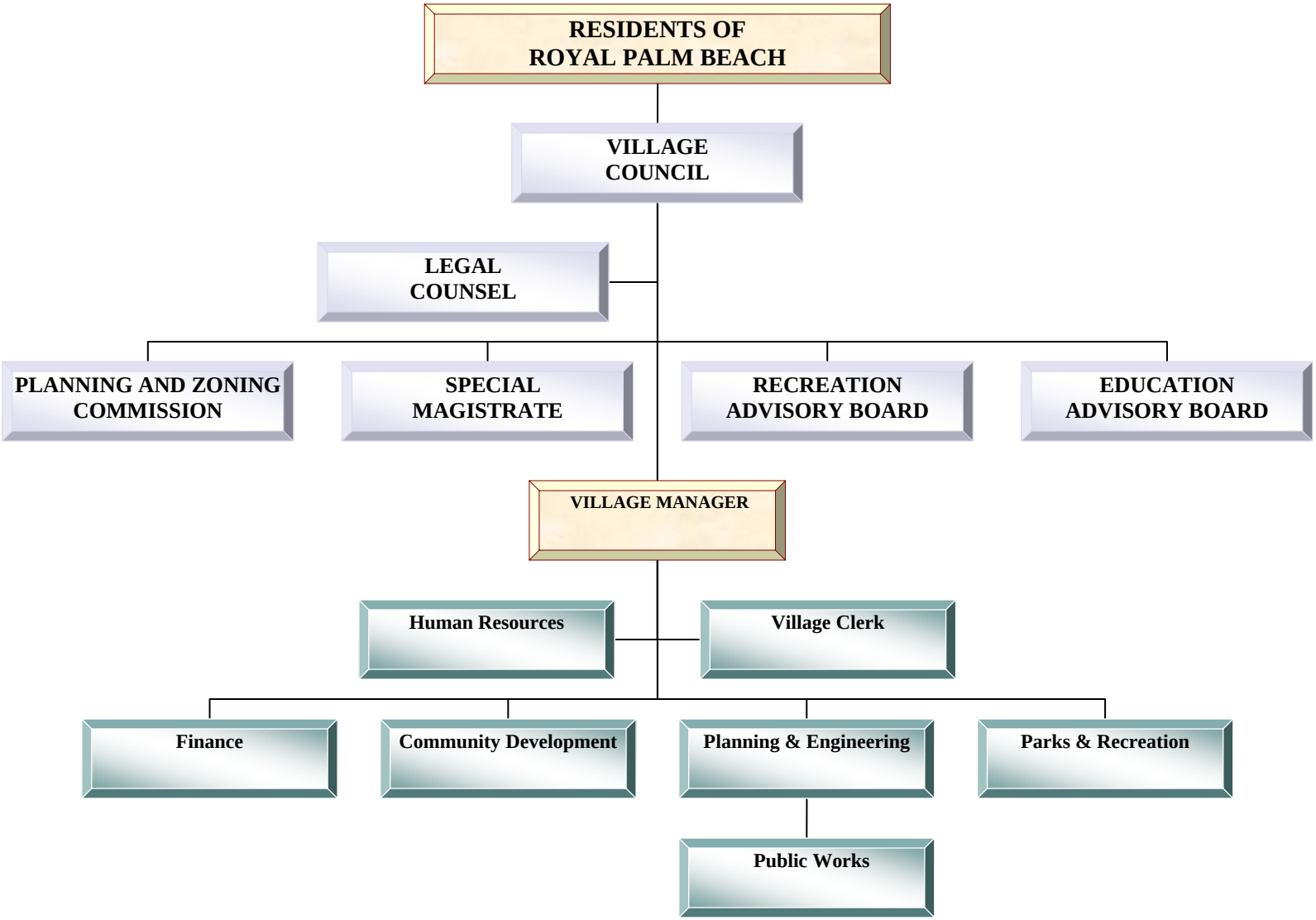
For the Fiscal Year Beginning

October 1, 2009

President

Executive Director

The Village of Royal Palm Beach
Organizational Chart



FINANCIAL SECTION

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

CERTIFIED PUBLIC ACCOUNTANTS

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
THOMAS A PENCE, JR , CPA
SCOTT L PORTER, CPA
MARK D VEIL, CPA

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

We have audited the accompanying financial statements of the governmental activities, business-type activity, 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, 2010, which collectively comprise the Village's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the management of the Village of Royal Palm Beach, Florida. 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 of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Village's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes 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, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our 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 activity, each major fund and the aggregate remaining fund information of the Village of Royal Palm Beach, Florida, as of September 30, 2010, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with U.S. generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 25, 2011, 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

U.S. generally accepted accounting principles require that the *management's discussion and analysis* on pages 3 through 10 and the budgetary comparison information on pages 44 through 49 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements of the Village of Royal Palm Beach, Florida. The introductory section, the combining fund financial statements and the statistical section listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements of the Village of Royal Palm Beach, Florida. The combining fund financial statements are the responsibility of management and were derived from and directly relate to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with U.S. generally accepted auditing standards. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The introductory section and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

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

January 25, 2011

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 other 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, 2010, by $160,815,560. Of this amount, unrestricted net assets of $76,486,605 may be used to meet the Village's ongoing obligations to citizens and creditors.

- The total net assets of the Village decreased by $3,846,991. Of this amount, a decrease of $3,847,297 was associated with governmental activities and a $306 increase was associated with the business-type activity.

- As of the close of the current fiscal year, the Village of Royal Palm Beach's governmental funds reported combined ending fund balances of $83,570,144, a decrease of $4,555,055 in comparison with that of the prior year. Of this amount $77,969,148 is unreserved and undesignated, and available for spending, while $5,600,996 has been legally reserved or designated for specific future uses by the Village Council.

- At the end of the current fiscal year, unreserved/undesignated fund balance for the general fund was $5,070,704, or 27% 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 assets presents information on all of the Village's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets 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 assets changed during the most recent fiscal year. All changes in net assets 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 major business-type activity of the Village includes the water and wastewater 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, three (3) 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, 2010, were:

- General Fund
- Village Improvement Fund (Special Revenue Fund)
- Capital Improvements Fund (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 assets 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 one enterprise fund for water and wastewater.

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, 2010, 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 (required supplementary information) and combining fund financial statements for the funds. This information is presented immediately after the basic financial statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. At September 30, 2010, the Village's assets exceeded liabilities by $160,815,560. The largest portion of the Village's net assets (52 percent) reflects its investment in capital assets, less any related debt used to acquire those assets that is still outstanding. Capital assets are used to provide services to citizens and they are not available for future spending. Although the 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 assets as of September 30, 2010 and 2009:

	Governmental Activities		Business-type Activity		Total	
	2010	2009	2010	2009	2010	2009
Current and other assets	$ 85,681,547	$ 90,849,701	$ 416,568	$ 999,792	$ 86,098,115	$ 91,849,493
Capital assets, net	77,828,382	77,341,356	7,993,250	9,162,967	85,821,632	86,504,323
Total assets	163,509,929	168,191,057	8,409,818	10,162,759	171,919,747	178,353,816
Other liabilities	2,203,896	2,795,171	1,171,902	1,736,400	3,375,798	4,531,571
Noncurrent liabilities	2,021,986	2,264,542	5,706,403	6,895,152	7,728,389	9,159,694
Total liabilities	4,225,882	5,059,713	6,878,305	8,631,552	11,104,187	13,691,265
Net assets:						
Invested in capital assets, net of related debt	76,214,049	75,436,462	7,993,250	9,162,967	84,207,299	84,599,429
Restricted	121,656	121,981			121,656	121,981
Unrestricted	82,948,342	87,572,901	(6,461,737)	(7,631,760)	76,486,605	79,941,141
Total net assets	$159,284,047	$163,131,344	$ 1,531,513	$ 1,531,207	$160,815,560	$164,662,551

An additional portion of the net assets (.07%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets ($76,486,605) 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 assets for the government as a whole. The same situation held true for the prior year.

The following analysis summarizes the changes in net assets for the years ended September 30, 2010 and 2009:

	Governmental Activities		Business-type Activity		Total	
	2010	2009	2010	2009	2010	2009
Revenue						
Program revenue:						
Charges for services	$ 1,938,113	$ 2,154,982	$ 1,169,717	$ 1,169,717	$ 3,107,830	$ 3,324,699
Operating grants and contributions	302,514	294,844			302,514	294,844
Capital grants and contributions	1,149,760	2,040,691			1,149,760	2,040,691
General revenue:						
Taxes	11,225,090	12,475,436			11,225,090	12,475,436
State shared revenue	3,312,182	3,307,944			3,312,182	3,307,944
Investment earnings	2,064,915	4,414,876	306	504	2,065,221	4,415,380
Total revenue and transfers	19,992,574	24,688,773	1,170,023	1,170,221	21,162,597	25,858,994
Expenses						
General government	4,275,487	4,275,564			4,275,487	4,275,564
Public safety	8,576,547	7,911,221			8,576,547	7,911,221
Public works	6,778,395	6,359,322			6,778,395	6,359,322
Culture and recreation	4,147,280	4,031,373			4,147,280	4,031,373
Interest on long-term debt	62,162	72,299			62,162	72,299
Water and wastewater			1,169,717	1,169,717	1,169,717	1,169,717
Total expenses	23,839,871	22,649,779	1,169,717	1,169,717	25,009,588	23,819,496
Increase (Decrease) in Net Assets	(3,847,297)	2,038,994	306	504	(3,846,991)	2,039,498
Net Assets at Beginning of Year	163,131,344	161,092,350	1,531,207	1,530,703	164,662,551	162,623,053
Net Assets at End of Year	$159,284,047	$163,131,344	$ 1,531,513	$ 1,531,207	$160,815,560	$164,662,551

The Village's net assets decreased by $3,846,991 during the fiscal year ended September 30, 2010. This decrease is explained as follows:

Governmental activities: Governmental activities decreased the Village's net assets by $3,847,297, representing a decrease of $5,886,291 over the prior year. This decrease is directly related to reductions in locally levied tax revenues, intergovernmental revenues and interest earnings.

Business-type activity: Business-type activity net assets of the Village increased by $306. This increase is all related to investment earnings on monies remaining in the Utility Fund for the purpose of dismantling the utility infrastructure.

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, unreserved 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, 2010, the Village's governmental funds reported combined ending fund balances of $83,570,144, a decrease of $4,555,055 in comparison to that of the prior year. Of this amount, $83,234,805 (99.6 percent) is unreserved fund balance, which is available for spending at the government's discretion. Of the unreserved fund balance, $5,287,950 has been designated by the Village Council for subsequent years' expenditures and other uses leaving an unreserved, undesignated amount of $77,946,855. The remainder of fund balance is reserved to indicate that it is not available for new spending because it has already been committed (1) to pay for police education ($121,656) and (2) for prepaid items ($213,683).

The general fund is the Village's chief operating fund. At the end of the current fiscal year, unreserved, undesignated fund balance of the general fund was $5,070,704, while the total fund balance was $6,987,130. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved, undesignated fund balance represents 26.7 percent of total general fund expenditures, while total fund balance represents 36.8 percent of that same amount.

The fund balance of the Village's general fund decreased by $747,436 during the current fiscal year, primarily as a result of decreases in tax revenues.

The Village Improvement Fund was established in 2006 to account for the proceeds of the sale of the utility. These monies will be used in the future to fund Village improvements and other projects and programs. The year end fund balance of $71,294,509, all of which is unreserved and undesignated, increased by $365,983 for 2010 which was attributable to interest earnings of approximately $1.9 million less transfers to other funds of approximately $1.5 million.

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 $2,355,321 is a decrease of $3,481,802 in comparison to that of the prior year which was attributable to completion of ongoing and new projects as well as a reduction in the amount of revenues transferred from the General Fund. All of the year end fund balance of $2,355,321 is designated by the Village Council for subsequent years' expenditures.

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

Net assets for the Enterprise Fund (Water and Wastewater Utility) were $1,531,513 at September 30, 2010. On April 27, 2006, the Village sold its Utility operation to Palm Beach County (see Note C in the notes to

the financial statements). In accordance with the sale agreement, the Village is obligated to keep the water and wastewater plants available for use by the County until such time as the County builds or connects their own systems to the Village, subject to certain agreed upon timeframes. Accordingly, the Village has allocated a portion of the sales price to unearned rent for the system which is offset by depreciation expense. The net income of the Utility Fund for 2010 consists of approximately $300 in investment earnings on remaining cash.

