



BAL HARBOUR

- VILLAGE -

BAL HARBOUR VILLAGE, FLORIDA

655 96th STREET, BAL HARBOUR, FLORIDA 33154

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

BAL HARBOUR VILLAGE, FLORIDA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

Prepared by the Finance Department

BAL HARBOUR VILLAGE, FLORIDA

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INTRODUCTORY SECTION

BAL HARBOUR

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March 30, 2021

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, 2020, 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.

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Occupying a land area of approximately 0.6 square miles, the Village population is 3,004 and has 221 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. Redevelopment of the Bal Harbour Shops, approved in FY 2017, 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 and parking surcharges.

Additional capital improvements on the horizon include the renovation of the newly purchased Parks and Public Spaces Operations Facility, the Governmental reconstruction 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 and the rehabilitation of the Village Utility Infrastructure. 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 xii.

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. Effective January 2020, the Village Clerk reports to the Village Manager.

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.

Capital Construction Department. This Department is responsible for capital improvement administration of consulting services and construction contracts for the development of new construction projects and improvement of existing Village owned facilities as well as interdepartmental capital improvements.

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The seven 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.

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 six years are much improved, to include enhanced banking controls, 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. All unspent appropriations related to Capital Projects and Grants are generally re-appropriated as part of the following year's budget. Budget to actual comparisons demonstrate how the actual expenditures compare to both the original and final revised budgets.

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.

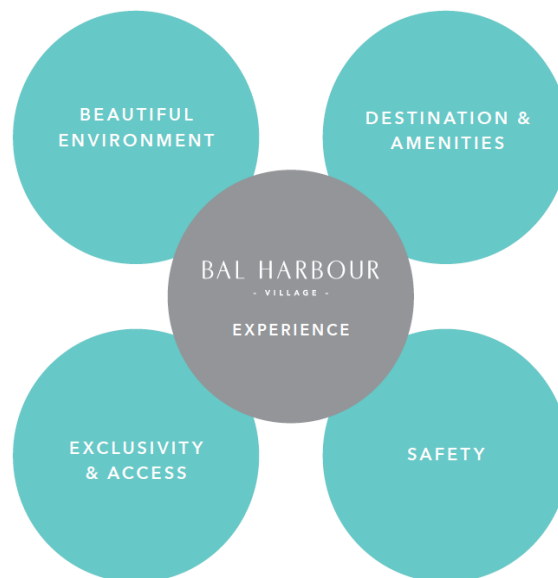
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The Bal Harbour Experience

At our Village Council Retreat in February 2020, the collective vision was discussed that will continue to drive decision making for the Village through the next several years. The focus was on describing the “Bal Harbour Experience”, which represents that distinctive feeling one experiences when living in or visiting our unique, exclusive, curated and refined community. Developing funding strategies, initiatives and programming that will further this vision are the focus of the budget development process.

The four (4) main elements which denote the essence of the Bal Harbour Experience are:



Beautiful Environment - represented by our pristine beach, lush landscaping, well maintained public spaces, well-designed jogging paths, sidewalks and rights of way. These signature public amenities reflect the maintenance standards the community expects, and allow visitors to immediately identify they are in Bal Harbour. In other words - you immediately recognize when you have arrived to Bal Harbour and you immediately know when you have left.

Destination & Amenities - represented by high-end hotels, eateries, and boutiques and shopping available, in our beautiful setting.

Exclusivity & Access - represented by our curated art programs and well-produced special events. Our recognized Museum Access Program, Art experiences and exclusive tours, creative public art installations, special access programs during Art Basel, movies and concerts on the beach, and the Bal Harbour Series of the South Beach Wine and Food Festival and Haute Cuisine are just some of the exclusive opportunities created for residents and visitors, and reflect the community’s refined taste.

Safety - anchored by our focus on a Community Policing model, where our law enforcement officers are staffed, trained and motivated to provide excellent service and safety to our

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residents and visitors in a pleasant and friendly manner. The increased visibility, investment in state-of-the-art technology and employment of innovative policing strategies ensures that our community remains safe at all times, as well as a leader and model in public safety.

Together, these elements define what it means to live, work, play in and visit Bal Harbour Village and what makes our community so unique and distinctive.

This vision rests on a foundation based on:

- Developing and maintaining well designed and modernized public facilities and infrastructure;
- Implementing smart policies and strategic solutions to address the challenges of today and to ensure that we remain a Resilient and Sustainable community able to protect our future; and
- Ensuring that both the perception and reality of safety in our community remains uncompromised.

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. 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 \$8.1 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 COVID-19 global pandemic has had a tremendous impact on all levels of society, not just in our community, but throughout the U.S. and worldwide. Miami-Dade County relies heavily on international trade, tourism and hospitality, and retirement migration, and the activity related to these sectors has been severely curtailed as a result of the pandemic. The top two drivers of our economy are Miami International Airport and the Port of Miami. Due to the pandemic, cruises were suspended and passenger air travel dropped by 90 percent. The Village’s Tourist tax collections have been negatively impacted. Despite the COVID-19 pandemic, the Village once again exceeded its requirement to maintain a minimum

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unassigned General Fund balance of 33% of the subsequent year's General Fund budgeted expenditures in 2021.

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.

CIP accomplishments and initiatives for Fiscal Year 2020 are outlined below:

- Bal Harbour Haulover Inlet Jetty Project - This project (includes the area under the Haulover Bridge) will reconstruct the existing Jetty to enhance the aesthetics as a public space with design concepts to be developed with community involvement. Design activities are ongoing. This project is projected to be completed in Fiscal Year 2024.
- Off-site Park and Public Spaces Facility - Purchase, renovation, site work and hardening of Village property in North Miami funded by both the General and Utility Fund. Providing space for displaced Parks & Public Spaces (including Utility Operations) and storage; EOC category 5 rated emergency operations including complete roof replacement. Purchase was completed in Fiscal Year 2020. This project will be completed in Fiscal Year 2021.
- Telestaff Time Tracking System - This project will automate the scheduling of police resources, as well as time and attendance tracking for payroll and Emergency Management purposes. This project is projected to be completed in Fiscal Year 2021.
- Utility Master Plan (including Stormwater) - Rehabilitation of the Village infrastructure to include identified replacement of the Water, Sanitary Sewer and Stormwater systems, with remedial paving in affected areas. This is a multiphase project. Design and construction activities are ongoing. Overall project completion is projected to be Fiscal Year 2024.
- New Waterfront Park - The New Waterfront Park project includes Community Center (12,163sf) playground, water feature/splashpad, landscape & hardscape. Community Center Concept design was developed through Community input and approved by Village Council in 2018. During Fiscal Year 2020, the Village became aware that the seawall will need to be replaced. The seawall replacement scope of work will address sea level rise by raising the seawall cap and will also include a new dock and waterside amenities such as kayak launch. This project is expected to be completed by Fiscal Year 2022.
- Various machinery and equipment- Includes purchase of Message Board accompanied with License plate readers as well as other vehicles and equipment.
- other minor capital improvements and reserves.

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Looking forward, major new capital initiatives to commence or continue in fiscal year 2020 include planning and design of 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, continued implementation of the Utility Master Plan, and planning efforts toward improvements Inlet Cut Walk, 96th Street beach access and the Collins Avenue Corridor. All told, the anticipated cost of these capital improvements total \$87.9 million, with funding readily identified for all but \$16.3 million of future year improvements, without the need to issue additional bonds, as summarized below.

FY 2021-2025 Capital Budget and 5-Year Capital Improvement Program

Revenues and Expenditures Budget Summary

FUNDING SOURCE	Budget							
	Previous Years	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	Future Years	Total
General Fund:								
Miami-Dade General Obligation Bond Fund	\$ 563,000	\$ 7,500,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 8,063,000
Developer Contributions - Ba Harbour Shops (PPS)	3,500,000	-	-	-	-	-	-	3,500,000
Developer Contributions - Ba Harbour Shops (Village Hall)	-	-	-	-	-	-	15,800,000	15,800,000
Developer Contributions - Ba Harbour Shops (Other)	1,000,000	500,000	500,000	-	-	-	500,000	2,500,000
Suntrust Rent	227,000	693,000	703,395	713,946	724,655	735,525	-	3,797,521
Miscellaneous Revenue - Grants	300,000	-	-	-	-	-	-	300,000
Budget Allocation	2,196,597	-	-	-	-	-	-	2,196,597
Appropriation of Fund Balance/Carryover	-	7,879,570	2,917,400	-	-	-	-	10,796,970
Village 2011 Bond Escrow Funds	368,933	-	-	-	-	-	-	368,933
Total General Fund	8,155,530	16,572,570	4,120,795	713,946	724,655	735,525	16,100,000	47,123,021
Resort Tax Fund:								
Appropriation of Fund Balance/Carryover	-	-	500,000	1,500,000	-	-	-	2,000,000
Total Resort Tax Fund	-	-	500,000	1,500,000	-	-	-	2,000,000
Utility Fund:								
Miami-Dade General Obligation Bond Funds	6,500,000	-	-	-	-	-	-	6,500,000
Developer Contributions - Oceana	950,000	-	-	-	-	-	-	950,000
Budget Allocation	2,221,800	-	-	-	-	-	-	2,221,800
Appropriation of Fund Balance/Carryover	-	1,267,700	-	-	-	-	-	1,267,700
Village 2011 Bond Escrow Funds	3,221,300	-	-	-	-	-	-	3,221,300
Village 2020 Utility Revenue Note	8,338,000	-	-	-	-	-	-	8,338,000
Total Utility Fund	21,231,100	1,267,700	-	-	-	-	-	22,498,800
TBD	-	-	1,820,700	300,000	-	-	-	14,172,479
TOTAL FUNDING SOURCE	\$ 29,386,630	\$ 17,840,270	\$ 6,441,495	\$ 2,513,946	\$ 724,655	\$ 735,525	\$ 30,272,479	\$ 87,915,000
EXPENDITURE BY PROJECT								
Parks and Public Spaces Operations Facility	\$ 2,972,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,972,000
Waterfront Park (Phase A)	1,101,500	12,301,500	-	-	-	-	-	13,403,000
New Village Hall	-	-	-	-	-	-	15,800,000	15,800,000
Jetty/Cutwalk/96th Street Plaza	799,500	54,200	11,348,300	1,500,000	-	-	-	13,700,000
Collins Avenue Beautification	50,000	-	-	-	-	-	12,000,000	12,050,000
Waterfront Park (Phase B)	50,000	-	-	-	-	-	6,050,000	6,100,000
Utility Infrastructure - Sewer, Water and Stormwater Improvement	17,844,300	4,125,000	1,820,700	300,000	-	-	-	24,090,000
TOTAL EXPENDITURE	\$ 22,817,300	\$ 16,480,700	\$ 13,167,000	\$ 1,800,000	\$ -	\$ -	\$ 33,650,000	\$ 87,915,000

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.

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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.

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.

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Reporting Achievement

The Government Finance Officers Association (GFOA) of the United States and Canada awarded a Certificate of Achievement for Excellence in Financial Reporting to the Village, for its CAFR for the fiscal year ended September 30, 2019. The Certificate of Achievement is the highest form of recognition in the area of governmental accounting and financial reporting. The attainment of this award represents a significant accomplishment by a government and its financial management team. This is the seventh year that the Village has achieved this prestigious award.

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

Acknowledgements

The preparation of this report would not have been possible without the skill, effort and dedication of the entire staff of the Finance Department and the accounting firm, RSM US LLP. We wish to thank all the Village Departments for their assistance in providing the information necessary to prepare 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



Claudia Dixon, CPA
Chief Financial Officer



Jorge M. Gonzalez
Village Manager

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VILLAGE OFFICIALS

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

CHIEF FINANCIAL OFFICER

Claudia Dixon

CONTROLLER

Tom Pham

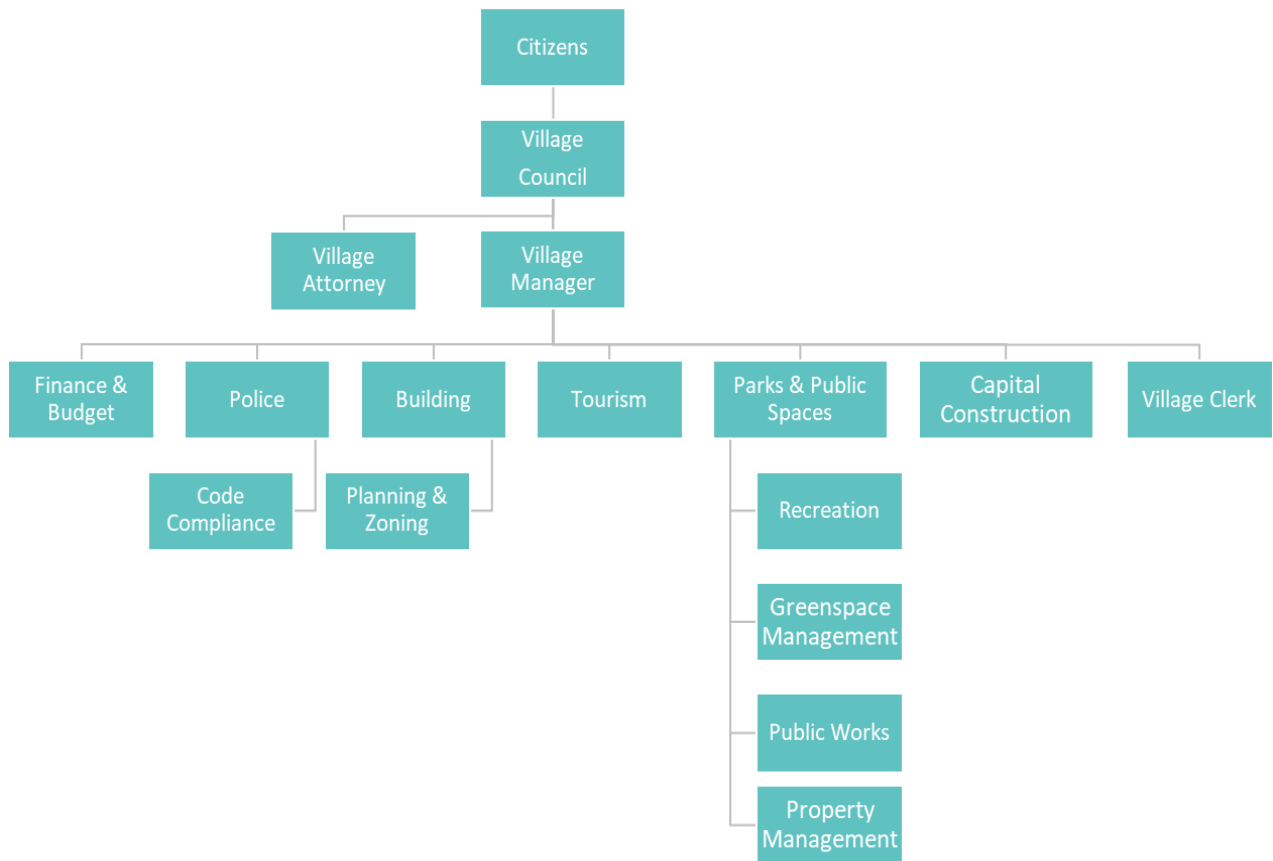
BUDGET COMMITTEE

Jose Biton, Chair
Don Jacobs
Necca Logan
Raj Singh
Raymond Slate

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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, 2019

Christopher P. Morill

Executive Director/CEO

FINANCIAL SECTION

INDEPENDENT AUDITORS' REPORT



RSM US LLP

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 Bal Harbour Village, Florida (the Village), as of and for the year ended September 30, 2020, 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 Village'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 Village'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, 2020, 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.

