



# BAL HARBOUR

- VILLAGE -

BAL HARBOUR VILLAGE, FLORIDA

655 96<sup>th</sup> STREET, BAL HARBOUR, FLORIDA 33154

## **ANNUAL COMPREHENSIVE FINANCIAL REPORT**

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

**BAL HARBOUR VILLAGE, FLORIDA**  
**ANNUAL COMPREHENSIVE FINANCIAL REPORT**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022**

Prepared by the Finance Department

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## **INTRODUCTORY SECTION**

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June 8, 2023

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

We are pleased to present the Annual Comprehensive Financial Report (“ACFR”) as of and for the fiscal year ended September 30, 2022, pursuant to Florida State law. An ACFR is a set of financial statements comprising the financial report of a state, municipal, or other governmental entity that complies with accounting requirements promulgated by the Governmental Accounting Standards Boards (GASB). The financial statements were audited by a firm of independent certified public accountants retained by the Village and paid from its public funds.

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

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

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

This report consists of management’s representations concerning the finances of the Village. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of the Village has established a comprehensive internal control framework that is designed both to protect the Village assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the Village’s financial statements in conformity with generally accepted accounting principles (GAAP). Because the cost of internal controls should not outweigh their benefits, the Village’s comprehensive framework of internal controls has been designed to provide reasonable, rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

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

## **Profile of Bal Harbour Village**

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

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Occupying a land area of approximately 0.6 square miles, the Village population is 3,037 and has 257 active business licenses. The Village has one business-district, which houses the Bal Harbour Shops, an upscale, open-air shopping mall which has ranked first in the U.S. for decades in productivity based on sales per square foot. The remainder of the Village is high end, single family residential, and condominium or hotel use, a balance that establishes a high quality of life for families.

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

Few changes have been made since the original planned development of the Village, however since 2012, redevelopment of existing oceanfront properties commenced and is underway. Redevelopment of the Bal Harbour Shops, approved in FY 2017, will add an additional 350,000 square feet of retail space, with a negotiated development agreement that calls for the development of a new waterfront park with partial developer funding, conveyance of property to the Village in FY 2022, and construction of a new Village Hall funded by the developer. This will add value to the Village's tax roll, new businesses to the community, an engaging waterfront venue, and a new Village Hall as the center of community life. In addition, the development agreement also includes revenue streams from leased property and parking surcharges. Receipt of revenue from leased property began in FY 2020; and receipt of revenue for parking surcharges are expected to begin towards the latter part of FY 2023.

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

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



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## **Government Structure and Services Provided**

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

**Village Manager's Office.** This Office is responsible for leadership and the overall management of the Village. Any policy that the Village Council wishes implemented becomes the responsibility of this Office. The Village Clerk reports to the Village Manager.

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

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

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

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

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

**Capital Construction Department.** This Department is responsible for capital improvement (except the Utility Master Plan) administration of consulting services and construction contracts for the development of new construction projects, improvement of existing Village owned facilities as well as interdepartmental capital improvements.

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

## **Accounting Controls and Budgetary Process**

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

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

The Village maintains budgetary controls for all of its funds except fiduciary 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 or fund level. The Village does not maintain an encumbrance accounting system. All unspent appropriations related to Capital Projects and Grants are generally re-appropriated as part of the following year's budget. Budget to actual comparisons demonstrate how the actual expenditures compare to both the original and final revised budgets.

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

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## The Bal Harbour Experience

At the Village Council retreat in March 2022, the Village Council reconfirmed its commitment to our vision first established by the Council at its retreat in 2019. Our vision for Bal Harbour Village is that we will be the safest residential community, with a beautiful environment and unparalleled destinations and amenities, providing exclusivity and access to ensure the highest quality of life for our residents, and with an unmatched experience for our visitors from around the world. This vision helps achieve our mission of delivering The Bal Harbour Experience - that distinctive feeling one experiences when living in or visiting our unique, elegant, curated and refined community.

Also at the March 2022 retreat, the Village Council discussed and finalized updates to the four elements which make up the Bal Harbour Experience to ensure that they continue to reflect the vision originally agreed upon by the Council. At the June 15, 2022 Council meeting, the Village Council approved the updated refinement of the four elements of The Bal Harbour Experience to better epitomize the unique and distinctive attributes of the community. These updated elements which denote the essence of The Bal Harbour Experience are reflected as follows:



Beautiful Environment - Fusing casual elegance with tranquil coastal living presented through the lens of secluded beaches, lush landscaping, serene public spaces, well detailed sidewalks and jogging paths incorporated into the native environment. These signature amenities reflect the standards the community expects, and sets the tone which one recognizes upon arriving in Bal Harbour.

