

BAL HARBOUR VILLAGE, FLORIDA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013

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Prepared by the Finance Department

BAL HARBOUR VILLAGE, FLORIDA

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INTRODUCTORY SECTION



June 9, 2014

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, 2013. We encourage you to thoroughly read this document and take the opportunity to discuss some of the important items it addresses.

While financial activities are never ends 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. MD&A complements this letter of transmittal and should be read in conjunction with it.

The Village continues to have one of the lowest property tax rates and overall taxing efforts among South Florida municipalities. While the Village has experienced the same challenging economic conditions affecting everyone, it has maintained its service efforts and a stable and solid financial position. Property values have stabilized and there is some hope that they will start to rise again and we have been very successful in controlling our expenses.

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 marketing and 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 than they would otherwise have seen.

Bal Harbour Village was incorporated in 1946, and the master planning of the community at that time largely defined how the Village would develop. The planning effort has proven over time to be largely successful, as few changes have been made since the original development occurred. The

Village continues to be a destination for the successful traveler and it is one of the most desirable places to live in South Florida.

Redevelopment of existing oceanfront properties has continued and the new properties have brought a more modern image to the Village while maintaining its original charm. In addition, the property values continue to be some of the highest in South Florida and the location is highly valued. The Village also enjoys the second lowest property tax rate in Miami-Dade County.

The Village's ocean front properties and public beaches, combined with the lush, tropical landscaping provided by the Village there and on its main roadways, help maintain its very favorable international image.

The world renowned and extremely chic Bal Harbour Shops attracts wealthy visitors from around the world while providing the Village with a substantial commercial property tax base. The Village also maintains control over the tourism taxes generated within the municipality and this has provided substantial revenue streams to maintain a very positive brand and image while also providing funds to maintain the community in a highly fashionable manner.

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 effort includes its finances as well. 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 Bal Harbour to succeed, we must build and maintain value in what we have.

Significant Events and Achievements

The St. Regis Bal Harbour Resort added over \$500 million to the Villages tax rolls for FY2013. The venue will bring a significant increase to the Village's property taxes and taxes on utilities, as well as add diversification to the Village's tax base. The venue is the flagship for the St. Regis brand and will enhance the Bal Harbour brand.

The Village continued to replace its underground infrastructure. These projects, which replace facilities that are well over 50 years old, will provide Village residents and businesses with improved water, sewer, and storm water drainage.

Tourism revenue continued to grow with most venues posting sizable year-over-year increases.

The U.S. Department of Justice of the Police Department's Asset Forfeiture Program review were completed and no further reimbursements to federal agencies are expected at this time. The Village returned unspent funds back to the USDOJ in FY2012. The Fund was closed at fiscal year-end.

GENERAL INFORMATION

The Village is a well-established community on Florida's southeast coast, located in northern Miami-Dade County, situated between the Atlantic Ocean and the Intracoastal Waterway. Home not just to seasonal residents or retirees; the Village is a family-oriented and tourist-friendly Mecca with strong appeal to affluent persons. It is a highly sought-after locale and attracts investments from around the world. The Village has 3,457 full-time permanent residents, but many non-residents, as the Census Bureau would define that term, consider it home. The Village is located near Miami Beach, Miami,

and Fort Lauderdale and the metropolitan area boasts two large cruise ship ports and two large international airports. It enjoys temperate subtropical weather year-round and the Village has a very low crime rate with a first class police department.

REPORTING ENTITY

The activities included in our report are those over which the Village has the ultimate financial accountability. Any activity 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.

SERVICES PROVIDED BY THE VILLAGE

The Village provides its 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, water and sewer utilities, public works and maintenance, solid waste disposal and recycling, and code enforcement.

GOVERNMENT STRUCTURE

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, the Village Clerk, and establishes administrative departments. The Village Manager appoints Department Directors. 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 viii.

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

FINANCE DEPARTMENT. This Department is responsible for Financial Administration, Business and Tourism Taxes, Payroll, and Utilities 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 Law Enforcement services.

PUBLIC WORKS. This Department is responsible for the Village's facilities and infrastructure, beach maintenance, solid waste and recycling, and landscaping efforts.

PARKS AND RECREATION DEPARTMENT. This Department is responsible for the recreational and cultural activities of the Village.

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

Information Useful in Assessing the Government's Economic Condition

Using information from Esri®, which is derived from the 2010 U.S. Census, the Village's average household is made up of 1.92 persons and the per capita income is \$56,636. There are 3,457 residents and 1,804 households in the Village. There are 3,542 housing units. Of the 1,804 households, 9.2% have children under the age of 18 living with them and 24.9% have someone living alone who is 65 years of age or older.

In the Village, the population is spread out with 10.2% under the age of 18, 3.7% from 18 to 24, 24.0% from 25 to 44, 24.7% from 45 to 64, and 37.5% who are 65 years of age or older. The median age is 55 years. The median income for a household in the village is \$63,718. The per capita income for the village is \$56,636. 9.2% of the population and 5.6% of families are below the poverty line. Out of the total population, 10.5% of those under the age of 18 and 6.7% of those 65 and older are living below the poverty line.

Major Initiatives

The Village has begun the process of replacing its entire underground infrastructure throughout the Village and will also be rebuilding most of the local roadways as a result of the underground work. The infrastructure is between 50-60 years old and the renewal and replacement projects will likely last as many years.

Bus shelters throughout the Village were in the process of being replaced, with significant funding coming from grants and developer contributions. This project continued into FY2014.

After several decades of service to the Village, Alfred Treppeda, Village Manager, retired during the fiscal year. The Village was in the process of choosing a replacement at fiscal year-end. In November 2013, Jorge M. Gonzalez was sworn in as the new Village Manager. He brings almost 25 years of local government experience to the Village.

The Village began the process of beach renourishment that would extend into FY2014. It had been several years and many storms since the beach was last renourished.

Financial Policies

Budgeting and Accounting

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.

Budgetary Controls

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 level. The Village does not maintain an encumbrance accounting system.

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

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.

Employees’ Retirement and Other Post Employment Benefit Systems

The Village’s retirement system includes three separate single-employer defined benefit plans included in the Pension Trust Funds, which separately cover the general employees, sworn police officers, and an excess benefit plan. At October 1, 2012, the Bal Harbour Employees’ Pension Trust was funded at 82% of the actuarial accrued liability, an improvement from the prior years funding status of 73%. At October 1, 2012, the Bal Harbour Police Officers’ Pension Trust was funded at 57.8% of the actuarial accrued liability. The Bal Harbour Village Excess Benefit Plan is a qualified governmental excess benefit plan established in accordance with Section 415 of the Internal Revenue Code. The purpose of the 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 Contributions. By law, the plan cannot be advance funded. At the end of the fiscal year, the accrued and unfunded liability of the plan was \$1,342,508. Contributions from all sources to both defined benefit plans were \$1,592,767 during the year. The Village also recorded a liability for retiree health care benefits, which include both an implied subsidy to health insurance premiums paid by retirees and monthly cash subsidies paid to sworn police officers that have retired. The accrued cost of this benefit was recorded at \$554,887.

Debt Administration

At September 30, 2013, The Village had \$11,056,655 in outstanding long-term obligations, of which \$856,533 is due during FY2014. All but \$2,613,208 of the total outstanding long-term obligations is owed by the Business-type Activities of the Village. The current portion of all debt was budgeted for in the FY2014 operating budgets of the Village. The Village does not have an underlying bond rating from any investor service but its credit would likely be very highly rated.

Cash Management

Cash temporarily idle during the year was invested in either the State Board of Administration of Florida Local Government Pooled Investment Account ("Florida PRIME") or in deposits with qualified public depositories in the State of Florida. The average yield at year-end was 0.18%, stated net of fees and expenses.

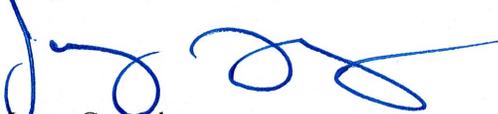
Acknowledgements and Other Information

Independent Audit

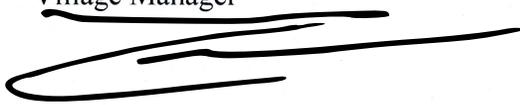
State statutes require an annual audit by independent certified public accountants. The Village selected the accounting firm of Marcum LLP to conduct its annual audit. Auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government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

Acknowledgements. The preparation of this report would not have been possible without the efficient and dedicated services of the entire staff of the finance department and the accounting firm of Marcum LLP. We would like to express our appreciation to everyone who assisted and contributed to the preparation of this report. Credit also must be given to the Mayor and Council members for their unfailing support for maintaining the highest standards of professionalism in the management of the Village.

Respectfully submitted,



Jorge Gonzalez
Village Manager



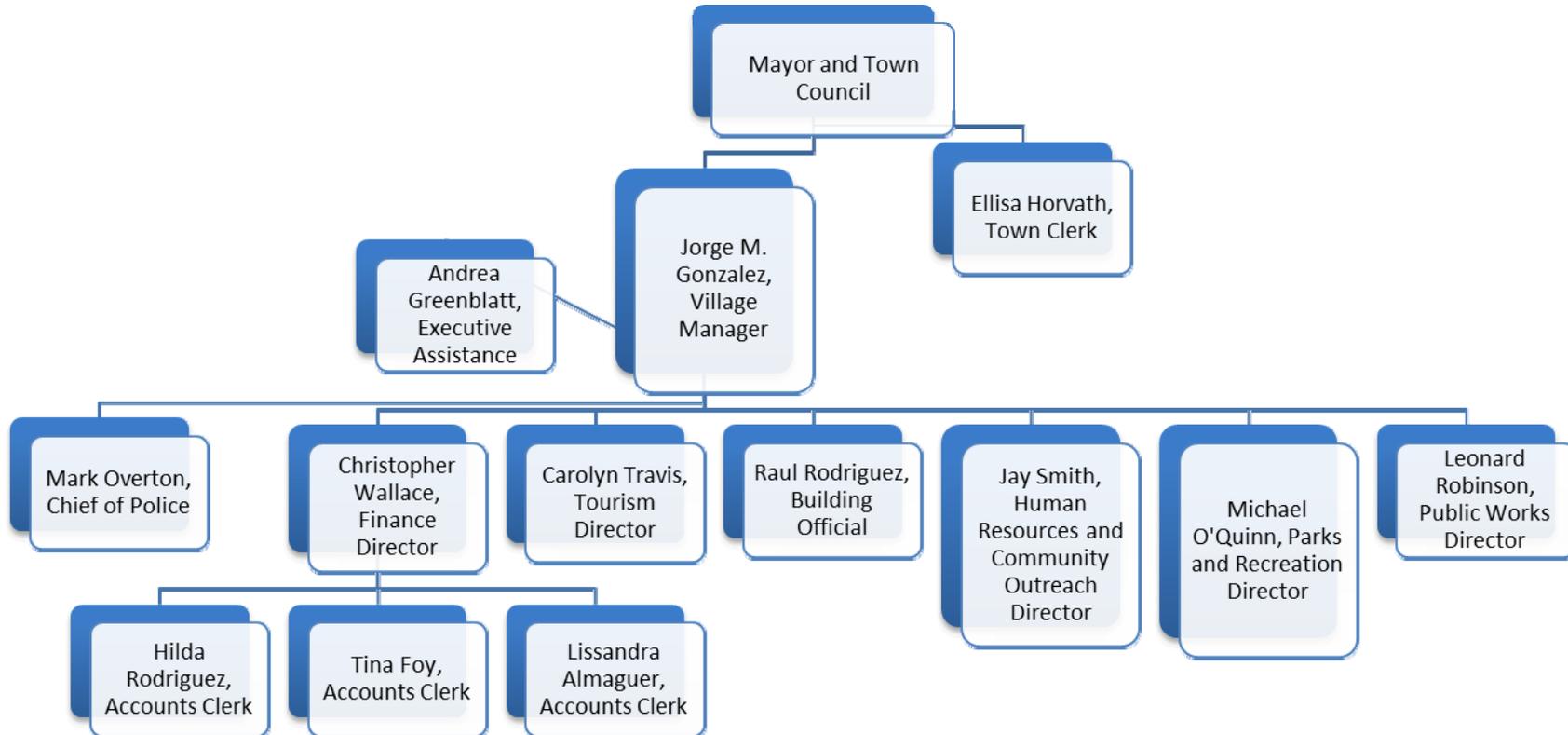
Christopher Wallace
Finance Director

BAL HARBOUR VILLAGE, FLORIDA

VILLAGE OFFICIALS

MAYOR	Jean Rosenfield
ASSISTANT MAYOR	Joni D. Blachar
COUNCILMEMBER	Patricia Cohen
COUNCILMEMBER	Martin Packer
COUNCILMEMBER	Jaime M. Sanz
VILLAGE MANAGER	Jorge M. Gonzalez
VILLAGE CLERK	Ellisa I. Horvath
FINANCE DIRECTOR	Christopher Wallace Munilytics
VILLAGE ATTORNEY	Weiss Serota Helfman Pastoriza Cole & Boniske, P.A.
INDEPENDENT AUDITORS	Marcum LLP

Bal Harbour Village Organization Chart



FINANCIAL SECTION

INDEPENDENT AUDITORS' REPORT

INDEPENDENT AUDITORS' REPORT

Honorable Mayor, Village Council and Village Manager
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 fiscal year ended September 30, 2013, 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.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Bal Harbour Village, Florida, as of September 30, 2013, and the respective changes in financial position and, where applicable, cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of a Matter

As discussed in Note 1 to the financial statements, the Village implemented Governmental Accounting Standards Board (GASB) Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* and Statement No. 65, *Items Previously Reported as Assets and Liabilities* as of October 1, 2012. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and the Required Supplementary Information on pages 4 through 14 and 61 through 66 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.

Supplementary and 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 combining fund financial statements and schedule and the introductory and statistical sections are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining fund financial statements and schedule are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining fund financial statements and schedule 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 June 9, 2014 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 to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Village's internal control over financial reporting and compliance.

Marcum LLP

Miami, FL
June 9, 2014

MANAGEMENT DISCUSSION AND ANALYSIS
MD&A

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

Since the Management's Discussion and Analysis (MD&A) is designed to focus on the current year's activities, resulting changes and currently known facts, please read it in conjunction with the Village's financial statements (beginning on page 13).

Financial Highlights

Bal Harbour Village finished its fiscal year with improvements in all of its budgeted funds. The net position of the Village improved and, in budgeted funds, revenues exceeded expenditures or expenses. Property tax values were much improved as the economy improved and demand increased for properties within the Village. Additions to the property tax base from new construction again provided additional revenues to the Village without increasing the property tax rate. The Village continued to undertake infrastructure improvements that will continue into the foreseeable future. Resort taxes showed continued improvements with impressive year-over-year sales. Redevelopment of another beachfront property was proposed and we expect to add another \$600 million to the property tax base once it is completed. Highlights for the year include:

- The *total net position* of the Village at the close of fiscal year 2013 was \$33.8 million (net position), an increase of \$2.2 million from the prior year. Governmental activities accounted for \$1.4 million of this increase while the Business-type activities accounted for \$771 thousand. Increases in capital assets accounted for the majority of the increase in the Governmental Funds, while Business-type activities saw gains from decreased expenses and a capital contribution from a local development. The Tourism fund ended the year with a slight increase of about \$120 thousand. The Security District fund saw a \$538 thousand improvement to its bottom line as assessment revenues were levied to provide working and emergency capital. This fund will reduce its assessments in FY2014 to cover only operating expenses. Overall, the Village's funds saw noticeable improvements in all areas except the Law Enforcement Trust Funds, where expenditures of about \$70 thousand were recorded and paid for with revenues collected in prior periods.
- Out of the total net position, \$17.3 million of unrestricted assets may be used to meet the government's ongoing obligations to citizens and creditors. Additionally, the Village had \$11.3 million in capital assets, net of related debt and accumulated depreciation. These assets are recorded at historical cost. The Village continues to replace its entire underground infrastructure and will be using a variety of funding options, including bond proceeds, for these improvements. The current infrastructure is more than 50 years old.
- The Village had \$28.2 million more in *current assets* than it had in *current liabilities*. Current assets were about 17 times greater than current liabilities, demonstrating the Village's solid ability to meet its current obligations. The Village's long-term obligations consist of long-term debt, leave-time owed current employees, an unfunded excess benefit plan owed employees,

other post-employment benefits (entirely for retiree health care) owed employees, and debt issued for the purpose of replacing the Village's underground infrastructure. These long-term liabilities totaled a little over \$11 million and were about \$91 thousand more than the prior year.

- The Village's General Fund had \$8.3 million in unassigned fund balance, which represents 73% of the General Fund expenditures for the same period, or about 9 months' worth of operating reserves, about 2 months less than the prior year. The decrease is largely attributed to a new restriction for debt service in the subsequent year of about \$328 thousand.
- General Fund revenues *increased* by about \$755 thousand from fiscal year FY2012. Property taxes increased by \$996 thousand, largely due to the St. Regis Hotel and Condominiums being added to the tax roll. Intergovernmental revenue declined by \$405 thousand, though that reflects a one-time grant received in FY2012. Fines and forfeitures increased by about \$136 thousand from the prior year, as red light camera revenue and other court fines came in above prior years' levels.
- General Fund expenditures *increased* by over \$1.4 million compared to FY2012, due to capital outlay efforts and increased general government activities that included payments from the excess benefits plan to its retiring member.
- The Village's Tourism Fund had revenues in excess of expenditures of \$120 thousand. The Village had planned to use fund balance during the year, but revenues were greater than anticipated and expenditures were brought in under budget.
- The Village resolved its financial issues with the U.S. Department of Justice (USDOJ) regarding its operation of a task force that had brought in several million dollars to the Village's coffers. In prior years, the Village had disclosed a contingent amount that may have had to be repaid for ineligible expenses. The USDOJ notified the Village during the fiscal year that they would not be seeking any further reimbursement beyond the unspent funds previously repaid.
- Business-type activities (the Village's Water and Sewer funds) operating revenues *decreased* from the prior year by \$306 thousand. This reflects increased one-time billings in the prior year more than any real reductions in consumption. Operating expenses *decreased* by about \$700 thousand. Again, this decrease resulted more from one-time repairs and engineering costs for maintenance on the system than from any permanent change in expense structure. The fund ended the year with about a \$771 thousand increase in the net position.

Village Highlights

- The Village's property tax base increased and approximately \$500 million in new value was added and became available for the FY2013 budget. This is a very positive improvement for the Village and also adds some needed diversity to the tax base. A future redevelopment of an oceanfront property is expected to add significantly to the future tax base.
- Water and sewer improvements continued during the year and we expect this pace will repeat for the next 3 to 5 years. Virtually all of the Village's underground water and sewer infrastructure, as well as its stormwater systems, will be replaced. Roadway systems will also be improved as the underground work is completed.
- The Security District added to its contingency reserves and working capital needs for the second straight year. The annual assessments were lowered for FY2014.

- The Village continues to study ways to reduce its pension costs and obligations and the Village expects to make plan changes in the next collective bargaining cycle with the police bargaining unit.

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. This statement combines and consolidates government funds' current financial resources (short-term spendable resources) with capital assets and long-term obligations.

