



BAL HARBOUR

- VILLAGE -

BAL HARBOUR VILLAGE, FLORIDA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR
ENDED SEPTEMBER 30, 2018

BAL HARBOUR VILLAGE, FLORIDA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018

Prepared by the Finance Department

BAL HARBOUR VILLAGE, FLORIDA

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INTRODUCTORY SECTION

BAL HARBOUR

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March 19, 2019

Honorable Mayor, Assistant Mayor, Council Members,
and Citizens of Bal Harbour Village, Florida

We are pleased to present the Comprehensive Annual Financial Report ("CAFR") as of and for the fiscal year ended September 30, 2018, pursuant to Florida State law. A CAFR is a set of financial statements comprising the financial report of a state, municipal, or other governmental entity that complies with accounting requirements promulgated by the Governmental Accounting Standards Boards (GASB). The financial statements were audited by a firm of independent certified public accountants retained by the Village and paid from its public funds.

This report may be accessed via the internet at <http://www.balharbourfl.gov>.

We encourage you to thoroughly review this document and we welcome the opportunity to discuss some of the important items it addresses.

While financial activities are never an end unto themselves, their recording and presentation can give the encouraged and knowing reader great insight into the operations of a community. They can highlight both strengths and weaknesses and can illustrate the issues that are, at any time, being addressed by the local government.

This report consists of management's representations concerning the finances of the Village. 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 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's financial statements in conformity with generally accepted accounting principles (GAAP). Because the cost of internal controls should not outweigh their benefits, the Village'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.

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

Profile of Bal Harbour Village

The Village of Bal Harbour, Florida (the "Village") is located on the northern tip of the barrier island commonly referred to as Miami Beach; it is the northern-most barrier island in a chain that extends south to Key West, Florida. A channel between the north end of Biscayne Bay and the Atlantic Ocean runs across the northern end of the Village. The main traffic corridor running through the Village is Collins Avenue, also demarked as Florida State Highway A1A.

BAL HARBOUR

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Occupying a land area of approximately 0.6 square miles, the Village population is 3,134 and has 291 active business licenses. The Village has one business-district, which houses the Bal Harbour Shops, an upscale, open-air shopping mall which has ranked first in the U.S. for decades in productivity based on sales per square foot. The remainder of the Village is high end, single family residential, and condominium or hotel use, a balance that establishes a high quality of life for families.

The Village was incorporated in 1946, with a master plan and a vision for the future. A Resort Tax was established creating a dedicated funding source derived from hotel and food and beverage purchases within the Village. The resort tax funds are used to maintain the aesthetics of the community and promote the Village as a premier tourist destination. This additional tax, contributes to the ability of the Village to maintain one of the lowest property tax rates and overall taxing efforts among South Florida municipalities. This community has spent considerable sums maintaining the unique character of the Village. Our municipal boundaries are compactly defined and give the Village a true sense of place. The cachet that comes from being associated with the Village of Bal Harbour adds a premium to property tax values and the Village's relaunched marketing and renewed branding efforts are thought to pay dividends not only to commercial property owners, but also to residential property owners who enjoy a higher value for their property, and pay a lower tax rate than they would absent a resort tax.

Few changes have been made since the original planned development of the Village, however since 2012, redevelopment of existing oceanfront properties commenced. In 2013, the St Regis, an AAA 5 Diamond rated hotel, one of only two hotels with this prestigious ranking in all of Miami-Dade County, Florida opened its doors. The 260-unit luxury oceanfront residential Oceana Bal Harbour complex was completed in 2017, adding an additional \$810 million to the Village's tax rolls for fiscal year 2018, and a contribution of \$35 million in easements to the Village.

Redevelopment of the Bal Harbour Shops, approved in FY 2018, will add an additional 350,000 square feet of retail space, with a negotiated development agreement that calls for the development of a new waterfront park, with partial developer funding, and a new Village Hall constructed by the developer. This will add value to the Village's tax roll, new businesses to the community, an engaging waterfront venue, and a new Village Hall as the center of community life. In addition, the development agreement also includes revenue streams from leased property, parking surcharges, and guarantees for ad valorem revenue in future years.

Additional capital improvements on the horizon include the re-design and updating of the Haulover Inlet Jetty, inlet cut walk, and entrance to the beach at 96th Street, tying the inland redevelopment along Collins Avenue, to the oceanfront beachside linear park corridor. The capital improvements collectively enhance the favorable international image of the Village, and add to the amenities offered to, and enjoyed by our residents and guests.

This financial report summarizes our current financial condition. It helps us to understand where we can go and what we can do in the future. Planning is the most important tool available to us and the Village's planning efforts include the allocation of financial resources, to sustain the Village into the future. Our ability to tax is limited. The opportunities provided to municipalities under Florida law are limited, so we must work within the framework we are provided. For the Village to succeed, we must continue to build and maintain value in what we have in order to enhance services to our residents in a fiscally conservative manner, and maximize our existing resources through thoughtful planning and allocation.

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Government Structure and Services Provided

The Village exists as a Council-Manager form of municipal government. Under Florida law, Bal Harbour is considered a municipal corporation. The Village is governed by a Council of five (5) qualified persons, each of whom must be a registered voter residing within the limits of the Village for a period of at least one year immediately prior to their qualification. The Charter allows, and the Village Council has enacted, legislation requiring the creation of five (5) districts of nearly equal area and population. To qualify as a candidate for election, the person must reside within the District that he or she proposes to represent on the Council. Village registered voters elect each of the five Council Members without regard to districts. The Council elects one of its members as Mayor. The Mayor presides at the meetings of the Council. The Council also elects one of its members as an Assistant Mayor who acts as Mayor during the absences or disability of the Mayor. The Council appoints the Village Manager and the Village Clerk. The Village Manager appoints Department Directors and administers the government of the Village. The Department Directors have the primary responsibility to hire and fire employees, however, the final decision ultimately rests with the Village Manager. The Village is organized into various Departments as shown in the organization chart on page ix.

VILLAGE MANAGER'S OFFICE. This Office is responsible for leadership and the overall management of the Village. Any policy that the Village Council wishes implemented becomes the responsibility of this Office.

FINANCE DEPARTMENT. This Department is responsible for Financial Administration, Business and Tourism Taxes, Payroll, and Water & Sewer Utility Administration and Customer Service.

BUILDING DEPARTMENT. This Department is responsible for Planning, Zoning, Land Use activities, Building Permits and Inspections.

POLICE DEPARTMENT. This Department is responsible for all aspects of Public Safety services, inclusive of Code Enforcement.

PARKS AND PUBLIC SPACES DEPARTMENT. This Department combines the Public Works, Park and Recreation, Water & Sewer Utility Operations, and Beautification activities and is responsible for the Village's facilities and infrastructure, beach maintenance, solid waste and recycling, landscaping efforts, recreational and cultural activities.

TOURISM DEPARTMENT. This Department is responsible for the marketing and branding efforts of the Village and is the liaison for the Resort Tax Board.

The six departments provide residents and businesses with the full range of municipal services contemplated by state law or local charter. Services include police, culture, recreation, licensing and permitting, general administration and finance, water and sewer utilities, public works and maintenance, solid waste disposal and recycling, and code enforcement.

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Accounting Controls and Budgetary Process

Management of the Village is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the Village are protected from loss, theft or misuse and to ensure that adequate accounting data is compiled to allow for the preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America. The internal control structure is designed to provide reasonable, but not absolute assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management. Village internal controls in the last five years are much improved, to include proper segregation of duties between accounts payables, receivables and cash receipt processing, the daily reconciliation of banking activities, a Council approved process for management approval of any utility billing adjustments, and proper procedures to maintain an accurate listing of capital assets within an upgraded financial management system.

The annual budget serves as the foundation for the Village's financial planning and control. Departmental allocations are based on long range planning efforts in support of the Village's five key goals, capital and master planning efforts such as the Utility Master Plan. Village departments submit requests for appropriation to the Chief Financial Officer, these are incorporated with fixed annual inflationary costs to produce the preliminary base budget, prior to the presentation and setting of the preliminary millage by the Village Council in July of each year. The base budget is developed in collaboration with directors, these requests are used to assist the Village Manager in developing a Proposed Budget which depending on current year resources and resource allocation priorities, may include enhancements to current service levels or capital allocations. The Council is required to hold two public hearings on the Proposed Budget and to enact an Approved Budget as prescribed by the State of Florida mandated process by the new fiscal year in October.

The Village maintains budgetary controls for all of its funds except fiduciary and agency funds. The objective of these controls is to ensure compliance with legal provisions embodied in the annual budget adopted by the Village Council. Activities of the various funds are included in the annual budget. The legal level of control (such as, the level at which actual expenditures and transfers out cannot legally exceed the "budget" appropriations) is maintained at the department/fund level. The Village does not maintain an encumbrance accounting system.

As demonstrated by the statements and schedules included in the financial section of this report, the Village continues to meet its responsibility for sound financial management.

Financial Policies and Planning

The Village prioritizes the allocation of resources with a focus on five key goals

- Enhancing policing strategies and accountability;
- Improving and beautifying our public spaces;
- Investing in our Information Technology Infrastructure;
- Enhance community engagement through public events and expanded communications with our residents and visitors; and,
- Establishing sustainable fiscal policies and planning for future capital investments.

These are the focus of our efforts and will continue to guide our funding priorities from year to year.

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Coupled with continued administrative improvements, we prioritize the initiatives most important to our Village Council and residents while keeping costs down consistent with revenue trends. In the past few years, we added \$2.96 million to our Capital Projects Reserve for use toward future capital projects as a result of a policy to budget \$300 thousand toward these contributions on an annual basis, and a policy of allocating year end surplus (*excess revenue over expenditure*) in a proportionate manner to fund both undesignated fund balance and an assigned capital projects reserve. This practice ensures a “rainy day” fund, is available to the Village in the event of a dramatic downturn due to unforeseen fiscal conditions that could adversely affect our community and/or economy, and that funds are available for future capital projects. As a seaside, tourist-based community, Bal Harbour Village is especially vulnerable to the volatility of the tourist economy, as well as the annual threat of hurricanes and/or severe weather events. The Village once again exceeded its requirement to maintain a minimum unassigned General Fund balance of 33% of the subsequent year’s General Fund budgeted expenditures in 2018.

To ensure the availability of funding for future capital needs, the Village has implemented:

- A policy to allocate fifty percent of excess revenue over expenditure at the close of each fiscal year to assigned fund balance for a Capital Projects Reserve,
- A policy to budget funds for future pay-as-you go capital projects on an annual basis;
- Continued the identification of alternative funding sources toward the completion of prioritized capital projects, and allocate Village funding in support of these initiatives;
- Competitive design and solicitation processes for the development of capital projects.

In FY 2018, an additional General Fund allocation of \$1.749 million was appropriated toward the Waterfront Park improvements (\$884,000), Bal Harbour Haulover Inlet Jetty (\$332,000), 96th Street beach access and jogging path redevelopment (\$200,000), Stormwater improvements (\$160,000), and other minor capital improvements. Additional utility appropriations toward the completion of the Utility Master Plan were \$2.277 million, and a Resort Tax allocation of \$95,000 for Haulover Bridge improvements.

Looking forward, major new capital initiatives to commence or continue in fiscal year 2019 include commencement of construction on the new Waterfront Park, renovation of a new off-site Park and Public Spaces Facility, design for the redevelopment of the Bal Harbour Haulover Inlet Jetty, Inlet Cut Walk and 96th Street beach access, completion of the ongoing Utility Master Plan construction, and planning efforts toward improvements to the Collins Avenue Corridor, and the construction of a new Village Hall. All told, the anticipated cost of these capital improvements total \$70,500,000, with funding readily identified for all but \$17 million of future year improvements, without the need to issue additional bonds, as summarized below.

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Bal Harbour Capital Initiative Summary									
Waterfront Park, Park & Public Spaces North Miami Facility, Village Hall, Jetty/Cutwalk/96th Street, Collins Avenue Corridor, Utility Master Plan									
Revenue Source		Prior FY	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	Future Years	Total
Prior Year Appropriation	\$2,345,900	\$2,345,900	\$0	\$0	\$0	\$0	\$0	\$0	\$2,345,900
Capital Project Reserve	2,728,234	2,728,234	0	0	0	0	0	0	2,728,234
Miami-Dade County General Obligation Bond Funds	563,000	0	0	563,000	0	0	0	0	563,000
BH Shops Development Agreement Contribution	19,100,000	0	795,000	2,620,000	0	0	85,000	15,600,000	19,100,000
Village 2011 Bond Escrow Funds	2,500,000	0	1,900,000	600,000	0	0	0	0	2,500,000
FY 2018 End of Year FY 2019 Mid Year Allocation	2,500,000	0	2,500,000	0	0	0	0	0	2,500,000
Resort Tax Fund Balance	1,500,000	0	0	1,500,000	0	0	0	0	1,500,000
FY 2020 Budget Allocation	500,000	0	0	500,000	0	0	0	0	500,000
General Fund Balance	1,462,866	0	0	1,462,866	0	0	0	0	1,462,866
TBD	17,000,000	0	0	0	0	0	0	17,000,000	17,000,000
subtotal	50,200,000	5,074,134	5,195,000	7,245,866	0	0	85,000	32,600,000	50,200,000
Utility Master Plan (combined)	20,300,000	6,500,000	2,800,000	3,400,000	600,000	7,000,000	0	0	20,300,000
	\$70,500,000	\$11,574,134	\$7,995,000	\$10,645,866	\$600,000	\$7,000,000	\$85,000	\$32,600,000	\$70,500,000
Project Expense									
Park & Public Spaces North Miami Facility	2,500,000	0	1,900,000	600,000	0	0	0	0	2,500,000
Waterfront Park Phase I & II	\$10,000,000	\$0	\$795,000	\$1,900,000	\$6,000,000	\$0	\$85,000	\$1,220,000	\$10,000,000
New Village Hall	15,600,000	0	0	0	0	0	0	15,600,000	15,600,000
Jetty/Cutwalk/ 96th Street Plaza	5,100,000	0	637,500	0	0	4,462,500	0	0	5,100,000
Collins Corridor	12,000,000	0	0	0	0	0	0	12,000,000	12,000,000
Waterfront Park Phase III	5,000,000	0	0	0	0	0	0	5,000,000	5,000,000
subtotal	50,200,000	0	3,332,500	2,500,000	6,000,000	4,462,500	85,000	33,820,000	50,200,000
Utility Master Plan	20,300,000	6,500,000	2,800,000	3,400,000	600,000	7,000,000	0	0	20,300,000
	\$70,500,000	\$6,500,000	\$6,132,500	\$5,900,000	\$6,600,000	\$11,462,500	\$85,000	\$33,820,000	\$70,500,000

Enterprise Operations

Water and Wastewater services within the Village are provided as an enterprise operation, services are funded as payments for measurable water and wastewater services are consumed. Rates established as charges for services should sustain its operations and satisfy any related debt. For the Village utility operations, water is purchased at a wholesale rate from the Miami-Dade County Water and Sewer Department (WASD) and the City of Miami Beach applies a wholesale rate for Wastewater or sewer services which travels through their system for treatment at the Miami-Dade WASD Virginia Key plant. Wholesale water service is paid directly to Miami-Dade WASD, and wholesale sewer services are paid directly to the City of Miami Beach by the Village, for this reason their rates directly affect the rates the Village charges to our customers.

Risk Management

The goal of risk management is to qualify and quantify exposures that can weigh upon the Village's assets and to affect necessary action to eliminate and reduce losses within the Village. 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. Coverage is provided for general and auto liability, workers' compensation, excess liability, and health insurance through government risk pools and commercial insurance. Proper management and internal controls serve to minimize this risk.

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REPORTING ENTITY

The activities included in our report are those over which the Village has the ultimate financial accountability, accompanied by the reporting information for the Village's General Employees' and Police Officers' Pension Plans. Activities for which the Village, as a "primary" government, is ultimately financially accountable has been presented within this report. No activity has been excluded which would cause our financial statements to be misleading or incomplete. Certain activities are not included in this report because they do not meet the necessary criteria. For example, in Florida, school boards are independently elected and financially accountable for their finances. As such, the school board would present separate financial statements.

Acknowledgements and Other Information

Independent Audit

State statutes require an annual audit by independent certified public accountants. Through the statutorily required competitive process, the Village selected the accounting firm, RSM US LLP, to conduct its annual audit. Auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* were used by the auditors in conducting the audit. The auditors' report on the basic financial statements and combining fund statements and schedules is included in the financial section of this report. The auditors' report on internal controls and compliance with applicable laws and regulations are included in a separate section.


Acknowledgements

The preparation of this report would not have been possible without the efficient and dedicated services of the entire staff of the Finance Department and the accounting firm, RSM US LLP. We would like to express our appreciation to everyone 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, and to their appointees serving on the Village's Budget Advisory Committee, for serving as the selection committee for the external auditors, and providing their guidance throughout the annual budget development process.

Respectfully Submitted



Jorge M. Gonzalez
Village Manager




Amber D. Riviere
Chief Financial Officer

BAL HARBOUR

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VILLAGE OFFICIALS
As of November 2018

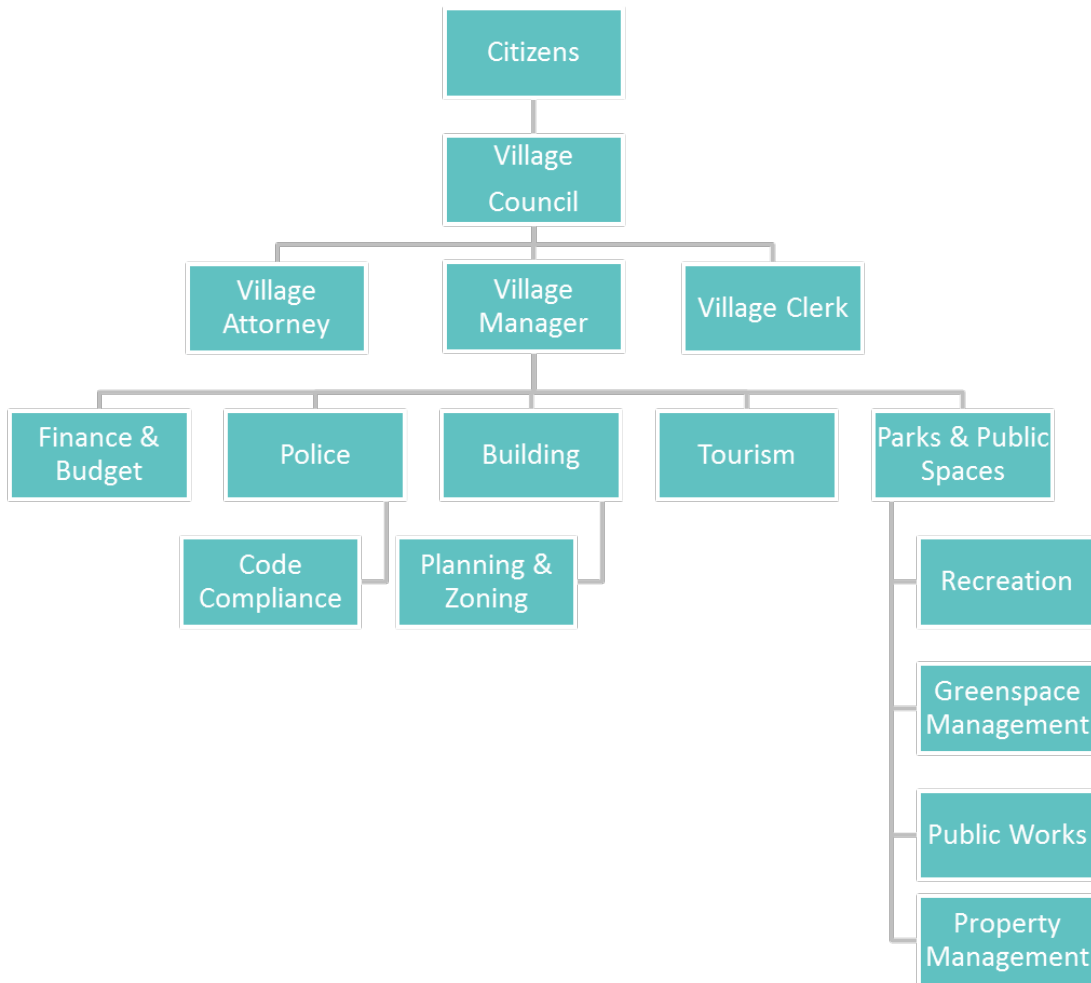


MAYOR	Gabriel Groisman
ASSISTANT MAYOR	Seth E. Salver
COUNCIL MEMBERS	David Albaum Jeffrey P. Freimark Buzzy Sklar
VILLAGE MANAGER	Jorge M. Gonzalez
VILLAGE CLERK	Dwight S. Danie
VILLAGE ATTORNEY	Weiss Serota Helfman Cole & Bierman
FINANCE DIRECTOR CONTROLLER	Amber Riviere Tom Pham
BUDGET COMMITTEE	Jose Biton, Chair Raj Singh Necca Logan Raymond Slate Don Jacobs

BAL HARBOUR

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Bal Harbour Village Organization Chart





Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**Village of Bal Harbour
Florida**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

September 30, 2017

Christopher P. Morrill

Executive Director/CEO

FINANCIAL SECTION

INDEPENDENT AUDITORS' REPORT

Independent Auditor's Report

To the Honorable Mayor and
Members of the Village Council
Bal Harbour Village, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Bal Harbour Village, Florida (the Village), as of and for the year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Bal Harbour Village, Florida, as of September 30, 2018, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 12 to the accompanying financial statements, the Village adopted the recognition and disclosure requirements of Governmental Accounting Standards Board Statements No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* effective October 1, 2017. The net position balance of the governmental activities as of October 1, 2017 has been restated. Our opinion is not modified with respect to this matter.

Other Matters*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison schedules, and other post-employment benefits and pension schedules as listed in the table of contents 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 and other auditors have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 19, 2019, on our consideration of the Village's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Village's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.

RSM US LLP

Miami, Florida
March 19, 2019

MANAGEMENT DISCUSSION AND ANALYSIS
MD&A – UNAUDITED

MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED

The following narrative provides an overview of Bal Harbour Village, Florida, (the "Village") financial activities for the fiscal year ended September 30, 2018. This narrative should be read in conjunction with the letter of transmittal at the front of this report and the financial statements and accompanying notes which follow this section. Additional information is provided within this narrative and the accompanying required supplementary information and statistical sections of the financial statements.

Financial Highlights for Fiscal Year 2018

- At the close of the fiscal year, the total assets and deferred outflows of the Village exceeded its liabilities and deferred inflows by \$73.8 million (*net position*), this reflects a 6.2% increase over the prior fiscal year. Of this amount, \$20.7 million (*unrestricted net position*) may be used to meet the Village's ongoing obligations to citizens and creditors, reflecting an 8.4% increase over FY 2017. Unrestricted net position is comprised of \$12.0 million in governmental activities and \$8.7 million in business-type activities.
- At the close of the fiscal year, the total assets are \$91.8 million, reflecting a 4.3% increase, total liabilities are \$20.9 million, reflecting a reduction of 5.4% over the prior year, with deferred pension and post-employment related inflows and outflows reduced to a net of \$2.9 million.
- At the close of the fiscal year, the Village's governmental activities ended with a net position of \$49.3 million, and the business-type activities (*Water & Sewer Fund*) ended with a net position of \$24.5 million. The net position ending reflects an increase of \$4.3 million over 2017, comprised of an increase of \$3.8 million in assets largely comprised of \$2.2 million *attributable to cash and* \$1.5 million *in capital assets*, and a decrease of \$1.2 million in liabilities.
- At year end, the change in net position of governmental activities totals \$3.7 million, comprised of \$456 thousand of accrued revenue, \$962 thousand pension liability and debt principle, less \$844 thousand in pension related deferred outflows.
- At the close of the fiscal year, the Village governmental funds reported combined fund balances of \$27.1 million, an increase of \$3.1 million in comparison to the prior fiscal year. The *unassigned fund balance* is \$15.2 million, or 56% and 70% of the ending fund balance for governmental funds and general fund, respectively. This amount is available for spending at the Village's discretion. Reflecting an increase of \$2.4 million over the prior fiscal year due to excess revenue over expenditure within the General Fund, resulting in increases to cash.
- At the close of the fiscal year, governmental fund revenue increased by \$2.3 million to \$21.3 million, comprised of a \$1.8 million increase to property taxes, a \$494 thousand increase to resort tax, a \$100 thousand increase to licenses and permit revenue, offset by decreases to developer contributions, and fines and forfeitures, resulting in a \$2.9 million increase to the governmental fund's ending balances.
- At the close of the fiscal year, ending net position for the water and sewer proprietary fund is \$24.5 million, reflecting a change in net position over 2017 of \$1.0 million. Unrestricted net position for the fund is \$8.7 million or 36% of total net position, which may be used to meet the Village's ongoing utility obligations to citizens and creditors.
- At the close of the fiscal year, ending net position for the Village's two pension trust funds is \$36.5 million, an increase of \$2.9 million in comparison to fiscal year 2017.

The Comprehensive Annual Financial Report consists of six parts – introductory section, management’s discussion and analysis (this section), the basic financial statements, required supplementary information, combining statements for non-major governmental funds and statistical section.

Management’s discussion and analysis is designed to: (a) assist the reader in focusing on significant financial issues, (b) provide an overview of the Village’s financial activity, (c) identify changes in the Village’s financial position (its ability to address the next and subsequent year challenges), (d) identify any material deviations from the financial plan (the approved budget), and (e) identify individual fund issues or concerns.

Since the Management's Discussion and Analysis (MD&A) is designed to focus on the current year's activities, resulting changes and currently known facts, please read it in conjunction with the Village’s financial statements (*beginning on page 15*).

Overview of the Financial Statements

The financial statements focus is on both the Village as a whole (government-wide) and on the major individual funds. Both perspectives (government-wide and major fund) allow the user to address relevant questions, broaden a basis for comparison (year-to-year or government-to-government) and enhance the Village’s accountability.

Government-wide Financial Statements

The government-wide financial statements (*see pages 15 and 16*) are designed to be corporate-like in that all governmental and business-type activities are consolidated into columns that add up to a total for the primary government. The focus of the Statement of Net Position (the "Unrestricted Net Position") is designed to be similar to bottom line results for the Village and its governmental and business-type activities. The two government-wide financial statements report the Village’s net position and how they have changed. Net position—the difference between the Village’s assets and deferred outflows and the Village’s liabilities and deferred inflows—is one way to measure the Village’s financial health and position.

The statement of activities (*see page 16*) is focused on both the gross and net cost of various activities (including governmental, component units and business-type) that are supported by the government's general tax and other revenues. This is intended to summarize and simplify the user's analysis of the cost of various governmental services and/or subsidy to various business-type activities and/or components.

The government activities reflect the Village’s basic services, including general government, police, solid waste, roads and streets, park and recreation, and tourism. Property taxes, franchise and utility taxes, intergovernmental revenue, special assessments, and tourism revenue finance the majority of these services. The business-type activities reflect private sector type operations (Water and Sewer) where the fees for service typically cover all or most of the cost of operation, including depreciation.

Fund Financial Statements

The Fund Financial Statement presentation focuses on major funds. The Government's major fund (*see pages 17 to 18*) presentation is presented on a sources and uses of liquid resource basis. This is the manner in which the financial plan (the budget) is typically developed. The flow and availability of liquid resources is a clear and appropriate focus of any analysis of a government. Funds are established for various purposes and the fund financial statements allow the demonstration of sources and uses and/or budgeting compliance associated therewith (*beginning on page 79*).