Destination & Amenities - Elevated experiences and unhurried bliss are the distinctive hallmarks of our Village delivered through exquisite luxury hotels, inspiring culinary selections, and celebrated high-end shopping. A waterfront park and iconic Jetty will soon add to the lure of our breath-taking setting.

Unique & Elegant - Residents and guests balance sun and sea drenched escapes with our curated events designed for discerning connoisseurs. Creative art features, our Museum

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Access Program featuring curated tours, culinary events, movies on the beach, and excursions to limited engagement events set us apart in delivering a tranquil and refined lifestyle.

Safety - Anchored by our focus on a community policing model, where our Officers are staffed, trained and motivated to provide excellent service and safety to our residents and guests in a pleasant, engaging, and friendly manner. The visible presence of our Officers, investment in state-of-the-art technology and incorporation of innovative policing strategies ensure that our community remains safe at all times, as well as a recognized leader and model in public safety.

Together, these elements define what makes our community so unique, distinctive, and such a desirable place to live, work and play in, and visit. And with the reallocation and reorganization of responsibilities as a result of the newly created Recreation, Arts & Culture Department in the upcoming year, each of the four elements that contribute to The Bal Harbour Experience are primarily supported by a Village Department as follows:

- Beautiful Environment led by the Public Works and Beautification Department and supported by the Capital Improvement Projects.
- Destination & Amenities led by the Recreation, Arts & Culture Department and supported by the Tourism Department.
- Unique & Elegant led by the Tourism Department and supported by the Recreation, Arts & Culture Department.
- Safety led by the Police and Building Departments who each contribute to the success of safety in our community.

## **Financial Policies and Planning**

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

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

These are the focus of our efforts and will continue to guide our funding priorities from year to year. Coupled with continued administrative improvements, we prioritize the initiatives most important to our Village Council and residents while keeping costs down consistent with revenue trends. In the past few years, we have embarked upon an ambitious capital project plan partially as a result of a policy to budget \$300 thousand toward these contributions on an annual basis, and a policy of allocating year end surplus (excess revenue over expenditure) in a proportionate manner to fund both undesignated fund balance and an assigned capital projects reserve. This practice ensures a "rainy day" fund, is available to the Village in the event of a dramatic downturn due to unforeseen fiscal conditions that could adversely affect our community and/or economy, and that funds are available for future capital projects. As a seaside, tourist-based community, Bal Harbour Village is especially vulnerable to the volatility of the tourist economy, as well as the annual threat of hurricanes and/or severe weather events.

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

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

CIP accomplishments and initiatives for Fiscal Year 2022 are outlined below:

- New Waterfront Park - The New Waterfront Park project includes Community Center (12,163sf) playground, water feature/splashpad, landscape & hardscape. Community Center Concept design was developed through Community input and approved by Village Council in 2018. During Fiscal Year 2020, the Village became aware that the seawall will need to be replaced. The seawall replacement scope of work will address sea level rise by raising the seawall cap and will also include a new dock and waterside amenities such as kayak launch. The New Waterfront Park project is expected to be completed in phases: Phase A will include the Community Center building, the new park area, the seawall & dock reconstruction, and the current basketball court area, which will be refurbished for continued use. We anticipate completion of this phase of the project by Summer of 2023. Phase B design and construction will proceed upon completion of the New Village Hall and demolition of the current Village Hall Building, a few years later. The current preliminary concept proposes the ground floor as parking area serving the park, with a second-floor open air basketball deck (or enclosed basketball/multipurpose recreation center). In addition, a design of the proper adaptive reuse of the current basketball court area is to be determined. The total projected cost for Phase A is estimated to be \$19.6 million, of which \$7.6 million is funded through developer contributions, grants and rental income.
- Bal Harbour Haulover Inlet Jetty Project - This project (includes the area under the Haulover Bridge) will reconstruct the existing Jetty to enhance the aesthetics as a public space with design concepts to be developed with community involvement. Design activities are ongoing. This project is projected to commence construction in Fiscal Year 2023. The total projected cost is estimated to be \$16.9 million, of which \$9.2 million will be funded through developer contributions and grants revenues.
- Utility Master Plan (including Stormwater) - Rehabilitation of the Village infrastructure to include identified replacement of the Water, Sanitary Sewer and Stormwater systems, with remedial paving in affected areas. This is a multiphase project. Design and construction activities are ongoing. Various phases of the overall project are yet to be funded. The total projected costs committed to date is estimated to be \$41.0 million, of which \$22.4 million will be funded through debt financing and grants revenues.
- Various machinery and equipment- Includes purchase building software, vehicles and equipment.