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 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 statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining fund 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 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 30, 2021 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 30, 2021

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, 2020. 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 2020

- At the close of the fiscal year, the total assets and deferred outflows of the Village exceeded its liabilities and deferred inflows by \$106.9 million (*net position*), this reflects a 27.4% increase over the prior fiscal year. Of this amount, \$24.3 million (*unrestricted net position*) may be used to meet the Village's ongoing obligations to citizens and creditors, reflecting a 1.6% increase over FY 2019. Unrestricted net position is comprised of \$13.8 million in governmental activities and \$10.5 million in business-type activities.
- At the close of the fiscal year, the total assets are \$135.5 million, reflecting a 32.0% increase, total liabilities are \$33.4 million, reflecting an increase of 43.6% over the prior year, with deferred pension and post-employment related inflows and outflows increased to a net of \$4.7 million.
- At the close of the fiscal year, the Village's governmental activities ended with a net position of \$78.4 million, and the business-type activities (*Water & Sewer Fund*) ended with a net position of \$28.4 million. The net position ending reflects an increase of \$23.0 million over 2019, comprised of an increase of \$32.8 million in total assets largely comprised of \$3.7 million *attributable to cash and cash equivalents*, \$24.5 million *in capital assets*, offset by an increase of \$10.0 million in liabilities.
- At year end, the change in net position of governmental activities totals \$21.9 million, the change is comprised of \$2.2 million in cash and cash equivalents, \$.3 million in net pension related deferred outflows, \$21.2 million in capital assets and \$1.7 million in net pension liability.
- At the close of the fiscal year, the Village governmental funds reported combined fund balances of \$36.9 million, an increase of \$2.5 million in comparison to the prior fiscal year. The *unassigned fund balance* is \$14.0 million, or 38% and 47% of the ending fund balance for governmental funds and general fund, respectively. This amount is available for spending at the Village's discretion.
- At the close of the fiscal year, governmental fund revenue decreased by \$5.3 million to \$21.6 million. The reduction is comprised of \$3.5 million in developer contributions that was received in Fiscal Year 2019 and a \$1.7 million decrease to resort tax collections as a result of the COVID-19 pandemic. The decrease in revenue is offset by a corresponding decrease in expenditures for the Resort Tax Fund resulting from measures taken in response to the resulting COVID-19 pandemic. The overall increase was \$2.5 million 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 \$28.4 million, reflecting a change in net position over 2019 of \$1.1 million.

Unrestricted net position for the fund is \$10.5 million or 37% 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 \$43.2 million, an increase of \$4.4 million in comparison to fiscal year 2019.

The Comprehensive Annual Financial Report (CAFR) 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 (MD&A) 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 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 92).

The fund financial statements also allow the government to address its fiduciary (or trust) and agency funds (see pages 24) by type (employee retirement 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 18). 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 \$106.9 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</u> <u>Change</u>
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	
Current and other assets	\$ 38,614	\$ 36,269	\$ 19,482	\$ 13,553	\$ 58,096	\$ 49,822	16.61%
Capital assets	54,649	33,409	22,745	19,459	77,394	52,868	46.39%
Total assets	<u>93,263</u>	<u>69,678</u>	<u>42,227</u>	<u>33,012</u>	<u>135,490</u>	<u>102,690</u>	<u>31.94%</u>
Deferred Outflows of Resources	5,842	5,775	126	116	5,968	5,891	1.31%
Current and other liabilities	1,208	1,489	1,341	751	2,549	2,240	13.79%
Non-current liabilities	18,256	15,954	12,575	5,058	30,831	21,012	46.73%
Total liabilities	<u>19,464</u>	<u>17,443</u>	<u>13,916</u>	<u>5,809</u>	<u>33,380</u>	<u>23,252</u>	<u>43.56%</u>
Deferred Inflows of Resources	1,197	1,443	23	36	1,220	1,479	-17.51%
Net investment in capital assets	54,484	33,151	17,940	17,140	72,424	50,291	44.01%
Restricted	10,126	9,636	-	-	10,126	9,636	5.09%
Unrestricted	13,834	13,780	10,474	10,143	24,308	23,923	1.61%
Total net position	<u>\$ 78,444</u>	<u>\$ 56,567</u>	<u>\$ 28,414</u>	<u>\$ 27,283</u>	<u>\$ 106,858</u>	<u>\$ 83,850</u>	<u>27.44%</u>

As summarized above, the statement of net position for the Village reflects an increase of \$23.0 million, \$.8 million increase to restricted net position, and a \$22.1 million in net investment in capital assets which includes a \$20.0 million in a developer donated asset.

A large portion of the Village's net position reflects its investment in capital assets (e.g., land, building, and equipment) \$72.4 million. Net investment in capital assets is the portion of net position that related to capital assets reduced by accumulated depreciation and by any outstanding debt incurred to acquire, construct, or improve those assets, excluding unexpended debt proceeds. The Village uses these capital assets to provide service to the citizens; consequently, these assets are not available for future spending. An additional 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 \$10.1 million; for the Village these include Capital Projects to be funded by developer contributions, 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 \$24.3 million, with \$13.8 million for governmental activities and \$10.5 million for business-type activities. This is due to the results of current year operations.

CURRENT YEAR IMPACTS

Statement of Activities

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

	Governmental Activities		Business-type Activities		Total		Percent Change
	2020	2019	2020	2019	2020	2019	
Revenues:							
Program revenues:							
Charges for services	\$ 7,785	\$ 9,437	\$ 4,294	\$ 4,393	\$ 12,079	\$ 13,830	-12.66%
Capital grants and contributions	20,000	3,025	658	2,058	20,658	5,083	306%
General revenue:							
Taxes	12,053	12,022	-	-	12,053	12,022	0.26%
Other	1,786	1,950	60	107	1,846	2,057	-10.26%
Total revenues	41,624	26,434	5,012	6,558	46,636	32,992	41.36%
Expenses:							
General government	7,035	6,449	-	-	7,035	6,449	9.09%
Public safety	8,228	6,635	-	-	8,228	6,635	24.01%
Solid waste and open space	984	1,099	-	-	984	1,099	-10.46%
Tourism	2,304	3,540	-	-	2,304	3,540	-34.92%
Roads, streets and parks	1,280	1,440	-	-	1,280	1,440	-11.11%
Interest on long-term debt	6	8	-	-	6	8	-25.00%
Water and sewer	-	-	3,791	3,801	3,791	3,801	-0.26%
Total expenses	19,837	19,171	3,791	3,801	23,628	22,972	2.86%
Changes in net position before transfers	21,787	7,263	1,221	2,757	23,008	10,020	129.62%
Transfers	90	13	(90)	(13)	-	-	0.00%
Changes in net position	21,877	7,276	1,131	2,744	23,008	10,020	129.62%
Net position - beginning	56,567	49,291	27,283	24,539	83,850	73,830	13.57%
Prior period adjustment	-	-	-	-	-	-	100.00%
Net Position - Beginning, restated	56,567	49,291	27,283	24,539	83,850	73,830	13.57%
Net position - ending	\$ 78,444	\$ 56,567	\$ 28,414	\$ 27,283	\$ 106,858	\$ 83,850	27.44%

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 2020 is \$106.9 million, the most notable change is within restricted net position of the Governmental Activities resulting from \$20.0 million conveyance of Commercial Rental Property located in Bal Harbour from Bal Harbour Shops in connection with its development agreement; and within the unrestricted net position of the Business-Type Activities resulting from \$.7 million of capital grants reimbursements from Miami-Dade County General Obligation Bond funds for the sewer portion of the Utility Master Plan project.

CURRENT YEAR IMPACTS

Village Highlights

The Village concluded fiscal year 2020 with a 1.6% increase to unrestricted net position ending at \$24.3 million, and an increase of total net position by 27.4% to \$106.9 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. During 2020 the Village received conveyance of a Commercial Rental Property valued at \$20.0 million located in Bal Harbour from Bal Harbour Shops in connection with its development agreement.

During 2020, progress has been made on the Villages capital improvement projects, including the renovation of the new offsite Parks and Public Spaces facility in North Miami, Florida which, the Bal Harbour Waterfront Park is completed nearly 100% construction drawing phase of, which will provide a new community center and park amenities, such as a splash pad, kayak launch, playground as well as a the reconstruction of a seawall; the Jetty/96th Street-end project has completed 95% of the Design Development Phase; and the continued the implementation of the Utility Master Plan with improvements. These projects serve as a catalyst for improvements to Village infrastructure 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 2017 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 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 2020 millage rate of 1.9654 was maintained making it the sixth 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 \$807 thousand dollars in recurring revenue from other governments during FY2020. 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 47% 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. Tourism revenue was impacted by the COVID-19 pandemic. As a result, cost saving measures were implemented to offset the anticipated decrease in Tourism Tax revenue collections.
- **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 43.9% 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 outsources its solid waste operation.
- 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

Tax collections remained relatively constant year over year. Other revenue collections were impacted by the COVID-19 pandemic, resulting in an overall decrease in Charges for services of \$1.6 million. This decrease primarily consists of a decline of \$1.7 million in Resort Tax Receipts. Grants and contributions decreased \$4.4 million primarily due to \$3.0 million in one-time contributions received in 2019 in connection with the Bal Harbour Shops Developer agreement; as well as grant reimbursements decreased as a result of the closing out of the GOB Utility Master Plan grant.

The Security District assessment rate was increased from \$2,639.53 to \$3,000/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. 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 \$15.7 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 \$1.1 million, and for the Police Officers' Pension Plan that value was \$1.4 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 2020 indicating a liability of \$1.39 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 2020, with the alternative approach of relining sewer pipes as opposed to excavation and replacement, \$.7 million reimbursement from Miami-Dade County General Obligation Bond funds for the sewer portion of the project. Completion of this capital project with an anticipated completion date of 2024.

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

THE VILLAGE FUNDS

Through a disciplined approach to resource allocation, careful management practices and conservative financial policies, all while navigating the many impacts from the COVID-19 global pandemic, the Village continues to maintain a very strong financial position in all funds.

Governmental Funds

As of the year end, the Governmental Funds (*as presented on the balance sheet*) reported total fund balance of \$38.6 million, with an increase of \$2.0 million noted for the General Fund with an ending balance of \$29.8 million. The Resort Tax Fund ended the year with \$5.3 million in fund balance, an increase of \$.5 million in comparison to the prior year despite the Resort Tax Collections being impacted by the COVID-19 pandemic. Total Fund Balances are \$29.8 million for the General Fund, \$5.3 million for Resort Tax and \$1.9 million for non-major funds, these funds, include the Security District Fund and the State Forfeiture Fund.

Enterprise Fund

The Water and Sewer Fund net position at year end is \$28.4 million, an increase of \$1.1 million in comparison to fiscal year 2019. Capital Assets continued to see improvements made to the underground water and wastewater Utility Master Plan ongoing project, with the addition of \$3.8 million of improvements, increasing capital assets to \$22.8 million. Operating revenue decreased by \$108 thousand over the prior year, and operating expense decreased by \$19 thousand.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the close of the fiscal year, governmental activities capital assets, net of depreciation is \$54.6 million, net capital assets for business-type activities are \$22.8 million, for a combined net book value of \$77.4 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 43.

Long-Term Debt

Long-term liabilities, which consist of a bond, note, leases, compensated absences and pension and OPEB liabilities, increased by \$10.1 from the previous year for governmental and business-type activities combined. At the close of 2020, the Village had \$30.4 million in outstanding long-term obligations, of which \$1.9 million is due during fiscal year 2021. The ending balance is comprised of \$4.2 million from Revenue Bonds issued in 2010, \$8.1 million Utility Revenue Note issued in 2020, net pension for the Village's 4 retirement plans and 1 other post-employment benefit liabilities comprise \$17.1 million, compensated absences comprise \$897 thousand, and capital leases total \$34 thousand. The current year portion of all debt is budgeted within the 2020 operating budget of the Village.

For additional information on the Village's long-term debt, see Note 7 beginning on page 45.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

Due to the global outbreak of COVID-19, the 2019-20 year brought with it the changes to our planned activities and programs. With the anticipated loss of Tourism revenues due to the pandemic, the Village implemented strict financial measures, sought and will continue to pursue funding assistance through the Coronavirus Aid and Relief and Economic Security Act as well as other sources. Despite these funding challenges, the Village, through prudent fiscal management, maintains a healthy financial position to provide the quality services deserved by our constituents.

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 2020 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 2008; 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.

Redevelopment of the 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 associated with this expansion are appraised at a range of \$193 million to \$270 million upon completion, resulting in a significant increase in ad valorem tax revenue at any millage rate. For the year ended September 30, 2020 Bal Harbour Shops contributed 5.1% of ad valorem tax revenue; the ad valorem tax revenue increases will be substantial after project completion. In addition, the accompanying development agreement provides an estimated benefit in excess of \$123 million to the Village in the years to come.

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 decreased to pass-through anticipated decreases from our wholesale service providers, from \$4.81/1,000 to \$4.74/1,000 gallons of water consumed with a 3,000-gallon minimum monthly charge; wastewater rates increased from \$8.38/1,000 to \$8.49/1,000 gallons of wastewater consumed with a 3,000-gallon minimum monthly charge for sewer. The Village has continued the implementation of the Utility Master Plan infrastructure project, which when completed in 2024 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. The Village coordinates with Miami Dade County, the State of Florida and the United States Army Corps of Engineers to advance the Sand Bypass Project and place approximately 240,000 cubic yards of sand on Bal Harbour Beach. Pending state and local required approvals construction is currently scheduled to being by July 2021. 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. This results in a positive impact on both tourism taxes and property values for the Village.

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 Chief Financial Officer 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, 2020

	Governmental Activities	Business- type Activities	Total
<u>ASSETS</u>			
Cash and cash equivalents	\$ 37,624,381	\$ 11,394,662	\$ 49,019,043
Receivables, net	908,058	600,348	1,508,406
Due from other governments	1,373	-	1,373
Prepaid expenses	80,432	-	80,432
Restricted assets:			
Cash and cash equivalents	-	7,384,569	7,384,569
Cash – customer deposits	-	102,184	102,184
Capital assets not being depreciated	50,026,877	11,727,881	61,754,758
Capital assets being depreciated, net	4,622,135	11,017,368	15,639,503
Total assets	93,263,256	42,227,012	135,490,268
<u>DEFERRED OUTFLOWS OF RESOURCES</u>			
Pension related items	5,737,078	125,900	5,862,978
Other post-employment benefits (OPEB related items)	104,947	-	104,947
Total deferred outflows of resources	5,842,025	125,900	5,967,925
<u>LIABILITIES</u>			
Accounts payable and accrued liabilities	1,208,302	1,238,100	2,446,402
Customer deposits	-	102,184	102,184
Unearned revenue	462,013	9,003	471,016
Non-current liabilities:			
Due within one year	725,506	1,233,858	1,959,364
Due in more than one year	297,785	10,993,738	11,291,523
Net pension liability – excess benefit plan	2,201,625	-	2,201,625
Net pension liability – defined benefit plans	13,180,008	338,705	13,518,713
Total other post-employment benefit liabilities	1,389,299	-	1,389,299
Total liabilities	19,464,538	13,915,588	33,380,126
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Pension related items	1,197,030	23,094	1,220,124
<u>NET POSITION</u>			
Net investment in capital assets	54,484,061	17,940,383	72,424,444
Restricted for:			
Capital projects	3,000,000	-	3,000,000
Tourism development	5,291,244	-	5,291,244
State law enforcement	833,091	-	833,091
Security district	1,001,309	-	1,001,309
Unrestricted	13,834,008	10,473,847	24,307,855
Total net position	\$ 78,443,713	\$ 28,414,230	\$ 106,857,943

See Notes to Financial Statements.

BAL HARBOUR VILLAGE, FLORIDA

STATEMENT OF ACTIVITIES

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

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	\$ 7,034,757	\$ 4,448,128	\$ 20,000,000	\$ 17,413,371	\$ -	\$ 17,413,371
Public safety	8,227,790	559,142	-	(7,668,648)	-	(7,668,648)
Solid waste	697,872	-	-	(697,872)	-	(697,872)
Roads and streets	1,280,016	-	-	(1,280,016)	-	(1,280,016)
Parks and recreation	286,594	-	-	(286,594)	-	(286,594)
Tourism development	2,304,237	2,777,408	-	473,171	-	473,171
Interest on long-term debt	5,601	-	-	(5,601)	-	(5,601)
Total governmental activities	19,836,867	7,784,678	20,000,000	7,947,811	-	7,947,811
Business-type activities:						
Water and sewer	3,791,346	4,294,451	658,232	-	1,161,337	1,161,337
Total business-type activities	3,791,346	4,294,451	658,232	-	1,161,337	1,161,337
Total	\$ 23,628,213	\$ 12,079,129	\$ 20,658,232	7,947,811	1,161,337	9,109,148
General revenues:						
Property taxes				10,258,510	-	10,258,510
Franchise fees based on gross receipts				628,507	-	628,507
Utility taxes				890,451	-	890,451
Communications services tax				275,861	-	275,861
Unrestricted developer contribution				459,011	-	459,011
Unrestricted intergovernmental revenue				807,417	-	807,417
Unrestricted investment earnings				129,251	59,450	188,701
Miscellaneous				389,966	-	389,966
Transfers				89,660	(89,660)	-
Total general revenues and transfers				13,928,634	(30,210)	13,898,424
Change in net position				21,876,445	1,131,127	23,007,572
Net position, beginning				56,567,268	27,283,103	83,850,371
Net position, ending				\$ 78,443,713	\$ 28,414,230	\$ 106,857,943

See Notes to Financial Statements.

