

BAL HARBOUR VILLAGE, FLORIDA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2015

BAL HARBOUR VILLAGE, FLORIDA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2015

Prepared by the Finance Department

BAL HARBOUR VILLAGE, FLORIDA

TABLE OF CONTENTS

	<u>PAGE</u>
INTRODUCTORY SECTION	
Letter of Transmittal	i-viii
Village Officials	ix
Organization Chart	x
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 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	25-62
REQUIRED SUPPLEMENTARY INFORMATION (OTHER THAN MD&A)	
Budgetary Comparison Schedule – General Fund	63
Budgetary Comparison Schedule – Resort Tax Special Revenue Fund	64
Note to Budgetary Comparison Schedules	65
Schedule of Changes in the Village's Net Pension Liability and Related Ratios – Employees' Pension Trust	66
Schedule of Changes in the Village's Net Pension Liability and Related Ratios – Police Officers' Pension Trust	67
Schedules of Employer Contributions –Employees' Pension Trust	68
Schedules of Employer Contributions –Police Officers' Pension Trust	69
Schedule of Investment Returns – Pension Trust Funds	70
Schedule of Funding Progress – Excess Benefit Plan	71
Schedule of Funding Progress – OPEB	72

BAL HARBOUR VILLAGE, FLORIDA

TABLE OF CONTENTS

(Continued)

	<u>PAGE</u>
COMBINING FUND FINANCIAL STATEMENTS AND SCHEDULE	
Combining Balance Sheet – Non-Major Governmental Funds	73
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Non-Major Governmental Funds	74
Budgetary Comparison Schedule – Security District Fund	75
Combining Statement of Fiduciary Net Position - Pension Trust Funds	76
Combining Statement of Changes in Fiduciary Net Position – Pension Trust Funds	77
Statement of Changes in Assets and Liabilities – Pending Forfeitures - Agency Fund	78
STATISTICAL SECTION	
Net Position by Component	79
Changes in Net Position	80-81
Fund Balances of Governmental Funds	82
Changes in Fund Balances of Governmental Funds	83
Governmental Activities Tax Revenues by Source	84
General Governmental Revenues by Source	85
Assessed Value and Estimated Actual Value of Taxable Property	86
Principal Property Taxpayers	87
Property Tax Levies and Collections	88
Property Tax Rates – Direct and Overlapping Governments	89
Ratios of Outstanding Debt by Type	90
Ratios of Bonded Debt Outstanding	91
Direct and Overlapping Governmental Activities Debt	92
Legal Debt Margin Information	93
Pledged Revenue Coverage, Capital Improvement Revenue Bonds, Series 2011	94
Demographic and Economic Statistics	95
Principal Employers	96
Operating Indicators by Function/Program	97
Capital Asset Statistics by Function/Program	98
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 <i>Government Auditing Standards</i>	99-100
Management Letter in Accordance with the Rules of the Auditor General of the State of Florida	101-102
Independent Accountants’ Report on Compliance Pursuant to Section 218.415 Florida Statutes	103

INTRODUCTORY SECTION

BAL HARBOUR

- V I L L A G E -

June 29, 2016

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, 2015. 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 and efficient delivery of services.

BAL HARBOUR

- V I L L A G E -

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 continues to 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

BAL HARBOUR

- V I L L A G E -

venue is the flagship for the St. Regis brand and has served to 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 and resort tax revenue.

The Oceana project by Consultatio is currently under construction with an anticipated completion date by the end of 2016, and full addition to the Village tax rolls anticipated for FY2018.

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. Together they have evaluated villagewide operations, advanced improvements to villagewide public safety and aesthetics, improved the efficiency of operations and operating controls, and implemented cost saving reductions. State Appropriations, County General Obligation Funds, and Developer Contribution funding was secured to advance the Village's single largest capital undertaking; the Utility Master Plan Project. In total the funds provide \$8,045,000, toward the repair and replacement of the Village underground infrastructure consistent with the Master Plan Adopted in FY2014, 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. To ensure the availability of funding for future capital needs, the Village has implemented a policy to allocate fifty percent of excess revenue over expenditure at the close of each fiscal year to assigned fund balance for a Capital Projects Reserve, in FY2015 this resulted in the addition of \$1.15 million for future purposes.

Tourism revenue continued to grow with most venues posting year-over-year increases in total averaging three-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.

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 2,877 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

BAL HARBOUR

- V I L L A G E -

international airports. It enjoys temperate subtropical weather year-round and the Village has a very low crime rate with a first class police department.

REPORTING ENTITY

The activities included in our report are those over which the Village has the ultimate financial accountability. Any activity for which the Village, as a “primary” government, is ultimately financially accountable has been presented within this report. No activity has been excluded which would cause our financial statements to be misleading or incomplete. Certain activities are not included in this report because they do not meet the necessary criteria. For example, in Florida, school boards are independently elected and financially accountable for their finances. As such, the school board would present separate financial statements.

SERVICES PROVIDED BY THE VILLAGE

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

GOVERNMENT STRUCTURE

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

BAL HARBOUR

- V I L L A G E -

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 PUBLIC SPACES DEPARTMENT. This Department combines the Public Works, Park and Recreation, Utility, and Beautification activities Department and is responsible for the Village's facilities and infrastructure, beach maintenance, solid waste and recycling, landscaping efforts, the recreational and cultural activities, and water and wastewater operations 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 2014 estimates derived from the 2010 U.S. Census, the Village's average household is made up of 1.91 persons and the per capita income is \$52,081. There are 2,877 permanent residents and 1,412 households in the Village. There are 3,542 housing units. Of the households within the Village, 16.6% 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 according to the 2010 US Census.

In the Village, the population is spread out with 18.4% under the age of 18, 3.8% from 18 to 24, 23.8% from 25 to 44, 19.1% from 45 to 64, and 34.9% who are 65 years of age or older. The median age is 51.1 years. The median income for a household in the village is \$49,352, with median income for those over twenty-five and working is \$60,179. The unemployment rate for the Village is 6.1%, 12.9% of the population and 14.4% of families are below the poverty line. Out of the total population, 10.5% of those under the age of 18 and 16.4% 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 with construction commencing in FY2016. This initiative entails 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

BAL HARBOUR

- V I L L A G E -

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 completed a Branding Initiative in FY2015, which is the springboard for advancing a new tourism advertising campaign and new creative to promote the Village as a premier resort destination.

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

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

Risk Management

The goal of risk management is to qualify and quantify exposures that can weigh upon the

BAL HARBOUR

- V I L L A G E -

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, 2015, the Bal Harbour Employees' Pension Trust's fiduciary net position as a percentage of liability was 70.49%. As of September 30, 2015, the Bal Harbour Police Officers' Pension Trust's fiduciary net position as a percentage of liability was 76.84%. During FY2015, a new contract was executed between the Village and Police Benevolent Association which will reduce the Village's long-term liabilities by providing a path to Florida Retirement System for new Police Officers, and by reducing the cost of living increase from 2.5% to 1.5% for future Police Officers' Pension Trust retirees.

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 \$1,530,837. Contributions from all sources to both defined benefit plans were \$2,028,899 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 \$658,233.

Debt Administration

At September 30, 2015, The Village had \$18.3 million in outstanding long-term obligations, of which \$919 thousand is due during FY2016. The current portion of all debt was budgeted for in the FY2016 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.

BAL HARBOUR

- VILLAGE -

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 M. Gonzalez
Village Manager



Amber D. Riviere
Finance Director

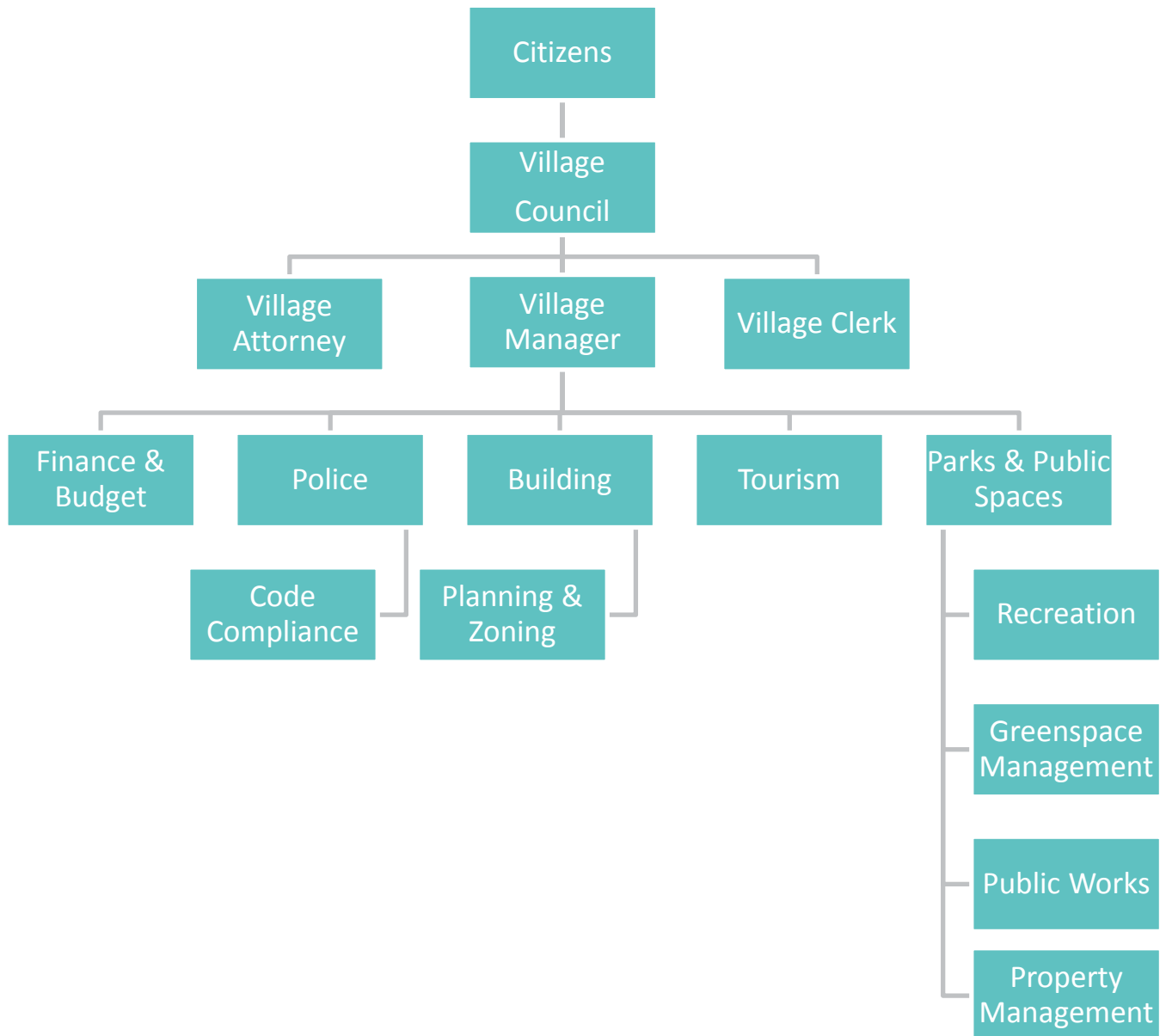
BAL HARBOUR VILLAGE, FLORIDA

VILLAGE OFFICIALS
As of September 30, 2015

MAYOR	Martin Packer
ASSISTANT MAYOR	Patricia Cohen
COUNCILMEMBER	Gabriel Groisman
COUNCILMEMBER	Seth E. Salver
COUNCILMEMBER	Jaime M. Sanz
VILLAGE MANAGER	Jorge M. Gonzalez
VILLAGE CLERK	Dwight S. Danie
CHIEF FINANCIAL OFFICER	Amber Riviere
VILLAGE ATTORNEY	Weiss Serota Helfman Pastoriza Cole & Boniske, P.A.
INDEPENDENT AUDITORS	Marcum LLP

FUNCTIONAL TABLE OF ORGANIZATION

FISCAL YEAR 2015/16



BAL HARBOUR

- VILLAGE -

FINANCIAL SECTION

INDEPENDENT AUDITORS' REPORT

INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Bal Harbour Village, Florida (the Village), as of and for the fiscal year ended September 30, 2015, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village, as of September 30, 2015, 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 described in Note 1 and Note 14 to the financial statements, the Village changed its method for accounting and financial reporting for pensions as a result of the adoption of Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement No. 27* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an Amendment of GASB Statement No. 68*, both effective October 1, 2014, which resulted in the Village restating net position for recognition of the Village’s pension related activity incurred prior to October 1, 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 63 through 72 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management’s responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village's basic financial statements. The combining fund financial statements and schedule and the introductory and statistical sections are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 29, 2016 on our consideration of the Village's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Village's internal control over financial reporting and compliance.

Marcum LLP

Miami, FL
June 29, 2016

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 improved as the economy recovered 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 assets* of the Village at the close of fiscal year 2015 increased by \$2.2 million, with an increase of \$4.2 million of cash and cash equivalents. Governmental activities accounted for \$3.2 million of the increase, while business type activities accounted for a \$1.0 million increase to cash. Conversely *total liabilities* grew by \$9.27 million, due to the new Governmental Accounting Standards Board (GASB) requirement to reflect Net Pension Liability within the Statement of Net Position included within the financial statements; this addition alone accounted for an \$8.4 million liability increase.
- The *total net position* of the Village at the close of fiscal year 2015 was \$32.9 million (net position), a decrease of \$5.3 million from the prior year. Governmental activities accounted for \$6.3 million of this decrease while the Business-type activities accounted for a \$1 million increase. Increases in cash and cash equivalents and capital assets accounted for the majority of the increase in the Governmental Funds. Planned fund balance allocations were used for the Tourism fund accounting for a \$96 thousand decrease in net position, an \$11 thousand decrease for the Security District fund, and a \$40 thousand decrease to the State Law Enforcement fund.
- Out of the total net position, \$14.8 million of unrestricted net position may be used to meet the government's ongoing obligations to citizens and creditors, with \$6.5 million for Governmental Activities, and \$8.4 million for Business-type Activities. Additionally, the Village retained \$16.7 million in capital assets, net of related debt and accumulated depreciation. These capital 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, once current capital projects are complete asset values will be reset. The current infrastructure is more than 70 years old in some cases.
- The Village had more than \$32.9 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, the net pension liability, debt issued for the purpose of replacing the Village's underground infrastructure, and pension liabilities. These total long-term liabilities totaled a little over \$21.8 million and were about \$9.2 million more than the prior year due to the inclusion of pension liabilities within the statement of net position.

- The Village's General Fund had \$12.1 million in *unassigned fund balance*, which represents 92% of the General Fund operating (non-capital) expenditures for the same period, or close to 12 months' worth of operating reserves, about 1 month 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 as developer contributions.
- The *total assets* for the General Fund accounted for \$17.6 million, an increase of \$2.4 million, the total assets for the Tourism fund accounted for \$3.7 million, an increase of \$50 thousand, and total assets for the aggregate non-major funds accounted for \$2.7 million, an increase of \$491 thousand.
- General Fund *operating revenues increased* by about \$460 thousand from FY2014. Most notable of the recurring revenue increases are \$809 thousand in Ad Valorem, \$44 thousand in Local Business Taxes.
- The Village's Tourism Fund had revenues in excess of expenditures by \$141 thousand, largely due to reduced tourism related expenditures on hold for the launch of the Village's new branding effort and advertising.
- 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 funds) operating revenues increased from the prior year by \$776 thousand largely due to pass through rate increases from our wholesale service providers, which resulted in offsetting operating expenditure increases. The fund ended the year with about a \$1 million increase in the net position at \$11 million.
- The Village's licenses and permit revenue increased by \$103 thousand due largely to cost recovery activities with corresponding expense. This is a very positive improvement reflecting the continued improvement experienced by the ongoing economic recovery.