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- other minor capital improvements and reserves.

Looking forward, major new capital initiatives to commence or continue in fiscal year 2023 include completion of Phase A of the new Waterfront Park, design for the redevelopment of the Bal Harbour Haulover Inlet Jetty, continued implementation of the Utility Master Plan, and planning efforts toward improvements Inlet Cut Walk, 96th Street beach access and the Collins Avenue Corridor. All told, the identified anticipated cost of these capital improvements total \$125.4 million, with funding identified for all but \$20.9 million of future year improvements, as summarized below. Approximately \$53.4 of the total project costs have been/or will be funded by grant and developer contributions.

## FY 2023-2026 Capital Budget and 5-Year Capital Improvement Program

	Budget							
	Previous Years	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	Future Years	Total
<b>FUNDING SOURCE</b>								
<b>General Fund:</b>								
Miami-Dade General Obligation Bond Fund	\$ 2,455,152	\$ 5,662,048	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 8,117,200
Developer Contributions - Bal Harbour Shops (PPS)	3,500,000	-	-	-	-	-	-	3,500,000
Developer Contributions - Bal Harbour Shops (Village Hall)	19,923,318	-	-	-	3,400,000	-	-	23,323,318
Developer Contributions - Bal Harbour Shops (Other)	2,000,000	-	-	-	-	500,000	-	2,500,000
Developer Contributions - Other	100,000	-	-	-	-	-	-	100,000
Suntrust/Truist Rent	920,000	711,662	722,337	733,172	744,170	755,333	-	4,586,674
Interlocal Contribution - Other	-	-	850,000	-	-	-	-	850,000
Miscellaneous Revenue - Grants	2,967,857	2,852,000	-	-	-	-	-	5,819,857
Budget Allocation	969,340	-	-	-	-	-	-	969,340
Appropriation of Fund Balance/Carryover	12,020,805	1,704,290	-	-	-	-	-	13,725,095
Village 2011 Bond Escrow Funds	368,933	-	-	-	-	-	-	368,933
<b>Total General Fund</b>	<b>45,225,405</b>	<b>10,930,000</b>	<b>1,572,337</b>	<b>733,172</b>	<b>4,144,170</b>	<b>1,255,333</b>	<b>-</b>	<b>63,860,417</b>
<b>Resort Tax Fund:</b>								
Appropriation of Fund Balance/Carryover	-	4,250,000	650,000	-	-	-	-	4,900,000
<b>Total Resort Tax Fund</b>	<b>-</b>	<b>4,250,000</b>	<b>650,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4,900,000</b>
<b>Utility Fund:</b>								
Miami-Dade General Obligation Bond Funds	6,500,000	-	-	-	-	-	-	6,500,000
Developer Contributions - Oceana	950,000	-	-	-	-	-	-	950,000
Budget Allocation	2,221,800	-	-	-	-	-	-	2,221,800
Appropriation of Fund Balance/Carryover	1,267,700	2,135,080	222,880	-	-	-	-	3,625,660
Village 2011 Bond Escrow Funds	3,221,300	-	-	-	-	-	-	3,221,300
Village 2020 Utility Revenue Note	8,438,108	-	-	-	-	-	-	8,438,108
TBD - (Grants, Debt Issuance, etc.)	-	-	-	-	-	-	9,364,160	9,364,160
<b>Total Utility Fund</b>	<b>35,013,708</b>	<b>2,135,080</b>	<b>222,880</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>9,364,160</b>	<b>34,321,028</b>
<b>Security and Landscape Aeesement Fund:</b>								
Appropriation of Fund Balance/Carryover	-	540,318	891,521	-	-	-	-	1,431,839
<b>Total Security and Landscape Aeesement Fund</b>	<b>-</b>	<b>540,318</b>	<b>891,521</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,431,839</b>
<i>TBD</i>	-	2,800,000	-	-	-	6,050,000	12,000,000	20,850,000
<b>TOTAL FUNDING SOURCE</b>	<b>\$ 80,239,113</b>	<b>\$ 20,655,398</b>	<b>\$ 3,336,738</b>	<b>\$ 733,172</b>	<b>\$ 4,144,170</b>	<b>\$ 7,305,333</b>	<b>\$ 21,364,160</b>	<b>\$ 125,363,284</b>
<b>EXPENDITURE BY PROJECT</b>								
Parks and Public Spaces Operations Facility	\$ 3,164,704	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,164,704
Waterfront Park (Phase A)	19,191,839	370,000	-	-	-	-	-	19,561,839
Jetty/Cutwalk	1,992,152	14,900,000	-	-	-	-	-	16,892,152
96th Street Plaza	-	200,000	1,500,000	-	-	-	-	1,700,000
New Village Hall	3,100,000	-	-	-	20,223,318	-	-	23,323,318
Collins Avenue Beautification	50,000	-	-	-	-	-	12,000,000	12,050,000
Waterfront Park (Phase B)	50,000	-	-	-	-	6,050,000	-	6,100,000
BeachSide Landscape	-	50,000	-	-	-	-	TBD	50,000
Utility Infrastructure - Sewer, Water and Stormwater Improvements	23,452,300	5,135,398	1,114,401	TBD	TBD	TBD	9,364,160	39,066,259
<b>TBD:</b>								
Use of Suntrust/Truist Funds	-	-	722,337	733,172	744,170	755,333	-	2,955,012
Use of Shop Funds	-	-	-	-	-	500,000	-	500,000
<b>TOTAL EXPENDITURE</b>	<b>\$ 51,000,995</b>	<b>\$ 20,655,398</b>	<b>\$ 3,336,738</b>	<b>\$ 733,172</b>	<b>\$ 20,967,488</b>	<b>\$ 7,305,333</b>	<b>\$ 21,364,160</b>	<b>\$ 125,363,284</b>