BAL HARBOUR VILLAGE, FLORIDA

BALANCE SHEET GOVERNMENTAL FUNDS

SEPTEMBER 30, 2020

	General	Resort Tax	Aggregate Nonmajor Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 30,475,199	\$ 5,240,983	\$ 1,908,199	\$ 37,624,381
Receivables, net	762,490	133,174	12,394	908,058
Due from other governments	1,373	-	-	1,373
Prepaid items	77,752	180	2,500	80,432
Total assets	<u>31,316,814</u>	<u>5,374,337</u>	<u>1,923,093</u>	<u>38,614,244</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable and accrued liabilities	\$ 1,039,016	\$ 83,093	\$ 86,193	\$ 1,208,302
Unearned revenue	462,013	-	-	462,013
Total liabilities	<u>1,501,029</u>	<u>83,093</u>	<u>86,193</u>	<u>1,670,315</u>
Fund balances:				
Non-Spendable - Prepays	77,752	180	2,500	80,432
Restricted:				
Capital projects	3,000,000	-	-	3,000,000
Tourism development	-	5,291,064	-	5,291,064
State and federal law enforcement	-	-	833,091	833,091
Security district	-	-	1,001,309	1,001,309
Assigned:				
Excess benefits plan	2,201,625	-	-	2,201,625
Other post-employment benefits and leave time	1,389,299	-	-	1,389,299
Red light camera claims	500,000	-	-	500,000
Building and zoning	500,000	-	-	500,000
Capital projects	8,109,704	-	-	8,109,704
Unassigned:				
General fund	14,037,405	-	-	14,037,405
Total fund balances	<u>29,815,785</u>	<u>5,291,244</u>	<u>1,836,900</u>	<u>36,943,929</u>
Total liabilities and fund balances	<u>\$ 31,316,814</u>	<u>\$ 5,374,337</u>	<u>\$ 1,923,093</u>	<u>\$ 38,614,244</u>

Total fund balances \$ 36,943,929

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	54,649,012
Deferred outflows and inflows of resources related to pensions and OPEB are recorded in the statement of net position and not recognized under the modified accrual basis of accounting	4,644,995
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	(164,951)
Compensated absences	(858,340)
Other post-employment benefits liabilities	(1,389,299)
Net pension liability	<u>(15,381,633)</u>
Net position of governmental activities	<u>\$ 78,443,713</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, 2020

	General	Resort Tax	Aggregate Non-major Funds	Total Governmental Funds
Revenues:				
Taxes:				
Property	\$ 10,258,510	\$ -	\$ -	\$ 10,258,510
Other local taxes	1,794,819	-	-	1,794,819
Resort tax	-	2,777,408	-	2,777,408
Licenses and permits	2,229,867	-	29,943	2,259,810
Developer contribution	459,011	-	-	459,011
Fines and forfeitures	553,545	-	609	554,154
Charges for services	1,499,372	-	-	1,499,372
Special assessments	-	-	688,946	688,946
Intergovernmental	807,417	-	-	807,417
Investment earnings	98,481	29,244	1,526	129,251
Miscellaneous	336,294	53,672	4,988	394,954
Total revenues	18,037,316	2,860,324	726,012	21,623,652
Expenditures:				
Current:				
General government	5,116,972	-	625,716	5,742,688
Public safety	6,999,460	-	-	6,999,460
Solid waste	697,872	-	-	697,872
Road and streets	1,112,096	-	-	1,112,096
Parks and recreation	286,594	-	-	286,594
Tourism development	-	2,275,996	-	2,275,996
Capital outlay	1,823,733	9,688	132,931	1,966,352
Debt Service:				
Principal	69,532	23,492	-	93,024
Interest	4,517	1,084	-	5,601
Total expenditures	16,110,776	2,310,260	758,647	19,179,683
Excess (deficiency) of revenues over (under) expenditures	1,926,540	550,064	(32,635)	2,443,969
Other financing sources:				
Transfers in	89,660	-	-	89,660
Total other financing sources	89,660	-	-	89,660
Net change in fund balances	2,016,200	550,064	(32,635)	2,533,629
Fund balances, beginning	27,799,585	4,741,180	1,869,535	34,410,300
Fund balances, ending	\$ 29,815,785	\$ 5,291,244	\$ 1,836,900	\$ 36,943,929

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, 2020

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

Net change in fund balances – total governmental funds \$ 2,533,629

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

Depreciation expense	(626,860)
Expenditures for capital assets	1,867,004
Contribution of capital assets	20,000,000

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

Net pension liability – defined benefit plans	\$ (1,654,909)	
Net pension liability – excess benefit plan	(275,817)	
Compensated absences	(218,906)	
Revenue bonds and capital lease principal payments	93,024	
Total other post-employment benefits liabilities	<u>(154,267)</u>	(2,210,875)

Deferred outflow of resources and deferred inflow of resources
related to pensions and OPEB are not recognized in the
governmental funds

313,547

Change in net position of governmental activities

\$ 21,876,445

See Notes to Financial Statements.

BAL HARBOUR VILLAGE, FLORIDA

**STATEMENT OF NET POSITION
PROPRIETARY FUND**

SEPTEMBER 30, 2020

	<u>Water & Sewer</u>
<u>ASSETS</u>	
Current assets:	
Cash and cash equivalents	\$ 11,394,662
Receivables, net	600,348
Restricted assets:	
Cash and cash equivalents	7,384,569
Restricted Cash – customer deposits	<u>102,184</u>
Total current assets	<u>19,481,763</u>
Noncurrent assets:	
Capital assets not being depreciated	11,727,881
Capital assets being depreciated, net	<u>11,017,368</u>
Total noncurrent assets	<u>22,745,249</u>
Total assets	<u>42,227,012</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>	
Pension related items	<u>125,900</u>
<u>LIABILITIES</u>	
Current liabilities:	
Accounts payable and accrued liabilities	948,461
Due to other governments	289,639
Customer deposits	102,184
Unearned Revenue	9,003
Compensated absences	30,139
Bonds, notes and leases payable	<u>1,203,719</u>
Total current liabilities	<u>2,583,145</u>
Noncurrent liabilities:	
Net pension liability	338,705
Compensated absences	8,022
Bonds, notes and leases payable	<u>10,985,716</u>
Total noncurrent liabilities	<u>11,332,443</u>
Total liabilities	<u>13,915,588</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>	
Pension related items	<u>23,094</u>
<u>NET POSITION</u>	
Net investment in capital assets	17,940,383
Unrestricted	<u>10,473,847</u>
Total net position	<u>\$ 28,414,230</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, 2020

Revenues	<u>Water & Sewer</u>
Operating revenues:	
Charges for sales and services:	
Water sales	\$ 2,165,499
Sewer sales	2,128,062
Fines and penalties	890
Total operating revenues	<u>4,294,451</u>
Operating expenses:	
Materials, supplies and administration	593,817
Wastewater treatment charges	1,080,009
Water purchases	628,895
Depreciation	509,413
Personnel services	763,289
Total operating expenses	<u>3,575,423</u>
Operating income	<u>719,028</u>
Nonoperating revenues (expenses):	
Interest income	59,450
Interest expense	(215,923)
Total nonoperating revenues (expenses)	<u>(156,473)</u>
Income before capital contributions and transfers	562,555
Transfers out	(89,660)
Capital grants and contributions	658,232
Change in net position	1,131,127
Net position, beginning	27,283,103
Net position, ending	<u>\$ 28,414,230</u>

See Notes to Financial Statements.

BAL HARBOUR VILLAGE, FLORIDA

STATEMENT OF CASH FLOWS
PROPRIETARY FUND

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

	<u>Water & Sewer</u>
Cash flows from operating activities:	
Receipts from customers and users	\$ 4,239,992
Payments from other government	2,691
Payments to suppliers	(1,721,381)
Payments to employees	(711,696)
Net cash provided by operating activities	<u>1,809,606</u>
Cash flows from non-capital related financing activities:	
Transfer to other funds	<u>(89,660)</u>
Cash flows from capital and related financing activities:	
Principal payments on bonds and leases	(661,409)
Issuance of debt	8,096,000
Purchase and construction of capital assets	(3,795,842)
Interest paid on capital debt	(215,923)
Capital contributions from Miami-Dade County	1,228,439
Net cash provided by capital and related financing activities	<u>4,651,265</u>
Cash flows from investing activities:	
Interest received	<u>59,450</u>
Net increase in cash and cash equivalents	6,430,661
Cash and cash equivalents, beginning	<u>12,450,754</u>
Cash and cash equivalents, ending	<u>\$ 18,881,415</u>
 Cash and cash equivalents per statement of net position:	
Unrestricted	\$ 11,394,662
Restricted	7,486,753
	<u>\$ 18,881,415</u>
 Reconciliation of operating income to net cash provided by operating activities:	
Operating income	\$ 719,028
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation expense	509,413
Changes in operating assets, liabilities and deferred outflows/inflows:	
(Increase) decrease in:	
Receivables	(68,632)
Deferred outflows – pensions	(9,429)
Increase (decrease) in:	
Accounts payable and accrued liabilities	581,340
Due to other governments	2,691
Compensated absences	13,238
Customer deposits	14,173
Deferred inflows – pensions	(12,520)
Net pension liability	60,304
Net cash provided by operating activities	<u>\$ 1,809,606</u>
 Noncash Investing, Capital and Financing Activities:	
Capital construction related liabilities	\$ 704,111

See Notes to Financial Statements.

BAL HARBOUR VILLAGE, FLORIDA
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
SEPTEMBER 30, 2020

	<u>Pension Trust Funds</u>	<u>Agency Fund</u>
<u>ASSETS</u>		
Cash and cash equivalents	\$ -	\$ 301,248
Investments:		
Money market mutual funds	520,703	-
Equity mutual funds	9,723,234	-
Bond mutual funds	6,153,609	-
U.S. Government obligations	2,620,403	-
Corporate bonds	3,091,267	-
Mortgage-backed securities	2,403,204	-
Large cap equities	16,033,485	-
Real estate investments	2,422,381	-
Total investments	<u>42,968,286</u>	-
Accrued interest receivable	39,720	-
Contributions receivable	81,490	-
Prepaid expenses	142,347	-
Total assets	<u><u>43,231,843</u></u>	<u><u>301,248</u></u>
<u>LIABILITIES</u>		
Accounts payable	<u>75,845</u>	<u>301,248</u>
<u>NET POSITION</u>		
Net position restricted for pension benefits	<u><u>\$ 43,155,998</u></u>	<u><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, 2020

	<u>Pension Trust Funds</u>
<u>ADDITIONS</u>	
Contributions:	
Village	\$ 2,481,709
Employees	371,987
State	67,617
Total contributions	<u>2,921,313</u>
Investment income:	
Interest and dividends	849,642
Net appreciation in the fair value of investments	3,348,262
	<u>4,197,904</u>
Less investment expenses	(176,585)
Net investment income	<u>4,021,319</u>
Other (loss)	<u>(64,909)</u>
Total additions	<u>6,877,723</u>
<u>DEDUCTIONS</u>	
Benefits payments	2,301,898
Lump sum DROP distributions	21,179
Administrative expenses	189,136
Total deductions	<u>2,512,213</u>
Change in net position	4,365,510
<u>Net position restricted for pension benefits</u>	
Beginning	<u>38,790,488</u>
Ending	<u><u>\$ 43,155,998</u></u>

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 significant accounting policies of the Village are described below:

A. 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.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e. the statement of net position and the statement of activities) report information on all 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 identifiable activity is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or identifiable activity. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services or privileges provided by a given function or identifiable activity and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or identifiable activity. 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)

B. 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. All remaining non-major funds are aggregated and reported as other governmental funds.

C. 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 except grant revenues to be available if they are collected within 60 days after year end. Grant revenues are considered available if collected within six months of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred as required by accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, other post-employment benefits and pension costs, 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)

C. 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 those qualified employees.

BAL HARBOUR VILLAGE, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. 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, whose purpose has not been restricted to a specific purpose.

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.

When both restricted and unrestricted resources are available for use, it is the Village's policy to use restricted resources first, then unrestricted resources as they are needed. Unrestricted resources include committed, assigned and unassigned amounts which are available and can be used for the intended purpose. When unrestricted resources are available for use, it is the Village's policy to use committed resources first, then assigned and then unassigned as they are needed.

BAL HARBOUR VILLAGE, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- GASB Statement No. 87, *Leases*, was issued June 2017. This Statement improves the accounting and financial reporting for leases by governments. The provisions of this Statement will be effective for the Village beginning with its year ending September 30, 2022.
- GASB Statement No. 90, *Majority Equity Interests-An Amendment of GASB Statements No. 14 and No. 61*, was issued August 2018. This Statement improves the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and improves the relevance of financial statement information for certain component units. The provisions of this Statement will be effective for the Village beginning with its year ending September 30, 2021.
- GASB Statement No. 91, *Conduit Debt Obligations*, was issued May 2019. This Statement provides a single method of reporting conduit debt obligations by issuers and eliminates diversity in practice associated with: (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. The provisions of this Statement will be effective for the Village beginning with its year ending September 30, 2023.
- GASB Statement No. 92, *Omnibus 2020*, was issued January 2020. This statement enhances comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. The requirements of this Statement are effective for the Village beginning with its year ending September 30, 2022.
- GASB Statement No. 93, *Replacement of Interbank Offered Rates*, was issued in March 2020. This statement addresses accounting and financial reporting implications that result from the replacement of a LIBOR. The requirements of this Statement are effective for the Village beginning with its year ending September 30, 2022.
- GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, was issued March 2020. This statement improves financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). This Statement also provides guidance for accounting and financial reporting for availability payment arrangements (APAs). The requirements of this Statement are effective for the Village beginning with its year ending September 30, 2023.

BAL HARBOUR VILLAGE, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*, was issued May 2020. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). The requirements of this Statement are effective for the Village beginning with its year ending September 30, 2023.
- GASB Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans—an amendment of GASB Statements No. 14 and No. 84*, and a supersession of GASB Statement No. 32, was issued June 2020. The primary objectives of this Statement are to: (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans.

The requirements of this Statement are effective for the Village beginning with its year ending September 30, 2022. Except for the requirement of this Statement that: (1) exempt primary governments that perform the duties that a governing board typically performs from treating the absence of a governing board the same as the appointment of a voting majority of a governing board in determining whether they are financially accountable for defined contribution pension plans, defined contribution OPEB plans, or other employee benefit plans, and (2) limit the applicability of the financial burden criterion in paragraph 7 of Statement 84 to defined benefit pension plans and defined benefit OPEB plans that are administered through trust that meet the criteria in paragraph 30 of Statement 67 or paragraph 30 of Statement 74, respectively, are effective immediately.

D. Deposits and Investments

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

BAL HARBOUR VILLAGE, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 based on observable inputs for the assets either directly or indirectly, other than those considered Level 1 inputs, which may include quoted prices for identical assets in markets that are not considered to be active, and quoted prices of similar assets in active or inactive markets; 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.

Level 1 and 2 prices are obtained from various pricing sources provided by each Plan custodian's bank as follows: Securities classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities. This includes large cap domestic stocks. Debt securities classified in Level 2 of the fair value hierarchy are valued using pricing inputs that reflect the assumptions market participants would use to price an asset or liability and are developed based on market data obtained from sources independent of the reporting entity. This includes U.S. government obligations, mortgage-backed and agency securities and corporate bonds. Alternative real-estate investments in the limited partnership is valued at NAV share, as provided by the investment fund manager. The Plans are permitted to establish fair value of an investment in a nongovernmental entity that does not have readily determinable fair value by using the NAV per share (or its equivalent), such as member units or an ownership interest in partners' capital to which a proportionate share of net assets is attributed.

E. 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.

Water charges to customers are based on actual water consumption. The Village recognizes revenue and a related receivable for the estimated unbilled consumption as of September 30th of each year.

F. Prepaids

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaids in both the government-wide and fund financial statements. The cost of prepaid items are recorded as expenditure/expense when consumed (i.e., the consumption method), rather than when purchased in both the governmental and proprietary funds.

BAL HARBOUR VILLAGE, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. Restricted Assets

The use of certain assets is restricted by specific bond covenants and other legal requirements. Assets so designated are identified as restricted assets on the statements of net position. The Village reports unspent debt proceeds as well as customer water and sewer deposits as restricted assets.