The Statement of Activities (see page 16) is focused on both the gross and net cost of various activities (including governmental, including 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, parks 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

Traditional users of government financial statements will find the Fund Financial Statement presentations more familiar. The focus is on Major Funds, rather than the previous model's fund types.

The Government's Major Fund (see pages 17 to 18) presentation is presented on a sources and uses of liquid resources 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 17).

The Fund Financial Statements also allow the government to address its Fiduciary (or Trust) and Agency Funds (see pages 23 and 24) by type (employee retirement funds and pending forfeiture

funds). While these Funds represent trust or agency responsibilities of the government, these assets are restricted in purpose and do not represent discretionary assets of the government. Therefore, these assets are not presented as part of the Government-wide Financial Statements and are not considered generally available to the Village to use for any other purpose.

While the Business-type Activity – Enterprise column on the Business-type Fund Financial Statements (see pages 20 to 21) is the same as the Business-type Activities column on the Government-wide Financial Statement, the Government Major Funds Total (page 17) column requires a reconciliation because of the different measurement focus (current financial resources versus total economic resources) which is reflected on the page following each statement (see pages 18 and 19). The flow of current financial resources will reflect interfund transfers and other financial sources, as well as capital expenditures. The reconciliation will eliminate these transactions and incorporate the capital asset and long-term obligations into the Government Activities column (in the Government-wide statements).

GOVERNMENT-WIDE STATEMENTS

Statement of Net Position

The following table reflects the condensed Statement of Net Position:

	Governmental Activities		Business-type Activities		Total		Percent Change
	2013	2012	2013	2012	2013	2012	
Current and other assets	\$ 17,350	\$ 18,640	\$ 12,603	\$ 13,335	\$ 29,953	\$ 31,975	-6.32%
Capital assets	10,745	10,341	5,858	5,634	16,603	15,975	3.93%
Total assets	<u>28,095</u>	<u>28,981</u>	<u>18,461</u>	<u>18,969</u>	<u>46,556</u>	<u>47,950</u>	-2.91%
Current and other liabilities	813	3,182	958	2,259	1,771	5,441	-67.45%
Non-current liabilities	2,613	2,544	8,443	8,421	11,056	10,965	0.83%
Total liabilities	<u>3,426</u>	<u>5,726</u>	<u>9,401</u>	<u>10,680</u>	<u>12,827</u>	<u>16,406</u>	-21.82%
Net position	<u>\$ 24,669</u>	<u>\$ 23,255</u>	<u>\$ 9,060</u>	<u>\$ 8,289</u>	<u>\$ 33,729</u>	<u>\$ 31,544</u>	<u>6.93%</u>
Net invested in capital asset	\$ 10,745	\$ 10,341	\$ 604	\$ 6,244	\$ 11,349	\$ 16,585	-31.57%
Restricted	5,065	4,147	-	-	5,065	4,147	22.14%
Unrestricted	8,859	8,767	8,456	2,045	17,315	10,812	60.15%
Total net position	<u>\$ 24,669</u>	<u>\$ 23,255</u>	<u>\$ 9,060</u>	<u>\$ 8,289</u>	<u>\$ 33,729</u>	<u>\$ 31,544</u>	<u>6.93%</u>

As noted previously, the largest portion of the Village's net position reflects its investment in capital assets (e.g., land, buildings, and equipment). The Village uses these capital assets to provide services to the citizens; consequently, these assets are not available for future spending. An additional, but relatively minor, portion of the Village's net position represents resources that are subject to external restrictions on how they may be used (restricted assets).

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.

Current Year Impacts

Statement of Activities

The following schedule presents the comparative condensed Statement of Activities:

	Governmental		Business-type		Total		Percent Change
	Activities	Activities	Activities	Activities	2013	2012	
	2013	2012	2013	2012	2013	2012	
Revenues:							
Program revenues:							
Charges for services	\$ 3,357	\$ 4,190	\$3,351	\$3,657	\$ 6,708	\$ 7,847	-14.5%
Operating grants and contributions	-	535	-	-	-	535	0.0%
Capital grants and contributions	115	121	260	-	375	121	209.9%
General revenue:							
Taxes	12,157	9,664	-	-	12,157	9,664	25.8%
Other	113	1,564	20	49	133	1,613	-91.8%
Total revenues	<u>15,742</u>	<u>16,074</u>	<u>3,631</u>	<u>3,706</u>	<u>19,373</u>	<u>19,780</u>	<u>-2.1%</u>
Expenses:							
General government	3,859	3,845	-	-	3,859	3,845	0.4%
Public safety	5,608	8,887	-	-	5,608	8,887	-36.9%
Solid waste and open space	613	782	-	-	613	782	-21.6%
Tourism	3,121	3,317	-	-	3,121	3,317	-5.9%
Roads, streets and parks	1,179	852	-	-	1,179	852	38.4%
Interest on long-term debt	8	-	-	-	8	-	100.0%
Water and sewer	-	-	2,800	3,509	2,800	3,509	-20.2%
Total expenses	<u>14,388</u>	<u>17,683</u>	<u>2,800</u>	<u>3,509</u>	<u>17,188</u>	<u>21,192</u>	<u>-18.9%</u>
Changes in net position before transfers	1,354	(1,609)	831	197	2,185	(1,412)	-254.7%
Transfers	60	60	(60)	(60)	-	-	
Changes in net position after transfers	<u>\$ 1,414</u>	<u>\$ (1,549)</u>	<u>\$ 771</u>	<u>\$ 137</u>	<u>\$ 2,185</u>	<u>\$ (1,412)</u>	<u>-254.7%</u>

Normal Impacts

There are several basic (normal) impacts on revenues and expenses 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. Management believes the Village can weather most short-term economic scenarios.

- 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 State Legislature continues to compel local governments throughout the state to lower their millage rates or otherwise reduce property taxes. The FY2014 millage rate of 1.9192 is the second lowest in Miami-Dade County and well below the statutory cap of 10 mills.
- Reliance upon Intergovernmental Revenue.** The Village received approximately \$375 thousand dollars in recurring revenue from other governments during FY2013. 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. 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 56% of its Tourism funding from one hotel. The loss of the hotel would significantly and adversely affect the operations of the Village's marketing and tourism efforts. The Village's finances are not totally dependent upon tourism, but anything that materially affects tourism, such as a severe recession or natural disaster, could adversely affect the Village's revenues and put pressure on the Village to levy higher tax rates. When tourism declines, commercial property values also tend to decline.
- Limits on Annual Assessments for Homestead Properties.** Florida's Constitution restricts residential homestead assessment growth to 3% per year, or less, on each home that has a homestead exemption. Commercial properties are limited to a maximum 10% annual increase on their assessment and they are not generally provided any exemptions from assessment. The Village is overwhelmingly residential in nature, but is fortunate to have a number of residential units that are not subject to this annual limitation. Further, the value of the homes that are subject to the annual assessment cap is substantial and the Village does not suffer from a limited tax base growth to the extent other Florida municipalities might. However, the Village may be exposed to changes in the manner with which annual assessments are valued or the limit to which they may be taxed.

Expenses

- Public Safety expenses account for about 47% 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 have a growth rate that exceeds that of the revenue growth rate. This will continue to place pressure on the Village's budget. Additionally, the Village traditionally affords all 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 and temporary

disconnection from the system attributed to redevelopment, combined with the additional debt service expense associated with its capital improvements, make additional rate increases likely.

- **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 On May 1, 2012, the Village outsourced its solid waste operation, which resulted in a significant savings that will be reflected in lower assessments for future years. These costs are guaranteed and fixed for the next five years. Beyond that period of time, additional costs could occur.
- **Environmental Risks.** The Village is located between an intracoastal waterway and the Atlantic Ocean and is exposed to significant risks caused by weather, particularly hurricanes. In addition to the potential damage to structures and infrastructure, substantial loss of beach can occur during hurricanes. Because a significant portion of the Village's attraction is its beachfront area, the loss of the beach, even if only temporary, could result in significant loss of revenue to the Village.

Current Year Impacts

Revenues

Property tax revenues increased significantly over the prior year, largely due to the addition of the St. Regis property to the tax rolls. The Village has been able to maintain or lower its property tax rate for most of the last 20 years. It now has one of the lowest property tax rates in South Florida.

Resort taxes showed stout improvement over the prior year and this trend is expected to continue into the future. Resort taxes increased by over \$1.1 million. The revenue generated by the resort tax levies helps the Village keep its property tax rates low.

Security District assessments were increased during the year so that working capital and emergency reserves could be established. This fund is now on solid financial footing and the assessments were lowered for FY2014.

Intergovernmental revenues declined owing to grant monies being received in FY2012 that did not recur in FY2013. Recurring intergovernmental revenue, almost all of which comes from the State of Florida, increased by nominal amounts.

Expenses

The Village continued to experience increases in existing retirement costs, but is taking action through the collective bargaining process to reduce those costs by exploring changes to the retirement plans of both the police and general employees. Other Post Employment Benefits, 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, and generally sicker, participants. The Village also allows (through a collective bargaining agreement with its police officers) police retirees to receive a monthly health insurance stipend of \$350. The expense represents a cost of about 6% of payroll.

Increases in rates from both Miami-Dade County and the City of Miami Beach resulted in increased expenses in the Water and Sewer fund.

The Village spent about \$815 thousand in capital outlay expenditures in the General Fund, which was a substantial increase over prior years. As the economy recovers, the Village is expecting to spend more money on its infrastructure.

THE VILLAGE FUNDS

Governmental Funds

As of the year-end, the Governmental Funds (as presented on the balance sheet) reported a combined fund balance of \$15.6 million, which was a 6% increase or \$840 thousand more than the previous year. \$589 thousand of this increase came from positive results in restricted special revenue funds while about \$251 thousand came from General Fund operations.

The General Fund ended the year with \$10.8 million of fund balance that was \$251 thousand more than FY2012, or an increase of 2%.

The Tourism Fund ended the year with an approximate \$2.7 million fund balance, an increase of \$120 thousand, which was a 5% improvement over the prior year.

The Village maintains other government funds for forfeitures and security district operations, but those operations are not considered core to the Village's financial operations. The State Law Enforcement Trust and Federal Law Enforcement Trust had nominal activity in FY2013 and the Federal Law Enforcement Trust Fund was eliminated after fiscal year-end.

Enterprise Fund

The Water and Sewer Fund ended the year with about \$9.1 million in Net Position, an increase of \$771 thousand. Capital Assets continued to see improvements made to its underground systems and net position increased by about \$137 thousand, down 82% from the prior year. This reflects a rate increase put in place in FY2012 that had anticipated higher expenses that did not materialized until FY2013.

Budgetary Highlights

The Village did not amend its initially adopted budgets during the year and we note that the following notable budgetary highlights occurred during FY2013:

The Village received slightly more than 99% of its property tax levy, despite a year when valuation appeals were near their record filing. Other local taxes, mostly on utility services, were about 4% over budget estimates. Licenses and permit revenues were 27% greater than expected as taxable business inventories and increased development resulted in unexpected revenues. Intergovernmental revenues were \$246 thousand less than budgeted, but this was the result of a grant reimbursement coming in more than 3 months after fiscal year end. Fines and forfeitures in the General fund were \$163 thousand more than anticipated, as red light cameras and other traffic-related levies, together with more code enforcement collections, contributed to this positive variance. The Village also received \$87 thousand that it had not anticipated from developer contributions required when property values declined. The Village also had anticipated using almost \$498 thousand in bond

proceeds for projects; however, none of that was required as the year unfolded, so most of the negative variance in Miscellaneous Revenue is accounted as a result.

The Village's General Fund operating expenses had some notable variances that were still within the overall budget construct. The Executive department had almost \$300 thousand in unbudgeted but provided for expenses. An employee covered under the Village's Excess Benefit Plan retired during the year and was eligible for a large distribution of those assets. Because Excess Benefit Plans cannot be funded, the Village earmarks the liability in its financial statements. Ultimately, this distribution was paid from that earmark. Finance and Administration exceeded budgeted amounts by \$51 thousand, largely due to additional audit and accounting fees related to federal forfeiture funds. General Government expenditures were more than \$900 thousand less than anticipated, largely due to capital projects (which had not begun by fiscal year-end) and contingency accounts that did not need to be accessed. The Building department had a \$240 thousand overage. During the fiscal year, the Village changed how it provides building inspection and review services. Previously, the Village paid hourly rates for services provided through contractual relationships. The Village now provides the services through a revenue sharing arrangement. While there is a negative variance for the expenditures, there was also a positive variance for the permit revenue that mostly offset this activity. Public Safety expenditures were under budget by 4.6%, largely because of reductions in personnel costs and aggressive cost containment implemented by management. Roads and Streets were \$213 thousand over budget, largely because of extensions to the capital outlay program within that department. Capital Outlay expenditures were under budget by \$155 thousand, largely because of projects that either had not begun or were late beginning and continued into FY2014.

The Village's General Fund had \$251 thousand more in revenues than expenditures, which we consider to be a nominal improvement.

The Tourism Fund finished the year with \$120 thousand more in revenues than expenditures, which was a very good outcome since the Village had intended to use about \$137 thousand of reserves. Increases in year-over-year sales in almost all venues were again enjoyed and the marketing efforts of the Village deserve much of the credit.

Overall, the Village's budgetary performance was very positive.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

As of year-end, the City had \$16.6 million invested in a variety of capital assets, largely unchanged from the prior year. Except for \$7,000 in historical land costs, the remaining assets are or will be depreciated over time on the government-wide and proprietary financial statements.

For additional information on the Village's capital assets, see Note 6 on Pages 40-41.

Debt Outstanding

The Village had \$11 million in outstanding long-term obligations, of which \$857 thousand is due during FY2014 and is comprised of accrued compensated balances and payment of the debt issued

in prior years. Total outstanding long-term obligations *decreased* by \$757 thousand. The current portion of all debt was budgeted for in the FY2014 operating budgets of the Village. The General Fund portion of the debt service for FY2014 has been restricted in the Fund Balance on the Balance Sheet of the Governmental Funds.

For additional information on the Village's long-term debt, see Note 8 on Page 42.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

In the conduct of its ordinary operations, various lawsuits, commitments, and contingencies will arise. Disclosure of these items appear starting on page 59 in the notes to this report.

Florida has many limiting measures on residential property taxes. All affect the Village. The first \$25,000 of assessed values is exempt 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.

The Village's collective bargaining agreement with its police union is expiring and is currently being renegotiated. The Village's personnel costs have greatly outpaced its tax base growth, excluding new construction.

The Village has a very desirable brand and attracts high value tax base investment. Currently, an ocean front parcel is under redevelopment and the Village expects this project to increase its tax base by at least \$450 million. Much of the condominium market in the Village does not have homestead exemption and thus enjoys a higher rate of growth. The Bal Harbour Shops is an international destination-shopping venue and has moved forward with expansion plans. It 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. Construction on the ocean front redevelopment site has begun and is expected to be on the tax rolls for FY2016. The FY2015 preliminary tax roll for the Village indicates that the base has increased by 7.8%, which would generate an additional \$520 thousand dollars at the current millage rate for FY2015.

The Village lowered its property tax rate by over 15% for FY2014. The tax rate decreased from 2.2678 mills to 1.9192 mills. This was achieved through a combination of a higher tax base for FY2014 and greatly reduced contingency amounts. Should an unexpected or emergency need arise, the Village would need to appropriate reserves to accommodate those needs.

The Village's tax base is very 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 of the Village. This has sometimes been mitigated by the property tax base growth limitations 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.

The Village's adopted FY2014 budget totaled \$20,712,093 for all funds, which was \$1,881,383 less than the FY2013 budget total. Three of the Village's funds saw reductions. The General Fund reductions were largely the result of completed or deferred capital projects, which was also the case for the Water and Sewer fund. The Security District fund was reduced because it has now built up sufficient reserves and working capital. Assessment rates were reduced by almost 25%. The Tourism Fund was increased by slightly more than \$340 thousand, reflecting the increased expectation of additional revenue. The additional funding was directed to the marketing efforts of the Village. Water rates remained the same for FY2014, but sewer rates, owing to increased costs from Miami Beach, increased to \$6.60 per 1,000 gallons of water consumed. The prior sewer rate was \$5.90 per 1,000 gallons of water consumed. No other rates or fees were changed during the budget process.

The Village is currently underway with an extensive replacement of its underground utilities, including water, wastewater, and storm water services. Because of the extensive amount of work that will be undertaken, residential roadways will also need to be reconstructed. The expected cost of this work is currently estimated at \$28.8 million. This work is expected to be financed with water and sewer fund reserves, existing debt proceeds, and expected future borrowings. Water and sewer rates may also be affected. The impact to the General Fund is still being investigated, but we don't expect it to affect the Village's local tax effort. The Village may also be successful in securing state grants and in redirecting its earmarked share of Miami-Dade County bond issues.

The Village was benefitting from a beach renourishment program that will widen the beaches throughout the Village. The project is expected to be completed in FY2014. This should have a positive impact on both tourism taxes and property values.

The State of Florida completed a roadway resurfacing of U.S. Highway A1A, which is the main route through Bal Harbour Village. This improvement provided a much-needed repair to the highway should also positively impact the Village's physical appearance.