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## **Enterprise Operations**

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

## **Risk Management**

The goal of risk management is to qualify and quantify exposures that can weigh upon the Village's assets and to affect necessary action to eliminate and reduce losses within the Village. The Village is exposed to various risks of loss related to torts: theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Coverage is provided for general and auto liability, workers' compensation, excess liability, and health insurance through government risk pools and commercial insurance. Proper management and internal controls serve to minimize this risk.

## **Reporting Entity**

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

## **Acknowledgements and Other Information**

### ***Independent Audit***

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

# BAL HARBOUR

- V I L L A G E -

## ***Reporting Achievement***

The Government Finance Officers Association (GFOA) of the United States and Canada awarded a Certificate of Achievement for Excellence in Financial Reporting to the Village, for its ACFR for the fiscal year ended September 30, 2021. The Certificate of Achievement is the highest form of recognition in the area of governmental accounting and financial reporting. The attainment of this award represents a significant accomplishment by a government and its financial management team. This is the ninth year that the Village has achieved this prestigious award.

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

## ***Acknowledgements***

The preparation of this report would not have been possible without the skill, effort and dedication of the entire staff of the Finance Department and the accounting firm, RSM US LLP. We wish to thank all the Village Departments for their assistance in providing the information necessary to prepare this report. Credit also must be given to the Mayor and Council members for their continued support for maintaining the highest standards of professionalism in the management of the Village, and to their appointees serving on the Village's Budget Advisory Committee and providing their guidance throughout the annual budget development process.