Fiduciary funds. The Village's Fiduciary funds consist of the General Employees Pension Trust Fund and the Police Pension Trust Fund.

The net assets of the General Employees Pension Trust Fund increased by $82,467 for the year ended September 30, 2010. This increase is primarily a result of contributions and earnings in excess of distributions and is due to appreciation in the value of investments. Effective October 1, 2008, the Village joined the Florida Retirement System for all existing employees that wished to use their accumulated defined contribution balances to purchase service in the State plan. All new employees will be enrolled in the State plan. The Police Pension Trust Fund was established by the Village on December 20, 2002, and was initially funded with a transfer of the assets in the General Employees Pension Trust Fund that related to Police officers. The net assets of the Police Pension Trust Fund were $236,666 at September 30, 2010, a decrease of $20,718 from the prior year that resulted from the timing of distributions relative to contributions to the Plan. In 2008, the Village amended its police pension plan to allow its remaining six officers to retire. In conjunction with this amendment, the Village purchased annuities through the Mutual of Omaha Insurance Company to fund these retirements in 2008. Both the General Employees Pension Trust Fund and the Police Pension Trust Fund were closed to new participants at September 30, 2009.

General Fund Budgetary Highlights

In comparing budgeted expenditures to actual expenditures, the following significant variance is considered noteworthy:

- Debt service expenditures were approximately $1,500,000 under budget or 81%, due to the fact that a park project was not started as anticipated, thereby eliminating the need for financing. This amount was offset by a corresponding decrease in transfers to the General Fund from other funds.

Capital assets. The Village's investment in capital assets for its governmental and business-type activities at September 30, 2010, amounts to $85,821,632 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements other than buildings, equipment, vehicles, infrastructure and construction in progress. Major capital projects completed during the current fiscal year included the following:

- The public safety training center building which includes a fitness center with all modern exercise equipment, a boxing gym for the Police Athletic League and a training room for police and fire personnel was completed at a project cost of $1,564,000.

- Camellia Park Renovations were completed at a project cost of $564,000 which included the renovation of two (2) basketball courts, six (6) tennis courts, the replacement of playground equipment and the building of a restroom/storage facility.

- The land development portion of the 163 acre Village Commons Park was completed at a project cost of $2,603,000.

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

Long-term liabilities. At the end of the current fiscal year, the Village had $2,021,986 in outstanding long-term liabilities consisting of a note payable and liabilities for compensated absences. The note was secured by specific revenue sources, while the compensated absences liability was unsecured. There was no debt in the business-type activity at September 30, 2010 or 2009.

Village of Royal Palm Beach's Outstanding Debt

	Governmental Activities	
	2010	2009
Note payable	$ 1,614,333	$ 1,904,894
Compensated absences	407,653	359,648
	$ 2,021,986	$ 2,264,542

The Village's total long-term liabilities (including compensated absences) decreased by $242,556 during the current fiscal year mostly attributable to normal annual principal repayments on notes payable. Additional information on the Village's long-term liabilities 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 28% 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 66%. 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 2011 budget will be a challenge in both preparation and implementation, as was the 2010 budget. The bills enacted by the Florida Legislature in past sessions have increased homestead exemptions and have required all taxing districts to roll back their ad valorem tax rates to meet State mandated caps. Coupled with the reduction in ad valorem tax revenue, the State of Florida, due to the housing crisis and the economy in general is experiencing a short fall in sales tax revenues. These revenues, also based on a predetermined formula, are shared with the municipalities of the State. Hence, this has had a ripple effect on the Village's revenue stream as well.

The Village is and has taken steps to reduce costs to meet these revenue reductions and balance our budgets accordingly. Additionally, our cash position has remained strong throughout this economic turmoil 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 ASSETS

September 30, 2010

	Governmental Activities	Business-Type Activity	Total
ASSETS			
Equity in pooled cash and investments	$ 3,271,450	$ 416,568	$ 3,688,018
Investments	80,121,101		80,121,101
Accrued interest receivable	361,004		361,004
Accounts receivable	698,830		698,830
Due from other governments	1,015,479		1,015,479
Prepaid expenses	213,683		213,683
Capital assets			
Capital assets not being depreciated	16,311,245	1,462,328	17,773,573
Capital assets being depreciated, net of accumulated depreciation	61,517,137	6,530,922	68,048,059
Total Assets	163,509,929	8,409,818	171,919,747
LIABILITIES			
Accounts payable	731,607	2,185	733,792
Accrued payroll and related liabilities	294,766		294,766
Other liabilities	174,037		174,037
Contracts and retainage payable	333,869		333,869
Unearned revenue	605,617	1,169,717	1,775,334
Other postemployment benefits payable	64,000		64,000
Noncurrent liabilities			
Due within one year	321,216		321,216
Due in more than one year	1,700,770	5,706,403	7,407,173
Total Liabilities	4,225,882	6,878,305	11,104,187
NET ASSETS			
Invested in capital assets, net of related debt	76,214,049	7,993,250	84,207,299
Restricted for public safety	121,656		121,656
Unrestricted (deficit)	82,948,342	(6,461,737)	76,486,605
Total Net Assets	$ 159,284,047	$ 1,531,513	$ 160,815,560

See notes to financial statements.

VILLAGE OF ROYAL PALM BEACH, FLORIDA

STATEMENT OF ACTIVITIES

Year Ended September 30, 2010

Functions/Programs	Expenses	Program Revenue: Charges for Services	Program Revenue: Operating Grants and Contributions	Program Revenue: Capital Grants and Contributions
Governmental activities				
General government	$ 4,275,487	$ 453,207	$ 21,000	$ 4,192
Public safety	8,576,547	917,932	232,283	18,442
Public works	6,778,395	7,960	49,231	669,769
Culture and recreation	4,147,280	559,014		457,357
Interest on long-term debt	62,162			
Total Governmental Activities	23,839,871	1,938,113	302,514	1,149,760
Business-type activity				
Water and wastewater	1,169,717	1,169,717		
Total	$ 25,009,588	$ 3,107,830	$ 302,514	$ 1,149,760

General revenue

Taxes

Property taxes

Franchise fees

Utility service taxes

Business taxes

State shared revenue, unrestricted

Investment earnings

Total General Revenue

Change in Net Assets

Net Assets at October 1, 2009

Net Assets at September 30, 2010

Net (Expense) Revenue and Changes in Net Assets		
Governmental Activities	Business - Type Activity	Total
$ (3,797,088)	$	$ (3,797,088)
(7,407,890)		(7,407,890)
(6,051,435)		(6,051,435)
(3,130,909)		(3,130,909)
(62,162)		(62,162)
(20,449,484)	0	(20,449,484)
		0
(20,449,484)	0	(20,449,484)
3,941,701		3,941,701
2,431,560		2,431,560
4,231,877		4,231,877
619,952		619,952
3,312,182		3,312,182
2,064,915	306	2,065,221
16,602,187	306	16,602,493
(3,847,297)	306	(3,846,991)
163,131,344	1,531,207	164,662,551
$ 159,284,047	$ 1,531,513	$ 160,815,560

See notes to financial statements.

VILLAGE OF ROYAL PALM BEACH, FLORIDA

BALANCE SHEET - GOVERNMENTAL FUNDS

September 30, 2010

	Major Governmental Funds				
	General Fund	Village Improvement Fund	Capital Improvements Fund	Other Governmental Funds	Total Governmental Funds
ASSETS					
Equity in pooled cash and investments	$ 2,099,681	$	$ 155,109	$ 1,016,660	$ 3,271,450
Investments	4,688,089	73,524,376		1,908,636	80,121,101
Accrued interest receivable	12,059	329,100		19,845	361,004
Accounts receivable, net	698,830				698,830
Due from other governments	642,652		372,827		1,015,479
Due from other funds			2,558,967		2,558,967
Prepaid items	213,683				213,683
TOTAL ASSETS	$ 8,354,994	$ 73,853,476	$ 3,086,903	$ 2,945,141	$ 88,240,514
LIABILITIES AND FUND BALANCES					
LIABILITIES					
Accounts payable	$ 321,937	$	$ 400,534	$ 9,136	$ 731,607
Accrued payroll and related liabilities	294,766				294,766
Other liabilities	145,544				145,544
Contracts and retainage payable			331,048	2,821	333,869
Due to other funds		2,558,967			2,558,967
Unearned revenue	605,617				605,617
TOTAL LIABILITIES	1,367,864	2,558,967	731,582	11,957	4,670,370
FUND BALANCES					
Reserved	335,339				335,339
Unreserved, designated for, reported in:					
Subsequent year's expenditures	1,581,087		2,355,321		3,936,408
Capital projects funds				1,291,614	1,291,614
Special revenue funds				59,928	59,928
Unreserved, undesignated, reported in:					
General fund	5,070,704				5,070,704
Capital projects funds				1,268,030	1,268,030
Special revenue funds		71,294,509		313,612	71,608,121
TOTAL FUND BALANCES	6,987,130	71,294,509	2,355,321	2,933,184	83,570,144
TOTAL LIABILITIES AND FUND BALANCES	$ 8,354,994	$ 73,853,476	$ 3,086,903	$ 2,945,141	$ 88,240,514

See notes to financial statements.

VILLAGE OF ROYAL PALM BEACH, FLORIDA

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

September 30, 2010

Total Governmental Fund Balances	$ 83,570,144
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	
Governmental capital assets	164,353,564
Less accumulated depreciation	(86,525,182)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the governmental funds.	
Accrued interest payable on long-term debt	(28,493)
Compensated absences	(407,653)
Capital improvement note	(1,614,333)
Other postemployment benefits payable	(64,000)
Net Assets of Governmental Activities	$ 159,284,047

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, 2010

	Major Governmental Funds				
	General Fund	Village Improvement Fund	Capital Improvements Fund	Other Governmental Funds	Total Governmental Funds
REVENUE					
Ad valorem taxes	$ 3,941,701	$	$	$	$ 3,941,701
Franchise fees	2,431,560				2,431,560
Utility service taxes	4,231,877				4,231,877
Business taxes	619,952				619,952
Licenses and permits	456,472				456,472
Intergovernmental revenue	3,654,359		908,582	98,572	4,661,513
Charges for services	469,680				469,680
Fines and forfeitures	261,460				261,460
Miscellaneous					
Investment earnings	110,486	1,917,342	18,748	18,339	2,064,915
Impact fees				142,306	142,306
Other	710,838		300		711,138
Total Revenue	16,888,385	1,917,342	927,630	259,217	19,992,574
EXPENDITURES					
Current					
General government	4,096,158		43,737	4,507	4,144,402
Public safety	8,285,540			112,861	8,398,401
Public works	3,313,269		511,467		3,824,736
Culture and recreation	2,931,920		125,647	516	3,058,083
Capital outlay	22,339		3,916,581	833,133	4,772,053
Debt service					
Principal	290,561				290,561
Interest and fiscal charges	67,338				67,338
Total Expenditures	19,007,125	0	4,597,432	951,017	24,555,574
REVENUE OVER (UNDER) EXPENDITURES	(2,118,740)	1,917,342	(3,669,802)	(691,800)	(4,563,000)
OTHER FINANCING SOURCES (USES)					
Insurance recoveries	7,643				7,643
Proceeds from sale of capital assets	302				302
Transfers in	1,551,359		188,000		1,739,359
Transfers out	(188,000)	(1,551,359)			(1,739,359)
	1,371,304	(1,551,359)	188,000	0	7,945
Net Change in Fund Balances	(747,436)	365,983	(3,481,802)	(691,800)	(4,555,055)
FUND BALANCES at October 1, 2009	7,734,566	70,928,526	5,837,123	3,624,984	88,125,199
FUND BALANCES at September 30, 2010	$ 6,987,130	$ 71,294,509	$ 2,355,321	$ 2,933,184	$ 83,570,144

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, 2010

Net change in fund balances - total governmental funds	$ (4,555,055)
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	4,772,053
Less current year depreciation	(4,265,141)
In the statement of activities, only the gain or loss on the sale of capital assets is reported, whereas in the governmental funds the proceeds from the sale increases financial resources. The change in net assets differs from the change in fund balance by the net book value of the assets retired.	(19,886)
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 assets of the governmental activities	
Long-term debt repayment:	
Capital improvement note	290,561
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	(48,005)
Accrued interest	5,176
Other postemployment benefits	(27,000)
Change in net assets of governmental activities	$ (3,847,297)

See notes to financial statements.

