BAL HARBOUR VILLAGE, FLORIDA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2014

BAL HARBOUR VILLAGE, FLORIDA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2014

Prepared by the Finance Department

BAL HARBOUR VILLAGE, FLORIDA

TABLE OF CONTENTS

	PAGE
INTRODUCTORY SECTION	
Letter of Transmittal	**i-vii**
Village Officials	**viii**
Organization Chart	**ix**
FINANCIAL SECTION	
INDEPENDENT AUDITORS' REPORT	**1-3**
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) (Required Supplementary Information)	**4-14**
BASIC FINANCIAL STATEMENTS	
Government-Wide Financial Statements	
Statement of Net Position	**15**
Statement of Activities	**16**
Fund Financial Statements	
Balance Sheet – Governmental Funds	**17**
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	**18**
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	**19**
Statement of Net Position – Proprietary Fund	**20**
Statement of Revenues, Expenses and Changes in Fund Net Position – Proprietary Fund	**21**
Statement of Cash Flows – Proprietary Fund	**22**
Statement of Fiduciary Net Position – Fiduciary Funds	**23**
Statement of Changes in Fiduciary Net Position – Pension Trust Funds	**24**
Notes to Basic Financial Statements	**25-63**
REQUIRED SUPPLEMENTARY INFORMATION (OTHER THAN MD&A)	
Budgetary Comparison Schedule – General Fund	**64**
Budgetary Comparison Schedule – Tourism Special Revenue Fund	**65**
Note to Budgetary Comparison Schedules	**66**
Schedule of Changes in the Village's Net Pension Liability and Related Ratios – Employees' Pension Trust	**67**
Schedule of Changes in the Village's Net Pension Liability and Related Ratios – Police Officers' Pension Trust	**68**
Schedules of Employer Contributions –Employees' Pension Trust	**69**
Schedules of Employer Contributions –Police Officers' Pension Trust	**70**
Schedule of Investment Returns – Pension Trust Funds	**71**
Schedule of Funding Progress – Excess Benefits Plan	**72**
Schedule of Funding Progress – OPEB	**73**

BAL HARBOUR VILLAGE, FLORIDA

TABLE OF CONTENTS
(Continued)

	PAGE
COMBINING FUND FINANCIAL STATEMENTS AND SCHEDULE	
Combining Balance Sheet – Non-Major Governmental Funds	**74**
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Non-Major Governmental Funds	**75**
Budgetary Comparison Schedule – Security District Fund	**76**
Combining Statement of Fiduciary Net Position - Pension Trust Funds	**77**
Combining Statement of Changes in Fiduciary Net Position – Pension Trust Funds	**78**
Statement of Changes in Assets and Liabilities – Pending Forfeitures - Agency Fund	**79**
STATISTICAL SECTION	
Net Position by Component	**80**
Changes in Net Position	**81-82**
Fund Balances of Governmental Funds	**83**
Changes in Fund Balances of Governmental Funds	**84**
Governmental Activities Tax Revenues by Source	**85**
General Governmental Revenues by Source	**86**
Assessed Value and Estimated Actual Value of Taxable Property	**87**
Principal Property Taxpayers	**88**
Property Tax Levies and Collections	**89**
Property Tax Rates – Direct and Overlapping Governments	**90**
Ratios of Outstanding Debt by Type	**91**
Ratios of Bonded Debt Outstanding	**92**
Direct and Overlapping Governmental Activities Debt	**93**
Legal Debt Margin Information	**94**
Pledged Revenue Coverage, Capital Improvement Revenue Bonds, Series 2011	**95**
Demographic and Economic Statistics	**96**
Principal Employers	**97**
Operating Indicators by Function/Program	**98**
Capital Asset Statistics by Function/Program	**99**
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*	**100-101**
Management Letter in Accordance with the Rules of the Auditor General of the State of Florida	**102-103**
Independent Accountants' Report on Compliance Pursuant to Section 218.415 Florida Statutes	**104**

INTRODUCTORY SECTION

BAL HARBOUR
FLORIDA'S PARADISE

February 17, 2015

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, 2014. 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 started to rise again. We have been very successful in controlling our expenses, and continue to explore other options for further cost containment initiatives.

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, and pay a lower tax rate 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 third 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 utility revenue, 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. In October 2014, the One Bal Harbour was purchased by the Ritz Carlton, adding yet another major flagship brand to the Village's resort lineup.

The Consultatio is currently under construction with an anticipated completion date of within 2016, and full addition to the Village tax rolls anticipated for FY2017.

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, and throughout the fiscal year

hired an entirely new team of Directors.

As needed repairs and replacements to the Village underground infrastructure have occurred for the last few fiscal years, in FY2014 a Utility Master Plan was developed to address all necessary improvements Villagewide, for water, wastewater, stormwater, and roadway improvements. The total project cost is estimated at $28.8million, to replace infrastructure that is in some cases, more than 70 years old, alternative funding sources are being sought, already the Village has received a State of Florida Allocation of $600,000 toward the project.

Tourism revenue continued to grow with most venues posting year-over-year increases in total averaging nine-percent growth for the fiscal year.

The U.S. Department of Justice of the Police Department's Asset Forfeiture Program review were completed and the Village was re-admitted into the Federal Forfeiture Program in good standing as a result of management changes and corrective action taken with the Village Police Department.

The project replacing bus shelters throughout the Village was brought to closure in FY2014, with significant funding coming from grants and developer contributions. Other noteworthy projects completed with the fiscal year include, the completion of the Village's Comprehensive Beach Renourishment Plan, with design submitted for permitting of the Beach Sand Transfer Project, and the Beach Path Restoration Project was completed with inclusion of new light bollards along the path.

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.

BAL HARBOUR
FLORIDA'S PARADISE

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, inclusive of Code Enforcement.

PARKS AND OPEN SPACES DEPARTMENT. This Department combines the Public Works, and Park and Recreation Department and is responsible for the Village's facilities and infrastructure, beach maintenance, solid waste and recycling, landscaping efforts, and 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
As mentioned previously, the Village has finalized a Comprehensive Utility Master Plan and construction of the estimated $28.8 million project will commence in the current fiscal year. Complete replacement of the entire underground infrastructure throughout the Village and will also be rebuilding most of the local roadways as a result of the underground work. When complete the project will provide Village residents and businesses with improved water, sewer, and storm water drainage, and roadways. The current infrastructure is more than 70 years old, in some cases, and the renewal and replacement projects will likely last as many years.

The Village began the process of beach renourishment in FY2013 that would extend into FY2015. It had been several years and many storms since the beach was last renourished.

The Village commenced a Branding Initiative in FY2014, which will continue into the current fiscal year, and will further establish a broad vision for Village marketing, activities, and aspirations.

Five key goals were the focus of FY2015 budget development which will continue to guide activities in the coming years.

- Enhancing policing strategies and accountability;
- Improving and beautifying our public spaces;
- Investing in our Information Technology Infrastructure;
- Expanding our communication with our residents and visitors; and,
- Establishing sustainable fiscal policies and planning for future capital investments.

These are the focus of Village resources and activity within the current fiscal year.

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. As of September 30, 2014, the Bal Harbour Employees' Pension Trust's fiduciary net position as a percentage of liability was 79.86%. As of September 30, 2014, the Bal Harbour Police Officers' Pension Trust's fiduciary net position as a percentage of liability was 76.51%. 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 $1,399,473. Contributions from all sources to both defined benefit plans were $1,911,788 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 $606,273.

BAL HARBOUR
FLORIDA'S PARADISE

Debt Administration
At September 30, 2014, The Village had $10.6 million in outstanding long-term obligations, of which $845 thousand is due during FY2015. 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 0.16%, 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

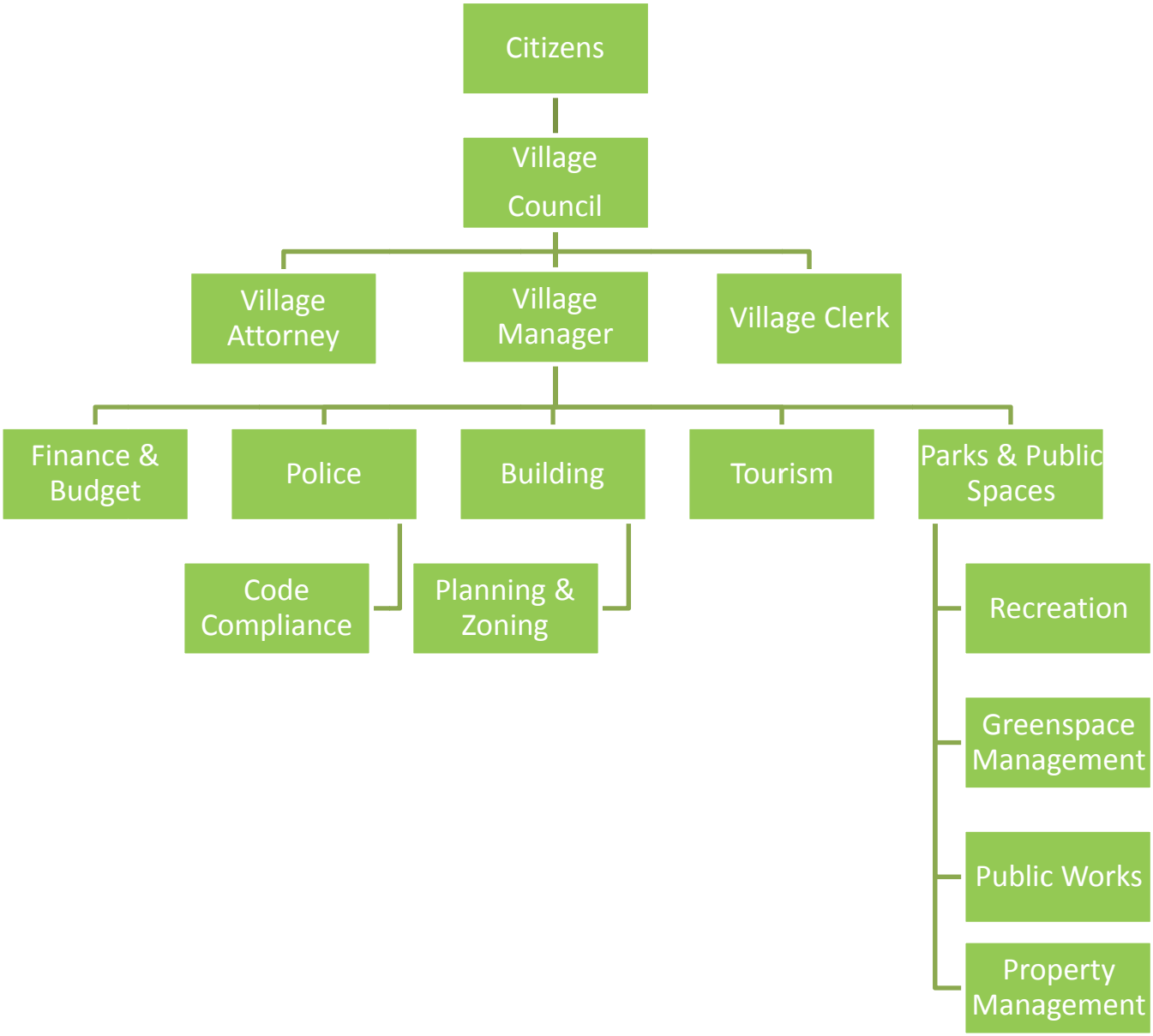
Amber D. Riviere
Finance Director

BAL HARBOUR VILLAGE, FLORIDA

VILLAGE OFFICIALS
As of November 2014

MAYOR	**Martin Packer**
ASSISTANT MAYOR	**Patricia Cohen**
COUNCILMEMBER	**Gabriel Groisman**
COUNCILMEMBER	**Seth E. Salver**
COUNCILMEMBER	**Jaime M. Sanz**
VILLAGE MANAGER	**Jorge M. Gonzalez**
INTERIM VILLAGE CLERK	**Dolores Mejia**
FINANCE DIRECTOR	**Amber Riviere**
VILLAGE ATTORNEY	**Weiss Serota Helfman Pastoriza Cole & Boniske, P.A.**
INDEPENDENT AUDITORS	**Marcum LLP**

FUNCTIONAL TABLE OF ORGANIZATION
FISCAL YEAR 2014/2015



BAL HARBOUR

FINANCIAL SECTION

INDEPENDENT AUDITORS' REPORT

MARCUM
ACCOUNTANTS ▲ ADVISORS

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, 2014, 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.

MARCUM GROUP
MEMBER

Marcum LLP ▫ One Southeast Third Avenue ▫ Suite 1100 ▫ Miami, Florida 33131 ▫ **Phone** 305-995-9600 ▫ **Fax** 305-995-9601
marcumllp.com

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, 2014, 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. 67, *Financial Reporting for Pension Plans – an amendment of GASB Statement No. 25.* This Statement was implemented for reporting period ended September 30, 2014. 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 64 through 73 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 February 13, 2015 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
February 13, 2015

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 15).