Village Highlights

- Planning for comprehensive Utility improvements continued during the year with the completion of the Utility Master Plan for the Village, with 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 annual assessments for the Security District were once again lowered for FY2015.
- The Village finalized a collective bargaining agreement with the police bargaining unit in FY2015, resulting in reductions to the long-term liabilities by reducing cost of living increases by one-percent and enrolling in the Florida Retirement System for future retirees.

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 a balance sheet for the Village for its governmental and business-type activities. This statement combines and consolidates government funds' current financial resources (short-term spendable resources) with capital assets and long-term obligations.

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

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

Fund Financial Statements

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

The Government's Major Fund (see pages 17 to 18) presentation are presented on a sources and uses of liquid resources basis. This is the manner in which the financial plan (the budget) is typically developed. The flow and availability of liquid resources is a clear and appropriate focus of any analysis of a government. Funds are established for various purposes and the Fund Financial Statements allow the demonstration of sources and uses and/or budgeting compliance associated therewith (beginning on page 63).

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 Village. 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 Governmental Major Funds Total (page 18) column requires a reconciliation because of the different measurement focus (current financial resources versus total economic resources) which is reflected

on the page following each statement (see pages 18 and 19). The flow of current financial resources will reflect interfund transfers and other financial sources, as well as capital expenditures. The reconciliation will eliminate these transactions and incorporate the capital asset and long-term obligations into the Governmental Activities column (in the Government-wide statements).

GOVERNMENT-WIDE STATEMENTS

Statement of Net Position

The following table reflects the comparative Summary of Net Position:

	Governmental Activities		Business-type Activities		Total		Percent Change
	2015	2014	2015	2014	2015	2014	
Current and other assets	\$ 23,995	\$ 22,088	\$ 12,709	\$ 12,102	\$ 36,704	\$ 34,190	7.35%
Capital assets	<u>10,042</u>	<u>10,486</u>	<u>6,683</u>	<u>6,566</u>	<u>16,725</u>	<u>17,052</u>	-1.92%
Total assets	<u>34,037</u>	<u>32,574</u>	<u>19,392</u>	<u>18,668</u>	<u>53,429</u>	<u>51,242</u>	<u>4.27%</u>
Deferred Outflows of Resources	<u>1,847</u>	<u>-</u>	<u>34</u>	<u>-</u>	<u>1,881</u>	<u>-</u>	<u>100.00%</u>
Current and other liabilities	2,703	1,108	1,009	690	3,712	1,798	106.45%
Non-current liabilities	<u>10,692</u>	<u>2,739</u>	<u>7,364</u>	<u>7,954</u>	<u>18,056</u>	<u>10,693</u>	<u>68.86%</u>
Total liabilities	<u>13,395</u>	<u>3,847</u>	<u>8,373</u>	<u>8,644</u>	<u>21,768</u>	<u>12,491</u>	<u>74.27%</u>
Deferred Inflows of Resources	<u>619</u>	<u>492</u>	<u>6</u>	<u>-</u>	<u>625</u>	<u>492</u>	<u>27.03%</u>
Net investment in capital assets	9,735	10,541	2,674	1,914	12,409	12,455	-0.37%
Restricted	5,660	5,830	-	-	5,660	5,830	-2.92%
Unrestricted	<u>6,475</u>	<u>11,864</u>	<u>8,373</u>	<u>8,110</u>	<u>14,848</u>	<u>19,974</u>	<u>-25.66%</u>
Total net position	<u>\$ 21,870</u>	<u>\$ 28,235</u>	<u>\$ 11,047</u>	<u>\$ 10,024</u>	<u>\$ 32,917</u>	<u>\$ 38,259</u>	<u>-13.96%</u>

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

The Unrestricted balance is intended to be a corporate-style measurement of well-being (or a bottom line) for the Village and its related governmental and business-type activities.

Current Year Impacts

Statement of Activities

The following schedule presents the comparative Summary of Activities:

	Governmental		Business-type		Total		Percent Change
	Activities		Activities				
	2015	2014	2015	2014	2015	2014	
Revenues:							
Program revenues:							
Charges for services	\$ 3,969	\$ 3,991	\$ 4,325	\$ 3,547	\$ 8,294	\$ 7,538	10.0%
Operating grants and contributions	-	243	-	-	-	243	-100.0%
Capital grants and contributions	152	194	-	-	152	194	-21.6%
General revenues:							
Taxes	13,847	13,628	-	-	13,847	13,628	1.6%
Other	76	56	22	6	98	62	58.1%
Total revenues	<u>18,044</u>	<u>18,112</u>	<u>4,347</u>	<u>3,553</u>	<u>22,391</u>	<u>21,665</u>	<u>3.4%</u>
Expenses:							
General government	3,997	4,144	-	-	3,997	4,144	-3.5%
Public safety	6,194	5,740	-	-	6,194	5,740	7.9%
Solid waste and open space	610	614	-	-	610	614	-0.7%
Tourism	3,530	2,904	-	-	3,530	2,904	21.6%
Roads, streets and parks	1,292	1,196	-	-	1,292	1,196	8.0%
Interest on long-term debt	-	8	-	-	-	8	-100.0%
Water and sewer	-	-	3,124	2,529	3,124	2,529	23.5%
Total expenses	<u>15,623</u>	<u>14,606</u>	<u>3,124</u>	<u>2,529</u>	<u>18,747</u>	<u>17,135</u>	<u>9.4%</u>
Changes in net position before transfers	2,421	3,506	1,223	1,024	3,644	4,530	-19.6%
Transfers	<u>60</u>	<u>60</u>	<u>(60)</u>	<u>(60)</u>	<u>-</u>	<u>-</u>	
Changes in net position after transfers	2,481	3,566	1,163	964	3,644	4,530	-19.6%
Net position - beginning, previously reported	<u>28,235</u>	<u>24,669</u>	<u>10,024</u>	<u>9,060</u>	<u>38,259</u>	<u>33,729</u>	<u>13.4%</u>
Prior period adjustment	<u>(8,846)</u>	<u>-</u>	<u>(140)</u>	<u>-</u>	<u>(8,986)</u>	<u>-</u>	
Net Position - Beginning, restated	<u>19,389</u>	<u>24,669</u>	<u>9,884</u>	<u>9,060</u>	<u>29,273</u>	<u>33,729</u>	
Net position - ending	<u>\$ 21,870</u>	<u>\$ 28,235</u>	<u>\$ 11,047</u>	<u>\$ 10,024</u>	<u>\$ 32,917</u>	<u>\$ 38,259</u>	<u>-14.0%</u>

Normal Impacts

There are several basic (normal) impacts on revenues and expenses as described below:

Revenues

- Overall Economic Condition.** This can reflect a declining, stable or growing economic environment and has a substantial impact on property, tourism, and other tax revenue as well as redevelopment efforts made by the development community. The Village is exposed to risks associated with tourism. Declines in tourism can adversely affect dollars available to the Village for marketing and parks, roads, and streets. Declines in tourism can result in reduced property values to the Village, which would result in lower property tax dollars. Likewise, a poor economy can also negatively impact the Village's property tax base. The Village has a handful of large properties that could stagnate or decline under certain economic conditions. The effect on the Village would be disproportionately leveraged. Management believes the Village can weather most short-term economic scenarios.

- **Increase/Decrease in Council Approved or State-Mandated Tax Rates and Assessments.** The Village Council can raise or lower its various tax rates and special assessment levels. These rates have a direct relationship to the Village's revenue streams. Volatility in tax rates can be detrimental to business owners and homeowners, making their properties less attractive to own. The Village has a stable taxation policy. The FY2015 millage rate of 2.0611 is the third lowest in Miami-Dade County and well below the statutory cap of 10 mills.
- **Reliance upon Intergovernmental Revenue.** The Village received approximately \$631 thousand dollars in recurring revenue from other governments during FY2015. 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 54% 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 46% 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 three 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 generated 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 with growth of three-percent. The opening of two new restaurant venues and the addition of the Ritz Carlton further enhanced the Village's resort lineup. The revenue generated by the resort tax levies help the Village keep its property tax rates low.

Security District assessment rates were decreased during FY2015 and the same rate was maintained in the current year. This fund is on solid financial footing.

Expenses

The Village continued to experience increases in existing retirement costs, but has taken action through the collective bargaining process to reduce those costs for future retirees by closing the Police Officers' Pension Plan to new participants, and joining the Florida Retirement System, and reducing cost of living increases by one-percent to new retirees under the Plan. 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 participants with greater need. The Village also allows (through a collective bargaining agreement with its police officers) police retirees to receive a monthly health insurance stipend of \$350.

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 advances 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 \$21.6 million, which was a 12% increase or \$2.3 million more than the previous year. \$2.5 million of this increase is derived from positive results in General Fund operations.

The General Fund ended the year with \$16.2 million of fund balance that was \$2.5 million more than FY2014, or an increase of 18%.

The Tourism Fund ended the year with an approximate \$3.26 million fund balance, a decrease of \$96 thousand carried forward to finalize the branding initiative within the current year fiscal 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 in total these funds experienced a decreased fund balance of \$51 thousand. The State Law Enforcement Trust Fund had nominal activity in FY2015, and the Federal Law Enforcement Trust Fund had no expenditures for the fiscal year. However, the Federal Law Enforcement Trust Fund did receive a distribution of \$515 thousand within the year, which was subsequently returned in the current year.

Enterprise Fund

The Water and Sewer Fund ended the year with about \$11.0 million in Net Position, an increase of \$1.0 million. Capital Assets continued to see improvements made to its underground systems and net position increased by about \$723 thousand, from the prior year to \$10.0 million.

Budgetary Highlights

Three primary Funds are used to operate the Village: General Fund, Tourism (Resort Tax) Fund, and Water & Sewer Utility Fund. The General Fund ended FY2015 with \$1.595 million in revenues in excess of expenditures. This is a result of an economy that continues to improve, sound budgeting decisions, and strong financial/operational management and oversight. The Tourism Fund ended the fiscal year within budgeted revenue for existing venues, and funded the majority of the new branding and marketing initiative without the need to fully utilize budgeted and anticipated transfer of fund balance for the onetime project. The Water & Sewer Utility Fund ended the year with an excess of \$239 thousand of revenue in excess of expenditures.

GENERAL FUND REVENUE AND EXPENDITURES

Total operating Revenue collected, exceeded the anticipated budget in excess of \$630,000. The increased revenue continues to reflect the results of improving economic conditions and pro-active initiatives by management to ensure full collection of monies due the Village. Revenue line items that notably out performed budget are:

- Building and Permitting \$ 137,500
- Local Business Tax Receipts 137,000
- Red Light Camera 89,300
- Intergovernmental 48,900

Total expenditures ended under budget by \$965,200. Accounting for increased expenditures directly attributable to higher revenue activity, such as Building Permit Fees, Red Light Camera revenue and/ or Cost Recovery from the Bal Harbour Shops expansion application review. It is worth noting that these activities included \$455,800 in unbudgeted expenditures driven by higher corresponding revenues for Building Contractual services (\$198,800); and Red Light Camera Program (\$21,800); and Cost Recovery for Bal Harbour Shops related expenditures (\$235,200), yet the Village concluded the year within the allocated expenditure authority without amendment.

Closing the year under budget reflects the impact of pro-active initiatives by management to reduce expenditures/expenses through: close scrutiny of major purchases, ensuring competitive bidding on purchases, revisiting contractual relationships with vendors, and improved coding of invoices to appropriate funds. Departmental expenditures for the Legislative, Administration, Finance, General Government,

Police, Legal and Information Technology were all under budget. The following is a brief highlight of each department's outcome.

- The actual expenditures for the Legislative Department, are \$85,100 *less than* budgeted, largely due to less than anticipated professional service (-\$25,000), and management and insurance expenditures (-\$41,600).
- The actual expenditures for the Administration Department are \$76,800 *less than* budgeted, largely due to salary expenditures (-\$109,200), as a result of holding vacant positions, filling newly hired positions at a lower annual rate than prior incumbents and charging a portion of the Assistant Village Manager expenditure to the Tourism for the time he remains the Interim Tourism Director.
- The Finance Department expenditures are \$84,200 *less than* budgeted, largely due to salary and fringe savings (-\$21,900), less than anticipated professional and other contractual services (-\$40,600), and bank fees which were reflected as a net of revenue (-\$10,600).
- The General Government Department expenditures are \$337,900 *less than* budgeted, this is largely due to reduced Professional Services expenditures (-\$58,500), and maintenance and printing expenditures (-\$85,500) which are less than budgeted, and a two percent general contingency which fortunately was not needed during the fiscal year. This in spite of reflecting \$83,200 in unbudgeted payouts for retiring employees, and excess benefit plan expenditures for the former Village Manager within the activity.
- The actual expenditures for the Police Department are \$147,300 *less than* budgeted, largely due to a reductions in operating supplies (-\$94,600), maintenance of parking meters (-\$34,500), as a result of improved app technology, and reductions to maintenance of equipment (-\$58,900) which were less than budgeted.
- The actual expenditures for the Building Department are \$287,000 *more than* budgeted, due to increased building and permitting revenue a percentage of which is paid to the contractual service provider for the department and expenditures incurred within the cost recovery account, also offset by corresponding revenue.
- The actual expenditures for the Public Works Activity are \$196,600 *less than* budgeted, largely due to the proper directing of Utility Master Plan development expense to the Water and Sewer Utility Fund, and Tourism eligible beautification expenditures to the Tourism Fund.
- The actual expenditures for the Parks and Recreation Activity are \$55,700 *more than* budgeted, largely due to the use of overtime, and increased hours to meet operational needs.
- The actual expenditures for Information Technology are \$348,700 *less than* budgeted, due to ongoing capital projects carried forward into the current fiscal year.
- The actual expenditures for General Fund Legal are \$31,200 *less than* budgeted, largely due to lack of expenditures to the defense of officials line item for the year (-\$34,359).

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

TOURISM FUND

The FY2015 Adopted Budget for the Tourism Fund contemplated a fund balance transfer of \$470,000 for the completion of the Village wide branding initiative (\$325,000) and additional beautification initiatives (\$145,000), however only \$164,500 was necessary for project completion into the current fiscal year.

Year-end revenue for resort tax collections were slightly less than budget by \$16,200 due largely to the delayed opening of a new venue. It should be noted that a few restaurants ceased to operate during the prior fiscal year, which adversely affected the results.

Tourism expenditures ended \$435,970 less than budget largely due to the reductions related to marketing and travel as summarized below. The following categories all ended lower than budget: Sales and Public Relations (-\$132,300); Production, Entertainment, and Travel (-\$47,560); GMCVB (-\$100,000); and Operating Capital (-\$135,100).

The beautification related expenditures are \$27,500 more than budgeted, largely due to increased expenditures for contractual landscaping and maintenance services which were enhanced during the last two quarters of the fiscal year.

UTILITY FUND

The Water and Sewer Utility Fund finished FY2015 with a surplus of \$239,800. Operating expenses are under budget by \$144,200. The design of the Utility Master Plan Capital Project was advanced and \$65,300 in revenue was drawn down from State Appropriations allocated for the project.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

As of year-end, the City had \$16.7 million invested in a variety of capital assets, 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 beginning on page 39.