VILLAGE OF ROYAL PALM BEACH, FLORIDA

STATEMENT OF NET ASSETS - ENTERPRISE FUND

September 30, 2010

ASSETS		
Current Asset		
Equity in pooled cash and investments		$ 416,568
	Total Current Asset	416,568
Noncurrent Assets		
Capital assets, net		7,993,250
	Total Assets	$ 8,409,818
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable		$ 2,185
Unearned revenue		1,169,717
	Total Current Liabilities	1,171,902
Noncurrent Liabilities		
Unearned revenue		5,361,205
Accrued decommissioning costs		345,198
	Total Noncurrent Liabilities	5,706,403
	Total Liabilities	6,878,305
NET ASSETS		
Invested in capital assets		7,993,250
Unrestricted deficit		(6,461,737)
	Total Net Assets	1,531,513
	Total Liabilities and Net Assets	$ 8,409,818

See notes to financial statements.

VILLAGE OF ROYAL PALM BEACH, FLORIDA

STATEMENT OF REVENUE, EXPENSES, AND CHANGES
IN FUND NET ASSETS - ENTERPRISE FUND

Year Ended September 30, 2010

Operating revenue	
Utility plant rental	$ 1,169,717
Operating expense	
Depreciation	1,169,717
Operating Income	0
Nonoperating revenue	
Interest earnings	306
Change in Net Assets	306
NET ASSETS at October 1, 2009	1,531,207
NET ASSETS at September 30, 2010	$ 1,531,513

See notes to financial statements.

VILLAGE OF ROYAL PALM BEACH, FLORIDA

STATEMENT OF CASH FLOWS - ENTERPRISE FUND

Year Ended September 30, 2010

OPERATING ACTIVITIES	
Cash paid to suppliers	$ (583,530)
Net Cash Used In Operating Activities	(583,530)
INVESTING ACTIVITY	
Interest earnings	306
Net Cash Provided By Investing Activity	306
Net Decrease in Cash and Cash Equivalents	(583,224)
CASH AND CASH EQUIVALENTS at October 1, 2009	999,792
CASH AND CASH EQUIVALENTS at September 30, 2010	$ 416,568

RECONCILIATION OF OPERATING INCOME TO NET CASH USED IN OPERATING ACTIVITIES	
Operating income	$ 0
Adjustments to reconcile operating income to net cash used in operating activities:	
Depreciation	1,169,717
Changes in assets and liabilities:	
Decrease in accounts payable	(73)
Decrease in unearned revenue	(1,169,717)
Decrease in accrued decommissioning costs	(583,457)
Net Cash Used In Operating Activities	$ (583,530)

See notes to financial statements.

VILLAGE OF ROYAL PALM BEACH, FLORIDA

STATEMENT OF FIDUCIARY NET ASSETS - FIDUCIARY FUNDS

September 30, 2010

	Pension Trust
ASSETS	
Investments	
Mutual funds	$ 2,239,045
Florida Municipal Pension Trust Fund	236,666
Guaranteed interest account	562,490
	$ 3,038,201
NET ASSETS	
Net assets held in trust for pension benefits	$ 3,038,201

See notes to financial statements.

VILLAGE OF ROYAL PALM BEACH, FLORIDA

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS -
FIDUCIARY FUNDS

Year Ended September 30, 2010

	Pension Trust
ADDITIONS	
Contributions	
Employer	$ 85,893
Employee	18,321
State	232,283
Total Contributions	336,497
Investment earnings	
Net appreciation in fair value of plan assets	153,127
Interest and dividend income	57,421
Net Investment Earnings	210,548
Total Additions	547,045
DEDUCTIONS	
Distributions to plan participants	472,939
Administrative expenses	12,357
Total Deductions	485,296
Net Increase	61,749
Net assets held in trust for pension benefits at October 1, 2009	2,976,452
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS AT SEPTEMBER 30, 2010	$ 3,038,201

See notes to financial statements.

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 Assets 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 activity*, which relies 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 Assets have been eliminated except those representing balances between the governmental activities and business-type activity, 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 assets, liabilities, fund equity, revenue and expenditures or expenses, as appropriate.

NOTE A - SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 assets and changes in net assets presented in the government-wide financial statements. The Village reports the following major governmental funds:

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

Village Improvement Fund – This special revenue fund was established to account for the net proceeds from the sale of the Village's utility system which has been designated to be used to fund improvements, projects, and programs within the Village.

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

Proprietary Fund Financial Statements – Proprietary Fund Financial Statements include a Statement of Net Assets, a Statement of Revenue, Expenses and Changes in Fund Net Assets, and a Statement of Cash Flows for the Village's single enterprise fund as follows:

Water and Wastewater Utility System Fund - This enterprise fund accounted for the operations of the Village's water, sewer, and stormwater management services through April 27, 2006, when the majority of the assets were sold to Palm Beach County. This fund now leases its utility plants to Palm Beach County for a period of up to 10 years. Stormwater management services are now performed in the General Fund.

Fiduciary Fund Financial Statements – Fiduciary Fund Financial Statements include a Statement of Fiduciary Net Assets and a Statement of Changes in Fiduciary Net Assets. 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:

NOTE A - SIGNIFICANT ACCOUNTING POLICIES (Continued)

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: Financial reporting is based upon all pronouncements of the Governmental Accounting Standards Board (GASB), as well as the pronouncements of the Financial Accounting Standards Board (FASB) and its predecessors, including FASB Statements and Interpretations, APB Opinions, and Accounting Research Bulletins that were issued on or before November 30, 1989 that do not conflict with or contradict GASB pronouncements. FASB pronouncements issued after November 30, 1989 are not followed by the Village in the preparation of its financial statements.

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. Deferred 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 so have been recognized as revenue in the current fiscal year. All other revenue items are considered to be measurable and available only when received in cash by the Village. Insurance recoveries received in 2010 relate to repair costs incurred as a result of various minor property damage incidents during the year. Restricted resources are used first to fund expenditures incurred for restricted purposes.

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 water and sewer enterprise fund is the rental of the utility plants to Palm Beach County. Operating expenses for the enterprise fund include depreciation on capital assets. All revenue

NOTE A - SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 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 by the Palm Beach County Property Appraiser 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 ending September 30, 2010, the maximum tax levy allowed by a majority vote of the governing body is generally based on a percentage reduction applied to the prior year (2008/2009) property tax revenue. The percentage reduction is calculated based on the compound annual growth rate in the per capita property taxes levied for fiscal years ended September 30, 2004 through 2009. 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 ending September 30, 2010 the Village adopted a millage rate of 1.93 mills which is less than the maximum tax rate permitted. This tax rate resulted in a total tax levy of $4,005,152 for 2010. Future property tax growth is limited to the annual growth rate of per capita personal income plus the value of new construction.

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.

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, 2010. 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: Expenditures for various administrative expenses extending over more than one accounting period, if any, are accounted for as prepaid items 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

NOTE A - SIGNIFICANT ACCOUNTING POLICIES (Continued)

and construction of capital assets have been capitalized. The cost of capital assets sold or retired is removed from the appropriate accounts and any resulting gain or loss is included in the change in net assets. 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

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, 2010. 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 assets, except for the residual amount, if any, which is presented as internal balances.

Net Assets/Fund Balances: The government-wide and business-type fund financial statements utilize a net asset presentation. Net assets are categorized as follows:

Invested in Capital Assets, Net of Related Debt – This component of net assets consists of capital assets, including restricted 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 related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds are not included in the calculation of invested in capital assets, net of related debt. Rather, that portion of the debt is included in the same net assets component as the unspent proceeds.

Restricted – This component of net assets consists of constraints placed on the use of net assets 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.

Unrestricted – This component of net assets consists of net assets that do not meet the definition of *Invested in Capital Assets, Net of Related Debt* or *Restricted*.

The governmental fund financial statements utilize a fund balance presentation. Fund balances are categorized as follows:

NOTE A - SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund balance reserves signify that a portion of the fund balance is legally restricted or not considered available for subsequent expenditure other than for the specific purpose for which the reserve was established. The following is a list of the reserves used by the Village and a description of each:

Reserved for prepaid items – An account used to segregate a portion of fund balance to indicate that prepaid items do not represent available, spendable resources even though they are a component of assets.

Reserved for 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 reservations of fund balance since they do not constitute expenditures or liabilities.

Reserved for specific purposes – An account used to segregate the portion of fund balance that is legally restricted by contract, donor, Village Ordinance, or Florida Statutes for specific purposes. These include the Police Education and Law Enforcement Trust monies.

Fund balance designations indicate tentative managerial plans or intent to use financial resources in a future period.

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 $232,283 for the fiscal year ended September 30, 2010.

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 2010. The amounts of insurance settlements have not exceeded insurance coverage in any of the past three fiscal years.

NOTE A - SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

Recent Accounting Pronouncements: The GASB has issued Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, which establishes accounting and financial reporting requirements for all governmental funds and establishes criteria for classifying fund balances. The requirements of this statement will be effective for the Village for the fiscal year ending September 30, 2011. Management has not completed its analysis of the effects of this statement, if any, on the financial statements of the Village.

NOTE B - CASH AND INVESTMENTS

The Village maintains a cash and investment pool that is available for use by all funds. At September 30, 2010, pooled cash and investments included petty cash of $825 and deposits with financial institutions of $3,687,193. 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, Village Improvement Fund and the Pension Trust Funds.

Deposits: At year end, the carrying amount of the Village's deposits with financial institutions, excluding the Pension Trust Funds, was $3,687,193 and the bank balance was $3,569,317. 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 (formerly known as the Local Government Investment Pool (LGIP)) 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 organized under federal or Florida laws; obligations of the Federal Farm Credit Banks, the Federal Home Loan Mortgage Corporation, the Federal Home Loan Bank or its district banks; or obligations guaranteed

NOTE B - CASH AND INVESTMENTS (Continued)

by the Government National Mortgage Association, obligations of the Federal National Mortgage Association, mutual funds, bankers acceptances and prime commercial paper. 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, 2010:

	Fair Value
Government-wide Investments	
Investments	
Federal agency notes	$ 45,061,193
Corporate bonds	12,884,964
Corporate notes	6,010,446
Commercial paper	2,377,210
U.S. Treasury notes	13,287,947
Money market mutual fund	499,341
	$ 80,121,101
Pension Trust Funds Investments	
General Employees Pension Trust Fund	
Mutual Funds	
Equity funds	$ 1,656,156
Fixed income funds	505,716
Money market funds	77,173
Guaranteed interest account	562,490
	2,801,535
Police Pension Trust Fund	
Florida Municipal Investment Trust	236,666
	$ 3,038,201

The Police Pension Trust Fund invests in the Florida Municipal Investment Trust (the "Trust") which is an external investment pool established in 1993 and administered by the Florida League of Cities, Inc. pursuant to the laws of the State of Florida. The Trust is exempt from registration under the Securities Act of 1933, the Investment Company Act of 1940 and the Florida Securities and Investor Protection Act. Participants in the Trust are limited to governmental entities in the State of Florida. The Trust has adopted GASB Statement No. 31 and the fair value of the Village's position in the Trust is the same as the fair value of the Trust shares. The investment in the pool is not evidenced by securities that exist in physical or book entry form.

NOTE B - CASH AND INVESTMENTS (Continued)

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. Cash equivalents have a weighted maturity of ninety days or less, resulting in minimal interest rate risk. The Village's investment policy limits the maturities of its investments to shorter term securities, money market funds or similar investment pools. Approximately 38% of the Florida Municipal Investment Trust is invested in a bond portfolio with a weighted average maturity of approximately 5 years. The table below summarizes the scheduled maturities of fixed income investments at September 30, 2010.