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 year-over-year growth. Redevelopment of another beachfront property was commenced and we expect to add 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 2014 was $38.3 million (net position), an increase of $4.6 million from the prior year. Governmental activities accounted for $3.6 million of this increase while the Business-type activities accounted for $965 thousand. Increases in cash and capital assets accounted for the majority of the increase in the Governmental Funds. The Tourism fund ended the year with an increase of about $672 thousand. The Security District fund saw a $185 thousand improvement to its bottom line as assessment revenues were levied to provide working and emergency capital. This fund further reduced its assessments in FY2015. Overall, the Village's funds saw noticeable improvements in all areas except the Law Enforcement Trust Funds, where expenditures of about $60 thousand were recorded and paid for with revenues collected in prior periods.

- Out of the total net position, $19.9 million of unrestricted assets may be used to meet the government's ongoing obligations to citizens and creditors. Additionally, the Village had $12.4 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 70 years old in some cases.

- The Village had more than $27.3 million in *current assets* than it had in *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 total long-term liabilities totaled a little over $10.3 million and were about $856 thousand less than the prior year.

- The Village's General Fund had $10.9 million in unassigned fund balance, which represents 84% of the General Fund expenditures for the same period, or about 11 months worth of operating reserves, about 2 months more than the prior year. The increase is largely attributed to additional revenue collected in the current fiscal year, both from recurring and non-recurring sources such a developer contributions.

- General Fund revenues *increased* by about $2.3 million from fiscal year FY2013. Most notable of the recurring revenue increases are $72 thousand in Utility Tax, $160 thousand in Franchise Fees, $132 thousand in Intergovernmental Revenue including Communications Services Taxes, State Revenue Sharing, and Sales Taxes, and $605 thousand in Building and Permitting revenue with $423 thousand for Building Permits, a direct reflection of improvement in our local economy, and $161 thousand in Local Business Tax collections due to improved collection efforts. In addition, $183 thousand in police off-duty revenue, $98 thousand in COBRA insurance payments from retirees; both with an offsetting expense. Developer contributions comprised the non-recurring portion of revenue growth at $965 thousand.

- General Fund total expenditures *decreased* by over $294 thousand compared to FY2013, largely due to reductions in capital outlay expenses which occurred in liability accounts in the previous year, operating expenditures increased by over $313 thousand largely due to revenue generated expenses such as those for off-duty police requests and the red light camera program.

- The Village's Tourism Fund had revenues in excess of expenditures by $631 thousand, largely due to reduced tourism related expenditures on hold for the launch of the Village's new branding effort and advertising creative.

- 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 in prior years', the criminal investigation was concluded without any additional fiscal impact to the Village. Further, the Village has now been admitted back into the Federal Forfeiture program in good standing.

- Business-type activities (the Village's Water and Sewer fund) operating revenues *decreased* from the prior year by $61 thousand. This reflects one-time credits issued due to malfunctioning Village meters rather than a reduction in consumption. Operating expenses *decreased* by about $155 thousand. 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 $965 thousand increase in the net position.

Village Highlights

- The Village's intergovernmental revenue increased by $141 thousand, licenses and permit revenue increased by $594 thousand. This is a very positive improvement reflecting the continued improvement experienced by the ongoing economic recovery.

- Planning for comprehensive Utility improvements continued during the year with the completion of the Utility Master Plan for the Village, and we anticipate construction commenced in the current fiscal year to continue for the next several 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 once again lowered for FY2015.

- 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 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 22) 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.

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

GOVERNMENT-WIDE STATEMENTS

Statement of Net Position

The following table reflects the condensed Statement of Net Position:

	Governmental Activities		Business-type Activities		Total		Percent
	2014	2013	2014	2013	2014	2013	Change
Current and other assets	$ 22,088	$17,350	$12,102	$12,603	$34,190	$29,953	14.15%
Capital assets	10,486	10,745	6,566	5,858	17,052	16,603	2.70%
Total assets	32,574	28,095	18,668	18,461	51,242	46,556	10.07%
Current and other liabilities	1,108	813	689	958	1,797	1,771	1.47%
Non-current liabilities	2,739	2,613	7,954	8,443	10,693	11,056	-3.28%
Total liabilities	3,847	3,426	8,643	9,401	12,490	12,827	-2.63%
Deferred Inflows of Resources	492	-	-	-	492	-	100.00%
Net investment in capital assets	$ 10,541	$10,745	$ 1,914	$ 604	$12,455	$11,349	9.75%
Restricted	5,830	5,065	-	-	5,830	5,065	15.10%
Unrestricted	11,864	8,859	8,110	8,456	19,974	17,315	15.36%
Total net position	$ 28,235	$24,669	$10,024	$ 9,060	$38,259	$33,729	13.43%

A large 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.

Statement of Activities

The following table reflects the condensed statement of activities:

	Governmental Activities		Business-type Activities		Total		Percent
	2014	2013	2014	2013	2014	2013	Change
Revenues:							
Program revenues:							
Charges for services	$ 3,991	$ 3,357	$ 3,547	$3,351	$ 7,538	$ 6,708	12.4%
Operating grants and contributions	243	-	-	-	243	-	0.0%
Capital grants and contributions	194	115	-	260	194	375	-48.3%
General revenue:							
Taxes	13,628	12,157	-	-	13,628	12,157	12.1%
Other	56	113	6	20	62	133	-53.4%
Total revenues	18,112	15,742	3,553	3,631	21,665	19,373	11.8%
Expenses:							
General government	4,144	3,859	-	-	4,144	3,859	7.4%
Public safety	5,740	5,608	-	-	5,740	5,608	2.4%
Solid waste and open space	614	613	-	-	614	613	0.2%
Tourism	2,904	3,121	-	-	2,904	3,121	-7.0%
Roads, streets and parks	1,196	1,179	-	-	1,196	1,179	1.4%
Interest on long-term debt	8	8	-	-	8	8	0.0%
Water and sewer	-	-	2,529	2,800	2,529	2,800	-9.7%
Total expenses	14,606	14,388	2,529	2,800	17,135	17,188	-0.3%
Changes in net position before transfers	3,506	1,354	1,024	831	4,530	2,185	107.3%
Transfers	60	60	(60)	(60)	-	-	0.0%
Changes in net position after transfers	3,566	1,414	964	771	4,530	2,185	107.3%
Net position - beginning	24,669	23,255	9,060	8,289	33,729	31,544	6.9%
Net position - ending	$28,235	$24,669	$10,024	$9,060	$38,259	$ 33,729	13.4%

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 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 $814 thousand dollars in recurring revenue from other governments during FY2014. 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 53% 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 43% 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, pass through rate increases from wholesale service providers, combined with the additional debt service expense associated with 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. 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

Intergovernmental revenues inclusive of sales and service taxes, and those generate from building and permitting fees increased significantly over the prior year, reflecting the continued economic recovery. The Village has maintained one of the lowest property tax rates in South Florida.

Resort taxes showed improvement over the prior year and this trend is expected to continue into the future with the opening of two new venues in the current year, and the additional of the Ritz Carlton to the Village's resort lineup. The revenue generated by the resort tax levies helps the Village keep its property tax rates low.

Security District assessment rates were decreased during FY2014 and the current year. This fund is on solid financial footing.

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, and additional pass-through rate increases are anticipated in future years.

The Village will increase expenditures for Capital projects in the coming years as it begins construction and implementation of the Utility Master Plan.

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 $19.2 million, which was a 23% increase or $3.7 million more than the previous year. $787 thousand of this increase came from positive results in restricted special revenue funds while about $2.9 million came from General Fund operations.

The General Fund ended the year with $13.7 million of fund balance that was $2.9 million more than FY2013, or an increase of 26%.

The Tourism Fund ended the year with an approximate $3.4 million fund balance, an increase of $631 thousand, which was a 24% 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 Fund had nominal activity in FY2014, and the Federal Law Enforcement Trust Fund had none.

Enterprise Fund

The Water and Sewer Fund ended the year with about $10.0 million in Net Position, an increase of $965 thousand. Capital Assets continued to see improvements made to its underground systems and net position increased by about $707 thousand, up 12% from the prior year.

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 FY2014:

The Village's General Fund finished FY 2013-14 with $1.928 million more in operating revenues than operating expenditures. Revenue exceeded budget by $1.78 million while total expenses ended under budget by $.14 million (accounting for increased expenditures resulting from higher revenue, such as Building Permit fees and Red Light Camera citations).

General Fund operating expense ended $144,000, below FY 2013-14 Adopted Budget levels. It is worth noting that the expenditures included $468,000 in unbudgeted expenditures driven by higher corresponding revenues, such as Building Contractual services ($305,000); Off-Duty Police ($89,000); and Red Light Camera Program ($74,000). If netted out, the expenses under direct management control would have ended $612,000 under budget, or almost 5.5% under the approved spending levels.

- The expenses for the Legislative Department, are $69,000 less than budgeted (-49.60%), largely due to less than anticipated professional service (-$20,000), and management expenses (-$33,000).
- The Administration Department expenses are $82,000 less than budgeted (-8.52%), largely due retirement expenses (-$28,000), and election expenses (-$39,000) which were significantly less than budgeted. Departmental expenditures were less than budgeted in spite of unbudgeted

expenses for the retired former Village Manager's Excess Benefit Plan occurring within the department ($56,000).

- The Finance Department expenses are $188,000 less than budgeted (-26.87%), largely due to salary savings resulting from a delayed start date and reduced starting salary for the Director (-$90,000), and retirement expenses which were also less than budgeted (-$65,000).
- The expenses for the General Government Department expenses are $146,000 less than budgeted (-15.28%), largely due to reduced Professional Services expenses (-$55,000), and maintenance expenses (-$33,000) which are less than budgeted. Overall expenses were less than budgeted in spite of reflecting unbudgeted COBRA/retiree expenses within the department for the first time, these expenses are offset by payments made by retirees to the Village.
- The actual expenses for the Police Department are $425,000 more than budgeted (8.31%), largely a result of unbudgeted expenditures for the Red Light Camera Program and Off-Duty requests, due to increased activity offset by corresponding revenue. Both programs resulted in net revenue generation for the Village. In addition, the then Vacant Chief of Police position was funded for only 6 months rather than a full year. Finally, certain personnel actions taken during the year resulting in extended suspensions with pay pending the outcome of an investigation, causing the overtime line item to exceed budget this Fiscal Year.
- The actual expenses for the Building Department are $315,000 more than budgeted (55.82%), due to increased building and permitting revenue a percentage of which is paid to the contractual service provider for the department.
- The Public Works Department expenses are $243,000 less than budgeted (-13.12%), largely due to the proper redirecting of Utility Master Plan development expense to the Utility Fund, and Resort Tax eligible expenses to the Resort Tax Fund.
- The actual expense for the Parks and Recreation Department are $54,000 more than budgeted (16.11%), largely due to the use of overtime, and increased hours for part-time employees to meet operational needs.
- The expense for General Fund Legal are $209,000 less than budgeted (-54.8%), the FY2014 budget for legal was higher than prior year expense would indicate was needed. When compared to prior year actual legal FY 2013-14 expenditures are $34,000 less than FY 2012-13 expenses for the same time period.

The Tourism Fund finished the year with $631 thousand more in revenues than expenditures. Increases in year-over-year sales were seen 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 $17.0 million invested in a variety of capital assets, an increase of $470 thousand from FY2013. 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 38-39.

Debt Outstanding

The Village had $10.3 million in outstanding long-term obligations, of which $856 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 $700 thousand. The current portion of all debt was budgeted for in the FY2015 operating budgets of the Village. The General Fund portion of the debt service 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 Pages 39-41

Net Pension Liability

With the implementation of GASB Statement No. 67, a new measure of the accounting liability of the employer is referred to as the Net Pension Liability and is measured as of the Plan's year end and is presented in the required supplementary information.

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 pages 61-62 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 benefit costs have 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 is planning for expansion. 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 Consultatio has begun and is expected to be on the tax rolls for FY2016.

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 FY2015 budget totaled $28.8 million for all funds. The Security District assessment rate was reduced because it has now built up sufficient reserves and working capital. Water and sewer rates were increased, to pass through increases from our wholesale service providers and to eliminate the General Fund subsidy to the Utility, from $4.15/1,000 to $4.55/1,000 gallons of water consumed with a 3,000 gallon minimum monthly charge for Water and from $6.60/1,000 to $7.30/1,000 gallons of water consumed with a 3,000 gallon minimum monthly charge for Waste Water.

The Village has completed the update of the Utility Master Plan, and will commence the 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, State Appropriation Funding and County General Obligation Bond Proceeds revenue sources, and expected future borrowings. Water and sewer rates may also be affected. Potential 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 was benefitting from a beach renourishment program that will widen the beaches throughout the Village. The project is expected to be completed in FY2015. This should have a positive impact on both tourism taxes and property values.