The fund financial statements also allow the government to address its fiduciary (or trust) and agency funds (see pages 23 and 24) by type (employee retirement funds and pending forfeiture funds). While these funds represent trust or agency responsibilities of the government, these assets are restricted in purpose and do not represent discretionary assets of the government. Therefore, these assets are not presented as part of the government-wide financial statements and are not considered generally available to the Village to use for any other purpose.

While the business-type activity – Enterprise column on the business-type fund financial statements (see pages 20 to 21) is the same as the business-type activities column on the government-wide financial statement, the government major funds Total (page 17) column requires a reconciliation because of the different measurement focus (current financial resources versus total economic resources) which is reflected on the page following each statement (see pages 17 and 19). The flow of current financial resources will reflect interfund transfers and other financial sources, as well as capital expenditures. The reconciliation will eliminate these transactions and incorporate the capital asset and long-term obligations into the government activities column (in the government-wide statements).

GOVERNMENT WIDE STATEMENTS

The government wide financial statements were designed so that the user can determine if the Village is in a better or worse financial condition from the prior year. The Village’s overall assets exceeded liabilities by \$73.8 million at the close of the most recent fiscal year.

Summary Statement of Net Position

The following table reflects the comparative condensed Statement of Net Position (in thousands):

	<u>Governmental</u>		<u>Business-type</u>		<u>Total</u>		<u>Percent Change</u>
	<u>Activities</u>	<u>Activities</u>	<u>Activities</u>	<u>Activities</u>	<u>2018</u>	<u>2017</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	
Current and other assets	\$ 28,732	\$ 25,124	\$ 12,819	\$ 14,110	\$ 41,551	\$ 39,234	5.91%
Capital assets	<u>32,277</u>	<u>32,261</u>	<u>18,012</u>	<u>16,564</u>	<u>50,289</u>	<u>48,825</u>	<u>3.00%</u>
Total assets	<u>61,009</u>	<u>57,385</u>	<u>30,831</u>	<u>30,674</u>	<u>91,840</u>	<u>88,059</u>	<u>4.29%</u>
Deferred Outflows of Resources	<u>3,672</u>	<u>4,372</u>	<u>216</u>	<u>80</u>	<u>3,888</u>	<u>4,452</u>	<u>-12.67%</u>
Current and other liabilities	1,173	1,175	812	1,594	1,985	2,769	-28.31%
Non-current liabilities	<u>13,337</u>	<u>13,767</u>	<u>5,642</u>	<u>5,631</u>	<u>18,979</u>	<u>19,398</u>	<u>-2.16%</u>
Total liabilities	<u>14,510</u>	<u>14,942</u>	<u>6,454</u>	<u>7,225</u>	<u>20,964</u>	<u>22,167</u>	<u>-5.43%</u>
Deferred Inflows of Resources	<u>881</u>	<u>827</u>	<u>55</u>	<u>9</u>	<u>936</u>	<u>836</u>	<u>11.96%</u>
Net investment in capital assets	32,114	31,631	15,827	13,717	47,941	45,348	5.72%
Restricted	5,157	5,035	-	-	5,157	5,035	2.42%
Unrestricted	<u>12,020</u>	<u>9,322</u>	<u>8,713</u>	<u>9,803</u>	<u>20,730</u>	<u>19,125</u>	<u>8.39%</u>
Total net position	<u>\$ 49,291</u>	<u>\$ 45,988</u>	<u>\$ 24,540</u>	<u>\$ 23,520</u>	<u>\$ 73,828</u>	<u>\$ 69,508</u>	<u>6.22%</u>

As summarized above, the statement of net position for the Village reflects an increase of \$4.32 million, comprised of a \$2.59 million net investment increase in capital assets, a net increase of \$1.60 million to unrestricted net position, and a \$.12 million increase to restricted net position.

A large portion of the Village's net position reflects its investment in capital assets (e.g., land, building, and equipment) \$47.9 million. The Village uses these capital assets to provide service to the citizens; consequently, these assets are not available for future spending. An additional, but relatively minor, portion of the Village's net position represents resources that are subject to external restrictions on how they may be used (restricted assets) amounting to \$5.2 million; for the Village these include Tourism, Security District, and State Forfeiture funds.

The Unrestricted balance is intended to be a corporate style measurement of well-being (or a bottom line) for the Village and its related governmental and business-type activities. The unrestricted net position for the Village is \$20.7 million, with \$12.0 million for governmental activities and \$8.7 million for business-type activities.

CURRENT YEAR IMPACTS

Statement of Activities

The following schedule presents the comparative condensed Statement of Activities (in thousands):

	Governmental		Business-type		Total		Percent Change
	Activities		Activities				
	2018	2017	2018	2017	2018	2017	
Revenues:							
Program revenues:							
Charges for services	\$ 8,605	\$ 7,512	\$ 4,277	\$ 4,184	\$ 12,882	\$ 11,696	10.14%
Capital grants and contributions	-	29,020	7	9,784	7	38,804	-100%
General revenue:							
Taxes	11,913	10,076	-	-	11,913	10,076	18.23%
Other	<u>1,235</u>	<u>1,381</u>	<u>69</u>	<u>47</u>	<u>1,304</u>	<u>1,428</u>	<u>-8.68%</u>
Total revenues	<u>21,753</u>	<u>47,989</u>	<u>4,353</u>	<u>14,015</u>	<u>26,106</u>	<u>62,004</u>	<u>-57.90%</u>
Expenses:							
General government	5,604	5,753	-	-	5,604	5,753	-2.59%
Public safety	6,568	6,064	-	-	6,568	6,064	8.31%
Solid waste and open space	925	1,019	-	-	925	1,019	-9.22%
Tourism	3,629	3,351	-	-	3,629	3,351	8.30%
Roads, streets and parks	1,268	1,062	-	-	1,268	1,062	19.40%
Interest on long-term debt	14	111	-	-	14	111	-87.39%
Water and sewer	<u>-</u>	<u>-</u>	<u>3,334</u>	<u>3,300</u>	<u>3,334</u>	<u>3,300</u>	<u>1.03%</u>
Total expenses	<u>18,008</u>	<u>17,360</u>	<u>3,334</u>	<u>3,300</u>	<u>21,342</u>	<u>20,660</u>	<u>3.30%</u>
Changes in net position	3,744	30,629	1,019	10,715	4,764	41,344	-88.48%
Net position – beginning	<u>45,988</u>	<u>15,359</u>	<u>23,520</u>	<u>12,805</u>	<u>69,508</u>	<u>28,164</u>	<u>146.80%</u>
Prior period adjustment	(441)	-	-	-	(441)	-	100.00%
Net Position – Beginning, restated	<u>45,547</u>	<u>15,359</u>	<u>23,520</u>	<u>12,805</u>	<u>69,067</u>	<u>28,164</u>	<u>145.23%</u>
Net position – ending	<u>\$ 49,291</u>	<u>\$ 45,988</u>	<u>\$ 24,539</u>	<u>\$ 23,520</u>	<u>\$ 73,831</u>	<u>\$ 69,508</u>	<u>6.22%</u>

As summarized above, the statement of net position-beginning is restated to reflect a decrease of \$441 thousand from the prior year ending balance, this change is due to the implementation of Governmental Accounting Standards Board (GASB) Statement 75, requiring recognition of additional Other Post-employment Benefits (OPEB) liabilities as of October 1, 2017. The restatement reflects the total liability of future OPEB obligations, hence the total net position-beginning is restated to \$69.067 million from \$69.508 million, as reflected above.

The statement of activities as presented in comparative fashion, more closely resembles the manner in which revenue and expenses are programmed for budget purposes and allocated for departmental and fund use. The statement of net position ending for the Village in fiscal year 2018 is \$73.8 million, the most notable change is within capital contributions due to the one-time negotiated development agreement donation of easements appraised at \$35 million from the Consultatio condominium complex added in the prior year as fixed assets. The Village uses these capital assets (e.g., land, buildings, and equipment), to provide services to the citizens; consequently, these assets are not available for future spending.

Charges for services increased by \$1.2 million over the prior year, largely due to an increase to licenses and permit revenue from the Building Department. Year over year, tax revenue increased due to the completion of the Consultatio condominium complex and its addition to the Village tax rolls for the first time in fiscal year 2018.

CURRENT YEAR IMPACTS

Village Highlights

The Village concluded fiscal year 2018 well positioned with an 8.4% increase to unrestricted net position ending at \$20.7 million, and an increase of total net position by 6.2% to \$73.8 million. During 2018, the Village negotiated the first amendment to the Bal Harbour Shops Development Agreement which advanced the timeline for developer proffered improvements and contributions resulting in approval for redevelopment of the entire Business District of the Village. The negotiated development agreement includes provisions for the planning of a new waterfront park, a new Village Hall constructed by the developer, and recurring revenue streams from leased property, parking surcharges, and guarantees for ad valorem revenue in future years. The improvements associated with the Bal Harbour Shops redevelopment serve to solidify the Village's property values and prospective financial position. The addition of the new oceanfront condominium complex added \$810 million in value to the ad valorem tax rolls for 2018, enhancing the Village's financial position for future years.

These projects serve as a catalyst for improvements to Village infrastructure, in 2018 we continue the implementation of the Utility Master Plan with improvements which will serve residents and visitors for the next 50 years.

Normal Impacts

There are several basic (normal) impacts on revenues and expenses which could affect the Village as described below:

Revenues

- **Overall Economic Condition.** This can reflect a declining, stable or growing economic environment and has a substantial impact on property, tourism, and other tax revenue as well as redevelopment efforts made by the development community. The Village is exposed to risks associated with tourism. Declines in tourism can adversely affect dollars available to the Village for marketing and parks, roads, and streets. Declines in tourism can result in reduced property values to the Village, which would result in lower property tax dollars. Likewise, a poor economy can also negatively impact the Village's property tax base. The Village has a handful of large properties that could stagnate or decline under certain economic conditions. The effect on the Village would be disproportionately leveraged. The Village has continued to experience redevelopment of its largest oceanfront properties, and plans for the redevelopment of the entire business district are moving through the approval process, with developer proffered donations of land, a new Village Hall, and future new revenue streams. Management believes the Village can weather most short-term economic scenarios as it did with Hurricane Irma, and the 2016 Zika outbreak. If this current period of economic growth should cease, the Village provides services and has planned for capital projects within its current fiscal resources as they are available and does not leverage new debt in order to accomplish future capital and operating strategic goals.
- **Increase/Decrease in Council Approved or State-Mandated Tax Rates and Assessments.** The Village Council can raise or lower its various tax rates and special assessment levels. These rates have a direct relationship to the Village's revenue streams. Volatility in tax rates can be detrimental to business owners and homeowners, making their properties less attractive to own. The Village has a stable taxation policy. The fiscal year 2018 millage rate of 1.9654 was maintained making it the fourth year in a row at an ad valorem tax rate which is the third lowest in Miami-Dade County, and well below the statutory cap of 10 mills.
- **Reliance upon Intergovernmental Revenue.** The Village received approximately \$748 thousand dollars in recurring revenue from other governments during FY2018. Since the Village does not directly control the levy or collection of these revenues, it is exposed to the risk that those revenues will not grow or even be available in future years. The loss of these revenues would likely require the Village to raise more money through higher local taxing efforts, or implement level of service adjustments. The Village has the capacity to raise its tax rates to more than offset the loss of these other governmental revenues.
- **Undiversified Tourism Tax Base.** The Village receives about 50% of its Tourism funding from one venue. The loss of the venue would significantly and adversely affect the operations of the Village's marketing and tourism efforts. The Village's finances are not totally dependent upon tourism, but anything that materially affects tourism, such as a severe recession or natural disaster, could adversely affect the Village's revenues and put pressure on the Village to levy higher tax rates. When tourism declines, commercial property values also tend to decline.
- **Limits on Annual Assessments for Homestead Properties.** Florida's Constitution restricts residential homestead assessment growth to 3% per year, or less, on each home that has a homestead exemption. Commercial properties are limited to a maximum 10% annual increase on their assessment and they are not generally provided any exemptions from assessment. The Village is overwhelmingly residential in nature, but is fortunate to have a number of residential units that are not subject to this annual limitation. Further, the value of the homes that are subject to the annual assessment cap is substantial and the Village does not suffer from a limited tax base growth to the extent other Florida municipalities might. However, the Village may be exposed to changes in the manner with which annual assessments are valued or the limit to which they may be taxed, or additional homestead exemptions granted by the Legislature, but to a lesser degree than most municipal jurisdictions.

Expenses

- Public Safety expenses account for about 45% of the Village's General Fund expenditures. South Florida municipalities face constant pressure to remain competitive with the salary and benefits paid to sworn police personnel. The costs of maintaining competitive pay packages could have a growth rate that exceeds that of the revenue growth rate, resulting in pressure on the Village's budget. Additionally, the Village traditionally affords all civilian employees benefits similar in nature to those provided to Police employees.
- The Village provides water and sewer services to its residents and businesses. The Village buys water and transmits wastewater for further treatment under large-user agreements with other units of government. The Village cannot negotiate from a position of strength for these services and is largely at the mercy of the service provider. Increased operating costs, pass-through rate increases from wholesale service providers, combined with the additional debt service expense associated with capital improvements of our wholesale service providers, make additional rate increases likely for the foreseeable future.
- Solid Waste Disposal – The Village collects money from its property owners through special assessments to pay for the cost of collection and disposal of solid waste from its residents. The Village outsourced its solid waste operation, which resulted in a significant savings that will be reflected in lower assessments for future years. These costs are guaranteed and fixed through the contract term, which was renewed in 2017 for an additional five years, however beyond that period of time, additional costs could occur.
- Environmental Risks – The Village is located between an intracoastal waterway and the Atlantic Ocean and is exposed to significant risks caused by weather, particularly hurricanes. In addition to the potential damage to structures and infrastructure, substantial loss of beach can occur during hurricanes. Because a significant portion of the Village's attraction is its beachfront area, the loss of the beach, even if only temporary, could result in significant loss of revenue to the Village.

Current Year Impacts

Revenues

For the last four fiscal years, The Village has experienced significant impacts to ad valorem revenue due to Value Adjustment Board (VAB) action resulting from appeals to assessed property values. VAB action has resulted in a \$401 thousand impact to the fiscal year 2017 and a \$267 thousand impact to current year ad valorem taxes in fiscal year 2018, impacts which were offset by a budget stabilization reserve established to mitigate the effects of the annual VAB adjustments, since we are required by State Law to budget ad valorem revenue at 95%.

Red light camera revenue was \$222 thousand less than budgeted, resulting from the prolonged removal of three cameras during improvements related to the Consultatio development. Likewise, parking revenue was \$32 thousand less than budgeted, due to construction staging within the parking lot for Haulover Inlet Bridge improvements. Interest earnings increased due to basis point increases from the State Board of Administration with an additional \$36 thousand in earnings.

Building permit revenue significantly exceeded budgeted expectations at \$1.6 million, an additional \$466 thousand more than budgeted, and \$734 thousand more than the cost of the proprietary operation in the current year, it is important to note that the work performed for the permitting process and construction completion can span multiple fiscal years.

Resort Tax returns outperformed budgeted figures at \$3.866 million, exceeding prior year collections by more than \$500 thousand. These returns coincided with the launch of the Village's new advertising campaign and promotional efforts. In part, the revenue generated by the resort tax levies help the Village keep its property tax rates low.

The Security District assessment rate was increased to \$2,639.53/single family resident unit, in order to enhance services to the residents of the area.

Expenses

All of the Village's General Fund operating departments and activities concluded the fiscal year within budgeted appropriations, with expenditures less than budgeted, except for legal litigation expenses. The Village continues to experience increases in existing retirement costs, but has taken action through the collective bargaining process to reduce those impacts by closing the Police Officers' Pension Plan to new participants, and reducing retiree cost of living increases by one-percent to new retirees under the Plan, and joining the Florida Retirement System (FRS). All new police officers hired are now a part of FRS.

At the close of the fiscal year, the net pension liability for the Village is \$11.4 million, the annual required contribution for each year is an actuarial computation which provides a fixed input for annual expenditures for the General Employees' Pension Plan that value was \$793 thousand, and for the Police Officers' Pension Plan that value was \$1.38 million. Increases to the actuarial required contribution for each Village Plan are due to adjusted rate of return assumptions, actual investment returns, Plan experience, salary increases, and mortality rates.

Other Post-Employment Benefits (OPEB) refers to the benefits, other than pensions, that state local government employees are eligible to receive as a part of their retirement benefits. OPEB, which, for the Village, are limited to healthcare costs, continue to increase. Under state law, the Village is required to allow its retirees to continue their health care coverage provided the retirees pay the full premium. This results in an "implied subsidy" to older participants with greater need. The Village also allows (through a collective bargaining agreement with its police officers) police retirees to receive a monthly health insurance stipend of \$350. An OPEB analysis was completed for 2018 indicating a liability of \$1.25 million, this is funded by the Village on a pay-as-you-go basis.

Increases in wholesale water and sewer rates from both Miami-Dade County, Florida and the City of Miami Beach, Florida resulted in increased expenses for the purchase of water and sewer service per 1,000/gallons, additional pass-through rate increases are anticipated in future years. Current employee and operating expenses and liabilities are allocated to the utility fund for work performed. Implementation of the Utility Master Plan capital project continued in fiscal year 2018, with the alternative approach of relining sewer pipes as opposed to excavation and replacement, reimbursement from Miami-Dade County General Obligation Bond funds for the sewer portion of the project will occur in fiscal year 2019 adding an additional \$1.9 million to the balance of the Utility Fund, and completing the drawdown of \$6.5 million in funding toward the completion of this capital project with an anticipated completion date of 2022.

Management curbs expenditures consistent with revenue projections, when trends merit their delay or abatement.

THE VILLAGE FUNDS

Governmental Funds

As of the year-end, the Governmental Funds (*as presented on the balance sheet*) reported total fund balance of \$27.1 million, with an increase of \$3.0 million noted for the General Fund with an ending balance of \$22.0 million. The Resort Tax Fund ended the year with \$3.8 million in total liabilities and fund balance, an increase of \$513 thousand in comparison to the prior year. Total Fund Balances are \$21.0 million for the General Fund, \$3.3 million for Resort Tax and \$1.8 million for non-major funds, these funds, which are minor in nature, include the Security District Fund, and the State Forfeiture Fund.

Enterprise Fund

The Water and Sewer Fund net position at year end is \$24.5 million, an increase of \$1.0 million in comparison to fiscal year 2017. Capital Assets continued to see improvements made to the underground water and wastewater Utility Master Plan ongoing project, with the addition of \$1.7 million of improvements, increasing fund capital assets to \$18.0 million. Operating revenue increased by \$93 thousand over the prior year, and operating expense increased by \$21 thousand.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the close of the fiscal year, governmental activities capital assets, net of depreciation is \$32.3 million, net capital assets for business-type activities are \$18.0 million, for a combined net book value of \$50.3 million in capital assets categorized as land, construction in progress, building, furniture and equipment, and infrastructure which will be depreciated over time on the government-wide and proprietary financial statements.

For additional information on the Village's capital assets, see Note 5 beginning on page 41.

Long-Term Debt

At the close of 2018, the Village had \$19.0 million in outstanding long-term obligations, of which \$1.06 million is due during fiscal year 2019. The ending balance is comprised of \$5.6 million from Revenue Bonds issued in 2010, pension and other post-employment benefit liabilities comprise \$12.7 million, compensated absences comprise \$539 thousand, and capital leases total \$181 thousand. The current year portion of all debt is budgeted within the 2019 operating budget of the Village.

For additional information on the Village's long-term debt, see Note 7 beginning on page 43.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The unemployment rate for the Miami-Miami Beach-Kendall area as of October 2018 was 2.5%, a 2.1% reduction over the prior year. This coupled with the redevelopment plans for the Village's Business District and the completion of a new beach front luxury complex, enhanced the economic outlook for the Village. The property tax millage rate for fiscal year 2018 was maintained at 1.9654 mills per \$1,000 of assessed valuation. The Village was able to retain this very low rate, as a result of increased tax roll value resulting from redevelopment of oceanfront property.

In development of the current year's budget the Village balanced Florida's limiting measures on residential property taxes which allow the exemption of the first \$25,000 of assessed values is from taxation on homestead property. Further, homeowners over age 65 and who have income less than \$20,000 are able to avoid taxes on the next \$25,000 of assessed value. Florida's Constitution also limits the assessed value on homestead property to a maximum increase of 3% per year, or less if inflation is less. Commercial property is limited to a maximum 10% increase in assessed value per year. An additional \$25,000 exemption was approved in November of 2018; those impacts were evaluated for the Village and determined to be nominal in nature. Much of the condominium market in the Village does not have homestead exemption, and thus enjoys a higher rate of growth. This too insulates the Village from substantial impacts resulting from future State Legislative proposals.

A recurring challenge for the Village are personnel benefit costs that outpace its tax base growth, excluding new construction. For this reason, the value added resulting from redevelopment within the Village is important and permits the Village to retain the third lowest operating millage rate in the County. The completion of the Oceana Bal Harbour luxury beachfront condominium complex provided an \$810 million increase to assessment roll value, sufficient to offset year-over-year Value Adjustment Board action to the existing Village tax rolls with an increase of approximately \$1.5 million in ad valorem revenue.

Redevelopment of oceanfront and Business District properties works in conjunction with Village marketing efforts to increase the value of the Bal Harbour brand and The Bal Harbour Shops, as an international destination-shopping venue enhance the tax base of the Village. The Shops is the Village's largest commercial taxpayer and the businesses that locate within the Shops tend to have large retail inventories that are also taxed by the Village. The expansion plans of the Shops, approved in 2017 will increase the development by an additional 350,000 square feet to total 860,000 square feet. Estimated increased values association with this expansion are appraised at a range of \$193 million to \$270 million upon completion, resulting in a significant increase in ad valorem revenue at any millage rate. Given the present configuration represents more than 5% of ad valorem revenue, and more than 23% of Resort Tax revenue, and 93% of Business Tax Receipt revenue; the overall revenue increases will be substantial after project completion. In addition, the accompanying development agreement provides an estimated benefit in excess of \$125 million to the Village.

Notwithstanding the recently approved expansion to The Shops, the Village's tax base is heavily weighted to the residential market and is not very diversified otherwise. This exposes the Village to the movements of fewer markets that can lead to more volatility in the tax base. This has sometimes been mitigated by the property tax base growth that can "recapture" limited tax base growth in prior years. Also, because Bal Harbour residential properties tend to be at the high end of the market, recoveries have historically been faster than for the residential market as a whole.

Water and sewer rates were increased, to pass-through increases from our wholesale service providers, from \$4.78/1,000 to \$4.88/1,000 gallons of water consumed with a 3,000-gallon minimum monthly charge for water and from \$8.23/1,000 to \$8.38/1,000 gallons of wastewater consumed with a 3,000-gallon minimum monthly charge for sewer with further pass-through rate increases anticipated in future years. The Village has continued the implementation of the Utility Master Plan infrastructure project, which when completed in 2022 will result in renewed water, sewer, and stormwater infrastructure with a 30-year lifespan.

The Village benefitted from a beach renourishment truck project that widened the beaches throughout the Village in 2014. In the current year, as a result of Hurricane Irma, the Village is the recipient of sand resulting from an emergency Army Corps of Engineers dredging project on our beaches, and through Federal Emergency Management Agency financial assistance are developing a mitigation plan for the reconstruction and replanting of sea oats to create a more sustainable beachfront better protected from future storm events. This results in a positive impact on both tourism taxes and property values for the Village. We continue our efforts to have renourishment plans included in the County's long-term plans to assist the Village in obtaining both County and State funding for these efforts in the future.

FINANCIAL CONTACT

The Village's financial statements are designed to present users (citizens, taxpayers, customers, investors and creditors) with a general overview of the Village's finances and to demonstrate the Village's accountability. If you have any questions about the report or need additional financial information, contact the Village's Finance Director at Village Hall located at 655 96th Street, Bal Harbour Village, Florida 33154, or call telephone (305) 866-4633.

BASIC FINANCIAL STATEMENTS

BAL HARBOUR VILLAGE, FLORIDA

STATEMENT OF NET POSITION

SEPTEMBER 30, 2018

	Governmental Activities	Business- type Activities	Total
<u>ASSETS</u>			
Cash and cash equivalents	\$ 27,526,483	\$ 9,145,934	\$ 36,672,417
Receivables, net	824,004	356,588	1,180,592
Due from other governments	12,650	-	12,650
Restricted assets:			
Cash with fiscal agent	368,934	3,221,244	3,590,178
Cash – customer deposits	-	95,499	95,499
Capital assets not being depreciated	29,442,689	12,373,662	41,816,351
Capital assets being depreciated, net	<u>2,834,093</u>	<u>5,638,825</u>	<u>8,472,918</u>
Total assets	<u>61,008,853</u>	<u>30,831,752</u>	<u>91,840,605</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>			
Pension related items	3,582,302	216,005	3,798,307
Other post-employment benefits	<u>90,177</u>	<u>-</u>	<u>90,177</u>
Total deferred outflows of resources	<u>3,672,479</u>	<u>216,005</u>	<u>3,888,484</u>
<u>LIABILITIES</u>			
Accounts payable and accrued liabilities	1,172,926	716,050	1,888,976
Customer deposits	-	95,499	95,499
Non-current liabilities:			
Due within one year	406,455	659,953	1,066,408
Due in more than one year	463,831	4,754,768	5,218,599
Net pension liability – excess benefit plan	1,603,377	-	1,603,377
Net pension liability – defined benefit plans	9,615,690	227,935	9,843,625
Total other post-employment benefits liabilities	<u>1,247,154</u>	<u>-</u>	<u>1,247,154</u>
Total liabilities	<u>14,509,433</u>	<u>6,454,205</u>	<u>20,963,638</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Pension related items	<u>881,166</u>	<u>55,173</u>	<u>936,339</u>
<u>NET POSITION</u>			
Net investment in capital assets	32,114,123	15,826,763	47,940,886
Restricted for:			
Tourism development	3,318,691	-	3,318,691
State law enforcement	975,847	-	975,847
Security district	862,279	-	862,279
Unrestricted	<u>12,019,793</u>	<u>8,711,616</u>	<u>20,731,409</u>
Total net position	<u>\$ 49,290,733</u>	<u>\$ 24,538,379</u>	<u>\$ 73,829,112</u>

See Notes to Financial Statements.

BAL HARBOUR VILLAGE, FLORIDA

STATEMENT OF ACTIVITIES

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018

Functions/Programs	Program Revenues			Net Revenue (Expense) and Changes in Net Position		
	Expenses	Charges for Services	Capital Grants and Contributions	Governmental Activities	Business- type Activities	Total
Governmental activities:						
General government	\$ 5,603,936	\$ 4,392,385	\$ -	\$ (1,211,551)	\$ -	\$ (1,211,551)
Public safety	6,568,155	407,099	-	(6,161,056)	-	(6,161,056)
Solid waste	610,507	-	-	(610,507)	-	(610,507)
Roads and streets	1,267,957	-	(20,077)	(1,288,034)	-	(1,288,034)
Parks and recreation	314,807	-	-	(314,807)	-	(314,807)
Tourism development	3,629,100	3,825,266	-	196,166	-	196,166
Interest on long-term debt	13,869	-	-	(13,869)	-	(13,869)
Total governmental activities	<u>18,008,331</u>	<u>8,624,750</u>	<u>(20,077)</u>	<u>(9,403,658)</u>	<u>-</u>	<u>(9,403,658)</u>
Business-type activities:						
Water and sewer	<u>3,333,587</u>	<u>4,276,844</u>	<u>7,041</u>	-	950,298	950,298
Total business-type activities	<u>3,333,587</u>	<u>4,276,844</u>	<u>7,041</u>	-	950,298	950,298
Total	<u>\$ 21,341,918</u>	<u>\$ 12,901,594</u>	<u>\$ (13,036)</u>	<u>(9,403,658)</u>	<u>950,298</u>	<u>(8,453,360)</u>
General revenues:						
Property taxes				10,010,648	-	10,010,648
Franchise fees based on gross receipts				383,155	-	383,155
Utility taxes				917,004	-	917,004
Communications services tax				301,191	-	301,191
Unrestricted developer contribution				500,000	-	500,000
Unrestricted intergovernmental revenue				756,387	-	756,387
Unrestricted investment earnings				150,075	87,298	237,373
Miscellaneous				109,934	-	109,934
Transfers				18,722	(18,722)	-
Total general revenues and transfers				<u>13,147,116</u>	<u>68,576</u>	<u>13,215,692</u>
Change in net position				3,743,458	1,018,874	4,762,332
Net position, beginning, as restated (Note 12)				<u>45,547,275</u>	<u>23,519,505</u>	<u>69,066,780</u>
Net position, ending				<u>\$ 49,290,733</u>	<u>\$ 24,538,379</u>	<u>\$ 73,829,112</u>

See Notes to Financial Statements.