H. Capital Assets

Capital assets, which include property, plant, equipment, intangible (e.g., easement) and certain 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:

Assets	Years
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

I. 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)

J. 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.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reporting as other financing sources. Premiums received on debt issuances are reported as other financing sources, while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures. Payments of principal and interest are also reported as expenditures.

K. Pensions

The Village provides separate defined benefit pension plans for general employees and sworn police officer's hired before October 1, 2016. The Village provides retirement benefits to all full-time officer's sworn in after October 1, 2016 through the Florida Retirement System (FRS and HIS).

The Village also offers an optional deferred compensation plan created in accordance with Internal Revenue Code 457. In 2006, the Village established the Excess Benefit Plan, a qualified governmental excess benefit arrangement as defined in Section 415 of the Internal Revenue Code.

For the purposes of measuring the Village's share of the net pension liability, net pension asset, deferred outflows of resources related to pensions, deferred inflows of resources related to pensions, and pension expense, the Village uses information about the fiduciary net position of the Village's General Employees' Pension Plan, Police Officer's Pension Plan, Florida Retirement System (FRS) and Retiree Health Insurance Subsidy (HIS) (the Plans). 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.

L. 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. Additional Information regarding the Village's OPEB liability can be found in Note 9.

BAL HARBOUR VILLAGE, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

M. 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 OPEB in this 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.

N. Fund Balance

The Village reports the following fund balance 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.

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.

BAL HARBOUR VILLAGE, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

N. Fund Balance (Continued)

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 \$2.2 million and \$1.4 million, respectively, in the General Fund; and \$8.1 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 \$14.0 million or 68% of the General Fund fiscal year 2020 budgeted expenditures.

O. 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.

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.

BAL HARBOUR VILLAGE, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

P. 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, liabilities/deferred inflows of resources, and the disclosures of contingent balances as of the date of the financial statements, as well as 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.

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 2020 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 (the 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. The County mails to each property owner on the assessment roll a notice of the taxes due and the County also collects the taxes for the Village. Taxes may be paid upon receipt of such notice from the 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 the County are provided for in the laws of Florida. There were no material delinquent property taxes as of September 30, 2020, 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.

BAL HARBOUR VILLAGE, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 3. DEPOSITS AND INVESTMENTS

At September 30, 2020, cash and investments of the primary government and the fiduciary funds consisted of the following:

	<u>Balance</u>
Primary Government	
Cash	\$ 7,319,161
Investments	49,186,635
Total cash and cash equivalents	<u>\$ 56,505,796</u>
Fiduciary Funds	
Cash	\$ 301,248
Investments	42,968,286
Total cash, cash equivalents and investments	<u>\$ 43,269,534</u>

Deposits

In addition to insurance provided by the Federal Depository Insurance Corporation (FDIC), 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.

BAL HARBOUR VILLAGE, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 3. DEPOSITS AND INVESTMENTS (Continued)

As of September 30, 2020, the Village's investment in the Florida Prime is recorded at amortized cost.

Investment		Balance
Florida PRIME	\$	49,186,635

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, 2020, was 48 days. Next interest rate reset dates for floating rate securities are used in the calculation of the WAM. 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.

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, 2020, 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.

BAL HARBOUR VILLAGE, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 3. DEPOSITS AND INVESTMENTS (Continued)

The Board of Trustees of the Bal Harbour Village General 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.

The Plans' investments are categorized as follows according to the GASB 72 fair value level hierarchy as of September 30, 2020:

Investment Type	General Employees Fair Value Measurements Using	
	Balance	Quoted Prices in Active Markets for Identical Assets (Level 1)
Equity mutual funds	\$ 9,723,234	\$ 9,723,234
Bond mutual funds	6,153,609	6,153,609
Total Investments at Fair Value	15,876,843	\$ 15,876,843
Measured at amortized cost:		
Money market mutual funds (exempts)	457,882	
Total Investments	\$ 16,334,725	

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.

As of September 30, 2020, the Plan had the following investments and maturities:

Investment Type	Fair Value	Less Than 1 Year
Money market mutual funds	\$ 457,882	\$ 457,882
Total	\$ 457,882	\$ 457,882

BAL HARBOUR VILLAGE, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 3. DEPOSITS AND INVESTMENTS (Continued)

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.

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 Officer's Pension Plan

The Plan's investment policy establishes asset classes and stipulates the following maximum portfolio percentages as of September 30, 2020:

Authorized Investments	Allowable Range %	Target %
Domestic Equity	0% - 65%	60%
Fixed Income	0% - 100%	40%
Foreign Securities	0% - 25%	0%

BAL HARBOUR VILLAGE, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 3. DEPOSITS AND INVESTMENTS (Continued)

The Plans' investments are categorized as follows according to the GASB 72 fair value level hierarchy as of September 30, 2020:

	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	\$ 2,620,403	\$ -	\$ 2,620,403
Mortgage-backed and agency securities	2,403,204	-	2,403,204
Corporate bonds	3,091,267	-	3,091,267
Total Fixed Income Securities	8,114,874	-	8,114,874
Equity securities:			
Large cap domestic stock	16,033,485	16,033,485	-
Total Investments at Fair Value	24,148,359	\$ 16,033,485	\$ 8,114,874
Investments not at Fair Value			
Real estate investments (measured at NAV)	2,422,381		
Money market funds (measured at amortized cost)	62,821		
Total Investments	26,633,561		

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 Officer's Pension 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.

As of September 30, 2020, the Police Officer's Pension Plan had the following fixed income investments and maturities:

	Fair Value	Investment Maturities (In Years)			More than 10 years
		Less Than 1	1-5	6-10	
U.S. government obligations	\$ 2,620,403	\$ 10,031	\$ 2,156,237	\$ 454,135	\$ -
Mortgage-backed securities	2,403,204	-	217,875	591,902	1,593,427
Corporate bonds	3,091,267	-	765,000	2,267,082	59,185
Total Investments	\$ 8,114,874	\$ 10,031	\$ 3,139,112	\$ 3,313,119	\$ 1,652,612

BAL HARBOUR VILLAGE, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 3. DEPOSITS AND INVESTMENTS (Continued)

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 Officer's Pension Plan's investment policy limits fixed income investments to a rating no lower than Standard & Poor's BBB or Moody's Baa. The Police Officer's Pension 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.

Concentration of Credit Risk

The Police Officer's Pension Plan's investment policy stipulates that not more than 5% of Police Officer's Pension 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, 2020, 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.

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	\$ 762,490	\$ 133,174	\$ -	\$ 12,394	\$ 908,058
Accounts	-	-	600,348	-	600,348
Gross receivables	762,490	133,174	600,348	12,394	1,508,406
Less allowance for uncollectible	-	-	-	-	-
Net receivables	\$ 762,490	\$ 133,174	\$ 600,348	\$ 12,394	\$ 1,508,406

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, 2020, follows:

Governmental activities:	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated:				
Land	\$ 277,426	\$ 18,114,713	\$ -	\$ 18,392,139
Land easements	29,000,000	-	-	29,000,000
Construction in progress	1,034,485	1,600,253	-	2,634,738
Total capital assets not being depreciated	30,311,911	19,714,966	-	50,026,877
Capital assets being depreciated:				
Buildings	1,847,499	1,885,287	-	3,732,786
Improvements other than buildings	2,248,577	70,588	-	2,319,165
Leased assets	289,383	-	(28,466)	260,917
Furniture, fixtures and equipment	1,897,759	196,163	-	2,093,922
Software	449,854	-	-	449,854
Total capital assets being depreciated	6,733,072	2,152,038	(28,466)	8,856,644
Less accumulated depreciation for:				
Buildings	(1,189,938)	(107,265)	-	(1,297,203)
Improvements other than buildings	(1,092,377)	(116,839)	-	(1,209,216)
Leased assets	(232,742)	(48,220)	28,466	(252,496)
Furniture, fixtures and equipment	(1,088,047)	(354,536)	-	(1,442,583)
Software	(33,011)	-	-	(33,011)
Total accumulated depreciation	(3,636,115)	(626,860)	28,466	(4,234,509)
Total capital assets being depreciated, net	3,096,957	1,525,178	-	4,622,135
Governmental activities capital assets, net	\$ 33,408,868	\$ 21,240,144	\$ -	\$ 54,649,012

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, 2020, follows:

Business-type activities:	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated:				
Land	\$ 6,007,010	\$ -	\$ -	\$ 6,007,010
Construction in progress	1,966,346	3,754,525	-	5,720,871
Total capital assets not being depreciated	<u>7,973,356</u>	<u>3,754,525</u>	<u>-</u>	<u>11,727,881</u>
Capital assets being depreciated:				
Buildings	471,063	-	-	471,063
Furniture, fixtures and equipment	61,005	-	-	61,005
Water/sewer system	13,034,207	41,317	-	13,075,524
Leased assets	61,108	-	-	61,108
Total capital assets being depreciated	<u>13,627,383</u>	<u>41,317</u>	<u>-</u>	<u>13,668,700</u>
Less accumulated depreciation for:				
Buildings	(369,564)	(11,777)	-	(381,341)
Furniture, fixtures and equipment	(7,984)	(21,981)	-	(29,965)
Water/sewer system	(1,724,397)	(475,655)	-	(2,200,052)
Leased assets	(39,974)	-	-	(39,974)
Total accumulated depreciation	<u>(2,141,919)</u>	<u>(509,413)</u>	<u>-</u>	<u>(2,651,332)</u>
Total capital assets being depreciated, net	<u>11,485,464</u>	<u>(468,096)</u>	<u>-</u>	<u>11,017,368</u>
Business-type activities capital assets, net	<u><u>\$ 19,458,820</u></u>	<u><u>\$ 3,286,429</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 22,745,249</u></u>

BAL HARBOUR VILLAGE, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 5. CAPITAL ASSETS (Continued)

Depreciation expense for the fiscal year ended September 30, 2020, was charged to functions/programs as follows:

Governmental activities:	
General government	\$ 150,737
Public safety	279,962
Road, streets, and parks	167,920
Tourism development	28,241
Total depreciation expense - governmental activities	<u>\$ 626,860</u>
Business-type activities:	
Water and sewer	<u>\$ 509,413</u>

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
\$ 35,000	\$ 40,000	\$ 65,000	\$ 140,000

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, 2020 on the Bonds was 1.04%.

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.

BAL HARBOUR VILLAGE, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 7. LONG-TERM DEBT (Continued)

On April 23, 2020, the Village issued the Series 2020 Utility Revenue Note in the amount of \$8,096,000. The Note bears 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 1.29% per annum. The Village pledged that it will charge such rates, fees and other charges of the Utility System that will maintain Pledged Revenues equal to at least 1.10 times the Maximum Annual Debt Service on the Note and any other Utility System Parity Debt.

The debt outstanding at September 30, 2020, consist of the following:

Debt	Purpose of Issue	Amount Issued	Amount Outstanding	Interest Rate	Maximum Annual Debt Service
Series 2011 Revenue Bond	To Fund Water and sewer projects	\$ 10,000,000	\$ 4,224,793	1.040%	\$ 788,050
Series 2020 Utility Note	To Fund Water and sewer projects	\$ 8,096,000	\$ 8,096,000	1.290%	\$ 636,286

The Villages bond and note are secured by a pledge of specific revenues. Total pledged revenues to repay the principal and interest of those liabilities as of September 30, 2020 are as follows:

Revenue Bond:

Current revenue pledged	\$277,554
Current debt service	\$788,050
Total future revenue pledged	\$4,598,212
Description of debt	Bal Harbour Village, Florida Capital Improvement Revenue Bonds, Series 2011
Purpose of debt	To fund water and sewer projects
Term of commitment	2011 - 2026
Percentage of debt service to pledged revenue (current year)	284%

BAL HARBOUR VILLAGE, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 7. LONG-TERM DEBT (Continued)

Note Payable:

Current revenue pledged	\$719,028
Current debt service	\$635,438
Total future revenue pledged	\$8,932,536
Description of debt	Bal Harbour Village, Florida Series 2020 Utility Note
Purpose of debt	To fund water and sewer projects
Term of commitment	2011 - 2034
Percentage of debt service to pledged revenue (current year)	88%

Long-term liabilities activity for the fiscal year ended September 30, 2020, for governmental and business-type activities follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Revenue bonds	\$ 171,458	\$ -	\$ (23,591)	\$ 147,867	\$ 23,886
Capital leases	86,517	-	(69,433)	17,084	14,709
Compensated absences	639,434	520,851	(301,945)	858,340	686,911
Total OPEB liability	1,235,032	154,267	-	1,389,299	-
Net pension liability - defined benefit plans	11,525,099	1,654,909	-	13,180,008	-
Net pension liability - excess benefit plan	1,925,808	275,817	-	2,201,625	-
Total governmental activities, long-term liabilities	\$ 15,583,348	\$ 2,605,844	\$ (394,969)	\$ 17,794,223	\$ 725,506
Business-type activities:					
Revenue bonds	\$ 4,727,363		\$ (650,437)	\$ 4,076,926	\$ 658,565
Note payable	-	8,096,000	-	8,096,000	531,000
Capital leases	27,481	-	(10,972)	16,509	14,154
Compensated absences	24,923	22,732	(9,494)	38,161	30,139
Net pension liability	278,401	60,304	-	338,705	-
Total business-type activities, long-term liabilities	\$ 5,058,168	\$ 8,179,036	\$ (670,903)	\$ 12,566,301	\$ 1,233,858

The Village's outstanding revenue bonds contain a provision that in an event of default, outstanding amounts become immediately due if the Village is unable to make payment.

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

BAL HARBOUR VILLAGE, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 7. LONG-TERM DEBT (Continued)

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

Revenue Bond:

Fiscal Years Ended September 30:	Principal	Interest	Total
2021	\$ 682,451	\$ 105,599	\$ 788,050
2022	690,980	88,540	779,520
2023	699,616	71,270	770,886
2024	708,359	53,782	762,141
2025	717,211	36,078	753,289
2026 - 2030	726,176	18,150	744,326
	<u>\$ 4,224,793</u>	<u>\$ 373,419</u>	<u>\$ 4,598,212</u>

Note payable:

Fiscal Years Ended September 30:	Principal	Interest	Total
2021	\$ 531,000	\$ 104,438	\$ 635,438
2022	538,000	97,589	635,589
2023	545,000	90,649	635,649
2024	552,000	83,617	635,617
2025	559,000	76,497	635,497
2026 - 2030	2,907,000	303,766	3,210,766
2031 - 2034	2,464,000	79,980	2,543,980
	<u>\$ 8,096,000</u>	<u>\$ 836,536</u>	<u>\$ 8,932,536</u>

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:

2021	\$ 29,506
2022	4,800
Total minimum lease payments	34,306
Less amount representing interest	(713)
Present value of minimum lease payments	<u>\$ 33,593</u>

The capital assets acquired through the capital lease as of year end follows:

Asset	Balance
Equipment	\$ 322,025
Less accumulated depreciation	(292,470)
Net book value	<u>\$ 29,555</u>

BAL HARBOUR VILLAGE, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 8. EMPLOYEE RETIREMENT PLANS

A. DEFINED BENEFIT 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 and the village has made a commitment to pay. 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, 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). In fiscal year ended September 30, 2000, the police officers of the Village elected to form their own plan (Police Officer's Pension Plan) in order to continue receiving Section 185 monies from the State of Florida. The Police Officers' Pension Plan was effectively closed October 1, 2017, all full-time officers sworn in after that date are members of the 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 Officer's Pension 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 Officer's Pension Plan received a favorable IRS Determination on 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, 2017, a new bargaining agreement was reached with the Police Benevolent Association (PBA).

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 most recent actuarial valuation date for the General Employees' Plan and Police Officer's Pension Plan is October 1, 2018 and October 1, 2019 respectively, and the actuarial valuation date is September 30, 2020 for the Excess Benefit Plan:

	General	Police Officer's	Excess Benefit
Inactive plan members and beneficiaries currently receiving benefits	31	23	1
Inactive plan members entitled to but not yet receiving benefits	9	1	-
Active plan members	24	18	-
Total members	<u>64</u>	<u>42</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 Village 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 (Continued)

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, 2020, the annual money-weighted rate of return on pension investments, net of pension plan investment expense was 7.17%.

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 (Continued)

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, 2020, there were 6 members who were enrolled under the DROP. The total liability for the members DROP account as of September 30, 2020 was \$675,935. 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 (Continued)

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, 2020.