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, 2014

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	$ 19,661,223	$ 7,978,319	$ 27,639,542
Receivables, net	763,624	420,457	1,184,081
Prepaids	3,199	-	3,199
Due from other governments	54,441	400,287	454,728
Net pension asset - defined benefit plans	1,245,109	-	1,245,109
Restricted assets:			
Cash and cash equivalents	360,775	3,189,244	3,550,019
Restricted for customer deposits	-	114,532	114,532
Capital assets not being depreciated	1,710,099	2,731,975	4,442,074
Capital assets being depreciated, net	8,776,235	3,833,305	12,609,540
Total assets	32,574,705	18,668,119	51,242,824
LIABILITIES			
Accounts payable and accrued liabilities	1,107,935	688,942	1,796,877
Payable from restricted assets:			
Customer deposits	-	114,532	114,532
Non-current liabilities:			
Due within one year	284,821	611,272	896,093
Due in more than one year	449,010	7,228,447	7,677,457
Net pension obligation - excess benefit plan	1,399,473	-	1,399,473
Other post employment benefits	606,273	-	606,273
Total liabilities	3,847,512	8,643,193	12,490,705
DEFERRED INFLOWS OF RESOURCES			
Business taxes	491,978	-	491,978
NET POSITION			
Net investment in capital assets	10,540,631	1,914,805	12,455,436
Restricted for:			
Debt service	306,477	-	306,477
Tourism development	3,359,847	-	3,359,847
State law enforcement	1,086,638	-	1,086,638
Security district	1,077,254	-	1,077,254
Unrestricted	11,864,368	8,110,121	19,974,489
Total net position	$ 28,235,215	$ 10,024,926	$ 38,260,141

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, 2014

		Program Revenues			Net (Expense) Revenue and Changes in Net Position		
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities:							
General government	$ 4,143,524	$ 3,086,654	$ 243,000	$ -	$ (813,870)	$ -	$ (813,870)
Public safety	5,739,694	904,073	-	-	(4,835,621)	-	(4,835,621)
Solid waste	613,773	-	-	-	(613,773)	-	(613,773)
Roads and streets	807,887	-	-	193,847	(614,040)	-	(614,040)
Parks and recreation	389,739	-	-	-	(389,739)	-	(389,739)
Tourism development	2,903,643	-	-	-	(2,903,643)	-	(2,903,643)
Interest on long-term debt	7,675	-	-	-	(7,675)	-	(7,675)
Total governmental activities	14,605,935	3,990,727	243,000	193,847	(10,178,361)	-	(10,178,361)
Business-type activities:							
Water and sewer	2,527,403	3,547,076	-	-	-	1,019,673	1,019,673
Total business-type activities	2,527,403	3,547,076	-	-	-	1,019,673	1,019,673
Total	$ 17,133,338	$ 7,537,803	$ 243,000	$ 193,847	(10,178,361)	1,019,673	(9,158,688)
General revenues:							
Property taxes					6,781,637	-	6,781,637
Franchise fees based on gross receipts					810,291	-	810,291
Utility taxes					878,330	-	878,330
Communications services tax					316,580	-	316,580
Unrestricted developer contribution					965,561	-	965,561
Unrestricted intergovernmental revenues					322,226	-	322,226
Tourism tax					3,553,785	-	3,553,785
Unrestricted investment earnings					29,531	5,643	35,174
Miscellaneous					26,447	-	26,447
Transfers					60,000	(60,000)	-
Total general revenues and transfers					13,744,388	(54,357)	13,690,031
Change in net position					3,566,027	965,316	4,531,343
Net position, beginning					24,669,188	9,059,610	33,728,798
Net position, ending					$ 28,235,215	$ 10,024,926	$ 38,260,141

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

BAL HARBOUR VILLAGE, FLORIDA

BALANCE SHEET
GOVERNMENTAL FUNDS

SEPTEMBER 30, 2014

	General	Tourism	Aggregate Non-major Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	$ 13,973,406	$ 3,495,217	$2,192,600	$ 19,661,223
Receivables, net	586,512	177,112	-	763,624
Due from other governments	54,441	-	-	54,441
Prepaids	3,199	-	-	3,199
Restricted cash and cash equivalents	360,775	-	-	360,775
Total assets	$ 14,978,333	$ 3,672,329	$2,192,600	$ 20,843,262
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities:				
Accounts payable and accrued liabilities	$ 766,745	$ 312,482	$ 28,708	$ 1,107,935
Deferred inflows of resources:				
Unavailable revenue - business tax license	491,978	-	-	491,978
Fund balances:				
Non-spendable:				
Prepaids	3,199	-	-	3,199
Restricted:				
Debt service	306,477	-	-	306,477
Tourism development	-	3,359,847	-	3,359,847
State law enforcement	-	-	1,086,638	1,086,638
Security district	-	-	1,077,254	1,077,254
Assigned:				
Excess benefits plan	1,399,473	-	-	1,399,473
Other post employment benefits and leave time	606,273	-	-	606,273
Red light camera claims	500,000	-	-	500,000
Unassigned:				
General fund	10,904,188	-	-	10,904,188
Total fund balances	13,719,610	3,359,847	2,163,892	19,243,349
Total liabilities, deferred inflows of resources and fund balances	$ 14,978,333	$ 3,672,329	$2,192,600	

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.	10,486,334
A net pension asset is not considered to represent a financial asset and therefore is not reported in the governmental funds	1,245,109
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	(306,477)
Compensated absences	(427,354)
Net pension obligation - excess benefit plan	(1,399,473)
Other post employment benefits	(606,273)
Net position of governmental activities	$ 28,235,215

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, 2014

	General	Tourism	Aggregate Non-major Funds	Total Governmental Funds
Revenues:				
Taxes:				
Property	$ 6,781,637	$ -	$ -	$ 6,781,637
Other local taxes	2,005,201	-	-	2,005,201
Tourism tax	-	3,553,785	-	3,553,785
Licenses and permits	1,598,837	-	-	1,598,837
Developer contribution	965,561	-	-	965,561
Fines and forfeitures	869,783	-	-	869,783
Charges for services	827,112	-	46,690	873,802
Special assessments	-	-	614,015	614,015
Intergovernmental	516,073	-	-	516,073
Grants	243,000	-	-	243,000
Investment earnings	24,568	3,304	531	28,403
Miscellaneous	26,227	1,502	34,136	61,865
Total revenues	13,857,999	3,558,591	695,372	18,111,962
Expenditures:				
Current:				
General government	3,438,427	-	509,984	3,948,411
Public safety	5,620,615	-	-	5,620,615
Solid waste	613,773	-	-	613,773
Road and streets	787,614	-	-	787,614
Parks and recreation	389,739	-	-	389,739
Tourism development	-	2,896,764	-	2,896,764
Capital outlay	208,299	-	-	208,299
Debt service:				
Principal payments	21,896	-	-	21,896
Interest	7,675	-	-	7,675
Total expenditures	11,088,038	2,896,764	509,984	14,494,786
Excess of revenues over expenditures	2,769,961	661,827	185,388	3,617,176
Other financing sources (uses):				
Transfers in	120,000	-	-	120,000
Transfers out	-	(30,000)	(30,000)	(60,000)
Total other financing sources (uses)	120,000	(30,000)	(30,000)	60,000
Net change in fund balances	2,889,961	631,827	155,388	3,677,176
Fund balances, beginning	10,829,649	2,728,020	2,008,504	15,566,173
Fund balances, ending	$ 13,719,610	$ 3,359,847	$ 2,163,892	$ 19,243,349

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, 2014

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)		$ 3,677,176
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	$ 208,299	
Depreciation expense	(444,545)	(236,246)
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	$ 251,466	
Net pension obligation - excess benefit plan	(56,965)	
Compensated absences	(39,914)	
Other post employment benefits	(51,386)	103,201
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		21,896
Change in net position of governmental activities (Page 15)		$ 3,566,027

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

BAL HARBOUR VILLAGE, FLORIDA

STATEMENT OF NET POSITION
PROPRIETARY FUND

SEPTEMBER 30, 2014

	Water & Sewer
ASSETS	
Current assets:	
Cash and cash equivalents	$ 7,978,319
Receivables, net	420,457
Total current assets	8,398,776
Restricted assets:	
Cash with fiscal agent	3,189,244
Restricted for customer deposits	114,532
Noncurrent assets:	
Due from other government	400,287
Capital assets not being depreciated	2,731,975
Capital assets being depreciated, net	3,833,305
Total assets	18,668,119
LIABILITIES	
Current liabilities:	
Accounts payable and accrued liabilities	405,498
Due to other governments	283,444
Customer deposits	114,532
Revenue bonds payable	611,272
Total current liabilities	1,414,746
Non-current liabilities:	
Revenue bonds payable	7,228,447
Total non-current liabilities	7,228,447
Total liabilities	8,643,193
NET POSITION	
Net investment in capital assets	1,914,805
Unrestricted	8,110,121
Total net position	$ 10,024,926

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, 2014

	Water & Sewer
Operating revenues:	
Charges for sales and services:	
Water sales	$ 1,822,781
Sewer sales	1,719,665
Tap fees	1,250
Fines and penalties	3,380
Total operating revenues	3,547,076
Operating expenses:	
Materials, supplies and administration	680,822
Wastewater treatment charges	668,789
Water purchases	634,650
Depreciation	226,589
Personal services	104,977
Total operating expenses	2,315,827
Operating income	1,231,249
Non-operating revenues (expenses):	
Interest income	5,643
Interest expense	(211,576)
Total non-operating revenues (expenses)	(205,933)
Income before transfers	1,025,316
Transfers out	(60,000)
Change in net position	965,316
Net position, beginning	9,059,610
Net position, ending	$ 10,024,926

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, 2014

	Water & Sewer
Cash flows from operating activities:	
Receipts from customers and users	$ 3,566,597
Payments to other government	283,444
Payments to suppliers	(2,422,939)
Payments to employees	(104,977)
Net cash provided by operating activities	1,322,125
Cash flows from non-capital financing activities:	
Transfer to other funds	(60,000)
Cash flows from capital and related financing activities:	
Payment of bond principal	(603,728)
Purchase and construction of capital assets	(933,783)
Interest paid on capital debt	(211,576)
Net cash used by capital and related financing activities	(1,749,087)
Cash flows from investing activities:	
Interest received	38,495
Net cash provided by investing activities	38,495
Net decrease in cash and cash equivalents	(448,467)
Cash and cash equivalents, beginning	11,730,562
Cash and cash equivalents, ending	$ 11,282,095
Cash and cash equivalents per statement of net position:	
Unrestricted	$ 7,978,319
Restricted	3,303,776
	$ 11,282,095
Reconciliation of operating income to net cash used by operating activities:	
Operating income	$ 1,231,249
Adjustments to reconcile operating income to net cash used by operating activities:	
Depreciation expense	226,589
Changes in operating assets and liabilities:	
(Increase) decrease in:	
Receivables	18,731
Increase (decrease) in:	
Accounts payable and accrued liabilities	(438,678)
Due to other funds	283,444
Customer deposits	790
Total adjustments	90,876
Net cash used by operating activities	$ 1,322,125

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

BAL HARBOUR VILLAGE, FLORIDA

STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS

SEPTEMBER 30, 2014

	Pension Trust Funds	Agency Fund
ASSETS		
Cash	$ -	$ 19,123
Investments, at fair value		
Money market mutual funds	1,468,029	-
Stock mutual funds	6,163,787	-
Bond mutual funds	3,709,388	-
U.S. Government obligations	3,004,363	-
Corporate bonds	3,302,135	-
Mortgage backed securities	35,399	-
Large cap equities	10,990,801	-
Total investments	28,673,902	-
Accrued interest receivable	43,023	-
Contributions receivable	46,975	-
Total assets	28,763,900	19,123
LIABILITIES AND NET POSITION		
Accounts payable	41,355	-
Other liabilities	-	19,123
Total liabilities	41,355	19,123
Net position restricted for pension benefits	$ 28,722,545	$ -

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, 2014

ADDITIONS	
Contributions:	
Village	$ 1,644,206
Employees	223,092
State	44,490
Total contributions	1,911,788
Investment income:	
Interest and dividends	466,459
Net appreciation in the fair value of investments	2,426,622
	2,893,081
Less investment expenses	128,221
Net investment income	2,764,860
Total additions	4,676,648
DEDUCTIONS	
Benefits payments	1,004,885
Administrative expenses	106,068
Lump sum DROP distributions	106,061
Refunds of contributions	61,028
Total deductions	1,278,042
Net increase in net position	3,398,606
Net position restricted for pension benefits:	
Beginning, as previously reported	24,024,161
Prior period adjustment - GASB 67 adjustment	1,299,778
Beginning, as restated	25,323,939
End of year	$ 28,722,545

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

NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

1. Financial Reporting Entity

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. 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 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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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.

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 ***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 Officers' Pension Trust and the excess benefit plan. The assets of the fund are restricted to providing retirement and disability benefits to Village employees.

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.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

The Plan implemented the following GASB Statement during the year ended September 30, 2014 that had an impact on the financial statements:

GASB Statement No. 67, *Financial Reporting for Pension Plans – An Amendment to GASB Statement No. 25*

For defined benefit pension plans, this Statement establishes standards of financial reporting for separately issued financial reports and specifies the required approach to measuring the pension liability of employers and non-employer contributing entities for benefit provided through the plan (net pension liability), about which information is required to be presented.

The October 1, 2013 beginning net position restricted for pension benefits for the Bal Harbour Police Officers' Pension Plan was restated due to the implementation of GASB 67 to no longer record the DROP as a liability; it is only disclosed in the notes to the financial statements, as follows:

Net Position, October 1, 2013, Previously Stated	$ 14,777,697
Restatement of Net Position Due to the Implementation of GASB 67	1,299,778
Net Position, October 1, 2013, Restated	$ 16,077,475

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

Amounts reported as program revenues 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.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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, 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.