	Fair Value of Investment Maturities			
	Less Than One Year	One to Five Years	Six to Ten Years	Total
Government-wide Investments				
Federal agency notes	$ 1,908,566	$ 43,152,627	$	$ 45,061,193
Corporate bonds		12,884,964		12,884,964
Corporate notes		6,010,446		6,010,446
Commercial paper	2,377,210			2,377,210
U.S. Treasury notes	5,121,178	8,166,769		13,287,947
Money market mutual fund	499,341			499,341
Pension Trust Funds Investments				
JP Morgan Core Bond Fund		166,252		166,252
PIMCO Total Return Fund			218,462	218,462
Prudential Government Income Fund			14,245	14,245
Franklin U.S. Government Securities Fund		106,757		106,757
Money market mutual funds	77,173			77,173
Total	$ 9,983,468	$ 70,487,815	$ 232,707	$ 80,703,990

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. The Village does not have a policy requiring that investments in debt securities be rated in certain investment grades by a NRSRO. U.S. Treasury notes with a fair value of $13,287,947 are not considered to have credit risk and do not require disclosure of credit quality. Approximately 38% of the Florida Municipal Investment Trust is invested in a bond portfolio with a rating of AA, while the remaining 62% of the securities are unrated. The government-wide investments and the fixed income and money market mutual funds included in the pension trust funds investments had credit quality ratings at September 30, 2010, as listed below. All other funds were unrated.

NOTE B - CASH AND INVESTMENTS (Continued)

	NRSRO Rating	Fair Value
Government-wide Investments		
Federal agency notes	AAA	$ 45,061,193
Corporate bonds	AAA	12,884,964
Corporate notes	AA	6,010,446
Commercial paper	A	2,377,210
Money market mutual fund	AAA	499,341
		$ 66,833,154
Pension Trust Fund Investments		
General Employees Pension Trust Fund		
JP Morgan Core Bond Fund	A	$ 166,252
PIMCO Total Return Fund	AA	218,462
Prudential Government Income Fund	AAA	14,245
Franklin U.S. Government Securities Fund	AAA	106,757
Money market mutual funds	AAA	77,173
		$ 582,889

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. The investments in mutual funds, the Florida Municipal Investment Trust, and guaranteed interest account are considered *unclassified* pursuant to the custodial credit risk categories of GASB Statement No. 3, because they are not evidenced by securities that exist in physical or book-entry form.

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. The Village does not have any specific policy for concentration of credit risk, although it does provide for diversification to limit the potential losses on individual securities. Investments in mutual funds and pools are excluded from the concentration of credit risk disclosure requirement.

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, 2010.

NOTE C - CAPITAL ASSETS

The capital asset activity for the year ended September 30, 2010 was as follows:

NOTE C - CAPITAL ASSETS (Continued)

Governmental Activities	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	5,024,124	4,004,686	63,920	8,964,890
Total capital assets not being depreciated	12,370,479	4,004,686	63,920	16,311,245
Capital assets being depreciated				
Buildings	11,986,491	49,342		12,035,833
Improvements other than buildings	23,921,178	748,899		24,670,077
Infrastructure	107,863,691			107,863,691
Equipment	1,669,267	13,160	5,399	1,677,028
Vehicles	1,795,690			1,795,690
Total capital assets being depreciated	147,236,317	811,401	5,399	148,042,319
Less accumulated depreciation for				
Buildings	(4,215,912)	(305,831)		(4,521,743)
Improvements other than buildings	(7,864,690)	(1,349,515)		(9,214,205)
Infrastructure	(67,544,282)	(2,285,565)		(69,829,847)
Equipment	(1,311,852)	(134,612)	5,399	(1,441,065)
Vehicles	(1,328,704)	(189,618)		(1,518,322)
Total accumulated depreciation	(82,265,440)	(4,265,141)	5,399	(86,525,182)
Total capital assets being depreciated, net	64,970,877	(3,453,740)	0	61,517,137
Governmental activities capital assets, net	$ 77,341,356	$ 550,946	$ 63,920	$ 77,828,382

Depreciation expense was charged to functions/programs as follows:

Governmental Activities	
General government	$ 75,000
Public safety	156,245
Public works	2,968,962
Culture and recreation	1,064,934
Total depreciation expense – governmental activities	$ 4,265,141

NOTE C - CAPITAL ASSETS (Continued)

Business-type Activity	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	0	0	1,462,328
Capital assets being depreciated				
Buildings	46,137			46,137
Water and wastewater plant	28,155,306			28,155,306
Total capital assets being depreciated	28,201,443	0	0	28,201,443
Less accumulated depreciation for				
Buildings	(35,507)	(1,614)		(37,121)
Water and wastewater plant	(20,465,297)	(1,168,103)		(21,633,400)
Total accumulated depreciation	(20,500,804)	(1,169,717)	0	(21,670,521)
Total capital assets being depreciated, net	7,700,639	(1,169,717)	0	6,530,922
Business-type activity capital assets, net	$ 9,162,967	$ (1,169,717)	$ 0	$ 7,993,250

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 is 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 are no longer needed by the County, the Village is required to decommission the plants. Approximately $12,010,000 of the purchase price was allocated to deferred rental revenue that is being recognized over the remaining useful lives of the plants for the County's use of these plants. Also, the estimated cost to decommission the plants of $1 million was accrued in the Utility Fund in conjunction with the sale of the utility. Decommissioning of the wastewater plant was in process as of September 30, 2010. The Village had incurred approximately $655,000 in costs as of September 30, 2010, leaving a remaining liability of approximately $345,000 for additional costs.

NOTE D - LONG-TERM DEBT

Changes in governmental activities long-term debt for the year ended September 30, 2010 are summarized as follows:

NOTE D - LONG-TERM DEBT (Continued)

Governmental Activities	Balance at Beginning of Year	Additions	Retirements	Balance at End of Year	Amounts Due Within One Year
Compensated absences	$ 359,648	$ 427,034	$ (379,029)	$ 407,653	$ 20,383
Capital improvement note	1,904,894		(290,561)	1,614,333	300,833
Total long-term debt	2,264,542	$ 427,034	$ (669,590)	2,021,986	$ 321,216
Current maturities	308,543			321,216	
Net long-term debt	$ 1,955,999			$ 1,700,770	

Capital Improvement Note: The Village had the following capital improvement note outstanding during 2010:

Capital Improvement Note - Series 2005 was issued on July 13, 2005, in the amount of $3,000,000 with interest due at a rate of 3.535%. Annual payments of principal and semi-annual payments of interest are made from legally available non-ad valorem revenues until the maturity date of April 1, 2015. The proceeds of this note were used to acquire land for public purposes.

The debt service requirements of the Village's outstanding capital improvement note are as follows:

Fiscal Year Ending September 30,	Principal	Interest	Total
2011	$ 300,833	$ 57,067	$ 357,900
2012	311,467	46,432	357,899
2013	322,477	35,422	357,899
2014	333,877	24,022	357,899
2015	345,679	12,220	357,899
	$ 1,614,333	$ 175,163	$ 1,789,496

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 and Series 2001 Revenue Bonds. As of September 30, 2010, defeased revenue bonds are outstanding in the amount of $7,795,000 and $4,775,000 relative to the Series 1998 and Series 2001 Bonds, respectively.

NOTE D - LONG-TERM DEBT (Continued)

Pledged Revenues: The Village has pledged future non-ad valorem revenues to repay the $3 million Capital Improvement Note – Series 2005. The note is payable solely from non-ad valorem revenues through maturity in 2015. Annual principal and interest payments on the note are expected to require less than 2 percent of non-ad valorem revenues. The total principal and interest remaining to be paid on the note is $1,789,496. Principal and interest paid for the current year and non-ad valorem revenues were $357,899 and $15,684,229, respectively.

NOTE E - RESERVED FUND BALANCES

Fund balances were reserved for the following amounts at September 30, 2010:

Reserved for	General Fund
Prepaid items	$ 213,683
Specific purposes	
Police Education	111,183
Law Enforcement Trust	10,473
	$ 335,339

NOTE F - INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

At September 30, 2010, the Capital Improvements Fund had an interfund balance due from the Village Improvement Fund in the amount of $2,558,967. The outstanding balances between these funds result from the time lag between the date payments are made and the date the reimbursement is made.

During the year ended September 30, 2010, a transfer was made from the General Fund to the Capital Improvements Fund in the amount of $188,000 and from the Village Improvement Fund to the General Fund in the amount of $1,551,359. These transfers were to fund various capital improvement projects within the Village.

NOTE G - PENSION PLANS

The Village offers pension benefits through three pension plans as of September 30, 2010. Effective October 1, 2008, the Village closed its defined contribution pension plan to new employees and gave its existing plan members a one-time election to terminate their membership in the defined contribution plan and use their accumulated monies to become a member of the Florida Retirement System and purchase past service in that plan. All employees hired on or after October 1, 2008 must participate in the Florida Retirement System. In addition, the Village has the Police Pension Trust Fund that is also closed and has only retirees remaining in that plan. The details of each plan are as follows:

NOTE G - PENSION PLANS (Continued)

Florida Retirement System

Plan Description: All regular full-time employees 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 (the "System") administered by the Florida Department of Management Services, Division of Retirement. The System is a cost-sharing, multiple-employer, defined benefit public employee retirement system that provides retirement, death and disability benefits to plan members and beneficiaries. Pension benefits of the System are established by Florida Statutes, Chapter 121, and may be amended by the Florida Legislature.

The System issues a publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to Florida Department of Management Services, Division of Retirement, 1317 Winewood Boulevard, Building 8, Tallahassee, Florida 32399-1560, or by calling 1-850-488-6491.

Funding Policy: Plan members are not required to contribute to the System. The Village is required to contribute at an actuarially determined rate, which was 9.85 percent for the period October 1, 2009 through June 30, 2009 and 10.77 percent for the period July 1, 2010 through September 30, 2010. The contribution requirements for plan members and participating governments are established by State statute. The Village's contribution to the System for the year ended September 30, 2010 was $532,557 and was equal to the required contribution for the year.

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, 2010, there were 8 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

NOTE G - PENSION PLANS (Continued)

members for the fiscal year ended September 30, 2010, amounted to $36,736 and $18,321, respectively. he 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, 2007. During 2006, the Village voted to contract with Palm Beach County for police services and all Village police officers joined Palm Beach County's Sheriff Department as of October 1, 2006. In addition, the Village amended the Plan to allow police officers the option to opt out of the current Plan and join the County's retirement plan or remain in the Village's Plan. All but six Plan members opted out of the Plan. In August 2008, the Village amended the Plan to provide for retirement after 16 years of service, a pension benefit of 2.5% per year of credited service and the creation of a share plan to be funded exclusively with Chapter 185 premium tax receipts received from the State. In conjunction with this amendment, the remaining six plan members retired and the Plan purchased annuities for each of these members to satisfy all future pension obligations under the amended Plan.

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

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 will be 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. The State required the Village to reimburse the Plan $49,157 during the year ended September 30, 2010 for incorrectly applying certain funds in the past.

NOTE G - PENSION PLANS (Continued)

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 assets and statement of changes in net assets for each of the Plans at September 30, 2010, and for the year then ended, are presented as follows:

Statement of Net Assets

	General Employees	Police Pension
Assets		
Investments	$ 2,801,535	$ 236,666
Net Assets		
Net assets held in trust for pension benefits	$ 2,801,535	$ 236,666

Statement of Changes in Net Assets

	General Employees	Police Pension
Additions		
Contributions		
Employer	$ 36,736	$ 49,157
Employee	18,321	
State		232,283
Total Contributions	55,057	281,440
Investment earnings		
Net appreciation in fair value of plan assets	153,067	60
Interest and dividend income	57,421	
Net Investment Earnings	210,488	60
Total Additions	265,545	281,500
Deductions		
Distributions to plan participants	180,431	292,508
Administrative expenses	2,647	9,710
Total Deductions	183,078	302,218

NOTE G - PENSION PLANS (Continued)

	General Employees	Police Pension
Net Increase (Decrease)	$ 82,467	$ (20,718)
Net assets held in trust for pension benefits at October 1, 2009	2,719,068	257,384
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS AT SEPTEMBER 30, 2010	$ 2,801,535	$ 236,666

NOTE H - 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 $426 to a maximum of $1,184.

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.