Debt Outstanding

The Village had \$18.3 million in outstanding long-term obligations, of which \$919 thousand is due during FY2016 and is comprised of accrued compensated balances and payment of the debt issued in prior years. The current portion of all debt was budgeted for in the FY2016 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 beginning on Page 40.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

In the conduct of its ordinary operations, various lawsuits, commitments, and contingencies will arise. Disclosure of these items appear starting on page 61 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. 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. Currently, an ocean front parcel is under redevelopment, construction on the Oceana by Consultatio has begun and is expected to be on the tax rolls for FY2018.

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 \$30.02 million for all funds, this includes a millage rate increase from 1.9192 mills in FY2014 to 2.0611mills in FY2015, the increase provided additional allocations to enhance law enforcement and code enforcement staffing, the replacement of fleet, village-wide information technology improvements, and funding toward future capital projects. 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 with further pass through rate increases anticipated in future years.

The Village has completed the update of the Utility Master Plan, and has commenced 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 anticipated future debt. 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 was completed by the State in FY2015. This results in 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 Chief Financial Officer 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, 2015

	<u>Governmental</u> <u>Activities</u>	<u>Business-</u> <u>type</u> <u>Activities</u>	<u>Total</u>
<u>ASSETS</u>			
Cash and cash equivalents	\$ 22,895,425	\$ 8,989,654	\$ 31,885,079
Receivables, net	289,990	408,318	698,308
Prepays	3,199	-	3,199
Due from other governments	446,114	-	446,114
Restricted assets:			
Cash and cash equivalents	360,022	3,198,127	3,558,149
Restricted for customer deposits	-	113,167	113,167
Capital assets not being depreciated	1,710,099	3,075,654	4,785,753
Capital assets being depreciated, net	<u>8,331,688</u>	<u>3,606,716</u>	<u>11,938,404</u>
Total assets	<u>34,036,537</u>	<u>19,391,636</u>	<u>53,428,173</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>			
Pension	<u>1,846,943</u>	<u>33,937</u>	<u>1,880,880</u>
<u>LIABILITIES</u>			
Accounts payable and accrued liabilities	2,018,769	894,790	2,913,559
Unearned revenue	383,094	-	383,094
Payable from restricted assets:			
Customer deposits	-	113,167	113,167
Non-current liabilities:			
Due within one year	300,850	618,912	919,762
Due in more than one year	412,452	6,587,364	6,999,816
Net pension obligation - excess benefit plan	1,530,837	-	1,530,837
Net pension liability	8,090,402	157,625	8,248,027
Other post-employment benefits	<u>658,233</u>	<u>-</u>	<u>658,233</u>
Total liabilities	<u>13,394,637</u>	<u>8,371,858</u>	<u>21,766,495</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Pension	<u>619,121</u>	<u>6,620</u>	<u>625,741</u>
<u>NET POSITION</u>			
Net investment in capital assets	9,735,309	2,674,221	12,409,530
Restricted for:			
Debt service	284,306	-	284,306
Tourism development	3,262,914	-	3,262,914
State law enforcement	1,047,002	-	1,047,002
Security district	1,065,459	-	1,065,459
Unrestricted	<u>6,474,732</u>	<u>8,372,874</u>	<u>14,847,606</u>
Total net position	<u>\$ 21,869,722</u>	<u>\$ 11,047,095</u>	<u>\$ 32,916,817</u>

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

BAL HARBOUR VILLAGE, FLORIDA

STATEMENT OF ACTIVITIES

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2015

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Changes in Net Position</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Governmental activities:							
General government	\$ 3,946,289	\$ 3,048,718	\$ -	\$ -	\$ (897,571)	\$ -	\$ (897,571)
Public safety	6,244,870	919,762	-	-	(5,325,108)	-	(5,325,108)
Solid waste	610,333	-	-	-	(610,333)	-	(610,333)
Roads and streets	944,776	-	-	152,193	(792,583)	-	(792,583)
Parks and recreation	347,056	-	-	-	(347,056)	-	(347,056)
Tourism development	3,530,491	-	-	-	(3,530,491)	-	(3,530,491)
Total governmental activities	<u>15,623,815</u>	<u>3,968,480</u>	<u>-</u>	<u>152,193</u>	<u>(11,503,142)</u>	<u>-</u>	<u>(11,503,142)</u>
Business-type activities:							
Water and sewer	3,123,928	4,323,705	-	-	-	1,199,777	1,199,777
Total business-type activities	<u>3,123,928</u>	<u>4,323,705</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,199,777</u>	<u>1,199,777</u>
Total	<u>\$ 18,747,743</u>	<u>\$ 8,292,185</u>	<u>\$ -</u>	<u>\$ 152,193</u>	<u>(11,503,142)</u>	<u>1,199,777</u>	<u>(10,303,365)</u>
General revenues:							
Property taxes					7,591,502	-	7,591,502
Franchise fees based on gross receipts					664,606	-	664,606
Utility taxes					848,575	-	848,575
Communications services tax					321,359	-	321,359
Unrestricted developer contribution					662,463	-	662,463
Unrestricted intergovernmental revenue					310,140	-	310,140
Resort tax					3,448,249	-	3,448,249
Unrestricted investment earnings					53,748	22,461	76,209
Miscellaneous					22,701	-	22,701
Transfers					60,000	(60,000)	-
Total general revenues and transfers					<u>13,983,343</u>	<u>(37,539)</u>	<u>13,945,804</u>
Change in net position					2,480,201	1,162,238	3,642,439
Net position, beginning, as previously reported					28,235,215	10,024,926	38,260,141
Prior Period Adjustment (See Note 14)					(8,845,694)	(140,069)	(8,985,763)
Net position, beginning, restated					<u>19,389,521</u>	<u>9,884,857</u>	<u>29,274,378</u>
Net position, ending					<u>\$ 21,869,722</u>	<u>\$ 11,047,095</u>	<u>\$ 32,916,817</u>

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

BAL HARBOUR VILLAGE, FLORIDA

BALANCE SHEET GOVERNMENTAL FUNDS

SEPTEMBER 30, 2015

	<u>General</u>	<u>Resort Tax</u>	<u>Aggregate Non-major Funds</u>	<u>Total Governmental Funds</u>
<u>ASSETS</u>				
Cash and cash equivalents	\$ 16,574,667	\$ 3,636,531	\$ 2,684,227	\$ 22,895,425
Receivables, net	203,348	86,642	-	289,990
Due from other governments	446,114	-	-	446,114
Prepays	3,199	-	-	3,199
Restricted cash and cash equivalents	<u>360,022</u>	<u>-</u>	<u>-</u>	<u>360,022</u>
Total assets	<u>\$ 17,587,350</u>	<u>\$ 3,723,173</u>	<u>\$ 2,684,227</u>	<u>\$ 23,994,750</u>
 <u>LIABILITIES AND FUND BALANCES</u>				
Liabilities:				
Accounts payable and accrued liabilities	986,744	460,259	571,766	2,018,769
Unearned revenue	<u>383,094</u>	<u>-</u>	<u>-</u>	<u>383,094</u>
Total liabilities:	1,369,838	460,259	571,766	2,401,863
Fund balances:				
Non-spendable:				
Prepays	3,199	-	-	3,199
Restricted:				
Debt service	284,306	-	-	284,306
Tourism development	-	3,262,914	-	3,262,914
State law enforcement	-	-	1,047,002	1,047,002
Security district	-	-	1,065,459	1,065,459
Assigned:				
Excess benefits plan	1,530,837	-	-	1,530,837
Other-post employment benefits and leave time	658,233	-	-	658,233
Red light camera claims	500,000	-	-	500,000
Capital projects	1,150,000	-	-	1,150,000
Unassigned:				
General fund	<u>12,090,937</u>	<u>-</u>	<u>-</u>	<u>12,090,937</u>
Total fund balances	<u>16,217,512</u>	<u>3,262,914</u>	<u>2,112,461</u>	<u>21,592,887</u>
Total liabilities and fund balances	<u>\$ 17,587,350</u>	<u>\$ 3,723,173</u>	<u>\$ 2,684,227</u>	

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

Capital assets used in governmental activities are not financial resources and, therefore are not reported in the funds.	10,041,787
Deferred outflows and inflows of resources related to pensions are recorded in the statement of net position	1,227,822
A net pension liability is not due and payable in the current period, and therefore is not reported in the governmental funds	(8,090,402)
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	(406,825)
Net pension obligation - excess benefit plan	(1,530,837)
Other post-employment benefits	<u>(658,233)</u>
Net position of governmental activities	<u>\$ 21,869,722</u>

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

BAL HARBOUR VILLAGE, FLORIDA

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

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2015

	<u>General</u>	<u>Resort Tax</u>	<u>Aggregate Non-major Funds</u>	<u>Total Governmental Funds</u>
Revenues:				
Taxes:				
Property	\$ 7,591,502	\$ -	\$ -	\$ 7,591,502
Other local taxes	1,834,540	-	-	1,834,540
Resort tax	-	3,448,249	-	3,448,249
Licenses and permits	1,537,695	-	-	1,537,695
Developer contribution	662,463	-	-	662,463
Fines and forfeitures	915,108	-	-	915,108
Charges for services	992,051	-	105,019	1,097,070
Special assessments	-	-	413,953	413,953
Intergovernmental	462,333	-	-	462,333
Investment earnings	22,221	7,950	203	30,374
Miscellaneous	45,798	480	4,451	50,729
Total revenues	<u>14,063,711</u>	<u>3,456,679</u>	<u>523,626</u>	<u>18,044,016</u>
Expenditures:				
Current:				
General government	3,647,052	-	540,057	4,187,109
Public safety	6,161,865	-	-	6,161,865
Solid waste	610,333	-	-	610,333
Road and streets	924,503	-	-	924,503
Parks and recreation	347,056	-	-	347,056
Tourism development	-	3,523,612	-	3,523,612
Capital outlay	-	-	-	-
Total expenditures	<u>11,690,809</u>	<u>3,523,612</u>	<u>540,057</u>	<u>15,754,478</u>
Excess (deficiency) of revenues over expenditures	<u>2,372,902</u>	<u>(66,933)</u>	<u>(16,431)</u>	<u>2,289,538</u>
Other financing sources (uses):				
Transfers in	125,000	-	-	125,000
Transfers out	-	(30,000)	(35,000)	(65,000)
Total other financing sources (uses)	<u>125,000</u>	<u>(30,000)</u>	<u>(35,000)</u>	<u>60,000</u>
Net change in fund balances	2,497,902	(96,933)	(51,431)	2,349,538
Fund balances, beginning	<u>13,719,610</u>	<u>3,359,847</u>	<u>2,163,892</u>	<u>19,243,349</u>
Fund balances, ending	<u>\$ 16,217,512</u>	<u>\$ 3,262,914</u>	<u>\$ 2,112,461</u>	<u>\$ 21,592,887</u>

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

BAL HARBOUR VILLAGE, FLORIDA

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

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2015

Amounts reported for governmental activities in the statement of activities
(Page 16) are different because:

Net change in fund balances - total governmental funds (Page 18) \$ 2,349,538

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:

Depreciation expense (444,546)

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 liability	\$ 1,247,508	
Net pension obligation - excess benefit plan	(131,364)	
Compensated absences	20,529	
Other post employment benefits	<u>(51,961)</u>	1,084,712

Deferred outflow of resources and deferred inflow of resources related to the pension are not recognized in the governmental funds (509,503)

Change in net position of governmental activities (Page 16) \$ 2,480,201

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

BAL HARBOUR VILLAGE, FLORIDA

STATEMENT OF NET POSITION

PROPRIETARY FUND

SEPTEMBER 30, 2015

	<u>Water & Wastewater</u>
<u>ASSETS</u>	
Current assets:	
Cash and cash equivalents	\$ 8,989,654
Receivables, net	<u>408,318</u>
Total current assets	9,397,972
Restricted assets:	
Cash with fiscal agent	3,198,127
Restricted for customer deposits	113,167
Noncurrent assets:	
Capital assets not being depreciated	3,075,654
Capital assets being depreciated, net	<u>3,606,716</u>
Total assets	<u>19,391,636</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>	
Pension	<u>33,937</u>
<u>LIABILITIES</u>	
Current liabilities:	
Accounts payable and accrued liabilities	877,269
Due to other governments	17,521
Customer deposits	113,167
Revenue bonds payable	<u>618,912</u>
Total current liabilities	<u>1,626,869</u>
Non-current liabilities:	
Net pension liability	157,625
Revenue bonds payable	<u>6,587,364</u>
Total non-current liabilities	<u>6,744,989</u>
Total liabilities	<u>8,371,858</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>	
Pension	<u>6,620</u>
<u>NET POSITION</u>	
Net investment in capital assets	2,674,221
Unrestricted	<u>8,372,874</u>
Total net position	<u>\$ 11,047,095</u>

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

BAL HARBOUR VILLAGE, FLORIDA

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

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2015

	<u>Water & Wastewater</u>
Operating revenues:	
Charges for sales and services:	
Water sales	\$ 1,913,833
Wastewater sales	1,865,380
Tap fees	1,450
Fines and penalties	<u>543,042</u>
Total operating revenues	<u>4,323,705</u>
Operating expenses:	
Materials, supplies and administration	776,037
Wastewater treatment charges	864,202
Water purchases	858,274
Depreciation	226,589
Personal services	<u>195,212</u>
Total operating expenses	<u>2,920,314</u>
Operating income	<u>1,403,391</u>
Non-operating revenues (expenses):	
Interest income	22,461
Interest expense	<u>(203,614)</u>
Total non-operating revenues (expenses)	<u>(181,153)</u>
Income before transfers	1,222,238
Transfers out	<u>(60,000)</u>
Change in net position	1,162,238
Net position, beginning, as previously reported	10,024,926
Prior Period Adjustment (See Note 14)	<u>(140,069)</u>
Net position, beginning restated	<u>9,884,857</u>
Net position, ending	<u>\$ 11,047,095</u>

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

BAL HARBOUR VILLAGE, FLORIDA

STATEMENT OF CASH FLOWS PROPRIETARY FUND

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2015

	<u>Water & Wastewater</u>
Cash flows from operating activities:	
Receipts from customers and users	\$ 4,334,479
Payments from other government	134,364
Payments to suppliers	(2,026,742)
Payments to employees	(204,973)
Net cash provided by operating activities	<u>2,237,128</u>
Cash flows from non-capital financing activities:	
Transfer to other funds	<u>(60,000)</u>
Cash flows from capital and related financing activities:	
Payment of bond principal	(633,443)
Purchase and construction of capital assets	(343,679)
Interest paid on capital debt	(203,614)
Net cash used by capital and related financing activities	<u>(1,180,736)</u>
Cash flows from investing activities:	
Interest received	<u>22,461</u>
Net cash provided by investing activities	<u>22,461</u>
Net increase in cash and cash equivalents	1,018,853
Cash and cash equivalents, beginning	<u>11,282,095</u>
Cash and cash equivalents, ending	<u>\$ 12,300,948</u>
Cash and cash equivalents per statement of net position:	
Unrestricted	\$ 8,989,654
Restricted	3,311,294
	<u>\$ 12,300,948</u>
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	\$ 1,403,391
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation expense	226,589
Changes in operating assets, liabilities and deferred outflows/inflows:	
(Increase) decrease in:	
Receivables	12,139
Deferred outflows - pensions	(33,937)
Increase (decrease) in:	
Accounts payable and accrued liabilities	471,771
Due to other funds	(265,923)
Customer deposits	(1,365)
Deferred inflows - pensions	6,620
Net pension liability	17,556
Total adjustments	<u>833,737</u>
Net cash provided by operating activities	<u>\$ 2,237,128</u>

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

BAL HARBOUR VILLAGE, FLORIDA

STATEMENT OF FIDUCIARY NET POSITION FIDUCIARY FUNDS

SEPTEMBER 30, 2015

	<u>Pension Trust Funds</u>	<u>Agency Fund</u>
<u>ASSETS</u>		
Cash	\$ -	\$ 19,123
Investments, at fair value		
Money market mutual funds	1,801,009	-
Stock mutual funds	6,004,244	-
Bond mutual funds	3,645,318	-
U.S. Government obligations	3,003,758	-
Corporate bonds	3,821,108	-
Mortgage backed securities	23,697	-
Large cap equities	9,892,827	-
Total investments	<u>28,191,961</u>	<u>-</u>
Accrued interest receivable	43,202	-
Contributions receivable	57,849	-
Total assets	<u>28,293,012</u>	<u>19,123</u>
<u>LIABILITIES</u>		
Accounts payable	44,025	-
Other liabilities	-	19,123
<u>DEFERRED INFLOWS OF RESOURCES</u>		
Advanced Village contributions	96,484	-
Total liabilities and deferred inflows of resources	<u>140,509</u>	<u>19,123</u>
<u>NET POSITION</u>		
Net position restricted for pension benefits	<u>\$ 28,152,503</u>	<u>\$ -</u>

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

BAL HARBOUR VILLAGE, FLORIDA

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION PENSION TRUST FUNDS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2015

ADDITIONS

Contributions:

Village	\$ 1,736,184
Employees	243,789
State	<u>48,213</u>
Total contributions	<u>2,028,186</u>

Investment income:

Interest and dividends	489,988
Net depreciation in the fair value of investments	<u>(82,896)</u>
	407,092
Less investment expenses	<u>(140,290)</u>
Net investment income	<u>266,802</u>
Total additions	<u>2,294,988</u>

DEDUCTIONS

Benefits payments	1,591,482
Administrative expenses	153,266
Lump sum DROP distributions	<u>1,120,282</u>
Total deductions	<u>2,865,030</u>

Change in net position (570,042)

Net position restricted for pension benefits:

Beginning	<u>28,722,545</u>
Ending	<u>\$ 28,152,503</u>

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

NOTES TO BASIC FINANCIAL STATEMENTS

BAL HARBOUR VILLAGE, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2015

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 with the exception of interfund services provided and used which are not eliminated. 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.