5. Receivables

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

6. Prepaids

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

7. 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.

8. 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.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

8. Capital Assets (Continued)

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

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

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.

9. Compensated Absences

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

10. 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.

11. Deferred Inflows of Resources

The Statement of Net Position and the Governmental Funds Balance Sheet includes a separate section, listed below Total Liabilities, for Deferred Inflows of Resources. This represents the acquisition of net position applicable to future periods and will not be recognized as revenue until the future period to which it applies. Currently, the only item in this category is Unavailable Revenue, in the Balance Sheet, and Unearned Revenue, in the Statement of Net Position, which will be recognized as inflows of resources in the period that the amounts become available. The sources of the unavailable revenue are local business taxes.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

12. 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.

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 $1.4 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.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

13. Net Position

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

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

14. 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.

15. 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.

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 mils. The fiscal 2014 millage rate assessed by the Village was 1.9192 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, 2014.

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.

Investments - Other Than Pension Funds

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

NOTE 3. DEPOSITS AND INVESTMENTS (Continued)

Investments - Other Than Pension Funds (Continued)
The State Board of Administration (SBA) administers the Florida PRIME, which is governed by Chapter 19-7 of the Florida Administrative Code and Chapters 218 and 215 of the Florida Statutes. These rules provide guidance and establish the policies and general operating procedures for the administration of the Florida PRIME. The Florida PRIME is not a registrant with the Securities and Exchange Commission (SEC); however, the SBA has adopted operating procedures 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 Florida PRIME pool is operating in a manner consistent with SEC rules of 2a-7 funds. The investments in Florida PRIME are not insured by FDIC or any other governmental agency.

As of September 30, 2014, the Village had the following investments:

	Fair Value
Florida PRIME	$ 11,192,137

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, 2014, was 39 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.

Credit Risk
The Florida PRIME is rated by Standard and Poor's. The current rating is AAAm.

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, 2014, 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 Employees' Pension Plan & Trust (Plan) adopted an amended Investment Policy effective January 1, 2008. Concurrently with this amended investment policy, the Board of Trustees elected to discontinue active management of a portfolio of investments, based upon the advice of its investment monitor and advisor. The Board of Trustees, in keeping with its consultant's recommendation, has opted to invest in index

NOTE 3. DEPOSITS AND INVESTMENTS (Continued)

Investments – General Employees' Pension Plan (Continued)

Policy (Continued)
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.

Maturity Risk
As of September 30, 2014, the Bal Harbour Village General Employees' Pension Plan & Trust had the following fixed income investments and maturities:

	Fair Value	Less Than 1 Year
Bond mutual funds	$ 3,709,388	$ 3,709,388
Money market mutual funds	541,123	541,123
	$ 4,250,511	$ 4,250,511

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.

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.

NOTE 3. DEPOSITS AND INVESTMENTS (Continued)

Investments – Bal Harbour Police Pension Plan

The Bal Harbour Village Police Officers' Pension Plan (Police Pension) 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.

Maturity Risk

As of September 30, 2014, the Police Pension had the following fixed income investments and maturities:

		Investment Maturities (In Years)			
	Fair Value	Less Than 1	1-5	6-10	More Than 10
U.S. Government obligations	$ 3,004,363	$ 588,277	$ 2,406,140	$ 9,946	$ --
Mortgage-backed securities	35,399	-	21,691	13,708	-
Corporate bonds	3,302,135	217,712	979,100	2,105,323	-
	$ 6,341,897	$ 805,989	$ 3,406,931	$ 2,128,977	$ -

Interest Rate Risk

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

Credit Risk

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

Concentration of Credit Risk

The Police Pension's investment policy stipulates that not more than 5% of Police Pension 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, 2014, the value of each position in any one issuer held by the Police Pension comprised less than 5% of Police Pension net position and less than 5% of the value of the outstanding capital stock of any company.

NOTE 3. DEPOSITS AND INVESTMENTS (Continued)

Investments – Bal Harbour Police Pension Plan (Continued)

Risks and Uncertainties
The Police Pension 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 Police Pension, through its investment advisors, monitors the Police Pension's investments and the risks associated therewith on a regular basis, which the Police Pension believes minimizes these risks.

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:

	General Fund	Tourism Fund	Water and Sewer Fund	Fiduciary Funds	Total
Receivables:					
Taxes and assessments	$ 560,212	177,112	$ -	$ -	$ 737,324
Accounts	-	-	420,457	-	420,457
Contributions	-	-	-	43,023	43,023
Interest and other	26,300	-	-	46,975	73,275
Gross receivables	586,512	177,112	420,457	89,998	1,274,079
Less allowance for uncollectibles	-	-	-	-	-
Net total receivables	$ 586,512	$ 177,112	$ 420,457	$ 89,998	$ 1,274,079

NOTE 5. DUE FROM OTHER GOVERNMENTS

The governmental activities due from other governments of approximately $54,000 represent 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, 2015. Subsequent to fiscal year end, on December 24, 2014, the Village received payment in full from the Town of Surfside.

NOTE 6. CAPITAL ASSETS

Capital asset activity for the fiscal year ended September 30, 2014, was as follows:

	Beginning Balance	Increases	Decrease	Ending Balance
Governmental activities:				
Capital assets not being depreciated:				
Land	$ 277,426	$ -	$ -	$ 277,426
Infrastructure	1,350,459	-	-	1,350,459
Work in progress	901,141	49,572	(868,499)	82,214
Total capital assets not being depreciated	2,529,026	49,572	(868,499)	1,710,099
Capital assets being depreciated:				
Buildings	3,282,789	-	-	3,282,789
Improvements other than buildings	10,441,014	1,027,226	-	11,468,240
Furniture, fixtures and equipment	3,802,814	-	-	3,802,814
Infrastructure	427,615	-	-	427,615
Total capital assets being depreciated	17,954,232	1,027,226	-	18,981,458
Less accumulated depreciation for:				
Buildings	(2,065,556)	(137,632)	-	(2,203,188)
Improvements other than buildings	(3,876,565)	(189,657)	-	(4,066,222)
Furniture, fixtures and equipment	(3,585,735)	(94,906)	-	(3,680,641)
Infrastructure	(232,822)	(22,350)	-	(255,172)
Total accumulated depreciation	(9,760,678)	(444,545)	-	(10,205,223)
Total capital assets being depreciated, net	8,193,554	582,681	-	8,776,235
Governmental activities capital assets, net	$ 10,722,580	$ 632,253	$ (868,499)	$ 10,486,334
Business-type activities:				
Capital assets not being depreciated:				
Land	$ 7,010		$ -	$ 7,010
Work in progress	1,791,183	933,782	-	2,724,965
Total capital assets not being depreciated	1,798,193	933,782	-	2,731,975
Capital assets being depreciated:				
Building	23,865	-	-	23,865
Furniture, fixtures and equipment	1,151,976	-	-	1,151,976
Water/sewer system	5,349,393	-	-	5,349,393
Total capital assets being depreciated	6,525,234	-	-	6,525,234
Less accumulated depreciation for:				
Building	(18,711)	-	-	(18,711)
Furniture, fixtures and equipment	(654,774)	(16,301)	-	(671,075)
Water/sewer system	(1,791,855)	(210,288)	-	(2,002,143)
Total accumulated depreciation	(2,465,340)	(226,589)	-	(2,691,929)
Total capital assets being depreciated, net	4,059,894	(226,589)	-	3,833,305
Business-type activities capital assets, net	$ 5,858,087	$ 707,193	$ -	$ 6,565,280

NOTE 6. CAPITAL ASSETS (Continued)

Depreciation expense for the fiscal year ended September 30, 2014, was charged to functions/programs as follows:

Governmental activities:	
General government	$ 284,296
Public safety	133,096
Roads, streets, and parks	20,273
Tourism development	6,880
Total depreciation expense, governmental activities	$ 444,545
Business-type activities:	
Water and sewer	$ 226,589

NOTE 7. INTERFUND TRANSFERS

Transfers In	Transfers Out				
	General	Tourism	Security District	Water and Sewer	Total
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, 2014 on the Bonds was 2.4995%.

NOTE 8. LONG-TERM DEBT (Continued)

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.

Total pledged revenues to repay the principal and interest of those bonds as of September 30, 2014 are as follows:

	Revenue Bonds
Current revenue pledged	$465,003
Current debt service	$837,057
Total future revenue pledged	$9,499,812
Description of debt	
Purpose of debt	Bal Harbour Village, Florida Capital Improvement Revenue Bonds, Series 2011 Series 2011 revenue bonds to fund water and sewer projects
Term of commitment	2011-2026
Percentage of debt service to pledged revenue (current year)	180%

The bonds outstanding at September 30, 2014 consist of the following:

	Purpose of Issue	Amount Issued	Amount Outstanding	Interest Rate	Maximum Annual Debt Service
Revenue bonds:					
Series 2011	Capital Improvement	$ 10,000,000	$ 8,146,196	2.50%	$ 1,470,501

Long-term liabilities activity for the fiscal year ended September 30, 2014 for governmental and business-type activities was the following:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Revenue bonds	$ 328,373	$ -	$ (21,896)	$ 306,477	$ 22,171
Compensated absences	387,440	45,450	(5,536)	427,354	262,650
Total governmental activities, long-term liabilities	$ 715,813	$ 45,450	$ (27,432)	$ 733,831	$ 284,821
Business-type activities:					
Revenue bonds	$ 8,443,447	$ -	$ (603,728)	$ 7,839,719	$ 611,272

NOTE 8. LONG-TERM DEBT (Continued)

The following is the summary of annual debt service requirements:

Fiscal Year Ended September 30,	Revenue Bonds Principal	Revenue Bonds Interest
2015	$ 633,443	$ 203,614
2016	641,360	187,781
2017	649,375	171,751
2018	657,491	155,519
2019	665,708	139,085
2020-2024	3,455,433	441,638
2025-2026	1,443,386	54,228
	$8,146,196	$1,353,616

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.

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, 2014, 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, 2013, the latest actuarial valuation date for the Bal Harbour Employees' Pension Trust, October 1, 2014, 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:

	Excess Benefits
Retirees and beneficiaries currently receiving benefits and terminated employees entitled to benefits but not yet receiving them	1
Current employees:	
Vested	-
Non-vested	-
Total	-

NOTE 9. EMPLOYEE RETIREMENT PLANS (Continued)

2. Plan Descriptions (Continued)

	General	Police Officers
Inactive plan members and beneficiaries currently receiving benefits	19	22
Inactive plan members entitled but not yet receiving benefits	7	2
Active plan members	24	13
Total members	50	37

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 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.

NOTE 9. EMPLOYEE RETIREMENT PLANS (Continued)

2. Plan Descriptions (Continued)

Bal Harbour Employees' Pension Trust (Continued)

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

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

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

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

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

Rate of Return
For the year ended September 30, 2014, the annual money-weighted rate of return on pension investments, net of pension plan investment expense was 8.49%.

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

NOTE 9. EMPLOYEE RETIREMENT PLANS (Continued)

2. Plan Descriptions (Continued)

Bal Harbour Employees' Pension Trust (Continued)

Deferred Retirement Option Program

The Bal Harbour Employees' Pension Trust has a Deferred Retirement Option Program (DROP) for participants who are eligible to receive normal retirement. Eligible members may apply to participate by applying to the Board. Upon a member's election to participate in the DROP, that member shall be considered retired. Monthly retirement benefits that would have been payable had the member retired without electing the DROP will be paid into the DROP and credited to the retired member who may not receive any of these amounts until they actually sever employment with the Village. Upon separation from service with the Village, the entire DROP balance is made to or for the benefit of the participant as a lump sum distribution. Payments into the DROP will earn the same return as earned by the remainder of the Plan assets or a fixed rate of 4% at the option of the participant. This option can be changed every year prior to December 1st for the following calendar year. If they do not make a choice, the default option is the fixed rate of 4%. At September 30, 2014, there were 4 members who were enrolled under the DROP. The total liability for the members DROP account as of September 30, 2014 was $212,085. This amount is included in the total investment balance and the net position presented on the statement of fiduciary net position.

NOTE 9. EMPLOYEE RETIREMENT PLANS (Continued)

2. Plan Descriptions (Continued)

Bal Harbour Employees' Pension Trust (Continued)

Deferred Retirement Option Program (Continued)
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, 2014.