BAL HARBOUR VILLAGE, FLORIDA

BALANCE SHEET GOVERNMENTAL FUNDS

SEPTEMBER 30, 2018

	General	Resort Tax	Aggregate Nonmajor Funds	Total Governmental Funds
<u>ASSETS</u>				
Cash and cash equivalents	\$ 22,246,125	\$ 3,392,601	\$ 1,887,757	\$ 27,526,483
Receivables, net	398,700	414,761	10,543	824,004
Due from other governments	12,650	-	-	12,650
Restricted cash and cash equivalents	368,934	-	-	368,934
Total assets	<u>\$ 23,026,409</u>	<u>\$ 3,807,362</u>	<u>\$ 1,898,300</u>	<u>\$ 28,732,071</u>
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</u>				
Liabilities:				
Accounts payable and accrued liabilities	\$ 880,453	\$ 232,299	\$ 60,174	\$ 1,172,926
<u>DEFERRED INFLOWS OF RESOURCES</u>				
Unavailable revenues	<u>219,762</u>	<u>256,372</u>	<u>-</u>	<u>476,134</u>
Fund balances:				
Restricted:				
Capital projects	368,934	-	-	368,934
Tourism development	-	3,318,691	-	3,318,691
State and federal law enforcement	-	-	975,847	975,847
Security district	-	-	862,279	862,279
Assigned:				
Excess benefits plan	1,603,377	-	-	1,603,377
Other post-employment benefits and leave time	1,247,154	-	-	1,247,154
Red light camera claims	500,000	-	-	500,000
Capital projects	2,959,302	-	-	2,959,302
Unassigned:				
General fund	<u>15,247,427</u>	<u>-</u>	<u>-</u>	<u>15,247,427</u>
Total fund balances	<u>21,926,194</u>	<u>3,318,691</u>	<u>1,838,126</u>	<u>27,083,011</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 23,026,409</u>	<u>\$ 3,807,362</u>	<u>\$ 1,898,300</u>	<u>\$ 28,732,071</u>
Total fund balances				\$ 27,083,011
Amounts reported for governmental activities in the statement of net position are different because:				
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds				32,276,782
Deferred outflows and inflows of resources related to pensions are recorded in the statement of net position and not recognized under the modified accrual basis of accounting				2,791,313
Long-term liabilities are not due and payable in the current period and therefore, are not reported in the funds.				
Revenue bonds and capital leases				(338,693)
Compensated absences				(531,593)
Other post-employment benefits liabilities				(1,247,154)
Net pension liability				(11,219,067)
Revenues that are earned but not received within the Village's availability period are recognized in the statement of activities when earned and subsequently in the governmental fund financial statements when they become available				<u>476,134</u>
Net position of governmental activities				<u>\$ 49,290,733</u>

See Notes to Financial Statements.

BAL HARBOUR VILLAGE, FLORIDA

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

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018

	General	Resort Tax	Aggregate Non-major Funds	Total Governmental Funds
Revenues:				
Taxes:				
Property	\$ 10,010,648	\$ -	\$ -	\$ 10,010,648
Other local taxes	1,902,541	-	-	1,902,541
Resort tax	-	3,825,266	-	3,825,266
Licenses and permits	2,287,708	-	-	2,287,708
Developer contribution	500,000	-	-	500,000
Fines and forfeitures	383,907	-	-	383,907
Charges for services	1,025,384	-	-	1,025,384
Special assessments	-	-	603,159	603,159
Intergovernmental	455,196	-	-	455,196
Investment earnings	109,736	40,339	144	150,219
Miscellaneous	109,934	-	23,048	132,982
Total revenues	16,785,054	3,865,605	626,351	21,277,010
Expenditures:				
Current:				
General government	4,368,948	-	657,121	5,026,069
Public safety	6,140,275	-	-	6,140,275
Solid waste	610,507	-	-	610,507
Road and streets	1,154,994	-	-	1,154,994
Parks and recreation	314,807	-	-	314,807
Tourism development	-	3,593,659	-	3,593,659
Capital outlay	526,918	44,904	55,882	627,704
Debt Service:				
Principal	644,972	15,080	-	660,052
Interest	10,349	3,520	-	13,869
Total expenditures	13,771,770	3,657,163	713,003	18,141,936
Excess (deficiency) of revenues over (under) expenditures	3,013,284	208,442	(86,652)	3,135,074
Other financing sources:				
Transfers in	18,722	-	-	18,722
Net change in fund balances	3,032,006	208,442	(86,652)	3,153,796
Fund balances, beginning	18,894,188	3,110,249	1,924,778	23,929,215
Fund balances, ending	\$ 21,926,194	\$ 3,318,691	\$ 1,838,126	\$ 27,083,011

See Notes to Financial Statements.

BAL HARBOUR VILLAGE, FLORIDA

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

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018

Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balances – total governmental funds		\$ 3,153,796
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense</p>		
Depreciation expense		(345,358)
Expenditures for capital assets		361,487
Revenues that are earned but not received within the Village’s availability period are recognized in the statement of activities when earned and subsequently in the governmental fund financial statements when they become available		456,057
<p>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:</p>		
Net pension liability – defined benefit plans	\$ 183,735	
Net pension liability – excess benefit plan	130,898	
Compensated absences	(38,468)	
Revenue bonds and capital lease principal payments	660,052	
Total other post-employment benefits liabilities	<u>25,549</u>	961,766
Deferred outflow of resources and deferred inflow of resources related to pensions and OPEB are not recognized in the governmental funds		<u>(844,290)</u>
Change in net position of governmental activities		\$ <u>3,743,458</u>

See Notes to Financial Statements.

BAL HARBOUR VILLAGE, FLORIDA

**STATEMENT OF NET POSITION
PROPRIETARY FUND**

SEPTEMBER 30, 2018

	<u>Water & Sewer</u>
<u>ASSETS</u>	
Current assets:	
Cash and cash equivalents	\$ 9,145,934
Receivables, net	356,588
Restricted assets:	
Cash with fiscal agent	3,221,244
Cash – customer deposits	95,499
Total current assets	<u>12,819,265</u>
Noncurrent assets:	
Capital assets not being depreciated	12,373,662
Capital assets being depreciated, net	<u>5,638,825</u>
Total assets	<u>30,831,752</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>	
Pension related items	<u>216,005</u>
<u>LIABILITIES</u>	
Current liabilities:	
Accounts payable and accrued liabilities	692,551
Due to other governments	23,499
Customer deposits	95,499
Compensated absences	7,409
Bonds and leases payable	<u>652,544</u>
Total current liabilities	<u>1,471,502</u>
Noncurrent liabilities:	
Net pension liability	227,935
Compensated absences	344
Revenue bonds and leases payable	<u>4,754,424</u>
Total noncurrent liabilities	<u>4,982,703</u>
Total liabilities	<u>6,454,205</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>	
Pension related items	<u>55,173</u>
<u>NET POSITION</u>	
Net investment in capital assets	15,826,763
Unrestricted	<u>8,711,616</u>
Total net position	<u>\$ 24,538,379</u>

See Notes to Financial Statements.

BAL HARBOUR VILLAGE, FLORIDA

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUND**

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018

	<u>Water & Sewer</u>
Revenues	
Operating revenues:	
Charges for sales and services:	
Water sales	\$ 2,121,423
Sewer sales	2,148,880
Tap fees	4,250
Fines and penalties	1,998
Miscellaneous	<u>293</u>
Total operating revenues	<u>4,276,844</u>
Operating expenses:	
Materials, supplies and administration	721,364
Wastewater treatment charges	954,350
Water purchases	757,350
Depreciation	287,240
Personnel services	<u>460,613</u>
Total operating expenses	<u>3,180,917</u>
Operating income	<u>1,095,927</u>
Nonoperating revenues (expenses):	
Interest income	87,298
Interest expense	<u>(152,670)</u>
Total nonoperating revenues (expenses)	<u>(65,372)</u>
Income before capital contributions and transfers	1,030,555
Capital contributions	7,041
Transfers out	<u>(18,722)</u>
Change in net position	1,018,874
Net position, beginning	<u>23,519,505</u>
Net position, ending	<u>\$ 24,538,379</u>

BAL HARBOUR VILLAGE, FLORIDA

STATEMENT OF CASH FLOWS
 PROPRIETARY FUND

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018

	<u>Water & Sewer</u>
Cash flows from operating activities:	
Receipts from customers and users	\$ 4,397,118
Payments to other government	(1,217)
Payments to suppliers	(2,543,908)
Payments to employees	<u>(549,493)</u>
Net cash provided by operating activities	<u>1,302,500</u>
Cash flows from non-capital related financing activities:	
Transfer to other funds	<u>(18,722)</u>
Cash flows from capital and related financing activities:	
Principal payments on bonds and leases	(644,694)
Purchase and construction of capital assets	(1,728,451)
Interest paid on capital debt	<u>(152,670)</u>
Net cash used in capital and related financing activities	<u>(2,525,815)</u>
Cash flows from investing activities:	
Interest received	<u>87,298</u>
Net decrease in cash and cash equivalents	(1,154,739)
Cash and cash equivalents, beginning	<u>13,617,416</u>
Cash and cash equivalents, ending	\$ <u><u>12,462,677</u></u>
Cash and cash equivalents per statement of net position:	
Unrestricted	\$ 9,145,934
Restricted	<u>3,316,743</u>
	\$ <u><u>12,462,677</u></u>
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	\$ 1,095,927
Adjustments to reconcile operating income to net cash used by operating activities:	
Depreciation expense	287,240
Changes in operating assets, liabilities and deferred outflows/inflows:	
(Increase) decrease in:	
Receivables	135,987
Deferred outflows – pensions	(135,670)
Increase (decrease) in:	
Accounts payable and accrued liabilities	(110,844)
Due to other governments	(1,217)
Compensated absences	(3,353)
Customer deposits	(15,713)
Deferred inflows – pensions	46,338
Net pension liability	<u>3,805</u>
Net cash provided by operating activities	\$ <u><u>1,302,500</u></u>

BAL HARBOUR VILLAGE, FLORIDA
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
SEPTEMBER 30, 2018

	<u>Pension Trust Funds</u>	<u>Agency Fund</u>
<u>ASSETS</u>		
Cash and cash equivalents	\$ -	\$ 301,248
Investments, at fair value		
Money market mutual funds	3,216,990	-
Stock mutual funds	8,239,432	-
Bond mutual funds	4,867,063	-
U.S. Government obligations	3,002,971	-
Corporate bonds	3,023,189	-
Mortgage-backed securities	1,218,876	-
Large cap equities	<u>12,584,312</u>	<u>-</u>
Total investments	36,152,833	-
Accrued interest receivable	59,079	-
Contributions receivable	253,436	-
Prepaid expenses	<u>129,311</u>	<u>-</u>
Total assets	<u>36,594,659</u>	<u>301,248</u>
<u>LIABILITIES</u>		
Accounts payable	<u>58,115</u>	<u>301,248</u>
<u>NET POSITION</u>		
Net position restricted for pension benefits	\$ <u>36,536,544</u>	\$ <u>-</u>

See Notes to Financial Statements.

BAL HARBOUR VILLAGE, FLORIDA
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
PENSION TRUST FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018

	<u>Pension Trust Funds</u>
<u>ADDITIONS</u>	
Contributions:	
Village	\$ 2,076,811
Employees	324,004
State	<u>105,199</u>
Total contributions	<u>2,506,014</u>
Investment income:	
Interest and dividends	738,815
Net appreciation in the fair value of investments	<u>3,065,552</u>
	3,804,367
Less investment expenses	<u>(171,146)</u>
Net investment income	<u>3,633,221</u>
Other income	<u>6,176</u>
Total additions	<u>6,145,411</u>
<u>DEDUCTIONS</u>	
Benefits payments	2,017,912
Administrative expenses	148,783
Lump sum DROP distributions	<u>1,041,535</u>
Total deductions	<u>3,208,230</u>
Change in net position	2,937,181
<u>Net position restricted for pension benefits</u>	
Beginning	<u>33,599,363</u>
Ending	<u>\$ 36,536,544</u>

See Notes to Financial Statements.

NOTES TO BASIC FINANCIAL STATEMENTS

BAL HARBOUR VILLAGE, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of Bal Harbour Village's (the Village) significant accounting policies is presented to assist the reader in interpreting the basic financial statements and other data in this report. The policies are considered essential and should be read in conjunction with the accompanying basic financial statements.

The financial statements of the Village have been prepared in conformity with accounting principles generally accepted in the United States (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the Village's accounting policies are described below:

1. Financial Reporting Entity

The Village is a municipal corporation organized under Florida Statutes. The Village, which was incorporated in August 1946, is located in Miami-Dade County, Florida. The Village operates under a Council-Manager form of government with the Mayor serving as the head of the government for all purposes and the Village Manager serving as the administrative official. The Village provides the following services: public safety (police), physical environment (refuse collection), transportation (maintenance of roads and streets), tourism development, special security district protection, water and sewer utilities and general administrative services. Fire protection, education, hospital facilities and welfare services are provided by other units of local government whose activities are not included in the accompanying financial statements.

2. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the Village. The effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or identifiable activity. Program revenues include charges to customers or applicants who purchase, use, or directly benefit from goods, services or privileges provided by a given function or identifiable activity and grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

BAL HARBOUR VILLAGE, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2. Government-Wide and Fund Financial Statements (Continued)

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. The non-major funds are presented in one column in the fund financial statements.

3. Measurement Focus, Basis of Accounting and Financial Statement Presentation

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 other than the agency fund which has no measurement focus. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose the Village considers all revenues available if they are collected within 60 days after year-end. Expenditures generally are recorded when a liability is incurred as required by accrual accounting, except for debt service expenditures, compensated absences, other post-employment benefits and pension costs, which are recorded when payment is due.

Property taxes, franchise taxes, licenses and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period, if received within the availability period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the Village.

BAL HARBOUR VILLAGE, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3. *Measurement Focus, Basis of Accounting and Financial Statement Presentation* (Continued)

The Village reports the following major governmental funds:

The **general fund** is the Village's primary operating fund. It accounts for all financial resources of the general government, except those accounted for in another fund.

The **resort tax special revenue fund** is used to account for proceeds of resort tax revenue sources that are legally restricted to expenditures for tourism development and beach restoration. Resort taxes are paid monthly by establishments doing business within the Village based on 4% of their revenues from hotel room rentals and 2% of food and beverage sales.

The Village also reports the following non-major government funds:

The **security district fund** accounts for the special assessments received from the property owners residing in the special district maintaining the security and common areas within the special district.

The **state law enforcement trust fund** accounts for the receipts of state forfeiture monies received through the participation in law enforcement cases resulting in the forfeiture of assets awarded by Florida courts. These funds can only be spent for police related activities, equipment and training and all expenditures are approved by Council.

The **federal law enforcement trust fund** accounts for the receipts of federal forfeiture monies received through the participation in law enforcement cases resulting in the forfeiture of assets awarded by Federal courts. These funds can only be spent for police related activities, equipment and training and all expenditures are approved by Council.

The Village also reports the following major proprietary fund:

The **water and sewer fund** is used to account for water and sewer utility operations, which are financed and operated in a manner similar to a private business enterprise. The intent of the Village is that the costs (expenses including depreciation) of providing services to the general public on a continuing basis be financed or recovered primarily through user charges.

Additionally, the Village reports the following fund types:

The **pension trust funds** are used to account for assets held by the Village's General Employees' Pension Trust and the Police Officers' Pension Trust. The assets of the funds are restricted to providing retirement and disability benefits to Village employees.

BAL HARBOUR VILLAGE, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3. *Measurement Focus, Basis of Accounting and Financial Statement Presentation* (Continued)

The *pending forfeitures fund* is an agency fund used to account for the receipts of federal and state forfeiture monies received through the participation in law enforcement cases resulting in the forfeiture of assets to the federal or state government. Money deposited in this fund and earnings on those deposits are not considered property of the Village until awarded to the Village by an order of the court.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the Village's water and sewer function and various other functions of the Village. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenues in the government-wide financial statements include: 1) charges to customers or applicants for goods, services or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Village's enterprise fund are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses and depreciation of capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

In fiscal year 2018, the Village adopted four new statements of financial accounting standards issued by the GASB:

- Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefit Plans Other Than Pensions*
- Statement No. 85, *Omnibus 2017*
- Statement No. 86, *Certain Debt Extinguishment Issues*
- Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*

GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefit Plans Other Than Pensions*, improved the accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). The adoption of GASB Statement No. 75 is reflected in the government-wide financial statements and further discussed in Note 9, Note 12 and the Required Supplementary Information Section. The implementation of this statement resulted in a restatement of net position as disclosed in Note 12.

BAL HARBOUR VILLAGE, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3. Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)

GASB Statement No. 85, *Omnibus 2017*, addressed practice issues that were identified during implementation and application of certain GASB Statements. The adoption resulted in no financial impact to the Village.

GASB Statement No. 86, *Certain Debt Extinguishment Issues*, improved the consistency in accounting and financial reporting for in-substance defeasance of debt. The Statement also improved accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in-substance. The adoption resulted in no financial impact to the Village.

GASB Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*, enhanced the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and simplifies accounting for interest cost incurred before the end of a construction period. The adoption resulted in the Village not capitalizing any interest cost in current year and going forward.

4. Deposits and Investments

Cash and cash equivalents are considered to be cash and short-term investments with original maturities of three months or less. The Village's cash and cash equivalents include cash on hand and investments with the Florida PRIME administered by the State Board of Administration.

GASB Statement No. 72, *Fair Value Measurement and Application*, requires that investments be categorized according to the fair value hierarchy established by this Statement. The hierarchy is based on valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

Investments are reported at fair value which is the amount a financial instrument could be exchanged for in a current transaction between willing parties at the measurement date. Investments with Florida PRIME are recorded at amortized costs.

5. Receivables

Receivables include amounts due from other governments and others for services provided by the Village. Receivables are recorded and revenues are recognized as earned or as specific expenditures/expenses are incurred. Allowances for uncollectible receivables are based upon historical trends and the periodic aging of receivables.

6. Prepaids

Payments to vendors that reflect costs applicable to future accounting periods are recorded as prepaids in the financial statements.

BAL HARBOUR VILLAGE, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

7. Restricted Assets

The Village reports customer water and sewer deposits as restricted assets. Unspent proceeds of the Village's bond issue are restricted as to use and therefore are also recorded as restricted assets.

8. Capital Assets

Capital assets, which include property, plant, equipment, intangible (e.g., easement) and infrastructure assets (e.g., sidewalks and other similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements and in the Proprietary Fund. Capital assets are defined by the government as assets with an initial, individual cost of more than \$25,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed or as they are otherwise acquired.

Capital assets of the Village are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	30
Improvements other than buildings	30
Public domain infrastructure	25-60
Water/sewer system	25-60
Furniture, fixtures and equipment and software	3-20

Intangible assets consist of computer software, rights of way and easements.

9. Compensated Absences

It is the Village's policy to permit employees to accumulate earned, but unused vacation pay and comp-time benefits. Both are accrued when incurred in the government-wide and proprietary funds and reported as a liability. Compensated absences are reported in governmental funds only if they have matured.

BAL HARBOUR VILLAGE, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

10. Long-Term Obligations

In the government-wide financial statements, and in the proprietary fund type in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities or proprietary fund type statement of net position. Issuance costs are expensed in the year of issuance, except for prepaid bond insurance costs.

11. Pensions

For the purposes of measuring the net pension liability, net pension asset, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Village's Pension Plans (the Plans) and additions to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by the Plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

12. Other Post-employment Benefits (OPEB)

The total OPEB liability, OPEB expense and deferred outflows and inflows of resources related to OPEB are measured and presented in accordance with the requirements of GASB Statement No. 75, Accounting and Financial Reporting for Post-Employment Benefits Other Than Pensions.

13. Deferred Outflows and Inflows of Resources

The Statement of Net Position includes a separate section for Deferred Outflows of Resources. This represents the usage of net position applicable to future periods and will be recognized as expenditures in the future period to which it applies. Currently, there is only deferred outflows related to pensions and other post-employment benefits (OPEB) in the category.

The Statement of Net Position also includes a separate section for Deferred Inflows of Resources. This represents the acquisition of net position applicable to future periods and will be recognized as revenue in the future period to which it applies. Currently, there is only deferred inflows related to pensions in this category.

14. Fund Balance

The Village reports the following classifications:

Non-spendable fund balance. Non-spendable fund balances are amounts that are: (a) not in spendable form; or (b) legally or contractually required to be maintained intact.

BAL HARBOUR VILLAGE, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

14. Fund Balance (Continued)

Restricted fund balance. Restricted fund balances are amounts that can be spent only for specific purposes stipulated by: (a) external resource providers such as creditors (by debt covenants), grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

Committed fund balance. These amounts can only be used for the specific purposes determined by a formal action (Ordinance and Resolution have the same authority) of the Village Council, the Village's highest level of decision making authority. Commitments may be changed or lifted only by the Village Council taking the same formal action (Ordinance and Resolution) that imposed the constraint originally.

Assigned fund balance. Assigned fund balances are amounts that are constrained by the Village's intent to be used for specific purposes, but are neither restricted nor committed. Intent is established by the Village Manager to which the Council has delegated the authority to assign, modify or rescind amounts to be used for specific purposes. This balance includes: (a) all remaining amounts that are reported in governmental funds (other than the General Fund) that are not classified as non-spendable, restricted or committed; and (b) amounts in the General Fund that are intended to be used for a specific purpose.

Specific amounts that are not restricted or committed in a special revenue fund are assigned for specific purposes in accordance with the nature of their fund type. Assignment within the General Fund conveys that the intended use of those amounts is for a specific purpose that is narrower than the general purposes of the Village itself.

Unassigned fund balance. This fund balance is the residual classification for the General Fund. It is also used to report negative fund balances in other governmental funds.

The Village adopted a formal Fund Balance Policy that provided for definitions and classifications of fund balance. The policy also provides for certain non-spendable fund balance, restricted, committed, and assigned categories. Of particular note is the assigned fund balance for the Village's excess benefit plan and other postemployment benefits of \$1.6 million and \$1.2 million, respectively, in the General Fund; and \$3.0 million for future capital projects. A requirement to maintain a minimum unassigned General Fund balance of 33% of the subsequent year's General Fund budgeted expenditures exists, and the Village exceeded that goal with \$15.247 million or 92% of the General Fund fiscal year 2018 budgeted expenditures.

15. Net Position

The net position of the government-wide and the proprietary fund are categorized as net investment in capital assets, restricted or unrestricted. Net investment in capital assets is that portion of net position that relates to the Village's capital assets reduced by accumulated depreciation and any associated debt used to acquire or construct those capital assets.

BAL HARBOUR VILLAGE, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

15. *Net Position* (Continued)

Restricted net position is that portion of net position that has been restricted for general use by external parties (creditors, grantors, contributors or laws or regulations of other governments) or imposed by law through constitutional provisions or enabling legislation. Unrestricted net position consists of all net positions that do not meet the definition of either of the other two components.

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

16. *Use of Estimates*

The financial statements and related disclosures are prepared in conformity with accounting principles generally accepted in the United States of America. Management is required to make estimates and assumptions that affect the reported amounts of assets/deferred outflows of resources and liabilities/deferred inflows of resources, the disclosures of contingent assets and liabilities as of the date of the financial statements and revenue and expenses during the period reported. Although these estimates are based on management's knowledge of current events and actions it may undertake in the future, they may ultimately differ from actual results.

17. *Excess of Expenditures Over Budgeted Appropriations*

The following funds/departments' actual expenditures exceeded budgeted appropriations as presented below:

Fund	Exceeded Budget Authorization
General Fund - Legal*	\$ 36,809
Resort Tax**	214,280
Security District***	135,376

*Litigation expense is not budgeted and totaled \$76,398; Legal Operating expenses were \$33,589 less than budgeted.

**The Resort Tax Fund incurred operating expenditures higher than anticipated, included is \$256,000 due to the Village at year end for reimbursement of landscape maintenance services provided to a Village venue.

***The Security District reimbursed the Civic Association for legal expenses which were not budgeted.

BAL HARBOUR VILLAGE, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 2. PROPERTY TAXES

Under Florida Law, the assessment of all properties and the collection of all county, municipal and school board property taxes are consolidated in the offices of the County Property Appraiser and County Tax Collector. The laws of the State regulating tax assessments are also designed to assure a consistent property valuation method statewide. State statutes permit municipalities to levy property taxes at a rate of up to 10.0 mills. The fiscal year 2018 millage rate assessed by the Village was 1.9654 mills.

The tax levy of the Village is established by the Village Council prior to October 1 each year, and the County Property Appraiser incorporates the millage into the total tax levy, which includes Miami-Dade County, Miami-Dade County School Board and special taxing districts.

All property is reassessed according to its fair value as of January 1 each year. Each assessment roll is submitted to the Executive Director of the State Department of Revenue for review to determine if the rolls meet all of the appropriate requirements of State statutes.

All real and tangible personal property taxes are due and payable on November 1 each year or as soon as practicable thereafter as the assessment roll is certified by the County Property Appraiser. Miami-Dade County mails to each property owner on the assessment roll a notice of the taxes due and Miami-Dade County also collects the taxes for the Village. Taxes may be paid upon receipt of such notice from Miami-Dade County, with discounts at the rate of 4% if paid in the month of November, 3% if paid in the month of December, 2% if paid in the month of January and 1% if paid in the month of February. Taxes paid during the month of March are without discount, and all unpaid taxes on real and tangible personal property become delinquent, on April 1 of the year following the year in which taxes were assessed. Procedures for the collection of delinquent taxes by Miami-Dade County are provided for in the laws of Florida. There were no material delinquent property taxes as of September 30, 2018, however the Village continues to experience the effects of the Value Adjustment Board's action on appealing assessment values, which directly impacts the collection of budgeted property tax revenue.

NOTE 3. DEPOSITS AND INVESTMENTS

At September 30, 2018, cash and investments of the primary government and the fiduciary funds consisted of the following:

	<u>Balance</u>
Primary Government	
Cash	\$ 28,720,097
Investments	11,637,997
Total cash, cash equivalents and investments	<u>\$ 40,358,094</u>
Fiduciary Funds	
Cash	\$ 301,248
Investments	36,152,833
Total cash, cash equivalents and investments	<u>\$ 36,454,081</u>

BAL HARBOUR VILLAGE, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 3. DEPOSITS AND INVESTMENTS (Continued)

Deposits

In addition to insurance provided by the Federal Depository Insurance Corporation, all deposits are held in banking institutions approved by the State Treasurer of the State of Florida to hold public funds. Under Florida Statutes Chapter 280, *Florida Security for Public Deposits Act*, the State Treasurer requires all Florida qualified public depositories to deposit with the Treasurer or another banking institution eligible collateral. In the event of a failure of a qualified public depository, the remaining public depositories would be responsible for covering any resulting losses. Accordingly, all amounts reported as deposits are deemed as insured or collateralized.