FINANCIAL CONTACT

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

BASIC FINANCIAL STATEMENTS

BAL HARBOUR VILLAGE, FLORIDA

STATEMENT OF NET POSITION

SEPTEMBER 30, 2013

	Governmental <u>Activities</u>	Business- type <u>Activities</u>	<u>Total</u>
<u>ASSETS</u>			
Cash and cash equivalents	\$ 15,344,636	\$ 8,427,576	\$ 23,772,212
Investments	71,560	32,852	104,412
Receivables, net	458,476	439,188	897,664
Prepays	5,000	-	5,000
Due from other governments	147,842	400,287	548,129
Net pension asset - defined benefit plans	993,643	-	993,643
Restricted assets:			
Cash and cash equivalents	351,161	3,189,244	3,540,405
Restricted for customer deposits	-	113,742	113,742
Capital assets not being depreciated	2,529,026	1,798,193	4,327,219
Capital assets being depreciated, net	<u>8,193,554</u>	<u>4,059,893</u>	<u>12,253,447</u>
Total assets	<u>28,094,898</u>	<u>18,460,975</u>	<u>46,555,873</u>
<u>LIABILITIES</u>			
Accounts payable and accrued liabilities	812,502	844,176	1,656,678
Payable from restricted assets:			
Customer deposits	-	113,742	113,742
Non-current liabilities:			
Due within one year	230,908	625,625	856,533
Due in more than one year	484,905	7,817,822	8,302,727
Net pension obligation - excess benefit plan	1,342,508	-	1,342,508
Other post employment benefits	<u>554,887</u>	<u>-</u>	<u>554,887</u>
Total liabilities	<u>3,425,710</u>	<u>9,401,365</u>	<u>12,827,075</u>
<u>NET POSITION</u>			
Net investment in capital assets	10,745,368	603,883	11,349,251
Restricted for:			
Debt service	328,373	-	328,373
Tourism development	1,728,020	-	1,728,020
Beach renourishment	1,000,000	-	1,000,000
State law enforcement	1,117,534	-	1,117,534
Security district	890,970	-	890,970
Unrestricted	<u>8,858,923</u>	<u>8,455,727</u>	<u>17,314,650</u>
Total net position	<u>\$ 24,669,188</u>	<u>\$ 9,059,610</u>	<u>\$ 33,728,798</u>

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

BAL HARBOUR VILLAGE, FLORIDA

STATEMENT OF ACTIVITIES

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Changes in Net Position</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Business- type Activities</u>	<u>Total</u>
Governmental activities:							
General government	\$ 3,858,620	\$ 2,711,878	\$ -	\$ -	\$ (1,146,742)	\$ -	\$ (1,146,742)
Public safety	5,607,676	645,339	-	-	(4,962,337)	-	(4,962,337)
Solid waste	613,773	-	-	-	(613,773)	-	(613,773)
Roads and streets	846,724	-	-	115,466	(731,258)	-	(731,258)
Parks and recreation	331,742	-	-	-	(331,742)	-	(331,742)
Tourism development	3,120,890	-	-	-	(3,120,890)	-	(3,120,890)
Interest on long-term debt	8,214	-	-	-	(8,214)	-	(8,214)
Total governmental activities	<u>14,387,639</u>	<u>3,357,217</u>	<u>-</u>	<u>115,466</u>	<u>(10,914,956)</u>	<u>-</u>	<u>(10,914,956)</u>
Business-type activities:							
Water and sewer	2,800,180	3,351,332	-	259,470	-	810,622	810,622
Total business-type activities	<u>2,800,180</u>	<u>3,351,332</u>	<u>-</u>	<u>259,470</u>	<u>-</u>	<u>810,622</u>	<u>810,622</u>
Total	<u>\$ 17,187,819</u>	<u>\$ 6,708,549</u>	<u>\$ -</u>	<u>\$ 374,936</u>	<u>(10,914,956)</u>	<u>810,622</u>	<u>(10,104,334)</u>
General revenues:							
Property taxes					6,797,002	-	6,797,002
Franchise fees based on gross receipts					654,423	-	654,423
Utility taxes					808,758	-	808,758
Communications services tax					320,839	-	320,839
Unrestricted developer contribution					87,009	-	87,009
Unrestricted intergovernmental revenues					259,560	-	259,560
Tourism tax					3,229,946	-	3,229,946
Unrestricted investment earnings					33,000	20,312	53,312
Miscellaneous					78,763	-	78,763
Transfers					60,000	(60,000)	-
Total general revenues and transfers					<u>12,329,300</u>	<u>(39,688)</u>	<u>12,289,612</u>
Change in net position					1,414,344	770,934	2,185,278
Net position, beginning					<u>23,254,844</u>	<u>8,288,676</u>	<u>31,543,520</u>
Net position, ending					<u>\$ 24,669,188</u>	<u>\$ 9,059,610</u>	<u>\$ 33,728,798</u>

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

BAL HARBOUR VILLAGE, FLORIDA

BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2013

	<u>General</u>	<u>Tourism</u>	<u>Aggregate Non-major Funds</u>	<u>Total Governmental Funds</u>
<u>ASSETS</u>				
Cash and cash equivalents	\$ 10,524,314	\$ 2,788,727	\$ 2,031,595	\$ 15,344,636
Investments	52,325	19,235	-	71,560
Receivables, net	294,301	164,175	-	458,476
Due from other governments	147,842	-	-	147,842
Prepays	5,000	-	-	5,000
Restricted cash and cash equivalents	351,161	-	-	351,161
Total assets	<u>\$ 11,374,943</u>	<u>\$ 2,972,137</u>	<u>\$ 2,031,595</u>	<u>\$ 16,378,675</u>
<u>LIABILITIES AND FUND BALANCES</u>				
Liabilities:				
Accounts payable and accrued liabilities	\$ 545,294	\$ 244,117	\$ 23,091	\$ 812,502
	<u>545,294</u>	<u>244,117</u>	<u>23,091</u>	<u>812,502</u>
Fund balances:				
Non-spendable:				
Prepays	5,000	-	-	5,000
Restricted:				
Debt service	328,373	-	-	328,373
Tourism development	-	1,728,020	-	1,728,020
Beach renourishment	-	1,000,000	-	1,000,000
State law enforcement	-	-	1,117,534	1,117,534
Security district	-	-	890,970	890,970
Assigned:				
Assigned for excess benefits plan	1,342,508	-	-	1,342,508
Assigned for other post employment benefits and leave time	554,887	-	-	554,887
Assigned for red light camera claims	250,000	-	-	250,000
Unassigned:				
General fund	8,348,881	-	-	8,348,881
Total fund balances	<u>10,829,649</u>	<u>2,728,020</u>	<u>2,008,504</u>	15,566,173
Total liabilities and fund balances	<u>\$ 11,374,943</u>	<u>\$ 2,972,137</u>	<u>\$ 2,031,595</u>	

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.	10,722,580
A net pension asset is not considered to represent a financial asset and therefore is not reported in the governmental funds	993,643
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.	
The detail of the difference is as follows:	
Revenue bonds	(328,373)
Compensated absences	(387,440)
Net pension obligation - excess benefit plan	(1,342,508)
Other post employment benefits	<u>(554,887)</u>
Net position of governmental activities	<u>\$ 24,669,188</u>

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

BAL HARBOUR VILLAGE, FLORIDA

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

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013

	<u>General</u>	<u>Tourism</u>	<u>Aggregate Non-major Funds</u>	<u>Total Governmental Funds</u>
Revenues:				
Taxes:				
Property	\$ 6,797,002	\$ -	\$ -	\$ 6,797,002
Other local taxes	1,784,020	-	-	1,784,020
Licenses and permits	1,004,325	-	-	1,004,325
Special assessments	-	-	932,338	932,338
Intergovernmental	375,026	-	-	375,026
Charges for services	745,540	-	29,675	775,215
Tourism tax	-	3,229,946	-	3,229,946
Fines and forfeitures	642,947	-	-	642,947
Developer contribution	87,009	-	-	87,009
Investment earnings	28,546	4,454	157	33,157
Miscellaneous	48,777	29,986	2,235	80,998
Total revenues	<u>11,513,192</u>	<u>3,264,386</u>	<u>964,405</u>	<u>15,741,983</u>
Expenditures:				
Current:				
General government	3,371,093	-	395,534	3,766,627
Public safety	5,401,499	-	69,771	5,471,270
Solid waste	613,773	-	-	613,773
Road and streets	819,193	-	-	819,193
Parks and recreation	331,742	-	-	331,742
Tourism development	-	3,114,011	-	3,114,011
Capital outlay	815,299	-	-	815,299
Debt service:				
Principal payments	21,627	-	-	21,627
Interest	8,214	-	-	8,214
Total expenditures	<u>11,382,440</u>	<u>3,114,011</u>	<u>465,305</u>	<u>14,961,756</u>
Excess of revenues over expenditures	<u>130,752</u>	<u>150,375</u>	<u>499,100</u>	<u>780,227</u>
Other financing sources (uses):				
Transfers in	120,000	-	-	120,000
Transfers out	-	(30,000)	(30,000)	(60,000)
Total other financing sources (uses)	<u>120,000</u>	<u>(30,000)</u>	<u>(30,000)</u>	<u>60,000</u>
Net change in fund balances	250,752	120,375	469,100	840,227
Fund balances, beginning	<u>10,578,897</u>	<u>2,607,645</u>	<u>1,539,404</u>	<u>14,725,946</u>
Fund balances, ending	<u>\$ 10,829,649</u>	<u>\$ 2,728,020</u>	<u>\$ 2,008,504</u>	<u>\$ 15,566,173</u>

The accompanying notes are an integral part of these 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, 2013

Amounts reported for governmental activities in the statement of activities
(Page 15) are different because:

Net change in fund balances - total governmental funds (Page 17) \$ 840,227

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. This is the amount by which capital outlays exceeded depreciation in the current period.

The details of the difference are as follows:

Capital outlay	\$ 815,299	
Depreciation expense	<u>(433,766)</u>	381,533

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.

The detail of the difference is as follows:

Net pension asset - defined benefit plans	\$ 41,848	
Net pension obligation - excess benefit plan	75,012	
Compensated absences	145,979	
Other post employment benefits	<u>(91,882)</u>	170,957

The issuance of long-term debt (e.g., bonds, loans and capital leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds.

The details of the difference is as follows:

Principal payment on revenue bonds	<u>21,627</u>
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Change in net position of governmental activities (Page 15) \$1,414,344

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

BAL HARBOUR VILLAGE, FLORIDA

STATEMENT OF NET POSITION PROPRIETARY FUND

SEPTEMBER 30, 2013

	<u>Water & Sewer</u>
<u>ASSETS</u>	
Current assets:	
Cash and cash equivalents	\$ 8,427,576
Investments	32,852
Receivables, net	<u>439,188</u>
Total current assets	8,899,616
Restricted assets:	
Cash with fiscal agent	3,189,244
Restricted for customer deposits	113,742
Noncurrent assets:	
Due from other government	400,287
Capital assets not being depreciated	1,798,193
Capital assets being depreciated, net	<u>4,059,893</u>
Total assets	<u>18,460,975</u>
<u>LIABILITIES</u>	
Current liabilities:	
Accounts payable and accrued liabilities	844,176
Customer deposits	113,742
Revenue bonds payable	<u>625,625</u>
Total current liabilities	1,583,543
Non-current liabilities:	
Revenue bonds payable	<u>7,817,822</u>
Total non-current liabilities	<u>7,817,822</u>
Total liabilities	<u>9,401,365</u>
<u>NET POSITION</u>	
Net investment in capital assets	603,883
Unrestricted	<u>8,455,727</u>
Total net position	<u>\$ 9,059,610</u>

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

BAL HARBOUR VILLAGE, FLORIDA

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

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013

	<u>Water & Sewer</u>
Operating revenues:	
Charges for sales and services:	
Water sales	\$ 1,777,146
Sewer sales	1,570,289
Tap fees	2,500
Fines and penalties	<u>1,397</u>
Total operating revenues	<u>3,351,332</u>
Operating expenses:	
Personal services	107,097
Water purchases	743,457
Wastewater treatment charges	554,767
Materials, supplies and administration	995,006
Depreciation	<u>173,371</u>
Total operating expenses	<u>2,573,698</u>
Operating income	<u>777,634</u>
Non-operating revenues (expenses):	
Interest income	20,312
Interest expense	<u>(226,482)</u>
Total non-operating revenues (expenses)	<u>(206,170)</u>
Income before capital contributions and transfers	571,464
Capital contributions	259,470
Transfers out	<u>(60,000)</u>
Change in net position	770,934
Net position, beginning	<u>8,288,676</u>
Net position, ending	<u>\$9,059,610</u>

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

BAL HARBOUR VILLAGE, FLORIDA

STATEMENT OF CASH FLOWS PROPRIETARY FUND

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013

	Water & Sewer
Cash flows from operating activities:	
Receipts from customers and users	\$ 3,450,289
Receipts from other government	1,527,798
Payments to suppliers	(5,257,327)
Payments to employees	(116,591)
Net cash used by operating activities	<u>(395,831)</u>
Cash flows from non-capital financing activities:	
Transfer to other funds	<u>(60,000)</u>
Cash flows from capital and related financing activities:	
Payment of bond principal	(596,277)
Purchase and construction of capital assets	(137,656)
Interest paid on capital debt	(226,482)
Net cash used by capital and related financing activities	<u>(960,415)</u>
Cash flows from investing activities:	
Interest received	<u>47,584</u>
Net cash provided by investing activities	<u>47,584</u>
Net decrease in cash and cash equivalents	(1,368,662)
Cash and cash equivalents, beginning	<u>13,099,224</u>
Cash and cash equivalents, ending	<u>\$ 11,730,562</u>
Cash and cash equivalents per statement of net position:	
Unrestricted	\$ 8,427,576
Restricted	<u>3,302,986</u>
	<u>\$ 11,730,562</u>
Noncash investing and financing activities:	
Capital contributions to acquire capital assets	<u>\$ 259,470</u>
Reconciliation of operating income to net cash used by operating activities:	
Operating income	\$ 777,634
Adjustments to reconcile operating income to net cash used by operating activities:	
Depreciation expense	173,371
Changes in operating assets and liabilities:	
(Increase) decrease in:	
Receivables	98,992
Due from other government	1,527,798
Increase (decrease) in:	
Accounts payable and accrued liabilities	(672,880)
Due to other funds	(2,291,217)
Compensated absences	(9,494)
Customer deposits	(35)
Total adjustments	<u>(1,173,465)</u>
Net cash used by operating activities	<u>\$ (395,831)</u>

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

BAL HARBOUR VILLAGE, FLORIDA

STATEMENT OF FIDUCIARY NET POSITION FIDUCIARY FUNDS

SEPTEMBER 30, 2013

	Pension Trust <u>Funds</u>	Agency <u>Fund</u>
<u>ASSETS</u>		
Cash	\$ <u>-</u>	\$ <u>19,123</u>
Investments, at fair value		
Money market mutual funds	1,936,222	-
Stock mutual funds	5,184,753	-
Bond mutual funds	3,081,838	-
U.S. Government obligations	1,538,963	-
Corporate bonds	3,829,437	-
Mortgage backed securities	48,726	-
Foreign stocks	163,466	-
Common stock	9,484,447	-
Total investments	<u>25,267,852</u>	<u>-</u>
Accrued interest receivable	47,774	-
Contributions receivable	<u>48,263</u>	<u>-</u>
Total assets	<u>25,363,889</u>	<u>19,123</u>
<u>LIABILITIES AND NET POSITION</u>		
Accounts payable	39,951	-
DROP payable	1,299,778	-
Other liabilities	-	<u>19,123</u>
Total liabilities	<u>1,339,729</u>	<u>19,123</u>
Net position restricted for pension benefits	<u>\$ 24,024,160</u>	<u>\$ -</u>

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

BAL HARBOUR VILLAGE, FLORIDA

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION PENSION TRUST FUNDS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013

ADDITIONS

Contributions:

Village	\$ 1,329,518
Employees	223,934
State	<u>39,315</u>
Total contributions	<u>1,592,767</u>

Investment income:

Interest and dividends	416,942
Net appreciation in the fair value of investments	<u>2,283,385</u>
	2,700,327
Less investment expenses	<u>122,894</u>
Net investment income	<u>2,577,433</u>
Total additions	<u>4,170,200</u>

DEDUCTIONS

Benefits paid	1,742,219
Administrative expenses	<u>92,718</u>
Total deductions	<u>1,834,937</u>

Net increase in net position 2,335,263

Net position restricted for pension benefits:

Beginning of year	<u>21,688,897</u>
End of year	<u>\$24,024,160</u>

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

NOTES TO BASIC FINANCIAL STATEMENTS

BAL HARBOUR VILLAGE, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

1. Financial Reporting Entity

Bal Harbour Village, Florida is a municipal corporation organized under Florida Statutes. The Village, which was incorporated in August 1946, is located in Miami-Dade County. 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.

In accordance with accounting principles generally accepted in the United States, these financial statements present the Village and its organizations for which the Village is considered to be financially accountable. Financial accountability includes (1) the appointment of a voting majority of the organization's governing body, (2) the ability of the primary government to impose its will on the organization, or (3) if there is a financial benefit/burden relationship. In addition, an organization, which is fiscally dependent on the primary government, should be included in its reporting entity. Based upon the application of these criteria, there were no organizations that met the criteria described above.

2. Government-Wide and Fund Financial Statements

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

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly

BAL HARBOUR VILLAGE, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

identifiable with a specific function or identifiable activity. Program revenues include charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or identifiable activity and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

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

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements other than the agency fund which has no measurement focus. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

Property taxes, franchise taxes, licenses and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. 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.

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.

BAL HARBOUR VILLAGE, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

The *tourism 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 *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 to the Justice and Treasury Departments. The Village is given a percentage of the forfeitures based on their percentage involvement in the cases. These funds can only be spent for police related activities, equipment and training and all expenditures are approved by Council. In October 2012, the Village was suspended from this program and on October 30, 2013 this fund was closed.

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 Village also reports the following major proprietary fund:

The *water & 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 Bal Harbour Village Employees' Pension Trust, the Bal Harbour Police Officer's Pension Trust and the excess benefit plan. The assets of the fund are restricted to providing retirement and disability benefits to Village employees.

BAL HARBOUR VILLAGE, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

The Village implemented the following GASB Statements during the fiscal year ended September 30, 2013:

GASB Statement No. 62, *“Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements.”*

This statement classifies all sources of generally accepted accounting principles for state and local governments so that the authoritative accounting and financial reporting literature will be together in a single source, with that guidance modified as necessary to appropriately recognize the governmental environment and the needs of governmental financial statement users. This implementation did not have a significant impact on the financial statements.

GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*

This Statement provides financial reporting guidance for deferred outflows of resources and deferred inflows of resources. It further identifies net position as the residual of all other elements presented in a statement of net position. This implementation did have a significant impact on the financial statements.

GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*

This Statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources of deferred inflows of resources, certain items that were previously reported as assets and liabilities. This implementation did not have an impact on the financial statements.

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.

BAL HARBOUR VILLAGE, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

4. *Deposits and Investments*

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

All investments of the Village, except Florida PRIME and Fund B, are recorded at fair value, which is based on quoted market prices. Investments in the Florida PRIME are stated at the value of the pool shares (2a-7 like pool), which is fair value. Fund B is a fluctuating NAV pool and is reported based on the fair value factor.

5. *Interfund Receivables and Payables*

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are reported as "due to/from other funds". Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances".

6. *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.

BAL HARBOUR VILLAGE, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

7. *Prepays*

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaids in the financial statements.

8. *Restricted Assets*

The Village reports amounts paid by customers for water and sewer deposits as restricted assets. Unspent proceeds of the Village's bond issue are restricted as to use and therefore are recorded as restricted assets.

9. *Capital Assets*

Capital assets, which include property, plant, equipment, intangible and infrastructure assets (e.g., sidewalks and other similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements and in the Proprietary Fund. Capital assets are defined by the government as assets with an initial, individual cost of more than \$25,000 and an estimated useful life in excess of three years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair 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. Certain infrastructure acquired prior to GASB 34 (FYE September 30, 2003) has not been reported.

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

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

Intangible assets consist of computer software, which was capitalized as an asset in prior years, rights of way, and easements. The Village elected not to retroactively report intangible assets, other than computer software.

BAL HARBOUR VILLAGE, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

10. Unearned Revenue

Inflows that do not yet meet the criteria for revenue recognition, such as business taxes collected in advance, are recorded as unearned revenue in the government-wide and the fund financial statements.

11. 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 fund liability. Compensated absences are reported in governmental funds only if they have matured. Benefits that are expected to be liquidated with expendable available financial resources are reported as expenditures and a fund liability of the general fund. There is no liability for unpaid accumulated sick leave since the Village does not have the policy to pay any amounts when employees separate from service and employees do not otherwise accrue sick leave.

12. Long-Term Obligations

In the government-wide financial statements, and 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. Bond issuance costs are expensed as incurred.

In the fund financial statements, the face amount of debt issued is reported as an other financing source. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

13. Fund Equity

The Village reports the following classifications:

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

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.