STATEMENT OF FIDUCIARY NET POSITION

ASSETS

Investments:

Cash and money market mutual funds	\$ 457,882
Equity mutual funds	9,723,234
Bond mutual funds	6,153,609

16,334,725

Other assets

10,300

Total assets

16,345,025

Liabilities

Accounts payable

21,815

NET POSITION

Net position restricted for pension benefits

\$ 16,323,210

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

ADDITIONS

Village contributions \$ 1,052,612

Employee contributions 162,333

Total contributions 1,214,945

Investment earnings:

Net investment income 1,097,941

Total additions 2,312,886

DEDUCTIONS

Benefits paid 675,644

Administrative expenses 91,350

Total deductions 766,994

Change in net position

1,545,892

Net position restricted for pension benefits

Beginning of year 14,777,318

End of year \$ 16,323,210

BAL HARBOUR VILLAGE, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 8. EMPLOYEE RETIREMENT PLANS (Continued)

Police Officer's Pension Plan

The Police Officer's Pension 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, 2017, 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 Village 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, 2020, was determined based on the October 1, 2018 actuarial valuation and was 73.56% 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 Officer's Pension Plan (Continued)

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. Retirees who were actively employed after October 01, 2016 receive a 1.25% Cost-of-Living Adjustment, delayed for 5 years after retirement or entry into DROP.

Target Asset Mix

The policy establishes the following target asset mix for the Plan:

<u>Asset Class</u>	<u>Target Allocation</u>
Broad Growth Equities	60%
Intermediate Fixed Income	30%
Real Estate	10%
Total	<u>100%</u>

BAL HARBOUR VILLAGE, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 8. EMPLOYEE RETIREMENT PLANS (Continued)

Police Officer's Pension Plan (Continued)

Rate of Return

For the year ended September 30, 2020, the annual money-weighted rate of return on pension investments, net of pension plan investment expense, was 11.58%.

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 (DROP)

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, 2020, there was 1 participant enrolled under the DROP. The DROP balance as of September 30, 2020 is zero. The DROP investment assets are included in the total investment balance presented on the Statement of Fiduciary Net Position (when applicable).

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 year end, 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 Officer's Pension Plan was October 1, 2018, with updated asset information as of September 30, 2019. The measurement date of the net pension liability for each plan was determined as of September 30, 2019. The actuarial valuation date for the Excess Benefit Plan was September 30, 2020, and the measurement date was September 30, 2020. 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 here in.

Aggregate Information for all Pension Plans

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

	General Employees'	Police Officer's	Excess Benefit Plan
Total pension liability	\$ 20,422,396	\$ 30,106,555	\$ 2,201,625
Fiduciary net position	(14,777,318)	(23,998,837)	-
Net pension liability	<u>\$ 5,645,078</u>	<u>\$ 6,107,718</u>	<u>\$ 2,201,625</u>
Fiduciary net position as % of total pension liability	72.36%	77.60%	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 Officer's Pension Plan	Excess Benefit Plan
Valuation Date:	October 1, 2018	October 1, 2018	September 30, 2020
Measurement Date:	September 30, 2019	September 30, 2019	September 30, 2020
Inflation	2.25%	2.50%	2.00%
Annual Salary Increases	3.15% - 6.75%	7.00%	not applicable
Assumed Discount Rate	5.75%	7.50%	2.41%
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 plans' target asset allocation are summarized in the following tables:

General Employees' Plan

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	50%	7.0%
Domestic Bonds	35%	1.7%
International Equity	10%	6.7%
Cash Equivalents	5%	9.0%
	100%	

Police Officer's Pension Plan

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Broad Growth Equity	60%	7.50%
Intermediate Fixed Income	30%	2.50%
Real Estate	10%	4.50%
	100%	

BAL HARBOUR VILLAGE, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 8. EMPLOYEE RETIREMENT PLANS (Continued)

Discount rate: A single discount rate of 7.5% and 5.75% were used to measure the total pension liability for the police and general employee pension trust plans, respectively. The single discount rates were based on the expected rate of return on pension plan investments of 7.5% and 5.75%, 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 was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability for each plan.

The discount rate used to measure the excess benefit plan total pension liability was 2.41%. 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: The sensitivity of the net pension liability to changes in the single discount rate for each plan follows. 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>General Employees' Plan</u>	1% Decrease	Discount Rate	1% Increase
	4.75%	5.75%	6.75%
Net Pension Liability	\$ 8,829,953	\$ 5,645,078	\$ 3,132,036
<u>Police Officer's Pension Plan</u>	1% Decrease	Discount Rate	1% Increase
	6.50%	7.50%	8.50%
Net Pension Liability	\$ 9,816,478	\$ 6,107,718	\$ 3,044,627
<u>Excess Benefit Plan</u>	1% Decrease	Discount Rate	1% Increase
	1.41%	2.41%	3.41%
Net Pension Liability	\$ 2,602,787	\$ 2,201,625	\$ 1,823,233

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:

For the year ended September 30, 2020, the Village recognized pension expenses of \$1,940,434 and \$2,230,624 for its Police and General Employees' Plans, respectively. For the year ended September 30, 2019, the Village recognized pension expense of \$339,992 for its Excess Benefit Plan.

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

Description	General Employees' Plan		Police Officer's Pension Plan	
	Deferred Outflows of Resources	Deferred Inflow of Resources	Deferred Outflows of Resources	Deferred Inflow of Resources
Village contribution subsequent to measurement date	\$ 1,052,612	\$ -	\$ 1,496,714	\$ -
Differences between expected and actual experience	267,218	-	306,021	398,516
Change of assumptions	561,641	-	812,463	-
Net difference between projected and actual earnings on pension plan investments	216,863	384,900	-	426,104
	<u>\$ 2,098,334</u>	<u>\$ 384,900</u>	<u>\$ 2,615,198</u>	<u>\$ 824,620</u>

The deferred outflows of resources related to Village's 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, 2020. 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:	General Employees' Plan	Police Officer's Pension Plan
2021	\$ 552,694	\$ 456,223
2022	33,351	(130,143)
2023	20,562	(117,586)
2024	54,215	85,370
Total	<u>\$ 660,822</u>	<u>\$ 293,864</u>

The Excess Benefit Plan did not have any deferred inflow and outflows of resources as of year end.

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, 2019	\$ 18,455,692	\$ 13,815,683	\$ 4,640,009
Changes for the year:			
Service cost	547,042	-	547,042
Interest	1,121,125	-	1,121,125
Differences between expected and actual experience	232,029	-	232,029
Contributions - employer	-	957,499	(957,499)
Contributions - employee	-	124,099	(124,099)
Net investment income	-	569,622	(569,622)
Benefit payments, including refunds of employee contributions	(634,645)	(634,645)	-
Assumption changes	701,153	-	701,153
Administrative expense	-	(54,940)	54,940
Net changes	<u>1,966,704</u>	<u>961,635</u>	<u>1,005,069</u>
Balance at September 30, 2020	<u>\$ 20,422,396</u>	<u>\$ 14,777,318</u>	<u>\$ 5,645,078</u>

	Police Officer's Pension Plan		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance at September 30, 2019	\$ 28,774,581	\$ 22,720,860	\$ 6,053,721
Changes for the year:			
Service cost	592,730	-	592,730
Interest	2,210,418	-	2,210,418
Differences between expected and actual experience	(597,774)	-	(597,774)
Contributions - employer	-	1,440,569	(1,440,569)
Contributions - employee	-	204,080	(204,080)
Contributions - State	-	60,588	(60,588)
Net investment income	-	1,331,926	(1,331,926)
Benefit payments, including refunds of employee contributions	(1,691,583)	(1,691,583)	-
Changes of assumptions	832,516	-	832,516
Administrative expense	-	(53,270)	53,270
Net changes	<u>1,346,307</u>	<u>1,292,310</u>	<u>53,997</u>
Balance at September 30, 2020	<u>\$ 30,120,888</u>	<u>\$ 24,013,170</u>	<u>\$ 6,107,718</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>
Balance at September 30, 2019	Total Pension Liability
Changes for the year:	\$ 1,925,808
Interest	52,077
Differences between expected and actual experience	(98,115)
Assumption changes	386,030
Benefit payments, including refunds of employee contributions	(64,175)
Net changes	<u>275,817</u>
Balance at September 30, 2020	<u>\$ 2,201,625</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.

B. FLORIDA RETIREMENT SYSTEM (FRS and HIS)

The Village provides retirement benefits to sworn police officers hired after October 1, 2016 through the FRS and the HIS Plan.

Florida Retirement System

The Village participates in the 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) **Florida Retirement System (FRS)** (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 \$455,651 for the fiscal year ended September 30, 2020.

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) **Florida Retirement System (FRS)** (Continued)

The 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:

<u>Class, Initial Enrollment and Retirement Age/Years of Service</u>	<u>% Value</u>
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) Florida Retirement System (FRS) (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 2020 fiscal year were as follows:

Class	Percent of Gross Salary ⁽²⁾	
	Employee	Employer ⁽¹⁾
FRS, Regular	3.00%	8.26%
FRS, Elected Council Officers	3.00%	48.70%
FRS, Senior Management Service	3.00%	24.06%

(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 \$121,577 and employees' contributions amounted to \$15,349 for the fiscal year ended September 30, 2020.

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

On September 30, 2020, the Village reported a liability of \$1,585,931 for its proportionate share of the Plan's net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2020. The Village's proportionate share of the net pension liability was based on the Village's 2020 fiscal year contributions relative to the participating members. At June 30, 2020, the Village's proportionate share was 0.0037%. This is an increase of the .0009 percentage points from its proportionate share measured at June 30, 2020.

BAL HARBOUR VILLAGE, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 8. EMPLOYEE RETIREMENT PLANS (Continued) Florida Retirement System (FRS) (Continued)

For the fiscal year ended September 30, 2020, the Village recognized pension expense of \$334,704 related to the Plan. In addition, the Village reported deferred outflows of resources related to pensions, from the following sources:

	<u>FRS</u>
	Deferred Outflows of Resources
Differences between expected and actual experience	\$ 60,697
Changes of Assumptions	287,104
Net difference between projected and actual earnings on FRS pension plan investments	94,428
Changes in proportion and differences between Village FRS contributions and proportionate share of contributions	540,721
Village FRS contributions subsequent to the measurement date	25,659
Total	<u>\$ 1,008,609</u>

The deferred outflows of resources totaling \$25,659, 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, 2021. 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:	
2021	\$ 197,489
2022	248,291
2023	227,001
2024	178,478
2025	76,492
Thereafter	55,199
	<u>\$ 982,950</u>

BAL HARBOUR VILLAGE, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 8. EMPLOYEE RETIREMENT PLANS (Continued) Florida Retirement System (FRS) (Continued)

Actuarial Assumptions

The FRS actuarial valuation was determined using the following actuarial assumptions, as of July 1, 2020, applied to all periods included in the measurement:

Inflation	2.40%
Salary Increases	3.25% average, including inflation
Investment Rate of Return	6.80%, net of pension plan investment expense, including inflation

Mortality rates were based on the PUB-2010 base table and varies by member category and sex, projected generationally with Scale MP-2018. The actuarial assumptions used in the July 1, 2020 valuation were based on the results of an actuarial experience study for the period July 1, 2013 through June 30, 2018.

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%	2.2%	2.2%	1.2%
Fixed income	19.0%	3.0%	2.9%	3.5%
Global equity	54.2%	8.0%	6.7%	17.1%
Real estate (property)	10.3%	6.4%	5.8%	11.7%
Private equity	11.1%	10.8%	8.1%	25.7%
Strategic investment	4.4%	5.5%	5.3%	6.9%
	<u>100.0%</u>			
Assumed inflation-mean			2.4%	1.7%

*Note: As outlined in the Plan's investment policy

BAL HARBOUR VILLAGE, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 8. EMPLOYEE RETIREMENT PLANS (Continued) **Florida Retirement System (FRS)** (Continued)

Discount Rate - The discount rate used to measure the net pension liability of the Plan was 6.80%. 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 6.80%, 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 (5.80%) or one percentage point higher (7.80%) than the current rate:

	FRS		
	1%	Discount Rate	1%
	Decrease		Increase
	5.80%	6.80%	7.80%
Village's proportionate share of the FRS net pension liability	\$ 2,532,465	\$ 1,585,931	\$ 795,381

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, 2020, 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) **Retiree Health Insurance Subsidy Program (HIS)** (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, 2020, 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 \$8,495 for the fiscal year ended September 30, 2020.

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

At September 30, 2020, the Village reported a net pension liability of \$179,986 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, 2020. The Village's proportionate share of the net pension liability was based on the Village's 2020 fiscal year contributions relative to the 2020 fiscal year contributions of all participating members. At June 30, 2020, the Village's proportionate share was 0.0015%. This is an increase of the .00035 percentage points from its proportionate share measured at June 30, 2020.

For the fiscal year ended September 30, 2020, the Village recognized pension expense of \$27,613 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	\$ 7,363	\$ 139
Changes of assumptions	19,354	10,465
Net difference between projected and actual earnings on HIS pension plan investments	144	-
Changes in proportion and differences between Village HIS contributions and proportionate share of contributions	112,102	-
Village HIS contributions subsequent to the measurement date	1,874	-
Total	<u>\$ 140,837</u>	<u>\$ 10,604</u>

BAL HARBOUR VILLAGE, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 8. EMPLOYEE RETIREMENT PLANS (Continued) **Retiree Health Insurance Subsidy Program (HIS)** (Continued)

The deferred outflows of resources totaling \$1,874, 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 for the fiscal year ended September 30, 2021. 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:	
2021	\$ 9,185
2022	8,023
2023	5,598
2024	6,803
2025	7,569
Thereafter	91,180
Total	<u>\$ 128,358</u>

Actuarial Assumptions

The HIS plan's actuarial valuation was determined using the following actuarial assumptions as of July 1, 2020, applied to all periods included in the measurement:

Inflation	2.40%
Salary Increases	3.25%
Municipal Bond Rates - Investment Rate of Return	2.21%

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

The actuarial assumptions used in the July 1, 2020 valuation were based on the results of an actuarial experience study for the period July 1, 2013 through June 30, 2018.

Discount Rate - The discount rate used to measure the total pension liability for the HIS Plan was 2.21%. 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) Retiree Health Insurance Subsidy Program (HIS) (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 2.21%, 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%	Discount Rate	1%
	Decrease 1.21%	2.21%	Increase 3.21%
Village's proportionate share of the HIS net pension liability	\$ 208,056	\$ 179,986	\$ 157,011

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	Pension Expense
General Employees' Pension Plan	\$ 5,645,078	\$ 2,098,334	\$ 384,900	\$ 2,230,624
Police Pension Plan	6,107,718	2,615,198	824,620	1,940,434
Florida Retirement System (FRS plan)	1,585,931	1,008,609	-	455,651
Health Insurance Subsidy (HIS plan)	179,986	140,837	10,604	27,613
Total - defined benefit plans	13,518,713	5,862,978	1,220,124	4,654,322
Excess Benefit Plan	2,201,625	-	-	339,992
Total	\$ 15,720,338	\$ 5,862,978	\$ 1,220,124	\$ 4,994,314

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, 2020, the Village provided required contributions of \$98,795 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, 2019, employee membership data related to the OPEB Plan is as follows:

Inactive employees or beneficiaries currently receiving benefit payments	12
Active employees entitled to but not yet receiving benefit payments	57
Total	<u>69</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, 2019.

Actuarial assumptions. The total OPEB liability was determined by an actuarial valuation as of September 30, 2019, using the following assumptions, applied to all prior periods included in the measurement:

Inflation rate	2.50%
Salary increases	6.00%
Discount rate	2.75%
Healthcare cost trend rates:	
Select rates	6.50% for FY 2020, 6.25% for FY 2021 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. Changes in assumptions and other inputs include the change in the discount rate from 3.83% as of the beginning of the measurement period to 2.75% as of September 30, 2019. There were no benefit changes during the year.

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, 2019	<u>\$ 1,235,032</u>
Changes for the year:	
Service cost	60,262
Interest	47,718
Differences between expected and actual experience	251,892
Change in assumptions	(106,810)
Benefit payments	<u>(98,795)</u>
Net changes	154,267
Balance at September 30, 2020	<u>\$ 1,389,299</u>

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, 2020:

	1% Decrease 1.75%	Discount Rate 2.75%	1% Increase 3.75%
Total OPEB Liability	\$ 1,479,212	\$ 1,389,299	\$ 1,304,931

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, 2020:

	Healthcare Cost		
	1% Decrease 5.50%	Trend Rates 6.50%	1% Increase 7.50%
Total OPEB Liability	\$ 1,317,115	\$ 1,389,299	\$ 1,471,114

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

For the year ended September 30, 2020, the Village recognized OPEB expense of a \$154,267. At September 30, 2020, the Village reported deferred outflows of resources related to the OPEB plan totaling \$104,947, resulting from Village contributions to the Plan subsequent to the measurement date. This amount will be recognized as a reduction of the OPEB liability for the fiscal year ending September 30, 2021.