BAL HARBOUR VILLAGE, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or identifiable activity. Program revenues include charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or identifiable activity and 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.

BAL HARBOUR VILLAGE, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

The Village reports the following major governmental funds:

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

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

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

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

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

The 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.

BAL HARBOUR VILLAGE, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

The Village implemented the following GASB Statements during the fiscal year ended September 30, 2015:

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – An amendment of GASB Statement No. 27*

This Statement replaces the requirements of Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*, as well as the requirements of Statement No. 50, *Pension Disclosures*, as they relate to pensions that are provided through pension plans administered as trusts or equivalent arrangements. This Statement establishes standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures.

GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*

This statement amends paragraph 137 of Statement No. 68 to require that, at transition, a government recognize a beginning deferred outflow of resources for its pension contributions, if any, made subsequent to the measurement date of the beginning net pension liability.

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.

BAL HARBOUR VILLAGE, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

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. 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.

7. 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.

BAL HARBOUR VILLAGE, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

7. *Capital Assets* (Continued)

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

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

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

8. *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.

9. *Unearned Revenue*

The sources of the unearned revenue are local business taxes, which are applicable to future periods and will not be recognized as revenue until the future period to which it applies.

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.

BAL HARBOUR VILLAGE, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

11. Deferred Outflows/Inflows of Resources

The statement of net position and the governmental funds balance sheet includes a separate section for deferred outflows/inflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Village reports within its government-wide statement of net position as deferred outflows amounts contributed during fiscal year 2015 into the Village's Employees' Pension Trust and the Village's Police Officers' Pension Trust as a result of the net pension liability associated with the Plan measurement date of September 30, 2014, as well as differences between projected and actual earnings on investments. The amounts paid during fiscal year 2015 to the Plan will be reflected within the Village's pension expense and related liability when the net pension liability is measured for the next fiscal year.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. Within the government-wide statement of net position the Village reports as deferred inflows amounts representing the net difference between expected and actual results, changes in assumptions and projected and actual earnings of its pension plans. The amounts will be amortized over a five year closed period beginning in the year in which the difference occurred or over the remaining service lives of all employees, as applicable.

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.

BAL HARBOUR VILLAGE, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

12. Fund Equity (Continued)

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 assigned fund balance for the Village's excess benefit plan approximately \$1,500,000 in the General Fund; for other post-employment benefits (OPEB) liabilities and accrued leave time \$658,000; and the allocation of \$1,150,000 for future capital projects. A requirement to maintain a minimum unassigned General Fund balance of 33% of the subsequent year's General Fund budgeted expenditures exists, and the Village exceeded that goal with \$11.9 million, or 87%, of the General Fund FY2015 budgeted expenditures.

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 by any outstanding debt and deferred inflows/outflows incurred to acquire, construct or improve those assets, excluding unexpended proceeds.

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.

BAL HARBOUR VILLAGE, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

BAL HARBOUR VILLAGE, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

NOTE 2. PROPERTY TAXES

Under Florida Law, the assessment of all properties and the collection of all county, municipal and school board property taxes are consolidated in the offices of the County Property Appraiser and County Tax Collector. The laws of the State regulating tax assessments are also designed to assure a consistent property valuation method statewide. State statutes permit municipalities to levy property taxes at a rate of up to 10.0 mills. The fiscal 2015 millage rate assessed by the Village was 2.0611 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, 2015.

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 - Village

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

BAL HARBOUR VILLAGE, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

NOTE 3. DEPOSITS AND INVESTMENTS (Continued)

Investments - Village (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, 2015, the Village had the following investments:

	<u>Fair Value</u>
Florida PRIME	<u>\$5,630,493</u>

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

Maturity and Interest Rate Risk

The weighted average days to maturity (WAM) of the Florida PRIME at September 30, 2015, was managed at 29 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, 2015, the Village only invested in Florida PRIME.

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

BAL HARBOUR VILLAGE, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

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, 2015, the Bal Harbour Village General Employees’ Pension Plan had the following fixed income investments and maturities:

	<u>Fair Value</u>	<u>Less Than 1 Year</u>
Bond mutual funds	\$ 3,645,318	\$ 3,645,318
	<u>\$ 3,645,318</u>	<u>\$ 3,645,318</u>

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

Interest Rate Risk

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

Credit Risk

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

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.

BAL HARBOUR VILLAGE, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

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, 2015, the Police Pension had the following fixed income investments and maturities:

	Fair Value	Investment Maturities (In Years)			
		Less Than 1	1-5	6-10	More Than 10
U.S. government obligations	\$ 3,003,758	\$ --	\$ 2,616,630	\$ 387,128	\$ --
Mortgage-backed securities	23,697	--	16,865	6,832	--
Corporate bonds	<u>3,821,108</u>	<u>106,518</u>	<u>1,412,870</u>	<u>2,301,720</u>	<u>--</u>
Total Investments	<u>\$ 6,848,563</u>	<u>\$ 106,518</u>	<u>\$ 4,046,365</u>	<u>\$ 2,695,680</u>	<u>\$ --</u>

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, 2015, 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.

BAL HARBOUR VILLAGE, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

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:

	<u>General</u> <u>Fund</u>	<u>Tourism</u> <u>Fund</u>	<u>Water and</u> <u>Sewer Fund</u>	<u>Fiduciary</u> <u>Funds</u>	<u>Total</u>
Receivables:					
Taxes and assessments	\$ 203,348	86,642	\$ -	\$ -	\$ 289,990
Accounts	-	-	408,318	-	408,318
Contributions	-	-	-	57,849	57,849
Interest and other	-	-	-	43,202	43,202
Gross receivables	203,348	86,642	408,318	101,051	799,359
Less allowance for uncollectibles	-	-	-	-	-
Net total receivables	\$ 203,348	\$ 86,642	\$ 408,318	\$ 101,051	\$ 799,359

NOTE 5. DUE FROM OTHER GOVERNMENTS

The governmental activities due from other governments of approximately \$446,000 represent taxes collected by the state of Florida and remitted to the Village.

BAL HARBOUR VILLAGE, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

NOTE 6. CAPITAL ASSETS

Capital asset activity for the fiscal year ended September 30, 2015, was as follows:

	Beginning <u>Balance</u>	<u>Increases</u>	<u>Decrease</u>	Ending <u>Balance</u>
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 277,426	\$ -	\$ -	\$ 277,426
Infrastructure	1,350,459	-	-	1,350,459
Construction in progress	<u>82,214</u>	<u>-</u>	<u>-</u>	<u>82,214</u>
Total capital assets not being depreciated	<u>1,710,099</u>	<u>-</u>	<u>-</u>	<u>1,710,099</u>
Capital assets being depreciated:				
Buildings	3,282,789	-	-	3,282,789
Improvements other than buildings	11,468,240	-	-	11,468,240
Furniture, fixtures and equipment	3,802,814	-	-	3,802,814
Infrastructure	<u>427,615</u>	<u>-</u>	<u>-</u>	<u>427,615</u>
Total capital assets being depreciated	<u>18,981,458</u>	<u>-</u>	<u>-</u>	<u>18,981,458</u>
Less accumulated depreciation for:				
Buildings	(2,203,188)	(137,634)	-	(2,340,822)
Improvements other than buildings	(4,066,222)	(189,657)	-	(4,255,879)
Furniture, fixtures and equipment	(3,680,641)	(94,906)	-	(3,775,547)
Infrastructure	<u>(255,172)</u>	<u>(22,350)</u>	<u>-</u>	<u>(277,522)</u>
Total accumulated depreciation	<u>(10,205,223)</u>	<u>(444,547)</u>	<u>-</u>	<u>(10,649,770)</u>
Total capital assets being depreciated, net	<u>8,776,235</u>	<u>(444,547)</u>	<u>-</u>	<u>8,331,688</u>
Governmental activities capital assets, net	<u>\$ 10,486,334</u>	<u>\$ (444,547)</u>	<u>\$ -</u>	<u>\$ 10,041,787</u>
Business-type activities:				
Capital assets not being depreciated:				
Land	\$ 7,010	-	\$ -	\$ 7,010
Construction in progress	<u>2,724,965</u>	<u>343,679</u>	<u>-</u>	<u>3,068,644</u>
Total capital assets not being depreciated	<u>2,731,975</u>	<u>343,679</u>	<u>-</u>	<u>3,075,654</u>
Capital assets being depreciated:				
Building	23,865	-	-	23,865
Furniture, fixtures and equipment	1,151,976	-	-	1,151,976
Water/sewer system	<u>5,349,393</u>	<u>-</u>	<u>-</u>	<u>5,349,393</u>
Total capital assets being depreciated	<u>6,525,234</u>	<u>-</u>	<u>-</u>	<u>6,525,234</u>
Less accumulated depreciation for:				
Building	(18,711)	-	-	(18,711)
Furniture, fixtures and equipment	(671,075)	(16,301)	-	(687,376)
Water/sewer system	<u>(2,002,143)</u>	<u>(210,288)</u>	<u>-</u>	<u>(2,212,431)</u>
Total accumulated depreciation	<u>(2,691,929)</u>	<u>(226,589)</u>	<u>-</u>	<u>(2,918,518)</u>
Total capital assets being depreciated, net	<u>3,833,305</u>	<u>(226,589)</u>	<u>-</u>	<u>3,606,716</u>
Business-type activities capital assets, net	<u>\$ 6,565,280</u>	<u>\$ 117,090</u>	<u>\$ -</u>	<u>\$ 6,682,370</u>

BAL HARBOUR VILLAGE, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

NOTE 6. CAPITAL ASSETS (Continued)

Depreciation expense for the fiscal year ended September 30, 2015, was charged to functions/programs as follows:

Governmental activities:	
General government	\$ 284,298
Public safety	133,096
Roads, streets, and parks	20,272
Tourism development	<u>6,880</u>
Total depreciation expense, governmental activities	<u>\$ 444,546</u>
Business-type activities:	
Water and sewer	<u>\$ 226,589</u>

NOTE 7. INTERFUND TRANSFERS

<u>Transfers In</u>	<u>Transfers Out</u>				
	<u>General</u>	<u>Tourism</u>	<u>Security District</u>	<u>Water and Sewer</u>	<u>Total</u>
General	<u>\$ -</u>	<u>\$ 30,000</u>	<u>\$ 35,000</u>	<u>\$ 60,000</u>	<u>\$ 125,000</u>

Transfers are used to transfer revenues based on the Village ordinance and budget to 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, 2015 on the Bonds was 2.4995%.

BAL HARBOUR VILLAGE, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

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, 2015 are as follows:

	<u>Revenue Bonds</u>
Current revenue pledged	\$441,815
Current debt service	\$829,141
Total future revenue pledged	\$8,662,756
Description of debt	
	Bal Harbour Village, Florida Capital
	Improvement Revenue Bonds, Series 2011
Purpose of debt	Series 2011 revenue bonds to fund water and sewer projects
Term of commitment	2011-2026
Percentage of debt service to pledged revenue (current year)	0%

The bonds outstanding at September 30, 2015 consist of the following:

		Amount	Amount	Interest	Maximum
<u>Purpose of Issue</u>	<u>Issued</u>	<u>Outstanding</u>	<u>Rate</u>	<u>Annual Debt</u>	<u>Service</u>
Revenue bonds:					
Series 2011 Capital Improvement	<u>\$ 10,000,000</u>	<u>\$ 7,512,753</u>	2.50%	\$ 1,470,501	

BAL HARBOUR VILLAGE, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

NOTE 8. LONG-TERM DEBT (Continued)

Long-term liabilities activity for the fiscal year ended September 30, 2015 for governmental and business-type activities was the following:

	Beginning <u>Balance</u>	<u>Additions</u>	<u>Reductions</u>	Ending <u>Balance</u>	Due Within <u>One Year</u>
Governmental activities:					
Revenue bonds	\$ 306,477	\$ -	\$ -	\$ 306,477	\$ 22,448
Compensated absences	427,354	26,964	(47,493)	406,825	278,402
Net pension liability	9,168,368	617,034	(1,695,000)	8,090,402	-
Net OPEB obligation	606,272	151,693	(99,732)	658,233	-
Net pension obligation	<u>1,399,473</u>	<u>188,086</u>	<u>(56,722)</u>	<u>1,530,837</u>	<u>-</u>
Total governmental activities, long-term liabilities	<u>\$ 11,907,944</u>	<u>\$ 983,777</u>	<u>\$ (1,898,947)</u>	<u>\$ 10,992,774</u>	<u>\$ 300,850</u>
Business-type activities:					
Net pension liability	\$ 169,543	\$ 17,278	\$ (29,196)	\$ 157,625	\$ -
Revenue bonds	<u>7,839,719</u>	<u>-</u>	<u>(633,443)</u>	<u>7,206,276</u>	<u>618,912</u>
Total business-type activities, long-term liabilities	<u>\$ 8,009,262</u>	<u>\$ 17,278</u>	<u>\$ (662,639)</u>	<u>\$ 7,363,901</u>	<u>\$ 618,912</u>

The following is the summary of annual debt service requirements:

Fiscal Year Ended <u>September 30,</u>	<u>Revenue Bonds</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 641,360	\$ 187,781	\$ 829,141
2017	649,375	171,751	821,126
2018	657,491	155,519	813,010
2019	665,708	139,085	804,793
2020	674,027	122,446	796,473
2021-2025	3,498,618	355,270	3,853,888
2026	<u>726,174</u>	<u>18,151</u>	<u>744,325</u>
Total	<u>\$7,512,753</u>	<u>\$1,150,003</u>	<u>\$8,662,756</u>

BAL HARBOUR VILLAGE, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

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.