BAL HARBOUR VILLAGE, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

13. Fund Equity (Continued)

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. Resources accumulated pursuant to stabilization arrangements sometimes are reported in this category.

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 management of the Village to which the Council has delegated the authority to assign, modify or rescind amounts to be used for specific purposes. This balance includes (a) all remaining amounts that are reported in governmental funds (other than the General Fund) that are not classified as non-spendable, restricted, or committed, and (b) amounts in the General Fund that are intended to be used for a specific purpose.

Specific amounts that are not restricted or committed in a special revenue fund are assigned for the 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 restricted fund balance amount \$1 million in the Village's Tourism Fund that is required by Code to be used for beach renourishment; an estimated \$1.3 million in the General Fund assigned for the Village's excess benefit plan; General Fund balance assigned for OPEB liabilities and accrued leave time, and a requirement to maintain a minimum unassigned General Fund fund balance of 33% of the subsequent year's General Fund budgeted expenditures.

14. Net Position

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

BAL HARBOUR VILLAGE, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

14. *Net Position* (Continued)

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

15. *Flow Assumptions*

Net Position Flow Assumption

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

Fund Balance Flow Assumption

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

16. *Use of Estimates*

The financial statements and related disclosures are prepared in conformity with accounting principles generally accepted in the United States of America. Management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities as of the date of the financial statements and revenue and expenses during the period reported. These estimates include assessing the collectability of receivables, the realization of pension obligations and the useful lives and impairments of capital assets. 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.

BAL HARBOUR VILLAGE, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

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 2013 millage rate assessed by the Village was 2.2678 mills.

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

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

All real and tangible personal property taxes are due and payable on November 1 each year or as soon as practicable thereafter as the assessment roll is certified by the County Property Appraiser. Miami-Dade County mails to each property owner on the assessment roll a notice of the taxes due and Miami-Dade County also collects the taxes for the Village. Taxes may be paid upon receipt of such notice from Miami-Dade County, with discounts at the rate of four percent (4%) if paid in the month of November, three percent (3%) if paid in the month of December, two percent (2%) if paid in the month of January and one percent (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 and liens are placed on April 1 of the year following the year in which taxes were assessed. Procedures for the collection of delinquent taxes by Miami-Dade County are provided for in the laws of Florida. There were no material delinquent property taxes as of September 30, 2013.

NOTE 3. DEPOSITS AND INVESTMENTS

Deposits

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

BAL HARBOUR VILLAGE, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

NOTE 3. DEPOSITS AND INVESTMENTS (Continued)

Investments – Village

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 and the Fund B Surplus Funds Trust Fund. (Fund B), both of which are 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 and Fund B. Neither the Florida PRIME nor Fund B is a registrant with the Securities and Exchange Commission (SEC); however, the SBA has adopted operating procedures consistent with the requirements for a 2a-7 fund, which permits money market funds to use amortized cost 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 Fund B pool holds assets that became illiquid or fell below the investment grades required of the Florida PRIME assets. The Florida PRIME pool is operating in a manner consistent with SEC rules of 2a-7 funds. The Fund B pool does not meet the requirements of a SEC 2a-7 like pool and therefore is accounted for as a fluctuating NAV pool. As of September 30, 2013, the fair value factor for Fund B was \$1.1326 per share. Fund B is not subject to participant withdrawal requests. Distributions from Fund B, as determined by the SBA, are effected by transferring eligible cash or securities to the Florida PRIME pool, consistent with the pro rata allocation of pool shareholders of record at the creation of Fund B. One hundred percent of such distributions from Fund B are available as liquid balance within Florida PRIME. The investments in Florida PRIME and Fund B are not insured by FDIC or any other governmental agency.

As of September 30, 2013, the Village had the following investments:

	<u>Fair Value</u>	<u>Average Maturities</u>
Florida PRIME	\$ 11,082,016	44 days
Fund B	<u>104,412</u>	4.04 years
	<u>\$ 11,186,428</u>	

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

Maturity and Interest Rate Risk

The weighted average days to maturity (WAM) of the Florida PRIME at September 30, 2013, was 44 days. Next interest rate reset dates for floating rate securities are used in the calculation of the WAM. These dates may be different than the ultimate rate reset dates. When the ultimate maturity date is used, a far different WAM may exist.

BAL HARBOUR VILLAGE, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

NOTE 3. DEPOSITS AND INVESTMENTS (Continued)

Investments-Other Than Pension Funds (Continued)

Maturity and Interest Rate Risk (Continued)

The weighted average life (WAL) of Fund B at September 30, 2013, was estimated to be 4.04 years; however, because Fund B consists of restructured or defaulted securities there is considerable uncertainty regarding the weighted average life.

Credit Risk

The Florida PRIME is rated by Standard and Poor's. The current rating is AAAM.

The Fund B is not rated by any nationally recognized statistical rating agency.

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, 2013, the value of each position held in any one issuer within the Village's portfolio is less than 5% of total investments.

Investments – General Employees' Pension Plan

Policy

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

The Board of Trustees of the Bal Harbour Village General Employees' Pension Trust Fund 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 Policy establishes the following Target Asset Mix for the plan:

BAL HARBOUR VILLAGE, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

NOTE 3. DEPOSITS AND INVESTMENTS (Continued)

Investments – General Employees’ Pension Plan (Continued)

Target Asset Mix

<u>Asset Class</u>	<u>Minimum Weight</u>	<u>Target Weight</u>	<u>Maximum Weight</u>	<u>Representative Index</u>
Equities	40%	None	65%	88.5% of S&P + 4% S&P 400+ 2.5% Russell 200 + 2.5% MSCI EAFE
Fixed income	35%	None	60%	Lehman Brothers Intermediate GC Index
Cash and equivalents	None	None	None	None

As of September 30, 2013, the Bal Harbour Village General Employees’ Pension Trust Fund had the following fixed income investments and maturities:

Maturity Risk

	<u>Fair Value</u>	<u>Less Than 1 Year</u>
Bond mutual funds	\$ 3,081,838	\$ 3,081,838
Money market mutual funds	979,872	979,872
	<u>\$ 4,061,710</u>	<u>\$ 4,061,710</u>

The Plan’s investment policy limits investments to index mutual funds. Consequently, the assets are valued daily and can be redeemed daily.

Interest Rate Risk

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

Credit Risk

The current investment policy limits investments to index mutual funds. Therefore, the portfolio bears the credit risk of the aggregated market.

BAL HARBOUR VILLAGE, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

NOTE 3. DEPOSITS AND INVESTMENTS (Continued)

Investments – General Employees’ Pension Plan (Continued)

Concentration of Credit Risk

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

Risks and Uncertainties

The Plan has investments in mutual funds that are exposed to various risks, such as interest rate, market and credit risk. Due to the level of risk associated with certain investment securities and the level of uncertainty related to changes in the value of investment securities, it is at least reasonably possible that changes in risks in the near term would materially affect balances and the amounts reported in the statement of fiduciary net position and the statement of changes in net fiduciary position. The Plan, through its investment advisor, monitors the Plan's investments and risks associated therewith on a regular basis, which the Plan believes minimizes these risks.

Investments – Bal Harbour Police Pension Plan

The 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.

As of September 30, 2013, the plan had the following fixed income investments and maturities:

	Fair Value	Investment Maturities (In Years)			
		Less Than 1	1-5	6-10	More Than 10
U.S. Government obligations	\$ 1,538,963	\$ 227,231	\$ 953,184	\$ 318,576	\$ 39,972
Mortgage-backed securities	48,726	-	-	48,726	-
Corporate bonds	3,829,437	100,900	1,749,110	1,979,427	-
	<u>\$ 5,417,126</u>	<u>\$ 328,131</u>	<u>\$ 2,702,294</u>	<u>\$ 2,346,729</u>	<u>\$ 39,972</u>

Interest Rate Risk

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

BAL HARBOUR VILLAGE, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

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 Plan's investment policy limits fixed income investments to a rating no lower than Stand & Poor's BBB or Moody's Baa. The Plan's corporate bonds and agency bonds were all rated "Baa" or better under Moody's ratings and at least "BBB" under Standard & Poor's ratings. The Plan maintains a Master Custodian Agreement, whereby financial institution acting as the agent holds the investment securities.

Concentration of Credit Risk

The Plans' investment policy stipulates that not more than 5% of Plan 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, 2013, the value of each position in any one issuer held by the Plan comprised less than 5% of plan net position, less than 5% of investments and less than 5% of the value of the outstanding capital stock of any company.

Risks and Uncertainties

The Plan has investments in a combination of stocks, bonds, government securities and other investment securities. Investment securities are exposed to various risks, such as interest rate, market and credit risk. Due to the level of risk associated with certain investment securities and the level of uncertainty related to changes in the value of investment securities, it is at least reasonably possible that changes in risks in the near term could materially affect balances and the amounts reported in the statement of fiduciary net position and the statement of changes in fiduciary net position. The Plan, through its investment advisor, monitors the Plan's investments and the risks associated therewith on a regular basis, which the Plan believes minimizes these risks.

BAL HARBOUR VILLAGE, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

NOTE 4. RECEIVABLES

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

	<u>General</u> <u>Fund</u>	<u>Tourism</u> <u>Fund</u>	<u>Water and</u> <u>Sewer Fund</u>	<u>Fiduciary</u> <u>Funds</u>	<u>Total</u>
Receivables:					
Taxes and assessments	\$ 283,525	\$ 164,175	\$ -	\$ -	\$ 447,700
Accounts	-	-	439,188	-	439,188
Contributions	-	-	-	48,263	48,263
Interest and other	<u>10,776</u>	<u>-</u>	<u>-</u>	<u>47,774</u>	<u>58,550</u>
Gross receivables	294,301	164,175	439,188	96,037	993,701
Less allowance for uncollectibles	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net total receivables	<u>\$ 294,301</u>	<u>\$ 164,175</u>	<u>\$ 439,188</u>	<u>\$ 96,037</u>	<u>\$ 993,701</u>

NOTE 5. DUE FROM OTHER GOVERNMENTS

The governmental activities due from other governments of \$147,842 represents taxes collected by the state of Florida and remitted to the Village.

In the business-type activities, on August 24, 2011, the Village entered into a memorandum of understanding with the Town of Surfside for the construction of a sewer force main. When complete, the Village will retain a 50% ownership in the improvements. The total amount receivable for this agreement at year end was \$400,287 to be paid by the Town of Surfside. The Village expects to receive this in full prior to September 30, 2014.

NOTE 6. CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2013, was as follows:

	<u>Beginning</u> <u>Balance</u>	<u>Increases</u>	<u>Decrease</u>	<u>Ending</u> <u>Balance</u>
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 277,426	\$ -	\$ -	\$ 277,426
Infrastructure	1,350,459	-	-	1,350,459
Work in progress	<u>104,972</u>	<u>796,169</u>	<u>-</u>	<u>901,141</u>
Total capital assets not being depreciated	<u>1,732,857</u>	<u>796,169</u>	<u>-</u>	<u>2,529,026</u>
Capital assets being depreciated:				
Buildings	3,295,034	-	(12,245)	3,282,789
Improvements other than buildings	10,421,884	19,130	-	10,441,014
Furniture, fixtures and equipment	4,134,970	-	(332,156)	3,802,814
Infrastructure	<u>427,615</u>	<u>-</u>	<u>-</u>	<u>427,615</u>
Total capital assets being depreciated	<u>18,279,503</u>	<u>19,130</u>	<u>(344,401)</u>	<u>17,954,232</u>

BAL HARBOUR VILLAGE, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

NOTE 6. CAPITAL ASSETS (Continued)

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decrease</u>	<u>Ending Balance</u>
Less accumulated depreciation for:				
Buildings	(1,969,186)	(108,615)	12,245	(2,065,556)
Improvements other than buildings	(3,684,995)	(191,570)	-	(3,876,565)
Furniture, fixtures and equipment	(3,812,004)	(105,887)	332,156	(3,585,735)
Infrastructure	(205,128)	(27,694)	-	(232,822)
Total accumulated depreciation	<u>(9,671,313)</u>	<u>(433,766)</u>	<u>344,401</u>	<u>(9,760,678)</u>
Total capital assets being depreciated, net	<u>8,608,190</u>	<u>(414,636)</u>	<u>-</u>	<u>8,193,554</u>
Governmental activities capital assets, net	<u>\$ 10,341,047</u>	<u>\$ 381,533</u>	<u>\$ -</u>	<u>\$ 10,722,580</u>
Business-type activities:				
Capital assets not being depreciated:				
Land	\$ 7,000	\$ 10	\$ -	\$ 7,010
Work in progress	<u>1,653,527</u>	<u>137,656</u>	<u>-</u>	<u>1,791,183</u>
Total capital assets not being depreciated	<u>1,660,527</u>	<u>137,666</u>	<u>-</u>	<u>1,798,193</u>
Capital assets being depreciated:				
Building	23,865	-	-	23,865
Furniture, fixtures and equipment	1,151,976	-	-	1,151,976
Water/sewer system	<u>5,089,933</u>	<u>259,460</u>	<u>-</u>	<u>5,349,393</u>
Total capital assets being depreciated	<u>6,265,774</u>	<u>259,460</u>	<u>-</u>	<u>6,525,234</u>
Less accumulated depreciation for:				
Building	(18,711)	-	-	(18,711)
Furniture, fixtures and equipment	(638,474)	(16,300)	-	(654,774)
Water/sewer system	<u>(1,634,785)</u>	<u>(157,071)</u>	<u>-</u>	<u>(1,791,856)</u>
Total accumulated depreciation	<u>(2,291,970)</u>	<u>(173,371)</u>	<u>-</u>	<u>(2,465,341)</u>
Total capital assets being depreciated, net	<u>3,973,804</u>	<u>86,089</u>	<u>-</u>	<u>4,059,893</u>
Business-type activities capital assets, net	<u>\$ 5,634,331</u>	<u>\$ 223,755</u>	<u>\$ -</u>	<u>\$ 5,858,086</u>

Depreciation expense for the fiscal year ended September 30, 2013, was charged to functions/programs as follows:

Governmental activities:	
General government	\$ 256,380
Public safety	142,976
Roads, streets, and parks	27,531
Tourism development	<u>6,879</u>
Total depreciation expense, governmental activities	<u>\$ 433,766</u>
Business-type activities:	
Water and sewer	<u>\$ 173,371</u>
Total depreciation expense, business-type activities	<u>\$ 173,371</u>

BAL HARBOUR VILLAGE, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

NOTE 7. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

Interfund Receivables/Payables

The Village uses pooled cash accounts for all of its non-fiduciary funds. All funds had positive cash balances at September 30, 2013; therefore, there were no interfund receivables or payables.

Interfund Transfers

<u>Transfers In</u>	<u>Transfers Out</u>				
	<u>General</u>	<u>Tourism</u>	<u>Security District</u>	<u>Water and Sewer</u>	<u>Total</u>
General	\$ -	\$ 30,000	\$ 30,000	\$ 60,000	\$ 120,000

Transfers are used to transfer revenues based on the Village ordinance and budget in order to reimburse the General fund for certain costs.

NOTE 8. 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 general fund. The Bonds shall bear interest on the outstanding principal balance from their date of issuance payable semiannually on each March 31, September 30 (the Interest Payment Dates), commencing March 31, 2012, 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, 2013 on the Bonds was 2.4995%.

The Village pledged, assigned and granted a security interest in the Local Government Half-Cent Sales Tax Revenues, the Municipal Revenue Sharing Revenues 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 their terms during such fiscal year.

BAL HARBOUR VILLAGE, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

NOTE 8. LONG-TERM DEBT

Total pledged revenues to repay the principal and interest of those bonds as of September 30, 2013 are as follows:

	<u>Revenue Bonds</u>
Current revenue pledged	\$354,880
Current debt service	\$844,877
Total future revenue pledged	\$10,348,918
Description of debt	Bal Harbour Village, Florida Capital Improvement Revenue Bonds, Series 2011
Purpose of debt	Series 2011 revenue bonds to fund water and sewer projects
Term of commitment	2011-2026
Percentage of debt service to pledged revenue (current year)	238%

The bonds outstanding at September 30, 2013 consist of the following:

		<u>Amount Issued</u>	<u>Amount Outstanding</u>	<u>Interest Rate</u>	<u>Maximum Annual Debt Service</u>
Revenue bonds:					
Series 2011	Capital Improvement	<u>\$ 10,000,000</u>	<u>\$ 8,771,820</u>	2.50%	\$ 1,470,501

Long-term liabilities activity for the fiscal year ended September 30, 2013 for governmental and business-type activities was the following:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental activities:					
Revenue bonds	\$ 350,000	\$ -	\$ (21,627)	\$ 328,373	\$ -
Compensated absences	<u>533,419</u>	<u>12,320</u>	<u>(158,299)</u>	<u>387,440</u>	<u>230,908</u>
Total governmental activities, long-term liabilities	<u>\$ 883,419</u>	<u>\$ 12,320</u>	<u>\$ (179,926)</u>	<u>\$ 715,813</u>	<u>\$ 230,908</u>
Business-type activities:					
Revenue bonds	\$ 9,039,724	\$ -	\$ (596,277)	\$ 8,443,447	\$ 625,625
Compensated absences	<u>9,494</u>	<u>-</u>	<u>(9,494)</u>	<u>-</u>	<u>-</u>
Total business-type activities, long-term liabilities	<u>\$ 9,049,218</u>	<u>\$ -</u>	<u>\$ (605,771)</u>	<u>\$ 8,443,447</u>	<u>\$ 625,625</u>

BAL HARBOUR VILLAGE, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

NOTE 8. LONG-TERM DEBT (Continued)

The following is the summary of annual debt service requirements:

Fiscal Year Ended <u>September 30,</u>	<u>Revenue Bonds</u>	
	<u>Principal</u>	<u>Interest</u>
2014	\$ 625,625	\$ 219,252
2015	633,443	203,614
2016	641,360	187,781
2017	649,375	171,751
2018	657,491	155,519
2019-2023	3,412,782	526,941
2024-2026	<u>2,151,744</u>	<u>112,240</u>
	<u>\$ 8,771,820</u>	<u>\$ 1,577,098</u>

NOTE 9. EMPLOYEE RETIREMENT PLANS

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

1. Summary of Significant Accounting Policies

Basis of Accounting

Public Employee Retirement Systems (PERS) financial statements are prepared using the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions to each plan, as calculated by each plan's actuary are recognized when due and the employer has made a formal commitment to provide the contributions. Expenses are recognized in the accounting period incurred, if measurable. Benefits and refunds are recognized when due and payable in accordance with the terms of the Plans.

Method Used to Value Investments

Investments of the pension trust funds are reported at fair value. Short-term investments are reported at cost, which approximates fair value. Securities traded on a national or international exchange are valued at the last reported sales price. Net appreciation (depreciation) in fair value of investments, realized and unrealized gains (losses) are determined on the basis of specific cost. Interest and dividend income is recognized on the accrual basis when earned. Purchases and sales of investments are recorded on a trade date basis.