BAL HARBOUR VILLAGE, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 10. COMMITMENTS AND CONTINGENCIES

Construction and Other Significant Commitments

The Village has active Construction projects as of September 30, 2020. These projects include infrastructure redevelopment and improvement, water, wastewater and drainage projects. At year end, the Village's outstanding commitments related to these projects follows:

Project	Spent to Date	Remaining Commitment
Bal Harbour Haulover Inlet Jetty	\$ 637,296	\$ 618,620
Haulover Inlet Jetty	366,931	399,456
Utility Master Plan	2,441,339	2,272,461
	<u>\$ 3,445,566</u>	<u>\$ 3,290,537</u>

The projects listed above are being financed through the debt, capital grant reimbursements, and from existing Village resources.

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.

Development Agreement

In Fiscal Year 2017, the Village entered into a development agreement with Bal Harbour Shops. During Fiscal Year 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 a new Village Hall constructed by the developer, conveyance of property to the Village, funding for various Village capital projects, recurring revenue streams from leased property, parking surcharges, and guarantees for ad valorem revenue in future years. In the current year the Village recorded land and building at fair value in the amount of \$20,000,000, which were contributed to the Village as required under the development agreement. These items are recorded as capital assets and capital contributions on the government-wide statement of activities and net position.

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.

BAL HARBOUR VILLAGE, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

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.

NOTE 12. CORONAVIRUS DISEASE 2019 (COVID-19)

On January 30, 2020, the World Health Organization declared the coronavirus outbreak a Public Health Emergency of International Concern. The spread of COVID-19, a novel strain of coronavirus, appears to be altering the behavior of business and people in a manner that is having negative effects on local, regional and global economies. The extent to which COVID-19 will continue to impact the operations of entities in the future will depend on future developments, which are uncertain and cannot be predicted with confidence. The continued spread of COVID-19 could adversely impact the Village's operations.

**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, 2020

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget
Revenues:				
Taxes:				
Property	\$ 10,269,435	10,269,435	\$ 10,258,510	\$ (10,925)
Other local taxes	1,864,000	1,864,000	1,794,819	(69,181)
Licenses and permits	2,102,860	2,229,860	2,229,867	7
Developer contribution	1,955,399	1,000,000	459,011	(540,989)
Fines and forfeitures	713,270	713,270	553,545	(159,725)
Charges for services	1,703,109	1,703,109	1,499,372	(203,737)
Intergovernmental	469,821	1,489,921	807,417	(682,504)
Investment earnings	100,000	100,000	98,481	(1,519)
Miscellaneous	377,000	235,300	336,294	100,994
Total revenues	<u>19,554,894</u>	<u>19,604,895</u>	<u>18,037,316</u>	<u>(1,567,579)</u>
Expenditures:				
Current:				
General government:				
Legislative	296,416	296,416	217,957	78,459
Executive	1,531,237	1,531,237	1,442,412	88,825
Finance	722,940	722,940	647,073	75,867
General government	2,115,867	2,115,867	1,018,379	1,097,488
Building department	1,285,745	1,285,745	998,814	286,931
Information technology	562,540	562,540	354,422	208,118
Capital construction	1,993,849	2,910,027	1,483,815	1,426,212
Legal	325,000	375,000	373,650	1,350
Total general government	<u>8,833,594</u>	<u>9,799,772</u>	<u>6,536,522</u>	<u>3,263,250</u>
Public safety	7,859,038	7,931,045	7,069,337	861,708
Public works	2,373,934	2,527,964	2,222,098	305,866
Parks and recreation	488,328	488,328	282,819	205,509
Total expenditures	<u>19,554,894</u>	<u>20,747,109</u>	<u>16,110,776</u>	<u>4,636,333</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>(1,142,214)</u>	<u>1,926,540</u>	<u>3,068,754</u>
Other financing sources:				
Transfers in	-	-	89,660	89,660
Net change in fund balance	<u>\$ -</u>	<u>\$ (1,142,214)</u>	<u>\$ 2,016,200</u>	<u>\$ 3,158,414</u>

See notes to budgetary comparison schedules.

BAL HARBOUR VILLAGE, FLORIDA
BUDGETARY COMPARISON SCHEDULE – UNAUDITED
RESORT TAX SPECIAL REVENUE FUND (BUDGETARY BASIS)
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget
Revenues:				
Resort tax	\$ 3,715,000	\$ 3,715,000	\$ 2,777,408	\$ (937,592)
Investment earnings	35,000	35,000	29,244	(5,756)
Miscellaneous	5,000	5,000	53,672	48,672
Total revenues	<u>3,755,000</u>	<u>3,755,000</u>	<u>2,860,324</u>	<u>(894,676)</u>
Expenditures:				
Tourism development	2,276,106	2,276,106	1,218,269	1,057,837
Beautification	1,817,004	1,817,004	1,091,991	725,013
Total expenditures	<u>4,093,110</u>	<u>4,093,110</u>	<u>2,310,260</u>	<u>1,782,850</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(338,110)</u>	<u>(338,110)</u>	<u>550,064</u>	<u>888,174</u>
Net change in fund balance	<u>\$ (338,110)</u>	<u>\$ (338,110)</u>	<u>\$ 550,064</u>	<u>\$ 888,174</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 unspent appropriated 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.
- f) Appropriations lapse at year-end, except grants and capital improvements which do not lapse at year-end and are only reported to the extent of revenues recognized, and expenditures incurred for the current year.

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

	2020	2019	2018	2017	2016	2015
Total Pension Liability						
Service cost	\$ 547,042	\$ 511,875	\$ 397,466	\$ 389,223	\$ 283,241	\$ 287,964
Interest	1,121,125	997,443	941,414	946,114	842,798	865,195
Difference between actual and expected experience	232,029	524,845	392,032	(774,055)	97,731	-
Changes of assumptions	701,152	637,728	380,153	550,516	903,212	-
Benefit payments	(608,845)	(601,429)	(580,345)	(559,166)	(723,310)	(361,172)
Refunds	(25,800)	(55,304)	(91,020)	-	-	-
Net Change in Total Pension Liability	1,966,703	2,015,158	1,439,700	552,632	1,403,672	791,987
Total Pension Liability – Beginning	18,455,693	16,440,535	15,000,835	14,448,203	13,044,531	12,252,544
Total Pension Liability – Ending (a)	20,422,396	18,455,693	16,440,535	15,000,835	14,448,203	13,044,531
Plan Fiduciary Net Position						
Contributions – employer/state	\$ 957,499	\$ 793,089	\$ 745,642	\$ 622,677	\$ 565,619	\$ 671,605
Contributions – member	124,099	126,093	103,551	78,154	69,983	89,677
Net Investment income	569,622	964,907	1,252,600	995,129	(83,165)	798,212
Benefit payments	(608,845)	(601,429)	(580,345)	(559,166)	(723,310)	(361,172)
Refunds	(25,800)	(55,304)	(91,020)	-	-	-
Administrative expense	(54,941)	(53,293)	(54,150)	(54,775)	(63,251)	(27,338)
Net Change in Plan Fiduciary Net Position	961,634	1,174,063	1,376,278	1,082,019	(234,124)	1,170,984
Plan Fiduciary Net Position – Beginning	13,815,684	12,641,621	11,265,343	10,183,324	10,417,448	9,246,464
Plan Fiduciary Net Position – Ending (b)	14,777,318	13,815,684	12,641,621	11,265,343	10,183,324	10,417,448
Net Pension Liability – Ending (a) – (b)	\$ 5,645,078	\$ 4,640,009	\$ 3,798,914	\$ 3,735,492	\$ 4,264,879	\$ 2,627,083
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	72.36%	74.86%	76.89%	75.10%	70.48%	79.86%
Covered Payroll	\$ 1,551,238	\$ 1,576,163	\$ 1,332,178	\$ 1,251,987	\$ 1,360,903	\$ 1,726,458
Net Pension Liability as a Percentage of Covered Payroll	363.91%	294.39%	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 2020 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

	2020	2019	2018	2017	2016	2015
Total Pension Liability						
Service cost	\$ 592,730	\$ 613,120	\$ 627,129	\$ 553,181	\$ 410,248	\$ 346,348
Interest	2,210,418	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	(597,774)	864,085	71,973	474,826	25,401	-
Changes of assumptions	832,516	801,021	-	935,656	-	-
Benefit payments, including refunds of employee contributions	(1,691,583)	(2,402,714)	(1,666,151)	(1,587,483)	(1,988,455)	(810,802)
Net Change in Total Pension Liability	1,346,307	1,972,611	1,074,660	2,215,885	(414,616)	1,336,369
Total Pension Liability – Beginning	28,774,581	26,801,970	25,727,310	23,511,425	23,926,041	22,589,672
Total Pension Liability – Ending (a)	30,120,888	28,774,581	26,801,970	25,727,310	23,511,425	23,926,041
Plan Fiduciary Net Position						
Contributions – employer	1,440,569	1,283,722	1,090,340	1,412,053	1,267,776	972,601
Contributions – state	60,588	105,199	-	48,213	48,213	44,490
Contributions – employee	204,080	197,911	209,065	207,719	173,806	133,415
Net investment income	1,331,926	2,674,490	1,967,324	1,378,398	349,967	1,966,648
Benefit payments, including refunds of member contributions	(1,691,583)	(2,402,714)	(1,666,151)	(1,587,483)	(1,988,455)	(810,802)
Administrative expense	(53,270)	(95,490)	(82,083)	(86,042)	(90,015)	(78,730)
Net Change in Plan Fiduciary Net Position	1,292,310	1,763,118	1,518,495	1,372,858	(238,708)	2,227,622
Plan Fiduciary Net Position – Beginning	22,720,860	20,957,742	19,439,247	18,066,389	18,305,097	16,077,475
Plan Fiduciary Net Position – Ending (b)	24,013,170	22,720,860	20,957,742	19,439,247	18,066,389	18,305,097
Net Pension Liability – Ending (a) – (b)	6,107,718	6,053,721	5,844,228	6,288,063	5,445,036	5,620,944
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	79.72%	78.96%	78.19%	75.56%	76.84%	76.51%
Covered Payroll	\$ 2,040,801	\$ 1,979,108	\$ 2,090,649	\$ 2,077,194	\$ 2,168,613	\$ 1,334,157
Net Pension Liability as a Percentage of Covered Payroll	299.28%	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, 2015 through 2020 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

	2020	2019	2018	2017
Total Pension Liability				
Interest on the total pension liability	\$ 52,077	\$ 60,210	\$ 59,631	\$ 56,322
Difference between actual and expected experience	(98,115)	14,829	10,635	1,860
Changes of assumptions	386,030	310,002	(140,081)	(134,713)
Benefit payments	(64,175)	(62,610)	(61,083)	(59,593)
Net Change in Total Pension Liability	275,817	322,431	(130,898)	(136,124)
Total Pension Liability – Beginning	1,925,808	1,603,377	1,734,275	1,870,399
Total Pension Liability – Ending	\$ 2,201,625	\$ 1,925,808	\$ 1,603,377	\$ 1,734,275
Covered Payroll	not applicable	not applicable	not applicable	not applicable
Total Pension Liability as a Percentage of Covered Payroll	not applicable	not applicable	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 through 2020 are available.

BAL HARBOUR VILLAGE, FLORIDA

REQUIRED SUPPLEMENTARY INFORMATION – UNAUDITED
SCHEDULES OF EMPLOYER CONTRIBUTIONS

BAL HARBOUR EMPLOYEES' PENSION PLAN	2020	2019	2018	2017	2016	2015	2014
Actuarially Determined Contribution	\$ 1,052,612	\$ 957,499	\$ 793,089	\$ 745,642	\$ 622,677	\$ 565,619	\$ 497,853
Contributions in Relation to the Actuarially Determined Contribution	1,052,612	957,499	793,089	745,642	622,677	565,619	671,605
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (173,752)
Covered Payroll	\$ 1,551,238	\$ 1,576,163	\$ 1,575,163	\$ 1,332,178	\$ 1,251,987	\$ 1,360,903	\$ 1,726,458
Contributions as a Percentage of Covered Payroll	67.86%	60.75%	50.35%	55.97%	49.74%	41.56%	38.90%

Notes to Schedule of Contributions

Valuation Date	October 1, 2018
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 3.15% - 6.75%, including inflation
Investment Rate of Return	5.75% 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

This schedule is presented to illustrate the requirements of GASB 68. Currently, only data for fiscal years ended September 30, 2014 through 2020 are available.

BAL HARBOUR VILLAGE, FLORIDA

REQUIRED SUPPLEMENTARY INFORMATION – UNAUDITED
SCHEDULES OF EMPLOYER CONTRIBUTIONS

BAL HARBOUR POLICE OFFICERS' PENSION PLAN	2020	2019	2018	2017	2016	2015	2014
Actuarially Determined Contribution	\$ 1,484,107	\$ 1,489,108	\$ 1,388,921	\$ 1,340,039	\$ 1,231,003	\$ 1,284,001	\$ 1,004,620
Contributions in Relation to the Actuarially Determined Contribution	1,496,714	1,501,157	1,388,921	1,090,340	1,460,266	1,315,261	1,017,091
Contribution Deficiency (Excess)	\$ (12,607)	\$ (12,049)	\$ -	\$ 249,699	\$ (229,263)	\$ (31,260)	\$ (12,471)
Covered Payroll	\$ 2,096,536	\$ 2,040,801	\$ 1,979,108	\$ 2,090,649	\$ 2,077,194	\$ 2,168,613	\$ 1,334,157
Contributions as a Percentage of Covered Payroll	71.39%	73.56%	70.18%	52.15%	70.30%	60.65%	76.23%

Notes to Schedule of Contributions

Valuation Date October 1, 2018

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 10/01/2018).
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	7.25%, net of pension plan investment expense, including inflation
Fund Earnings	7.25% per year, compounded annually, net of investment related expenses
Payroll Increase	0.0% per year
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 Participant Mortality Table (for pre-retirement mortality) and the RP-2000 Mortality Table for Annuitants (for post-retirement mortality), with mortality improvements projected to all future years after 2000 using Scale BB. For males, the base mortality rates include a 50% blue collar adjustment and a 50% white collar adjustment. For females, the base mortality rates include a 100% white collar adjustment. For females, the base mortality rates include a 100% white collar adjustment. These are the same rates currently in use for Regular Class members of the Florida Retirement System (FRS), as mandated by Florida House Bill 1309.

This schedule is presented to illustrate the requirements of GASB 68. Currently, only data for fiscal years ended September 30, 2014 through 2020 are available.

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

	2020	2019	2018	2017	2016	2015	2014
BAL HARBOUR EMPLOYEES' PENSION PLAN							
Annual Money-Weighted Rate of Return, Net of Investment Expense	7.17%	3.65%	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	5.76%	12.55%	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, 2014 through 2020 are available.