STATEMENT OF FIDUCIARY NET POSITION

ASSETS	
Investments:	
Cash and money market mutual funds	$ 541,123
Stock mutual funds	6,163,787
Bond mutual funds	3,709,388
Receivables	3,150
Total assets	10,417,448
NET POSITION	
Net position restricted for pension benefits	$ 10,417,448

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

ADDITIONS	
Village contributions	$ 671,605
Employee contributions	89,677
Total contributions	761,282
Investment earnings:	
Interest and dividends	167,540
Net appreciation in the fair value of investments	662,519
	830,059
Less investment expenses	31,847
Net investments income	798,212
Total additions	1,559,494
DEDUCTIONS	
Benefits paid	361,172
Administrative expenses	27,338
Total deductions	388,510
Change in net position	1,170,984
Net position restricted for pension benefits:	
Beginning of year	9,246,464
End of year	$ 10,417,448

NOTE 9. EMPLOYEE RETIREMENT PLANS (Continued)

2. Plan Descriptions (Continued)

Bal Harbour Police Officers' Pension Trust

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

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

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

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

Contributions and Funding Policy
Employees contribute 10% of their compensation. The Village is required to contribute the amount in excess of employee contributions to pay the annual pension cost. The Village Council, through establishment or modification of enabling legislation, establishes the required employee contribution. The required employer contribution, which is a percentage of annual covered payroll and includes amounts contributed by the State pursuant to Chapter 175, Florida Statutes, is actuarially determined as of October 1st of each year. The annual required employer contribution for the fiscal year ended September 30, 2014 was determined based on the October 1, 2012 actuarial valuation and was 72.9% of non-DROP covered payroll.

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

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

Normal Retirement
Date: Earliest of age 55 and 10 years of Credited Service; age 57, regardless of service; or 20 years of Credited Service, regardless of age.
Benefit: 3.50% of Final Average Compensation times Years of Credited Service.
Minimum Benefit: $25 per month.

NOTE 9. EMPLOYEE RETIREMENT PLANS (Continued)

Bal Harbour Police Officers' Pension Trust (Continued)

2. Plan Descriptions (Continued)

Early Retirement
Eligibility: Age 50 and 10 Years of Credited Service.
Benefit: Accrued benefit reduced 3.0% for each year that Early Retirement precedes Normal Retirement.

Vesting (Termination of Employment)
Less than 1 year: Refund of Member Contributions, with 5.0% interest.
1-9 Years: 10% of accrued pension for each complete year of service, payable at Normal Retirement, or a refund of contributions described above.
10 Years or More: 100% of accrued pension payable at Normal Retirement Date.

Disability
Eligibility: Total and permanent; Medical proof required.
Service Connected Benefit: Accrued benefit, but not less than 42% of average monthly compensation on date of disability.
Non-Service Connected Benefit: Accrued benefit, but not less than 25% of average monthly compensation on date of disability.

Pre-Retirement Death Benefits
Service Connected: 50% of base rate of pay on date of death, paid for 10 years.
Non-Service Connected: Accrued Benefit, actuarially reduced if early commencement, paid for 10 years.
Minimum Benefit: Greater of actuarial equivalent of accrued benefit, or Member's contributions.

Cost-of-Living Adjustment
Retirees who were actively employed on or after February 21, 2006 receive 2.5% annually, after one year of receiving benefits.

Investment Policy
The following was the Board's adopted asset allocation policy target allocation as of September 30, 2014:

Asset Class	Target Allocation
Large Cap Equities	60%
Intermediate Fixed Income	40
Total	100%

NOTE 9. EMPLOYEE RETIREMENT PLANS (Continued)

2. Plan Descriptions (Continued)

Bal Harbour Police Officers' Pension Trust (Continued)

Rate of Return
For the year ended September 30, 2014 the annual money-weighted rate of return on pension investments, net of pension plan investment expense, was 12.04 percent.

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

Deferred Retirement Option Program
On April 13, 2007, the Bal Harbour Village Police Officers' Pension Plan amended the Deferred Retirement Option Program (DROP) for participants who are eligible to receive normal retirement. Eligible members may apply to participate by applying to the Board.

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

At September 30, 2014, there were 8 participants who were enrolled under the DROP. The DROP balance as September 30, 2014 is $1,933,306. The DROP investment assets are included in the total investment balance presented on the Statement of Fiduciary Net Position.

NOTE 9. EMPLOYEE RETIREMENT PLANS (Continued)

2. Plan Descriptions (Continued)

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.

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 $1,399,473 in the government-wide financial statements that represents the net pension obligation of the Plan as of September 30, 2014. 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, 2014, to pay the benefits payable under the Plan.

NOTE 9. EMPLOYEE RETIREMENT PLANS (Continued)

2. Plan Descriptions (Continued)

Bal Harbour Village Excess Benefits Plan (Continued)

Funding Policy (Continued)
The funded status of the Plan as of September 30, 2014, 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, 2014	$ -	$ 1,399,473	$ 1,399,473	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, 2014.

3. Funded Status and Funding Progress

Additional information as of the latest actuarial valuation follows:

Actuarial valuation date	September 30, 2014
Annual Pension Cost	$112,303
Contributions made	$55,338
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	2.5%

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:

	General Employees	Police Employees	Excess Benefit	Total
Annual required contribution	$ 497,853	$ 1,004,620	$ 55,602	$ 1,558,075
Interest on net pension obligation	(28,736)	(48,840)	56,701	(20,875)
Adjustment to annual required contributions	34,961	47,294	-	82,255
Annual pension cost	434,156	1,003,074	112,303	1,549,533
Contributions made	671,605	1,017,091	55,338	1,744,034
Change in net pension obligation (asset)	(237,449)	(14,017)	56,965	(194,501)
Net pension obligation (asset), beginning of year	(383,140)	(610,503)	1,342,508	348,865
Net pension obligation (asset), end of year	$ (620,589)	$ (624,520)	$ 1,399,473	$ 154,364

Bal Harbour Employee Pension Trust

The annual pension cost for the current year was $434,156, determined as part of the October 1, 2013, actuarial valuation using the entry age normal cost method.

Three-Year Trend Information

Fiscal Year Ending	Annual Pension Cost (APC)	Amount Contributed	Percentage of APC Contributed	Net Pension Asset
9/30/2012	$ 365,741	$ 432,342	118%	$ (347,620)
9/30/2013	488,764	524,284	107%	(383,140)
9/30/2014	434,156	671,605	155%	(620,589)

Bal Harbour Police Officers' Pension Trust

The annual pension cost for the current year was $1,003,074, determined as part of the updated October 1, 2014, 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.

NOTE 9. EMPLOYEE RETIREMENT PLANS (Continued)

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

Bal Harbour Police Officers' Pension Trust (Continued)

Three-Year Trend Information

Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Asset
9/30/2012	$ 1,014,632	118%	$ (603,933)
9/30/2013	837,979	101%	(610,503)
9/30/2014	1,003,074	101%	(624,520)

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 $112,303, determined as of the September 30, 2014 actuarial valuation using the entry age normal cost method.

Three-Year Trend Information

Fiscal Year Ending	Annual Pension Cost	Percentage Contributed	Net Pension Obligation
9/30/2012	$ 52,086	N/A	$1,417,521
9/30/2013	185,945	171%	1,342,508
9/30/2014	112,303	49%	1,399,473

NOTE 10. NET PENSION LIABILITY

Bal Harbour Employee Pension Trust

The following are the components of the net pension liability at September 30, 2014 for the General Employees' Pension:

Total pension liability	$ 13,044,531
Plan fiduciary net position	(10,417,448)
Net pension liability	$ 2,627,083
Plan fiduciary net position as a percentage of the total pension liability	79.86%

NOTE 10. NET PENSION LIABILITY

Bal Harbour Employee Pension Trust (Continued)

Significant Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of October 1, 2013, using the following significant actuarial assumptions, applied to all periods included in the measurement:

Investment Rate of Return	7.0% per year compounded annually, net of investment expenses, including inflation. This assumption was used beginning with the October 1, 2013 valuation, revised from 7.5% used previously.
Salary Increases	5% per year, including inflation.
Inflation	2.50% per year.
Mortality	RP2000 Table (Combined Healthy) as published by the Society of Actuaries, projected forward 21 years using Scale AA.
Experience Studies	Rates of mortality, turnover, disability and retirement were the subject of an experience study in 2006.

The Village complies with the State statutes by making contributions to the trust in amounts at least equal to the Actuarially Determined Contribution. It was assumed that the Village would continue to comply with the funding requirement imposed by such statutes and the current active members would continue to make their required member contributions until their expected exit dates. Based on the current contribution policy, the plan is expected to eliminate unfunded actuarial accrued liability by 2033 and, consequently, the pension plan's fiduciary net position together with the future contributions are expected to be available to finance all projected future benefit payments of all current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Long-Term Expected Rate of Return

The long-term expected rate of return is 7%. This rate is supported by applying a building block process that begins with the inflation rate of 2.5%. The long-term expected arithmetic means for gross rates of return for any given single year for each relevant asset class were obtained and reduced by expected inflation to obtain expected real rates of return. Each one was further reduced by 0.48 % for investment-related expenses to obtain expected real net returns, with results multiplied by the plan's asset allocation percentage for each such asset class, resulting in a plan composite long-term real net rate of return expected for any given single year; refer to the table below. Inflation was added back in to the plan's composite long-term expected real net rate of return and further reduced by 0.69% for volatility drag to recognize long-term compound averaging, to obtain 7.19%. These assumptions and methods support the 7% long-term net rate of return as reasonable.

NOTE 10. NET PENSION LIABILITY

Bal Harbour Employee Pension Trust (Continued)

Long-Term Expected Rate of Return (Continued)
Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of September 30, 2014 are summarized in the following table:

Asset Class	Long-term Expected Real Rate of Return
Return US Equity - Large Cap	7.4%
US Equity - Mid Cap	7.8%
US Equity - Small Cap	8.3%
International Equity	7.8%
Emerging Markets Equity	9.5%
Domestic Fixed Income	2.2%
Cash and Cash Equivalence	-0.9%

Discount Rate
A single discount rate of 7.0% was used to measure the total pension liability as of October 1, 2013 rolled forward to September 30, 2014. This single discount rate was based solely on the long-term expected rate of return on pension plan investments of 7.0%, without any requirement to incorporate municipal bond yields.

The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that sponsor contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate
The following table provides the sensitivity of the net pension liability to changes in the discount rate as of September 30, 2014. In particular, the table presents the plan's net pension liability, if it were calculated using a single discount rate that is one-percentage-point lower or one-percentage-point higher than the single discount rate:

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Net Pension Liability	$ 4,392,879	$ 2,627,083	$ 1,184,676

NOTE 10. NET PENSION LIABILITY (Continued)

Bal Harbour Police Officers' Pension Trust

The following are the components of the net pension liability at September 30, 2014 for the Police Officers' Pension Trust:

Total pension liability	$ 23,926,041
Plan fiduciary net position	(18,305,097)
Net pension liability	$ 5,620,944
Plan fiduciary net position as a percentage of the total pension liability	76.51%

Significant Actuarial Assumptions
The total pension liability was determined by an actuarial valuation as of October 1, 2013 updated to September 30, 2014 using the following actuarial assumptions applied to all measurement periods.

Inflation	3.00%
Salary increases	7.00%
Investment rate of return	8.00%

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

The actuarial assumptions used in the September 30, 2014 valuation were based on the results of an actuarial experience study dated March 19, 2008 for the period from October 1, 2001 through October 1, 2007.

Long-Term Expected Rate of Return
The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expenses and inflation) are developed for each major asset class.

These ranges are combined to produce the long term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

NOTE 10. NET PENSION LIABILITY (Continued)

Bal Harbour Police Officers' Pension Trust (Continued)

Long-Term Expected Rate of Return (Continued)
Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of September 30, 2014 are summarized in the following table:

Asset Class	Long-Term Expected Real Rate of Return
Large Cap Equities	7.75%
Intermediate Fixed Income	1.90%

Discount Rate
The discount rate used to measure the total pension liability was 8.00%.

Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. The amortization payments for benefits of current members are based on closed amortization periods. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Net Pension liability to Changes in the Discount Rate
The following presents the net pension liability of the plan sponsor, calculated using the discount rate of 8.00% percent, as well as what the plan sponsor's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (7.00%) or 1-percentage-point higher (9.00%) than the current rate:

	1% Decrease (7.00%)	Current Discount Rate (8.00%)	1% Increase (9.00%)
Net Pension Liability	$ 8,346,328	$ 5,620,944	$ 3,366,877

NOTE 11. 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 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 2014, 3 retirees received other postemployment benefits (including retirees covered under Village's health plan). The Village provided required contributions of $90,942 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.

NOTE 11. OTHER POST EMPLOYMENT BENEFITS (Continued)

Annual OPEB Cost and Net OPEB Obligation (Continued)

Annual Required Contribution (ARC)	$ 137,636
Interest on Net OPEB Obligation (NOO)	27,746
Adjustment to Annual Required Contribution (ARC)	(23,054)
Annual OPEB Cost	142,328
Employer Contributions Made	90,942
Increase in Net OPEB Obligation	51,386
Net OPEB Obligation, beginning of year	554,887
Net OPEB Obligation, end of year	$ 606,273

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

Fiscal Year Ending	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
9/30/2012	$ 240,866	37%	$ 463,005
9/30/2013	133,164	31%	554,887
9/30/2014	142,328	64%	606,273

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.

NOTE 11. OTHER POST EMPLOYMENT BENEFITS (Continued)

Funded Status and Funding Progress (Continued)

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	$ -	$ 1,519,896	$ 1,519,896	0.0%	$ 4,012,636	37.9%

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.

NOTE 11. OTHER POST EMPLOYMENT BENEFITS (Continued)

Methods and Assumptions (Continued)

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.

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 12. 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.