BAL HARBOUR VILLAGE, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

NOTE 9. EMPLOYEE RETIREMENT PLANS (Continued)

2. Plan Descriptions

The Village, as a single employer, maintains two public employee retirement systems 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' Pension). During the fiscal year ended September 30, 2000, the police officers of the Village elected to form their own plan in order to continue receiving Section 185 monies from the State of Florida. To fund benefits owed by employment contracts that cannot be funded through either defined benefit plan, the Village established the Bal Harbour Village Excess Benefit Plan during fiscal 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 issues a publicly available financial report that includes the financial statements and required supplementary information. The report may be obtained by writing to Joan Wall, Plan Administrator, or calling (954) 723-9521.

As of September 30, 2013, the police pension plan has received a response from the IRS and is awaiting final approval of its determination letter. Although at this time the plan does not have a determination from the IRS, the Plan administrator and counsel believe that the Plan is designed and is currently being operated in compliance with the applicable sections of the Internal Revenue Code.

The Bal Harbour Village Excess Benefits Plan is a qualified governmental excess benefit plan established in accordance with Section 415 of the Internal Revenue Code. The purpose of the 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 at October 1, 2012, the latest actuarial valuation date for the Bal Harbour Employee's Pension Trust, October 1, 2013, the latest actuarial valuation date for the Bal Harbour Police Officers' Pension Trust, and at September 30, 2013, the latest actuarial date for the excess benefits plan:

	<u>General</u>	<u>Police Officers</u>	<u>Excess Benefits</u>
Retirees and beneficiaries currently receiving benefits and terminated employees entitled to benefits but not yet receiving them	<u>26</u>	<u>24</u>	<u>1</u>
Current employees:			
Vested	21	2	-
Non-vested	<u>-</u>	<u>11</u>	<u>-</u>
Total	<u>21</u>	<u>13</u>	<u>-</u>

While the Village has not expressed any intent to discontinue the Plan, it may do so at any time, providing that benefits accrued to the date of termination are adequately funded.

BAL HARBOUR VILLAGE, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

NOTE 9. EMPLOYEE RETIREMENT PLANS (Continued)

2. Plan Descriptions (Continued)

Bal Harbour Employees' Pension Trust

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

Vesting

Benefits are fully vested after 10 years of credited service.

Eligibility for Participation

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

Eligibility for Retirement

The Plan provides for normal retirement as follows:

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

Annual Retirement Benefit

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

Cost of Living Adjustment

Retired participants, except those who elect to take a lump sum distribution, will receive a two and one half percent 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.

Other Benefits

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

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.

BAL HARBOUR VILLAGE, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

NOTE 9. EMPLOYEE RETIREMENT PLANS (Continued)

2. Plan Descriptions (Continued)

Bal Harbour Employees' Pension Trust (Continued)

Funding Policy (Continued)

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.

DROP

The Bal Harbour Employees' Pension Trust has a Deferred Retirement Option Plan (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, 2013, there were 6 members who were enrolled under the DROP. The total liability for the members DROP account as of September 30, 2013 was \$402,241. This amount is included in the total investment balance and the net position presented on the statement of fiduciary net position.

The Bal Harbour Employees' Pension Trust 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, 2013.

STATEMENT OF FIDUCIARY NET POSITION

ASSETS

Investments:	
Cash and money market mutual funds	\$ 979,872
Stock mutual funds	5,184,753
Bond mutual funds	3,081,838
Total assets	<u>9,246,463</u>

LIABILITIES

Payables	<u>-</u>
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NET POSITION

Net position restricted for pension benefits	<u>\$ 9,246,463</u>
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BAL HARBOUR VILLAGE, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

NOTE 9. EMPLOYEE RETIREMENT PLANS (Continued)

2. Plan Descriptions (Continued)

Bal Harbour Employees' Pension Trust (Continued)

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

ADDITIONS	
Employee contributions	\$ 86,012
Village contributions	524,284
Total contributions	<u>610,296</u>
Investment earnings:	
Interest and dividends	167,692
Net appreciation in the fair value of investments	783,994
	<u>951,686</u>
Less investment expenses	<u>40,897</u>
Net investments income	<u>910,789</u>
Total additions	<u>1,521,085</u>
DEDUCTIONS	
Benefits paid	583,229
Administrative expenses	16,466
Total deductions	<u>599,695</u>
Change in net position	921,390
Net position restricted for pension benefits:	
Beginning of year	<u>8,325,073</u>
End of year	<u>\$ 9,246,463</u>

Bal Harbour Police Officers' Pension Trust

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

Vesting

Benefits vest at the rate of 10% for each year of credited service, up to a maximum of 100% after year 10.

Eligibility for Participation

Date of employment as a certified police officer.

Eligibility for Retirement

The Plan provides for normal retirement as follows:

- Age 55 with 10 years of service or
- Age 52 with 25 years of service or
- Age 57 regardless of years of service or
- 20 years of service regardless of age

BAL HARBOUR VILLAGE, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

NOTE 9. EMPLOYEE RETIREMENT PLANS (Continued)

2. Plan Descriptions (Continued)

Bal Harbour Police Officers' Pension Trust (Continued)

Early Retirement

At age 50 with 10 years of service with a 3% reduction for each year under age 55.

Annual Retirement Benefit

3.5% of final average compensation times completed years and months of continuous employment. In addition, a COLA increase of 2.5% goes into effect one year after retirement for employees who were employed on or after February 21, 2006.

Other Benefits

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

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. For the fiscal year ended September 30, 2013, the employer required contribution was 61.2% (59.1% excluding state contribution) of annual 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; alternatively, and at the participant's election, the participant may continue to be active in the Plan and receive their accrued vested benefit beginning on their normal retirement date.

Bal Harbour Village Excess Benefits 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.

BAL HARBOUR VILLAGE, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

NOTE 9. EMPLOYEE RETIREMENT PLANS (Continued)

2. Plan Descriptions (Continued)

Bal Harbour Village Excess Benefits Plan (Continued)

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 Excess Plans 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 has recorded a liability in the amount of \$1,342,508 in the government-wide financial statements that represents the net pension obligation of the Plan as of September 30, 2013. The Village has elected to present this net benefit obligation separately from the net pension asset of the Village's two defined benefit plans because of the nature of the Excess Benefit Plan and the likelihood that substantially all of the benefits payable under the plan will be distributed within five years. 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 fund balance for the purpose of noting its intent to fund the benefits payable under the Plan. The Village believes it had sufficient financial assets at September 30, 2013, to pay the benefits payable under the Plan.

BAL HARBOUR VILLAGE, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

NOTE 9. EMPLOYEE RETIREMENT PLANS (Continued)

3. Funded Status and Funding Progress

Bal Harbour Employees' Pension Trust

The funded status of the plan as of October 1, 2012, the most recent actuarial valuation date, is as follows:

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
October 1, 2012	\$7,711,844	\$ 10,810,052	\$ 3,098,208	71.3%	\$ 1,026,671	301.8%

The schedule of funding progress, presented as required supplementary information (RSI) following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets are increasing or decreasing over time relative to the AAL for benefits.

Additional information as of the latest actuarial valuation follows:

Valuation Date	October 1, 2012
Contribution rates:	
Employer	43.95%
Plan Members	8.0%
Actuarial cost method	Entry age normal
Amortization method	Closed, level % of pay
Equivalent single amortization period	26.12
	5-year smoothed market as per Internal Revenue Procedure
Asset valuation method	2000-40
Actuarial assumptions:	
Investment rate of return	7.5%
Projected salary increases	5.0%
Includes price inflation	3.0%
Cost of living adjustments	2.5%
	4.0% but limited to 0% in accordance with Ch.
Payroll growth assumption	112.64(5)(a), Florida Statutes

BAL HARBOUR VILLAGE, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

NOTE 9. EMPLOYEE RETIREMENT PLANS (Continued)

3. Funded Status and Funding Progress (Continued)

Bal Harbour Police Officers' Pension Trust

The funded status of the plan as of October 1, 2013, the most recent actuarial valuation date prior to the year ended September 30, 2013, is as follows:

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
October 1, 2013	\$ 14,472,061	\$ 22,662,938	\$ 8,190,877	63.9%	\$ 1,171,737	699.0%

The schedule of funding progress, presented as required supplementary information (RSI) following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets are increasing or decreasing over time relative to the AAL for benefits.

Additional information as of the latest actuarial valuation follows:

Valuation date	October 1, 2013
Contribution rates:	
Employer and State	61.2%
Plan Members	10.0%
Actuarial cost method	Entry age normal
Amortization method	Level percent of pay, closed
Remaining amortization period	23 years
Asset valuation method	5 year smooth
Actuarial assumptions:	
Investment rate of return	8.0%
Projected salary increases	7.0%
Post retirement COLA	2.5%
Inflation	3.0%

BAL HARBOUR VILLAGE, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

NOTE 9. EMPLOYEE RETIREMENT PLANS (Continued)

3. Funded Status and Funding Progress (Continued)

Bal Harbour Village Excess Benefits Plan

The funded status of the Plan as of September 30, 2013, the most recent actuarial valuation date, is as follows:

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
September 30, 2013	-	\$ 1,342,508	\$ 1,342,508	0%	-	N/A

To be qualified under IRC §415, the Plan cannot be advance funded. Accordingly, neither the Village nor the Participant has ever provided any funding to the Plan. The Plan held no assets, liabilities or net position at September 30, 2013.

Additional information as of the latest actuarial valuation follows:

Actuarial valuation date	September 30, 2013
Annual Pension Cost	\$242,646
Contributions made	317659
Actuarial cost method	Entry Age Normal
Amortization method	Immediate Recognition
Amortization period (on gain/loss)	1 year
Asset valuation method	Unfunded
Actuarial Assumptions	
Investment rate of return *	4.00%
Projected salary increases*	N/A
Payroll growth assumptions	N/A
*Includes general price inflation at	3%

BAL HARBOUR VILLAGE, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

NOTE 9. EMPLOYEE RETIREMENT PLANS (Continued)

4. Annual Pension Cost and Net Pension Obligation (Asset)

The annual pension cost and net pension obligation (asset) for the current year was as follows:

	<u>General</u> <u>Employees</u>	<u>Police</u> <u>Employees</u>	<u>Excess</u> <u>Benefit</u>	<u>Total</u>
Annual required contribution	\$ 485,448	\$ 844,083	\$ 185,945	\$1,515,476
Interest on net pension obligation	(26,072)	(48,315)	56,702	(17,685)
Adjustment to annual required contributions	<u>(29,630)</u>	<u>42,211</u>	<u>-</u>	<u>12,581</u>
Annual pension cost	489,006	837,979	242,647	1,569,632
Contributions made	<u>524,284</u>	<u>844,549</u>	<u>317,659</u>	<u>1,686,492</u>
Change in net pension obligation (asset)	(35,278)	(6,570)	(75,012)	(116,860)
Net pension obligation (asset), beginning of year	<u>(347,862)</u>	<u>(603,933)</u>	<u>1,417,520</u>	<u>465,725</u>
Net pension obligation (asset), end of year	<u><u>\$ (383,140)</u></u>	<u><u>\$ (610,503)</u></u>	<u><u>\$ 1,342,508</u></u>	<u><u>\$ 348,865</u></u>

Bal Harbour Employee Pension Trust

The annual pension cost for the current year was \$489,006, determined as part of the October 1, 2012, actuarial valuation using the entry age normal cost method.

<u>Fiscal Year Ending</u>	<u>Three-Year Trend Information</u>			
	<u>Annual Pension</u> <u>Cost (APC)</u>	<u>Amount</u> <u>Contributed</u>	<u>Percentage of</u> <u>APC Contributed</u>	<u>Net Pension</u> <u>Asset</u>
9/30/2011	\$ 456,615	\$ 455,286	100%	\$ (281,008)
9/30/2012	365,488	432,342	118%	(347,862)
9/30/2013	489,006	524,284	107%	(383,140)

Bal Harbour Police Officer's Pension Trust

The annual pension cost for the current year was \$837,979, determined as part of the updated October 1, 2013, actuarial valuation using the aggregate actuarial cost method. The contributions made were received from the state and were properly recorded as on-behalf payments by the Village. The aggregate actuarial cost method does not identify and separately amortize unfunded actuarial liabilities.

BAL HARBOUR VILLAGE, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

NOTE 9. EMPLOYEE RETIREMENT PLANS (Continued)

4. Annual Pension Cost and Net Pension Obligation (Asset) (Continued)

Bal Harbour Police Officer's Pension Trust (Continued)

<u>Fiscal Year Ending</u>	<u>Three-Year Trend Information</u>		<u>Net Pension Asset</u>
	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	
9/30/2011	\$ 1,384,517	100%	\$ (425,755)
9/30/2012	1,014,632	118%	(603,933)
9/30/2013	837,979	101%	(610,503)

The required supplementary information is presented after the notes to the basic financial statements.

Bal Harbour Village Excess Benefits Plan

The annual pension cost for the current year was \$242,646, determined as of the September 30, 2013 actuarial valuation using the entry age normal cost method.

<u>Fiscal Year Ending</u>	<u>Three-Year Trend Information</u>		
	<u>Annual Pension Cost</u>	<u>Percentage Contributed</u>	<u>Net Pension Obligation</u>
9/30/2011	\$ 112,190	N/A	\$ 1,312,917
9/30/2012	104,603	N/A	1,417,521
9/30/2013	242,646	N/A	1,342,508

NOTE 10. OTHER POST EMPLOYMENT BENEFITS

Plan Description

Bal Harbour Village provides health insurance benefits to its retired employees through a single-employer plan 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

BAL HARBOUR VILLAGE, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

NOTE 10. OTHER POST EMPLOYMENT BENEFITS (Continued)

Plan Description (Continued)

benefits provided under this defined benefit plan are provided for a retiree's lifetime (or until such time at which 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 are unfunded. That is, the Village Council has not determined if a separate Trust Fund or equivalent arrangement will be established into which the Village would make contributions to advance-fund the obligation. For fiscal year 2013, 3 retirees received other postemployment benefits (including retirees covered under Village's health plan). The Village provided required contributions of \$41,282 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.

Annual OPEB Cost and Net OPEB Obligation

The employer has elected to calculate the annual required contribution of the employer (ARC) and related information using the Alternative Measurement Method permitted by GASB Statement 45 for employers in plans with fewer than one hundred total plan members. The Employer's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the ARC. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 20 years.

Annual Required Contribution (ARC)	\$ 129,250
Interest on Net OPEB Obligation (NOO)	23,151
Adjustment to Annual Required Contribution (ARC)	<u>(19,237)</u>
Annual OPEB Cost	133,164
Employer Contributions Made	<u>41,282</u>
Increase in Net OPEB Obligation	91,882
Net OPEB Obligation, beginning of year	<u>463,005</u>
Net OPEB Obligation, end of year	<u>\$ 554,887</u>

BAL HARBOUR VILLAGE, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

NOTE 10. OTHER POST EMPLOYMENT BENEFITS (Continued)

Annual OPEB Cost and Net OPEB Obligation (Continued)

The Employer's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation were as follows:

Three-Year Trend Information

<u>Fiscal Year Ending</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
9/30/2011	\$ 225,443	37%	\$ 310,965
9/30/2012	240,866	37%	463,005
9/30/2013	133,164	31%	554,887

Funded Status and Funding Progress

As of the reporting date and based on the most recent actuarial valuation date of September 30, 2013, which is applicable for three fiscal years, the plan assets were \$0, the actuarial accrued liability for benefits was \$1,519,896, the total unfunded actuarial liability is \$1,519,896, and the actuarial value of assets as a percentage of the actuarial accrued liability (funded ratio) is 0%. The covered payroll (annual payroll of active employees covered by the plan) was \$4,012,636, and the ratio of the unfunded actuarial accrued liability to the covered payroll was approximately 38%.

The projection of future benefit payments for an ongoing plan involves estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets (a)</u>	<u>Actuarial Accrued Liability (AAL) Entry Age (b)</u>	<u>Unfunded AAL (UAAL) (b-a)</u>	<u>Funded Ratio (a/b)</u>	<u>Covered Payroll (c)</u>	<u>UAAL as a Percentage of Covered Payroll ((b-a)/c)</u>
September 30, 2013	\$ -	\$ 1,519,896	\$ 1,519,896	0.0%	\$ 4,012,636	37.9%

BAL HARBOUR VILLAGE, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

NOTE 10. OTHER POST EMPLOYMENT BENEFITS (Continued)

Methods and Assumptions

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

Significant methods and assumptions are as follows:

Actuarial valuation date	September 30, 2013
Actuarial cost method	Entry age normal
Amortization method	Level percent, closed
Remaining amortization	20 years
Actuarial assumptions:	
Investment rate of return*	5.0%
Projected salary increase*	7.0%
Payroll growth assumptions	6.0%
Initial trend rate	5.0%
*Includes inflation at	5.0%
Health cost trends	5.0%-8.5%

As authorized by GASB 45, The Alternative Measurement Method allows the employer to use simplifications of certain assumptions in measuring actuarial accrued liabilities and the ARC.

The following simplifying assumptions were made:

Retirement age for active employees – The earliest age eligible for normal retirement was used.

Active Member Marital status – Assumption of marital status for active employees has been incorporated in the acceptance probability for spousal coverage. Using this approach, the percentage of future retired plan members taking spousal coverage was assumed at 30%. For active employees, spouses' genders were assumed to be opposite to the members' genders and females were assumed 3 years younger than their spouses. Covered spouse data were collected for current retired plan members as of the valuation date, and were assumed to remain unchanged until the assumed death of the spouses.

Mortality – Life expectancies were based on the RP2000 Generational Combined Healthy Male and Female mortality tables.

BAL HARBOUR VILLAGE, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

NOTE 10. OTHER POST EMPLOYMENT BENEFITS (Continued)

Methods and Assumptions (Continued)

Turnover – Non-group-specific age-based turnover data provided in GASB Statement 45 were used as the basis for assigning active members a probability of remaining employed until the assumed retirement age and for developing an expected future working lifetime assumption for purposes of allocating to periods the present value of total benefits to be paid.

Health insurance premiums – Health insurance premiums for retirees in effect on the fiscal year ending date were used as the basis for calculation of the present value of total benefits to be paid.

NOTE 11. COMMITMENTS AND CONTINGENCIES

Litigation, Claims and Assessments

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

Operating Leases

During fiscal year 2010, the Village entered a 7-year operating lease for office space for the police department at the Bal Harbour Shops. The lease requires monthly payments of \$4,863.62, or \$58,363 annually with no escalation clauses. The lease is subject to annual appropriations. The Village can cancel the lease at any time but would be subject to paying the remaining costs of the build out of the office space.