BAL HARBOUR VILLAGE, FLORIDA

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

	2020	2019	2018
Total OPEB Liability			
Service cost	\$ 60,262	\$ 60,520	\$ 61,563
Interest cost	47,718	44,190	39,361
Differences between expected and actual experience	251,892		
Changes in assumptions	(106,810)	(26,655)	(36,296)
Benefit payments	(98,795)	(90,177)	(51,268)
Net change in total OPEB liability	<u>154,267</u>	<u>(12,122)</u>	<u>13,360</u>
Total OPEB Liability - beginning	1,235,032	1,247,154	1,233,794
Total OPEB Liability - ending	<u><u>\$ 1,389,299</u></u>	<u><u>\$ 1,235,032</u></u>	<u><u>\$ 1,247,154</u></u>
Covered payroll	\$ 6,417,541	\$ 5,974,274	\$ 5,416,800
Total OPEB Liability as a percentage of covered payroll	22%	21%	23%

The schedule is presented to illustrate the requirements of GASB 75. Currently, only data for the fiscal years 2018 through 2020 are available to be 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	2020	2019	2018
Villages’ proportion of the net pension liability	0.003659%	0.002846%	0.000583%
Village’s proportionate share of the net pension liability	\$ 1,585,931	\$ 980,181	\$ 175,516
Village’s covered payroll	\$ 511,616	\$ 387,351	\$ 77,050
Village’s proportionate share of the net pension liability as a percentage of its covered payroll	309.98%	253.05%	227.79%
Plan fiduciary net position as a percentage of the total pension liability	82.61%	82.61%	84.26%
Health Insurance Subsidy Program	2020	2019	2018
Villages’ proportion of the net pension liability	0.00147411%	0.00115183%	0.00023600%
Village’s proportionate share of the net pension liability	\$ 179,986	\$ 129,589	\$ 24,967
Village’s covered payroll	\$ 511,616	\$ 387,351	\$ 77,050
Village’s proportionate share of the net pension liability as a percentage of its covered payroll	35.18%	33.46%	32.40%
Plan fiduciary net position as a percentage of the total pension liability	2.63%	2.63%	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	2020	2019	2018
Contractually required contribution	\$ 121,577	\$ 88,252	\$ 16,607
Contributions in relation to the contractually required contribution	(121,577)	(88,252)	(16,607)
Contribution deficiency (excess)	\$ -	\$ -	\$ -
Village's covered payroll	\$ 509,007	\$ 443,167	\$ 136,738
Contributions as a percentage of covered payroll	23.89%	19.91%	12.15%
Health Insurance Subsidy Program	2020	2019	2018
Contractually required contribution	\$ 8,465	\$ 6,431	\$ 1,279
Contributions in relation to the contractually required contribution	(8,465)	(6,431)	(1,279)
Contribution deficiency (excess)	\$ -	\$ -	\$ -
Village's covered payroll	\$ 509,007	\$ 443,167	\$ 136,738
Contributions as a percentage of covered payroll	1.66%	1.45%	0.94%

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, 2020

	State Law Enforcement Special Revenue	Federal Law Enforcement Special Revenue	Security District Special Revenue	Total Non-Major Governmental Funds
<u>ASSETS</u>				
Cash and cash equivalents	\$ 810,560	22,531	\$ 1,075,108	\$ 1,908,199
Receivables, net	-	-	12,394	\$ 12,394
Prepaid expenses	-	-	2,500	2,500
Total assets	<u>810,560</u>	<u>22,531</u>	<u>1,090,002</u>	<u>1,923,093</u>
<u>LIABILITIES AND FUND BALANCE</u>				
Accounts payable and accrued liabilities	-	-	86,193	86,193
<u>Fund balance:</u>				
Non-Spendable - Prepays	-	-	2,500	2,500
Restricted:				
State and federal law enforcement	810,560	22,531	-	833,091
Security district	-	-	1,001,309	1,001,309
Total fund balances	<u>810,560</u>	<u>22,531</u>	<u>1,003,809</u>	<u>1,836,900</u>
Total liabilities and fund balances	<u>\$ 810,560</u>	<u>\$ 22,531</u>	<u>\$ 1,090,002</u>	<u>\$ 1,923,093</u>

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, 2020

	State Law Enforcement Special Revenue	Federal Law Enforcement Special Revenue	Security District Special Revenue	Total Non-Major Governmental Funds
Revenues:				
Special assessments	\$ -	\$ -	\$ 688,946	\$ 688,946
Licenses and permits	-	-	29,943	29,943
Fines and forfeitures	-	609	-	609
Investment earnings	476	-	1,050	1,526
Miscellaneous	-	-	4,988	4,988
Total revenues	<u>476</u>	<u>609</u>	<u>724,927</u>	<u>726,012</u>
Expenditures:				
General government	10,000	-	615,716	625,716
Capital outlay	123,984	-	8,947	132,931
Total expenditures	<u>133,984</u>	<u>-</u>	<u>624,663</u>	<u>758,647</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(133,508)</u>	<u>609</u>	<u>100,264</u>	<u>(32,635)</u>
Net change in fund balance	<u>(133,508)</u>	<u>609</u>	<u>100,264</u>	<u>(32,635)</u>
Fund balance, beginning	944,068	21,922	903,545	1,869,535
Fund balance, ending	<u>\$ 810,560</u>	<u>\$ 22,531</u>	<u>\$ 1,003,809</u>	<u>\$ 1,836,900</u>

BAL HARBOUR VILLAGE, FLORIDA
BUDGETARY COMPARISON SCHEDULE
SECURITY DISTRICT FUND
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget
Revenues:				
Special assessments	\$ 680,495	\$ 680,495	\$ 688,946	\$ 8,451
Licenses and permits	-	-	29,943	29,943
Investment earnings	-	-	1,050	1,050
Miscellaneous	-	-	4,988	4,988
Total revenues	<u>680,495</u>	<u>680,495</u>	<u>724,927</u>	<u>44,432</u>
Expenditures:				
General government	625,926	625,926	615,716	10,210
Capital outlay	125,000	125,000	8,947	116,053
Total expenditures	<u>750,926</u>	<u>750,926</u>	<u>624,663</u>	<u>126,263</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(70,431)</u>	<u>(70,431)</u>	<u>100,264</u>	<u>170,695</u>
Net change in fund balance	<u>\$ (70,431)</u>	<u>\$ (70,431)</u>	<u>\$ 100,264</u>	<u>\$ 170,695</u>

BAL HARBOUR VILLAGE, FLORIDA
COMBINING STATEMENT OF FIDUCIARY NET POSITION
PENSION TRUST FUNDS
SEPTEMBER 30, 2020

	General Employees Pension	Police Officers Pension	Totals
<u>ASSETS</u>			
Investments, at fair value:			
Money market mutual funds	\$ 457,882	\$ 62,821	\$ 520,703
Equity mutual funds	9,723,234	-	9,723,234
Bond mutual funds	6,153,609	-	6,153,609
U.S. Government obligations	-	2,620,403	2,620,403
Corporate bonds	-	3,091,267	3,091,267
Mortgage-backed securities	-	2,403,204	2,403,204
Large cap equities	-	16,033,485	16,033,485
Real estate investments		2,422,381	2,422,381
Total investments	16,334,725	26,633,561	42,968,286
Accrued interest receivable	-	39,720	39,720
Contributions receivable	6,132	75,358	81,490
Prepaid expenses	4,168	138,179	142,347
Total assets	16,345,025	26,886,818	43,231,843
<u>LIABILITIES</u>			
Accounts payables	21,815	54,030	75,845
<u>NET POSITION</u>			
Net position restricted for pension benefits	\$ 16,323,210	\$ 26,832,788	\$ 43,155,998

BAL HARBOUR VILLAGE, FLORIDA
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
PENSION TRUST FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

	General Employees Pension	Police Officers Pension	Totals
ADDITIONS			
Contributions:			
Village	\$ 1,052,612	\$ 1,429,097	\$ 2,481,709
Employees	162,333	209,654	371,987
State	-	67,617	67,617
Total contributions	<u>1,214,945</u>	<u>1,706,368</u>	<u>2,921,313</u>
Investment income:			
Interest, dividends and other income	334,751	514,891	849,642
Net change in the fair value of investments	785,781	2,562,481	3,348,262
	<u>1,120,532</u>	<u>3,077,372</u>	<u>4,197,904</u>
Less investment expenses	(22,591)	(153,994)	(176,585)
Net investment income	<u>1,097,941</u>	<u>2,923,378</u>	<u>4,021,319</u>
Other income (loss)	-	(64,909)	(64,909)
Total additions	<u>2,312,886</u>	<u>4,564,837</u>	<u>6,877,723</u>
DEDUCTIONS			
Benefits payments	654,465	1,647,433	2,301,898
Administrative expenses	91,350	97,786	189,136
Lump sum DROP distributions	21,179	-	21,179
Total deductions	<u>766,994</u>	<u>1,745,219</u>	<u>2,512,213</u>
Change in net position	1,545,892	2,819,618	4,365,510
NET POSITION RESTRICTED FOR PENSION BENEFITS			
Beginning	<u>14,777,318</u>	<u>24,013,170</u>	<u>38,790,488</u>
Ending	<u>\$ 16,323,210</u>	<u>\$ 26,832,788</u>	<u>\$ 43,155,998</u>

BAL HARBOUR VILLAGE, FLORIDA
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
PENDING FORFEITURES
AGENCY FUND
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

	Balance October 1, 2019	Additions	Reductions	Balance September 30, 2020
<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>	98-102
Revenue Capacity <i>These schedules contain information to help the reader assess the Village's most significant local revenue source, the property tax.</i>	103-107
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>	108-113
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>	114-115
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>	116-117

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)

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Government activities:										
Net investment in capital assets										
Restricted	\$ 10,810,475	\$ 10,341,047	\$ 10,745,368	\$ 10,540,631	\$ 9,735,309	\$ 2,706,557	\$ 31,630,842	\$ 32,114,123	\$ 33,150,693	\$ 54,484,061
Unrestricted	6,190,902	4,147,049	5,064,897	5,871,135	5,659,681	5,112,055	5,035,027	5,156,817	9,635,715	10,125,644
Total governmental activities net position	8,222,534	8,766,748	8,858,923	11,864,368	6,474,732	7,510,264	9,322,579	12,019,793	13,780,660	13,834,008
	<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>	<u>\$ 56,567,068</u>	<u>\$ 78,443,713</u>
Business-type activities:										
Net Invested in capital assets										
Unrestricted	\$ 4,275,935	\$ 6,243,708	\$ 603,883	\$ 1,914,085	\$ 2,674,221	\$ 4,448,041	\$ 13,717,215	\$ 15,826,763	\$ 17,139,918	\$ 17,940,383
Total business-type activities net position	3,875,947	2,044,968	8,455,727	8,110,121	8,372,874	8,356,699	9,802,290	8,711,616	10,143,185	10,473,847
	<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>	<u>\$ 27,283,103</u>	<u>\$ 28,414,230</u>
Primary government:										
Net Invested in capital assets										
Restricted	\$ 15,086,310	\$ 16,584,755	\$ 11,349,251	\$ 12,455,436	\$ 12,409,530	\$ 7,154,598	\$ 45,348,057	\$ 47,940,886	\$ 50,290,811	\$ 72,424,444
Unrestricted	6,190,902	4,147,049	5,064,897	5,871,135	5,659,681	5,112,055	5,035,027	5,156,817	9,635,715	10,125,644
Total primary government net position	12,098,481	10,811,716	17,314,650	19,974,489	14,847,606	15,896,963	19,124,869	20,731,409	23,923,845	24,307,855
	<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>	<u>\$ 83,850,371</u>	<u>\$ 106,857,943</u>

BAL HARBOUR VILLAGE, FLORIDA

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

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Expenses:										
Governmental activities:										
General government	\$ 4,628,012	\$ 3,844,820	\$ 3,858,620	\$ 4,143,524	\$ 4,187,109	\$ 4,629,417	\$ 5,863,429	\$ 5,617,805	\$ 6,456,473	\$ 7,040,358
Public safety	8,909,849	8,887,246	5,607,676	5,739,694	6,161,865	6,605,925	6,064,111	6,568,155	6,635,010	8,227,790
Community services	1,863,944	1,634,541	1,792,239	1,811,359	1,881,892	1,963,975	2,081,680	2,193,271	2,539,431	2,264,482
Tourism development	2,102,000	3,316,761	3,120,890	2,909,298	3,523,612	3,479,071	3,351,037	3,629,100	3,539,890	2,304,237
Total government activities expenses	17,503,805	17,683,368	14,387,639	14,611,550	15,754,478	16,678,388	17,360,257	18,008,331	19,170,804	19,836,867
Business-type activities:										
Water and sewer	2,244,663	3,509,216	2,800,180	2,527,403	2,920,314	3,567,105	3,300,056	3,333,587	3,800,127	3,791,346
Total business-type activities	2,244,663	3,509,216	2,800,180	2,527,403	2,920,314	3,567,105	3,300,056	3,333,587	3,800,127	3,791,346
Total primary government expenses	19,748,468	21,192,584	17,187,819	17,138,953	18,674,792	20,245,493	20,660,313	21,341,918	22,970,931	23,628,213
Program revenues:										
Government activities:										
Charges for services:										
General government	6,791,483	2,480,346	2,711,878	3,086,654	3,048,718	2,645,886	3,510,905	4,392,385	3,996,536	4,448,128
Public safety	983,943	1,709,421	645,339	904,073	919,762	1,103,188	669,672	407,099	914,305	559,142
Community services	-	-	115,466	193,847	-	-	-	-	-	-
Operating grants and contributions	-	534,769	-	-	-	-	-	-	-	-
Capital grants and contributions	-	120,623	-	243,000	-	138,308	29,020,077	(20,077)	3,025,000	20,000,000
Total governmental activities and program revenues	7,775,426	4,845,159	3,472,683	4,427,574	3,968,480	3,887,382	33,200,654	4,779,407	7,935,841	25,007,270
Business-type activities:										
Charges for services										
Water and sewer	3,486,412	3,657,474	3,351,332	3,547,076	4,323,705	4,438,684	4,183,763	4,276,844	4,392,761	4,294,451
Capital grants and contributions	-	-	259,470	-	-	1,009,698	9,783,539	7,041	2,057,840	658,232
Total business-type activities program revenues	3,486,412	3,657,474	3,610,802	3,547,076	4,323,705	5,448,382	13,967,302	4,283,885	6,450,601	4,952,683
Total primary government program revenues	11,261,838	8,502,633	7,083,485	7,974,650	8,292,185	9,335,764	47,167,956	9,063,292	14,386,442	29,959,953

(Continued)

BAL HARBOUR VILLAGE, FLORIDA

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

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Net (expense) revenue:										
Business type activities	1,241,749	148,258	810,622	1,019,673	1,403,391	1,881,277	10,667,246	950,298	2,650,474	1,161,337
Total primary government net expense	(8,486,630)	(12,689,951)	(10,104,334)	(9,164,303)	(10,382,607)	(10,909,729)	26,507,643	(12,278,626)	(8,584,489)	6,331,740
General revenues and other changes in net assets:										
Governmental activities										
Taxes:										
Ad-valorem taxes	5,819,371	5,801,487	6,797,002	6,781,637	7,591,502	7,193,763	8,195,619	10,010,648	10,139,283	10,258,510
Franchise fees based on gross receipts and utility taxes	1,319,539	1,745,365	1,463,181	1,688,621	1,513,181	1,528,901	1,590,867	1,601,350	1,613,151	1,518,958
Unrestricted intergovernmental revenue	301,734	659,868	580,399	638,806	631,608	629,457	731,511	756,387	1,012,413	1,083,278
Tourism tax	1,131,882	2,118,487	3,229,946	3,600,359	3,448,249	3,423,437	3,331,088	3,825,266	4,526,248	2,777,408
Unrestricted investment earnings	56,502	65,632	33,000	29,531	53,748	50,747	84,091	150,075	203,734	129,251
Miscellaneous	2,513,442	838,409	165,772	992,008	22,701	957,404	855,999	609,934	1,003,220	848,977
Transfers	60,000	60,000	60,000	60,000	60,000	-	-	18,722	13,449	89,660
Total governmental activities	11,202,470	11,289,248	12,329,300	13,790,962	13,320,989	13,783,709	14,789,175	16,972,382	18,511,498	16,706,042
Business-type activities										
Unrestricted investment earnings	18,393	48,636	20,312	5,643	22,461	19,205	47,519	87,298	107,699	59,450
Transfers	(60,000)	(60,000)	(60,000)	(60,000)	(60,000)	-	-	(18,722)	(13,449)	(89,660)
Total business-type activities	(41,607)	(11,364)	(39,688)	(54,357)	(37,539)	19,205	47,519	68,576	94,250	(30,210)
Total primary government	11,160,863	11,277,884	12,289,612	13,736,605	13,283,450	13,802,914	14,836,694	17,040,958	18,605,748	16,675,832
Change in net position										
Governmental activities	1,643,494	(1,548,961)	1,414,344	3,606,946	2,480,201	992,703	30,629,572	3,743,458	7,276,535	21,876,445
Business-type activities	1,200,142	136,894	770,934	965,316	1,162,238	1,900,482	10,714,765	1,018,874	2,744,724	1,131,127
Total primary government	\$ 2,843,636	\$ (1,412,067)	\$ 2,185,278	\$ 4,572,262	\$ 3,642,439	\$ 2,893,185	\$ 41,344,337	\$ 4,762,332	\$ 10,021,259	\$ 23,007,572

BAL HARBOUR VILLAGE, FLORIDA

FUND BALANCES OF GOVERNMENTAL FUNDS – UNAUDITED
 LAST TEN FISCAL YEARS
 (Modified Accrual Basis of Accounting)

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
General fund:										
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	-	-	-	-	-	-	-	-	-	-
Restricted	-	-	328,373	306,477	284,306	368,934	368,934	368,934	3,025,000	3,000,000
Non-spendable	60,569	70,569	5,000	3,199	3,199	-	-	-	64,996	77,752
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	9,493,556	12,700,628
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	15,216,033	14,037,405
Total general fund	<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>	<u>\$ 27,799,585</u>	<u>\$ 29,815,785</u>
All other government funds:										
Reserved, reported in:										
Law enforcement trust	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Tourist	-	-	-	-	-	-	-	-	-	-
Other governmental funds	-	-	-	-	-	-	-	-	-	-
Non-spendable	-	-	-	-	-	-	-	-	3,500	2,680
Restricted:										
Tourism fund	-	-	-	-	3,262,914	3,090,456	3,110,249	3,318,691	4,737,680	5,291,064
Other governmental funds	-	-	-	-	2,112,461	2,021,599	1,924,778	1,868,126	1,869,535	1,834,400
Restricted	6,190,902	4,147,049	4,736,524	5,564,658	-	-	-	-	-	-
Total all other governmental funds	<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>\$ 5,186,817</u>	<u>\$ 6,610,715</u>	<u>\$ 7,128,144</u>

* Restricted Fund Balance includes Capital Projects, Tourism, State Law Enforcement, and Security Fund balances.