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.

The General Employees' Pension Plan received a favorable IRS Determination as of September 18, 2015, and subsequently on April 20, 2016, the Police Officers' Pension Plan received the same. This indicates that both Plans are designed and are currently being operated in compliance with the applicable sections of the Internal Revenue Code. On October 1, 2015 a new bargaining agreement was reached with the PBA, reducing the annual cost of living adjustment to 1.5% for future retirees and upon ratification, closing the Plan to new members, with the Village joining the Florida Retirement System.

BAL HARBOUR VILLAGE, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

NOTE 9. EMPLOYEE RETIREMENT PLANS (Continued)

2. Plan Descriptions (Continued)

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, 2014, 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, 2015, the latest actuarial date for the excess benefits plan:

	<u>Excess Benefits</u>	
Retirees and beneficiaries currently receiving benefits and terminated employees entitled to benefits but not yet receiving them		1
Current employees:		
Vested		-
Non-vested		-
Total		-
	General	Police Officers
Inactive plan members and beneficiaries currently receiving benefits	19	21
Inactive plan members entitled but not yet receiving benefits	7	1
Active plan members	24	15
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.

BAL HARBOUR VILLAGE, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

NOTE 9. EMPLOYEE RETIREMENT PLANS (Continued)

2. Plan Descriptions (Continued)

Bal Harbour Employees' Pension Trust (Continued)

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.

Target Asset Mix

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

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

BAL HARBOUR VILLAGE, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

NOTE 9. EMPLOYEE RETIREMENT PLANS (Continued)

2. Plan Descriptions (Continued)

Bal Harbour Employees' Pension Trust (Continued)

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 fiscal year ended September 30, 2015, the annual money-weighted rate of return on pension investments, net of pension plan investment expense was 0.59%.

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

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, 2015, there were 4 members who were enrolled under the DROP. The total liability for the members DROP account as of September 30, 2015 was \$80,277. This amount is included in the total investment balance and the net position presented on the statement of fiduciary net position.

BAL HARBOUR VILLAGE, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

NOTE 9. EMPLOYEE RETIREMENT PLANS (Continued)

2. Plan Descriptions (Continued)

Bal Harbour Employees' Pension Trust (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, 2015.

STATEMENT OF FIDUCIARY NET POSITION

ASSETS

Investments:

Cash and money market mutual funds	\$ 531,325
Stock mutual funds	6,004,244
Bond mutual funds	3,645,318
Receivables	<u>2,437</u>
Total assets	<u>10,183,324</u>

NET POSITION

Net position restricted for pension benefits	<u>\$ 10,183,324</u>
--	----------------------

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

ADDITIONS

Village contributions	\$ 565,619
Employee contributions	<u>69,983</u>
Total contributions	<u>635,602</u>
Investment earnings:	
Interest and dividends	179,454
Net depreciation in the fair value of investments	<u>(221,373)</u>
	(41,919)
Less investment expenses	<u>41,246</u>
Net investments loss	<u>(83,165)</u>
Total additions	<u>552,437</u>

BAL HARBOUR VILLAGE, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

NOTE 9. EMPLOYEE RETIREMENT PLANS (Continued)

2. Plan Descriptions (Continued)

Bal Harbour Employees' Pension Trust (Continued)

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION (Continued)

DEDUCTIONS	
Benefits paid	723,310
Administrative expenses	<u>63,251</u>
Total deductions	<u>786,561</u>
Change in net position	(234,124)
Net position restricted for pension benefits:	
Beginning	<u>10,417,448</u>
Ending	<u>\$ 10,183,324</u>

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:

BAL HARBOUR VILLAGE, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

NOTE 9. EMPLOYEE RETIREMENT PLANS (Continued)

2. Plan Descriptions (Continued)

Bal Harbour Police Officers' Pension Trust (Continued)

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, 2015 was determined based on the October 1, 2012 actuarial valuation and was 102.8% 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.

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.

BAL HARBOUR VILLAGE, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

NOTE 9. EMPLOYEE RETIREMENT PLANS (Continued)

Bal Harbour Police Officers' Pension Trust (Continued)

2. Plan Descriptions (Continued)

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, 2015:

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

Rate of Return

For the year ended September 30, 2015, the annual money-weighted rate of return on pension investments, net of pension plan investment expense, was 1.83 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

BAL HARBOUR VILLAGE, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

NOTE 9. EMPLOYEE RETIREMENT PLANS (Continued)

2. *Plan Descriptions* (Continued)

Bal Harbour Police Officers' Pension Trust (Continued)

Deferred Retirement Option Program (Continued)

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.

As of September 30, 2015, there were 5 participants who were enrolled under the DROP. The DROP balance as September 30, 2015 is \$1,292,976. The DROP investment assets are included in the total investment balance presented on the Statement of Fiduciary Net Position.

Vesting

Benefits are fully vested immediately upon entry into the Plan.

Eligibility for Participation

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

Bal Harbour Village Excess Benefits Plan

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 approximately \$1.530 million in the government-wide financial statements that

BAL HARBOUR VILLAGE, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

NOTE 9. EMPLOYEE RETIREMENT PLANS (Continued)

2. Plan Descriptions (Continued)

Bal Harbour Village Excess Benefits Plan (Continued)

Funding Policy (Continued)

represents the net pension obligation of the Plan as of September 30, 2015. 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, 2015, to pay the benefits payable under the Plan.

3. Funded Status and Funding Progress

The funded status of the Plan as of September 30, 2015, 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, 2015	\$ -	\$ 1,530,837	\$ 1,530,837	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, 2015.

Additional information as of the latest actuarial valuation follows:

Actuarial valuation date	September 30, 2015
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%

BAL HARBOUR VILLAGE, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

NOTE 9. EMPLOYEE RETIREMENT PLANS (Continued)

4. Annual Pension Cost and Net Pension Obligation

Bal Harbour Village Excess Benefits Plan (Continued)

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

	<u>Excess Benefit</u>
Annual required contribution	\$ 132,107
Interest on net pension obligation	<u>55,979</u>
Annual pension cost	188,086
Contributions made	<u>56,722</u>
Change in net pension obligation	131,364
Net pension obligation, beginning of year	<u>1,399,473</u>
Net pension obligation, end of year	<u><u>\$ 1,530,837</u></u>

The annual pension cost for the current year was \$1.530 million, determined as of the September 30, 2015 actuarial valuation using the entry age normal cost method.

Fiscal Year <u>Ending</u>	<u>Three-Year Trend Information</u>		
	<u>Annual Pension Cost</u>	<u>Percentage Contributed</u>	<u>Net Pension Obligation</u>
9/30/2013	\$ 185,945	171%	\$1,342,508
9/30/2014	112,303	49%	1,399,473
9/30/2015	188,086	30%	1,530,837

NOTE 10. NET PENSION LIABILITY

In accordance with the requirements of GASB 68, important information about the Village's two defined benefit pension plans is now included in this note and in the Required Supplementary Information (RSI) section of this document. As of September 30, 2015, the Village reports a net pension liability (NPL) of \$8,248,027, which was measured as of September 30, 2014 (measurement date). In accordance with GASB No. 67, information related to the Employee's Pension Trust as of September 30, 2015 has been disclosed, since this Plan does not issue a stand-alone pension financial statement.

BAL HARBOUR VILLAGE, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

NOTE 10. NET PENSION LIABILITY (Continued)

Aggregate Information for all Defined Benefit Pension Plans

Summarized aggregate information for the two defined benefit plans is as follows:

	Employee Pension Trust September 30, 2015	Employee Pension Trust September 30, 2014	Police Officers' Pension Trust September 30, 2014
Total pension liability	\$ 14,448,203	\$ 13,044,531	\$ 23,926,041
Fiduciary net position	<u>10,184,037</u>	<u>10,417,448</u>	<u>18,305,097</u>
Net pension liability	<u>\$ 4,264,166</u>	<u>\$ 2,627,083</u>	<u>\$ 5,620,944</u>
Fiduciary net position as % of total pension liability	70.49%	79.86%	85.55%

The total pension liability was determined using the following actuarial assumptions:

	Employee's Pension Trust	Employee's Pension Trust	Police Officers' Pension Trust
Valuation Date:	October 1, 2014	October 1, 2013	October 1, 2013
Measurement Date:	September 30, 2015	September 30, 2014	September 30, 2014
City Reporting Date			
Inflation	2.5%	2.5%	3.0%
Salary Increases	5.0%, including inflation	Age based ranging from 5.0% to 13.5% (including inflation)	7.0%
Discount Rate	6.5%	7.0%	8.0%

BAL HARBOUR VILLAGE, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

NOTE 10. NET PENSION LIABILITY (Continued)

Aggregate Information for all Defined Benefit Pension Plans (Continued)

Long-Term Expected Rate of Return -The long-term expected rate of return on pension plans investments were determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of September 30, 2015 and 2014 are summarized in the following table:

<u>Employee Pension Trust</u>		<u>2015</u>	<u>2014</u>
<u>Asset Class</u>	<u>Target Allocation</u>	Long-Term Expected Real <u>Rate of Return</u>	Long-Term Expected Real <u>Rate of Return</u>
US Equity - Large Cap	30%	7.40%	7.4%
US Equity - Mid Cap	10%	7.80%	7.8%
US Equity - Small Cap	10%	8.00%	8.3%
International Equity	7%	7.50%	7.8%
Emerging Markets Equity	3%	9.30%	9.5%
Domestic Fixed Income	35%	2.40%	2.2%
Cash & Cash Equivalence	5%	-0.50%	-0.9%
	<u>100%</u>		

<u>Police Officers' Pension Trust</u>		<u>2014</u>
<u>Asset Class</u>	<u>Allocation</u>	Long-Term Expected Real <u>Rate of Return</u>
Large Cap Domestic Stock	60%	7.75%
Intermediate Fixed Income	40%	1.90%
	<u>100%</u>	

BAL HARBOUR VILLAGE, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

NOTE 10. NET PENSION LIABILITY (Continued)

Aggregate Information for all Defined Benefit Pension Plans (Continued)

Discount rate: For the years ended September 30, 2015 and 2014, as single discount rate of 6.50% and 7.0%, respectively were used to measure the pension liability for the Employee's Pension Trust. A single discount rate of 8.0% was used to measure the pension liability for the Police Officers' Pension Trust. This single discount rate was based on the expected rate of return on pension plan investments. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between the total actuarially determined contribution rates and the member rate. Based on these assumptions, the fiduciary net position of all funds was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payment to determine the total pension liability.

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

Police Officers' Pension Trust

As of <u>September 30,</u>	Current Single Discount		
	1% Decrease 7.0%	Rate Assumption 8.0%	1% Increase 9.0%
2014	\$ 8,346,328	\$ 5,620,944	\$ 3,366,877

Employee Pension Trust

As of <u>September 30,</u>	Current Single Discount		
	1% Decrease 5.5%	Rate Assumption 6.5%	1% Increase 7.5%
2015	\$ 6,322,565	\$ 4,264,166	\$ 2,623,574
2014	\$ 4,392,879	\$ 2,627,083	\$ 1,184,676

BAL HARBOUR VILLAGE, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

NOTE 10. NET PENSION LIABILITY (Continued)

Aggregate Information for all Defined Benefit Pension Plans (Continued)

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

For the fiscal year ended September 30, 2015, based on a September 30, 2014 measurement date, the Village recognized pension expense of approximately \$1,739,000 related to the Plans. The net pension liability was measured as of September 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial accounting valuation as of September 30, 2014. The Village reported deferred outflows of resources and deferred inflows of resources related to the Plan from the following sources:

Description	Police Officers' Pension Trust Deferred Outflows (Inflow) of Resources	Employee's Pension Trust Deferred Outflows (Inflow) of Resources	Total
Village contribution subsequent to measurement date	\$ 1,315,261	\$ 565,619	\$ 1,880,880
Differences between expected and actual experience	-	-	-
Change of assumptions	-	-	-
Net difference between projected and actual earnings on pension plan investments	(515,411)	(110,330)	(625,741)

The deferred outflows of resources resulting from Village contributions to the pension plans subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ending September 30, 2016. The amount reported as a deferred inflow of resources related to the pension will be recognized in pension expense over the four (4) remaining years as follows:

Fiscal Year Ending September 30	Police Officers' Pension Trust	Employee's Pension Trust
2016	\$ (128,853)	\$ (27,582)
2017	(128,853)	(27,582)
2018	(128,853)	(27,582)
2019	(128,852)	(27,584)
Total	<u>\$ (515,411)</u>	<u>\$ (110,330)</u>

BAL HARBOUR VILLAGE, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

NOTE 11. OTHER POST-EMPLOYMENT BENEFITS

Aggregate Information for all Defined Benefit Pension Plans (Continued)

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 2015, 3 retirees received other post-employment benefits (including retirees covered under Village's health plan). The Village provided required contributions of \$51,961 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 No. 45 for employers in plans with fewer than one hundred total plan members. The Employer's annual other post-employment 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 over a period not to exceed 20 years.

BAL HARBOUR VILLAGE, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

NOTE 11. OTHER POST-EMPLOYMENT BENEFITS (Continued)

Aggregate Information for all Defined Benefit Pension Plans (Continued)

Annual OPEB Cost and Net OPEB Obligation (Continued)

Annual Required Contribution (ARC)	\$ 146,570
Interest on Net OPEB Obligation	30,313
Adjustment to Annual Required Contribution	<u>(25,190)</u>
Annual OPEB Cost	151,693
Employer Contributions Made	<u>99,732</u>
Increase in Net OPEB Obligation	51,961
Net OPEB Obligation, beginning of year	<u>606,272</u>
Net OPEB Obligation, end of year	<u><u>\$658,233</u></u>

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

Fiscal Year <u>Ending</u>	<u>Three-Year Trend Information</u>		
	Annual OPEB <u>Cost</u>	Percentage of Annual OPEB <u>Cost Contributed</u>	Net OPEB <u>Obligation</u>
9/30/2013	\$ 133,164	31%	\$ 554,887
9/30/2014	142,328	64%	606,272
9/30/2015	151,693	66%	658,233

Funded Status and Funding Progress

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.

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

BAL HARBOUR VILLAGE, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

NOTE 11. OTHER POST-EMPLOYMENT BENEFITS (Continued)

Aggregate Information for all Defined Benefit Pension Plans (Continued)

Methods and Assumptions

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

Significant methods and assumptions are as follows:

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

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

The following simplifying assumptions were made:

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

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

BAL HARBOUR VILLAGE, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

NOTE 11. OTHER POST EMPLOYMENT BENEFITS (Continued)

Aggregate Information for all Defined Benefit Pension Plans (Continued)

Methods and Assumptions (Continued)

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 Lease

During fiscal year 2010, the Village entered into an operating lease for office space for the police department at the Bal Harbour Shops that expires on May 31, 2017. The lease requires monthly payments of \$4,863.62, or \$58,363 annually with no escalation clauses. The lease is subject to annual appropriations. The Village can cancel the lease at any time but would be subject to paying the remaining costs of the build out of the office space.

Grants

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

NOTE 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.

BAL HARBOUR VILLAGE, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

NOTE 14. PRIOR PERIOD ADJUSTMENT

Due to the implementation of GASB Statements No. 68 and 71, the Village recorded a prior period adjustment in the government-wide financial statements, as well as the water and wastewater proprietary fund, to eliminate the net pension asset, to record the beginning net pension liability and deferred inflows/outflows of resources as of September 30, 2014.