NOTE 12. COMMITMENTS AND CONTINGENCIES (Continued)

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 13. RISK MANAGEMENT

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

NOTE 14. EXCESS OF EXPENDITURES OVER APPROPRIATIONS

General Fund

The actual expenditures for the Police Department was $425,000 more than budgeted (7.6%), largely a result of unbudgeted expenditures for the Red Light Camera Program and Off-Duty requests, due to increased activity offset by corresponding revenue, both resulted in net revenue generation for the Village. In the summer of 2013, the Finance Department assumed the responsibility of invoicing and payment to Off-Duty police officers from the PBA due to compliance issues, this resulted in $89,000 in unbudgeted Off-Duty expenditure, which are offset by payments made by the requesting entity inclusive of an administrative fee; the program resulted in $43,000 in net revenue to the Village. Red light camera expenditures are $74,000 more than budgeted due to increased revenue, the program generated $206,000 in net revenue for FY 2013-14; a fund balance reserve of $500,000 still remains in the Village's financials in the event of a negative outcome for the program. Retirement expenditure are $82,000 more than budgeted for the Department, in addition the Chief position was recruited and filled earlier than anticipated as the position was budgeted for only half the year, and overtime expenditures were higher than budget as a result of a pending investigation which has since been concluded.

The actual expenditure for the Public Works Department are $231,000 less than budgeted (-14.2%), largely due to the proper redirecting of Utility Master Plan development expenditure to the Utility Fund, and Resort Tax eligible expenditures to the Resort Tax Fund.

Roads and Streets were $9,008 over budget due to higher than anticipated contractual expenditures.

NOTE 14. EXCESS OF EXPENDITURES OVER APPROPRIATIONS (Continued)

General Fund (Continued)
The actual expenditure for the Parks and Recreation Department was $54,000 more than budgeted (13.8%), largely due to the use of overtime, and increased hours for part-time employees to meet operational needs.

Overall expenditures in the General Fund were $142,248 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, 2014

	Original and Final Budget	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues:			
Taxes:			
Property	$ 6,679,900	$ 6,781,637	$ 101,737
Other local taxes	1,739,391	2,005,201	265,810
Licenses and permits	1,021,571	1,598,837	577,266
Developer contribution	-	965,561	965,561
Fines and forfeitures	451,600	869,783	418,183
Charges for services	747,862	827,112	79,250
Intergovernmental	416,262	516,073	99,811
Grants	-	243,000	243,000
Miscellaneous	29,700	26,227	(3,473)
Investment earnings	24,000	24,568	568
Total revenues	11,110,286	13,857,999	2,747,713
Expenditures:			
Current:			
General government:			
Legislative	671,402	379,067	292,335
Executive	965,506	883,364	82,142
Finance and administration	701,812	513,317	188,495
General government	927,773	781,480	146,293
Building department	565,219	881,199	(315,980)
Total general government	3,831,712	3,438,427	393,285
Public safety	5,180,810	5,620,615	(439,805)
Solid waste and open space	614,000	613,773	227
Roads and streets	778,606	787,614	(9,008)
Parks and recreation	335,587	389,739	(54,152)
Debt service:			
Principal and interest	29,571	29,571	-
Capital outlay	460,000	208,299	251,701
Total expenditures	11,230,286	11,088,038	142,248
Excess (deficiency) of revenues over expenditures	(120,000)	2,769,961	2,889,961
Other financing sources:			
Transfers in	120,000	120,000	-
Net change in fund balance	$ -	$ 2,889,961	$ 2,889,961

See notes to budgetary comparison schedules.

BAL HARBOUR VILLAGE, FLORIDA

BUDGETARY COMPARISON SCHEDULE
TOURISM SPECIAL REVENUE FUND

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2014

	Original and Final Budget	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues:			
Tourism tax	$ 3,547,131	$ 3,553,785	$ 6,654
Miscellaneous	-	1,502	1,502
Investment earnings	-	3,304	3,304
Total revenues	3,547,131	3,558,591	11,460
Expenditures:			
Tourism development	3,517,131	2,896,764	620,367
Excess of revenues over expenditures	30,000	661,827	631,827
Other financing uses:			
Transfers out	(30,000)	(30,000)	-
Total other financing uses	(30,000)	(30,000)	-
Net change in fund balance	$ -	$ 631,827	$ 631,827

See notes to budgetary comparison schedules.

BAL HARBOUR VILLAGE, FLORIDA

NOTE TO BUDGETARY COMPARISON SCHEDULES

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2014

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
SCHEDULE OF CHANGES IN THE VILLAGE'S NET PENSION LIABILITY AND RELATED RATIOS

BAL HARBOUR EMPLOYEES' PENSION TRUST

	2014
Total Pension Liability	
Service cost	$ 287,964
Interest	865,195
Changes in benefit terms	-
Difference between actual and expected experience	-
Changes of benefit terms differences between expected and actual experience	-
Changes of assumptions	-
Benefit payments	(361,172)
Net Change in Total Pension Liability	791,987
Total Pension Liability - Beginning	12,252,544
Total Pension Liability - Ending (a)	$ 13,044,531
Plan Fiduciary Net Position	
Contributions - employer/state	$ 671,605
Contributions - member	89,677
Net Investment income	798,212
Benefit payments, including refunds of member contributions	(361,172)
Administrative expense	(27,338)
Net Change in Plan Fiduciary Net Position	1,170,984
Plan Fiduciary Net Position - Beginning	9,246,464
Plan Fiduciary Net Position - Ending (b)	$ 10,417,448
Net Pension Liability - Ending (a) - (b)	$ 2,627,083
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	79.86%
Covered Employee Payroll	$ 1,726,458
Net Pension Liability as a Percentage of Covered-Employee Payroll	152.17%

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, pension plans should present information for those years for which information is available.

BAL HARBOUR VILLAGE, FLORIDA

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

BAL HARBOUR POLICE OFFICERS' PENSION TRUST

	2014
Total Pension Liability	
Service cost	$ 346,349
Interest	1,800,823
Change in excess state money	--
Share plan allocation	--
Changes of benefit terms differences between expected and actual experience	--
Changes of assumptions	--
Benefit payments, including refunds of employee contributions	(810,803)
Net Change in Total Pension Liability	1,336,369
Total Pension Liability - Beginning	22,589,672
Total Pension Liability - Ending (a)	$ 23,926,041
Plan Fiduciary Net Position	
Contributions - employer	$ 972,601
Contributions - state	44,490
Contributions - employee	133,415
Net investment income	1,966,648
Benefit payments, including refunds of member contributions	(810,802)
Administrative expense	(78,730)
Net Change in Plan Fiduciary Net Position	2,227,622
Plan Fiduciary Net Position - Beginning	16,077,475
Plan Fiduciary Net Position - Ending (b)	$ 18,305,097
Net Pension Liability - Ending (a) - (b)	$ 5,620,944
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	76.51%
Covered Employee Payroll	$ 1,334,157
Net Pension Liability as a Percentage of Covered-Employee Payroll	421.31%

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, pension plans should present information for those years for which information is available.

BAL HARBOUR VILLAGE, FLORIDA

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULES OF EMPLOYER CONTRIBUTIONS

BAL HARBOUR EMPLOYEES' PENSION TRUST	2014
Actuarially Determined Contribution	$ 671,605
Contributions in Relation to the Actuarially Determined Contribution	497,853
Contribution Deficiency (Excess)	$ 173,752
Covered-Employee Payroll	$ 1,726,458
Contributions as a Percentage or Covered-Employee Payroll	28.84%

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, pension plans should present information for those years for which information is available.

Notes to Schedule of Contributions

Timing	Actuarially determined contribution rates are calculated as of October 1, a beginning of the fiscal year preceding the year which contributions are reported. Assumptions and methods below relate to the October 1, 2012 actuarial valuation with actuarially determined contribution applicable to the year ending September 30, 2014
Actuarial Cost Method	Entry Age Normal Cost Method
Amortization Method	Closed, Level % of Pay Method
Remaining Amortization Period	26.1 years
Asset Valuation Method	5-year Smoothed Market Value: Difference between the expected and actual return on market value of assets phased in over a period of five (5) years (at the rate of 20% per year), adjusted to be no greater than 120% and no less than 80% of the fair market value.
Inflation	2.50% per year.
Salary Increases	5% per year, including inflation.
Investment Rate of Return	7.5% per year compounded annually, net of investment expenses.
Retirement Age	Experience-based table of rates based on year of eligibility.
Post Retirement COLA	2.50% (automatic)
Mortality	RP2000 Table (Combined Healthy) as published by the Society of Actuaries, projected forward 21 years using Scale AA

BAL HARBOUR VILLAGE, FLORIDA

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULES OF EMPLOYER CONTRIBUTIONS

BAL HARBOUR POLICE OFFICERS' PENSION TRUST	2014
Actuarially Determined Contribution	$ 1,004,620
Contributions in Relation to the Actuarially Determined Contribution	1,017,091
Contribution Deficiency (Excess)	$ (12,471)
Covered-Employee Payroll	$ 1,334,157
Contributions as a Percentage or Covered-Employee Payroll	76.23%

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, pension plans should present information for those years for which information is available.

Notes to Schedule of Contributions

Valuation Date:	10/1/2012

Actuarially determined contribution rates are calculated as of October 1, two years prior to the end of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

Actuarial Cost Method	Entry Age Normal Cost Method
Amortization Method	Level Percentage of Pay, Closed
Remaining Amortization Period	22 Years (as of 10/01/2012).
Asset Valuation Method	Each year, the prior Actuarial Value of Assets is brought forward utilizing the historical geometric five-year average Market Value return (net of fees). It is possible that over time this technique will produce an insignificant bias above or below Market Value of Assets.
Inflation	3.0% per year
Salary Increases	7.0% per year up to the assumed retirement age
Investment Rate of Return	7.75%, net of pension plan investment expense, including inflation.
Fund Earnings	8% per year, compounded annually, net of investment related expenses.
Payroll Increase	Up to 4.0% per year (2.68% for 10/1/12 valuation).
Cost-of-Living Adjustment	2.5% per year
Retirement Age	Earlier of age 55 and 10 years of service or age 57, regardless of service, or 20 years of service, regardless of age; Members at the assumed retirement age are assumed to continue employment for one more year.

BAL HARBOUR VILLAGE, FLORIDA

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULES OF INVESTMENT RETURNS

	2014
BAL HARBOUR EMPLOYEES' PENSION TRUST	
Annual Money-Weighted Rate of Return, Net of Investment Expense	8.49%
BAL HARBOUR POLICE OFFICERS' PENSION TRUST	
Annual Money-Weighted Rate of Return, Net of Investment Expense	12.04%

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, pension plans should present information for those years for which information is available.

BAL HARBOUR VILLAGE, FLORIDA

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF FUNDING PROGRESS

BAL HARBOUR VILLAGE EXCESS BENEFITS PLAN

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)
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
September 30, 2014	-	1,399,473	1,399,473	0.0%	-	N/A

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

COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS

SEPTEMBER 30, 2014

	State Law Enforcement Special Revenue	Security District Special Revenue	Total Non-Major Governmental Funds
ASSETS			
Total assets	$ 1,086,638	$ 1,105,962	$ 2,192,600
LIABILITIES AND FUND BALANCE			
Liabilities:			
Accounts payable and accrued liabilities	$ -	$ 28,708	$ 28,708
Fund balance:			
Restricted:			
State law enforcement	1,086,638	-	1,086,638
Security district	-	1,077,254	1,077,254
Total fund balances	1,086,638	1,077,254	2,163,892
Total liabilities and fund balances	$ 1,086,638	$ 1,105,962	$ 2,192,600

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, 2014

	State Law Enforcement Special Revenue	Security District Special Revenue	Total Non-Major Governmental Funds
Revenues:			
Special assessments	$ -	$ 614,015	$ 614,015
Charges for services	-	46,690	46,690
Investment earnings	154	377	531
Miscellaneous	29,550	4,586	34,136
Total revenues	29,704	665,668	695,372
Expenditures:			
Current:			
General government	60,600	449,384	509,984
Total expenditures	60,600	449,384	509,984
Excess (deficiency) of revenues over expenditures	(30,896)	216,284	185,388
Other financing uses:			
Transfers out	-	(30,000)	(30,000)
Total other financing uses	-	(30,000)	(30,000)
Net change in Fund balance	(30,896)	186,284	155,388
Fund balance, beginning	1,117,534	890,970	2,008,504
Fund balance, ending	$ 1,086,638	$ 1,077,254	$ 2,163,892

BAL HARBOUR VILLAGE, FLORIDA

BUDGETARY COMPARISON SCHEDULE
SECURITY DISTRICT FUND

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2014

	Original and Final Budget	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues:			
Special assessments	$ 616,826	$ 614,015	$ (2,811)
Charges for services	19,400	46,690	27,290
Investment earnings	500	377	(123)
Miscellaneous	2,200	4,586	2,386
Total revenues	638,926	665,668	26,742
Expenditures:			
General government	608,926	449,384	159,542
Excess of revenues over expenditures	30,000	216,284	186,284
Transfers out	(30,000)	(30,000)	-
Total other financing uses	(30,000)	(30,000)	-
Net change in fund balance	$ -	$ 186,284	$ 186,284