**Assigned fund balance includes amounts for future capital projects (\$8.1M), post-employment benefits and pensions (\$3.6M), future claims (\$500k), and for building and zoning future costs. Prior year balances primarily represent monies set aside for future capital projects; as well as post-employment benefits and pensions.

BAL HARBOUR VILLAGE, FLORIDA

CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS – UNAUDITED LAST TEN FISCAL YEARS (Modified Accrual Basis of Accounting)

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Revenues:										
Ad valorem taxes	\$ 5,819,371	\$ 5,801,487	\$ 6,797,002	\$ 6,781,637	\$ 7,591,502	\$ 7,193,763	\$ 8,195,619	\$ 10,010,648	\$ 10,139,283	\$ 10,258,510
Utility taxes and franchise fees	1,625,714	1,745,365	1,784,020	2,005,201	1,834,540	1,840,407	1,880,227	1,601,350	1,882,756	1,794,819
Licenses and permits	753,931	934,557	1,004,325	1,598,837	1,537,695	1,296,318	2,186,908	2,287,708	2,703,831	2,259,810
Special assessments	252,517	775,357	932,338	614,015	413,953	407,333	424,346	603,159	592,950	688,946
Intergovernmental	6,146,266	1,315,260	375,026	516,073	462,333	456,259	442,151	756,387	742,808	807,417
Charges for services	88,700	770,432	775,215	873,802	1,097,070	942,235	899,651	1,025,384	1,175,889	1,499,372
Tourist tax	1,131,882	2,118,487	3,229,946	3,600,359	3,448,249	3,423,437	3,331,088	3,825,266	4,526,248	2,777,408
Fines and forfeitures	952,229	1,680,847	642,947	869,783	915,108	1,101,657	663,240	383,907	914,305	554,154
Investment earnings	56,700	86,484	33,157	28,403	30,374	50,924	84,248	150,219	203,734	129,251
Developer contribution	2,134,501	733,730	87,009	965,561	662,463	834,922	840,852	500,000	3,525,000	459,011
Grants	21,206	-	-	243,000	-	-	-	-	-	-
Miscellaneous	104,282	112,401	80,998	61,855	50,729	123,836	21,422	132,982	503,220	394,954
Total revenues	19,087,299	16,074,407	15,741,983	18,158,526	18,044,016	17,671,091	18,969,752	21,277,010	26,910,024	21,623,652
Expenditures:										
General government	3,885,014	3,389,462	3,766,627	3,948,411	4,187,109	5,040,926	4,982,816	5,026,069	5,203,742	5,742,688
Public safety	8,732,822	8,960,847	5,471,270	5,620,615	6,110,890	6,484,618	5,929,379	6,140,275	6,596,510	6,999,460
Solid waste	965,682	774,206	613,773	613,773	610,333	615,626	613,849	610,507	682,978	697,872
Road and streets	491,071	438,505	819,193	787,614	924,503	977,257	948,261	1,154,994	1,290,374	1,112,096
Parks and recreation	354,706	374,765	331,742	389,739	347,056	328,956	405,336	314,807	416,337	286,594
Tourism development	2,014,907	3,251,469	3,114,011	2,902,419	3,523,612	3,373,729	3,317,701	3,593,659	3,510,355	2,275,996
Capital outlay	404,719	69,488	815,299	208,299	50,975	362,101	31,581	627,704	1,807,579	1,966,352
Debt service:										
Principal	-	-	21,627	21,896	-	266,861	330,309	660,052	80,718	93,024
Interest	-	-	8,214	7,675	-	95,699	110,772	13,869	7,591	5,601
Total expenditures	16,848,921	17,258,742	14,961,756	14,500,441	15,754,478	17,545,773	16,670,004	18,141,936	19,596,184	19,179,683
Excess (deficiency) of revenue over expenditures	2,238,378	(1,184,335)	780,227	3,658,095	2,289,538	125,318	2,299,748	3,135,074	7,313,840	2,443,969
Other financing sources (uses):										
Bonds issued/ lease	-	350,000	-	-	-	29,527	31,581	-	-	-
Transfers in	283,000	120,000	120,000	120,000	125,000	314	-	18,722	13,449	89,660
Transfers out	(223,000)	(60,000)	(60,000)	(60,000)	(65,000)	(314)	-	-	-	-
Total other financing sources (uses)	60,000	410,000	60,000	60,000	60,000	29,527	31,581	18,722	13,449	89,660
Net change in fund balance	\$ 2,298,378	\$ (774,335)	\$ 840,227	\$ 3,718,095	\$ 2,349,538	\$ 154,845	\$ 2,331,329	\$ 3,153,796	\$ 7,327,289	\$ 2,533,629
Debt service expenditures as a % of noncapital expenditures	0%	0%	0%	0%	0%	2%	3%	4%	0%	1%

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
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
2019	2018	10,139,283	1,613,151	4,526,247	16,278,681
2020	2019	10,258,510	1,518,958	2,777,408	14,554,876

BAL HARBOUR VILLAGE, FLORIDA

GENERAL FUND 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
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	109,746	109,934	500,000	16,785,064
2019	12,022,039	742,808	2,703,831	1,175,889	914,305	148,867	125,042	3,525,000	21,357,781
2020	12,053,329	807,417	2,229,867	1,499,372	553,545	98,481	336,294	459,011	18,037,316

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
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	5,499,313,271	553,901,409	80,038,174	103,762,729	6,237,015,583	922,809,073	5,314,206,510	1.9654	85.20%
2019	5,418,035,388	601,166,952	84,448,270	63,952,817	6,167,603,427	668,781,338	5,498,822,089	1.9654	89.16%
2020	5,332,307,758	642,413,314	80,740,683	74,886,913	6,130,348,668	630,230,842	5,500,117,826	1.9654	89.72%

(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 2020			
	Market Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
St. Regis Hotel and Condominiums (Seldar)	\$ 1,054,612,087	\$ 1,053,712,087	1	19.43%
Oceana	971,447,474	971,047,474	2	17.90%
One Bal Harbour /Ritz Carlton Complex	584,069,525	582,569,025	3	10.74%
Balmoral Complex	300,675,506	297,056,506	4	5.48%
The Majestic Complex	298,849,154	296,747,154	5	5.47%
Bal Harbour Shops Complex	277,448,322	277,448,322	6	5.11%
Bal Harbour Tower Complex	257,410,254	255,407,754	7	4.71%
Harbour House Complex	217,496,180	215,845,180	8	3.98%
The Palace Complex	185,649,630	184,543,130	9	3.40%
Bal Harbour 101	172,758,940	170,101,940	10	3.14%
Total	\$ 4,320,417,072	\$ 4,304,478,572		79.35%

Notes:

- a. The ten properties with the highest assessed values comprise 79.35% of the total taxable value for the Village as a whole.
- b. 37.33% of the percent of total taxable value for 2020, is within 2 of the 10 highest taxable value.
- c. Properties ranked #1 and #2 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
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%
2019	10,808,734	541,718	10,267,016	9,704,307	89.78%	434,976	10,139,283	93.81%
2020	10,599,003	329,568	10,269,435	9,869,362	93.12%	389,148	10,258,510	96.79%

**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	Overlapping Rates										Total Direct & Overlapping Rates
		Village	School District	State			Miami-Dade County		Special Districts				
		Operating and Total Millage	Operating Millage/Voted Operating	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	
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
2019	2018	1.9654	7.025	0.1230	0.0397	0.1152	0.0320	4.6669	0.4780	0.4680	2.4207	0.0000	17.3339
2020	2019	1.9654	6.936	0.1930	0.038	0.1103	0.0320	4.6669	0.4780	0.4507	2.4207	0.0000	17.2910

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	Note Payable	Capital Lease					
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	5,369,769	-	37,199	5,745,661	53,856	3.40%	3,134	1,833
2019	-	171,458	86,517	4,727,363	-	27,421	5,012,819	57,585	2.86%	3,039	1,649
2020	-	147,867	17,084	4,076,926	8,096,000	16,509	12,354,386	69,567	2.04%	3,004	4,113

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 2018 US Census American Community Survey – Fact Finder; 2018 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)
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	5,564,527	-	5,564,527	5,314,206,510	0.105%	3,314	1,679
2019	4,898,821	-	4,898,821	5,500,117,826	0.089%	3,039	1,612
2020	4,224,793	-	4,224,793	5,276,990,506	0.080%	3,004	1,406

(1) Population & Income Estimates from the 2018 US Census AmericanCommunity Survey – Fact Finder; 2018 population current BEBR estimates.

BAL HARBOUR VILLAGE, FLORIDA

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITY DEBT – UNAUDITED
SEPTEMBER 30, 2020

	Debt Outstanding	Percentage Applicable to Bal Harbour Village (1)	Share of Direct & Overlapping Debt
Jurisdiction			
Direct			
Bal Harbour Village	\$ 164,951	100.00%	\$ 164,951
Overlapping:			
Miami-Dade Board of County Commissioners (2)	16,736,219,000	1.78%	298,246,312
Miami-Dade County School Board (3)	3,479,435,000	1.62%	56,353,612
Subtotal, overlapping debt	20,215,654,000		354,599,924
Total direct and overlapping	\$ 20,215,818,951		\$ 354,764,875

Notes:

- (1) Based on ratio of assessed taxable value obtained from Miami-Dade County Property Appraiser 2019 roll.
- (2) Source: Most recent data available for Miami-Dade County is as of September 2019.
- (3) Source: Miami-Dade County School Board 2019 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
LAST TEN FISCAL YEARS

CAPITAL IMPROVEMENT REVENUE BONDS, SERIES 2011 – UNAUDITED

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	\$ -	\$ 1,083,323	\$ 846,340	1.28	0.00
2013	245,818	822,757	-	1,068,575	852,598	1.25	0.00
2014	303,065	-	815,305	1,118,370	844,876	1.32	0.00
2015	295,314	-	837,058	1,132,371	837,058	1.35	0.00
2016	295,833	-	800,121	1,095,954	829,141	1.32	0.00
2017	290,807	-	792,386	1,083,193	821,126	1.32	0.00
2018	295,374	-	784,555	1,079,929	813,010	1.33	0.00
2019	315,888	-	776,625	1,092,513	804,793	1.36	0.00
2020	277,554	-	760,469	1,038,023	788,050	1.32	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.

UTILITY NOTE, SERIES 2020 – UNAUDITED

2020	719,028	-	-	719,028	635,438	1.13	0.00
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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)
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	3,134	2,751,796	418,498	4.7%	168,784,704	53,856
2019	3,134	2,761,581	350,040	3.2%	180,471,390	57,585
2020	(f) 3,004	2,716,940	347,069	9.7%	208,979,268	69,567

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 U.S. Census American Community Survey – Fact Finder.
- (f) County population estimates updated from Census Quick – Facts, Village estimate from Beacon Council profile. Total Personal Income computed using population and per capita data.

BAL HARBOUR VILLAGE, FLORIDA
PRINCIPAL EMPLOYERS 2019 – UNAUDITED

Employer	2019			2019			Percentage of Total County Employment
	Employees	Rank	Total County Employment	Employees	Rank		
Miami-Dade County Public Schools	37,696	1	2.56%	48,571	1		3.72%
Miami-Dade County	25,502	2	1.74%	29,000	2		2.22%
Federal Government	19,200	3	1.31%	19,500	3		1.49%
Florida State Government	17,100	4	1.17%	17,100	4		1.31%
University of Miami, Inc	12,818	5	0.88%	16,000	7		1.23%
Baptist Health Systems of South FL	11,353	6	0.78%	13,376	5		1.02%
American Airlines	11,031	7	0.75%	9,000	9		0.69%
Jackson Health System	9,797	8	0.67%	12,571	8		0.96%
Publix Supermarket	4,604	9	0.31%	10,800	6		0.83%
City of Miami	3,997	10	0.27%	-	-		-
Florida International University	-	-	-	8,000	10		0.61%
Total Labor Force Employment	<u>1,463,774</u>		<u>10.44%</u>	<u>1,305,117</u>			

Source: The Beacon Council, Miami, Florida, Most recent data available.
 Miami-Dade County Comprehensive Financial Report 2019.
 Miami-Dade County Public Schools Statistical Highlights.

BAL HARBOUR VILLAGE, FLORIDA

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

Function/Program	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
General government:										
Non-sworn personnel	30	30	38	38	48.5	48.5	49	49	53	53
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	1677	1,663	1,780	1705	1,724	1,612	1,732	1,855	1,855	1,426
Votes cast in last election	192	220	1,317	103	795	n/a	1,360	1,125	1,101	1,101
Ordinances prepared and adopted	6	6	9	9	8	6	8	11	14	9
Resolutions prepared and adopted	12	17	16	99	108	58	59	85	68	73
Commission minutes prepared/approved	26	15	20	20	15	15	15	15	13	12
Public safety:										
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Sworn employees	25	25	22	22	25	25	25	25	24	24
Calls for service handled	3,165	3,644	3,929	4,542	5,822	7,373	7,628	6,554	7,239	2,913
Traffic accidents handled	142	135	116	126	268	171	168	136	136	123
Traffic citations/warnings issued	4,433	4,438	4,090	3,982	3,961	3,783	3,028	3,509	3,370	2,825
Part 1 crimes reported	66	80	75	75	110	95	87	82	90	99
Arrests	54	51	50	50	82	122	130	90	89	78
Building:										
Permits issued	650	1,123	1,426	1,258	1,149	951	1,101	1,416	1,382	1,007
Value of construction	\$ 12,650,022	\$ 21,849,415	\$ 42,119,493	\$ 79,100,703	\$ 320,670,729	\$ 44,154,727	\$ 69,946,011	\$ 62,116,337	\$ 95,880,509	\$ 112,808,867
Business tax receipts issued	133	133	106	253	253	194	277	291	251	221
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

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
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	26,818	26,818
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 fund information of Bal Harbour Village, Florida (the Village), as of and for the year ended September 30, 2020, 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 30, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Village's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our 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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

RSM US LLP

Miami, Florida
March 30, 2021

**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 Bal Harbour Village, Florida (the Village), as of and for the year ended September 30, 2020, and have issued our report thereon dated March 30, 2021.

Auditor's Responsibility

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

Other Reporting Requirements

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards* and Independent Accountant's Report(s) on an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports, which are dated March 30, 2021, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding financial audit report. There were no recommendations made in the preceding financial audit report.

Official Title and Legal Authority

Section 10.554(1)(i)4., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. 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 met one or more of the conditions described in Section 218.503(1), Florida Statutes, and to identify the specific condition(s) met. In connection with our audit, we determined that the Village did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

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

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

Additional Matters

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

Purpose of this Letter

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, Federal and other granting agencies, the Honorable Mayor, Members of the Village Council, and applicable 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 30, 2021

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, 2019 to September 30, 2020. 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 specified requirements during the period October 1, 2019 to September 30, 2020.

The purpose of this report is to comply with the local investment policy requirements of Section 218.415, *Florida Statutes*, and Rules of the Florida Auditor General.

This report is intended solely for the information and use of the Florida Auditor General, the Honorable Mayor, Members of the Village Council and applicable 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 30, 2021