NOTE 15. EXCESS OF EXPENDITURES OVER APPROPRIATIONS

The actual expenditure for the Parks and Recreation Department was \$56,000 more than budgeted (20.4%), largely due to the use of overtime, and increased hours for part-time employees to meet operational needs.

The actual expenses for the Building Department was \$287,000 more than budgeted, due to increased building and permitting revenue a percentage of which is paid to the contractual service provider for the department and expenses incurred within the cost recovery account, also offset by corresponding revenue.

REQUIRED SUPPLEMENTARY INFORMATION
(OTHER THAN MD&A)

BAL HARBOUR VILLAGE, FLORIDA

BUDGETARY COMPARISON SCHEDULE GENERAL FUND

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2015

	Original <u>Budget</u>	Budget as <u>Amended</u>	Budgetary Basis <u>Actual</u> <u>Amounts</u>	Variance with Final Budget - Positive (Negative)
Revenues:				
Taxes:				
Property	\$ 7,842,987	\$ 7,842,987	\$ 7,591,502	\$ (251,485)
Other local taxes	1,443,310	1,443,312	1,561,924	118,612
Licenses and permits	1,204,517	1,204,517	1,714,049	509,532
Fines and forfeitures	481,147	481,147	612,607	131,460
Charges for services	627,936	627,936	630,305	2,369
Intergovernmental	727,026	727,024	768,865	41,841
Miscellaneous	373,000	373,000	448,681	75,681
Investment earnings	24,797	24,797	22,221	(2,576)
Fund Balance/ Transfers in	120,000	1,198,000	1,203,000	1,083,000
Total revenues	<u>12,844,720</u>	<u>13,922,720</u>	<u>14,553,154</u>	<u>1,708,434</u>
Expenditures:				
Current:				
General government:				
Legislative	160,681	160,681	75,546	85,135
Executive	988,341	1,006,633	929,863	76,770
Finance and administration	594,040	603,037	518,806	84,231
General government	1,341,987	2,085,127	1,747,217	337,910
Building department	715,625	718,258	1,005,197	(286,939)
Total general government	<u>3,800,674</u>	<u>4,573,736</u>	<u>4,276,629</u>	<u>297,107</u>
Public safety	6,067,311	6,190,376	6,043,076	147,300
Roads and streets	1,782,464	1,789,649	1,593,026	196,623
Parks and recreation	288,191	291,380	347,061	(55,681)
Legal	430,180	430,179	399,013	31,166
Information Technology	475,900	647,400	298,713	348,687
Total expenditures	<u>12,844,720</u>	<u>13,922,720</u>	<u>12,957,518</u>	<u>965,202</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>-</u>	<u>1,595,636</u>	<u>743,232</u>
Other financing sources:				
Developer contribution	<u>780,000</u>	<u>780,000</u>	<u>662,463</u>	<u>(117,537)</u>
Net change in fund balance	<u>\$ 780,000</u>	<u>\$ 780,000</u>	<u>\$ 2,258,099</u>	<u>\$ 625,695</u>

**The Village allocated \$1,150,000 of the excess revenue over expenditures in FY2015 toward establishing a Capital Projects Reserve with the remaining balance programmed for carryforward projects crossing fiscal years. This marks the initiation of a new policy to program fifty-percent of excess revenue over expense from each fiscal year toward building future capacity to self-fund capital projects.*

Revenue Reported on a GAAP Basis	\$ 14,063,711
Revenues recorded as cash basis	489,443
Revenues on a Budgetary Basis	<u>\$ 14,553,154</u>
Expenditures Reported on a GAAP Basis	\$ 11,690,809
Expenditures recorded as cash basis	1,266,709
Expenditures on a Budgetary Basis	<u>\$ 12,957,518</u>

See notes to budgetary comparison schedules.

BAL HARBOUR VILLAGE, FLORIDA

BUDGETARY COMPARISON SCHEDULE RESORT TAX SPECIAL REVENUE FUND

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2015

	Original and Final <u>Budget</u>	Budget as <u>Amended</u>	Budgetary Basis Actual <u>Amounts</u>	Variance with Final Budget - Positive <u>(Negative)</u>
Revenues:				
Resort tax	\$ 3,547,130	\$ 3,547,130	\$ 3,530,930	\$ 16,200
Fund Balance/ Transfers in	<u>325,000</u>	<u>470,000</u>	<u>164,458</u>	<u>305,542</u>
Total revenues	3,872,130	4,017,130	3,695,388	321,742
Expenditures:				
Tourism development	2,359,382	2,187,682	1,751,708	435,974
Beautification	<u>1,512,748</u>	<u>1,829,448</u>	<u>1,801,905</u>	<u>27,543</u>
Total expenditures	<u>3,872,130</u>	<u>4,017,130</u>	<u>3,553,613</u>	<u>463,517</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>-</u>	<u>141,775</u>	<u>769,059</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 141,775</u>	<u>\$ 769,059</u>

Revenue Reported on a GAAP Basis	\$ 3,456,679
Revenues recorded as cash basis	<u>238,709</u>
Revenues on a Budgetary Basis	<u><u>\$ 3,695,388</u></u>
Expenditures Reported on a GAAP Basis	\$ 3,523,612
Expenditures recorded as cash basis	<u>30,001</u>
Expenditures on a Budgetary Basis	<u><u>\$ 3,553,613</u></u>

See notes to budgetary comparison schedules.

BAL HARBOUR VILLAGE, FLORIDA

NOTE TO BUDGETARY COMPARISON SCHEDULES

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2015

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 resort tax special revenue funds have adopted budgets. The budgets are prepared on a basis consistent with accounting principles generally accepted in the United States of America. The Village Manager may make transfers of appropriations within a department. Transfers of appropriations between departments and between funds require the approval of the Village Council. Therefore, the legal level of control for the budget is at the activity and fund 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 was supplemental appropriation in the general fund amounting to \$1,078,000, spread across several departments and functions, during the fiscal year ended September 30, 2015.

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

	2015	2014
Total Pension Liability		
Service cost	\$ 283,241	\$ 287,964
Interest	842,798	865,195
Changes in benefit terms	-	-
Difference between actual and expected experience	97,731	-
Changes of benefit terms differences between expected and actual experience	-	-
Changes of assumptions	903,212	-
Benefit payments	(723,310)	(361,172)
Net Change in Total Pension Liability	1,403,672	791,987
Total Pension Liability - Beginning	13,044,531	12,252,544
Total Pension Liability - Ending (a)	\$ 14,448,203	\$ 13,044,531
Plan Fiduciary Net Position		
Contributions - employer/state	\$ 565,619	\$ 671,605
Contributions - member *	70,696	89,677
Net Investment income	(82,627)	798,212
Benefit payments, including refunds of member contributions	(723,310)	(361,172)
Administrative expense	(63,789)	(27,338)
Net Change in Plan Fiduciary Net Position	(233,411)	1,170,984
Plan Fiduciary Net Position - Beginning	10,417,448	9,246,464
Plan Fiduciary Net Position - Ending (b)	\$ 10,184,037	\$ 10,417,448
Net Pension Liability - Ending (a) - (b)	\$ 4,264,166	\$ 2,627,083
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	70.49%	79.86%
Covered Employee Payroll	\$ 1,360,903	\$ 1,726,458
Net Pension Liability as a Percentage of Covered-Employee Payroll	313.33%	152.17%

* Note: Member contributions for 2015 excludes approximately \$700 of adjustments not included in the actuarial valuation.

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

	2015	2014
Total Pension Liability		
Service cost	\$ 410,248	\$ 346,348
Interest	1,811,845	1,800,823
Changes of benefit terms	(673,655)	-
Differences between Expected and Actual Experience	25,401	-
Changes of assumptions	-	-
Benefit payments, including refunds of employee contributions	(1,988,455)	(810,802)
Net Change in Total Pension Liability	(414,616)	1,336,369
Total Pension Liability - Beginning	23,926,041	22,589,672
Total Pension Liability - Ending (a)	\$ 23,511,425	\$ 23,926,041
Plan Fiduciary Net Position		
Contributions - employer	\$ 1,267,048	\$ 972,601
Contributions - state	48,213	44,490
Contributions - employee	173,807	133,415
Net investment income	323,440	1,966,648
Benefit payments, including refunds of member contributions	(1,988,455)	(810,802)
Administrative expense	(62,761)	(78,730)
Net Change in Plan Fiduciary Net Position	(238,708)	2,227,622
Plan Fiduciary Net Position - Beginning	18,305,097	16,077,475
Plan Fiduciary Net Position - Ending (b) *	\$ 18,066,389	\$ 18,305,097
Net Pension Liability - Ending (a) - (b)	\$ 5,445,036	\$ 5,620,944
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	76.84%	76.51%
Covered Employee Payroll	\$ 2,168,613	\$ 1,334,157
Net Pension Liability as a Percentage of Covered-Employee Payroll	251.08%	421.31%

* Note: Plan Fiduciary Net Position for 2015 excludes approximately \$97,000 of Advanced Village Contributions.

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 VILLAGE CONTRIBUTIONS

BAL HARBOUR EMPLOYEES' PENSION TRUST	2015	2014
Actuarially Determined Contribution	\$ 565,619	\$ 497,853
Contributions in Relation to the Actuarially Determined Contribution	<u>565,619</u>	<u>671,605</u>
Contribution Deficiency (Excess)	<u>\$ --</u>	<u>\$ (173,752)</u>
Covered-Employee Payroll	\$ 1,360,903	\$ 1,726,458
Contributions as a Percentage of Covered-Employee Payroll	<u>41.56%</u>	<u>38.90%</u>

Notes to Schedule of Contributions

Valuation Date: October 1, 2013

Actuarially determined contribution rates are calculated as of October 1, a beginning of the fiscal year preceding the year which contributions are reported.

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.

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 VILLAGE CONTRIBUTIONS

BAL HARBOUR POLICE OFFICERS' PENSION TRUST	2015	2014
Actuarially Determined Contribution	\$ 1,284,001	\$ 1,004,620
Contributions in Relation to the Actuarially Determined Contribution	1,315,261	1,017,091
Contribution Deficiency (Excess)	\$ (31,260)	\$ (12,471)
Covered-Employee Payroll	\$ 2,168,613	\$ 1,334,157
Contributions as a Percentage of Covered-Employee Payroll	60.65%	76.23%

Notes to Schedule of Contributions

Valuation Date: October 1, 2013

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	21 Years (as of 10/01/2013).
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 (0% for 10/1/13 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.
Early Retirement	None
Mortality:	RP 2000 Combined Healthy – Sex Distinct. Disabled lives set forward 5 years. Based on a study of over 650 public safety funds, this table reflects a 10% margin for future mortality improvements.

This schedule is presented to illustrate the 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 INVESTMENT RETURNS

	<u>2015</u>	<u>2014</u>
BAL HARBOUR EMPLOYEES' PENSION TRUST		
Annual Money-Weighted Rate of Return, Net of Investment Expense	<u>-0.59%</u>	<u>8.49%</u>
BAL HARBOUR POLICE OFFICERS' PENSION TRUST		
Annual Money-Weighted Rate of Return, Net of Investment Expense	<u>1.83%</u>	<u>12.04%</u>

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, 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
September 30, 2015	-	1,530,837	1,530,837	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, 2015

	<u>Special Revenue Funds</u>			<u>Total</u>
	<u>State Law</u>	<u>Federal</u>	<u>Security</u>	<u>Non-Major</u>
	<u>Enforcement</u>	<u>Law</u>	<u>District</u>	<u>Governmental</u>
				<u>Funds</u>
<u>ASSETS</u>				
Cash	<u>\$ 1,047,002</u>	<u>\$ 515,487</u>	<u>\$ 1,121,738</u>	<u>\$ 2,684,227</u>
<u>LIABILITIES AND FUND BALANCE</u>				
Accounts payable and accrued liabilities	<u>\$ -</u>	<u>\$ 515,487</u>	<u>\$ 56,279</u>	<u>\$ 571,766</u>
Fund balance:				
Restricted:				
State law enforcement	1,047,002	-	-	1,047,002
Security district	-	-	1,065,459	1,065,459
Total fund balances	<u>1,047,002</u>	<u>-</u>	<u>1,065,459</u>	<u>2,112,461</u>
Total liabilities and fund balances	<u>\$ 1,047,002</u>	<u>\$ 515,487</u>	<u>\$ 1,121,738</u>	<u>\$ 2,684,227</u>

BAL HARBOUR VILLAGE, FLORIDA

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

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2015

	Special Revenue Funds			Total Non-Major Governmental Funds
	<u>State Law Enforcement</u>	<u>Federal Law Enforcement</u>	<u>Security District</u>	
Revenues:				
Special assessments	\$ -	\$ -	\$ 413,953	\$ 413,953
Charges for services	-	-	105,019	105,019
Investment earnings	203	-	-	203
Miscellaneous	-	-	4,451	4,451
Total revenues	203	-	523,423	523,626
Expenditures:				
Current:				
General government	39,839	-	500,218	540,057
Total expenditures	39,839	-	500,218	540,057
Excess (deficiency) of revenues over expenditures	(39,636)	-	23,205	(16,431)
Other financing uses:				
Transfers out	-	-	(35,000)	(35,000)
Total other financing uses	-	-	(35,000)	(35,000)
Net change in fund balances	(39,636)	-	(11,795)	(51,431)
Fund balances, beginning	1,086,638	-	1,077,254	2,163,892
Fund balances, ending	\$ 1,047,002	\$ -	\$ 1,065,459	\$ 2,112,461

BAL HARBOUR VILLAGE, FLORIDA

BUDGETARY COMPARISON SCHEDULE SECURITY DISTRICT FUND

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2015

	Original and Final <u>Budget</u>	Actual <u>Amounts</u>	Variance with Final Budget - Positive <u>(Negative)</u>
Revenues:			
Special assessments	\$ 420,443	\$ 413,953	\$ (6,490)
Charges for services	10,500	105,019	94,519
Miscellaneous	<u>2,200</u>	<u>4,451</u>	<u>2,251</u>
Total revenues	433,143	523,423	90,280
Expenditures:			
General government	<u>583,143</u>	<u>500,218</u>	<u>82,925</u>
Excess (deficiency) of revenues over expenditures	<u>(150,000)</u>	<u>23,205</u>	<u>173,205</u>
Transfers out	<u>(35,000)</u>	<u>(35,000)</u>	<u>-</u>
Total other financing uses	<u>(35,000)</u>	<u>(35,000)</u>	<u>-</u>
Net change in fund balance	<u>\$ (185,000)</u>	<u>\$ (11,795)</u>	<u>\$ 173,205</u>
Carryforward of prior year fund balance	<u>\$ 185,000</u>		

BAL HARBOUR VILLAGE, FLORIDA

COMBINING STATEMENT OF FIDUCIARY NET POSITION PENSION TRUST FUNDS

SEPTEMBER 30, 2015

	General Employees <u>Pension</u>	Police Officers <u>Pension</u>	<u>Totals</u>
<u>ASSETS</u>			
Investments, at fair value:			
Money market mutual funds	\$ 531,325	\$ 1,269,684	\$ 1,801,009
Stock mutual funds	6,004,244	-	6,004,244
Bond mutual funds	3,645,318	-	3,645,318
U.S. Government obligations	-	3,003,758	3,003,758
Corporate bonds	-	3,821,108	3,821,108
Mortgage-backed securities	-	23,697	23,697
Large cap equities	-	9,892,827	9,892,827
Total investments	<u>10,180,887</u>	<u>18,011,074</u>	<u>28,191,961</u>
Accrued interest receivable	2,437	40,765	43,202
Contributions receivable	-	57,849	57,849
Total assets	<u>10,183,324</u>	<u>18,109,688</u>	<u>28,293,012</u>
<u>LIABILITIES</u>			
Payables	-	44,025	44,025
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Advanced Village contributions	-	96,484	96,484
Total liabilities and deferred inflows of resources	-	<u>140,509</u>	<u>140,509</u>
<u>NET POSITION</u>			
Net position restricted for pension benefits	<u>\$ 10,183,324</u>	<u>\$ 17,969,179</u>	<u>\$ 28,152,503</u>