Grants

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

NOTE 12. RISK MANAGEMENT

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

BAL HARBOUR VILLAGE, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

NOTE 13. EXCESS OF EXPENDITURES OVER APPROPRIATIONS

General Fund

Legislative expenses exceeded the budgeted amounts by \$7,054, largely due to increased health insurance costs and funding of a school nurse initiative. Executive expenses exceeded their original appropriation by \$298,316, an amount entirely attributed to the retirement of the Village Manager and the first deferred retirement payment made out of the Excess Benefit Plan. The plan cannot be pre-funded under current IRS rules, but the Village records the liability on its financial statements. Finance and Administration exceeded budgeted amounts by \$51 thousand, largely due to additional audit and accounting fees related to federal forfeiture funds. The Building department was over its original budget by \$240,170 due to changes in the outsourced building department services contract. Through January 2013, building services to the prior entities were paid based upon the hours provided; after January 2013, a revenue sharing arrangement with a new contractor resulted in a negative variance in the expenditures and a positive variance in the revenues which largely balanced out. Roads and Streets were \$213,457 over budget due to personnel costs that were under budgeted as a result of organizational changes; significant increases in project scope of the bus shelter project, engineering fees related to various projects, and additional professional landscaping services not contemplated. Parks and Recreation expenditures exceed appropriations by \$22,479, mostly due to increased personnel costs associated with leave time payouts to long-tenured employees. Overall expenditures in the General Fund were \$250,752 less than budgeted.

REQUIRED SUPPLEMENTARY INFORMATION
(OTHER THAN MD&A)

BAL HARBOUR VILLAGE, FLORIDA

BUDGETARY COMPARISON SCHEDULE

GENERAL FUND

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013

	Original and Final <u>Budget</u>	Actual <u>Amounts</u>	Variance with Final Budget - Positive <u>(Negative)</u>
Revenues:			
Taxes:			
Property	\$ 6,854,803	\$ 6,797,002	\$ (57,801)
Other local taxes	1,710,607	1,784,020	73,413
Licenses and permits	788,500	1,004,325	215,825
Intergovernmental	620,791	375,026	(245,765)
Charges for services	717,262	745,540	28,278
Fines and forfeitures	479,800	642,947	163,147
Developer contribution	-	87,009	87,009
Investment earnings	52,000	28,546	(23,454)
Miscellaneous	<u>527,761</u>	<u>48,777</u>	<u>(478,984)</u>
Total revenues	<u>11,751,524</u>	<u>11,513,192</u>	<u>(238,332)</u>
Expenditures:			
Current:			
General government:			
Legislative	460,412	467,466	(7,054)
Executive	757,835	1,056,151	(298,316)
Finance and administration	412,070	463,223	(51,153)
General government	1,677,558	772,950	904,608
Building department	<u>371,133</u>	<u>611,303</u>	<u>(240,170)</u>
Total general government	<u>3,679,008</u>	<u>3,371,093</u>	<u>307,915</u>
Public safety	5,663,517	5,401,499	262,018
Solid waste and open space	614,000	613,773	227
Roads and streets	605,736	819,193	(213,457)
Parks and recreation	309,263	331,742	(22,479)
Debt service:			
Principal and interest	30,000	29,841	159
Capital outlay	<u>970,000</u>	<u>815,299</u>	<u>154,701</u>
Total expenditures	<u>11,871,524</u>	<u>11,382,440</u>	<u>489,084</u>
Excess (deficiency) of revenues over expenditures	<u>(120,000)</u>	<u>130,752</u>	<u>250,752</u>
Other financing sources:			
Transfers in	<u>120,000</u>	<u>120,000</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 250,752</u>	<u>\$ 250,752</u>

See notes to budgetary comparison schedules.

BAL HARBOUR VILLAGE, FLORIDA

BUDGETARY COMPARISON SCHEDULE TOURISM SPECIAL REVENUE FUND

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013

	Original and Final <u>Budget</u>	Actual <u>Amounts</u>	Variance with Final Budget - Positive (Negative)
Revenues:			
Tourism tax	\$ 3,110,333	\$ 3,229,946	\$ 119,613
Developer contribution	-	-	-
Miscellaneous	228,726	29,986	(198,740)
Investment earnings	<u>6,000</u>	<u>4,454</u>	<u>(1,546)</u>
Total revenues	<u>3,345,059</u>	<u>3,264,386</u>	<u>(80,673)</u>
Expenditures:			
Tourism development	<u>3,315,059</u>	<u>3,114,011</u>	<u>201,048</u>
Excess of revenues over expenditures	<u>30,000</u>	<u>150,375</u>	<u>120,375</u>
Other financing uses:			
Transfers out	<u>(30,000)</u>	<u>(30,000)</u>	<u>-</u>
Total other financing uses	<u>(30,000)</u>	<u>(30,000)</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 120,375</u>	<u>\$ 120,375</u>

See notes to budgetary comparison schedules.

BAL HARBOUR VILLAGE, FLORIDA

NOTE TO BUDGETARY COMPARISON SCHEDULES

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013

NOTE 1. BUDGET AND BUDGETARY ACCOUNTING

The Village legally adopts annual budgets for all of its funds, except 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 tourism 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 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 1. 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 and within the last three months of the budget year, the Council may, by resolution, transfer any unencumbered appropriation balance from one office or department to another. Typically, the Village elects not to retroactively amend its budget.
- e) Budgeted amounts reflected in the accompanying financial statements are as originally adopted and as amended.
- f) There were no amendments to any of the Village's budgets during the year.

BAL HARBOUR VILLAGE, FLORIDA

REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES OF FUNDING PROGRESS

BAL HARBOUR EMPLOYEES' PENSION TRUST

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (1) (b-a)	Funded Ratio (a÷b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)÷c)
October 1, 2007	\$ 7,563,528	\$ 8,979,097	\$ 1,415,569	84.2%	\$ 1,597,150	88.6%
October 1, 2008	8,239,824	10,670,617	2,430,793	77.2%	1,476,784	164.6%
October 1, 2009	7,935,153	10,066,064	2,130,911	78.8%	1,267,020	168.2%
October 1, 2010	8,199,480	10,022,134	1,822,654	81.8%	1,337,979	136.2%
October 1, 2011	7,613,990	10,674,098	3,060,108	71.3%	1,203,183	254.3%
October 1, 2012	7,711,844	10,810,052	3,098,208	71.3%	1,026,671	301.8%

BAL HARBOUR POLICE OFFICERS' PENSION TRUST

October 1, 2008	\$ 7,785,292	\$ 14,432,114	\$ 6,646,822	53.9%	\$ 2,146,816	309.6%
October 1, 2009	8,821,884	16,250,998	7,429,114	54.3%	2,390,026	310.8%
October 1, 2010	10,080,019	18,608,039	8,528,020	54.2%	2,256,484	377.9%
October 1, 2011	11,356,851	20,223,214	8,866,363	56.2%	1,995,357	444.4%
October 1, 2012	13,234,330	22,897,649	9,663,319	57.8%	1,830,726	527.8%
October 1, 2013	14,472,061	22,662,938	8,190,877	63.9%	1,171,737	699.0%

BAL HARBOUR VILLAGE EXCESS BENEFITS PLAN

September 30, 2009	\$ -	\$ 1,083,934	\$ 1,083,934	0.0%	\$ -	N/A
September 30, 2010	-	1,200,727	1,200,727	0.0%	-	N/A
September 30, 2011	-	1,312,917	1,312,917	0.0%	-	N/A
September 30, 2012	-	1,417,521	1,417,521	0.0%	-	N/A
September 30, 2013	-	1,342,508	1,342,508	0.0%	-	N/A

BAL HARBOUR VILLAGE, FLORIDA

REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES OF EMPLOYER CONTRIBUTIONS

BAL HARBOUR EMPLOYEES' PENSION TRUST

<u>Fiscal Year Ended September 30,</u>	<u>Annual Required Contribution</u>	<u>Percentage Contributed</u>
2008	\$ 395,630	168%
2009	399,375	100%
2010	411,780	100%
2011	455,286	100%
2012	361,228	120%
2013	485,448	108%

BAL HARBOUR POLICE OFFICERS' PENSION TRUST

<u>Fiscal Year Ended September 30,</u>	<u>Annual Required Contribution</u>	<u>Percentage Contributed</u>
2008	\$ 857,816	100%
2009	908,778	100%
2010	1,270,400	101%
2011	1,449,596	100%
2012	1,018,934	117%
2013	844,083	100%

BAL HARBOUR VILLAGE, FLORIDA

REQUIRED SUPPLEMENTARY INFORMATION OTHER POST EMPLOYMENT BENEFITS SCHEDULE OF FUNDING PROGRESS

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a÷b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)÷c)
September 30, 2010	\$ -	\$ 1,822,218	\$ 1,822,218	0.0%	\$ 3,516,020	(51.8%)
September 30, 2013	-	1,519,896	1,519,896	0.0%	4,012,636	(37.9%)

COMBINING FUND FINANCIAL
STATEMENTS AND SCHEDULE

BAL HARBOUR VILLAGE, FLORIDA

BUDGETARY COMPARISON SCHEDULE SECURITY DISTRICT FUND

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013

	Original and Final Budget	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues:			
Special assessments	\$ 831,517	\$ 932,338	\$ 100,821
Charges for services	6,500	29,675	23,175
Investment earnings	600	-	(600)
Miscellaneous	<u>38,355</u>	<u>2,235</u>	<u>(36,120)</u>
Total revenues	876,972	964,248	87,276
Expenditures:			
General government	<u>846,972</u>	<u>395,534</u>	<u>451,438</u>
Excess of revenues over expenditures	<u>30,000</u>	<u>568,714</u>	<u>538,714</u>
Other financing uses:			
Transfers out	<u>(30,000)</u>	<u>(30,000)</u>	<u>-</u>
Total other financing uses	<u>(30,000)</u>	<u>(30,000)</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 538,714</u>	<u>\$ 538,714</u>

BAL HARBOUR VILLAGE, FLORIDA

COMBINING BALANCE SHEET NON-MAJOR GOVERNMENTAL FUNDS

SEPTEMBER 30, 2013

	<u>State Law Enforcement</u>	<u>Federal Law Enforcement</u>	<u>Security District Special Revenue</u>	<u>Total Non-Major Governmental Funds</u>
<u>ASSETS</u>				
Cash and cash equivalents	\$ 1,117,534	\$ -	\$ 914,061	\$ 2,031,595
Total assets	<u>\$ 1,117,534</u>	<u>\$ -</u>	<u>\$ 914,061</u>	<u>\$ 2,031,595</u>
<u>LIABILITIES AND FUND BALANCE</u>				
Liabilities:				
Accounts payable and accrued liabilities	\$ -	\$ -	\$ 23,091	\$ 23,091
	<u>-</u>	<u>-</u>	<u>23,091</u>	<u>23,091</u>
Fund balance:				
Restricted:				
State law enforcement	1,117,534	-	-	1,117,534
Security district	<u>-</u>	<u>-</u>	<u>890,970</u>	<u>890,970</u>
Total fund balances	<u>1,117,534</u>	<u>-</u>	<u>890,970</u>	<u>2,008,504</u>
Total liabilities and fund balances	<u>\$ 1,117,534</u>	<u>\$ -</u>	<u>\$ 914,061</u>	<u>\$ 2,031,595</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, 2013

	<u>State Law Enforcement</u>	<u>Federal Law Enforcement</u>	<u>Security District Special Revenue</u>	<u>Total Non-Major Governmental Funds</u>
Revenues:				
Special assessments	\$ -	\$ -	\$ 932,338	\$ 932,338
Charges for services	-	-	29,675	29,675
Investment earnings	157	-	-	157
Miscellaneous	-	-	2,235	2,235
Total revenues	157	-	964,248	964,405
Expenditures:				
Current:				
General government	-	-	395,534	395,534
Public safety	34,354	35,417	-	69,771
Total expenditures	34,354	35,417	395,534	465,305
Excess (deficiency) of revenues over expenditures	(34,197)	(35,417)	568,714	499,100
Other financing uses:				
Transfers out	-	-	(30,000)	(30,000)
Total other financing uses	-	-	(30,000)	(30,000)
Net change in Fund balance	(34,197)	(35,417)	538,714	469,100
Fund balance, beginning	1,151,731	35,417	352,256	1,539,404
Fund balance, ending	\$ 1,117,534	\$ -	\$ 890,970	\$ 2,008,504

BAL HARBOUR VILLAGE, FLORIDA

COMBINING STATEMENT OF PLAN NET POSITION PENSION TRUST FUNDS

SEPTEMBER 30, 2013

	General Employees <u>Pension</u>	Police Officers <u>Pension</u>	<u>Totals</u>
<u>ASSETS</u>			
Cash	\$ -	\$ -	\$ -
Investments, at fair value:			
Money market mutual funds	979,872	956,350	1,936,222
Stock mutual funds	5,184,753	-	5,184,753
Bond mutual funds	3,081,838	-	3,081,838
U.S. Government obligations	-	1,538,963	1,538,963
Corporate bonds	-	3,829,437	3,829,437
Mortgage-backed securities	-	48,726	48,726
Foreign stocks	-	163,466	163,466
Common stock	-	9,484,447	9,484,447
Total investments	<u>9,246,463</u>	<u>16,021,389</u>	<u>25,267,852</u>
Accrued interest receivable	-	47,774	47,774
Contributions receivable	-	48,263	48,263
Prepaid expenses	-	-	-
Total assets	<u>9,246,463</u>	<u>16,117,426</u>	<u>25,363,889</u>
<u>LIABILITIES AND NET POSITION</u>			
Accounts payable	-	39,951	39,951
DROP payable	-	1,299,778	1,299,778
Other liabilities	-	-	-
Total liabilities	-	<u>1,339,729</u>	<u>1,339,729</u>
Net position restricted for pension benefits	<u>\$9,246,463</u>	<u>\$14,777,697</u>	<u>\$24,024,160</u>

BAL HARBOUR VILLAGE, FLORIDA

COMBINING STATEMENT OF CHANGES IN PLAN NET POSITION PENSION TRUST FUNDS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013

	General Employees <u>Pension</u>	Police Officers <u>Pension</u>	<u>Totals</u>
ADDITIONS			
Contributions:			
Village	\$ 524,284	\$ 805,234	\$ 1,329,518
Employees	86,012	137,922	223,934
State	-	39,315	39,315
Total contributions	<u>610,296</u>	<u>982,471</u>	<u>1,592,767</u>
Investment income:			
Interest and dividends	167,692	249,250	416,942
Net appreciation in the fair value of investments	<u>783,994</u>	<u>1,499,391</u>	<u>2,283,385</u>
	951,686	1,748,641	<u>2,700,327</u>
Less investment expenses	<u>40,897</u>	<u>81,997</u>	<u>122,894</u>
Net investment income	<u>910,789</u>	<u>1,666,644</u>	<u>2,577,433</u>
Total additions	<u>1,521,085</u>	<u>2,649,115</u>	<u>4,170,200</u>
DEDUCTIONS			
Benefits paid	583,229	1,158,990	1,742,219
Administrative expenses	<u>16,466</u>	<u>76,252</u>	<u>92,718</u>
Total deductions	<u>599,695</u>	<u>1,235,242</u>	<u>1,834,937</u>
Net increase	921,390	1,413,873	2,335,263
Net position restricted for pension benefits:			
Beginning of year	<u>8,325,073</u>	<u>13,363,824</u>	<u>21,688,897</u>
End of year	<u>\$9,246,463</u>	<u>\$14,777,697</u>	<u>\$24,024,160</u>

BAL HARBOUR VILLAGE, FLORIDA

STATEMENT OF CHANGES IN ASSETS AND LIABILITIES PENDING FORFEITURES AGENCY FUND

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013

	Balance October 1, <u>2012</u>	<u>Additions</u>	<u>Reductions</u>	Balance September 30, <u>2013</u>
<u>ASSETS</u>				
Cash	\$ 19,123	\$ -	\$ -	\$ 19,123
Total assets	<u>\$ 19,123</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 19,123</u>
<u>LIABILITIES</u>				
Other liabilities	\$ 19,123	\$ -	\$ -	\$ 19,123
Total liabilities	<u>\$ 19,123</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 19,123</u>

STATISTICAL SECTION

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>	73-77
Revenue Capacity <i>These schedules contain information to help the reader assess the Village's most significant local revenue source, the property tax.</i>	78-83
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>	84-87
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>	88-89
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>	90-92

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

Table 1

NET POSITION BY COMPONENT LAST TEN FISCAL YEARS (Accrual Basis of Accounting)

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Government activities:										
Net investment in capital assets	\$11,755,000	\$11,308,000	\$10,885,624	\$10,716,448	\$10,626,630	\$10,620,527	\$11,220,950	\$10,810,475	\$10,341,047	\$10,745,368
Restricted	1,770,000	1,496,000	1,508,378	1,549,990	1,735,324	5,369,673	3,708,129	6,190,902	4,147,049	5,064,897
Unrestricted	<u>6,689,000</u>	<u>7,934,000</u>	<u>8,455,792</u>	<u>8,746,631</u>	<u>10,824,395</u>	<u>8,283,400</u>	<u>8,651,338</u>	<u>8,222,534</u>	<u>8,766,748</u>	<u>8,858,923</u>
Total governmental activities net position	<u>\$20,214,000</u>	<u>\$20,738,000</u>	<u>\$20,849,794</u>	<u>\$21,013,069</u>	<u>\$23,186,349</u>	<u>\$24,273,600</u>	<u>\$23,580,417</u>	<u>\$25,223,911</u>	<u>\$23,254,844</u>	<u>\$24,669,188</u>
Business-type activities:										
Net investment in capital assets	\$ 1,930,000	\$ 1,860,000	\$ 1,837,218	\$ 2,030,763	\$ 1,690,543	\$ 1,716,897	\$ 2,919,134	\$ 4,275,935	\$ 6,243,708	\$ 603,883
Unrestricted	<u>3,954,000</u>	<u>3,747,000</u>	<u>3,926,297</u>	<u>3,803,228</u>	<u>4,307,292</u>	<u>4,464,828</u>	<u>4,032,506</u>	<u>3,875,947</u>	<u>2,044,968</u>	<u>8,455,727</u>
Total business-type activities net position	<u>\$ 5,884,000</u>	<u>\$ 5,607,000</u>	<u>\$ 5,763,515</u>	<u>\$ 5,833,991</u>	<u>\$ 5,997,835</u>	<u>\$ 6,181,725</u>	<u>\$ 6,951,640</u>	<u>\$ 8,151,882</u>	<u>\$ 8,288,676</u>	<u>\$ 9,059,610</u>
Primary government:										
Net investment in capital assets	\$13,685,000	\$13,168,000	\$12,722,842	\$12,747,211	\$12,317,173	\$12,337,424	\$14,140,084	\$15,086,310	\$16,584,755	\$11,349,251
Restricted	1,770,000	1,496,000	1,508,378	1,549,990	1,735,324	5,369,673	3,708,129	6,190,902	4,147,049	5,064,897
Unrestricted	<u>10,643,000</u>	<u>11,681,000</u>	<u>12,382,089</u>	<u>12,549,859</u>	<u>15,131,687</u>	<u>12,748,228</u>	<u>12,683,844</u>	<u>12,098,481</u>	<u>10,811,716</u>	<u>17,314,650</u>
Total primary government net position	<u>\$26,098,000</u>	<u>\$26,345,000</u>	<u>\$26,613,309</u>	<u>\$26,847,060</u>	<u>\$29,184,184</u>	<u>\$30,455,325</u>	<u>\$30,532,057</u>	<u>\$33,375,693</u>	<u>\$31,543,520</u>	<u>\$33,728,798</u>

Note: Terminology has been revised for all years presented as a result of the implementation of GASB Statement No. 63.