Investments – Other Than Pension Funds

Village administration is authorized to invest in those instruments authorized by the Florida statutes, including the Florida PRIME administered by the Florida State Board of Administration (State Treasurer's Investment Pool).

The State Board of Administration (SBA) administers the Florida PRIME, which is governed by Chapter 19-7 of the Florida Administrative Code and Chapters 218 and 215 of the Florida Statutes. These rules provide guidance and establish the policies and general operating procedures for the administration of the Florida PRIME. The Florida PRIME is not a registrant with the Securities and Exchange Commission (SEC); however, the SBA has adopted operating procedures which permits the use of money market funds in order to maintain a constant net asset value (NAV) of \$1 per share. The fair value of the position in the Florida PRIME is equal to the value of the pool shares. The Florida PRIME pool is operating in a manner consistent with SEC rules of 2a-7 funds. The investments in Florida PRIME are not insured by FDIC or any other governmental agency.

As of September 30, 2018, the Village' investment in the Florida Prime is recorded at amortized cost.

<u>Investment</u>	<u>Balance</u>
Florida PRIME	\$ 11,637,997

Note: Florida PRIME is included as cash equivalents in the financial statements.

Interest Rate Risk

The dollar weighted average days to maturity (WAM) of the Florida PRIME at September 30, 2018, was managed at 51-days or less, with a goal of 60-days or less. Next interest rate reset dates for floating rate securities are used in the calculation of the WAM. These dates may be different than the ultimate rate reset dates. When the ultimate maturity date is used, a far different WAM may exist. The pool's guidelines allow for the purchase of only money-market assets at least 50% rated 'A-1+' by Standard & Poor's and no more than 50% rated 'A-1', such as U.S. Treasury and U.S. agency obligations, corporate obligations including commercial paper and asset backed commercial paper; municipal securities; bank obligations; and money-market mutual funds.

BAL HARBOUR VILLAGE, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 3. DEPOSITS AND INVESTMENTS (Continued)

Credit Risk

The Village does not have an investment policy for credit risk. Village administration is authorized to invest in those instruments authorized by the Florida statutes, including the Florida PRIME administered by the Florida State Board of Administration (State Treasurer's Investment Pool). The Florida PRIME is rated by Standard and Poor's as AAAM as of fiscal year end.

Concentration of Credit Risk

The Village structures its investment mix in a manner to control the risk of loss resulting from concentration of assets to a specific maturity, instrument, issue, dealer, or bank through which these securities are bought and sold. As of September 30, 2018, the value of each position held in any one issuer within the Village's portfolio is less than 5% of total investments.

Custodial Credit Risk

Custodial credit risk is the risk that in the event of the failure of the counterparty, the government will not be able to recover the value of its investments that are in the possession of an outside party. The Village requires that investments being held by a third-party custodian be properly designated as an asset of the Village and be held in the Village's name.

Investments – General Employees' Pension Plan

Policy

The Plan maintains a master custodial agreement whereby the investment securities are held in the plan's name by a financial institution acting as the Plan's agent.

The Board of Trustees of the Bal Harbour Village Employees' Pension Plan & Trust (the Plan) adopted an amended Investment Policy effective January 1, 2008. Concurrently with this amended investment policy, the Board of Trustees elected to discontinue active management of a portfolio of investments, based upon the advice of its investment monitor and advisor. The Board of Trustees, in keeping with its consultant's recommendation, has opted to invest in index funds, as provided for in the investment policy. The policy defines the scope of control of the Board, the investment objectives, performance measurements, investment and fiduciary standards, authorized investments, maturity and liquidity requirements, portfolio composition, risk and diversification, target asset mixes, expected annual rates of return and other investment requirements.

BAL HARBOUR VILLAGE, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 3. DEPOSITS AND INVESTMENTS (Continued)

As of September 30, 2018, the Plan had the following fixed income investments and maturities:

Investment Type	Fair Value	Less Than 1 Year
Equities	\$ 8,239,432	\$ 8,239,432
Bond mutual funds	4,867,063	4,867,063
Money market mutual funds	<u>703,320</u>	<u>703,320</u>
Total	<u>\$ 13,809,815</u>	<u>\$ 13,809,815</u>

The Plans' investments are categorized as follows according to the GASB 72 fair value level hierarchy as of September 30, 2018:

Investment Type	General Employees Fair Value Measurements Using	
	Balance	Quoted Prices in Active Markets for Identical Assets (Level 1)
Equity securities	\$ 8,239,432	\$ 8,239,432
Bond mutual funds	<u>4,867,063</u>	<u>4,867,063</u>
Total Investments at Fair Value	13,106,495	<u>\$ 13,106,495</u>
Money market mutual funds (exempts)	<u>703,320</u>	
Total Investments	<u>\$ 13,809,815</u>	

Interest Rate Risk

Interest rate risk refers to the portfolio's exposure to fair value losses arising from increasing interest rates. The Plan does not have a formal investment policy that limits investment maturities as a means managing its exposure to market value losses arising from changing interest rates. However, the investment policy limits investments in fixed income instruments to index mutual funds.

Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The current investment policy limits investments to index mutual funds. Therefore, the portfolio bears the credit risk of the aggregated market.

BAL HARBOUR VILLAGE, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 3. DEPOSITS AND INVESTMENTS (Continued)

Concentration of Credit Risk

The current investment policy limits investments to index mutual funds. Therefore, the portfolio represents the total diversification provided in the markets that the index funds mirror.

Custodial Credit Risk

Custodial credit risk is the risk that in the event of the failure of the counterparty, the Plan will not be able to recover the value of its investments that are in the possession of an outside party. The Plan requires that investments being held by a third-party custodian be properly designated as an asset of the Plan and be held in the Plan's name.

Investments – Bal Harbour Police Pension Plan

As of September 30, 2018, the Police Pension Plan had the following fixed income investments and maturities:

	Fair Value	Investment Maturities (In Years)			
		Less Than 1	1-5	6-10	More than 10 years
U.S. government obligations	\$ 3,002,971	\$ 752,353	\$ 2,250,618	\$ -	\$ -
Mortgage-backed securities	1,218,876	607	2,843	-	1,215,426
Corporate bonds	<u>3,023,189</u>	<u>99,766</u>	<u>2,354,770</u>	<u>568,653</u>	-
Total Investments	\$ 7,245,036	\$ 852,726	\$ 4,608,231	\$ 568,653	\$ 1,215,426

Custodial Risk

Custodial credit risk is the risk that in the event of the failure of the counterparty, the Plan will not be able to recover the value of its investments that are in the possession of an outside party. The Police Plan maintains a Master Custodian Agreement, whereby the investment securities are held in the Plan's name by a financial institution acting as the Plan's agent.

Interest Rate Risk

Interest rate risk refers to the portfolio's exposure to fair value losses arising from increasing interest rates. The Police Pension does not have a formal investment policy that limits investment maturities as a means of managing its exposure to market value losses arising from increasing interest rates.

Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The Police Plan's investment policy limits fixed income investments to a rating no lower than Standard & Poor's BBB or Moody's Baa. The Police Plan's corporate bonds and most of the mortgage-backed securities were all rated "Baa" or better under Moody's ratings and at least "BBB" under Standard & Poor's ratings however, certain mortgage-backed security investments were not rated.

BAL HARBOUR VILLAGE, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 3. DEPOSITS AND INVESTMENTS (Continued)

Concentration of Credit Risk

The Police Plan's investment policy stipulates that not more than 5% of Police Plan's assets can be invested in the common stock of any one issuing company nor can the aggregate investment in any one issuing company exceed 5% of the outstanding capital stock of any company. As of September 30, 2018, the value of each position in any one issuer held by the Police Pension comprised less than 5% of Police Pension net position and less than 5% of the value of the outstanding capital stock of any company.

The Plans' investments are categorized as follows according to the GASB 72 fair value level hierarchy as of September 30, 2018:

	Police Plan		
	Fair Value Measurements Using		
	Balance	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)
Investments by Fair Value Level			
Fixed income securities:			
U.S. government obligations	\$ 3,002,971	\$ -	\$ 3,002,971
Corporate bonds	3,023,189	-	3,023,189
Mortgage-backed and agency securities	1,218,876	-	1,218,876
Total Fixed Income Securities	7,245,036	-	7,245,036
Equity securities:			
Large cap domestic stock	12,584,312	12,584,312	-
Total Investments at Fair Value	19,829,348	\$ 12,584,312	\$ 7,245,036
Money market funds (exempts)	2,513,670		
Total Investments	\$ 22,343,018		

BAL HARBOUR VILLAGE, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 4. RECEIVABLES

Receivables as of year-end for the government's individual major funds and non-major funds, including any applicable allowances for uncollectible accounts are as follows:

	Major Funds			Nonmajor Funds	Total
	General Fund	Resort Tax Fund	Water and Sewer Fund		
Receivables:					
Taxes and assessments	\$ 398,700	\$ 414,761	\$ -	\$ 10,543	\$ 824,004
Accounts	-	-	356,588	-	356,588
Gross receivables	398,700	414,761	356,588	10,543	1,180,592
Less allowance for uncollectible	-	-	-	-	-
Net receivables	\$ 398,700	\$ 414,761	\$ 356,588	\$ 10,543	\$ 1,180,592

BAL HARBOUR VILLAGE, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 5. CAPITAL ASSETS

Capital asset activity for the governmental activities for the fiscal year ended September 30, 2018, was as follows:

Governmental activities:	Beginning Balance	Increases / Transfers	Decreases / Transfers	Ending Balance
Capital assets not being depreciated:				
Land	\$ 277,426	\$ -	\$ -	\$ 277,426
Land easements	29,000,000	-	-	29,000,000
Work in progress	-	165,263	-	165,263
Total capital assets not being depreciated	29,277,426	165,263	-	29,442,689
Capital assets being depreciated:				
Buildings	1,847,499	-	-	1,847,499
Improvements other than buildings	2,168,442	59,237	-	2,227,679
Leased assets	1,407,781	-	(44,160)	1,363,621
Furniture, fixtures and equipment	362,846	136,987	-	499,833
Infrastructure	35,668	-	-	35,668
Total capital assets being depreciated	5,822,236	196,224	(44,160)	5,974,300
Less accumulated depreciation for:				
Buildings	(1,017,301)	(86,318)	-	(1,103,619)
Improvements other than buildings	(867,146)	(111,334)	-	(978,480)
Furniture, fixtures and equipment	(215,019)	(82,517)	-	(297,536)
Infrastructure	(8,621)	(3,567)	-	(12,188)
Leased assets	(730,922)	(61,622)	44,160	(748,384)
Total accumulated depreciation	(2,839,009)	(345,358)	44,160	(3,140,207)
Total capital assets being depreciated, net	2,983,227	(149,134)	-	2,834,093
Governmental activities capital assets, net	\$ 32,260,653	\$ 16,129	\$ -	\$ 32,276,782

BAL HARBOUR VILLAGE, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 5. CAPITAL ASSETS (Continued)

Capital asset activity for the business-type activities for the fiscal year ended September 30, 2018, was as follows:

Business-type activities:	Beginning Balance	Increases / Transfers	Decreases / Transfers	Ending Balance
Capital assets not being depreciated:				
Land	\$ 6,007,010	\$ -	\$ -	\$ 6,007,010
Work in progress	4,650,477	1,716,175	-	6,366,652
Total capital assets not being depreciated	10,657,487	1,716,175	-	12,373,662
Capital assets being depreciated:				
Buildings	471,063	-	-	471,063
Furniture, fixtures and equipment	37,521	28,275	(37,521)	28,275
Water/sewer system	6,892,875	-	-	6,892,875
Leased assets	60,579	-	-	60,579
Total capital assets being depreciated	7,462,038	28,275	(37,521)	7,452,792
Less accumulated depreciation for:				
Buildings	(346,013)	(11,777)	-	(357,790)
Furniture, fixtures and equipment	(27,983)	(1,369)	28,563	(789)
Water/sewer system	(1,164,517)	(261,978)	-	(1,426,495)
Leased assets	(16,777)	(12,116)	-	(28,893)
Total accumulated depreciation	(1,555,290)	(287,240)	28,563	(1,813,967)
Total capital assets being depreciated, net	5,906,748	(258,965)	(8,958)	5,638,825
Business-type activities capital assets, net	\$ 16,564,235	\$ 1,457,210	\$ (8,958)	\$ 18,012,487

BAL HARBOUR VILLAGE, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 5. CAPITAL ASSETS (Continued)

Depreciation expense for the fiscal year ended September 30, 2018, was charged to functions/programs as follows:

Governmental activities:	
General government	\$ 87,952
Public safety	109,002
Road, streets, and parks	112,963
Tourism development	35,441
Total depreciation expense – governmental activities	\$ 345,358
Business-type activities:	
Water and sewer	\$ 287,240

NOTE 6. ADMINISTRATIVE CHARGES

The General Fund charges other funds an administrative charge for services provided during the year. Amounts charged to each fund for the fiscal year ended is presented below.

Resort Tax Fund	Security District Fund	Water and Sewer Fund	Total
\$30,000	\$35,000	\$60,000	\$125,000

NOTE 7. LONG-TERM DEBT

On October 18, 2011, the Village issued the Capital Improvement Revenue Bonds, Series 2011 Bonds (Bonds). 96.5% of this debt was allocated to the water and sewer fund and 3.5% was allocated to the governmental activities. The Bonds bear interest on the outstanding principal balance from their date of issuance payable semiannually on each March 31, September 30 (the Interest Payment Dates) at an interest rate equal to 63% of the 10-Year H-15 Swap Index, plus 1.05% (the Fixed Rate). As used herein, "10-Year H-15 Swap Index" means the most recent rate designated as the 10-year interest rate swap rate under the H.15 Selected Interest Rates published by the Federal Reserve. The interest rate as of September 30, 2018 on the Bonds was 3.0%.

BAL HARBOUR VILLAGE, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 7. LONG-TERM DEBT (Continued)

The Village pledged, assigned and granted a security interest in the Local Government Half-Cent Sales Tax, the Municipal Revenue Sharing and the Alcoholic Beverage License Tax Revenues in order to secure the principal of and interest on the Bonds. To the extent these revenues are insufficient to pay principal of and interest on the Bonds when due, the Village agrees to appropriate in its annual budget, if necessary, non-ad valorem revenues lawfully available in each fiscal year, amounts sufficient to pay the principal and interest due on the Bonds in accordance with the terms during such fiscal year.

Total pledged revenues to repay the principal and interest of those bonds follows:

Description of debt	Bal Harbour Village, Florida Capital Improvement Revenue Bonds, Series 2011
Purpose of debt	Series 2011 revenue bonds to fund water and sewer projects
Current revenue pledged	\$295,374
Current debt service	\$804,793
Total future revenue pledged	\$6,199,479
Term of commitment	2011 – 2026
Percentage of debt service to pledged revenue (current year)	272%

The bonds outstanding at September 30, 2018, consist of the following:

Revenue Bonds	Purpose of Issue	Amount Issued	Amount Outstanding	Interest Rate
Series 2011	Capital Improvement	\$ 10,000,000	\$5,564,528	2.4995%

BAL HARBOUR VILLAGE, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 7. LONG-TERM DEBT (Continued)

Long-term liabilities activity for the fiscal year ended September 30, 2018, for governmental and business-type activities follows:

	Beginning Balance (As Restated*)	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Revenue bonds	\$ 217,770	\$ -	\$ (23,012)	\$ 194,758	\$ 23,300
Capital leases	780,975	-	(637,040)	143,935	53,120
Compensated absences	493,125	92,744	(54,276)	531,593	330,035
Total OPEB liability	1,233,794	13,360	-	1,247,154	-
Net pension liability – defined benefit plans	9,799,425	-	(183,735)	9,615,690	-
Net pension liability – excess benefit plan	1,734,275	-	(130,898)	1,603,377	-
Total governmental activities, long-term liabilities	\$ 14,259,364	\$ 106,104	\$ (1,028,961)	\$ 13,336,507	\$ 406,455
Business-type activities:					
Revenue bonds	\$ 6,004,248	\$ -	\$ (634,479)	\$ 5,369,769	\$ 642,408
Compensated absences	11,105	-	(3,352)	7,753	7,409
Capital leases	47,414	-	(10,215)	37,199	10,136
Net pension liability	224,130	3,805	-	227,935	-
Total business-type activities, long-term liabilities	\$ 6,286,897	\$ 3,805	\$ (648,046)	\$ 5,642,656	\$ 659,953

*The beginning OPEB liability balance was restated with the implementation of GASB 75 as further discussed in Note 12.

For governmental activities, the general fund liquidates the compensated absences, pensions, and other post-employment benefits liabilities.

The following is the summary of the revenue bonds annual debt service requirements:

Years Ended September 30:	Principal	Interest
2019	\$ 665,708	\$ 139,085
2020	674,027	122,446
2021	682,451	105,599
2022	690,980	88,540
2023	699,616	71,270
2024 – 2026	2,151,746	108,011
	\$ 5,564,528	\$ 634,951

BAL HARBOUR VILLAGE, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 7. LONG-TERM DEBT (Continued)

The Village entered into lease agreements as lessee for financing the acquisition of vehicles and equipment. Under the terms of the agreements, these are accounted for as capital leases, the Village will make payments including interest at various rates.

Annual future minimum lease payments and the present value of minimum lease payments are as follows:

Years Ending September 30:

2019	\$ 73,030
2020	105,009
2021	14,874
2022	<u>3,590</u>
Total minimum lease payments	196,503
Less amount representing interest	<u>(15,369)</u>
Present value of minimum lease payments	<u>\$ 181,134</u>

The capital assets acquired through the capital lease as of September 30, 2018, are as follows:

<u>Asset</u>	<u>Balance</u>
Equipment	\$ 1,424,200
Less accumulated depreciation	<u>(777,277)</u>
Total, net	<u>\$ 646,923</u>

BAL HARBOUR VILLAGE, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 8. EMPLOYEE RETIREMENT PLANS

The following brief descriptions of the Retirement Plans are provided for general information purposes only. Participants should refer to the Plan documents for more complete information.

Summary of Significant Accounting Policies

Basis of Accounting

The Plans' financial statements are prepared using the accrual basis of accounting. Employee contributions are recognized as revenues in the period in which the contributions are due. Village contributions are recognized as revenue when due pursuant to the actuarial valuation. Benefits and refunds are recognized when due and payable in accordance with the terms of the Plans. Interest and other income are recorded as earned and dividend income is recorded as of the ex-dividend date.

For the purposes of measuring the net pension liability, deferred outflows of resources, deferred inflows of resources, pension expense, and information about the fiduciary net position of the Plans and additions to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by the Plans.

Plan Descriptions

The Village, as a single employer, maintains two Public Employee Retirement Systems (PERS) defined benefit pension plans covering substantially all full-time employees and an unfunded excess benefits plan. On October 1, 1955, the Village established the Bal Harbour Village Employees' Pension Trust (General Employees' Plan). During the fiscal year ended September 30, 2000, the police officers of the Village elected to form their own plan (Police Plan) in order to continue receiving Section 185 monies from the State of Florida. The Police Officers' Pension Plan was effectively closed October 1, 2016, all full time officers sworn in after that date are members of the Florida Retirement System (FRS). To fund benefits owed by employment contracts that cannot be funded through either defined benefit plan, the Village also established the Bal Harbour Village Excess Benefit Plan (Excess Benefit Plan) in year 2009.

The pension plans are considered to be part of the Village's financial reporting entity and are included in the Village's financial statements as pension trust funds. The Bal Harbour Police Officers' Pension Trust (Police Plan) issues a publicly available financial report that includes the financial statements and required supplementary information. The report may be obtained by writing to the Plan Administrator or calling (954) 723-9521.

BAL HARBOUR VILLAGE, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 8. EMPLOYEE RETIREMENT PLANS (Continued)

The Police Plan received a favorable IRS Determination as of April 20, 2016, and subsequently on September 18, 2016, the General Employees' Plan received the same. This indicates that both Plans are designed and are currently being operated in compliance with the applicable sections of the Internal Revenue Code. On October 1, 2016, a new bargaining agreement was reached with the PBA, reducing the annual cost of living adjustment to 1.5% for future retirees.

The Excess Benefit Plan is a qualified governmental excess benefit plan established in accordance with Section 415 of the Internal Revenue Code. The purpose of this Plan is to provide retirement benefits to employees covered by either or both of the Village's defined benefit plans whose benefits are otherwise limited by IRC §415.

Plan membership consisted of the following. The latest actuarial valuation date for the General Employees' Plan and Police Plan is October 1, 2016, and the latest actuarial valuation date is September 30, 2018 for the Excess Benefit Plan:

	General	Police Officers	Excess Benefit
Inactive plan members and beneficiaries currently receiving benefits	27	21	1
Inactive plan members entitled but not yet receiving benefits	8	1	-
Active plan members	21	21	-
Total members	<u>56</u>	<u>43</u>	<u>1</u>

BAL HARBOUR VILLAGE, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 8. EMPLOYEE RETIREMENT PLANS (Continued)

General Employees' Plan

The benefit provisions and all other requirements of the General Employees' Plan are established by Ordinance No. 447, as amended, and are summarized as follows:

Vesting

Benefits are fully vested after 10 years of credited service.

Eligibility for Participation

Full-time employees, after completing one year of continuous employment from the anniversary date of the Plan, which is October 1.

Eligibility for Retirement

The Plan provides for normal retirement as follows:

- a) Age 57, regardless of service,
- b) Age 55, having completed 25 years of continuous employment or
- c) 30 years of continuous employment regardless of age.

Annual Retirement Benefit

The monthly retirement benefit is equal to 3% of final average compensation (average of the highest 36 consecutive months of compensation, as defined, during the 10 years immediately preceding retirement or termination) times completed years and months of continuous employment.

Cost of Living Adjustment

Retired participants, except those who elect to take a lump sum distribution, will receive a 2.50% compounded annual COLA; commencing on the one year anniversary of the retirement date and will continue to be paid each year thereafter. To receive the COLA an employee must be or become an active participant on or after March 21, 2006.

BAL HARBOUR VILLAGE, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 8. EMPLOYEE RETIREMENT PLANS (Continued)

General Employees' Plan

Target Asset Mix

The Policy establishes the following Target Asset Mix for the plan:

<u>Asset Class</u>	<u>Target Allocation</u>
Return US Equity – Large Cap	30%
US Equity – Mid Cap	10%
US Equity – Small Cap	10%
International Equity	7%
Emerging Markets Equity	3%
Domestic Fixed Income	35%
Cash and Cash Equivalence	5%
	<u>100%</u>

Other Benefits

The system also provides for optional retirement benefits, early retirement, deferred retirement, disability retirement and death benefits.

Contributions and Funding Policy

Employees are required to contribute 8% of their annual compensation, to be deposited each pay period. The Village is required to contribute the amount in excess of employee contributions to pay the annual pension cost. The pension board establishes the required employee contribution. The required employer contribution is actuarially determined as of October 1 of each year.

If any employee leaves covered employment or dies before ten years of credited service, accumulated employee contributions are refunded to the employee or the designated beneficiary.

Rate of Return

For the year ended September 30, 2018, the annual money-weighted rate of return on pension investments, net of pension plan investment expense was 6.89%.

The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested. Inputs to the dollar-weighted rate of return calculation are determined on a monthly basis.

BAL HARBOUR VILLAGE, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 8. EMPLOYEE RETIREMENT PLANS (Continued)

General Employees' Plan

Deferred Retirement Option Program

The Plan has a Deferred Retirement Option Program (DROP) for participants who are eligible to receive normal retirement. Eligible members may apply to participate by applying to the Board. Upon a member's election to participate in the DROP, that member shall be considered retired. Monthly retirement benefits that would have been payable had the member retired without electing the DROP will be paid into the DROP and credited to the retired member who may not receive any of these amounts until they actually sever employment with the Village. Upon separation from service with the Village, the entire DROP balance is made to or for the benefit of the participant as a lump sum distribution. Payments into the DROP will earn the same return as earned by the remainder of the Plan assets or a fixed rate of 4% at the option of the participant. This option can be changed every year prior to December 1st for the following calendar year. If they do not make a choice, the default option is the fixed rate of 4%.

At September 30, 2018, there were 6 members who were enrolled under the DROP. The total liability for the members DROP account as of September 30, 2018 was \$330,876. This amount is included in the total investment balance and the net position presented on the statement of fiduciary net position.

BAL HARBOUR VILLAGE, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 8. EMPLOYEE RETIREMENT PLANS (Continued)

General Employees' Plan

The Plan does not issue separate stand-alone financial statements; therefore, included below is the Statement of Fiduciary Net Position and the Statement of Changes in Fiduciary Net Position as of and for the fiscal year ended September 30, 2018.

STATEMENT OF FIDUCIARY NET POSITION

ASSETS

Investments:

Cash and money market mutual funds	\$ 703,320
Stock mutual funds	8,239,432
Bond mutual funds	4,867,063

Other assets	13,972
Total assets	<u>13,823,787</u>

Liabilities

Accounts payable	<u>8,103</u>
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NET POSITION

Net position restricted for pension benefits	<u><u>\$ 13,815,684</u></u>
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STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

ADDITIONS

Village contributions	\$ 793,089
Employee contributions	126,093
Total contributions	<u>919,182</u>

Investment earnings:

Net investment income	964,907
Total additions	<u>1,884,089</u>

DEDUCTIONS

Benefits paid	656,733
Administrative expenses	53,293
Total deductions	<u>710,026</u>

Change in net position	1,174,063
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Net position restricted for pension benefits

Beginning of year	12,641,621
End of year	<u><u>\$ 13,815,684</u></u>

BAL HARBOUR VILLAGE, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 8. EMPLOYEE RETIREMENT PLANS (Continued)

Police Plan

The Police Plan was established to account for the pension for the Village's police officers. The Plan is considered part of the Village's financial reporting entity and is included in the Village's financial statements as a pension trust fund. Benefit and contribution provisions are established by Village ordinance and may be amended only by the Board of Trustees, subject to approval of the Village Council. The Plan was available to full-time sworn Police Officers from date of employment, including probationary period. Participation was mandatory as a condition of employment, except for the Police Chief, who may opt out. The Police Officers' Pension Plan was effectively closed October 1, 2016, all full time officers sworn in after that date are members of the Florida Retirement System.

The Plan is administered by a Board of Trustees comprised of:

- a. Two Village residents appointed by the Village Council.
- b. Two Police Officers elected by a majority of Police Officers.
- c. A fifth member elected by the Board and appointed (as a ministerial duty) by the Village Council.

The benefit provisions and all other requirements of the Plan are established by Ordinance No. 474, as amended, and are summarized as follows:

Contributions and Funding Policy

Employees contribute 10% of their compensation. The Village is required to contribute the amount in excess of employee contributions to pay the annual pension cost. The Village Council, through establishment or modification of enabling legislation, establishes the required employee contribution. The required employer contribution, which is a percentage of annual covered payroll and includes amounts contributed by the State pursuant to Chapter 175, Florida Statutes, is actuarially determined as of October 1st of each year. The annual required employer contribution for the fiscal year ended September 30, 2018, was determined based on the October 1, 2016 actuarial valuation and was 52.15% of non-DROP covered payroll.

If any employee leaves covered employment or dies before ten years of credited service, accumulated employee contributions are refunded to the employee or the designated beneficiary.