BAL HARBOUR VILLAGE, FLORIDA

COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION PENSION TRUST FUNDS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2015

	General Employees <u>Pension</u>	Police Officers <u>Pension</u>	<u>Totals</u>
ADDITIONS			
Contributions:			
Village	\$ 565,619	\$ 1,170,565	\$ 1,736,184
Employees	69,983	173,806	243,789
State	-	48,213	48,213
Total contributions	<u>635,602</u>	<u>1,392,584</u>	<u>2,028,186</u>
Investment income:			
Interest and dividends	179,454	310,534	489,988
Net change in the fair value of investments	(221,373)	138,477	(82,896)
	<u>(41,919)</u>	<u>449,011</u>	<u>407,092</u>
Less investment expenses	41,246	99,044	140,290
Net investment income (loss)	<u>(83,165)</u>	<u>349,967</u>	<u>266,802</u>
Total additions	<u>552,437</u>	<u>1,742,551</u>	<u>2,294,988</u>
DEDUCTIONS			
Benefits payments	723,310	868,172	1,591,482
Administrative expenses	63,251	90,015	153,266
Lump sum DROP distributions	-	1,120,282	1,120,282
Total deductions	<u>786,561</u>	<u>2,078,469</u>	<u>2,865,030</u>
Change in net position	(234,124)	(335,918)	(570,042)
Net position restricted for pension benefits:			
Beginning	<u>10,417,448</u>	<u>18,305,097</u>	<u>28,722,545</u>
Ending	<u>\$ 10,183,324</u>	<u>\$ 17,969,179</u>	<u>\$ 28,152,503</u>

BAL HARBOUR VILLAGE, FLORIDA

STATEMENT OF CHANGES IN ASSETS AND LIABILITIES PENDING FORFEITURES AGENCY FUND

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2015

	Balance October 1, <u>2014</u>	<u>Additions</u>	<u>Reductions</u>	Balance September 30, <u>2015</u>
<u>ASSETS</u>				
Cash	\$ 19,123	\$ -	\$ -	\$ 19,123
Total assets	<u>\$ 19,123</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 19,123</u>
<u>LIABILITIES</u>				
Other liabilities	\$ 19,123	\$ -	\$ -	\$ 19,123
Total liabilities	<u>\$ 19,123</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 19,123</u>

STATISTICAL SECTION

STATISTICAL SECTION

This part of Bal Harbour Village's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the Village's overall financial health.

<u>Contents</u>	<u>Page</u>
Financial Trends <i>These schedules contain trend information to help the reader understand how the Village's financial performance and well-being have changed over time. These schedules include:</i>	79-83
Revenue Capacity <i>These schedules contain information to help the reader assess the Village's most significant local revenue source, the property tax.</i>	84-89
Debt Capacity <i>These schedules present information to help the reader assess the affordability of the Village's current levels of outstanding debt and the Village's ability to issue additional debt in the future.</i>	90-93
Demographic and Economic Information <i>These schedules offer demographic and economic indicators to help the reader understand the environment within which the Village's financial activities take place.</i>	94-95
Operating Information <i>These schedules contain service and infrastructure data to help the reader understand how the information in the Village's financial report relates to the services the Village provides and the activities it performs.</i>	96-98

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

BAL HARBOUR VILLAGE, FLORIDA

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

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Government activities:										
Net investment in capital assets	\$ 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	\$ 9,735,309
Restricted	1,508,378	1,549,990	1,735,324	5,369,673	3,708,129	6,190,902	4,147,049	5,064,897	5,830,216	5,659,681
Unrestricted	<u>8,455,792</u>	<u>8,746,631</u>	<u>10,824,395</u>	<u>8,283,400</u>	<u>8,651,338</u>	<u>8,222,534</u>	<u>8,766,748</u>	<u>8,858,923</u>	<u>11,864,368</u>	<u>6,474,732</u>
Total governmental activities net position	<u>\$ 20,849,794</u>	<u>\$ 21,013,069</u>	<u>\$ 23,186,349</u>	<u>\$ 24,273,600</u>	<u>\$ 23,580,417</u>	<u>\$ 25,223,911</u>	<u>\$ 23,254,844</u>	<u>\$ 24,669,188</u>	<u>\$ 28,235,215</u>	<u>\$ 21,869,722</u>
Business-type activities:										
Net investment in capital assets	\$ 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	\$ 2,674,221
Unrestricted	<u>3,926,297</u>	<u>3,803,228</u>	<u>4,307,292</u>	<u>4,464,828</u>	<u>4,032,506</u>	<u>3,875,947</u>	<u>2,044,968</u>	<u>8,455,727</u>	<u>8,110,121</u>	<u>8,372,874</u>
Total business-type activities net position	<u>\$ 5,763,515</u>	<u>\$ 5,833,991</u>	<u>\$ 5,997,835</u>	<u>\$ 6,181,725</u>	<u>\$ 6,951,640</u>	<u>\$ 8,151,882</u>	<u>\$ 8,288,676</u>	<u>\$ 9,059,610</u>	<u>\$ 10,024,206</u>	<u>\$ 11,047,095</u>
Primary government:										
Net investment in capital assets	\$ 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	\$ 12,409,530
Restricted	1,508,378	1,549,990	1,735,324	5,369,673	3,708,129	6,190,902	4,147,049	5,064,897	5,830,216	5,659,681
Unrestricted	<u>12,382,089</u>	<u>12,549,859</u>	<u>15,131,687</u>	<u>12,748,228</u>	<u>12,683,844</u>	<u>12,098,481</u>	<u>10,811,716</u>	<u>17,314,650</u>	<u>19,974,489</u>	<u>14,847,606</u>
Total primary government net position	<u>\$ 26,613,309</u>	<u>\$ 26,847,060</u>	<u>\$ 29,184,184</u>	<u>\$ 30,455,325</u>	<u>\$ 30,532,057</u>	<u>\$ 33,375,693</u>	<u>\$ 31,543,520</u>	<u>\$ 33,728,798</u>	<u>\$ 38,260,141</u>	<u>\$ 32,916,817</u>

Note: All years presented conform to current presentation requirements.

BAL HARBOUR VILLAGE, FLORIDA

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

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Expenses:										
Governmental activities:										
General government	\$ 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	\$ 3,997,264
Public safety	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	6,193,895
Community services	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	1,902,165
Tourism development	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	3,530,491
Interest on long-term debt	-	-	-	-	-	-	-	8,214	7,675	-
Total government activities expenses	<u>12,221,498</u>	<u>12,969,837</u>	<u>12,617,958</u>	<u>16,266,118</u>	<u>16,792,171</u>	<u>17,503,805</u>	<u>17,683,368</u>	<u>14,387,639</u>	<u>14,611,550</u>	<u>15,623,815</u>
Business-type activities:										
Water and sewer	<u>2,103,739</u>	<u>2,190,286</u>	<u>1,969,385</u>	<u>2,333,837</u>	<u>2,073,516</u>	<u>2,244,663</u>	<u>3,509,216</u>	<u>2,800,180</u>	<u>2,527,403</u>	<u>3,123,928</u>
Total business-type activities	<u>2,103,739</u>	<u>2,190,286</u>	<u>1,969,385</u>	<u>2,333,837</u>	<u>2,073,516</u>	<u>2,244,663</u>	<u>3,509,216</u>	<u>2,800,180</u>	<u>2,527,403</u>	<u>3,123,928</u>
Total primary government expenses	<u>14,325,237</u>	<u>15,160,123</u>	<u>14,587,343</u>	<u>18,599,955</u>	<u>18,865,687</u>	<u>19,748,468</u>	<u>21,192,584</u>	<u>17,187,819</u>	<u>17,138,953</u>	<u>18,747,743</u>
Program revenues:										
Government activities:										
Charges for services:										
General government	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	3,048,718
Public safety	921,937	705,182	933,440	3,656,805	705,555	983,943	1,709,421	645,339	904,073	919,762
Community services	-	-	-	-	-	-	-	115,466	193,847	-
Operating grants and contributions	-	-	-	-	-	-	534,769	-	-	-
Capital grants and contributions	<u>249,851</u>	<u>175,055</u>	<u>140,279</u>	<u>131,810</u>	-	-	<u>120,623</u>	-	<u>243,000</u>	-
Total governmental activities and program revenues	<u>2,399,832</u>	<u>1,864,422</u>	<u>2,321,999</u>	<u>4,792,737</u>	<u>2,985,017</u>	<u>7,775,426</u>	<u>4,845,159</u>	<u>3,472,683</u>	<u>4,427,574</u>	<u>3,968,480</u>
Business-type activities:										
Charges for services										
Water and sewer	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	4,323,705
Capital grants and contributions	-	-	-	-	-	-	-	259,470	-	-
Total business-type activities program revenues	<u>2,120,780</u>	<u>2,080,225</u>	<u>2,127,072</u>	<u>2,574,012</u>	<u>2,866,202</u>	<u>3,486,412</u>	<u>3,657,474</u>	<u>3,610,802</u>	<u>3,547,076</u>	<u>4,323,705</u>
Total primary government program revenues	<u>4,520,612</u>	<u>3,944,647</u>	<u>4,449,071</u>	<u>7,366,749</u>	<u>5,851,219</u>	<u>11,261,838</u>	<u>8,502,633</u>	<u>7,083,485</u>	<u>7,974,650</u>	<u>8,292,185</u>

(Continued)

BAL HARBOUR VILLAGE, FLORIDA

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

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Net (expense) revenue:										
Business type activities	17,041	(110,061)	157,687	240,175	792,686	1,241,749	148,258	810,622	1,019,673	1,199,777
Total primary government net expense	17,041	(110,061)	157,687	240,175	792,686	1,241,749	148,258	810,622	1,019,673	1,199,777
General revenues and other changes in net assets:										
Governmental activities										
Taxes:										
Ad-valorem taxes	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	7,591,502
Franchise fees based on gross receipts and utility taxes	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	1,513,181
Unrestricted intergovernmental revenue	331,003	333,724	554,727	616,943	282,772	301,734	659,868	580,399	638,806	631,499
Special assessments	210,303	232,166	212,513	-	-	-	-	-	-	-
Resort tax	2,307,901	1,712,220	805,262	848,975	876,700	1,131,882	2,118,487	3,229,946	3,553,785	3,448,249
Unrestricted investment earnings	537,823	643,888	315,739	43,665	107,731	56,502	65,632	33,000	29,531	53,748
Miscellaneous	143,722	988,969	4,007,410	3,928,477	4,620,851	2,513,442	838,409	165,772	992,008	685,164
Transfers	-	-	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000
Total governmental activities	10,144,258	11,500,856	12,681,752	12,560,632	12,861,411	11,202,470	11,289,248	12,329,300	13,744,388	13,983,343
Business-type activities										
Unrestricted investment earnings	139,063	177,096	66,157	3,715	37,229	18,393	48,636	20,312	5,643	22,461
Miscellaneous	-	3,441	-	-	-	-	-	-	-	-
Transfers	-	-	(60,000)	(60,000)	(60,000)	(60,000)	(60,000)	(60,000)	(60,000)	(60,000)
Total business-type activities	139,063	180,537	6,157	(56,285)	(22,771)	(41,607)	(11,364)	(39,688)	(54,357)	(37,539)
Total primary government	10,283,321	11,681,393	12,687,909	12,504,347	12,838,640	11,160,863	11,277,884	12,289,612	13,690,031	13,945,804
Change in net position										
Governmental activities	112,289	163,275	2,173,280	1,087,251	(693,183)	1,643,494	(1,548,961)	1,414,344	3,566,027	2,480,201
Business-type activities	156,104	70,476	163,844	183,890	769,915	1,200,142	136,894	770,934	965,316	1,162,238
Total primary government	\$ 268,393	\$ 233,751	\$ 2,337,124	\$ 1,271,141	\$ 76,732	\$ 2,843,636	\$ (1,412,067)	\$ 2,185,278	\$ 4,531,343	\$ 3,642,439

BAL HARBOUR VILLAGE, FLORIDA
FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
 (Modified Accrual Basis of Accounting)

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
General fund:										
Reserved	\$ 3,212,537	\$ 2,776,093	\$ 2,700,742	\$ 38,357	\$ 574	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	3,903,988	5,011,338	6,078,747	9,073,308	9,788,636	-	-	-	-	-
Restricted	-	-	-	-	-	-	-	328,373	306,477	5,659,681
Non-spendable	-	-	-	-	-	60,569	70,569	5,000	3,199	3,199
Assigned	-	-	-	-	-	1,268,500	2,350,075	2,147,395	2,505,746	3,839,071
Unassigned	-	-	-	-	-	8,400,416	8,158,253	8,348,881	10,904,188	12,090,936
Total general fund	<u>\$ 7,116,525</u>	<u>\$ 7,787,431</u>	<u>\$ 8,779,489</u>	<u>\$ 9,111,665</u>	<u>\$ 9,789,210</u>	<u>\$ 9,729,485</u>	<u>\$ 10,578,897</u>	<u>\$ 10,829,649</u>	<u>\$ 13,719,610</u>	<u>\$ 21,592,887</u>
All other government funds:										
Reserved, reported in:										
Law enforcement trust	\$ 256,764	\$ 298,376	\$ 65,113	\$ 489,211	\$ 551,200	\$ -	\$ -	\$ -	\$ -	\$ 1,047,002
Resort	1,495,416	1,219,900	1,300,000	1,200,000	1,200,000	-	-	-	-	-
Other governmental funds	168,208	178,417	474,507	1,291,976	85,774	-	-	-	-	-
Unreserved, reported in:										
Resort tax fund	962,608	925,637	2,036,164	2,459,733	1,956,929	-	-	-	-	3,262,914
Other governmental funds	-	-	-	43,806	38,896	-	-	-	-	1,065,459
Restricted	-	-	-	-	-	6,190,902	4,147,049	4,736,524	5,564,658	-
Total all other governmental funds	<u>\$ 2,882,996</u>	<u>\$ 2,622,330</u>	<u>\$ 3,875,784</u>	<u>\$ 5,484,726</u>	<u>\$ 3,832,799</u>	<u>\$ 6,190,902</u>	<u>\$ 4,147,049</u>	<u>\$ 4,736,524</u>	<u>\$ 5,564,658</u>	<u>\$ 5,375,375</u>

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

Assigned Fund Balance Increases reflect the programming for Future Capital Projects, Post-Employment Benefits, and potential red light camera claims.