BAL HARBOUR VILLAGE, FLORIDA

Table 2

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

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Expenses:										
Governmental activities:										
General government	\$ 2,974,260	\$ 2,489,941	\$ 3,143,865	\$ 2,970,072	\$ 3,991,551	\$ 5,314,974	\$ 4,516,478	\$ 4,628,012	\$ 3,844,820	\$ 3,858,620
Public safety	4,198,401	4,366,861	5,126,152	5,285,093	5,586,145	7,210,074	7,853,964	8,909,849	8,887,246	5,607,676
Community services	1,480,943	1,395,816	1,809,409	2,262,036	2,061,272	2,235,037	1,999,180	1,863,944	1,634,541	1,792,239
Tourism development	1,832,431	2,362,641	2,142,072	2,452,636	978,990	1,506,033	2,422,549	2,102,000	3,316,761	3,120,890
Interest on long-term debt	-	-	-	-	-	-	-	-	-	8,214
Total government activities expenses	<u>10,486,035</u>	<u>10,615,259</u>	<u>12,221,498</u>	<u>12,969,837</u>	<u>12,617,958</u>	<u>16,266,118</u>	<u>16,792,171</u>	<u>17,503,805</u>	<u>17,683,368</u>	<u>14,387,639</u>
Business-type activities:										
Water and sewer	<u>1,576,028</u>	<u>2,297,772</u>	<u>2,103,739</u>	<u>2,190,286</u>	<u>1,969,385</u>	<u>2,333,837</u>	<u>2,073,516</u>	<u>2,244,663</u>	<u>3,509,216</u>	<u>2,800,180</u>
Total business-type activities	<u>1,576,028</u>	<u>2,297,772</u>	<u>2,103,739</u>	<u>2,190,286</u>	<u>1,969,385</u>	<u>2,333,837</u>	<u>2,073,516</u>	<u>2,244,663</u>	<u>3,509,216</u>	<u>2,800,180</u>
Total primary government expenses	<u>12,062,063</u>	<u>12,913,031</u>	<u>14,325,237</u>	<u>15,160,123</u>	<u>14,587,343</u>	<u>18,599,955</u>	<u>18,865,687</u>	<u>19,748,468</u>	<u>21,192,584</u>	<u>17,187,819</u>
Program revenues:										
Government activities:										
Charges for services:										
General government	2,063,779	2,065,901	1,228,044	984,185	1,248,280	1,004,122	2,279,462	6,791,483	2,480,346	2,711,878
Public safety	1,491,913	2,087	921,937	705,182	933,440	3,656,805	705,555	983,943	1,709,421	645,339
Community services	3,944	3,925	-	-	-	-	-	-	-	115,466
Operating grants and contributions	-	-	-	-	-	-	-	-	534,769	-
Capital grants and contributions	<u>145,979</u>	<u>140,835</u>	<u>249,851</u>	<u>175,055</u>	<u>140,279</u>	<u>131,810</u>	<u>-</u>	<u>-</u>	<u>120,623</u>	<u>-</u>
Total governmental activities and program revenues	<u>3,705,615</u>	<u>2,212,748</u>	<u>2,399,832</u>	<u>1,864,422</u>	<u>2,321,999</u>	<u>4,792,737</u>	<u>2,985,017</u>	<u>7,775,426</u>	<u>4,845,159</u>	<u>3,472,683</u>
Business-type activities:										
Charges for services										
Water and sewer	2,171,432	1,991,042	2,120,780	2,080,225	2,127,072	2,574,012	2,866,202	3,486,412	3,657,474	3,351,332
Capital grants and contributions	<u>-</u>	<u>259,470</u>								
Total business-type activities program revenues	<u>2,171,432</u>	<u>1,991,042</u>	<u>2,120,780</u>	<u>2,080,225</u>	<u>2,127,072</u>	<u>2,574,012</u>	<u>2,866,202</u>	<u>3,486,412</u>	<u>3,657,474</u>	<u>3,610,802</u>
Total primary government program revenues	<u>5,877,047</u>	<u>4,203,790</u>	<u>4,520,612</u>	<u>3,944,647</u>	<u>4,449,071</u>	<u>7,366,749</u>	<u>5,851,219</u>	<u>11,261,838</u>	<u>8,502,633</u>	<u>7,083,485</u>

(Continued)

BAL HARBOUR VILLAGE, FLORIDA

Table 2

CHANGES IN NET POSITION

(Continued)

LAST TEN FISCAL YEARS

(Accrual Basis of Accounting)

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Net (expense) revenue:										
Business type activities	595,404	(306,730)	17,041	(110,061)	157,687	240,175	792,686	1,241,749	148,258	810,622
Total primary government net expense	<u>595,404</u>	<u>(306,730)</u>	<u>17,041</u>	<u>(110,061)</u>	<u>157,687</u>	<u>240,175</u>	<u>792,686</u>	<u>1,241,749</u>	<u>148,258</u>	<u>810,622</u>
General revenues and other changes in net assets:										
Governmental activities										
Taxes:										
Ad-valorem taxes	3,765,357	4,275,240	5,146,237	6,070,684	5,470,218	5,792,561	5,703,452	5,819,371	5,801,487	6,797,002
Franchise fees based on gross receipts and utility taxes	1,454,885	1,425,667	1,467,269	1,519,205	1,255,883	1,270,011	1,209,905	1,319,539	1,745,365	1,463,181
Unrestricted intergovernmental revenue	287,991	267,568	331,003	333,724	554,727	616,943	282,772	301,734	659,868	580,399
Special assessments	390,235	365,504	210,303	232,166	212,513	-	-	-	-	-
Tourism tax	2,123,125	2,570,155	2,307,901	1,712,220	805,262	848,975	876,700	1,131,882	2,118,487	3,229,946
Unrestricted investment earnings	104,219	261,755	537,823	643,888	315,739	43,665	107,731	56,502	65,632	33,000
Miscellaneous	177,301	65,808	143,722	988,969	4,007,410	3,928,477	4,620,851	2,513,442	838,409	165,772
Transfers	60,000	60,000	-	-	60,000	60,000	60,000	60,000	60,000	60,000
Total governmental activities	<u>8,363,113</u>	<u>9,291,697</u>	<u>10,144,258</u>	<u>11,500,856</u>	<u>12,681,752</u>	<u>12,560,632</u>	<u>12,861,411</u>	<u>11,202,470</u>	<u>11,289,248</u>	<u>12,329,300</u>
Business-type activities										
Unrestricted investment earnings	52,866	89,698	139,063	177,096	66,157	3,715	37,229	18,393	48,636	20,312
Miscellaneous	-	-	-	3,441	-	-	-	-	-	-
Transfers	(60,000)	(60,000)	-	-	(60,000)	(60,000)	(60,000)	(60,000)	(60,000)	(60,000)
Total business-type activities	<u>(7,134)</u>	<u>29,698</u>	<u>139,063</u>	<u>180,537</u>	<u>6,157</u>	<u>(56,285)</u>	<u>(22,771)</u>	<u>(41,607)</u>	<u>(11,364)</u>	<u>(39,688)</u>
Total primary government	<u>8,355,979</u>	<u>9,321,395</u>	<u>10,283,321</u>	<u>11,681,393</u>	<u>12,687,909</u>	<u>12,504,347</u>	<u>12,838,640</u>	<u>11,160,863</u>	<u>11,277,884</u>	<u>12,289,612</u>
Change in net position										
Governmental activities	1,192,458	523,682	112,289	163,275	2,173,280	1,087,251	(693,183)	1,643,494	(1,548,961)	1,414,344
Business-type activities	588,270	(277,032)	156,104	70,476	163,844	183,890	769,915	1,200,142	136,894	770,934
Total primary government	<u>\$ 1,780,728</u>	<u>\$ 246,650</u>	<u>\$ 268,393</u>	<u>\$ 233,751</u>	<u>\$ 2,337,124</u>	<u>\$ 1,271,141</u>	<u>\$ 76,732</u>	<u>\$ 2,843,636</u>	<u>\$ (1,412,067)</u>	<u>\$ 2,185,278</u>

Note: Terminology has been revised for all years presented as a result of the implementation of GASB Statement No. 63.

BAL HARBOUR VILLAGE, FLORIDA

Table 3

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

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
General fund:										
Reserved	\$ 1,412,502	\$ 2,143,477	\$ 3,212,537	\$ 2,776,093	\$ 2,700,742	\$ 38,357	\$ 574	\$ -	\$ -	\$ -
Unreserved	4,442,909	4,523,367	3,903,988	5,011,338	6,078,747	9,073,308	9,788,636	-	-	-
Restricted	-	-	-	-	-	-	-	-	-	328,373
Non-spendable	-	-	-	-	-	-	-	60,569	70,569	5,000
Assigned	-	-	-	-	-	-	-	1,268,500	2,350,075	2,147,395
Unassigned	-	-	-	-	-	-	-	8,400,416	8,158,253	8,348,881
Total general fund	<u>\$ 5,855,411</u>	<u>\$ 6,666,844</u>	<u>\$ 7,116,525</u>	<u>\$ 7,787,431</u>	<u>\$ 8,779,489</u>	<u>\$ 9,111,665</u>	<u>\$ 9,789,210</u>	<u>\$ 9,729,485</u>	<u>\$ 10,578,897</u>	<u>\$ 10,829,649</u>
All other government funds:										
Reserved, reported in:										
Law enforcement trust	\$ 388,049	\$ 132,312	\$ 256,764	\$ 298,376	\$ 65,113	\$ 489,211	\$ 551,200	\$ -	\$ -	\$ -
Tourist	1,200,000	1,200,000	1,495,416	1,219,900	1,300,000	1,200,000	1,200,000	-	-	-
Other governmental funds	219,808	337,065	168,208	178,417	474,507	1,291,976	85,774	-	-	-
Unreserved, reported in:										
Tourism fund	683,937	936,135	962,608	925,637	2,036,164	2,459,733	1,956,929	-	-	-
Other governmental funds	-	-	-	-	-	43,806	38,896	-	-	-
Restricted	-	-	-	-	-	-	-	6,190,902	4,147,049	4,736,524
Total all other governmental funds	<u>\$ 2,491,794</u>	<u>\$ 2,605,512</u>	<u>\$ 2,882,996</u>	<u>\$ 2,622,330</u>	<u>\$ 3,875,784</u>	<u>\$ 5,484,726</u>	<u>\$ 3,832,799</u>	<u>\$ 6,190,902</u>	<u>\$ 4,147,049</u>	<u>\$ 4,736,524</u>

Note: Terminology has been revised for all years presented as a result of the implementation of GASB Statement No. 63.

BAL HARBOUR VILLAGE, FLORIDA

Table 4

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

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Revenues:										
Ad valorem Taxes	\$ 3,765,357	\$ 4,275,240	\$ 5,146,237	\$ 6,070,684	\$ 5,470,218	\$ 5,792,561	\$ 5,703,452	\$ 5,819,371	\$ 5,801,487	\$ 6,797,002
Utility taxes and franchise fees	1,454,885	1,425,667	1,467,269	1,519,205	1,536,918	1,616,856	1,556,139	1,625,714	1,745,365	1,784,020
Licenses and permits	1,485,744	1,100,109	833,033	728,216	960,400	748,641	724,981	753,931	934,557	1,004,325
Special assessments	390,235	365,504	210,303	232,166	212,513	227,555	230,802	252,517	775,357	932,338
Intergovernmental	433,970	408,403	580,854	508,780	413,971	450,190	421,538	6,146,266	1,315,260	375,026
Charges for services	64,506	109,994	184,708	23,801	75,367	27,926	94,055	88,700	770,432	775,215
Tourist tax	2,123,125	2,570,155	2,307,901	1,712,220	805,262	848,975	876,700	1,131,882	2,118,487	3,229,946
Fines and forfeitures	1,619,151	496,306	921,937	534,387	750,151	3,510,922	1,905,226	952,229	1,680,847	642,947
Investment earnings	104,219	261,755	537,823	644,222	316,209	43,758	107,846	56,700	86,484	33,157
Developer contribution	-	-	-	615,550	3,927,870	3,853,352	4,199,068	2,134,501	733,730	87,009
Grants	-	-	-	-	-	-	113,794	21,206	-	-
Miscellaneous	177,301	65,808	143,722	543,882	262,359	220,915	105,387	104,282	112,401	80,998
Total revenues	<u>11,618,493</u>	<u>11,078,941</u>	<u>12,333,787</u>	<u>13,133,113</u>	<u>14,731,238</u>	<u>17,341,651</u>	<u>16,038,988</u>	<u>19,087,299</u>	<u>16,074,407</u>	<u>15,741,983</u>
Expenditures:										
General government	2,466,256	2,399,941	2,905,561	2,727,983	3,797,563	4,273,094	3,954,502	3,885,014	3,389,462	3,766,627
Public safety	4,041,511	4,087,060	4,895,017	5,144,453	5,510,777	7,083,645	7,733,568	8,732,822	8,960,847	5,471,270
Solid waste	659,828	699,886	819,910	1,213,386	1,185,033	1,177,483	985,904	965,682	774,206	613,773
Road and streets	454,304	331,042	524,835	496,152	478,889	603,397	608,143	491,071	438,505	819,193
Parks and recreation	179,618	245,912	378,590	483,017	326,092	393,414	364,497	354,706	374,765	331,742
Tourism development	1,790,574	2,336,037	2,082,623	2,372,955	897,215	1,424,258	2,344,312	2,014,907	3,251,469	3,114,011
Capital outlay	151,791	113,913	86	284,927	350,258	505,242	1,082,444	404,719	69,488	815,299
Debt Service Payments	-	-	-	-	-	-	-	-	-	29,841
Total expenditures	<u>9,743,882</u>	<u>10,213,791</u>	<u>11,606,622</u>	<u>12,722,873</u>	<u>12,545,827</u>	<u>15,460,533</u>	<u>17,073,370</u>	<u>16,848,921</u>	<u>17,258,742</u>	<u>14,961,756</u>
Excess (deficiency) of revenue over expenditures	<u>1,874,611</u>	<u>865,150</u>	<u>727,165</u>	<u>410,240</u>	<u>2,185,411</u>	<u>1,881,118</u>	<u>(1,034,382)</u>	<u>2,238,378</u>	<u>(1,184,335)</u>	<u>780,227</u>
Other financing sources (uses):										
Bonds Issued	-	-	-	-	-	-	-	-	350,000	-
Transfers in	97,500	120,000	30,000	49,380	686,647	120,000	120,000	283,000	120,000	120,000
Transfers out	(37,500)	(60,000)	(30,000)	(49,380)	(626,647)	(60,000)	(60,000)	(223,000)	(60,000)	(60,000)
Total other financing sources (uses)	<u>60,000</u>	<u>60,000</u>	<u>-</u>	<u>-</u>	<u>60,000</u>	<u>60,000</u>	<u>60,000</u>	<u>60,000</u>	<u>410,000</u>	<u>60,000</u>
Net change in fund balance	<u>\$ 1,934,611</u>	<u>\$ 925,150</u>	<u>\$ 727,165</u>	<u>\$ 410,240</u>	<u>\$ 2,245,411</u>	<u>\$ 1,941,118</u>	<u>\$ (974,382)</u>	<u>\$ 2,298,378</u>	<u>\$ (774,335)</u>	<u>\$ 840,227</u>
Debt service as a percentage of noncapital expenditures	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.21%

BAL HARBOUR VILLAGE, FLORIDA

Table 5

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

<u>Fiscal Year</u> <u>Ended</u> <u>September 30,</u>	<u>Tax</u> <u>Roll</u> <u>Year</u>	<u>Ad</u> <u>Valorem</u> <u>Taxes</u>	<u>Franchise</u> <u>Fees and</u> <u>Utility Taxes</u>	<u>Tourism</u> <u>Tax</u>	<u>Total</u>
2004	2003	\$3,765,357	\$ 1,454,885	\$2,123,125	\$ 7,343,367
2005	2004	4,275,240	1,425,667	2,570,155	8,271,062
2006	2005	5,146,237	1,467,269	2,307,901	8,921,407
2007	2006	6,070,684	1,519,205	1,712,220	9,302,109
2008	2007	5,470,218	1,536,918	805,262	7,812,398
2009	2008	5,792,561	1,270,011	848,975	7,911,547
2010	2009	5,703,452	1,556,139	876,700	8,136,291
2011	2010	5,819,371	1,625,714	1,131,882	8,576,967
2012	2011	5,801,487	1,745,365	2,118,487	9,665,339
2013	2012	6,797,002	1,784,020	3,229,946	11,810,968

BAL HARBOUR VILLAGE, FLORIDA

Table 6

GENERAL GOVERNMENTAL REVENUES BY SOURCE LAST TEN FISCAL YEARS

Fiscal Year Ended <u>September 30.</u>	<u>Taxes</u>	<u>Inter- Governmental</u>	<u>Licenses and Permits</u>	<u>Charges for Service</u>	<u>Fines and Forfeitures</u>	<u>Investment Earnings</u>	<u>Other</u>	<u>Developer Contribution</u>	<u>Total</u>
2004	\$ 7,343,367	\$ 433,970	\$1,485,744	\$ 454,741	\$ 1,619,151	\$ 104,219	\$ 177,301	\$ -	\$11,618,493
2005	8,271,062	408,403	1,100,109	475,498	496,306	261,755	65,808	-	11,078,941
2006	8,921,407	580,854	833,033	395,011	921,937	537,823	143,722	-	12,333,787
2007	9,302,109	508,780	728,216	255,967	534,387	644,222	1,159,432	-	13,133,113
2008	7,812,398	413,971	960,400	287,880	750,151	316,209	4,190,229	-	14,731,238
2009	7,409,417	450,190	748,641	27,926	3,510,922	43,758	220,915	3,853,352	16,265,121
2010	7,259,591	535,332	724,981	83,855	639,408	85,430	70,565	3,226,058	12,625,220
2011	7,445,085	471,137	753,931	82,861	874,388	43,710	67,005	1,112,840	10,850,957
2012	7,546,852	780,491	934,557	759,772	507,366	48,525	87,318	93,544	10,758,425
2013	8,581,022	375,026	1,004,325	745,540	642,947	28,546	48,777	87,009	11,513,192

BAL HARBOUR VILLAGE, FLORIDA

Table 7

ASSESSED VALUE AND ESTIMATED ACTUAL ASSESSED VALUE OF TAXABLE PROPERTY 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
2004	\$1,290,386,000	\$265,229,104	\$31,199,606	\$110,752,414	\$1,697,567,124	\$189,888,252	\$1,507,678,872	2.9020	88.81%
2005	1,671,731,845	288,343,637	31,170,342	93,742,490	2,084,988,314	243,578,098	1,841,410,216	2.9020	88.32%
2006	1,996,571,375	331,587,932	34,697,709	134,442,006	2,497,299,022	331,848,279	2,165,450,743	2.9020	86.71%
2007	2,217,338,562	233,483,875	36,674,464	366,007,730	2,853,504,631	443,041,444	2,410,463,187	2.3195	84.47%
2008	2,712,190,035	244,084,477	37,042,751	193,679,959	3,186,997,222	374,853,616	2,812,143,606	2.3085	88.24%
2009	2,259,771,171	311,231,422	37,851,072	204,425,521	2,813,279,186	291,373,689	2,521,905,497	2.5265	89.64%
2010	2,225,895,282	474,032,012	37,857,036	75,448,210	2,813,232,540	292,917,689	2,520,314,851	2.5567	89.59%
2011	2,502,756,122	276,791,876	44,894,243	59,084,285	2,883,526,526	292,917,689	2,590,608,837	2.4468	89.84%
2012	2,188,130,203	250,911,836	40,696,631	134,178,126	2,613,916,796	273,296,550	2,343,445,178	2.4468	89.65%
2013	2,823,731,833	566,152,958	35,164,780	91,428,428	3,516,477,999	348,237,714	3,168,240,285	2.2678	90.10%

(a) Miami Dade Property Appraiser,, Florida Department of Revenue

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

BAL HARBOUR VILLAGE, FLORIDA

Table 8

PRINCIPAL PROPERTY TAXPAYERS CURRENT YEAR AND NINE YEARS AGO

	Fiscal Year 2013			Fiscal Year 2004		
	Taxable Assessed		Percentage of Total Taxable	Taxable Assessed		Percentage of Total Taxable
	Value	Rank	Assessed Value	Value	Rank ²	Assessed Value
St. Regis Hotel and Condominiums	\$ 862,642,636	1	27.23%	\$ 68,275,824		4.53%
Elcom Condo LLC (One Bal Harbour Complex)	366,127,396	2	11.56%	46,045,900		3.05%
The Majestic Complex	194,031,412	3	6.12%	NA		NA
Bal Harbour Shops Complex	164,779,582	4	5.20%	103,768,608		6.88%
Bal Harbour Tower Complex	164,779,582	5	5.20%	NA		NA
Bal Moral Complex	163,916,380	6	5.17%	NA		NA
TRG Harbour House Ltd Complex	134,271,149	7	4.24%	NA		NA
Carolton Terrace Complex	134,072,772	8	4.23%	NA		NA
The Bellini Complex	120,211,536	9	3.79%	NA		NA
The Palace Complex	115,141,664	10	3.63%	NA		NA
Total	<u>\$ 2,419,974,109</u>		<u>76.38%</u>	<u>\$ 218,090,333</u>		14.47%

Notes:

1. Beginning with FY2013, the Village has aggregated ownerships of parcels within one structure or complex.
 2. Rankings not provided as information for aggregation was not available at time of publication.
- NA: Information Unavailable at time of publication.