NOTE H - OTHER POSTEMPLOYMENT BENEFITS (Continued)

The Village's annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan, and the net OPEB obligation for the year ended September 30, 2010 were based on an actuarial valuation as of April 1, 2008, and are summarized as follows:

Annual required contribution	$ 40,000
Interest on net pension obligation	2,000
Adjustment to annual required contribution	(4,000)
Annual OPEB cost	38,000
Contributions made	(11,000)
Increase in net OPEB obligation	27,000
Net OPEB obligation, beginning of year	37,000
Net OPEB obligation, end of year	$ 64,000

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 2010 and the prior year are as follows:

Year Ended	Annual OPEB Cost	Actual Employer Contribution	Percentage Contributed	Net OPEB Obligation
9-30-09	$ 37,000	$ 0	0.0%	$ 37,000
9-30-10	38,000	11,000	28.9%	64,000

Funded Status and Funding Progress

The Plan is financed on a pay-as-you-go basis. A schedule of funding progress based on an actuarial valuation as of April 1, 2008, is presented below.

Date of Actuarial Valuation	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
4-1-08	$ 0	$ 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.

NOTE H - OTHER POSTEMPLOYMENT BENEFITS (Continued)

In the initial actuarial valuation for the Plan as of April 1, 2008, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 5.0% investment rate of return (net of administrative expenses), and an annual healthcare cost trend rate of 10% initially, reduced by decrements to an ultimate rate of 6.0% after eight years. Both rates included a 3.0% inflation assumption. 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.

NOTE I - 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, 2010, the remaining commitments are summarized as follows:

	Contract Amounts	Approved Payments	Retainage Payable	Remaining Contract Commitments
Governmental Capital Improvements	$ 8,199,658	$ 5,313,154	$ 251,919	$ 2,634,585

Fire Protection and Emergency Medical Services Contract: The Village entered into an interlocal agreement with Palm Beach County effective October 1, 2004, 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, 2010 was $1,791,293 (cost of $2,682,230 less accumulated depreciation of $890,937).

SUPPLEMENTARY FINANCIAL INFORMATION

REQUIRED SUPPLEMENTARY INFORMATION

VILLAGE OF ROYAL PALM BEACH, FLORIDA

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

Year Ended September 30, 2010 with Comparative
Actual for the Year Ended September 30, 2009

	2010				2009
	Original Budget	Final Budget	Actual	Variance with Final Budget Favorable (Unfavorable)	Actual
Revenue					
Ad valorem taxes					
Current	$ 3,929,556	$ 3,929,556	$ 3,923,499	$ (6,057)	$ 4,928,283
Delinquent	3,000	3,000	18,202	15,202	21,084
	3,932,556	3,932,556	3,941,701	9,145	4,949,367
Franchise fees					
Electricity	2,127,087	2,127,087	2,017,142	(109,945)	2,209,219
Water	20,000	20,000	218,737	198,737	50,225
Gas	25,000	25,000	21,683	(3,317)	22,764
Solid waste	217,637	217,637	173,998	(43,639)	183,330
	2,389,724	2,389,724	2,431,560	41,836	2,465,538
Utility service taxes					
Electricity	1,867,612	1,867,612	2,167,701	300,089	1,996,922
Water	426,944	426,944	446,498	19,554	451,599
Gas	104,294	104,294	115,105	10,811	101,920
Telecommunications	1,530,599	1,530,599	1,502,573	(28,026)	1,914,538
	3,929,449	3,929,449	4,231,877	302,428	4,464,979
Business taxes	576,380	576,380	619,952	43,572	595,552
Licenses and permits					
Building permits	369,100	369,100	421,756	52,656	513,599
Site plan fees	120,000	120,000	34,716	(85,284)	87,830
	489,100	489,100	456,472	(32,628)	601,429
Intergovernmental revenue					
Grants	25,091	25,091	49,231	24,140	30,241
State revenue sharing	589,830	589,830	618,379	28,549	620,514
Alchoholic beverage license	15,000	15,000	16,868	1,868	15,692
Half-cent sales tax	1,817,704	1,817,704	1,936,063	118,359	1,965,419
Motor fuel tax rebate	4,484	4,484	4,140	(344)	4,241
Local option gas tax	620,021	620,021	632,009	11,988	633,394
Business tax	80,896	80,896	71,325	(9,571)	68,684
Recycling program			60,663	60,663	
Public safety grants		60,000	33,398	(26,602)	
	3,153,026	3,213,026	3,422,076	209,050	3,338,185

(Continued)

VILLAGE OF ROYAL PALM BEACH, FLORIDA

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND (CONTINUED)

Year Ended September 30, 2010 with Comparative
Actual for the Year Ended September 30, 2009

	2010				2009
	Original Budget	Final Budget	Actual	Variance with Final Budget Favorable (Unfavorable)	Actual
Charges for services					
Zoning fees	$ 2,500	$ 2,500	$ 6,800	$ 4,300	$ 600
Sales of maps and publications	2,500	2,500	6,048	3,548	12,631
Certification, copying and research	6,000	6,000	26,477	20,477	16,064
Lot mowing and clearing	1,500	1,500	7,960	6,460	3,720
Program activity fees	364,000	364,000	422,395	58,395	386,881
	376,500	376,500	469,680	93,180	419,896
Fines and forfeitures					
Court fines	219,809	219,809	121,457	(98,352)	171,852
Police education fees			10,306	10,306	11,570
Other fines and forfeitures	102,000	108,500	129,697	21,197	151,336
	321,809	328,309	261,460	(66,849)	334,758
Miscellaneous					
Investment earnings	260,972	260,972	110,486	(150,486)	288,902
Rents and royalties	707,260	707,260	655,552	(51,708)	609,662
Sale of surplus materials	5,500	5,500	302	(5,198)	21,949
Insurance proceeds	3,000	3,000	7,643	4,643	7,851
Contributions and donations	41,000	41,000	21,000	(20,000)	21,000
Other miscellaneous revenue	49,000	49,000	34,286	(14,714)	111,940
	1,066,732	1,066,732	829,269	(237,463)	1,061,304
Total Revenue	16,235,276	16,301,776	16,664,047	362,271	18,231,008

(Continued)

VILLAGE OF ROYAL PALM BEACH, FLORIDA

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND (CONTINUED)

Year Ended September 30, 2010 with Comparative
Actual for the Year Ended September 30, 2009

	2010				2009
	Original Budget	Final Budget	Actual	Variance with Final Budget Favorable (Unfavorable)	Actual
Expenditures					
General Government					
Legislative - Council					
Personal services	$ 95,456	$ 95,456	$ 84,311	$ 11,145	$ 85,485
Operating expenditures	141,958	141,958	140,962	996	128,874
	237,414	237,414	225,273	12,141	214,359
Executive					
Personal services	740,874	740,874	690,047	50,827	690,776
Operating expenditures	145,049	145,049	134,224	10,825	130,308
	885,923	885,923	824,271	61,652	821,084
Finance and administrative					
Personal services	825,738	825,738	823,105	2,633	779,900
Operating expenditures	334,959	334,959	307,946	27,013	292,880
	1,160,697	1,160,697	1,131,051	29,646	1,072,780
Legal					
Operating expenditures	289,700	289,700	288,633	1,067	273,001
Non-departmental					
Utility services	1,018,049	1,018,049	927,503	90,546	974,234
Insurance	639,139	639,139	505,243	133,896	473,785
Other	132,820	132,820	194,184	(61,364)	351,756
	1,790,008	1,790,008	1,626,930	163,078	1,799,775
Total General Government	4,363,742	4,363,742	4,096,158	267,584	4,180,999

(Continued)

VILLAGE OF ROYAL PALM BEACH, FLORIDA

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND (CONTINUED)

Year Ended September 30, 2010 with Comparative
Actual for the Year Ended September 30, 2009

	2010				2009
	Original Budget	Final Budget	Actual	Variance with Final Budget Favorable (Unfavorable)	Actual
Public Safety					
Law enforcement					
Operating expenditures	$ 6,950,612	$ 7,017,112	$ 6,996,055	$ 21,057	$ 6,499,705
	6,950,612	7,017,112	6,996,055	21,057	6,499,705
Community Development					
Personal services	987,245	987,245	987,437	(192)	913,593
Operating expenditures	132,496	132,496	69,765	62,731	79,187
	1,119,741	1,119,741	1,057,202	62,539	992,780
Total Public Safety	8,070,353	8,136,853	8,053,257	83,596	7,492,485
Public Works					
Planning and Engineering					
Personal services	874,571	874,571	829,548	45,023	822,218
Operating expenditures	50,302	50,302	37,444	12,858	49,933
	924,873	924,873	866,992	57,881	872,151
Public Works					
Personal services	1,730,973	1,730,973	1,688,506	42,467	1,644,623
Operating expenditures	859,454	859,454	757,771	101,683	802,470
Capital outlay			9,395	(9,395)	12,896
	2,590,427	2,590,427	2,455,672	134,755	2,459,989
Total Public Works	3,515,300	3,515,300	3,322,664	192,636	3,332,140

(Continued)

VILLAGE OF ROYAL PALM BEACH, FLORIDA

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND (CONTINUED)

Year Ended September 30, 2010 with Comparative
Actual for the Year Ended September 30, 2009

	2010				2009
	Original Budget	Final Budget	Actual	Variance with Final Budget Favorable (Unfavorable)	Actual
Culture and Recreation					
Personal services	$ 2,117,645	$ 2,117,645	$ 2,054,164	$ 63,481	$ 1,983,465
Operating expenditures	848,274	848,274	877,756	(29,482)	864,387
Capital outlay	12,944	12,944	12,944	0	
Total Culture and Recreation	2,978,863	2,978,863	2,944,864	33,999	2,847,852
Debt Service					
Principal	632,092	632,092	290,561	341,531	280,641
Interest and fiscal charges	1,238,192	1,238,192	67,338	1,170,854	77,259
Total Debt Service	1,870,284	1,870,284	357,899	1,512,385	357,900
Total Expenditures	20,798,542	20,865,042	18,774,842	2,090,200	18,211,376
Other Financing Source (Use)					
Transfers in	3,063,744	3,063,744	1,551,359	(1,512,385)	1,518,300
Transfers out	(188,000)	(188,000)	(188,000)	0	(1,500,000)
Total Other Financing Source (Use)	2,875,744	2,875,744	1,363,359	(1,512,385)	18,300
Revenue Over (Under) Expenditures and Other Financing Source (Use)	$ (1,687,522)	$ (1,687,522)	$ (747,436)	$ 940,086	$ 37,932

See notes to budgetary comparison schedule.

VILLAGE OF ROYAL PALM BEACH, FLORIDA

NOTES TO BUDGETARY COMPARISON SCHEDULE

September 30, 2010

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 Impact Fee Capital Projects Fund, Capital Improvements Fund or its Village Improvement 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 reservations of 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 and 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:

	Revenue	Expenditures
Budgetary Basis	$ 16,664,047	$ 18,774,842
State on-behalf pension payments	232,283	232,283
Insurance recoveries	(7,643)	
Proceeds from sale of capital assets	(302)	
GAAP Basis	$ 16,888,385	$ 19,007,125

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.

Tommy Starace Good Samaritan Fund – To account for contributions to assist youth in participating in educational, recreational or civic activities in the Village of Royal Palm Beach. As of and for the year ended September 30, 2010, there was no activity in this fund.