Benefits Provided

The Plan provides retirement, termination, disability and death benefits.

Normal Retirement

Date: Earliest of age 55 and 10 years of Credited Service; age 57, regardless of service; or 20 years of Credited Service, regardless of age.

BAL HARBOUR VILLAGE, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 8. EMPLOYEE RETIREMENT PLANS (Continued)

Police Plan

Benefit: 3.50% of final average compensation times years of credited service.

Minimum Benefit: \$25 per month.

Early Retirement

Eligibility: Age 50 and 10 Years of Credited Service.

Benefit: Accrued benefit reduced 3.0% for each year that early retirement precedes normal retirement.

Vesting (Termination of Employment)

Less than 1 year: refund of member contributions, with 5.0% interest.

1-9 years: 10% of accrued pension for each complete year of service, payable at normal retirement, or a refund of contributions described above. 10 years or more: 100% of accrued pension payable at normal retirement date.

Disability

Eligibility: Total and permanent; medical proof required.

Service connected benefit: Accrued benefit, but not less than 42% of average monthly compensation on date of disability.

Non-Service Connected Benefit: Accrued benefit, but not less than 25% of average monthly compensation on date of disability.

Pre-Retirement Death Benefits

Service connected: 50% of base rate of pay on date of death, paid for 10 years.

Non-service connected: Accrued Benefit, actuarially reduced if early commencement, paid for 10 years.

Minimum benefit: Greater of actuarial equivalent of accrued benefit, or member's contributions.

Cost-of-Living Adjustment

Retirees who were actively employed on or after February 21, 2006 receive 2.5% annually, after one year of receiving benefits. After October 01, 2015, retirees receive a 1.25% Cost-of-Living Adjustment, delayed for 5 years after retirement or entry into DROP.

Investment Policy

The following was the Board's adopted target asset allocation policy as of September 30, 2018:

<u>Asset Class</u>	<u>Target Allocation</u>
Large Cap Equities	60%
Intermediate Fixed Income	40%
Total	<u>100%</u>

BAL HARBOUR VILLAGE, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 8. EMPLOYEE RETIREMENT PLANS (Continued)

Police Plan

Rate of Return

For the year ended September 30, 2018, the annual money-weighted rate of return on pension investments, net of pension plan investment expense, was 9.99%.

The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested. Inputs to the dollar-weighted rate of return calculation are determined on a monthly basis.

Deferred Retirement Option Program

On April 13, 2007, the Plan amended the DROP for participants who are eligible to receive normal retirement. Eligible members may apply to participate by applying to the Board.

Upon a member's election to participate in the DROP, that member shall cease to be a member of the Bal Harbour Village Police Officers' Pension Plan and shall be precluded from any additional benefits under the Plan; accordingly, that member shall be considered retired. Monthly retirement benefits that would have been payable had the member retired and elected to receive monthly pension payments will be paid into the DROP and credited to the retired member. Payments in the DROP are made monthly for the period the retired member participates in the DROP, up to a maximum of 60 months, an increase from prior maximum of 36 months. Payments into the DROP will earn the same return as earned by the remainder of the Plan assets. Employees also now have the option to select from either the rate of return of the portfolio or a fixed 4%. This can be changed every year prior to December 1 for the following calendar year. If they do not make a choice, the default is 4%. Upon termination of employment, participants in the DROP will receive the balance of their account either in a lump sum distribution or in any other form of payment selected by the participant, approved by the Board and conforming to applicable laws.

At September 30, 2018, there was 1 participant enrolled under the DROP. The DROP balance as of September 30, 2018 is \$82,977. The DROP investment assets are included in the total investment balance presented on the Statement of Fiduciary Net Position.

BAL HARBOUR VILLAGE, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 8. EMPLOYEE RETIREMENT PLANS (Continued)

Excess Benefit Plan

Vesting

Benefits are fully vested immediately upon entry into the Plan.

Eligibility for Participation

Based upon employment contract language and participation in either or both defined benefit plans.

Eligibility for Benefits Under the Plan

A participant shall receive a benefit equal to the difference between the retirement allowance otherwise payable from either or both defined benefit plans prior to any reduction or limitation required by IRC §415 and the actual retirement allowance payable as limited by IRC §415. The benefit shall be subject to withholding for applicable state and federal taxes. The benefit shall be paid in accordance with the retirement payment option selected by the participant or beneficiary for the retirement otherwise payable by either or both defined benefit plans.

Funding Policy

To be qualified under IRC §415, Excess Benefits Plans, the Village cannot advance fund any benefit currently payable under the Plan and any assets held by the Plan during any year can only be used to pay for benefits coming due during the year or for expenses of the Plan during the year. Contributions by the Village are not allowed to accumulate from year-to-year for purposes of advance funding of any of the Plan's liabilities. Any assets, including all property rights and beneficial interests of the Plan remain the general, unpledged and unrestricted assets of the Plan and the Village. The interests of participants and their beneficiaries of the Plan are not senior to the claims of unsecured creditors of the Plan or the Village. The Village cannot restrict any assets, including cash, for the purpose of providing funding for these benefits. However, the Village has designated a portion of its General Fund's fund balance for the purpose of noting its intent to fund the benefits payable under the Plan. The Village has sufficient financial assets at September 30, 2018, to pay the benefits payable under the Plan.

BAL HARBOUR VILLAGE, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 8. EMPLOYEE RETIREMENT PLANS (Continued)

In accordance with the requirements of GASB 68, 71, and 73, information about the Village's pension plans are included in this note and in the Required Supplementary Information (RSI) section following the notes to the basic financial statements.

Plan Financial Information

The actuarial valuation date for the General Employees' Plan and Police Plan was October 1, 2016, with updated asset information as of September 30, 2017. The measurement date of the net pension liability for each plan was determined as of September 30, 2017. The actuarial valuation date for the Excess Benefit Plan was September 30, 2018, and the measurement date was September 30, 2018. The Required Supplementary Information section provides additional detailed information about actuarial methods and assumptions used to determine the contribution rates for each plan. In addition, a schedule of employer contributions for each plan and a schedule of total pension liability, plan fiduciary net position and the change in net pension liability for each plan is included there in.

Aggregate Information for all Pension Plans

Summarized aggregate information for the three single employer defined benefit plans, is as follows:

	General Employees' Plan	Police Plan	Excess Benefit Plan
Total pension liability	\$ 16,440,535	\$ 26,801,970	\$ 1,603,377
Fiduciary net position	12,641,621	20,957,742	-
Net pension liability	<u>\$ 3,798,914</u>	<u>\$ 5,844,228</u>	<u>\$ 1,603,377</u>
Fiduciary net position as % of total pension liability	76.89%	78.19%	0.00%

BAL HARBOUR VILLAGE, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 8. EMPLOYEE RETIREMENT PLANS (Continued)

The total pension liability was determined using the following actuarial methods and assumptions, applied to all periods included in the measurement.

	General Employees' Plan	Police Plan	Excess Benefit Plan
Valuation Date:	October 1, 2016	October 1, 2016	September 30, 2018
Measurement Date:	September 30, 2017	September 30, 2017	September 30, 2018
Inflation	2.25%	2.50%	2.50%
Annual Salary Increases	2.25% - 6.75%	7.00%	not applicable
Assumed Discount Rate	6.25%	8.00%	3.83%
Retirement Age	Experienced-based table of rates based on year of eligibility	Earlier of age 55 and 10 years of credited service or age 57, regardless of service, or 20 years of credited service, regardless of age; Members at the assumed retirement age are assumed to continue employment for one more year	not applicable
Mortality	100% White Collar rates for females with generational mortality improvement projections from year 2000 using scale BB, 50% White Collar Annuitant /50% Blue Collar Annuitant blend of rates from RP 2000 tables for males, with generational improvement projections from year 2000 using scale BB	Female: RP2000 Generational, 100% Annuitant White Collar, Scale BB. Male: RP2000 Generational, 10% Annuitant White Collar /90% Annuitant Blue Collar, Scale BB	RP-2000 Mortality Table for Annuitants, with mortality improvements projected to all future years after 2000 using Scale BB. For males, the base mortality rates include a 50% blue collar adjustments and a 50% white collar adjustment. For females, the base mortality rates include a 100% white collar adjustment

BAL HARBOUR VILLAGE, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 8. EMPLOYEE RETIREMENT PLANS (Continued)

Long-Term Expected Rate of Return – The long-term expected rate of return on pension plans investments were determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan’s target asset allocation are summarized in the following table:

General Employees’ Plan		
Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	50%	7.5%
Domestic Bonds	40%	2.5%
International Equity	7%	8.5%
Alternative Assets	3%	5.5%
	<u>100%</u>	

Police Plan		
Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Large Cap Domestic Stock	60%	7.50%
Intermediate Fixed Income	40%	2.50%
	<u>100%</u>	

BAL HARBOUR VILLAGE, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 8. EMPLOYEE RETIREMENT PLANS (Continued)

Discount rate: A single discount rate of 8.00% and 6.25% were used to measure the total pension liability for the police and employee pension trust plans, respectively. This single discount rates were based on the expected rate of return on pension plan investments of 8.00% and 6.25%, respectively. The projection of cash flows used to determine each single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between the total actuarially determined contribution rates and the member rate. Based on these assumptions, the fiduciary net position of the plans were projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability for each plan.

The discount rate used to measure the excess benefit plan total pension liability was 3.83%. In general, the discount rate for calculating the total pension liability is equal to the single rate equivalent to discounting at the long-term expected rate of return for benefit payments prior to the projected depletion date. Because the excess benefit plan is essentially funded on a pay-as-you-go basis, the depletion date is considered to be immediate, and the single equivalent discount rate is equal to the Long-Term Municipal Bond Rate selected by the Village. The Fidelity Bond Index, general obligation, 20 years to maturity, mixed quality was adopted as the applicable municipal bond index rate.

Sensitivity of the discount rate: Regarding the sensitivity of the net pension liability to changes in the single discount rate for each plan, the following presents each plan's net pension liability, calculated using a single discount rate, as well as what each plan's net pension liability would be if it were calculated using a single discount rate that is one percentage point lower or one percentage point higher than the current rate assumption.

<u>Police Plan</u>	1% Decrease 7%	Discount Rate 8%	1% Increase 9%
Net Pension Liability	\$ 9,127,376	\$ 5,844,228	\$ 3,143,430
<hr/>			
<u>General Employees' Plan</u>	1% Decrease 5.25%	Discount Rate 6.25%	1% Increase 7.25%
Net Pension Liability	\$ 6,235,655	\$ 3,798,914	\$ 1,815,226
<hr/>			
<u>Excess Benefit Plan</u>	1% Decrease 2.83%	Discount Rate 3.83%	1% Increase 4.83%
Net Pension Liability	\$ 1,866,338	\$ 1,603,377	\$ 1,358,291

BAL HARBOUR VILLAGE, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 8. EMPLOYEE RETIREMENT PLANS (Continued)

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

The Village reported deferred inflows and outflows of resources related to the Plans from the following sources:

Description	<u>Police Plan</u>	<u>General Employees' Plan</u>	
	Deferred Outflows of Resources	Deferred Outflows of Resources	Deferred Inflow of Resources
Village contribution subsequent to measurement date	\$ 1,105,066	\$ 793,089	\$ -
Differences between expected and actual experience	297,743	221,583	258,019
Change of assumptions	467,828	398,375	-
Net difference between projected and actual earnings on pension plan investments	14,446	301,945	661,538

The deferred outflows of resources related to Village contributions to the Plans subsequent to the measurement date will be recognized as a reduction of the net pension liability for the fiscal year ended September 30, 2019. Other amounts reported as deferred outflows of resources and as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal Years Ending September 30:	<u>Police Plan</u>	<u>General Employees' Plan</u>
2019	\$ 399,119	\$ 209,600
2020	521,621	76,684
2021	(54,696)	(175,007)
2022	(86,027)	(108,931)
Total	<u>\$ 780,017</u>	<u>\$ 2,346</u>

For the year ended September 30, 2018, the Village recognized pension expenses of \$1,403,785 and \$1,050,635 for its Police and General Employees' Plans, respectively. For the year ended September 30, 2018, the Village recognized a credit to pension expense of \$69,815 for its Excess Benefit Plan.

BAL HARBOUR VILLAGE, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 8. EMPLOYEE RETIREMENT PLANS (Continued)

Changes in the net pension liability for each Plan follows:

	General Employees' Plan		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance at September 30, 2017	\$ 15,000,835	\$ 11,265,343	\$ 3,735,492
Changes for the year:			
Service cost	397,466	-	397,466
Interest	941,414	-	941,414
Differences between expected and actual experience	392,032	-	392,032
Contributions – employer	-	745,642	(745,642)
Contributions – employee	-	103,551	(103,551)
Net investment income	-	1,252,600	(1,252,600)
Benefit payments, including refunds of employee contributions	(671,365)	(671,365)	-
Assumption changes	380,153	-	380,153
Administrative expense	-	(54,150)	54,150
Net changes	<u>1,439,700</u>	<u>1,376,278</u>	<u>63,422</u>
Balance at September 30, 2018	<u>\$ 16,440,535</u>	<u>\$ 12,641,621</u>	<u>\$ 3,798,914</u>
	Police Plan		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance at September 30, 2017	\$ 26,801,970	\$ 20,957,742	\$ 5,844,228
Changes for the year:			
Service cost	613,120	-	613,120
Interest	2,097,099	-	2,097,099
Change in excess state money	-	-	-
Differences between expected and actual experience	864,085	-	864,085
Contributions – employer	-	1,283,722	(1,283,722)
Contributions – employee	-	197,911	(197,911)
Contributions – State	-	105,199	(105,199)
Net investment income	-	2,655,694	(2,655,694)
Benefit payments, including refunds of employee contributions	(2,402,714)	(2,402,714)	-
Changes of assumptions	801,021	-	801,021
Administrative expense	-	(76,694)	76,694
Net changes	<u>1,972,611</u>	<u>1,763,118</u>	<u>209,493</u>
Balance at September 30, 2018	<u>\$ 28,774,581</u>	<u>\$ 22,720,860</u>	<u>\$ 6,053,721</u>

BAL HARBOUR VILLAGE, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 8. EMPLOYEE RETIREMENT PLANS (Continued)

	<u>Excess Benefit Plan</u> <u>Increase (Decrease)</u>
	Total Pension Liability (a)
Balance at September 30, 2017	<u>\$ 1,734,275</u>
Changes for the year:	
Interest	59,631
Differences between expected and actual experience	10,635
Benefit payments, including refunds of employee contributions	(61,083)
Assumption changes	<u>(140,081)</u>
Net changes	<u>(130,898)</u>
Balance at September 30, 2018	<u><u>\$ 1,603,377</u></u>

The schedule of changes in the net pension liability and related ratios and the schedule of contributions, presented as Required Supplementary Information (RSI) following the notes to the financial statements, provides additional information about the net pension liability, plan assets and contributions.

Pension Plans Administered by the State of Florida

The Village provides retirement benefits to sworn police officers hired after October 1, 2016 through the Florida Retirement System (FRS) and the Retiree Health Insurance Subsidy (HIS) Plan.

FLORIDA RETIREMENT SYSTEM

The Village participates in the Florida Retirement System (FRS), which was created in Chapter 121, Florida Statutes, to provide a defined benefit pension plan for participating public employees. The FRS was amended in 1998 to add the Deferred Retirement Option Program (DROP) under the defined benefit plan and amended in 2000 to provide a defined contribution plan alternative to the defined benefit plan for FRS members effective July 1, 2002. This integrated defined contribution pension plan is the FRS Investment Plan. Chapter 112, Florida Statutes, established the Health Insurance Subsidy Program, a cost-sharing multiple-employer defined benefit pension plan, for retired members of any state-administered retirement system in paying the costs of health insurance.

BAL HARBOUR VILLAGE, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 8. EMPLOYEE RETIREMENT PLANS (Continued)

The FRS is a single retirement system administered by the Florida Department of Management Services, Division of Retirement and consists of the two cost-sharing, multiple-employer defined benefit plans and other nonintegrated programs.

The Village's pension expense for FRS totaled \$46,336 for the fiscal year ended September 30, 2018.

A comprehensive annual financial report of the FRS, which includes its financial statements, required supplementary information, actuarial report, and other relevant information, is available from the Florida Department of Management Services' website (www.dms.myflorida.com).

Plan Description

The FRS is a cost-sharing multiple-employer defined benefit pension plan, with a DROP for eligible employees. The general classes of membership are as follows:

- Regular Class – Members of the FRS who do not qualify for membership in the other classes.
- Elected County Officers Class – Members who hold specified elective offices in local government.
- Senior Management Service Class (SMSC) – Members in senior management level positions.
- Special Risk Class – Members who are employed as law enforcement officers and meet the criteria to qualify for this class.

All members enrolled in the FRS on or after July 1, 2011, once vested, are eligible for normal retirement benefits at age 65 or any time after 33 years of creditable service (except for members classified as special risk who are eligible for normal retirement benefits at age 60 or at any age after 30 years of service). Members of the FRS may include up to four years of credit for military service toward creditable service.

The FRS also includes an early retirement provision; however, there is a benefit reduction for each year a member retires before his or her normal retirement date. The FRS provides retirement, disability, death benefits, and annual cost-of-living adjustments to eligible participants.

BAL HARBOUR VILLAGE, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 8. EMPLOYEE RETIREMENT PLANS (Continued)

The deferred retirement option program (DROP), subject to provisions of Section 121.091, Florida Statutes, permits employees eligible for normal retirement under the FRS to defer receipt of monthly benefit payments while continuing employment with an FRS employer. An employee may participate in the DROP for a period not to exceed 60 months after electing to participate, except that certain instructional personnel may participate for up to 96 months. During the period of DROP participation, deferred monthly benefits are held in the FRS Trust Fund and accrue interest. The net pension liability does not include amounts for DROP participants, as these members are considered retired and are not accruing additional pension benefits.

FRS Retirement Benefits and Contributions

Benefits under the FRS are computed on the basis of age and/or years of service, average final compensation, and service credit. Credit for each year of service is expressed as a percentage of the average final compensation. For members initially enrolled on or after July 1, 2011, the average final compensation is the average of the eight highest fiscal years' earnings. The total percentage value of the benefit received is determined by calculating the total value of all service, based on the retirement class to which the member belonged when the service credit was earned. Members are eligible for in-line-of-duty or regular disability and survivors' benefits. The following chart shows the percentage value for each year of service credit earned:

Class, Initial Enrollment and Retirement Age/Years of Service	% Value
Regular Class Members Initially Enrolled on or After July 1, 2011:	
Retirement up to age 65 or up to 33 years of service	1.60
Retirement at age 66 or up to 34 years of service	1.63
Retirement at age 67 or up to 35 years of service	1.65
Retirement at age 68 or up to 36 years of service	1.68
Elected County Officers	3
Senior Management Service Class	2
Special Risk Regular:	
Service from December 1, 1970 through September 30, 1974	2
Service on and after October 1, 1974	3

BAL HARBOUR VILLAGE, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 8. EMPLOYEE RETIREMENT PLANS (Continued)

As provided in Section 121.101, Florida Statutes, FRS members initially enrolled on or after July 1, 2011, will not have a cost-of-living adjustment after retirement.

Contributions during the 2018 fiscal year were as follows:

Class	Percent of Gross Salary ⁽²⁾	
	Employee	Employer ⁽¹⁾
FRS, Regular	3.00%	7.52%
FRS, Elected Council Officers	3.00%	42.47%
FRS, Senior Management Service	3.00%	21.77%

(1) Employer rates include 1.66% for the postemployment health insurance subsidy. Also, employer rates, other than for DROP participants, include 0.06% for administrative costs of the Investment Plan.

(2) Contribution rates are dependent upon retirement class in which reemployed.

The Village's contributions to the FRS amounted to \$16,607 and employees' contributions amounted to \$2,311 for the fiscal year ended September 30, 2018.

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

On September 30, 2018, the Village reported a liability of \$175,516 for its proportionate share of the Plan's net pension liability. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2018. The Village's proportionate share of the net pension liability was based on the Village's 2018 fiscal year contributions relative to the participating members. At June 30, 2018, the Village's proportionate share was 0.000583%.

BAL HARBOUR VILLAGE, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 8. EMPLOYEE RETIREMENT PLANS (Continued)

For the fiscal year ended September 30, 2018, the Village recognized pension expense of \$29,729 related to the Plan. In addition, the Village reported deferred outflows of resources and deferred inflows of resources related to pensions, from the following sources:

	FRS	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 14,869	\$ 540
Changes of Assumptions	57,350	-
Net difference between projected and actual earnings on FRS pension plan investments	-	13,561
Changes in proportion and differences between Village FRS contributions and proportionate share of contributions	87,669	-
Village FRS contributions subsequent to the measurement date	13,600	-
Total	\$ 173,488	\$ 14,101

The deferred outflows of resources totaling \$13,600, resulting from the Village's contributions to the FRS Plan subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the fiscal year ended September 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Years ending September 30:	
2019	\$ 38,753
2020	31,601
2021	18,377
2022	26,471
2023	23,076
Thereafter	7,509
	\$ 145,787

BAL HARBOUR VILLAGE, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 8. EMPLOYEE RETIREMENT PLANS (Continued)

Actuarial Assumptions

The FRS actuarial valuation was determined using the following actuarial assumptions, as of July 1, 2018, applied to all periods included in the measurement:

Inflation	2.60%
Salary Increases	3.25% average, including inflation
Investment Rate of Return	7.00%, net of pension plan investment expense, including inflation

Mortality rates were based on the Generational RP-2000 with Projection Scale BB tables. The actuarial assumptions used in the July 1, 2018 valuation were based on the results of an actuarial experience study for the period July 1, 2008 through June 30, 2013.

Long-Term Expected Rate of Return – The long-term expected rate of return on the Plan investments was not based on historical returns, but instead is based on a forward-looking capital market economic model. The allocation policy’s description of each asset class was used to map the target allocation to the asset classes shown below. Each asset class assumption is based on a consistent set of underlying assumptions, and includes an adjustment for the inflation assumption. The target allocation and best estimates of arithmetic and geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	FRS			
	Target Allocation*	Annual Arithmetic Return	Compound Annual (Geometric) Return	Standard Deviation
Cash	1.0%	2.9%	2.9%	1.8%
Fixed income	18.0%	4.4%	4.3%	4.2%
Global equity	54.0%	7.6%	6.3%	17.0%
Real estate (property)	11.0%	6.6%	6.0%	11.3%
Private equity	10.0%	10.7%	7.8%	26.5%
Strategic investment	6.0%	6.0%	5.7%	8.6%
	<u>100.0%</u>			
Assumed inflation-mean		2.6%		1.9%

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

BAL HARBOUR VILLAGE, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 8. EMPLOYEE RETIREMENT PLANS (Continued)

Discount Rate – The discount rate used to measure the net pension liability of the Plan was 7.00%. The Plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected rate of return. The discount rate is reviewed annually and set by mutual agreement between the Board of Trustees and its actuarial firm.

Sensitivity of the Village’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following represents the Village’s proportionate share of the net pension liability calculated using the discount rate of 7.00%, as well as what the Village’s proportionate share of the net pension liability would be if it calculated using a discount rate that is one percentage point lower (6.00%) or one percentage point higher (8.00%) than the current rate:

	FRS		
	1%	Discount Rate	1%
	Decrease 6.00%	7.00%	Increase 8.00%
City’s proportionate share of the FRS net pension liability	\$ 320,324	\$ 175,516	\$ 55,244

Retiree Health Insurance Subsidy Program (HIS)

Plan Description

The Retiree Health Insurance Subsidy Program (HIS) is a cost-sharing multiple-employer defined benefit pension plan established under Section 112.363, Florida Statutes, and may be amended by the Florida Legislature at any time. The benefit is a monthly payment to assist retirees of the State-administered retirement systems in paying their health insurance costs and is administered by the Division of Retirement within the Florida Department of Management Services.

Benefits Provided

For the fiscal year ended September 30, 2018, eligible retirees and beneficiaries received a monthly HIS payment of \$5 for each year of creditable service completed at the time of retirement, with a minimum HIS payment of \$30 and a maximum HIS payment of \$150 per month, pursuant to Section 112.363, Florida Statutes. To be eligible to receive a HIS benefit, a retiree under a State-administered retirement system must provide proof of health insurance coverage, which may include Medicare.

BAL HARBOUR VILLAGE, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 8. EMPLOYEE RETIREMENT PLANS (Continued)

Contributions

The HIS is funded by required contributions from FRS participating employers as set by the Florida Legislature. Employer contributions are a percentage of gross compensation for all active FRS members. For the fiscal year ended September 30, 2018, the HIS contribution rate was 1.66%. The Village contributed 100% of its statutorily required contributions for the current fiscal year. The HIS contributions are deposited in a separate trust fund from which payments are authorized. HIS benefits are not guaranteed and are subject to annual legislative appropriation. In the event the legislative appropriation or available funds fail to provide full subsidy benefits to all participants, benefits may be reduced or canceled.

The Village's contributions to the HIS totaled \$1,279 for the fiscal year ended September 30, 2018.

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

At September 30, 2018, the Village reported a net pension liability of \$24,967 for its proportionate share of the HIS Plan's net pension liability. The total pension liability was determined by an actuarial valuation date as of July 1, 2018. The Village's proportionate share of the net pension liability was based on the Village's 2018 fiscal year contributions relative to the 2018 fiscal year contributions of all participating members. At June 30, 2018, the Village's proportionate share was 0.0000236%.

For the fiscal year ended September 30, 2018, the Village recognized pension expense of \$3,897 related to the HIS. In addition, the Village reported, deferred outflows of resources and deferred inflows of resources related to the HIS from the following sources:

	HIS	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 382	\$ 41
Changes of assumptions	2,777	2,640
Net difference between projected and actual earnings on HIS pension plan investments	15	-
Changes in proportion and differences between Village HIS contributions and proportionate share of contributions	20,578	-
Village HIS contributions subsequent to the measurement date	992	-
Total	<u>\$ 24,744</u>	<u>\$ 2,681</u>

BAL HARBOUR VILLAGE, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 8. EMPLOYEE RETIREMENT PLANS (Continued)

The deferred outflows of resources totaling \$991, resulting from the Village's contributions to the HIS Plan subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the fiscal year ended September 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Years ending September 30:	
2019	\$ 3,662
2020	3,661
2021	3,559
2022	3,373
2023	2,985
Thereafter	3,831
Total	<u>\$ 21,071</u>

Actuarial Assumptions

The HIS plan's actuarial valuation was determined using the following actuarial assumptions as of July 1, 2018, applied to all periods included in the measurement:

Inflation	2.60%
Salary Increases, average including inflation	3.25%
Municipal Bond Rates – Investment Rate of Return	3.87%

Mortality rates were based on the Generational RP-2000 with Projection Scale BB tables.

The actuarial assumptions used in the July 1, 2018, valuation were based on the results of an actuarial experience study for the period July 1, 2008 through June 30, 2013.

Discount Rate – The discount rate used to measure the total pension liability for the HIS Plan was 3.87%. In general, the discount rate for calculating the total pension liability is equal to the single rate equivalent to discounting at the long-term expected rate of return for benefit payments prior to the projected depletion date. Because the HIS benefit is essentially funded on a pay-as-you-go basis, the depletion date is considered to be immediate, and the single equivalent discount rate is equal to the municipal bond rate selected by the HIS Plan sponsor. The Bond Buyer General Obligation 20-Bond Municipal Bond Index was adopted as the applicable municipal bond index.