BAL HARBOUR VILLAGE, FLORIDA

Table 9

PROPERTY TAX LEVIES AND COLLECTIONS LAST TEN FISCAL YEARS (\$ in 000's)

Fiscal Year Ended <u>September 30,</u>	<u>Taxes Levied for the Fiscal Year</u>			<u>Collected within the Fiscal Year of the Levy</u>		<u>Collection in Subsequent Year</u>	<u>Total Collections to Date</u>	
	<u>Gross Levy</u>	<u>Discount</u>	<u>Net Levy</u>	<u>Amount</u>	<u>Percentage of Levy</u>		<u>Amount</u>	<u>Percentage of Net Levy</u>
2003	\$ -	\$ -	\$ -	\$ -	-	\$ 14,047	\$ 14,047	N/A
2004	3,868,307	154,732	3,713,575	3,672,726	98.90%	11,614	3,684,340	99.21%
2005	4,419,442	176,778	4,242,664	4,221,451	99.50%	5,281	4,226,732	99.62%
2006	5,346,751	213,870	5,132,881	5,091,818	99.20%	7,691	5,099,509	99.35%
2007	6,286,718	251,469	6,035,249	5,962,826	98.80%	12,696	5,975,522	99.01%
2008	5,628,277	225,131	5,403,146	5,316,696	98.40%	14,107	5,330,803	98.66%
2009	6,426,294	257,052	6,169,242	6,039,688	97.90%	10,032	6,049,720	98.06%
2010	6,367,575	254,703	6,112,872	5,655,373	91.46%	144,789	5,800,162	94.88%
2011	6,056,828	242,273	5,814,555	5,766,067	95.20%	118,880	5,884,947	101.21%
2012	5,733,942	229,358	5,504,584	5,710,150	99.59%	33,766	5,743,916	104.35%
2013	7,194,529	287,781	6,906,748	6,637,686	92.26%	NA	6,637,686	96.10%

BAL HARBOUR VILLAGE, FLORIDA

Table 10

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

Fiscal Year Ended September 30,	Tax Roll Year	Direct Rate	Overlapping Rates											Total Direct and Overlapping Rates
		<u>Village</u>	<u>School District</u>	<u>State</u>			<u>Miami-Dade County</u>			<u>Special Districts</u>				
		<u>Operating and Total Millage</u>	<u>Operating Millage</u>	<u>Debt Service Millage</u>	<u>Everglades Project</u>	<u>South Florida Water Management District</u>	<u>Florida Inland Navigation District</u>	<u>Operating Millage</u>	<u>Debt Service Millage</u>	<u>Children's Trust</u>	<u>Fire & Rescue</u>	<u>Fire Debt</u>		
2004	2003	2.9020	8.0900	0.5970	0.1000	0.5970	0.0385	5.9350	0.2850	0.4442	2.5920	0.0690	21.6497	
2005	2004	2.9020	7.9470	0.4910	0.1000	0.5970	0.0385	5.8350	0.2850	0.4288	2.6090	0.0520	21.2853	
2006	2005	2.9020	7.6910	0.4140	0.1000	0.5970	0.0385	5.6150	0.2850	0.4223	2.6090	0.0420	20.7158	
2007	2006	2.3195	7.5700	0.3780	0.0894	0.5346	0.0345	4.5796	0.2850	0.4223	2.2067	0.0420	18.4616	
2008	2007	2.3085	7.5330	0.2640	0.0894	0.5346	0.0345	4.8379	0.2850	0.4212	2.1851	0.0420	18.5352	
2009	2008	2.5265	7.6980	0.2970	0.0894	0.5346	0.0345	4.8379	0.2850	0.5000	2.1851	0.0420	19.0300	
2010	2009	2.5567	7.8640	0.3850	0.0894	0.5346	0.0345	5.4275	0.4450	0.5000	2.5753	0.0200	20.4320	
2011	2010	2.4468	7.7650	0.2400	0.0624	0.3739	0.0345	4.8050	0.2850	0.5000	2.4496	0.0131	18.9753	
2012	2011	2.4468	7.7650	0.2400	0.0613	0.3676	0.0345	4.7035	0.2850	0.5000	2.4496	0.0131	18.8664	
2013	2012	2.2678	7.765	0.2330	0.0613	0.3676	0.0345	4.7035	0.2850	0.5000	2.4496	0.0131	18.6804	

Source: Miami-Dade Property Appraiser's Office

BAL HARBOUR VILLAGE, FLORIDA

Table 11

RATIOS OF OUTSTANDING DEBT BY TYPE LAST TEN FISCAL YEARS

Fiscal Year Ended September 30,	Governmental Activities			Business-type Activities		Per Capita Personal Income (1)	Percentage of Total Personal Income	Population**	Net Debt per Capita
	General Obligation (GO) Bonds	Revenue Bonds	Line of Credit	Outstanding Non-GO Bonds	Total Primary Government				
2004	\$ -	\$ -	\$ -	\$ 235,336	\$ 235,336	\$ 35,739	0.19%	3,409	69
2005	-	-	-	199,811	199,811	38,259	0.16%	3,185	63
2006	-	-	-	162,884	162,884	41,204	0.13%	2,973	55
2007	-	-	-	124,498	124,498	54,512	0.07%	3,058	41
2008	-	-	-	84,596	84,596	54,512	0.05%	3,299	26
2009	-	-	-	-	-	54,512	0.00%	3,320	-
2010	-	-	-	-	-	54,512	0.00%	3,320	-
2011	-	-	-	-	-	54,512	0.00%	2,515	-
2012	-	350,000	-	9,039,725	9,389,725	54,512	5.79%	2,976	3,155
2013	-	328,373	-	8,443,447	8,771,820	63,718	3.98%	3,457	2,537

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

(1) See the Schedule of Demographics and Economic Statistics for personal income and population data.

Per Capita Personal Income Restated for Years 2007-2012 for U.S. Census American Community Survey; 2013 uses ESRI data

BAL HARBOUR VILLAGE, FLORIDA

Table 12

RATIOS OF BONDED DEBT OUTSTANDING LAST TEN FISCAL YEARS

Fiscal Year Ended <u>September 30,</u>	Gross Bonded <u>Debt</u>	Less:	Net Bonded <u>Debt</u>	Assessed Value of Taxable <u>Property</u>	Ratio of Net Bonded Debt to <u>Assessed Value</u>	Net Bonded Debt per <u>Population</u>	Net Bonded Debt per <u>Capita (1)</u>
		Amounts Available in Debt Service <u>Funds</u>					
2004	\$ 235,336	\$ -	\$ 235,336	\$ 1,507,678,872	0.016%	3,409	69
2005	199,811	-	199,811	1,841,410,216	0.011%	3,185	63
2006	162,884	-	162,884	2,165,450,743	0.008%	2,973	55
2007	124,498	-	124,498	2,410,463,187	0.005%	3,058	41
2008	84,596	-	84,596	2,812,143,606	0.003%	3,299	26
2009	-	-	-	2,521,905,497	0.000%	3,320	-
2010	-	-	-	2,520,314,851	0.000%	2,515	-
2011	-	-	-	2,590,608,837	0.000%	2,515	-
2012	9,389,725	-	9,389,725	2,613,916,796	0.359%	2,976	3,155
2013	8,771,820	-	8,771,820	3,172,470,734	0.276%	3,457	2,537

BAL HARBOUR VILLAGE, FLORIDA

Table 13

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITY DEBT SEPTEMBER 30, 2013

Jurisdiction	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable to Town of Bal Harbour Village (1)</u>	<u>Estimated Share of Direct & Overlapping Debt</u>
Direct			
Town of Bal Harbour Village	\$ 8,771,820	100.00%	\$ 8,771,820
Overlapping:			
Miami-Dade Board of County Commissioners (2)	16,649,835,000	1.67%	277,279,660
Miami-Dade County School Board (2)	<u>443,784,000</u>	1.54%	<u>6,847,246</u>
Total direct and overlapping	<u>\$ 17,102,390,820</u>		<u>\$ 292,898,726</u>

Notes:

(1) Based on ratio of assessed taxable value obtained from Miami-Dade County Property Appraiser.

(2) Source: Miami-Dade County, Florida, Finance Department

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

BAL HARBOUR VILLAGE, FLORIDA

Table 14

LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS

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

BAL HARBOUR VILLAGE, FLORIDA

Table 15

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

Calendar Year	Population		School Enrollment	Unemployment Rate	Personal Income*** (Expressed in Thousands)	
	Town	County			Total	Per Capita
2004	3,409	2,370,244	369,578	5.1%	\$ 121,834,251	\$ 35,739
2005	3,185	2,412,035	365,784	4.2%	121,854,915	38,259
2006	2,973	2,426,934	361,550	3.6%	122,499,492	41,204
2007	3,058	2,451,850	353,283	4.1%	166,697,696	54,512
2008	3,299	2,466,827	347,774	5.8%	179,835,088	54,512
2009	3,320	2,472,344	345,150	9.6%	180,979,840	54,512
2010	3,320	2,496,435	345,458	12.4%	180,979,840	54,512
2011	2,515	2,496,435	347,133	12.0%	137,097,680	54,512
2012	2,976	2,541,928	349,945	9.4%	162,227,712	54,512
2013	3,457	2,540,172	353,152	8.4%	220,273,126	63,718

Note:

- (a) Source: Bureau of Economic and Business Research, University of Florida
- (c) Source: St. Louis Federal Reserve Bank, Miami - Fort Lauderdale MSA
- (b) Source: School Board of Broward County (county wide)
- (d) Source: U.S. Department of Labor - Annual Rate

BAL HARBOUR VILLAGE, FLORIDA

Table 16

PRINCIPAL EMPLOYERS

CURRENT AND NINE YEARS AGO

<u>Employer</u>	<u>2013</u>			<u>2004</u>		
	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total County Employment</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total County Employment</u>
Miami-Dade County Public Schools	41,988	1	3.28%	46,864	1	4.27%
Miami-Dade County	29,000	2	2.27%	32,265	2	2.94%
U.S. Federal Government	19,500	3	1.52%	20,100	3	1.83%
State of Florida	17,100	4	1.34%	18,900	4	1.72%
University of Miami	16,000	5	1.25%	9,367	7	0.85%
Baptist Health Systems of South Florida	13,376	6	1.05%	10,300	6	0.94%
Jackson Health System	12,571	7	0.98%	11,700	5	1.07%
Publix Supermarket	10,800	8	0.84%	-	-	-
American Airlines	9,000	9	0.70%	9,000	8	0.82%
Florida International University	8,000	10	0.63%	5,000	10	0.46%
Miami-Dade College	-	-	-	7,500	9	0.68%
Total Labor Force Employment	<u>1,279,047</u>		<u>15.16%</u>	<u>1,097,454</u>		<u>14.86%</u>

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

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

BAL HARBOUR VILLAGE, FLORIDA

Table 17

OPERATING INDICATORS BY FUNCTION/PROGRAM LAST TEN FISCAL YEARS

<u>Function/Program</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
General government:										
Non-sworn personnel	36	35	34	34	34	34	31	30	30	38
Square miles	.6 miles	.6 miles	.6 miles	.6 miles	.6 miles	.6 miles	.6 miles	.6 miles	.6 miles	.6 miles
Elections:	0	1	1	1	0	1	1	0	0	0
Registered voters	Data Unavailable		1,578	1,460	Data Not Available	1,661	1,631	1,631	1,631	1,631
Votes cast in last election	Data Unavailable		762	503	Data Not Available	419	251	0	0	0
Ordinances prepared and adopted	5	9	10	11	8	8	8	6	6	9
Resolutions prepared and adopted	15	11	14	8	6	14	16	12	17	10
Commission minutes prepared/approved	18	15	17	17	17	26	21	26	15	20
Public safety:										
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Uniformed employees	26	31	33	28	26	26	25	25	25	22
Calls for service handled	2,759	3,199	2,639	2,433	2,345	2,553	3,302	3,165	3,644	3,929
Traffic accidents handled	179	151	148	130	148	129	133	142	135	116
Traffic citations/warnings issued	7,374	9,345	6,823	11,911	10,298	7,915	4,428	4,433	4,438	4,090
Part 1 crimes reported	101	88	97	72	57	70	85	66	80	75
Arrests	59	112	89	91	62	63	55	54	51	50
Building:										
Permits issued				897	2484	1718	862	650	1123	1426
Value of construction				19,808,669	909,022,971	48,920,059	15,095,972	12,650,022	21,849,415	42,119,493
Business tax receipts issued	118	107	119	115	123	126	124	133	133	106
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.

Police and Building elements estimated for 2012

BAL HARBOUR VILLAGE, FLORIDA

Table 18

CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM

LAST TEN FISCAL YEARS

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
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 s.f.									
Public safety:										
Number of police stations	1	1	1	1	1	1	1	1	1	1
Acres of parks	.44 acres									
Number of parks	1	1	1	1	1	1	1	1	1	1
Acres of beaches	12.73 acres									

Source: Village of Bal Harbour

BAL HARBOUR VILLAGE, FLORIDA

PLEDGED REVENUE COVERAGE, CAPITAL IMPROVEMENT REVENUE BONDS, SERIES 2011

LAST TEN FISCAL YEARS

Fiscal Year Ended September 30,	Pledged Revenues	Additional Appropriated Revenues, Not From Ad Valorem, Water and Sewer System	Additional Appropriated Revenues, Not From Ad Valorem, General Fund	Total Revenue Pledged or Appropriated	Total Debt Service Required	Coverage	Required Coverage
2012	\$236,983	\$846,340	\$0	\$1,083,323	\$846,340	1.28	0.00
2013	245,818	822,757	0	1,068,575	852,598	1.25	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.

REPORTING SECTION

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED
ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH *GOVERNMENT AUDITING STANDARDS***

Honorable Mayor, Village Council and Village Manager
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 fiscal year ended September 30, 2013, and the related notes to the financial statements, which collectively comprise Village's basic financial statements, and have issued our report thereon dated June 9, 2014.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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.

Marcum LLP

Miami, FL
June 9, 2014

BAL HARBOUR VILLAGE, FLORIDA

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013

PRIOR YEAR FINANCIAL STATEMENT FINDINGS

The following addresses the status of financial statement findings reported in the prior fiscal years:

- 2011-02 – Capital Assets Inventory and Records

Note: This finding was corrected during the fiscal year ended September 30, 2013.

PRIOR YEAR FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

The following addresses the status of federal award findings and questioned costs reported in the prior fiscal years:

- 2011-02 – Capital Assets Inventory and Records (Partially Repeated and Included as 2011-02)

Note: This finding was corrected during the fiscal year ended September 30, 2013.

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

Honorable Mayor, Village Council and Village Manager
Bal Harbour Village, Florida

We have audited the financial statements of the Bal Harbour Village, Florida (the Village) as of and for the fiscal year ended September 30, 2013, and have issued our report thereon dated June 9, 2014.

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 Florida Auditor General. We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*, and Chapter 10.550 Rules of the Florida Auditor General.

Additionally, our audit was conducted in accordance with Chapter 10.550, Rules of the Auditor General, which governs the conduct of local governmental entity audits performed in the State of Florida. This letter includes the following information, which is not included in the aforementioned auditors' reports or schedule:

- Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. Corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report (See the accompanying Summary Schedule of Prior Audit Findings).
- Section 10.554(1)(i)2., Rules of the Auditor General, requires our audit to include a review of the provisions of Section 218.415, Florida Statutes, regarding the investment of public funds. In connection with our audit, we determined that the Village complied with Section 218.415, Florida Statutes.
- Section 10.554(1)(i)3., Rules of the Auditor General, requires that we address in the management letter any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.

- Section 10.554(1)(i)4., Rules of the Auditor General, requires that we address noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but which warrants the attention of those charged with governance. In connection with our audit, we did not have any such findings.
- Section 10.554(1)(i)5., 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. Bal Harbour Village was incorporated by the Laws of Florida, 24386 (1947). There are no component units related to the Village.
- Section 10.554(1)(i)6.a., Rules of the Auditor General, requires a statement be included as to whether or not the local governmental entity has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identification of the specific condition(s) met. In connection with our audit, we determined that the Village did not meet any of the conditions described in Section 218.503(1), Florida Statutes.
- Section 10.554(1)(i)6.b., Rules of the Auditor General, requires that we determine whether the annual financial report for the Village for the fiscal year ended September 30, 2013, filed with the Florida Department of Financial Services pursuant to Section 218.32(1)(a), Florida Statutes, is in agreement with the annual financial audit report for the fiscal year ended September 30, 2013. In connection with our audit, we determined that these two reports were in agreement.
- Pursuant to Sections 10.554(1)(i)6.c. and 10.556(7), Rules of the Auditor General, we applied financial condition assessment procedures. It is management's responsibility to monitor the Village financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same. This assessment was done as of the fiscal year end.

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

Marcum LLP

Miami, FL
June 9, 2014