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, 2010

	Special Revenue Funds		Capital Projects Fund	Total
	Recreation Facility Fund	Community Beautification Fund	Impact Fee Capital Projects Fund	Nonmajor Governmental Funds
ASSETS				
Equity in pooled cash and investments	$ 161,069	$ 212,471	$ 643,120	$ 1,016,660
Investments			1,908,636	1,908,636
Accrued interest receivable			19,845	19,845
Total Assets	$ 161,069	$ 212,471	$ 2,571,601	$ 2,945,141
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts payable	$	$	$ 9,136	$ 9,136
Contracts and retainage payable			2,821	2,821
Total Liabilities	0	0	11,957	11,957
FUND BALANCES				
Unreserved				
Designated for subsequent year's expenditures	59,928		1,291,614	1,351,542
Undesignated	101,141	212,471	1,268,030	1,581,642
	161,069	212,471	2,559,644	2,933,184
Total Liabilities and Fund Balances	$ 161,069	$ 212,471	$ 2,571,601	$ 2,945,141

VILLAGE OF ROYAL PALM BEACH, FLORIDA

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

Year Ended September 30, 2010

	Special Revenue Funds		Capital Projects Fund	Total
	Recreation Facility Fund	Community Beautification Fund	Impact Fee Capital Projects Fund	Nonmajor Governmental Funds
Revenue				
Intergovernmental revenue	$	$	$ 98,572	$ 98,572
Miscellaneous				
Investment earnings	84	113	18,142	18,339
Impact fees			142,306	142,306
Total Revenue	84	113	259,020	259,217
Expenditures				
Current				
General government			4,507	4,507
Public safety			112,861	112,861
Culture and recreation			516	516
Capital outlay		6,174	826,959	833,133
Total Expenditures	0	6,174	944,843	951,017
Net Change in Fund Balances	84	(6,061)	(685,823)	(691,800)
Fund balances at October 1, 2009	160,985	218,532	3,245,467	3,624,984
Fund balances at September 30, 2010	$ 161,069	$ 212,471	$ 2,559,644	$ 2,933,184

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 to 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 to 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 PLAN NET ASSETS - PENSION TRUST FUNDS

September 30, 2010

	General Employees Pension Trust Fund	Police Pension Trust Fund	Total
ASSETS			
Investments			
Mutual funds	$ 2,239,045	$	$ 2,239,045
Florida Municipal Pension Trust Fund		236,666	236,666
Guaranteed interest account	562,490		562,490
Total Assets	$ 2,801,535	$ 236,666	$ 3,038,201
NET ASSETS			
Net assets held in trust for pension benefits	$ 2,801,535	$ 236,666	$ 3,038,201

VILLAGE OF ROYAL PALM BEACH, FLORIDA

COMBINING STATEMENT OF CHANGES IN PLAN NET ASSETS -
PENSION TRUST FUNDS

Year Ended September 30, 2010

	General Employees Pension Trust Fund	Police Pension Trust Fund	Total
ADDITIONS			
Contributions			
Employer	$ 36,736	$ 49,157	$ 85,893
Employee	18,321		18,321
State		232,283	232,283
Total Contributions	55,057	281,440	336,497
Investment earnings			
Net appreciation in fair value of plan assets	153,067	60	153,127
Interest and dividend income	57,421		57,421
Net Investment Earnings	210,488	60	210,548
Total Additions	265,545	281,500	547,045
DEDUCTIONS			
Distributions to plan participants	180,431	292,508	472,939
Administrative expenses	2,647	9,710	12,357
Total Deductions	183,078	302,218	485,296
Net Increase (Decrease)	82,467	(20,718)	61,749
Net assets held in trust for pension benefits at October 1, 2009	2,719,068	257,384	2,976,452
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS AT SEPTEMBER 30, 2010	$ 2,801,535	$ 236,666	$ 3,038,201

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**

Financial Trends 53

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 60

These schedules contain information to help the reader assess the Village of Royal Palm Beach's most significant local revenue source, the property tax.

Debt Capacity 63

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 67

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 69

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. The Village implemented GASB Statement 34 in fiscal year 2003; schedules presenting government-wide information include information beginning in that year.

Village of Royal Palm Beach, Florida

Net Assets by Component
Last Eight Fiscal Years
(Accrual Basis of Accounting)

	Fiscal Year							
	2003	**2004**	**2005**	**2006**	**2007**	**2008**	**2009**	**2010**
Governmental activities								
Invested in capital assets, net of related debt	$ 15,487,873	$ 18,083,810	$ 19,850,001	$ 69,001,420	$ 68,357,274	$ 73,759,549	$ 75,436,462	$ 76,214,049
Restricted		139,460	145,837	152,448	130,683	116,715	121,981	121,656
Unrestricted	17,441,620	19,018,177	20,351,184	87,323,710	89,446,330	87,216,086	87,572,901	82,948,342
Total governmental activities net assets	$ 32,929,493	$ 37,241,447	$ 40,347,022	$ 156,477,578	$ 157,934,287	$ 161,092,350	$ 163,131,344	$ 159,284,047
Business-type activity								
Invested in capital assets, net of related debt	$ 12,099,564	$ 12,844,716	$ 14,911,415	$ 12,919,775	$ 11,593,643	$ 10,332,684	$ 9,162,967	$ 7,993,250
Restricted	8,453,093	9,186,597	8,913,980					
Unrestricted (deficit)	5,204,107	6,414,052	6,378,082	(11,457,447)	(10,076,871)	(8,801,981)	(7,631,760)	(6,461,737)
Total business-type activity net assets	$ 25,756,764	$ 28,445,365	$ 30,203,477	$ 1,462,328	$ 1,516,772	$ 1,530,703	$ 1,531,207	$ 1,531,513
Primary government								
Invested in capital assets, net of related debt	$ 27,587,437	$ 30,928,526	$ 34,761,416	$ 81,921,195	$ 79,950,917	$ 84,092,233	$ 84,599,429	$ 84,207,299
Restricted	8,453,093	9,326,057	9,059,817	152,448	130,683	116,715	121,981	121,656
Unrestricted	22,645,727	25,432,229	26,729,266	75,866,263	79,369,459	78,414,105	79,941,141	76,486,605
Total primary government net assets	$ 58,686,257	$ 65,686,812	$ 70,550,499	$ 157,939,906	$ 159,451,059	$ 162,623,053	$ 164,662,551	$ 160,815,560

Village of Royal Palm Beach, Florida

Changes in Net Assets
Last Eight Fiscal Years
(Accrual Basis of Accounting)

	Fiscal Year							
	2003	2004	2005	2006	2007	2008	2009	2010
Expenses								
Governmental activities:								
General government	$ 3,304,141	$ 3,719,432	$ 4,130,050	$ 4,451,821	$ 5,043,972	$ 4,321,564	$ 4,275,564	$ 4,275,487
Public safety	8,366,205	9,890,985	11,680,913	6,847,794	7,543,166	7,576,149	7,911,221	8,576,547
Public works	2,180,960	3,171,305	4,274,252	6,325,490	6,439,196	6,351,327	6,359,322	6,778,395
Culture and recreation	2,348,528	2,811,546	3,160,271	3,744,432	4,025,091	4,065,870	4,031,373	4,147,280
Interest on long-term debt	136,735	119,750	144,754	198,289	162,539	160,209	72,299	62,162
Total governmental activities expenses	16,336,569	19,713,018	23,390,240	21,567,826	23,213,964	22,475,119	22,649,779	23,839,871
Business-type activity:								
Water/Sewer Utility	6,981,572	7,833,222	8,623,132	6,658,099	1,326,132	1,260,959	1,169,717	1,169,717
Total business-type activity expenses	6,981,572	7,833,222	8,623,132	6,658,099	1,326,132	1,260,959	1,169,717	1,169,717
Total primary government expenses	$ 23,318,141	$ 27,546,240	$ 32,013,372	$ 28,225,925	$ 24,540,096	$ 23,736,078	$ 23,819,496	$ 25,009,588
Program Revenue								
Governmental activities:								
Charges for services:								
General government	$ 1,220,836	$ 1,101,102	$ 1,344,216	$ 1,899,891	$ 651,056	$ 559,475	$ 396,303	$ 453,207
Public safety	2,470,486	1,792,327	2,269,833	1,669,441	2,048,807	1,858,578	1,213,484	917,932
Public works	23,962	24,766	22,327	14,468	2,802	915	3,720	7,960
Culture and recreation	384,840	377,571	343,643	376,148	382,117	524,076	541,475	559,014
Operating grants and contributions:								
General government		31,000	7,700	7,020	6,000	15,000	21,000	21,000
Public safety	90,030	114,292	66,041	340,838	38,508	195,319	243,603	232,283
Public works		850,109	465,536	872,700	143,528	284,785	30,241	49,231
Culture and recreation	10,767	6,151	7,019	1,966	10	14,720		
Capital grants and contributions:								
General government		271,681	46,412	51,510	18,480	22,680	8,812	4,192
Public safety	538,397	245,800	990,792	354,375	138,783	105,979	50,976	18,442
Public works	1,678,981	773,016	369,525	814,480	544,690	501,592	1,073,791	669,769
Culture and recreation	1,906,935	1,741,999	821,007	182,752	237,737	1,556,194	907,112	457,357
Total governmental activities program revenue	8,325,234	7,329,814	6,754,051	6,585,589	4,212,518	5,639,313	4,490,517	3,390,387
Business-type activity:								
Charges for services:								
Water/Sewer	7,993,218	8,526,197	8,846,586	5,749,010	1,326,132	1,260,959	1,169,717	1,169,717
Operating grants and contributions:								
Water/Sewer		585,097	97,199	134,330				
Capital grants and contributions								
Water/Sewer	3,039,175	1,133,400	901,475	894,920				
Total business-type activity program revenue	11,032,393	10,244,694	9,845,260	6,778,260	1,326,132	1,260,959	1,169,717	1,169,717
Total primary government program revenue	$ 19,357,627	$ 17,574,508	$ 16,599,311	$ 13,363,849	$ 5,538,650	$ 6,900,272	$ 5,660,234	$ 4,560,104

Village of Royal Palm Beach, Florida

Changes in Net Assets (Continued)
Last Eight Fiscal Years
(Accrual Basis of Accounting)

	Fiscal Year							
	2003	2004	2005	2006	2007	2008	2009	2010
Net (expense)/revenue								
Governmental activities	$ (7,981,335)	$ (12,383,204)	$(16,636,189)	$ (14,982,237)	$(19,001,446)	$(16,835,806)	$(18,159,262)	$ (20,449,484)
Business-type activity	4,050,821	2,411,472	1,222,128	120,161				
Total primary government net expense	$ (3,930,514)	$ (9,971,732)	$(15,414,061)	$ (14,862,076)	$(19,001,446)	$(16,835,806)	$(18,159,262)	$ (20,449,484)
General Revenue and Other Changes in Net Assets								
Governmental activities:								
Taxes:								
Property taxes	$ 6,608,297	$ 8,155,623	$ 9,831,899	$ 5,308,387	$ 5,312,601	$ 5,534,219	$ 4,949,367	$ 3,941,701
Franchise fees	1,339,435	1,448,034	1,707,863	2,098,506	2,259,641	2,360,842	2,465,538	2,431,560
Utility service taxes	3,129,192	3,368,040	3,690,331	3,761,697	3,898,634	3,941,068	4,464,979	4,231,877
Business taxes							595,552	619,952
State shared revenue, unrestricted	2,886,785	3,471,206	3,919,396	4,096,322	3,966,766	3,567,781	3,307,944	3,312,182
Investment earnings	256,605	265,255	592,275	2,658,844	5,020,513	4,589,959	4,414,876	2,064,915
Gain on sale of capital assets				154,098				
Transfers		(13,000)		70,054,263				
Total governmental activities	14,220,314	16,695,158	19,741,764	88,132,117	20,458,155	19,993,869	20,198,256	16,602,187
Business-type activity								
Investment earnings	294,831	264,129	535,984	607,456	54,444	13,931	504	306
Special item - net gain on sale of utility				40,585,497				
Transfers		13,000		(70,054,263)				
Total business-type activity	294,831	277,129	535,984	(28,861,310)	54,444	13,931	504	306
Total primary government	$ 14,515,145	$ 16,972,287	$ 20,277,748	$ 59,270,807	$ 20,512,599	$ 20,007,800	$ 20,198,760	$ 16,602,493
Changes in Net Assets								
Governmental activities	$ 6,238,979	$ 4,311,954	$ 3,105,575	$ 73,149,880	$ 1,456,709	$ 3,158,063	$ 2,038,994	$ (3,847,297)
Business-type activity	4,345,652	2,688,601	1,758,112	(28,741,149)	54,444	13,931	504	306
Total primary government	$ 10,584,631	$ 7,000,555	$ 4,863,687	$ 44,408,731	$ 1,511,153	$ 3,171,994	$ 2,039,498	$ (3,846,991)

Village of Royal Palm Beach, Florida

Fund Balances of Governmental Funds

Last Ten Fiscal Years

(Modified Accrual Basis of Accounting)