BAL HARBOUR VILLAGE, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 8. EMPLOYEE RETIREMENT PLANS (Continued)

Sensitivity of the Village's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the Village's proportionate share of the net pension liability calculated using a discount rate of 3.87%, as well as what the Village's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

	HIS		
	1% Decrease	Discount Rate	1% Increase
	2.87%	3.87%	4.87%
Village's proportionate share of the HIS net pension liability	\$ 28,436	\$ 24,967	\$ 22,076

Net Pension Liability, Deferred Inflow of Resources, and Deferred Outflow of Resources

The following table summarizes the net pension liability, deferred inflow of resources and deferred outflow of resources for each plan as previously disclosed in Note 8:

	Net Pension Liability	Deferred Outflow of Resources	Deferred Inflow of Resources
Police Pension Plan	\$ 5,844,228	\$ 1,885,083	\$ -
General Employees' Pension Plan	3,798,914	1,714,992	919,557
Florida Retirement System (FRS plan)	175,516	173,488	14,101
Health Insurance Subsidy (HIS plan)	24,967	24,744	2,681
Total – defined benefit plans	9,843,625	3,798,307	936,339
Excess Benefit Plan	1,603,377	-	-
Total	\$ 11,447,002	\$ 3,798,307	\$ 936,339

BAL HARBOUR VILLAGE, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 9. OTHER POST-EMPLOYMENT BENEFITS

Plan Description

The Village provides health insurance benefits to its retired employees through a single-employer plan that is administered by the Village. Pursuant to the provisions of Section 112.0801, Florida Statutes, former employees who retire from the Village and eligible dependents, may continue to participate in the Village's fully-insured benefit plan for medical and prescription drug insurance coverage. The Village subsidizes the premium rates paid by retirees by allowing them to participate in the plan at reduced or blended group (implicitly subsidized) premium rates for both active and retired employees. These rates provide an implicit subsidy for retirees because, on an actuarial basis, their current and future claims are expected to result in higher costs to the plan on average than those of active employees. The benefits provided under this defined benefit plan are provided for a retiree's lifetime (or until such time at which the retiree discontinues coverage under the Village sponsored plans, if earlier). Additionally, and as provided by a collective bargaining agreement, eligible retired sworn police officers from the Village receive a health stipend of \$350 per month until age of 65 which can be used to pay for health insurance at the Village or outside. Retirees are required to enroll in the Federal Medicare program for their primary coverage as soon as they are eligible. The Plan may be amended or terminated by the Village if Florida law changes or if collective bargaining agreements are amended.

Funding Policy

Currently, the Village's Other Post-Employment Benefits (OPEB) are unfunded. That is, the Village Council has not established a separate trust fund or equivalent arrangement to advance-fund the obligation, presently the obligation is funded on a pay as you go basis. For the fiscal year ended September 30, 2018, the Village provided required contributions of \$51,268 toward the annual OPEB cost, in the form of age adjusted premiums paid on behalf of retirees for the fully insured benefits and health stipend. If the Plan is amended or terminated by the Village because of Florida law changes, amendments to collective bargaining agreements, or other reasons, the Village may amend its funding system or its benefits. The funding percentage for each employee is 100% of the implied subsidy or 100% of the \$350 stipend, as applicable.

Employees Covered by benefit terms. As of October 1, 2017, employee membership data related to the Plan is as follows:

Inactive employees or beneficiaries currently receiving benefit payments	11
Active employees entitled to but not yet receiving benefit payments	49
Total	<u>60</u>

BAL HARBOUR VILLAGE, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 9. OTHER POST-EMPLOYMENT BENEFITS (Continued)

Total OPEB Liability

The Village's total OPEB liability was measured as of September 30, 2017.

Actuarial assumptions. The total OPEB liability was determined by an actuarial valuation as of September 30, 2017, using the following assumptions, applied to all prior periods included in the measurement:

Inflation rate	2.50%
Salary increases	6.00%
Discount rate	3.50%
Healthcare cost trend rates:	
Select rates	7.50% for 2018, 7.00% for FY 19 and then decreasing to the ultimate trend rate of 4.50% per annum

Mortality rates were based on the RP-2000 Generational Combined Healthy Participant Mortality Table using Scale AA.

Discount rate. For OPEB plans that do not have assets, the discount rate should equal the tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date. For the purpose of this valuation, the municipal bond rate is 3.5%.

BAL HARBOUR VILLAGE, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 9. OTHER POST-EMPLOYMENT BENEFITS (Continued)

Changes in Total OPEB Liability

	Total OPEB Liability
Balance at September 30, 2017	\$ 1,233,794
Changes for the year:	
Service cost	61,563
Interest	39,361
Change in assumptions	(36,296)
Benefit payments	(51,268)
Net changes	13,360
Balance at September 30, 2018	\$ 1,247,154

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate. The following table illustrates the impact of interest rate sensitivity on the total OPEB liability of the Village as of September 30, 2018:

	1% Decrease 2.50%	Discount Rate 3.50%	1% Increase 4.50%
Total OPEB Liability	\$ 1,333,293	\$ 1,247,154	\$ 1,167,641

BAL HARBOUR VILLAGE, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 9. OTHER POST-EMPLOYMENT BENEFITS (Continued)

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates. The following table illustrates the impact of healthcare cost trend rate sensitivity on the total OPEB liability of the Village as of September 30, 2018:

	Healthcare Cost		
	1% Decrease	Trend Rates	1% Increase
Total OPEB liability	\$ 1,183,145	\$ 1,247,154	\$ 1,319,951

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

For the year ended September 30, 2018, the Village recognized OPEB expense of \$13,360. At September 30, 2018, the Village reported deferred outflows of resources and deferred inflows of resources related to the OPEB plan from the following sources:

	Deferred Outflow of Resources
Employer contribution made subsequent to the measurement date	<u>\$ 90,177</u>

The deferred outflows of resources related to the OPEB plan, totaling \$90,177, resulting from Village contributions to the Plan subsequent to the measurement date, will be recognized as a reduction of the liability for the fiscal year ending September 30, 2019.

BAL HARBOUR VILLAGE, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 10. COMMITMENTS AND CONTINGENCIES

Litigation, Claims and Assessments

In the normal course of business, the Village may be involved in pending or threatened litigation, claims or assessments. The Village's administration, the Village Council and legal counsel anticipate that any claims not covered by insurance or limited by state statute would not have a material adverse effect on the financial position of the Village.

Operating Leases

In fiscal year 2010, the Village entered into a 7-year operating lease for office space for the police department at the Bal Harbour Shops, the lease required monthly payments of \$4,863, or \$58,363 annually with no escalation clauses. In March of 2017, the Village extended the lease through to March of 2018 with payments of \$51,080 annually. The final development agreement executed in July 2017 with the Bal Harbour Shops provided a second modification to the lease. The second modification provides for an extension of the existing lease to the Village, until 90 days after conveyance of the new Village Hall to the Village. The First Amendment to the Development Agreement for the Bal Harbour Shops Expansion was adopted by Village Council December 18, 2018, this included a provision which ceased the payment of rent to the Shops until the completion of a new Village Hall to house the Police Department and Village operations.

Grants

Grant monies received and disbursed by the Village for specific purposes may be subject to audit by the grantor agencies. Such audits may result in requests for reimbursements due to disallowed expenditures or other actions by grantor agencies. The Village does not believe that such disallowances or other actions taken by the grantor agencies, if any, would have a material effect on the financial position of the Village.

NOTE 11. RISK MANAGEMENT

The Village is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets, errors and omissions, and natural disasters for which the Village carries commercial insurance. There were no reductions in insurance coverages from coverages in the prior year and there were no settlements that exceeded insurance coverages for each of the past three years.

BAL HARBOUR VILLAGE, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 12. RESTATEMENT OF PRIOR YEAR BALANCES

The Village implemented GASB Statement 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, which resulted in the restatement of beginning net position. The effect of the change in accounting principle is summarized in the following table:

	Governmental Activities
Net Position - October 1, 2017	\$ 45,988,448
Cumulative effect of the implementation of GASB No. 75	<u>(441,173)</u>
Net Position as restated - October 1, 2017	<u><u>\$ 45,547,275</u></u>

The implementation of GASB Statement No. 75 resulted in the Village recording an additional OPEB liability of \$492,441 and deferred outflows of \$51,268 for governmental activities as of October 1, 2017.

Note 13. SUBSEQUENT EVENTS

On January 10, 2019, the Village purchased property in the amount of \$1,465,000 in North Miami, Florida. The property will be used by the Parks and Public Spaces Department, for the operations of Parks, Public Works, and Water and Wastewater Utility.

**REQUIRED SUPPLEMENTARY INFORMATION
(OTHER THAN MD&A) – UNAUDITED**

BAL HARBOUR VILLAGE, FLORIDA
BUDGETARY COMPARISON SCHEDULE – UNAUDITED
GENERAL FUND (BUDGETARY BASIS)
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget
Revenues:				
Taxes:				
Property	\$ 9,922,314	\$ 9,922,314	\$ 10,010,648	\$ 88,334
Other local taxes	1,457,980	1,457,980	1,601,350	143,370
Licenses and permits	1,840,000	1,840,000	2,287,708	447,708
Fines and forfeitures	597,000	600,000	383,907	(216,093)
Charges for services	1,272,160	1,272,160	1,025,384	(246,776)
Intergovernmental	732,298	732,298	756,387	24,089
Miscellaneous	37,030	37,030	109,934	72,904
Investment earnings	72,768	72,768	109,736	36,968
Total revenues	<u>15,931,550</u>	<u>15,934,550</u>	<u>16,285,054</u>	<u>350,504</u>
Expenditures:				
Current:				
General government:				
Legislative	170,586	170,586	139,298	31,288
Executive	1,168,992	1,217,313	1,137,520	79,793
Finance	652,385	694,984	625,690	69,294
General government	1,860,176	1,557,062	955,930	601,132
Building department	992,340	1,024,244	831,916	192,328
Information Technology	444,311	894,308	490,944	403,364
Legal	430,179	430,179	466,988	(36,809)
Total general government	<u>5,718,969</u>	<u>5,988,676</u>	<u>4,648,286</u>	<u>1,340,390</u>
Public safety	6,807,048	6,943,776	6,688,397	255,379
Public works	2,220,641	2,256,541	2,042,260	214,281
Parks and recreation	1,359,892	1,370,557	392,827	977,730
Total expenditures	<u>16,106,550</u>	<u>16,559,550</u>	<u>13,771,770</u>	<u>2,787,780</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(175,000)</u>	<u>(625,000)</u>	<u>2,513,284</u>	<u>3,138,284</u>
Other financing sources:				
Transfers in	175,000	625,000	18,722	(606,278)
Developer contribution	-	-	500,000	500,000
Total other financing sources	<u>175,000</u>	<u>625,000</u>	<u>518,722</u>	<u>(106,278)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,032,006</u>	<u>\$ 3,032,006</u>

BAL HARBOUR VILLAGE, FLORIDA

BUDGETARY COMPARISON SCHEDULE – UNAUDITED
RESORT TAX SPECIAL REVENUE FUND (BUDGETARY BASIS)

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget
Revenues:				
Resort tax	\$ 3,442,883	\$ 3,442,883	\$ 3,825,266	\$ 382,383
Investment earnings	-	-	40,339	40,339
Total revenues	<u>3,442,883</u>	<u>3,442,883</u>	<u>3,865,605</u>	<u>422,722</u>
Expenditures:				
Tourism development	1,987,811	1,987,811	2,020,166	(32,355)
Beautification	1,455,072	1,455,072	1,592,093	(137,021)
Capital outlay	-	-	44,904	(44,904)
Total expenditures	<u>3,442,883</u>	<u>3,442,883</u>	<u>3,657,163</u>	<u>(214,280)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>208,442</u>	<u>208,442</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 208,442</u>	<u>\$ 208,442</u>

See notes to budgetary comparison schedules.

BAL HARBOUR VILLAGE, FLORIDA

NOTE TO BUDGETARY COMPARISON SCHEDULES

NOTE 1. BUDGET AND BUDGETARY ACCOUNTING

The Village legally adopts an annual budget for each of its funds, except for the State Law Enforcement Trust Fund and the Federal Law Enforcement Trust Fund. Of the major funds presented in a budget-to-actual format, only the general and resort tax special revenue funds have adopted budgets. The budgets are prepared on a basis consistent with accounting principles generally accepted in the United States of America. The Village Manager may make transfers of appropriations within a department. Transfers of appropriations between departments and between funds require the approval of the Village Council. Therefore, the legal level of control for the general fund is at the department or activity level.

The Village follows these procedures in establishing the budgetary data reflected in the financial statements.

- a) During July, the Village Manager submits to the Village Council a proposed operating and capital budget for the fiscal year beginning the following October 1st. The budget includes proposed revenues and expenditures with an explanation regarding each expenditure that is not of a routine nature.
- b) Two public hearings are conducted to obtain taxpayer and citizen comments.
- c) Prior to September 30th, the budget is legally enacted through passage of an ordinance or resolution.
- d) At the request of the Village Manager, the Council may, by resolution, transfer any unencumbered appropriation balance from one activity or department to another. This typically occurs as a mid-year budget amendment or end of year budget amendment.
- e) Budgeted amounts reflected in the accompanying financial statements are as originally adopted and as amended.

BAL HARBOUR VILLAGE, FLORIDA

REQUIRED SUPPLEMENTARY INFORMATION – UNAUDITED
SCHEDULE OF CHANGES IN THE VILLAGE'S NET PENSION LIABILITY AND RELATED RATIOS

BAL HARBOUR EMPLOYEES' PENSION PLAN

	2018	2017	2016	2015
Total Pension Liability				
Service cost	\$ 397,466	\$ 389,223	\$ 283,241	\$ 287,964
Interest	941,414	946,114	842,798	865,195
Difference between actual and expected experience	392,032	(774,055)	97,731	-
Changes of assumptions	380,153	550,516	903,212	-
Benefit payments	(580,345)	(559,166)	(723,310)	(361,172)
Refunds	(91,020)	-	-	-
Net Change in Total Pension Liability	1,439,700	552,632	1,403,672	791,987
Total Pension Liability – Beginning	<u>15,000,835</u>	<u>14,448,203</u>	<u>13,044,531</u>	<u>12,252,544</u>
Total Pension Liability – Ending (a)	<u>16,440,535</u>	<u>15,000,835</u>	<u>14,448,203</u>	<u>13,044,531</u>
Plan Fiduciary Net Position				
Contributions – employer/state	\$ 745,642	\$ 622,677	\$ 565,619	\$ 671,605
Contributions – member	103,551	78,154	69,983	89,677
Net Investment income	1,252,600	995,129	(83,165)	798,212
Benefit payments	(580,345)	(559,166)	(723,310)	(361,172)
Refunds	(91,020)	-	-	-
Administrative expense	(54,150)	(54,775)	(63,251)	(27,338)
Net Change in Plan Fiduciary Net Position	1,376,278	1,082,019	(234,124)	1,170,984
Plan Fiduciary Net Position – Beginning	<u>11,265,343</u>	<u>10,183,324</u>	<u>10,417,448</u>	<u>9,246,464</u>
Plan Fiduciary Net Position – Ending (b)	<u>12,641,621</u>	<u>11,265,343</u>	<u>10,183,324</u>	<u>10,417,448</u>
Net Pension Liability – Ending (a) – (b)	\$ <u>3,798,914</u>	\$ <u>3,735,492</u>	\$ <u>4,264,879</u>	\$ <u>2,627,083</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	76.89%	75.10%	70.48%	79.86%
Covered Payroll	\$ 1,332,178	\$ 1,251,987	\$ 1,360,903	\$ 1,726,458
Net Pension Liability as a Percentage of Covered Payroll	285.17%	298.37%	313.39%	152.17%

This schedule is presented to illustrate the requirements of GASB 68. Currently, only data for fiscal years ended September 30, 2015 through 2018 are available.

BAL HARBOUR VILLAGE, FLORIDA

REQUIRED SUPPLEMENTARY INFORMATION – UNAUDITED
SCHEDULE OF CHANGES IN THE VILLAGE'S NET PENSION LIABILITY AND RELATED RATIOS

BAL HARBOUR POLICE OFFICERS' PENSION PLAN

	2018	2017	2016	2015	2014
Total Pension Liability					
Service cost	\$ 613,120	\$ 627,129	\$ 553,181	\$ 410,248	\$ 346,348
Interest	2,097,099	2,041,709	1,860,042	1,811,845	1,800,823
Change in excess state money	-	-	(20,337)	-	-
Changes of benefit terms	-	-	-	(673,655)	-
Differences between expected and actual experience	864,085	71,973	474,826	25,401	-
Changes of assumptions	801,021	-	935,656	-	-
Benefit payments, including refunds of employee contributions	<u>(2,402,714)</u>	<u>(1,666,151)</u>	<u>(1,587,483)</u>	<u>(1,988,455)</u>	<u>(810,802)</u>
Net Change in Total Pension Liability	1,972,611	1,074,660	2,215,885	(414,616)	1,336,369
Total Pension Liability – Beginning	<u>26,801,970</u>	<u>25,727,310</u>	<u>23,511,425</u>	<u>23,926,041</u>	<u>22,589,672</u>
Total Pension Liability – Ending (a)	\$ <u>28,774,581</u>	\$ <u>26,801,970</u>	\$ <u>25,727,310</u>	\$ <u>23,511,425</u>	\$ <u>23,926,041</u>
Plan Fiduciary Net Position					
Contributions – employer	\$ 1,283,722	\$ 1,090,340	\$ 1,412,053	\$ 1,267,776	\$ 972,601
Contributions – state	105,199	-	48,213	48,213	44,490
Contributions – employee	197,911	209,065	207,719	173,806	133,415
Net investment income	2,655,694	1,967,324	1,378,398	349,967	1,966,648
Benefit payments, including refunds of member contributions	(2,402,714)	(1,666,151)	(1,587,483)	(1,988,455)	(810,802)
Administrative expense	<u>(76,694)</u>	<u>(82,083)</u>	<u>(86,042)</u>	<u>(90,015)</u>	<u>(78,730)</u>
Net Change in Plan Fiduciary Net Position	1,763,118	1,518,495	1,372,858	(238,708)	2,227,622
Plan Fiduciary Net Position – Beginning	<u>20,957,742</u>	<u>19,439,247</u>	<u>18,066,389</u>	<u>18,305,097</u>	<u>16,077,475</u>
Plan Fiduciary Net Position – Ending (b)	<u>22,720,860</u>	<u>20,957,742</u>	<u>19,439,247</u>	<u>18,066,389</u>	<u>18,305,097</u>
Net Pension Liability – Ending (a) – (b)	\$ <u>6,053,721</u>	\$ <u>5,844,228</u>	\$ <u>6,288,063</u>	\$ <u>5,445,036</u>	\$ <u>5,620,944</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	78.96%	78.19%	75.56%	76.84%	76.51%
Covered Payroll	\$ 1,979,108	\$ 2,090,649	\$ 2,077,194	\$ 2,168,613	\$ 1,334,157
Net Pension Liability as a Percentage of Covered Payroll	305.88%	279.54%	302.72%	251.08%	421.31%

*For purposes of calculating the net pension liability, the actuary included the advanced Village contribution of approximately \$250,000 as a contribution in 2016.

This schedule is presented to illustrate the requirements of GASB 68. Currently, only data for fiscal years ended September 30, 2014 through 2018 are available.

BAL HARBOUR VILLAGE, FLORIDA

REQUIRED SUPPLEMENTARY INFORMATION – UNAUDITED
SCHEDULE OF CHANGES IN THE TOTAL PENSION LIABILITY AND RELATED RATIOS

BAL HARBOUR VILLAGE EXCESS BENEFIT PLAN

	2018	2017
Total Pension Liability		
Interest on the total pension liability	\$ 59,631	\$ 56,322
Difference between actual and expected experience	10,635	1,860
Changes of assumptions	(140,081)	(134,713)
Benefit payments	(61,083)	(59,593)
Net Change in Total Pension Liability	(130,898)	(136,124)
Total Pension Liability – Beginning	1,734,275	1,870,399
Total Pension Liability – Ending	\$ 1,603,377	\$ 1,734,275
Covered Payroll	not applicable	not applicable
Total Pension Liability as a Percentage of Covered Payroll	not applicable	not applicable

This schedule is presented to illustrate the requirements of GASB 68. Currently, only data for fiscal years ended September 30, 2017 and 2018 are available.

BAL HARBOUR VILLAGE, FLORIDA

REQUIRED SUPPLEMENTARY INFORMATION – UNAUDITED SCHEDULES OF EMPLOYER CONTRIBUTIONS

BAL HARBOUR EMPLOYEES' PENSION PLAN	2018	2017	2016	2015	2014
Actuarially Determined Contribution	\$ 793,089	\$ 745,642	\$ 622,677	\$ 565,619	\$ 497,853
Contributions in Relation to the Actuarially Determined Contribution	<u>793,089</u>	<u>745,642</u>	<u>622,677</u>	<u>565,619</u>	<u>671,605</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (173,752)</u>
Covered Payroll	\$ 1,332,178	\$ 1,302,066	\$ 1,251,987	\$ 1,360,903	\$ 1,726,458
Contributions as a Percentage of Covered Payroll	59.53%	57.27%	49.74%	41.56%	38.90%

Notes to Schedule of Contributions

Valuation Date	October 1, 2016
Actuarial Cost Method	Entry Age Normal Cost Method
Amortization Method	Closed, Level Percent of Pay Method
Remaining Amortization Period	20 years
Asset Valuation Method	5-year Smoothed Market Value: Difference between the expected and actual return on market value of assets phased in over a period of five (5) years (at the rate of 20% per year), adjusted to be no greater than 120% and no less than 80% of the fair market value
Inflation	2.25% per year
Salary Increases	Age-based salary increase table with values ranging from 2.25% - 6.75%, including inflation, and averaging at 5.0% per year
Investment Rate of Return	6.25% per year compounded annually, net of investment expenses, including inflation
Retirement Age	Experience-based table of rates based on year of eligibility
Mortality	100% White Collar rates for females with generational mortality improvement projections from year 2000 using scale BB, 50% White Collar Annuitant /50% Blue Collar Annuitant blend of rates from RP 2000 tables for males, with generational improvement projections from year 2000 using scale BB
Notes	The most recent assumption review was completed in 2016 and covered experience from October 1, 2006 through September 30, 2016. The results of this study were used to determine the assumptions described above

This schedule is presented to illustrate the requirements of GASB 68. Currently, only data for fiscal years ended September 30, 2014 through 2018 are available.

BAL HARBOUR VILLAGE, FLORIDA

REQUIRED SUPPLEMENTARY INFORMATION – UNAUDITED
SCHEDULES OF EMPLOYER CONTRIBUTIONS

BAL HARBOUR POLICE OFFICERS' PENSION PLAN	2018	2017	2016	2015	2014
Actuarially Determined Contribution	\$ 1,388,921	\$ 1,340,039	\$ 1,231,003	\$ 1,284,001	\$ 1,004,620
Contributions in Relation to the Actuarially Determined Contribution	<u>1,388,921</u>	<u>1,090,340</u>	<u>1,460,266</u>	<u>1,315,261</u>	<u>1,017,091</u>
Contribution Deficiency (Excess)	\$ <u>-</u>	\$ <u>249,699</u>	\$ <u>(229,263)</u>	\$ <u>(31,260)</u>	\$ <u>(12,471)</u>
Covered Payroll	\$ 1,979,108	\$ 2,090,649	\$ 2,077,194	\$ 2,168,613	\$ 1,334,157
Contributions as a Percentage of Covered Payroll	70.18%	52.15%	70.30%	60.65%	76.23%

Notes to Schedule of Contributions

Valuation Date October 1, 2016

Methods and assumptions used to determine contribution rates:

Actuarial Cost Method Entry Age Normal Cost Method

Amortization Method Closed, Level Percent of Pay Method

Remaining Amortization Period 20 years (as of 10/01/2016).

Asset Valuation Method Each year, the prior Actuarial Value of Assets is brought forward utilizing the historical geometric five-year average market value return (net of fees). It is possible that over time this technique will produce an insignificant bias above or below market.

Inflation 2.5% per year

Salary Increases 7.0% per year up to the assumed retirement age

Investment Rate of Return 7.75%, net of pension plan investment expense, including inflation

Fund Earnings 8.0% per year, compounded annually, net of investment related expenses

Payroll Increase 7.0% per year up to assumed retirement age

Cost-of-Living Adjustment 2.5% per year

Retirement Age Earlier of age 55 and 10 years of service or age 57, regardless of service, or 20 years of service, regardless of age. Members at the assumed retirement age are assumed to continue employment for one more year.

Early Retirement None

Mortality RP 2000 Combined Healthy – Sex Distinct. Disabled lives set forward 5 years. Based on a study of over 650 public safety funds, this table reflects a 10% margin for future mortality improvements.

This schedule is presented to illustrate the requirements of GASB 68. Currently, only data for fiscal years ended September 30, 2014 through 2018 are available.

BAL HARBOUR VILLAGE, FLORIDA
 REQUIRED SUPPLEMENTARY INFORMATION – UNAUDITED
 SCHEDULES OF INVESTMENT RETURNS

	2018	2017	2016	2015	2014
BAL HARBOUR EMPLOYEES' PENSION PLAN					
Annual Money-Weighted Rate of Return, Net of Investment Expense	6.89%	10.43%	9.90%	-0.87%	8.59%
BAL HARBOUR POLICE OFFICERS' PENSION PLAN					
Annual Money-Weighted Rate of Return, Net of Investment Expense	12.32%	9.56%	7.42%	2.53%	12.81%

This schedule is presented to illustrate the requirements of GASB 68. Currently, only data for fiscal years ended September 30, 2015 through 2018 are available.

BAL HARBOUR VILLAGE, FLORIDA

REQUIRED SUPPLEMENTARY INFORMATION – UNAUDITED
Schedule of Changes in the Total OPEB Liability

	2018
Total OPEB Liability	
Service cost	\$ 61,563
Interest cost	39,361
Changes in assumptions	(36,296)
Benefit payments	(51,268)
Net change in total OPEB liability	<u>13,360</u>
Total OPEB Liability – beginning	<u>1,233,794</u>
Total OPEB Liability – ending	<u><u>\$ 1,247,154</u></u>
Covered payroll	\$ 5,416,800
Total OPEB Liability as a percentage of covered payroll	 23%

The schedule is presented to illustrate the requirements of GASB 75. Currently, only data for the fiscal years available are presented.

BAL HARBOUR VILLAGE, FLORIDA

REQUIRED SUPPLEMENTARY INFORMATION – UNAUDITED
SCHEDULE OF VILLAGE'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
FLORIDA RETIREMENT SYSTEM PLANS

Florida Retirement System	2018
Villages' proportion of the net pension liability	0.000583%
Village's proportionate share of the net pension liability	\$ 175,516
Village's covered payroll	\$ 77,050
Village's proportionate share of the net pension liability as a percentage of its covered payroll	227.79%
Plan fiduciary net position as a percentage of the total pension liability	84.26%

Health Insurance Subsidy Program	2018
Villages' proportion of the net pension liability	0.0000236%
Village's proportionate share of the net pension liability	\$ 24,967
Village's covered payroll	\$ -
Village's proportionate share of the net pension liability as a percentage of its covered payroll	0.00%
Plan fiduciary net position as a percentage of the total pension liability	2.15%

This schedule is presented to illustrate the requirements of GASB 68. Currently, only data for fiscal years presented are available.