BAL HARBOUR VILLAGE, FLORIDA

CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS

LAST TEN FISCAL YEARS

(Modified Accrual Basis of Accounting)

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Revenues:										
Ad valorem Taxes	\$ 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	\$ 7,591,502
Utility taxes and franchise fees	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	1,834,540
Licenses and permits	833,033	728,216	960,400	748,641	724,981	753,931	934,557	1,004,325	1,598,837	1,537,695
Special assessments	210,303	232,166	212,513	227,555	230,802	252,517	775,357	932,338	614,015	413,953
Intergovernmental	580,854	508,780	413,971	450,190	421,538	6,146,266	1,315,260	375,026	516,073	462,333
Charges for services	184,708	23,801	75,367	27,926	94,055	88,700	770,432	775,215	873,802	1,097,070
Tourist tax	2,307,901	1,712,220	805,262	848,975	876,700	1,131,882	2,118,487	3,229,946	3,600,359	3,448,249
Fines and forfeitures	921,937	534,387	750,151	3,510,922	1,905,226	952,229	1,680,847	642,947	869,783	915,108
Investment earnings	537,823	644,222	316,209	43,758	107,846	56,700	86,484	33,157	28,403	30,374
Developer contribution	-	615,550	3,927,870	3,853,352	4,199,068	2,134,501	733,730	87,009	965,561	662,463
Grants	-	-	-	-	113,794	21,206	-	-	243,000	-
Miscellaneous	143,722	543,882	262,359	220,915	105,387	104,282	112,401	80,998	61,855	50,729
Total revenues	<u>12,333,787</u>	<u>13,133,113</u>	<u>14,731,238</u>	<u>17,341,651</u>	<u>16,038,988</u>	<u>19,087,299</u>	<u>16,074,407</u>	<u>15,741,983</u>	<u>18,158,526</u>	<u>18,044,016</u>
Expenditures:										
General government	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	4,187,109
Public safety	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	6,110,890
Solid waste	819,910	1,213,386	1,185,033	1,177,483	985,904	965,682	774,206	613,773	613,773	610,333
Road and streets	524,835	496,152	478,889	603,397	608,143	491,071	438,505	819,193	787,614	924,503
Parks and recreation	378,590	483,017	326,092	393,414	364,497	354,706	374,765	331,742	389,739	347,056
Tourism development	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	3,523,612
Capital outlay	86	284,927	350,258	505,242	1,082,444	404,719	69,488	815,299	208,299	50,975
Debt Service Payments	-	-	-	-	-	-	-	29,841	29,571	-
Total expenditures	<u>11,606,622</u>	<u>12,722,873</u>	<u>12,545,827</u>	<u>15,460,533</u>	<u>17,073,370</u>	<u>16,848,921</u>	<u>17,258,742</u>	<u>14,961,756</u>	<u>14,500,441</u>	<u>15,754,478</u>
Excess (deficiency) of revenue over expenditures	<u>727,165</u>	<u>410,240</u>	<u>2,185,411</u>	<u>1,881,118</u>	<u>(1,034,382)</u>	<u>2,238,378</u>	<u>(1,184,335)</u>	<u>780,227</u>	<u>3,658,095</u>	<u>2,289,538</u>
Other financing sources (uses):										
Bonds Issued	-	-	-	-	-	-	350,000	-	-	-
Transfers in	30,000	49,380	686,647	120,000	120,000	283,000	120,000	120,000	120,000	125,000
Transfers out	<u>(30,000)</u>	<u>(49,380)</u>	<u>(626,647)</u>	<u>(60,000)</u>	<u>(60,000)</u>	<u>(223,000)</u>	<u>(60,000)</u>	<u>(60,000)</u>	<u>(60,000)</u>	<u>(65,000)</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>60,000</u>	<u>60,000</u>	<u>60,000</u>	<u>60,000</u>	<u>410,000</u>	<u>60,000</u>	<u>60,000</u>	<u>60,000</u>
Net change in fund balance	<u>\$ 727,165</u>	<u>\$ 410,240</u>	<u>\$ 2,245,411</u>	<u>\$ 1,941,118</u>	<u>\$ (974,382)</u>	<u>\$ 2,298,378</u>	<u>\$ (774,335)</u>	<u>\$ 840,227</u>	<u>\$ 3,718,095</u>	<u>\$ 2,349,538</u>

BAL HARBOUR VILLAGE, FLORIDA

Table 5

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

<u>Fiscal Year Ended September 30,</u>	<u>Tax Roll Year</u>	<u>Ad Valorem Taxes</u>	<u>Franchise Fees and Utility Taxes</u>	<u>Resort Tax</u>	<u>Total</u>
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
2015	2014	7,591,502	1,687,146	3,448,249	12,726,897

BAL HARBOUR VILLAGE, FLORIDA

GENERAL GOVERNMENTAL REVENUES BY SOURCE LAST TEN FISCAL YEARS

Fiscal Year Ended <u>September 30,</u>	<u>Taxes</u>	<u>Inter- Governmental</u>	<u>Licenses and Permits</u>	<u>Charges for Service</u>	<u>Fines and Forfeitures</u>	<u>Investment Earnings</u>	<u>Other</u>	<u>Developer Contributions</u>	<u>Total</u>
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
2015	9,278,648	462,333	1,537,695	992,051	915,108	22,221	45,798	662,463	13,916,317

BAL HARBOUR VILLAGE, FLORIDA

ASSESSED VALUE AND ESTIMATED ACTUAL ASSESSED VALUE OF TAXABLE PROPERTY LAST NINE 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
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%
2015	3,389,022,070	532,009,772	75,795,113	-	3,996,826,955	55,972,518	3,940,854,437	2.0611	98.60%

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

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

BAL HARBOUR VILLAGE, FLORIDA

PRINCIPAL PROPERTY TAX PAYERS

	Fiscal Year 2015		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
St. Regis Hotel and Condominiums	\$ 1,117,658,699	1	28.26%
Elcom Condo LLC (One Bal Harbour Complex)	471,810,059	2	11.93%
The Majestic Complex	244,653,446	3	6.19%
Bal Harbour Shops Complex	202,616,410	4	5.12%
Bal Harbour Tower Complex	207,615,131	5	5.25%
Bal Moral Complex	205,295,361	6	5.19%
TRG Harbour House Ltd Complex	174,797,064	7	4.42%
The Bellini Complex	152,450,430	8	3.86%
The Palace Complex	149,431,788	9	3.78%
Oceana	<u>140,477,166</u>	10	3.55%
Total	<u>\$ 3,066,805,554</u>		

Notes:

1. The ten properties with the highest assessed values comprise 77.5% of the total taxable value for the Village as a whole.
2. 31.82% of the percent of total taxable value for 2015 is within two of the ten highest taxable value properties which did not exist nine years ago (properties ranked #1 and #10) , this indicates significant assessed value growth due to oceanfront development within the Village.
3. Applicable information prior to fiscal year 2015 was not available.

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
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	6,781,637	101.14%
2015	8,146,491	554,989	7,591,502	7,591,502	93.19%	NA	7,591,502	100.00%

**The total property tax collections exceed the percent of levy in 2011 & 2012 as Delinquent Ad Valorem proceeds from prior years were distributed by the Tax Collector in those periods.*

BAL HARBOUR VILLAGE, FLORIDA

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

Fiscal Year Ended September 30,	Tax Roll Year	Direct Rate Village Operating and Total Millage	Overlapping Rates										Total Direct and Overlapping Rates
			School District	State		Miami-Dade County		Special Districts					
			Operating Millage	Debt Service Millage	Everglades Project	South Florida Water District	Florida Inland Navigation District	Operating Millage	Debt Service Millage	Children's Trust	Fire & Rescue	Fire Debt	
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
2015	2014	2.0611	7.775	0.1990	0.0548	0.1577	0.0345	4.6669	0.4500	0.5000	2.4207	0.0114	18.3311

Source: Miami-Dade County Property Appraiser's Office

BAL HARBOUR VILLAGE, FLORIDARATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS

Fiscal Year Ended September 30,	Governmental	Business-type	Total Primary Government	Per	Percentage	Population	Net Debt per Capita
	Activities	Activities		Capita	of Total		
	Revenue	Revenue		Personal	Personal		
	<u>Bonds</u>	<u>Bonds</u>		Income (1)	Income		
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	46,814	6.43%	2,915	3,009
2014	306,477	7,839,719	8,146,196	46,814	6.09%	2,855	2,853
2015	306,477	7,206,276	7,512,753	52,081	5.01%	2,877	2,611

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

(1) Population & Income Estimates from the 2015 US Census American Community Survey - Fact Finder.

BAL HARBOUR VILLAGE, FLORIDA

RATIOS OF BONDED DEBT OUTSTANDING LAST TEN FISCAL YEARS

Fiscal Year Ended <u>September 30,</u>	Gross Bonded <u>Debt</u>	Less:		Assessed Value of Taxable <u>Property</u>	Ratio of Net Bonded Debt to <u>Assessed Value</u>	<u>Population</u>	Net Bonded Debt per <u>Capita (1)</u>
		Amounts Available in Debt Service <u>Funds</u>	Net Bonded <u>Debt</u>				
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%	2,915	3,009
2014	8,146,196	-	8,146,196	3,652,782,693	0.223%	2,855	2,853
2015	7,512,754	-	7,512,754	3,955,257,876	0.190%	2,877	2,611

BAL HARBOUR VILLAGE, FLORIDA

Table 13

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
SEPTEMBER 30, 2015

Jurisdiction	<u>Debt Outstanding</u>	Estimated Percentage Applicable to Town of Bal Harbour Village (1)	Estimated Share of Direct & Overlapping Debt
Direct			
Bal Harbour Village	\$ 306,477	100.00%	\$ 306,477
Overlapping:			
Miami-Dade Board of County Commissioners (2)	1,482,321,000	1.88%	27,840,928
Miami-Dade County School Board (2)	<u>175,096,000</u>	1.68%	<u>2,948,889</u>
 Total direct and overlapping	 <u>\$ 1,657,723,477</u>		 <u>\$ 31,096,294</u>

Notes:

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

BAL HARBOUR VILLAGE, FLORIDA

Table 14

LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS

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

BAL HARBOUR VILLAGE, FLORIDA

PLEDGED REVENUE COVERAGE, CAPITAL IMPROVEMENT REVENUE BONDS, SERIES 2011 LAST TEN FISCAL YEARS

Fiscal Year Ended <u>September 30,</u>	Pledged <u>Revenues</u>	Additional Appropriated Revenues, Not From Ad Valorem, Water and <u>Sewer System</u>	Additional Appropriated Revenues, Not From Ad Valorem, <u>General Fund</u>	Total Revenue Pledged or <u>Appropriated</u>	Total Debt Service <u>Required</u>	<u>Coverage</u>	<u>Required Coverage</u>
2012	\$ 236,983	\$ 846,340	\$ -	\$ 1,083,323	\$ 846,340	1.28	0.00
2013	245,818	822,757	-	1,068,575	852,598	1.25	0.00
2014	303,065	815,305	-	1,118,370	844,876	1.32	0.00
2015	295,314	837,058	-	1,132,371	837,058	1.35	0.00

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

BAL HARBOUR VILLAGE, FLORIDA

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

Calendar Year	Population		School Enrollment	Unemployment Rate	Personal Income*** (Expressed in Thousands)	
	Town	County			Total	Per Capita
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	2,915	2,540,172	353,152	8.4%	185,737,970	63,718
2014	2,855	2,613,962	353,152	5.6%	193,226,400	67,680
2015	2,877	2,693,117	349,152	6.1%	149,837,037	52,081

Note:

- (a) Source: Bureau of Economic and Business Research, University of Florida
- (c) Source: St. Louis Federal Reserve Bank, Miami - Fort Lauderdale MSA
- (b) Source: Miami-Dade County Public Schools (county wide)
- (d) Source: U.S. Department of Labor - Annual Rate
- (e) Source 2014 U.S. Census American Community Survey - Fact Finder.

BAL HARBOUR VILLAGE, FLORIDA

PRINCIPAL EMPLOYERS 2015

CURRENT AND NINE YEARS AGO

<u>Employer</u>	<u>FY 2015</u>			<u>FY 2013</u>	
	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total County Employment</u>	<u>Employees</u>	<u>Rank</u>
Miami-Dade County Public Schools	31,000	1	2.07%	41,988	1
Miami-Dade County	24,692	2	1.65%	29,000	2
Federal Government	19,300	3	1.29%	19,500	3
Florida State Government	19,200	4	1.28%	17,100	4
Jackson Health System	8,163	5	0.54%	12,571	5
Florida International University	4,951	6	0.33%	8,000	6
City of Miami	3,820	7	0.25%	N/A	7
Homestead AFB	2,810	8	0.19%	N/A	8
Miami-Dade College	2,572	9	0.17%	N/A	9
City of Miami Beach	<u>1,795</u>	10	0.12%	<u>N/A</u>	10
Total Labor Force Employment	<u>1,500,000</u>		<u>10.00%</u>	<u>1,279,047</u>	<u>9.25%</u>

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

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

Note: Information prior to FY 2013 was not available. As such, the Village elected to disclose the data for FY 2013 for comparison.

BAL HARBOUR VILLAGE, FLORIDA

OPERATING INDICATORS BY FUNCTION/PROGRAM LAST TEN FISCAL YEARS

<u>Function/Program</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
General government:										
Non-sworn personnel	34	34	34	34	31	30	30	38	38	48.5
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	0	1	1	0	0	0	0	
Registered voters	1,578	1,460	Data Not Available	1,661	1,631	1,631	1,631	1,631	1,631	1,725
Votes cast in last election	762	503	Data Not Available	419	251	0	0	0	0	n/a
Ordinances prepared and adopted	10	11	8	8	8	6	6	9	9	6
Resolutions prepared and adopted	14	8	6	14	16	12	17	10	10	108
Commission minutes prepared/approved	17	17	17	26	21	26	15	20	20	15
Public safety:										
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Uniformed employees	33	28	26	26	25	25	25	22	22	25
Calls for service handled	2,639	2,433	2,345	2,553	3,302	3,165	3,644	3,929	4,542	5,822
Traffic accidents handled	148	130	148	129	133	142	135	116	126	268
Traffic citations/warnings issued	6,823	11,911	10,298	7,915	4,428	4,433	4,438	4,090	3,982	3,961
Part 1 crimes reported	97	72	57	70	85	66	80	75	75	110
Arrests	89	91	62	63	55	54	51	50	50	82
Building:										
Permits issued		897	2484	1718	862	650	1123	1426	1258	1149
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	320,670,729
Business tax receipts issued	119	115	123	126	124	133	133	106	253	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

2015 personnel figures reflect all positions as full-time equivalent (FTEs) not just those positions which are filled as reported in prior periods.

BAL HARBOUR VILLAGE, FLORIDA

CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Government activities:										
General government:										
Miles of streets	3.03	3.03	3.03	3.03	3.03	3.03	3.03	3.03	3.03	3.03
Square feet of buildings	21,200 s.f.	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

**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, 2015, and the related notes to the financial statements, which collectively comprise Village's basic financial statements, and have issued our report thereon dated June 29, 2016

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Marcum LLP

Miami, FL
June 29, 2016

**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), Florida, as of and for the fiscal year ended September 30, 2015, and have issued our report thereon dated June 29, 2016.

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; *Audits of States, Local Governments, and Non-Profit Organizations*; and Chapter 10.550, Rules of the Auditor General.

Other Reports

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, which are dated June 29, 2016, should be considered in conjunction with this management letter.

Prior Audit Findings

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

Official Title and Legal Authority

Section 10.554(1)(i)4., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. 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, 2015.

Financial Condition

Sections 10.554(1)(i)5.a. and 10.556(7), Rules of the Auditor General, require that we apply appropriate procedures and 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.

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. and 10.556(7), Rules of the Auditor General, requires that we apply appropriate procedures and report the results of our determination as to whether the annual financial report for the Village for the fiscal year ended September 30, 2015, 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, 2015. 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
June 29, 2016

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

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 fiscal year ended September 30, 2015. 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 fiscal year ended September 30, 2015.

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
June 29, 2016