	Fiscal Year									
	2001	**2002**	**2003**	**2004**	**2005**	**2006**	**2007**	**2008**	**2009**	**2010**
General Fund										
Reserved	$ 143,627	$ 150,080	$ 169,960	$ 146,535	$ 405,732	$ 187,925	$ 226,259	$ 259,401	$ 247,493	$ 335,339
Unreserved	6,068,225	7,128,248	7,315,091	7,775,574	8,459,802	9,401,299	8,984,275	7,437,233	7,487,073	6,651,791
Total General Fund	$ 6,211,852	$ 7,278,328	$ 7,485,051	$ 7,922,109	$ 8,865,534	$ 9,589,224	$ 9,210,534	$ 7,696,634	$ 7,734,566	$ 6,987,130
All other governmental funds										
Unreserved, reported in:										
Special Revenue Funds	$ 381,618	$ 1,475,028	$ 2,232,068	$ 2,262,666	$ 890,100	$65,769,925	$66,687,672	$68,940,788	$71,308,043	$71,668,049
Capital Projects Funds	4,144,297	8,447,881	8,115,804	9,435,397	11,294,523	12,534,972	14,030,483	11,098,933	9,082,590	4,914,965
Total all other governmental funds	$ 4,525,915	$ 9,922,909	$10,347,872	$11,698,063	$12,184,623	$78,304,897	$80,718,155	$80,039,721	$80,390,633	$76,583,014

Village of Royal Palm Beach, Florida

Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)

	Fiscal Year									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Revenue										
Taxes	$ 8,234,984	$ 9,398,597	$ 11,076,924	$ 12,971,697	$ 15,230,093	$ 11,168,590	$ 11,470,876	$ 11,836,129	$ 12,475,436	$ 11,225,090
Licenses and permits	1,906,784	2,534,737	2,090,034	1,595,334	1,529,340	1,363,895	1,627,922	1,509,430	601,429	456,472
Intergovernmental	2,753,921	2,977,954	3,175,402	5,700,285	5,303,894	5,406,512	4,389,752	5,321,115	5,247,062	4,661,513
Charges for services	358,380	467,517	434,307	419,538	385,851	411,650	395,875	419,600	419,896	469,680
Fines and forfeitures	232,943	290,100	364,420	188,353	728,382	293,561	418,785	349,148	334,758	261,460
Investment earnings	395,751	1,357,170	256,605	265,255	592,275	2,658,844	5,020,513	4,589,959	4,414,876	2,064,915
Impact Fees		3,842,048	3,230,563	1,627,383	825,550	1,191,859	435,090	517,077	180,175	142,306
Conditions of Approval		587,412	769,534	140,435	549,265	114,666	263,650	110,698	194,842	
Miscellaneous	3,920,148	1,525,523	1,242,533	1,173,224	1,351,165	1,700,671	648,210	680,336	820,299	711,138
Total revenues	17,802,911	22,981,058	22,640,322	24,081,504	26,495,815	24,310,248	24,670,673	25,333,492	24,688,773	19,992,574
Expenditures										
General government	2,638,940	2,822,829	3,160,394	3,585,167	3,965,955	4,354,192	4,515,625	4,225,471	4,219,511	4,144,402
Public safety	6,264,394	7,019,533	8,198,124	9,557,281	11,321,595	6,715,250	7,317,567	7,397,543	7,747,778	8,398,401
Public Works	1,657,856	1,706,805	1,975,386	2,915,643	3,926,313	3,764,386	3,671,440	3,534,195	3,448,144	3,824,736
Culture/Recreation	1,465,564	1,717,544	1,871,744	2,167,523	2,404,588	2,944,331	3,148,326	3,030,343	2,922,047	3,058,083
Capital Outlay	2,156,053	2,726,036	6,282,538	3,549,658	5,922,953	2,584,355	3,252,228	7,429,375	5,634,349	4,772,053
Debt service										
Principal	349,523	367,759	383,123	385,367	394,948	686,259	683,886	1,762,766	280,641	290,561
Interest and other fiscal charges	179,340	157,082	137,327	120,616	129,478	166,797	170,050	165,000	77,259	67,338
Total expenditures	14,711,670	16,517,588	22,008,636	22,281,255	28,065,830	21,215,570	22,759,122	27,544,693	24,329,729	24,555,574
Excess of revenue over (under) expenditures	3,091,241	6,463,470	631,686	1,800,249	(1,570,015)	3,094,678	1,911,551	(2,211,201)	359,044	(4,563,000)
Other financing sources (uses)										
Insurance recoveries						199,157	69,188	16,234	7,851	7,643
Proceeds from sale of capital assets						182,745	53,829	2,633	21,949	302
Proceeds from Note Payable					3,000,000					
Transfers in	1,869,531	2,408,500	2,516,847	2,226,105	2,055,873	65,682,077	5,301,642	3,548,006	3,018,300	1,739,359
Transfers out	(1,869,531)	(2,408,500)	(2,516,847)	(2,239,105)	(2,055,873)	(2,314,693)	(5,301,642)	(3,548,006)	(3,018,300)	(1,739,359)
Total other financing sources (uses)	0	0	0	(13,000)	3,000,000	63,749,286	123,017	18,867	29,800	7,945
Net change in fund balances	$ 3,091,241	$ 6,463,470	$ 631,686	$ 1,787,249	$ 1,429,985	$ 66,843,964	$ 2,034,568	$ (2,192,334)	$ 388,844	$ (4,555,055)
Debt service as a percentage of non-capital expenditures	4.21%	3.81%	3.31%	2.70%	2.37%	4.58%	4.38%	9.58%	1.91%	1.81%

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
2001	$ 4,843,801	$ 1,225,166	$ 2,166,017	$	$ **8,234,984**
2002	5,478,422	1,158,776	2,761,399		**9,398,597**
2003	6,608,297	1,339,435	3,129,192		**11,076,924**
2004	8,155,623	1,448,034	3,368,040		**12,971,697**
2005	9,831,899	1,707,863	3,690,331		**15,230,093**
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**

(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
2001	$ 714,823,707	$ 53,891,331	$ 768,715,038	$ 6.47	$ 768,715,038
2002	824,535,757	65,378,388	889,914,145	6.36	889,914,145
2003	1,020,781,773	72,288,391	1,093,070,164	6.24	1,093,070,164
2004	1,313,919,077	84,468,268	1,398,387,345	6.03	1,398,387,345
2005	1,613,979,748	89,712,291	1,703,692,039	5.92	1,703,692,039
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

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)

	Village Direct Rates			Overlapping Rates			
Fiscal Year	General Fund	Debt Service	Total Direct	Palm Beach County	School District	Special Taxing Districts	Total
2001	$ 6.39	$ 0.08	$ 6.47	$ 5.48	$ 8.92	$ 2.46	$ 23.33
2002	6.29	0.07	6.36	5.47	8.95	2.46	23.24
2003	6.19	0.05	6.24	5.35	8.78	2.49	22.86
2004	5.99	0.04	6.03	5.37	8.57	2.56	22.53
2005	5.89	0.03	5.92	5.35	8.43	2.53	22.23
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

Note: 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.

Village of Royal Palm Beach, Florida

Principal Property Taxpayers

Current Year and Nine Years Ago

	2010			2001		
Taxpayer	**Taxable Assessed Value**	**Rank**	**Percentage of Total Village Taxable Assessed Value**	**Taxable Assessed Value**	**Rank**	**Percentage of Total Village Taxable Assessed Value**
Centre on Southern LLLP	$ 47,418,966	1	2.21%			
Centre on 441 LLLP	25,889,287	2	1.21%			
CP IPERS Coral LLC	25,301,707	3	1.18%			
Wal Mart Stores East LP	20,758,757	4	0.97%			
Inland Western Royal	20,650,379	5	0.96%			
Target Corporation	18,705,340	6	0.87%			
Ramco Crossroads at Royal Palm	18,129,978	7	0.85%			
Montecito Medical PW VIII LLC	16,649,544	8	0.78%			
Stafford Place Regal LLC	15,484,252	9	0.72%			
ATMF Royal Palm LLC	15,072,544	10	0.70%			
Minto Communities, Inc				19,136,065	1	2.49%
Rubenfeld Daren TR				17,513,788	2	2.28%
Heritage Royal Palm Partners				10,993,786	3	1.43%
Royal Palm Associates Ltd				10,541,235	4	1.37%
Lowes Home Centers, Inc				10,193,941	5	1.33%
Village Royale Properties LLC				9,600,000	6	1.25%
Casco Properties				9,332,553	7	1.21%
Dayton Hudson Corp				9,251,535	8	1.20%
Crestwood Florida LLC				7,400,000	9	0.96%
Crestwood Square Ltd				5,346,480	10	0.70%
Total	$ 224,060,754		10.45%	$ 109,309,383		14.22%

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
2001	$ 4,844,107	$ 4,825,130	99.61 %	$ 18,671	$ 4,843,801	99.99 %
2002	5,514,638	5,471,661	99.22	6,761	5,478,422	99.34
2003	6,633,848	6,578,012	99.16	30,285	6,608,297	99.61
2004	8,181,812	8,138,826	99.47	16,797	8,155,623	99.68
2005	9,827,054	9,819,221	99.92	12,678	9,831,899	100.05
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	21,240	5,312,601	100.14
2008	5,539,162	5,529,495	99.83	4,724	5,534,219	99.91
2009	4,964,153	4,928,283	99.28	21,084	4,949,367	99.70
2010	4,005,152	3,923,499	97.96	18,202	3,941,701	98.42

Note: All property taxes are assessed and collected by Palm Beach County without charge to the Village. Collections are distributed in full as collected. The decrease in the net tax levy for 2006 is due to the fact that the Village is no longer paying for County fire services, but instead the Village residents are taxed separately by the County for such services under an MSTU.

*Tax levy, net of allowance for discounts.

Village of Royal Palm Beach, Florida

Ratios of Outstanding Debt by Type

Last Ten Fiscal Years

	Governmental Activities[1]			Business-type Activity					
Fiscal Year	General Obligation Bonds	Special Revenue Bonds	Notes Payable	Water & Sewer Revenue Bonds	State Revolving Fund Loan	Utility Loan Payable	Total Primary Government	Percentage of Personal Income	Per Capita
2001	$ 352,312	$ 3,430,931	$ 66,400	$ 23,145,000	$ 3,879,485	$ 542,200	$ 31,416,328	N/A	$ 1,459.66
2002	306,452	3,134,404	41,028	23,605,000	3,636,857	173,795	30,897,536	N/A	1,362.87
2003	256,870	2,825,039	16,852	22,815,000	4,042,879		29,956,640	N/A	1,100.86
2004	205,329	2,502,299	5,766	21,995,000	3,827,742		28,536,136	N/A	975.19
2005	152,873	2,165,573	3,000,000	21,140,000	3,608,370		30,066,816	N/A	1,007.43
2006	99,476	1,814,313	2,718,398				4,632,187	0.65%	152.71
2007	43,823	1,447,884	2,456,594				3,948,301	0.57%	123.91
2008			2,185,535				2,185,535	0.29%	69.23
2009			1,904,894				1,904,894	0.24%	61.05
2010			1,614,333				1,614,333	0.20%	51.94

Note: Details about the Village's outstanding debt can be found in the notes to the financial statements. The debt for the business-type activity represents debt for water treatment plants and the wastewater collection and transmission system. These facilities served residents as well as non-residents on the water and sewer utility system. The utility system was sold to Palm Beach County in 2006 and all outstanding utility related bonds and loans were paid.