BAL HARBOUR VILLAGE, FLORIDA

REQUIRED SUPPLEMENTARY INFORMATION – UNAUDITED
SCHEDULE OF VILLAGE CONTRIBUTIONS
FLORIDA RETIREMENT SYSTEM PLANS

Florida Retirement System	2018
Contractually required contribution	\$ 16,607
Contributions in relation to the contractually required contribution	(16,607)
Contribution deficiency (excess)	\$ -
District's covered-employee payroll	\$ 136,738
Contributions as a percentage of covered-employee payroll	12.15%
Health Insurance Subsidy Program	
Health Insurance Subsidy Program	2018
Contractually required contribution	\$ 1,279
Contributions in relation to the contractually required contribution	(1,279)
Contribution deficiency (excess)	\$ -
District's covered payroll	\$ -
Contributions as a percentage of covered-employee payroll	0.00%

This schedule is presented to illustrate the requirements of GASB 68. Currently, only data for fiscal years presented are available.

**COMBINING FUND FINANCIAL
STATEMENTS AND SCHEDULE – UNAUDITED**

BAL HARBOUR VILLAGE, FLORIDA
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2018

	State Law Enforcement Special Revenue	Federal Law Enforcement Special Revenue	Security District Special Revenue	Total Non-Major Governmental Funds
<u>ASSETS</u>				
Cash	\$ 953,925	\$ 21,922	\$ 911,910	\$ 1,887,757
Receivables, net	-	-	10,543	10,543
Total assets	953,925	21,922	922,453	1,898,300
 <u>LIABILITIES AND FUND BALANCE</u>				
Accounts payable and accrued liabilities	-	-	60,174	60,174
 <u>Fund balance:</u>				
Restricted:				
State and federal law enforcement	953,925	21,922	-	975,847
Security district	-	-	862,279	862,279
Total fund balances	953,925	21,922	862,279	1,838,126
Total liabilities and fund balances	\$ 953,925	\$ 21,922	\$ 922,453	\$ 1,898,300

BAL HARBOUR VILLAGE, FLORIDA

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018

	State Law Enforcement Special Revenue	Federal Law Enforcement Special Revenue	Security District Special Revenue	Total Non-Major Governmental Funds
Revenues:				
Special assessments	\$ -	\$ -	\$ 603,159	\$ 603,159
Investment earnings	144	-	-	144
Miscellaneous	-	21,922	1,126	23,048
Total revenues	<u>144</u>	<u>21,922</u>	<u>604,285</u>	<u>626,351</u>
Expenditures:				
Current:				
General government	7,639	-	649,482	657,121
Capital outlay	-	-	55,882	55,882
Total expenditures	<u>7,639</u>	<u>-</u>	<u>705,364</u>	<u>713,003</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(7,495)</u>	<u>21,922</u>	<u>(101,079)</u>	<u>(86,652)</u>
Net change in fund balance	(7,495)	21,922	(101,079)	(86,652)
Fund balance, beginning	<u>961,420</u>	<u>-</u>	<u>963,358</u>	<u>1,924,778</u>
Fund balance, ending	<u>\$ 953,925</u>	<u>\$ 21,922</u>	<u>\$ 862,279</u>	<u>\$ 1,838,126</u>

BAL HARBOUR VILLAGE, FLORIDA

**BUDGETARY COMPARISON SCHEDULE
SECURITY DISTRICT FUND**

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018

	Original and Final Budget	Actual Amounts	Variance with Final Budget
Revenues:			
Special assessments	\$ 568,588	\$ 603,159	\$ 34,571
Miscellaneous	1,400	1,126	(274)
Total revenues	<u>569,988</u>	<u>604,285</u>	<u>34,297</u>
Expenditures:			
General government	569,988	649,482	(79,494)
Capital outlay	<u>-</u>	<u>55,882</u>	<u>(55,882)</u>
Total expenditures	<u>569,988</u>	<u>705,364</u>	<u>(135,376)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>(101,079)</u>	<u>(101,079)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ (101,079)</u>	<u>\$ (101,079)</u>

BAL HARBOUR VILLAGE, FLORIDA
COMBINING STATEMENT OF FIDUCIARY NET POSITION
PENSION TRUST FUNDS
SEPTEMBER 30, 2018

	General Employees Pension	Police Officers Pension	<u>Totals</u>
<u>ASSETS</u>			
Investments, at fair value:			
Money market mutual funds	\$ 703,320	\$ 2,513,670	\$ 3,216,990
Stock mutual funds	8,239,432	-	8,239,432
Bond mutual funds	4,867,063	-	4,867,063
U.S. Government obligations	-	3,002,971	3,002,971
Corporate bonds	-	3,023,189	3,023,189
Mortgage-backed securities	-	1,218,876	1,218,876
Large cap equities	-	<u>12,584,312</u>	<u>12,584,312</u>
Total investments	13,809,815	22,343,018	36,152,833
Accrued interest receivable	9,890	49,189	59,079
Contributions receivable	-	253,436	253,436
Prepaid expenses	<u>4,082</u>	<u>125,229</u>	<u>129,311</u>
Total assets	<u>13,823,787</u>	<u>22,770,872</u>	<u>36,594,659</u>
<u>LIABILITIES</u>			
Accounts payables	<u>8,103</u>	<u>50,012</u>	<u>58,115</u>
<u>NET POSITION</u>			
Net position restricted for pension benefits	\$ <u>13,815,684</u>	\$ <u>22,720,860</u>	\$ <u>36,536,544</u>

BAL HARBOUR VILLAGE, FLORIDA
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
PENSION TRUST FUNDS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018

	General Employees Pension	Police Officers Pension	Totals
ADDITIONS			
Contributions:			
Village	\$ 793,089	\$ 1,283,722	\$ 2,076,811
Employees	126,093	197,911	324,004
State	<u>-</u>	<u>105,199</u>	<u>105,199</u>
Total contributions	<u>919,182</u>	<u>1,586,832</u>	<u>2,506,014</u>
Investment income:			
Interest, dividends and other income	272,864	465,951	738,815
Net change in the fair value of investments	<u>738,211</u>	<u>2,327,341</u>	<u>3,065,552</u>
	1,011,075	2,793,292	3,804,367
Less investment expenses	<u>(46,168)</u>	<u>(124,978)</u>	<u>(171,146)</u>
Net investment income	<u>964,907</u>	<u>2,668,314</u>	<u>3,633,221</u>
Other income	<u>-</u>	<u>6,176</u>	<u>6,176</u>
Total additions	<u>1,884,089</u>	<u>4,261,322</u>	<u>6,145,411</u>
DEDUCTIONS			
Benefits payments	656,733	1,361,179	2,017,912
Administrative expenses	53,293	95,490	148,783
Lump sum DROP distributions	<u>-</u>	<u>1,041,535</u>	<u>1,041,535</u>
Total deductions	<u>710,026</u>	<u>2,498,204</u>	<u>3,208,230</u>
Change in net position	1,174,063	1,763,118	2,937,181
NET POSITION RESTRICTED FOR PENSION BENEFITS			
Beginning	<u>12,641,621</u>	<u>20,957,742</u>	<u>33,599,363</u>
Ending	<u>\$ 13,815,684</u>	<u>\$ 22,720,860</u>	<u>\$ 36,536,544</u>

BAL HARBOUR VILLAGE, FLORIDA
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
PENDING FORFEITURES
AGENCY FUND
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018

	Balance October 1, 2017	Additions	Reductions	Balance September 30, 2018
<u>ASSETS</u>				
Cash	\$ <u>301,248</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>301,248</u>
<u>LIABILITIES</u>				
Other liabilities	\$ <u>301,248</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>301,248</u>

STATISTICAL SECTION – UNAUDITED

STATISTICAL SECTION

This part of Bal Harbour Village'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's overall financial health.

<u>Contents</u>	<u>Page</u>
Financial Trends <i>These schedules contain trend information to help the reader understand how the Village's financial performance and well-being have changed over time. These schedules include:</i>	97-101
Revenue Capacity <i>These schedules contain information to help the reader assess the Village's most significant local revenue source, the property tax.</i>	102-106
Debt Capacity <i>These schedules present information to help the reader assess the affordability of the Village's current levels of outstanding debt and the Village's ability to issue additional debt in the future.</i>	107-111
Demographic and Economic Information <i>These schedules offer demographic and economic indicators to help the reader understand the environment within which the Village's financial activities take place.</i>	112-114
Operating Information <i>These schedules contain service and infrastructure data to help the reader understand how the information in the Village's financial report relates to the services the Village provides and the activities it performs.</i>	115-116

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

BAL HARBOUR VILLAGE, FLORIDA

NET POSITION BY COMPONENT – UNAUDITED

LAST TEN FISCAL YEARS

(Accrual Basis of Accounting)

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Government activities:										
Net investment in capital assets	\$ 10,620,527	\$ 11,220,950	\$ 10,810,475	\$ 10,341,047	\$ 10,745,368	\$ 10,540,631	\$ 9,735,309	\$ 2,706,557	\$ 31,630,842	\$ 32,114,123
Restricted	5,369,673	3,708,129	6,190,902	4,147,049	5,064,897	5,871,135	5,659,681	5,112,055	5,035,027	5,156,817
Unrestricted	<u>8,283,400</u>	<u>8,651,338</u>	<u>8,222,534</u>	<u>8,766,748</u>	<u>8,858,923</u>	<u>11,864,368</u>	<u>6,474,732</u>	<u>7,510,264</u>	<u>9,322,579</u>	<u>12,019,793</u>
Total governmental activities net position	<u>\$ 24,273,600</u>	<u>\$ 23,580,417</u>	<u>\$ 25,223,911</u>	<u>\$ 23,254,844</u>	<u>\$ 24,669,188</u>	<u>\$ 28,276,134</u>	<u>\$ 21,869,722</u>	<u>\$ 15,328,876</u>	<u>\$ 45,988,448</u>	<u>\$ 49,290,733</u>
Business-type activities:										
Invested in capital assets, net of related debt	\$ 1,716,897	\$ 2,919,134	\$ 4,275,935	\$ 6,243,708	\$ 603,883	\$ 1,914,085	\$ 2,674,221	\$ 4,448,041	\$ 13,717,215	\$ 15,826,763
Unrestricted	<u>4,464,828</u>	<u>4,032,506</u>	<u>3,875,947</u>	<u>2,044,968</u>	<u>8,455,727</u>	<u>8,110,121</u>	<u>8,372,874</u>	<u>8,356,699</u>	<u>9,802,290</u>	<u>8,711,616</u>
Total business-type activities net position	<u>\$ 6,181,725</u>	<u>\$ 6,951,640</u>	<u>\$ 8,151,882</u>	<u>\$ 8,288,676</u>	<u>\$ 9,059,610</u>	<u>\$ 10,024,206</u>	<u>\$ 11,047,095</u>	<u>\$ 12,804,740</u>	<u>\$ 23,519,505</u>	<u>\$ 24,538,379</u>
Primary government:										
Invested in capital assets, net of related debt	\$ 12,337,424	\$ 14,140,084	\$ 15,086,310	\$ 16,584,755	\$ 11,349,251	\$ 12,455,436	\$ 12,409,530	\$ 7,154,598	\$ 45,348,057	\$ 47,940,886
Restricted	5,369,673	3,708,129	6,190,902	4,147,049	5,064,897	5,871,135	5,659,681	5,112,055	5,035,027	5,156,817
Unrestricted	<u>12,748,228</u>	<u>12,683,844</u>	<u>12,098,481</u>	<u>10,811,716</u>	<u>17,314,650</u>	<u>19,974,489</u>	<u>14,847,606</u>	<u>15,896,963</u>	<u>19,124,869</u>	<u>20,731,409</u>
Total primary government net position	<u>\$ 30,455,325</u>	<u>\$ 30,532,057</u>	<u>\$ 33,375,693</u>	<u>\$ 31,543,520</u>	<u>\$ 33,728,798</u>	<u>\$ 38,301,060</u>	<u>\$ 32,916,817</u>	<u>\$ 28,163,616</u>	<u>\$ 69,507,953</u>	<u>\$ 73,829,112</u>

BAL HARBOUR VILLAGE, FLORIDA

CHANGES IN NET POSITION – UNAUDITED
 LAST TEN FISCAL YEARS
 (Accrual Basis of Accounting)

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Expenses:										
Governmental activities:										
General government	\$ 5,314,974	\$ 4,516,478	\$ 4,628,012	\$ 3,844,820	\$ 3,858,620	\$ 4,143,524	\$ 4,187,109	\$ 4,629,417	\$ 5,863,429	\$ 5,617,805
Public safety	7,210,074	7,853,964	8,909,849	8,887,246	5,607,676	5,739,694	6,161,865	6,605,925	6,064,111	6,568,155
Community services	2,235,037	1,999,180	1,863,944	1,634,541	1,792,239	1,811,359	1,881,892	1,963,975	2,081,680	2,193,271
Tourism development	1,506,033	2,422,549	2,102,000	3,316,761	3,120,890	2,909,298	3,523,612	3,479,071	3,351,037	3,629,100
Total government activities expenses	<u>16,266,118</u>	<u>16,792,171</u>	<u>17,503,805</u>	<u>17,683,368</u>	<u>14,387,639</u>	<u>14,611,550</u>	<u>15,754,478</u>	<u>16,678,388</u>	<u>17,360,257</u>	<u>18,008,331</u>
Business-type activities:										
Water and sewer	2,333,837	2,073,516	2,244,663	3,509,216	2,800,180	2,527,403	2,920,314	3,567,105	3,300,056	3,333,587
Total business-type activities	<u>2,333,837</u>	<u>2,073,516</u>	<u>2,244,663</u>	<u>3,509,216</u>	<u>2,800,180</u>	<u>2,527,403</u>	<u>2,920,314</u>	<u>3,567,105</u>	<u>3,300,056</u>	<u>3,333,587</u>
Total primary government expenses	<u>18,599,955</u>	<u>18,865,687</u>	<u>19,748,468</u>	<u>21,192,584</u>	<u>17,187,819</u>	<u>17,138,953</u>	<u>18,674,792</u>	<u>20,245,493</u>	<u>20,660,313</u>	<u>21,341,918</u>
Program revenues:										
Government activities:										
Charges for services:										
General government	1,004,122	2,279,462	6,791,483	2,480,346	2,711,878	3,086,654	3,048,718	2,645,886	3,510,905	4,392,385
Public safety	3,656,805	705,555	983,943	1,709,421	645,339	904,073	919,762	1,103,188	669,672	407,099
Community services	-	-	-	-	115,466	193,847	-	-	-	-
Operating grants and contributions	-	-	-	534,769	-	-	-	-	-	-
Capital grants and contributions	131,810	-	-	120,623	-	243,000	-	138,308	29,020,077	(20,077)
Total governmental activities and program revenues	<u>4,792,737</u>	<u>2,985,017</u>	<u>7,775,426</u>	<u>4,845,159</u>	<u>3,472,683</u>	<u>4,427,574</u>	<u>3,968,480</u>	<u>3,887,382</u>	<u>33,200,654</u>	<u>4,779,407</u>
Business-type activities:										
Charges for services										
Water and sewer	2,574,012	2,866,202	3,486,412	3,657,474	3,351,332	3,547,076	4,323,705	4,438,684	4,183,763	4,276,844
Capital grants and contributions	-	-	-	-	259,470	-	-	1,009,698	9,783,539	7,041
Total business-type activities program revenues	<u>2,574,012</u>	<u>2,866,202</u>	<u>3,486,412</u>	<u>3,657,474</u>	<u>3,610,802</u>	<u>3,547,076</u>	<u>4,323,705</u>	<u>5,448,382</u>	<u>13,967,302</u>	<u>4,283,885</u>
Total primary government program revenues	<u>7,366,749</u>	<u>5,851,219</u>	<u>11,261,838</u>	<u>8,502,633</u>	<u>7,083,485</u>	<u>7,974,650</u>	<u>8,292,185</u>	<u>9,335,764</u>	<u>47,167,956</u>	<u>9,063,292</u>

(Continued)

BAL HARBOUR VILLAGE, FLORIDA

CHANGES IN NET POSITION – UNAUDITED

(Continued)

LAST TEN FISCAL YEARS

(Accrual Basis of Accounting)

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Net (expense) revenue:										
Business type activities	<u>240,175</u>	<u>792,686</u>	<u>1,241,749</u>	<u>148,258</u>	<u>810,622</u>	<u>1,019,673</u>	<u>1,403,391</u>	<u>1,881,277</u>	<u>10,667,246</u>	<u>950,298</u>
Total primary government net expense	<u>(11,233,206)</u>	<u>(13,014,468)</u>	<u>(8,486,630)</u>	<u>(12,689,951)</u>	<u>(10,104,334)</u>	<u>(9,164,303)</u>	<u>(10,382,607)</u>	<u>(10,909,729)</u>	<u>26,507,643</u>	<u>(12,278,626)</u>
General revenues and other changes in net assets:										
Governmental activities										
Taxes:										
Ad-valorem taxes	5,792,561	5,703,452	5,819,371	5,801,487	6,797,002	6,781,637	7,591,502	7,193,763	8,195,619	10,010,648
Franchise fees based on gross receipts and utility taxes	1,270,011	1,209,905	1,319,539	1,745,365	1,463,181	1,688,621	1,513,181	1,528,901	1,590,867	1,601,350
Unrestricted intergovernmental revenue	616,943	282,772	301,734	659,868	580,399	638,806	631,608	629,457	731,511	756,387
Tourism tax	848,975	876,700	1,131,882	2,118,487	3,229,946	3,600,359	3,448,249	3,423,437	3,331,088	3,825,266
Unrestricted investment earnings	43,665	107,731	56,502	65,632	33,000	29,531	53,748	50,747	84,091	150,075
Miscellaneous	3,928,477	4,620,851	2,513,442	838,409	165,772	992,008	22,701	957,404	855,999	609,934
Transfers	60,000	60,000	60,000	60,000	60,000	60,000	60,000	-	-	18,722
Total governmental activities	<u>12,560,632</u>	<u>12,861,411</u>	<u>11,202,470</u>	<u>11,289,248</u>	<u>12,329,300</u>	<u>13,790,962</u>	<u>13,320,989</u>	<u>13,783,709</u>	<u>14,789,175</u>	<u>16,972,382</u>
Business-type activities										
Unrestricted investment earnings	3,715	37,229	18,393	48,636	20,312	5,643	22,461	19,205	47,519	87,298
Transfers	<u>(60,000)</u>	<u>(60,000)</u>	<u>(60,000)</u>	<u>(60,000)</u>	<u>(60,000)</u>	<u>(60,000)</u>	<u>(60,000)</u>	-	-	<u>(18,722)</u>
Total business-type activities	<u>(56,285)</u>	<u>(22,771)</u>	<u>(41,607)</u>	<u>(11,364)</u>	<u>(39,688)</u>	<u>(54,357)</u>	<u>(37,539)</u>	<u>19,205</u>	<u>47,519</u>	<u>68,576</u>
Total primary government	<u>12,504,347</u>	<u>12,838,640</u>	<u>11,160,863</u>	<u>11,277,884</u>	<u>12,289,612</u>	<u>13,736,605</u>	<u>13,283,450</u>	<u>13,802,914</u>	<u>14,836,694</u>	<u>17,040,958</u>
Change in net position										
Governmental activities	1,087,251	(693,183)	1,643,494	(1,548,961)	1,414,344	3,606,946	2,480,201	992,703	30,629,572	3,743,458
Business-type activities	<u>183,890</u>	<u>769,915</u>	<u>1,200,142</u>	<u>136,894</u>	<u>770,934</u>	<u>965,316</u>	<u>1,162,238</u>	<u>1,900,482</u>	<u>10,714,765</u>	<u>1,018,874</u>
Total primary government	<u>\$ 1,271,141</u>	<u>\$ 76,732</u>	<u>\$ 2,843,636</u>	<u>\$ (1,412,067)</u>	<u>\$ 2,185,278</u>	<u>\$ 4,572,262</u>	<u>\$ 3,642,439</u>	<u>\$ 2,893,185</u>	<u>\$ 41,344,337</u>	<u>\$ 4,762,332</u>

BAL HARBOUR VILLAGE, FLORIDA

FUND BALANCES OF GOVERNMENTAL FUNDS – UNAUDITED

LAST TEN FISCAL YEARS

(Modified Accrual Basis of Accounting)

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General fund:										
Reserved	\$ 38,357	\$ 574	\$ -	\$ -	\$ -	\$ -				
Unreserved	9,073,308	9,788,636	-	-	-	-				
Restricted	-	-	-	-	328,373	306,477	\$ 284,306	\$ 368,934	\$ 368,934	\$ 368,934
Non-spendable	-	-	60,569	70,569	5,000	3,199	3,199	-	-	-
Assigned	-	-	1,268,500	2,350,075	2,147,395	2,505,746	3,839,071	5,155,978	5,634,930	6,309,833
Unassigned	-	-	8,400,416	8,158,253	8,348,881	10,904,188	12,090,936	10,960,921	12,890,324	15,247,427
Total general fund	<u>\$ 9,111,665</u>	<u>\$ 9,789,210</u>	<u>\$ 9,729,485</u>	<u>\$ 10,578,897</u>	<u>\$ 10,829,649</u>	<u>\$ 13,719,610</u>	<u>\$ 16,217,512</u>	<u>\$ 16,485,833</u>	<u>\$ 18,894,188</u>	<u>\$ 21,926,194</u>
All other government funds:										
Reserved, reported in:										
Law enforcement trust	\$ 489,211	\$ 551,200	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Tourist	1,200,000	1,200,000	-	-	-	-	-	-	-	-
Other governmental funds	1,291,976	85,774	-	-	-	-	-	-	-	-
Restricted:										
Tourism fund	2,459,733	1,956,929	-	-	-	-	3,262,914	3,090,456	3,110,249	3,318,691
Other governmental funds	43,806	38,896	-	-	-	-	2,112,461	2,021,599	1,924,778	1,838,126
Restricted	-	-	6,190,902	4,147,049	4,736,524	5,564,658	-	-	-	-
Total all other governmental funds	<u>\$ 5,484,726</u>	<u>\$ 3,832,799</u>	<u>\$ 6,190,902</u>	<u>\$ 4,147,049</u>	<u>\$ 4,736,524</u>	<u>\$ 5,564,658</u>	<u>\$ 5,375,375</u>	<u>\$ 5,112,055</u>	<u>\$ 5,035,027</u>	<u>\$ 5,156,817</u>

* Restricted Fund Balance includes Debt Service, Tourism, State Law Enforcement, and Security Fund balances.

**Assigned fund balance includes amounts for future capital projects (\$2.3M), post-employment benefits and pensions (\$2.5M), and amounts for future claims (\$500k).

BAL HARBOUR VILLAGE, FLORIDA

CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS – UNAUDITED

LAST TEN FISCAL YEARS

(Modified Accrual Basis of Accounting)

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Revenues:										
Ad valorem taxes	\$ 5,792,561	\$ 5,703,452	\$ 5,819,371	\$ 5,801,487	\$ 6,797,002	\$ 6,781,637	\$ 7,591,502	\$ 7,193,763	\$ 8,195,619	#####
Utility taxes and franchise fees	1,616,856	1,556,139	1,625,714	1,745,365	1,784,020	2,005,201	1,834,540	1,840,407	1,880,227	1,601,350
Licenses and permits	748,641	724,981	753,931	934,557	1,004,325	1,598,837	1,537,695	1,296,318	2,186,908	2,287,708
Special assessments	227,555	230,802	252,517	775,357	932,338	614,015	413,953	407,333	424,346	603,159
Intergovernmental	450,190	421,538	6,146,266	1,315,260	375,026	516,073	462,333	456,259	442,151	756,387
Charges for services	27,926	94,055	88,700	770,432	775,215	873,802	1,097,070	942,235	899,651	1,025,384
Tourist tax	848,975	876,700	1,131,882	2,118,487	3,229,946	3,600,359	3,448,249	3,423,437	3,331,088	3,825,266
Fines and forfeitures	3,510,922	1,905,226	952,229	1,680,847	642,947	869,783	915,108	1,101,657	663,240	383,907
Investment earnings	43,758	107,846	56,700	86,484	33,157	28,403	30,374	50,924	84,248	150,219
Developer contribution	3,853,352	4,199,068	2,134,501	733,730	87,009	965,561	662,463	834,922	840,852	500,000
Grants	-	113,794	21,206	-	-	243,000	-	-	-	-
Miscellaneous	220,915	105,387	104,282	112,401	80,998	61,855	50,729	123,836	21,422	132,982
Total revenues	17,341,651	16,038,988	19,087,299	16,074,407	15,741,983	18,158,526	18,044,016	17,671,091	18,969,752	21,277,010
Expenditures:										
General government	4,273,094	3,954,502	3,885,014	3,389,462	3,766,627	3,948,411	4,187,109	5,040,926	4,982,816	5,026,069
Public safety	7,083,645	7,733,568	8,732,822	8,960,847	5,471,270	5,620,615	6,110,890	6,484,618	5,929,379	6,140,275
Solid waste	1,177,483	985,904	965,682	774,206	613,773	613,773	610,333	615,626	613,849	610,507
Road and streets	603,397	608,143	491,071	438,505	819,193	787,614	924,503	977,257	948,261	1,154,994
Parks and recreation	393,414	364,497	354,706	374,765	331,742	389,739	347,056	328,956	405,336	314,807
Tourism development	1,424,258	2,344,312	2,014,907	3,251,469	3,114,011	2,902,419	3,523,612	3,373,729	3,317,701	3,593,659
Capital outlay	505,242	1,082,444	404,719	69,488	815,299	208,299	50,975	362,101	31,581	627,704
Debt service:										
Principal	-	-	-	-	21,627	21,896	-	266,861	330,309	660,052
Interest	-	-	-	-	8,214	7,675	-	95,699	110,772	13,869
Total expenditures	15,460,533	17,073,370	16,848,921	17,258,742	14,961,756	14,500,441	15,754,478	17,545,773	16,670,004	18,141,936
Excess (deficiency) of revenue over expenditures	1,881,118	(1,034,382)	2,238,378	(1,184,335)	780,227	3,658,095	2,289,538	125,318	2,299,748	3,135,074
Other financing sources (uses):										
Bonds issued/ lease	-	-	-	350,000	-	-	-	29,527	31,581	-
Transfers in	120,000	120,000	283,000	120,000	120,000	120,000	125,000	314	-	18,722
Transfers out	(60,000)	(60,000)	(223,000)	(60,000)	(60,000)	(60,000)	(65,000)	(314)	-	-
Total other financing sources (uses)	60,000	60,000	60,000	410,000	60,000	60,000	60,000	29,527	31,581	18,722
Net change in fund balance	\$ 1,941,118	\$ (974,382)	\$ 2,298,378	\$ (774,335)	\$ 840,227	\$ 3,718,095	\$ 2,349,538	\$ 154,845	\$ 2,331,329	\$ 3,153,796
Debt service expenditures as a % of noncapital expenditures	0%	0%	0%	0%	0%	0%	0%	2%	3%	4%

BAL HARBOUR VILLAGE, FLORIDA

GOVERNMENTAL ACTIVITIES TAX REVENUES BY SOURCE – UNAUDITED
 LAST TEN FISCAL YEARS
 (Accrual Basis of Accounting)

Fiscal Year Ended September 30,	Tax Roll Year	Ad Valorem Taxes	Franchise Fees and Utility Taxes	Tourism Tax	Total
2009	2008	\$ 5,792,561	\$ 1,270,011	\$ 848,975	\$ 7,911,547
2010	2009	5,703,452	1,556,139	876,700	8,136,291
2011	2010	5,819,371	1,625,714	1,131,882	8,576,967
2012	2011	5,801,487	1,745,365	2,118,487	9,665,339
2013	2012	6,797,002	1,784,020	3,229,946	11,810,968
2014	2013	6,781,637	2,005,201	3,600,359	12,387,197
2015	2014	7,591,502	1,687,146	3,448,249	12,726,897
2016	2015	7,193,763	1,528,901	3,423,437	12,146,101
2017	2016	8,195,619	1,590,867	3,331,088	13,117,574
2018	2017	10,010,648	1,601,350	3,825,266	15,437,264

BAL HARBOUR VILLAGE, FLORIDA

GENERAL GOVERNMENTAL REVENUES BY SOURCE – UNAUDITED
LAST TEN FISCAL YEARS

Fiscal Year Ended September 30,	Taxes	Inter- Governmental	Licenses and Permits	Charges for Service	Fines and Forfeitures	Investment Earnings	Other	Developer Contribution	Total
2009	\$ 7,409,417	\$ 450,190	\$ 748,641	\$ 27,926	\$ 3,510,922	\$ 43,758	\$ 220,915	\$ 3,853,352	\$ 16,265,121
2010	7,259,591	535,332	724,981	83,855	639,408	85,430	70,565	3,226,058	12,625,220
2011	7,445,085	471,137	753,931	82,861	874,388	43,710	67,005	1,112,840	10,850,957
2012	7,546,852	780,491	934,557	759,772	507,366	48,525	87,318	93,544	10,758,425
2013	8,581,022	375,026	1,004,325	745,540	642,947	28,546	48,777	87,009	11,513,192
2014	8,786,838	516,073	1,598,837	827,112	869,783	24,568	269,227	965,561	13,857,999
2015	9,278,648	462,333	1,537,695	992,051	915,108	22,221	45,798	662,463	13,916,317
2016	12,457,607	456,259	1,296,318	1,349,568	1,101,657	50,924	123,836	834,922	17,671,091
2017	13,406,934	442,151	2,186,908	1,323,997	663,240	84,248	21,422	840,852	18,969,752
2018	11,913,189	455,196	2,287,708	1,025,384	383,907	109,736	109,934	500,000	16,785,054

BAL HARBOUR VILLAGE, FLORIDA

TOTAL VALUE AND ESTIMATED ACTUAL ASSESSED VALUE OF TAXABLE PROPERTY – UNAUDITED LAST TEN CALENDAR YEARS

Calendar Year	Residential Property	Commercial Property	Personal Property	Other Property	Total Estimated Actual Value	Exemptions	Net Assessed Value	Total Direct Tax Rate (a)	Net Assessed Value as a Percentage of Estimated Actual Value
2009	\$ 2,259,771,171	\$ 311,231,422	\$ 37,851,072	\$ 204,425,521	\$ 2,813,279,186	\$ 291,373,689	\$ 2,521,905,497	2.5265	89.64%
2010	2,225,895,282	474,032,012	37,857,036	75,448,210	2,813,232,540	292,917,689	2,520,314,851	2.5567	89.59%
2011	2,502,756,122	276,791,876	44,894,243	59,084,285	2,883,526,526	292,917,689	2,590,608,837	2.4468	89.84%
2012	2,188,130,203	250,911,836	40,696,631	134,178,126	2,613,916,796	273,296,550	2,343,445,178	2.4468	89.65%
2013	2,823,731,833	566,152,958	35,164,780	91,428,428	3,516,477,999	348,237,714	3,168,240,285	2.2678	90.10%
2014	2,823,731,833	566,152,958	35,164,780	91,428,428	3,516,477,999	348,237,714	3,168,240,285	1.9192	90.10%
2015	3,389,022,070	532,009,772	75,795,113	-	3,996,826,955	42,378,896	3,954,448,059	2.0611	98.94%
2016	4,630,037,791	576,530,305	74,345,511	8,793,501	5,289,707,108	1,040,402,108	4,249,305,000	1.9654	80.33%
2017	4,887,875,474	549,764,276	85,089,223	13,079,086	5,535,808,059	1,102,076,500	4,433,731,559	1.9654	80.09%
2018	5,568,095,932	572,701,889	82,300,192	16,779,663	6,157,577,484	946,538,090	5,211,039,394	1.9654	84.63%

(a) Miami Dade Property Appraiser

Note: Property taxes are for a calendar year, while tax rates are for fiscal years.