BAL HARBOUR VILLAGE, FLORIDA

COMBINING STATEMENT OF FIDUCIARY NET POSITION
PENSION TRUST FUNDS

SEPTEMBER 30, 2014

	General Employees Pension	Police Officers Pension	Totals
ASSETS			
Investments, at fair value:			
Money market mutual funds	$ 541,123	$ 926,906	$ 1,468,029
Stock mutual funds	6,163,787	-	6,163,787
Bond mutual funds	3,709,388	-	3,709,388
U.S. Government obligations	-	3,004,363	3,004,363
Corporate bonds	-	3,302,135	3,302,135
Mortgage-backed securities	-	35,399	35,399
Large cap equities	-	10,990,801	10,990,801
Total investments	10,414,298	18,259,604	28,673,902
Accrued interest receivable	3,150	39,873	43,023
Contributions receivable	-	46,975	46,975
Prepaid expenses	-	-	-
Total assets	10,417,448	18,346,452	28,763,900
LIABILITIES AND NET POSITION			
Payables	-	41,355	41,355
Net position restricted for pension benefits	$ 10,417,448	$ 18,305,097	$ 28,722,545

BAL HARBOUR VILLAGE, FLORIDA

COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
PENSION TRUST FUNDS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2014

	General Employees Pension	Police Officers Pension	Totals
ADDITIONS			
Contributions:			
Village	$ 671,605	$ 972,601	$ 1,644,206
Employees	89,677	133,415	223,092
State	-	44,490	44,490
Total contributions	761,282	1,150,506	1,911,788
Investment income:			
Interest and dividends	167,540	298,919	466,459
Net appreciation in the fair value of investments	662,519	1,764,103	2,426,622
	830,059	2,063,022	2,893,081
Less investment expenses	31,847	96,374	128,221
Net investment income	798,212	1,966,648	2,764,860
Total additions	1,559,494	3,117,154	4,676,648
DEDUCTIONS			
Benefits payments	361,172	643,713	1,004,885
Administrative expenses	27,338	78,730	106,068
Lump sum DROP distributions	-	106,061	106,061
Refunds of contributions	-	61,028	61,028
Total deductions	388,510	889,532	1,278,042
Net increase	1,170,984	2,227,622	3,398,606
Net position restricted for pension benefits:			
Beginning, as previously reported	9,246,464	14,777,697	24,024,161
Prior period adjustment - GASB 67 adjustment	-	1,299,778	1,299,778
Beginning, as restated	9,246,464	16,077,475	25,323,939
End of year	$ 10,417,448	$ 18,305,097	$ 28,722,545

BAL HARBOUR VILLAGE, FLORIDA

STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
PENDING FORFEITURES
AGENCY FUND

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2014

	Balance October 1, 2013	Additions	Reductions	Balance September 30, 2014
ASSETS				
Cash	$ 19,123	$ -	$ -	$ 19,123
Total assets	$ 19,123	$ -	$ -	$ 19,123
LIABILITIES				
Other liabilities	$ 19,123	$ -	$ -	$ 19,123
Total liabilities	$ 19,123	$ -	$ -	$ 19,123

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.

Contents **Page**

Financial Trends
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: **80-85**

Revenue Capacity
These schedules contain information to help the reader assess the Village's most significant local revenue source, the property tax. **86-91**

Debt Capacity
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. **92-95**

Demographic and Economic Information
These schedules offer demographic and economic indicators to help the reader understand the environment within which the Village's financial activities take place. **96-97**

Operating Information
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. **98-99**

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

Table 1

BAL HARBOUR VILLAGE, FLORIDA

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

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Government activities:										
Net invested in capital assets	$ 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	$ 10,540,631
Restricted	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	5,871,135
Unrestricted	7,934,000	8,455,792	8,746,631	10,824,395	8,283,400	8,651,338	8,222,534	8,766,748	8,858,923	11,864,368
Total governmental activities net position	$ 20,738,000	$ 20,849,794	$ 21,013,069	$ 23,186,349	$ 24,273,600	$ 23,580,417	$ 25,223,911	$ 23,254,844	$ 24,669,188	$ 28,276,134
Business-type activities:										
Net invested in capital assets	$ 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	$ 1,914,085
Unrestricted	3,747,000	3,926,297	3,803,228	4,307,292	4,464,828	4,032,506	3,875,947	2,044,968	8,455,727	8,110,121
Total business-type activities net position	$ 5,607,000	$ 5,763,515	$ 5,833,991	$ 5,997,835	$ 6,181,725	$ 6,951,640	$ 8,151,882	$ 8,288,676	$ 9,059,610	$ 10,024,206
Primary government:										
Net invested in capital assets	$ 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	$ 12,455,436
Restricted	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	5,871,135
Unrestricted	11,681,000	12,382,089	12,549,859	15,131,687	12,748,228	12,683,844	12,098,481	10,811,716	17,314,650	19,974,489
Total primary government net position	$ 26,345,000	$ 26,613,309	$ 26,847,060	$ 29,184,184	$ 30,455,325	$ 30,532,057	$ 33,375,693	$ 31,543,520	$ 33,728,798	$ 38,301,060

Table 2

BAL HARBOUR VILLAGE, FLORIDA

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

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Expenses:										
Governmental activities:										
General government	$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	$4,143,524
Public safety	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	5,739,694
Community services	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	1,811,359
Tourism development	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	2,909,298
Interest on long-term debt	-	-	-	-	-	-	-	-	8,214	7,675
Total government activities expenses	10,615,259	12,221,498	12,969,837	12,617,958	16,266,118	16,792,171	17,503,805	17,683,368	14,387,639	14,611,550
Business-type activities:										
Water and sewer	2,297,772	2,103,739	2,190,286	1,969,385	2,333,837	2,073,516	2,244,663	3,509,216	2,800,180	2,527,403
Total business-type activities	2,297,772	2,103,739	2,190,286	1,969,385	2,333,837	2,073,516	2,244,663	3,509,216	2,800,180	2,527,403
Total primary government expenses	12,913,031	14,325,237	15,160,123	14,587,343	18,599,955	18,865,687	19,748,468	21,192,584	17,187,819	17,138,953
Program revenues:										
Government activities:										
Charges for services:										
General government	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	3,086,654
Public safety	2,087	921,937	705,182	933,440	3,656,805	705,555	983,943	1,709,421	645,339	904,073
Community services	3,925	-	-	-	-	-	-	-	115,466	193,847
Operating grants and contributions	-	-	-	-	-	-	-	534,769	-	-
Capital grants and contributions	140,835	249,851	175,055	140,279	131,810	-	-	120,623	-	243,000
Total governmental activities and program revenues	2,212,748	2,399,832	1,864,422	2,321,999	4,792,737	2,985,017	7,775,426	4,845,159	3,472,683	4,427,574
Business-type activities:										
Charges for services										
Water and sewer	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	3,547,076
Capital grants and contributions	-	-	-	-	-	-	-	-	259,470	-
Total business-type activities program revenues	1,991,042	2,120,780	2,080,225	2,127,072	2,574,012	2,866,202	3,486,412	3,657,474	3,610,802	3,547,076
Total primary government program revenues	4,203,790	4,520,612	3,944,647	4,449,071	7,366,749	5,851,219	11,261,838	8,502,633	7,083,485	7,974,650

(Continued)

Table 2

BAL HARBOUR VILLAGE, FLORIDA

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

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Net (expense) revenue:										
Business type activities	(306,730)	17,041	(110,061)	157,687	240,175	792,686	1,241,749	148,258	810,622	1,019,673
Total primary government net expense	(306,730)	17,041	(110,061)	157,687	240,175	792,686	1,241,749	148,258	810,622	1,019,673
General revenues and other changes in net assets:										
Governmental activities										
Taxes:										
Ad-valorem taxes	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	6,781,637
Franchise fees based on gross receipts and utility taxes	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	1,688,621
Unrestricted intergovernmental revenue	267,568	331,003	333,724	554,727	616,943	282,772	301,734	659,868	580,399	638,806
Special assessments	365,504	210,303	232,166	212,513	-	-	-	-	-	
Tourism tax	2,570,155	2,307,901	1,712,220	805,262	848,975	876,700	1,131,882	2,118,487	3,229,946	3,600,359
Unrestricted investment earnings	261,755	537,823	643,888	315,739	43,665	107,731	56,502	65,632	33,000	29,531
Miscellaneous	65,808	143,722	988,969	4,007,410	3,928,477	4,620,851	2,513,442	838,409	165,772	992,008
Transfers	60,000	-	-	60,000	60,000	60,000	60,000	60,000	60,000	60,000
Total governmental activities	9,291,697	10,144,258	11,500,856	12,681,752	12,560,632	12,861,411	11,202,470	11,289,248	12,329,300	13,790,962
Business-type activities										
Unrestricted investment earnings	89,698	139,063	177,096	66,157	3,715	37,229	18,393	48,636	20,312	5,643
Miscellaneous	-	-	3,441	-	-	-	-	-	-	-
Transfers	(60,000)	-	-	(60,000)	(60,000)	(60,000)	(60,000)	(60,000)	(60,000)	(60,000)
Total business-type activities	29,698	139,063	180,537	6,157	(56,285)	(22,771)	(41,607)	(11,364)	(39,688)	(54,357)
Total primary government	9,321,395	10,283,321	11,681,393	12,687,909	12,504,347	12,838,640	11,160,863	11,277,884	12,289,612	13,736,605
Change in net position										
Governmental activities	523,682	112,289	163,275	2,173,280	1,087,251	(693,183)	1,643,494	(1,548,961)	1,414,344	3,606,946
Business-type activities	(277,032)	156,104	70,476	163,844	183,890	769,915	1,200,142	136,894	770,934	965,316
Total primary government	$ 246,650	$ 268,393	$ 233,751	$ 2,337,124	$ 1,271,141	$ 76,732	$ 2,843,636	$ (1,412,067)	$ 2,185,278	$ 4,572,262

Table 3

BAL HARBOUR VILLAGE, FLORIDA

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

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
General fund:										
Reserved	$ 2,143,477	$ 3,212,537	$ 2,776,093	$ 2,700,742	$ 38,357	$ 574	$ -	$ -	$ -	$ -
Unreserved	4,523,367	3,903,988	5,011,338	6,078,747	9,073,308	9,788,636	-	-	-	-
Restricted	-	-	-	-	-	-	-	-	328,373	306,477
Non-spendable	-	-	-	-	-	-	60,569	70,569	5,000	3,199
Assigned	-	-	-	-	-	-	1,268,500	2,350,075	2,147,395	2,505,746
Unassigned	-	-	-	-	-	-	8,400,416	8,158,253	8,348,881	10,904,188
Total general fund	$ 6,666,844	$ 7,116,525	$ 7,787,431	$ 8,779,489	$ 9,111,665	$ 9,789,210	$ 9,729,485	$ 10,578,897	$ 10,829,649	$ 13,719,610
All other government funds:										
Reserved, reported in:										
Law enforcement trust	$ 132,312	$ 256,764	$ 298,376	$ 65,113	$ 489,211	$ 551,200	$ -	$ -	$ -	
Tourist	1,200,000	1,495,416	1,219,900	1,300,000	1,200,000	1,200,000	-	-	-	
Other governmental funds	337,065	168,208	178,417	474,507	1,291,976	85,774	-	-	-	
Unreserved, reported in:										
Tourism fund	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	5,564,658
Total all other governmental funds	$ 2,605,512	$ 2,882,996	$ 2,622,330	$ 3,875,784	$ 5,484,726	$ 3,832,799	$ 6,190,902	$ 4,147,049	$ 4,736,524	$ 5,564,658