[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
2001	$ 352,312	$ 85,425	$ 266,887	0.03%	21,523	$ 12.40
2002	306,452	72,141	234,311	0.03%	22,671	10.34
2003	256,870	60,064	196,806	0.02%	27,212	7.23
2004	205,329	61,216	144,113	0.01%	29,262	4.92
2005	152,873	60,612	92,261	0.01%	29,845	3.09
2006	99,476	58,787	40,689	0.00%	30,334	1.34
2007	43,823	43,823	0	0.00%	31,864	0.00
2008			0	0.00%	31,567	0.00
2009			0	0.00%	31,201	0.00
2010			0	0.00%	31,078	0.00

Note: For each fiscal year ending September 30th property is valued as of January 1st of the preceding calendar year. 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, 2010

	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	$ 1,614,333	100.00%	$ 1,614,333
Overlapping:			
Palm Beach County[2]	250,470,000	1.01%	2,529,747
Palm Beach County School District[3]	29,555,000	1.01%	298,506
Total overlapping debt	280,025,000		2,828,253
Total direct and overlapping debt payable from ad valorem taxes	$ 281,639,333		4,442,586
Estimated population			31,078
Total direct and overlapping debt per capita			$ 142.95

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

Water and Sewer Pledged Revenue Coverage
Last Ten Fiscal Years

Fiscal Year	Gross Revenue	Operating Expenses	Revenue Available for Debt Coverage	Current Debt Service	Current Coverage
2001	$ 8,245,729	$ 3,404,626	$ 4,841,103	$ 2,422,123	2.00
2002	9,157,529	3,876,784	5,280,745	1,820,518	2.90
2003	10,165,235	4,150,937	6,014,298	1,814,743	3.31
2004	9,259,879	4,844,675	4,415,204	1,816,480	2.43
2005	9,708,665	5,522,474	4,186,191	1,823,067	2.30
2006	N/A	N/A	N/A	N/A	N/A
2007	N/A	N/A	N/A	N/A	N/A
2008	N/A	N/A	N/A	N/A	N/A
2009	N/A	N/A	N/A	N/A	N/A
2010	N/A	N/A	N/A	N/A	N/A

Note: Gross revenue includes interest income and capital contributions. Operating expenses exclude depreciation and amortization expense.

N/A - Not applicable as all water and sewer debt was defeased in April 2006, when the utility was sold to Palm Beach County.

Village of Royal Palm Beach, Florida

Demographic and Economic Statistics

Last Ten Fiscal Years

Fiscal Year	Population[1]	Personal Income[2]	Per Capita Personal Income[2]	Median Age[2]	Education Level in Years of Schooling[2]	School Enrollment[3]	Unemployment Rate[2]
2001	21,523	$ N/A	$ N/A	N/A	N/A	6,323	N/A
2002	22,671	N/A	N/A	N/A	N/A	7,142	N/A
2003	27,212	N/A	N/A	N/A	N/A	7,125	N/A
2004	29,262	N/A	N/A	N/A	N/A	7,056	N/A
2005	29,845	N/A	N/A	N/A	N/A	6,513	N/A
2006	30,334	65,094	23,446	37.8	13.6	6,120	3.7%
2007	31,864	62,620	21,845	38.2	13.5	6,173	4.9%
2008	31,567	69,320	23,613	38.6	13.5	6,071	2.9%
2009	31,201	70,292	24,954	38.7	13.5	5,954	7.2%
2010	31,078	63,600	26,416	39	13.5	5,450	7.7%

Data Sources:

(1) The population for 2003 through 2007 was obtained from the University of Florida, Bureau of Economic Business Administration. The population for 2001 and 2002 was obtained from the 2000 U.S. Census Bureau count. The population for 2008 through 2010 is an estimate from the Village Planning and Engineering Department.

(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

	2010[1]			2001		
	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
Employer						
Palm Beach County School District	21,718	1	3.93%	N/A	N/A	N/A
Palm Beach County Government	11,381	2	2.06%	N/A	N/A	N/A
Tenet Healthcare Corp.	5,127	3	0.93%	N/A	N/A	N/A
Hospital Corp of America	4,150	4	0.75%	N/A	N/A	N/A
Florida Power & Light (Hdqtrs)	3,658	5	0.66%	N/A	N/A	N/A
Wackenhut Corp	3,000	6	0.54%	N/A	N/A	N/A
Florida Atlantic University	2,776	7	0.50%	N/A	N/A	N/A
Bethesda Memorial Hospital	2,300	8	0.42%	N/A	N/A	N/A
Veterans Health Administration	2,205	9	0.40%	N/A	N/A	N/A
Boca Raton Resort & Club	2,200	10	0.40%	N/A	N/A	N/A
Totals	58,515		10.58%	N/A		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									
	2001	**2002**	**2003**	**2004**	**2005**	**2006**	**2007**	**2008**	**2009**	**2010**
General government	16	16	16	17	18	20	20	20	16	16
Public Safety										
Community Development	10	12	14	14	15	16	16	16	14	13
Police Officers[2]	42	45	48	52	52	57				
Civilian Police[2]	38	43	43	46	45	48				
Public Works										
Engineering	3	5	5	5	6	8	8	8	9	8
Public Works	26	28	30	33	35	38	38	35	35	31
Culture/Recreation	71	76	76	81	83	84	87	80	77	72
Water & Sewer Utility[1]	34	34	35	36	37	36				
Total	**240**	**259**	**267**	**284**	**291**	**307**	**169**	**159**	**151**	**140**

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 2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Public Safety										
Police										
Physical arrests[1]	871	824	1,303	1,106	1,080	710	1,213	1,318	1,123	1,230
Parking violations[2]	157	268	250	201	555	338	228	214	371	280
Traffic violations[3]	7,632	12,240	12,570	8,516	9,909	8,079	10,468	12,203	12,825	11,425
Fire[4]										
Number of calls	2,392	2,542	2,632	2,694	2,746	2,937	3,338	3,634	3,712	3,502
Parks and Recreation Services[2]										
Participants - Athletic Programs	N/A	N/A	N/A	N/A	N/A	2,496	2,297	1,889	1,759	1,607
Participants - Arts & Craft/Classes	N/A	N/A	N/A	N/A	N/A	501	306	374	342	459
Participants - Social/Special Events	N/A	N/A	N/A	N/A	N/A	268	324	243	200	179
Participants - Health/Fitness Programs	N/A	N/A	N/A	N/A	N/A	595	665	704	691	700
Participants - Spring/Summer Camps	N/A	N/A	N/A	N/A	N/A	1,035	1,140	940	940	917
Participants - Other Programs	N/A	N/A	N/A	N/A	N/A	98	87	104	75	65
Participants - Seniors Programs	N/A	N/A	N/A	N/A	N/A	2,467	2,535	2,257	2,570	3,048
Participants - Teen Programs	N/A	N/A	N/A	N/A	N/A	1,650	1,750	1,977	1,875	1,438
Roads and Streets[2]										
Street resurfacing (lane miles)	2.98	0.00	7.16	1.73	0.61	0.00	4.45	0.00	0.00	0.00
Pot holes repaired	N/A	N/A	N/A	N/A	N/A	N/A	55	N/A	127	113
Water/Sewer Utility[2]										
Water customers	8,565	9,342	10,257	10,623	10,693	(a)	(a)	(a)	(a)	(a)
Sewer customers	8,570	9,347	10,262	10,628	10,698	(a)	(a)	(a)	(a)	(a)
Avg daily water consumption (millions of gallons)	2	N/A	2.61	2.89	2.91	(a)	(a)	(a)	(a)	(a)

Source: Village departments.

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

N/A: Not available.

(a) The water and wastewater utility was sold to Palm Beach County Utilities on 4/27/06 and is no longer the responsibility of Royal Palm Beach.

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									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Roads and Streets										
Street lights	N/A	N/A	N/A	N/A	N/A	651	651	668	668	668
Lane miles	82	82	82	82	141	141	147	147	147	147
Parks and Recreation Services										
Ballfields	N/A	N/A	14	14	16	16	16	16	14	14
Basketball courts	N/A	N/A	8	10	10	9	10	10	12	14
Soccer fields	N/A	N/A	N/A	N/A	N/A	4	4	4	4	4
Tennis courts	8	8	8	8	8	8	8	8	8	8
Parks	N/A	N/A	16	17	18	18	18	18	24	24
Bocce courts	N/A	N/A	N/A	N/A	N/A	4	4	4	4	4
Remote car track	N/A	N/A	N/A	N/A	N/A	N/A	N/A	1	1	1
Racquetball courts	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	4	4
Hockey rink	2	2	2	2	2	2	2	2	1	1
Water and Sewer Utility										
Gravity mains (miles)	59	57	58	58	58	(a)	(a)	(a)	(a)	(a)
Force mains (miles)	38	37	38	38	38	(a)	(a)	(a)	(a)	(a)
Water mains (miles)	86	84	84	84	84	(a)	(a)	(a)	(a)	(a)
Sewer Pumping Stations	51	50	50	52	52	(a)	(a)	(a)	(a)	(a)
Maximum daily water treatment capacity (millions of gallons)	N/A	5	5	5	6.5	(a)	(a)	(a)	(a)	(a)

Sources: Village departments

N/A: Not available.

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

(a) The water and wastewater utility was sold to Palm Beach County Utilities in 2006 and is no longer the responsibility of Royal Palm Beach.

COMPLIANCE REPORTS

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

CERTIFIED PUBLIC ACCOUNTANTS

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
THOMAS A PENCE, JR , CPA
SCOTT L PORTER, CPA
MARK D VEIL, CPA

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 the accompanying financial statements of the governmental activities, the business-type activity, 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, 2010, which collectively comprise the basic financial statements of the Village of Royal Palm Beach, Florida, and have issued our report thereon dated January 25, 2011. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the internal control over financial reporting of the Village of Royal Palm Beach, Florida, as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of internal control over financial reporting of the Village of Royal Palm Beach, Florida. Accordingly, we do not express an opinion on the effectiveness of the internal control over financial reporting 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 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.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

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 of 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*.

This report is intended solely for the information and use of the Village Council and management of the Village of Royal Palm Beach, Florida, and the Auditor General of the State of Florida and is not intended to be and should not be used by anyone other than these specified parties.

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

January 25, 2011

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

CERTIFIED PUBLIC ACCOUNTANTS

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
THOMAS A PENCE, JR , CPA
SCOTT L PORTER, CPA
MARK D VEIL, CPA

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

We have audited the financial statements of the Village of Royal Palm Beach, Florida (the "Village"), as of and for the year ended September 30, 2010, and have issued our report thereon dated January 25, 2011.

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. 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*. Disclosures in that report, which is dated January 25, 2011, should be considered in assessing the results of our audit. Additionally, our audit was conducted in accordance with Chapter 10.550, Rules of the Auditor General, which governs the conduct of local governmental entity audits performed in the State of Florida. This letter includes the following information, which is not included in the aforementioned auditor's reports:

1. 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. There were no findings and recommendations made in the preceding annual financial audit report.

2. Section 10.554(1)(i)2., Rules of the Auditor General, requires our audit to include a review of the provisions of Section 218.415, Florida Statutes, regarding the investment of public funds. In connection with our audit, we determined that the Village complied with Section 218.415, Florida Statutes.

3. Section 10.554(1)(i)3., 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.

4. Section 10.554(1)(i)4., Rules of the Auditor General, requires that we address violations of provisions of contracts or grant agreements, or abuse, that have an effect on the financial statements that is less than material but more than inconsequential. In connection with our audit, we did not have any such findings.

5. Section 10.554(1)(i)5., Rules of the Auditor General, provides that the auditor may, based on professional judgment, report the following matters that have an inconsequential effect on financial statements, considering both quantitative and qualitative factors: (1) violations of provisions of contracts or grant agreements, fraud, illegal acts, or abuse, and (2) control

deficiencies that are not significant deficiencies. In connection with our audit, we did not have any such findings.

6. Section 10.554(1)(i)6., 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.

7. Section 10.554(1)(i)7.a., Rules of the Auditor General, requires a statement be included as to whether or not the local governmental entity 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, 2010.

8. Section 10.554(1)(i)7.b., Rules of the Auditor General, requires that we determine whether the annual financial report for the Village for the fiscal year ended September 30, 2010, 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, 2010. In connection with our audit, we determined that these two reports were in substantial agreement.

9. Pursuant to Sections 10.554(1)(i)7.c. and 10.556(7), Rules of the Auditor General, we applied financial condition assessment procedures as of September 30, 2010. It is management's responsibility to monitor the Village's financial condition, and our financial condition assessment was based in part on the representations made by management and the review of financial information provided by management. The results of our procedures disclosed no matters that are required to be reported.

Pursuant to Chapter 119, Florida Statutes, this management letter is a public record and its distribution is not limited. U.S. generally accepted auditing standards require us to indicate that this report is intended solely for the information and use of the Village Council and management of the Village of Royal Palm Beach, Florida, and the Auditor General of the State of Florida and is not intended to be and should not be used by anyone other than these specified parties.

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

January 25, 2011