Note: Total Values are compared to Assessed Values both provided by the Miami-Dade County Property Appraiser.

BAL HARBOUR VILLAGE, FLORIDA

PRINCIPAL PROPERTY ASSESSED VALUES – UNAUDITED

	Fiscal Year 2018			
	Market Assessed <u>Value</u>	Taxable Assessed <u>Value</u>	<u>Rank</u>	Percentage of Total Taxable <u>Assessed Value</u>
St. Regis Hotel and Condominiums (Seldar)	\$ 1,243,789,097	\$ 1,239,241,939	1	23.78%
Oceana	832,648,739	832,548,739	2	15.98%
One Bal Harbour /Ritz Carlton Complex	547,725,975	544,377,511	3	10.45%
The Majestic Complex	296,994,839	294,841,677	4	5.66%
Balmoral Complex	280,001,485	276,129,104	5	5.30%
Bal Harbour Shops Complex	275,796,746	273,388,700	6	5.25%
Bal Harbour Tower Complex	250,064,011	247,610,511	7	4.75%
Harbour House Complex	214,990,937	213,598,437	8	4.10%
The Palace Complex	189,269,554	187,963,054	9	3.61%
Bellini	<u>182,567,263</u>	<u>181,516,263</u>	10	3.48%
 Total	 <u>\$ 4,313,848,646</u>	 <u>\$ 4,291,215,935</u>		 <u>82.36%</u>

Notes:

1. The ten properties with the highest assessed values comprise 82.35% of the total taxable value for the Village as a whole.
2. 43.24% of the percent of total taxable value for 2018, is within 2 of the 10 highest taxable value.
3. Properties ranked #1, #2 and #10 did not exist 10 years ago, this indicates significant assessed value growth due to oceanfront development within the Village, as these properties comprise just over half of the top 10 value for the Village.

BAL HARBOUR VILLAGE, FLORIDA
PROPERTY TAX LEVIES AND COLLECTIONS – UNAUDITED
LAST TEN FISCAL YEARS

Fiscal Years Ended September 30,	Taxes Levied for the Fiscal Year			Collected within the Fiscal Year of the Levy		Distribution of Prior Year Levy	Total Collections to Date	
	Gross Levy	Discount	Net Levy	Amount	Percentage of Levy		Amount	Percentage of Net Levy
2009	\$ 6,426,294	\$ 257,052	\$ 6,169,242	\$ 6,039,688	97.90%	\$ 10,032	\$ 6,049,720	94.14%
2010	6,367,575	254,703	6,112,872	5,655,373	91.46%	144,789	5,800,162	91.09%
2011	6,056,828	242,273	5,814,555	5,766,067	95.20%	273,547	6,039,614	99.72%
2012	5,733,942	229,358	5,504,584	5,710,150	99.59%	166,963	5,877,113	102.50%
2013	7,194,529	287,781	6,906,748	6,637,686	92.26%	218,692	6,856,378	95.30%
2014	7,009,092	303,842	6,705,250	6,705,250	95.67%	76,387	6,781,637	96.75%
2015	8,146,491	554,989	7,591,502	7,591,502	93.19%	221,412	7,812,914	95.91%
2016	8,351,584	1,161,483	7,190,101	7,190,101	86.09%	3,662	7,193,763	86.14%
2017	8,715,056	838,213	7,876,843	7,876,843	90.38%	318,776	8,195,620	94.04%
2018	10,444,541	522,227	9,922,314	9,656,475	92.45%	354,173	10,010,648	95.85%

**The total property tax collections exceed the percent of levy in 2012 as Delinquent Ad Valorem proceeds from prior years were distributed by the Tax Collector in that period. Subsequent year distribution are after completion of appeals.*

***The 'Discount' increase since 2015 reflects Value Adjustment Board clearance of appeal backlogs, resulting in a compounding affects in the subsequent year. Per State TRIM requirements, the Village must budget Ad Valorem proceeds at 95%, up to a 4.0% discount is provided for early payment in November.*

BAL HARBOUR VILLAGE, FLORIDA

PROPERTY TAX RATES
DIRECT AND OVERLAPPING GOVERNMENTS – UNAUDITED
(Per \$1,000 of Taxable Value)
LAST TEN FISCAL YEARS

Fiscal Years Ended September 30,	Tax Roll Year	Direct Rate Village Operating and Total Millage	Overlapping Rates											Total Direct & Overlapping Rates
			School District	State		Miami-Dade County		Special Districts						
		Operating Millage	Operating Millage	Debt Service Millage	Everglades Project	South Florida Water Management District	Florida Inland Navigation District	Operating Millage	Debt Service Millage	Children's Trust	Fire & Rescue	Fire Debt		
2009	2008	2.5265	7.6980	0.2970	0.0894	0.5346	0.0345	4.8379	0.2850	0.5000	2.1851	0.0420	19.0300	
2010	2009	2.5567	7.8640	0.3850	0.0894	0.5346	0.0345	5.4275	0.4450	0.5000	2.5753	0.0200	20.4320	
2011	2010	2.4468	7.7650	0.2400	0.0624	0.3739	0.0345	4.8050	0.2850	0.5000	2.4496	0.0131	18.9753	
2012	2011	2.4468	7.7650	0.2400	0.0613	0.3676	0.0345	4.7035	0.2850	0.5000	2.4496	0.0131	18.8664	
2013	2012	2.2678	7.765	0.2330	0.0613	0.3676	0.0345	4.7035	0.2850	0.5000	2.4496	0.0131	18.6804	
2014	2013	1.9192	7.644	0.3330	0.0587	0.3523	0.0345	4.7035	0.4220	0.5000	2.4496	0.0124	18.4292	
2015	2014	2.0611	7.775	0.1990	0.0548	0.1577	0.0345	4.6669	0.4500	0.5000	2.4207	0.0114	18.3311	
2016	2015	1.9654	7.413	0.1990	0.0506	0.1459	0.0320	4.6669	0.4500	0.5000	2.4207	0.0086	17.8521	
2017	2016	1.9654	6.774	0.2200	0.0441	0.1275	0.0320	4.6669	0.4000	0.4673	2.4207	0.0075	17.1254	
2018	2017	1.9654	6.504	0.2290	0.0417	0.1209	0.0320	4.6669	0.4644	0.4415	2.4207	0.0000	16.8865	

Source: Miami-Dade County Property Appraiser's Office

BAL HARBOUR VILLAGE, FLORIDA

RATIOS OF OUTSTANDING DEBT BY TYPE – UNAUDITED LAST TEN FISCAL YEARS

Fiscal Years Ended September 30,	Governmental Activities			Business-type Activities		Total Primary Government	Per Capita Personal Income (1)	Percentage of Total Personal Income	Population	Net Debt per Capita
	General Obligation (GO) Bonds	Revenue Bonds	Capital Lease	Outstanding Non-GO Bonds	Capital Lease					
2009	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 54,512	0.00%	3,320	-
2010	-	-	-	-	-	-	54,512	0.00%	3,320	-
2011	-	-	-	-	-	-	54,512	0.00%	2,515	-
2012	-	350,000	-	9,039,725	-	9,389,725	54,512	5.79%	2,976	3,155
2013	-	328,373	-	8,443,447	-	8,771,820	46,814	6.43%	2,915	3,009
2014	-	304,953	-	7,841,243	-	8,146,196	46,814	6.09%	2,855	2,853
2015	-	281,240	1,228,329	7,231,514	41,873	8,782,956	52,081	5.86%	2,877	3,053
2016	-	240,499	1,110,950	6,630,895	27,923	8,010,267	52,081	5.66%	2,716	2,949
2017	-	217,770	780,795	6,004,248	47,414	7,050,227	53,856	4.82%	2,716	2,596
2018	-	194,758	143,935	5,396,769	37,199	5,772,661	53,856	3.42%	3,134	1,842

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

(1) Population and Income Estimates from the 2015 US Census American Community Survey – Fact Finder; 2016 population current BEBR estimates.

BAL HARBOUR VILLAGE, FLORIDA

**RATIOS OF BONDED DEBT OUTSTANDING – UNAUDITED
LAST TEN FISCAL YEARS**

Fiscal Years Ended September 30,	Gross Bonded Debt	Less: Amounts Available in Debt Service Funds	Net Bonded Debt	Assessed Value of Taxable Property	Ratio of Net Bonded Debt to Assessed Value	Population	Net Bonded Debt per Capita (1)
2009	\$ -	\$ -	\$ -	\$ 2,521,905,497	0.000%	3,320	\$ -
2010	-	-	-	2,520,314,851	0.000%	2,515	-
2011	-	-	-	2,590,608,837	0.000%	2,515	-
2012	9,389,725	-	9,389,725	2,613,916,796	0.359%	2,976	3,155
2013	8,771,820	-	8,771,820	3,172,470,734	0.276%	2,915	3,009
2014	8,146,196	-	8,146,196	3,652,782,693	0.223%	2,855	2,853
2015	7,512,754	-	7,512,754	3,955,257,876	0.190%	2,877	2,611
2016	6,871,394	-	6,871,394	4,243,000,000	0.162%	2,716	2,530
2017	6,222,018	-	6,222,018	4,433,731,559	0.140%	2,716	2,291
2018	5,564,528	-	5,564,528	5,314,206,510	0.105%	3,314	1,679

(1) Population & Income Estimates from the 2015 US Census AmericanCommunity Survey – Fact Finder; 2016 population current BEBR estimates.

BAL HARBOUR VILLAGE, FLORIDA

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITY DEBT – UNAUDITED
SEPTEMBER 30, 2018

	Debt Outstanding	Estimated Percentage Applicable to Town of Bal Harbour Village (1)	Estimated Share of Direct & Overlapping Debt
<hr/>			
Jurisdiction			
Direct			
Town of Bal Harbour Village	\$ 338,693	100.00%	\$ 338,693
Overlapping:			
Miami-Dade Board of County Commissioners (2)	15,519,442,000	1.95%	303,091,372
Miami-Dade County School Board (3)	3,431,518,000	1.74%	59,804,742
Subtotal, overlapping debt	18,950,960,000		362,896,114
Total direct and overlapping	\$ 18,951,298,693		\$ 363,234,807

Notes:

- (1) Based on ratio of assessed taxable value obtained from Miami-Dade County Property Appraiser 2017 roll.
- (2) Source: Miami-Dade County, Florida, Finance Department 2017.
- (3) Source: Miami-Dade County School Board 2017 CAFR.

The Town Charter does not establish a legal debt limit nor does the Florida Statutes impose a limit.

BAL HARBOUR VILLAGE, FLORIDA

LEGAL DEBT MARGIN INFORMATION – UNAUDITED LAST TEN FISCAL YEARS

Note: Neither the Village Charter nor State Law establish a legal debt margin.

BAL HARBOUR VILLAGE, FLORIDA
PLEDGED REVENUE COVERAGE, CAPITAL IMPROVEMENT REVENUE BONDS, SERIES 2011 – UNAUDITED
LAST TEN FISCAL YEARS

Fiscal Years Ended September 30:	Pledged Revenues	Additional Appropriated Revenues, Not From Ad Valorem, Water and Sewer System	Additional Appropriated Revenues, Not From Ad Valorem, General Fund	Total Revenue Pledged or Appropriated	Total Debt Service Required	Coverage	Required Coverage
2012	\$236,983	\$846,340	\$0.00	\$1,083,323	\$846,340	1.28	0.00
2013	245,818	822,757	0.00	1,068,575	852,598	1.25	0.00
2014	303,065	0.00	815,305	1,118,370	844,876	1.32	0.00
2015	295,314	0.00	837,058	1,132,371	837,058	1.35	0.00
2016	295,833	0.00	800,121	1,095,954	829,141	1.32	0.00
2017	290,807	0.00	792,386	1,083,193	821,126	1.32	0.00
2018	295,374	0.00	784,555	1,079,929	813,010	1.33	0.00

1. Pledged Revenues Include State Revenue Sharing, 1/2¢ Sales Tax Sharing, and Alcoholic Beverage License Shared Revenues.
2. To the extent pledged revenues are insufficient, the Village promises to budget and appropriate any difference.
3. The debt was originally issued for both Water and Sewer capital needs and General Fund capital needs.

BAL HARBOUR VILLAGE, FLORIDA

DEMOGRAPHIC AND ECONOMIC STATISTICS – UNAUDITED LAST TEN CALENDAR (OR FISCAL) YEARS

Calendar Year	Population		School Enrollment	Unemployment Rate	Personal Income (Expressed in Thousands)	
	Village	County (a)			Total (d)	Per Capita (e)
2009	3,320	2,472,344	345,150	9.6%	\$ 180,979,840	\$54,512
2010	3,320	2,496,435	345,458	12.4%	180,979,840	54,512
2011	2,515	2,496,435	347,133	12.0%	137,097,680	54,512
2012	2,976	2,541,928	349,945	9.4%	162,227,712	54,512
2013	2,915	2,540,172	353,152	8.4%	185,737,970	63,718
2014	2,855	2,613,962	353,152	5.6%	193,226,400	67,680
2015	2,877	2,693,117	349,152	6.2%	149,837,037	52,081
2016	2,716	2,700,794	355,269	5.2%	141,451,996	52,081
2017	2,716	2,727,606	356,086	4.6%	146,272,896	53,856
2018 (f)	3,134	2,751,796	418,498	4.7%	168,784,704	53,856

Note:

- (a) Source: Bureau of Economic and Business Research, University of Florida
- (b) Source: Miami-Dade County Public Schools, Florida (county wide)
- (c) Source: U.S. Bureau of Labor Statistics
- (d) Source: U.S. Department of Labor – Annual Rate
- (e) Source 2014 U.S. Census American Community Survey – Fact Finder.
2015 ACS income data used for 2016 as best available source
- (f) County population estimates updated from Census Quick – Facts, Village estimate from Beacon Council profile. 2015 American Community Survey for Per Capita Income; Total Personal Income computed using population and per capita data.

BAL HARBOUR VILLAGE, FLORIDA
PRINCIPAL EMPLOYERS 2016 – UNAUDITED

Employer	2016 ¹			2007		
	Employees	Rank	Total County Employment	Employees	Rank	Percentage of Total County Employment
Miami-Dade County Public Schools	33,477	1	2.41%	50,000	1	4.17%
Miami-Dade County	25,502	2	1.84%	32,000	2	2.67%
Federal Government	19,200	3	1.38%	20,400	3	1.70%
Florida State Government	17,100	4	1.23%	17,000	4	1.42%
University of Miami, Inc	12,818	5	0.92%	10,170	7	0.85%
Baptist Health Systems of South FL	11,353	6	0.82%	11,257	5	0.94%
American Airlines	11,031	7	0.80%	9,000	9	0.75%
Jackson Health System	9,797	8	0.71%	10,000	8	0.83%
City of Miami	3,997	9	0.29%			
Florida International University	3,534	10	0.25%			
Publix Supermarket				11,000	6	0.92%
United Parcel Service				6,123	10	0.51%
Total Labor Force Employment	<u>1,387,094</u>		<u>10.65%</u>	<u>1,199,980</u>		

Source: The Beacon Council, Miami, Florida, Miami Business Profile.

Note: Principal employer data not available at the Village level, therefore data for Miami-Dade County was used.

¹ Information is based on data from year 2016. The data for year 2017/2018 is not available as of the date of this report. A comparison between 2016 and 2007 reveals a significant shift in the principal employers within the region.

BAL HARBOUR VILLAGE, FLORIDA

OPERATING INDICATORS BY FUNCTION/PROGRAM – UNAUDITED
LAST TEN FISCAL YEARS

Function/Program	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General government:										
Non-sworn personnel	34	31	30	30	38	38	48.5	48.5	49	49
Square miles	.6 miles	.6 miles	.6 miles	.6 miles	.6 miles	.6 miles	.6 miles	.6 miles	.6 miles	.6 miles
Elections:										
Registered voters	1,661	1,631	1,677	1,663	1,780	1,705	1,724	1,612	1,732	1,855
Votes cast in last election	419	251	192	220	1,317	103	795	n/a	1,360	1,125
Ordinances prepared and adopted	8	8	6	6	9	9	8	6	8	11
Resolutions prepared and adopted	14	16	12	17	16	99	108	58	59	85
Commission minutes prepared/approved	26	21	26	15	20	20	15	15	15	15
Public safety:										
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Sworn employees	26	25	25	25	22	22	25	25	25	25
Calls for service handled	2,553	3,302	3,165	3,644	3,929	4,542	5,822	7,373	7,628	6,554
Traffic accidents handled	129	133	142	135	116	126	268	171	168	136
Traffic citations/warnings issued	7,915	4,428	4,433	4,438	4,090	3,982	3,961	3,783	3,028	3,509
Part 1 crimes reported	70	85	66	80	75	75	110	95	87	82
Arrests	63	55	54	51	50	50	82	122	130	90
Building:										
Permits issued	1,718	862	650	1,123	1,426	1,258	1,149	951	1,101	1,416
Value of construction	\$48,920,059	\$15,095,972	\$12,650,022	\$21,849,415	\$42,119,493	\$79,100,703	\$320,670,729	\$44,154,727	\$69,946,011	\$62,116,337
Business tax receipts issued	126	124	133	133	106	253	253	194	277	291
Physical environment:										
Miles of streets	3.03 miles	3.03 miles	3.03 miles	3.03 miles	3.03 miles	3.03 miles	3.03 miles	3.03 miles	3.03 miles	3.03 miles
Culture/recreation:										
Facilities	2	2	2	2	2	2	2	2	2	2
Park acreage	.44 acres	.44 acres	.44 acres	.44 acres	.44 acres	.44 acres	.44 acres	.44 acres	.44 acres	.44 acres

Source:

Various Village departments

Part 1 crimes include homicide, sex offenses, robbery, aggravated assault, burglary, larceny, arson and auto theft.

2016 personnel figures reflect all full-time positions not just those positions which are filled as reported in prior periods.

One single building application comprises \$232,696,144 of the construction value for 2015.

BAL HARBOUR VILLAGE, FLORIDA

CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM – UNAUDITED

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Government activities:										
General government:										
Miles of streets	3.03	3.03	3.03	3.03	3.03	3.03	3.03	3.03	3.03	3.03
Square feet of buildings	21,200	21,200	21,200	21,200	21,200	21,200	21,200	21,200	21,200	21,200
Public safety:										
Number of police stations	1	1	1	1	1	1	1	1	1	1
Acres of parks	0.44	0.44	0.44	0.44	0.44	0.44	0.44	0.44	0.44	0.44
Number of parks	1	1	1	1	1	1	1	1	1	1
Acres of beaches	12.73	12.73	12.73	12.73	12.73	12.73	12.73	12.73	12.73	12.73

Source: Village of Bal Harbour, Florida

REPORTING SECTION

**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**

Independent Auditor's Report

To the Honorable Mayor and
Members of the Village Council
Bal Harbour Village, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining information of Bal Harbour Village, Florida (the Village) as of and for the year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements, and have issued our report thereon dated March 19, 2019. Our report includes an emphasis of matter paragraph for the adoption of Governmental Accounting Standards Board Statement 75, *Accounting and Financial Reporting for Post-Employment Benefits Other Than Pensions*.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

RSM US LLP

Miami, Florida
March 19, 2019

**Management Letter Required By
Chapter 10.550 of the Rules of the
Auditor General of the State of Florida**

To the Honorable Mayor and
Members of the Village Council
Bal Harbour Village, Florida

Report on the Financial Statements

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Bal Harbour Village, Florida (the Village), as of and for the fiscal year ended September 30, 2018, and have issued our report thereon dated March 19, 2019. Our report includes an emphasis of matter paragraph for the adoption of Governmental Accounting Standards Board Statement 75, Accounting and Financial Reporting for Post-employment Benefits Other Than Pensions.

Auditor's Responsibility

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

Other Reports and Schedule

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards* and Independent Accountant's Report on an examination conducted in accordance with AICPA Professional Standards, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General of the State of Florida. Disclosures in those reports, which are dated March 19, 2019 should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. Corrective actions taken to address findings and recommendations made in the preceding annual financial report are disclosed in Appendix A – *Status of Prior Year's Findings and Recommendations to Improve Financial Management*.

Official Title and Legal Authority

Section 10.554(1)(i)4., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. This is disclosed in Note 1 of the financial statements.

Financial Condition and Management

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

Pursuant to Sections 10.554(1)(i)5.c. and 10.556(8), Rules of the Auditor General, we applied financial condition assessment procedures for the Village. It is management's responsibility to monitor the Village's financial condition, and our financial condition assessment was based in part on representations made by management and review of financial information provided by same.

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

Additional Matters

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

Purpose of this Letter

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

RSM US LLP

Miami, Florida
March 19, 2019

Bal Harbour Village, Florida

Appendix A – Status of Prior Year’s Findings and Recommendations to Improve Financial Management

Finding No.	Finding Title	Current Year Status
ML 2016-04	Financial Reporting Process	Repeated
ML 2017-01	Documentation of User Access Review	Corrected
ML 2017-02	Purchasing Cards	Corrected

ML 2016-04 – Financial Reporting Process

Criteria: Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States (GAAP).

Prior Year’s Condition: We noted that management does not have formalized policies, procedures, and a system in place to allow for the periodic preparation of financial statements in accordance with GAAP.

Current Year’s Condition: In the current year during the course of the audit, client prepared post-closing accounting adjustments were required to be made to the financial statements to properly report the year end balances.

Cause: See condition above.

Effect: Management may not be able to produce accurate financial statements on a periodic basis for use by those charged with governance, who rely on the financial statements to assess and plan for the ongoing operations of the Village.

Recommendation: We recommend that management implement formal policies, procedures, and a system to allow for the periodic preparation of financial statements in accordance GAAP.

Prior Year Views of Responsible Officials and Planned Corrective Action: FY 2017 marks a significant improvement in closing the year as compared to FY 2016, this was accomplished through a concerted effort by management in all departments to submit invoices for timely processing at year end. We will further reduce the number of subsequent accounts payable invoices and late recording of transactions with the closing of FY 2018. The Village will continue to make every effort to ensure all material transactions are captured at the close of the fiscal year. FY 2017 subsequent accounts payable disbursements (*those processed more than 60-days after the year end*) totaled four (4) after November, with two (2) in December and two (2) in January. One of these invoices was held due a contractual dispute, the remaining three (3) are not for routine services with an average a value of \$472 each. As compared to FY 2016 subsequent accounts payable disbursements of twenty-four (24) after November, with four (4) transactions posting through April. The average value of these transactions were \$24,779 each. Journal entries for FY 2017 posted after November total twenty-five (25), as compared to fifty (50) after November for FY 2016, many of these entries are related to revenue accruals, which will persist in prior years, and capital lease and asset adjustments which should be fewer in 2018. The Village does have a formal policy establishing year end closing procedures, and the processing of invoices.

Current Year Views of Responsible Officials and Planned Corrective Action: Closing entries were decreased by a third compared to the prior year, indicating continued year over year improvement, with post-closing accounts payable disbursements totaling \$23,000 as opposed to \$73,000 in the previous year. The Village maintains a formal policy establishing year end closing procedures, and has developed check lists based upon each years’ experience to minimize post-closing adjustments.

Independent Accountant's Report

The Honorable Mayor and
Members of the Village Council
Bal Harbour Village, Florida

We have examined Bal Harbour Village, Florida's (the Village) compliance with Section 218.415, Florida Statutes, Local Government Investment Policies during the period October 1, 2017 to September 30, 2018. Management of the Village is responsible for the Village's compliance with those requirements. Our responsibility is to express an opinion on the Village's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the Village complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether the Village complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

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

In our opinion, the Village complied, in all material respects, with the aforementioned requirements for the period October 1, 2017 to September 30, 2018.

This report is intended solely for the information and use of the Florida Auditor General, the Honorable Mayor, Members of the Village Council, the Village Manager, and applicable Village management, and is not intended to be and should not be used by anyone other than these specified parties.

RSM US LLP

Miami, Florida
March 19, 2019