Table 4

BAL HARBOUR VILLAGE, FLORIDA

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

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Revenues:										
Ad valorem taxes	$ 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	$ 6,781,637
Utility taxes and franchise fees	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	2,005,201
Licenses and permits	1,100,109	833,033	728,216	960,400	748,641	724,981	753,931	934,557	1,004,325	1,598,837
Special assessments	365,504	210,303	232,166	212,513	227,555	230,802	252,517	775,357	932,338	614,015
Intergovernmental	408,403	580,854	508,780	413,971	450,190	421,538	6,146,266	1,315,260	375,026	516,073
Charges for services	109,994	184,708	23,801	75,367	27,926	94,055	88,700	770,432	775,215	873,802
Tourist tax	2,570,155	2,307,901	1,712,220	805,262	848,975	876,700	1,131,882	2,118,487	3,229,946	3,600,359
Fines and forfeitures	496,306	921,937	534,387	750,151	3,510,922	1,905,226	952,229	1,680,847	642,947	869,783
Investment earnings	261,755	537,823	644,222	316,209	43,758	107,846	56,700	86,484	33,157	28,403
Developer contribution	-	-	615,550	3,927,870	3,853,352	4,199,068	2,134,501	733,730	87,009	965,561
Grants	-	-	-	-	-	113,794	21,206	-	-	243,000
Miscellaneous	65,808	143,722	543,882	262,359	220,915	105,387	104,282	112,401	80,998	61,855
Total revenues	11,078,941	12,333,787	13,133,113	14,731,238	17,341,651	16,038,988	19,087,299	16,074,407	15,741,983	18,158,526
Expenditures:										
General government	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	3,948,411
Public safety	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	5,620,615
Solid waste	699,886	819,910	1,213,386	1,185,033	1,177,483	985,904	965,682	774,206	613,773	613,773
Road and streets	331,042	524,835	496,152	478,889	603,397	608,143	491,071	438,505	819,193	787,614
Parks and recreation	245,912	378,590	483,017	326,092	393,414	364,497	354,706	374,765	331,742	389,739
Tourism development	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	2,902,419
Capital outlay	113,913	86	284,927	350,258	505,242	1,082,444	404,719	69,488	815,299	208,299
Debt service payments	-	-	-	-	-	-	-	-	29,841	29,571
Total expenditures	10,213,791	11,606,622	12,722,873	12,545,827	15,460,533	17,073,370	16,848,921	17,258,742	14,961,756	14,500,441
Excess (deficiency) of revenue over expenditures	865,150	727,165	410,240	2,185,411	1,881,118	(1,034,382)	2,238,378	(1,184,335)	780,227	3,658,095
Other financing sources (uses):										
Bonds Issued	-	-	-	-	-	-	-	350,000	-	-
Transfers in	120,000	30,000	49,380	686,647	120,000	120,000	283,000	120,000	120,000	120,000
Transfers out	(60,000)	(30,000)	(49,380)	(626,647)	(60,000)	(60,000)	(223,000)	(60,000)	(60,000)	(60,000)
Total other financing sources (uses)	60,000	-	-	60,000	60,000	60,000	60,000	410,000	60,000	60,000
Net change in fund balance	$ 925,150	$ 727,165	$ 410,240	$ 2,245,411	$ 1,941,118	$ (974,382)	$ 2,298,378	$ (774,335)	$ 840,227	$ 3,718,095
Debt service as a percentage of noncapital expenditures	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.21%	0.21%

Table 5

BAL HARBOUR VILLAGE, FLORIDA

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

Fiscal Year Ended September 30,	Tax Roll Year	Ad Valorem Taxes	Franchise Fees and Utility Taxes	Tourism Tax	Total
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
2014	2013	6,781,637	2,005,201	3,600,359	12,387,197

Table 6

BAL HARBOUR VILLAGE, FLORIDA

GENERAL GOVERNMENTAL REVENUES BY SOURCE
LAST TEN FISCAL YEARS

Fiscal Year Ended September 30,	Taxes	Inter-Governmental	Licenses and Permits	Charges for Service	Fines and Forfeitures	Investment Earnings	Other	Developer Contribution	Total
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
2014	8,786,838	516,073	1,598,837	827,112	869,783	24,568	269,227	965,561	13,857,999

Table 7

BAL HARBOUR VILLAGE, FLORIDA

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
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%
2014	2,823,731,833	566,152,958	35,164,780	91,428,428	3,516,477,999	348,237,714	3,168,240,285	1.9192	90.10%

(a) Miami Dade Property Appraiser,, Florida Department of Revenue
Note: Property taxes are for a calendar year, while tax rates are for fiscal years 2013 data is depicted for 2014.

Table 8

BAL HARBOUR VILLAGE, FLORIDA

PRINCIPAL PROPERTY TAXPAYERS
CURRENT YEAR AND NINE YEARS AGO

	Fiscal Year 2013			Fiscal Year 2004		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank[2]	Percentage of Total Taxable 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	$ 2,419,974,109		76.38%	$ 218,090,333		14.47%

Notes:
1. Beginning with FY 2013, 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: FY 2014 and FY 2005 information was not accessible.

BAL HARBOUR VILLAGE, FLORIDA

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

Fiscal Year Ended September 30,	Taxes Levied for the Fiscal Year			Collected within the Fiscal Year of the Levy		Collection in Subsequent Year	Total Collections to Date	
	Gross Levy	Discount	Net Levy	Amount	Percentage of Levy		Amount	Percentage of Net Levy
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%
2014	7,009,092	303,842	6,705,250	6,705,250	95.67%	NA	6,705,250	100.00%

Table 10

BAL HARBOUR VILLAGE, FLORIDA

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

		Direct Rate	Overlapping Rates										
		Village	School District		State			Miami-Dade County		Special Districts			
Fiscal Year Ended September 30,	Tax Roll Year	Operating and Total Millage	Operating Millage	Debt Service Millage	Everglades Project	South Florida Water Management District	Florida Inland Navigation District	Operating Millage	Debt Service Millage	Children's Trust	Fire & Rescue	Fire Debt	Total Direct and Overlapping Rates
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
2014	2013	1.9192	7.644	0.3330	0.0587	0.3523	0.0345	4.7035	0.4220	0.5000	2.4496	0.0124	18.4292

Source: Miami-Dade Property Appraiser's Office

BAL HARBOUR VILLAGE, FLORIDA

RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS

Fiscal Year Ended September 30,	Governmental Activities			Business-type Activities					
	General Obligation (GO) Bonds	Revenue Bonds	Line of Credit	Outstanding Non-GO Bonds	Total Primary Government	Per Capita Personal Income (1)	Percentage of Total Personal Income	Population**	Net Debt per Capita
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
2014	-	304,953		7,841,243	8,146,196	63,718	3.70%	3,457	2,356

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

Table 12

BAL HARBOUR VILLAGE, FLORIDA

RATIOS OF BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS

Fiscal Year Ended September 30,	Gross Bonded Debt	Less: Amounts Available in Debt Service Funds	Net Bonded Debt	Assessed Value of Taxable Property	Ratio of Net Bonded Debt to Assessed Value	Population	Net Bonded Debt per Capita (1)
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
2014	8,146,196	-	8,146,196	3,652,782,693	0.223%	3,457	2,356

Table 13

BAL HARBOUR VILLAGE, FLORIDA

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITY DEBT
SEPTEMBER 30, 2014

Jurisdiction	Debt Outstanding	Estimated Percentage Applicable to Town of Bal Harbour Village (1)	Estimated Share of Direct & Overlapping Debt
Direct			
Bal Harbour Village	$ 8,146,196	100.00%	$ 8,146,196
Overlapping:			
Miami-Dade Board of County Commissioners (2)	16,649,835,000	1.67%	277,279,660
Miami-Dade County School Board (2)	443,784,000	1.54%	6,847,246
Total direct and overlapping	$ 17,101,765,196		$ 292,273,102

Notes:
(1) Based on ratio of assessed taxable value obtained from Miami-Dade County Property Appraiser 2013.
(2) Source: Miami-Dade County, Florida, Finance Department 2013.
The Village Charter does not establish a legal debt limit nor does the Florida Statutes impose a limit.

Table 14

BAL HARBOUR VILLAGE, FLORIDA

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

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	$ -	$ 1,083,323	$ 846,340	1.28	0.00
2013	245,818	822,757	-	1,068,575	852,598	1.25	0.00
2014	303,065	815,305		1,118,370	844,876	1.32	0.00

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

BAL HARBOUR VILLAGE, FLORIDA

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

Calendar Year	Population: Village	Population: County	School Enrollment	Unemployment Rate	Personal Income*** (Expressed in Thousands): Total	Personal Income*** (Expressed in Thousands): Per Capita
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
2014	3,457	2,540,172	353,152	8.4%	220,273,126	63,718

Notes:

(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
(e) 2007-2012 for U.S. Census American Community Survey
(f) ESRI®U.S. Census Bureau, Census 2010 Summary File 1. Esri forecasts for 2013. Esri converted Census 2000 data into 2010 geography.

BAL HARBOUR VILLAGE, FLORIDA

PRINCIPAL EMPLOYERS

CURRENT AND NINE YEARS AGO

	2014			2004		
Employer	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
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	1,279,047		15.16%	1,097,454		14.86%

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.

FY 2005 information was not accessible.

Table 18

BAL HARBOUR VILLAGE, FLORIDA

OPERATING INDICATORS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS

Function/Program	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
General government:										
Non-sworn personnel	35	34	34	34	34	31	30	30	38	38
Square miles	.6 miles	.6 miles	.6 miles	.6 miles	.6 miles	.6 miles	.6 miles	.6 miles	.6 miles	.6 miles
Elections:	1	1	1	0	1	1	0	0	0	0
Registered voters	Data Unavailable	1,578	1,460	Data Unavailable	1,661	1,631	1,631	1,631	1,631	1,631
Votes cast in last election	Data Unavailable	762	503	Data Unavailable	419	251	0	0	0	0
Ordinances prepared and adopted	9	10	11	8	8	8	6	6	9	9
Resolutions prepared and adopted	11	14	8	6	14	16	12	17	10	10
Commission minutes prepared/approved	15	17	17	17	26	21	26	15	20	20
Public safety:										
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Uniformed employees	31	33	28	26	26	25	25	25	22	22
Calls for service handled	3,199	2,639	2,433	2,345	2,553	3,302	3,165	3,644	3,929	4,542
Traffic accidents handled	151	148	130	148	129	133	142	135	116	126
Traffic citations/warnings issued	9,345	6,823	11,911	10,298	7,915	4,428	4,433	4,438	4,090	3,982
Part 1 crimes reported	88	97	72	57	70	85	66	80	75	75
Arrests	112	89	91	62	63	55	54	51	50	50
Building:										
Permits issued			897	2484	1718	862	650	1123	1426	1258
Value of construction			19,808,669	909,022,971	48,920,059	15,095,972	12,650,022	21,849,415	42,119,493	79,100,703
Business tax receipts issued	107	119	115	123	126	124	133	133	106	253
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

Table 19

BAL HARBOUR VILLAGE, FLORIDA

CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
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.	21,200 s.f.	21,200 s.f.	21,200 s.f.	21,200 s.f.	21,200 s.f.	21,200 s.f.	21,200 s.f.	21,200 s.f.	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	.44 acres	.44 acres	.44 acres	.44 acres	.44 acres	.44 acres	.44 acres	.44 acres	.44 acres
Number of parks	1	1	1	1	1	1	1	1	1	1
Acres of beaches	12.73 acres	12.73 acres	12.73 acres	12.73 acres	12.73 acres	12.73 acres	12.73 acres	12.73 acres	12.73 acres	12.73 acres

Source: Village of Bal Harbour

REPORTING SECTION

MARCUM
ACCOUNTANTS ▲ ADVISORS

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, 2014, and the related notes to the financial statements, which collectively comprise Village's basic financial statements, and have issued our report thereon dated February 13, 2015.

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.

MARCUM GROUP MEMBER

Marcum LLP ▫ One Southeast Third Avenue ▫ Suite 1100 ▫ Miami, Florida 33131 ▫ **Phone** 305-995-9600 ▫ **Fax** 305-995-9601
marcumllp.com

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
February 13, 2015

MARCUM
ACCOUNTANTS ▲ ADVISORS

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

Report on the Financial Statements

We have audited the financial statements of the Bal Harbour Village**,** Florida (the Village), as of and for the fiscal year ended September 30, 2014, and have issued our report thereon dated February 13, 2015.

Auditors' Responsibility

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

Other Reports and Schedule

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 Independent Accountants' Report on an examination conducted in accordance with *AICPA Professional Standards*, Section 601, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports and schedule, which are dated February 13, 2015, should be considered in conjunction with this management letter.

Official Title and Legal Authority

Section 10.554(1)(i)4., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. The Village has made these disclosures in the notes to the financial statements. The Village did not have any component units for the fiscal year ended September 30, 2014.

MARCUM GROUP MEMBER

Marcum LLP ▫ One Southeast Third Avenue ▫ Suite 1100 ▫ Miami, Florida 33131 ▫ **Phone** 305-995-9600 ▫ **Fax** 305-995-9601
marcumllp.com

Financial Condition

Section 10.554(1)(i)5.a., Rules of the Auditor General, requires that we report the results of our determination as to whether or not the Village has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identification of the specific condition(s) met. In connection with our audit, we determined that the Village did not meet any of the conditions described in Section 218.503(1), Florida Statutes. In connection with our audit, we determined that the Village did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

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

Annual Financial Report

Section 10.554(1)(i)5.b., Rules of the Auditor General, requires that we report the results of our determination as to whether the annual financial report for the Village for the fiscal year ended September 30, 2014, 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, 2014. In connection with our audit, we determined that these two reports were in agreement.

Other Matters

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

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

Purpose of this Letter

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

Marcum LLP

Miami, FL
February 13, 2015

MARCUM
ACCOUNTANTS ▲ ADVISORS

INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE PURSUANT TO SECTION 218.415 FLORIDA STATUTES

INDEPENDENT ACCOUNTANTS' REPORT

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

We have examined Bal Harbour Village's compliance with Section 218.415 Florida Statutes for the year ended September 30, 2014. Management is responsible for Bal Harbour Village's compliance with those requirements. Our responsibility is to express an opinion on Bal Harbour Village's compliance based on our examination.

Our examination was conducted in accordance with Section 601 of the attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence about Bal Harbour Village's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on Bal Harbour Village's compliance with specified requirements.

In our opinion, Bal Harbour Village complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2014.

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

Marcum LLP

Miami, FL
February 13, 2015

MARCUM GROUP MEMBER

Marcum LLP ▫ One Southeast Third Avenue ▫ Suite 1100 ▫ Miami, Florida 33131 ▫ **Phone** 305-995-9600 ▫ **Fax** 305-995-9601
marcumllp.com