Respectfully Submitted



Claudia Dixon, CPA  
Chief Financial Officer



Jorge M. Gonzalez  
Village Manager



# BAL HARBOUR

- V I L L A G E -

## VILLAGE OFFICIALS

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**MAYOR**

Jeffrey P. Freimark

**VICE MAYOR**

Seth E. Salver

**COUNCIL MEMBERS**

David Albaum  
Buzzy Sklar  
David Wolf

**VILLAGE MANAGER**

Jorge M. Gonzalez

**VILLAGE CLERK**

Dwight S. Danie

**VILLAGE ATTORNEY**

Weiss Serota Helfman Cole &  
Bierman

**CHIEF FINANCIAL OFFICER**

Claudia Dixon

**CONTROLLER**

Tom Pham

**BUDGET COMMITTEE**

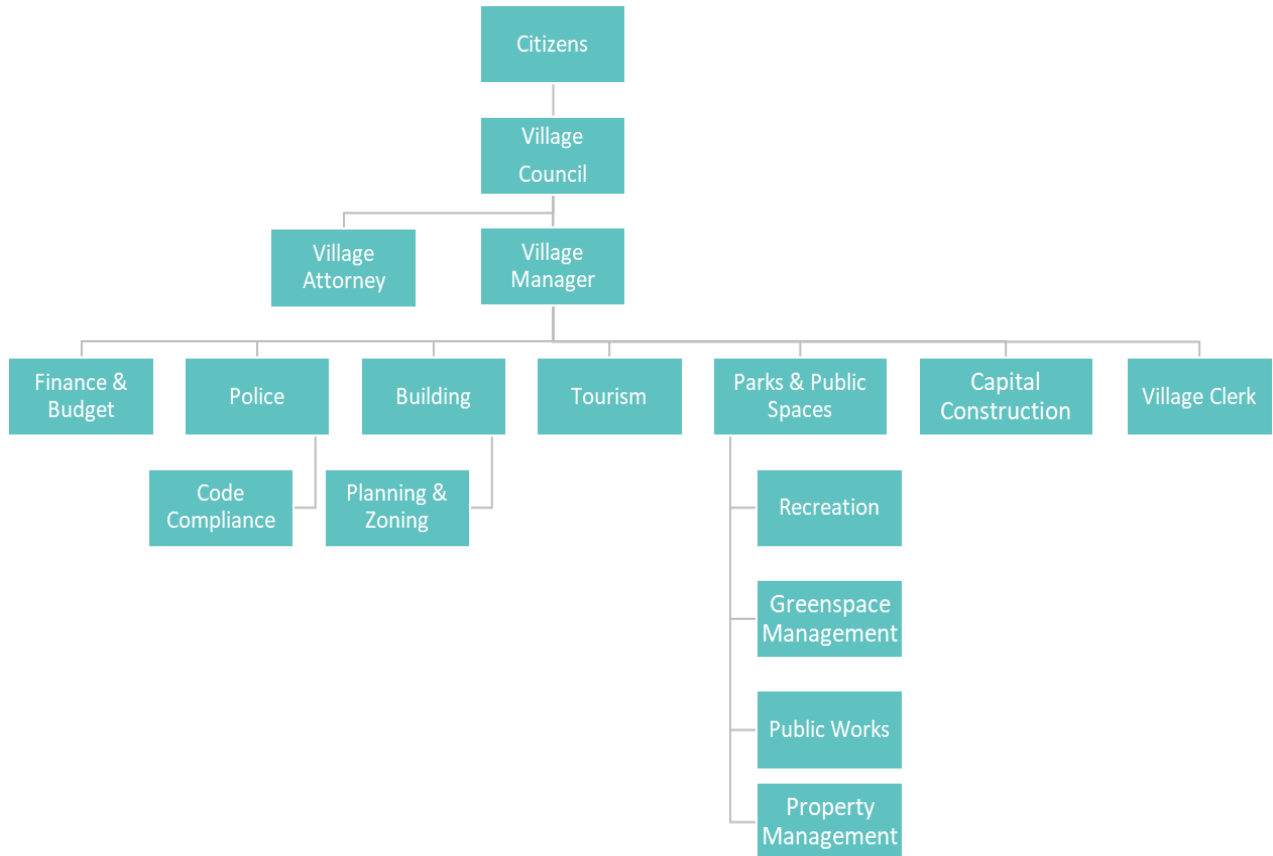
Necca Loga, Chair  
Andrew Shechtel  
Necca Logan  
Raj Singh  
Raymond Slate

BAL HARBOUR  
- VILLAGE -

# BAL HARBOUR

- VILLAGE -

## Bal Harbour Village Organization Chart





Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

**Village of Bal Harbour  
Florida**

For its Annual Comprehensive  
Financial Report  
For the Fiscal Year Ended

September 30, 2021

*Christopher P. Morill*

Executive Director/CEO

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## **FINANCIAL SECTION**

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BAL HARBOUR  
- VILLAGE -

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# **INDEPENDENT AUDITORS' REPORT**

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BAL HARBOUR  
- VILLAGE -





RSM US LLP

## Independent Auditor's Report

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

### Report on the Audit of the Financial Statements

#### **Opinions**

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Bal Harbour Village, Florida (the Village), as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements as listed in the table of contents.

In our opinion, the accompanying 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, 2022, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### **Basis for Opinions**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Village and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### **Emphasis of Matter**

As discussed in Note 13 to the financial statements, the Village adopted Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases* as of October 1, 2021. As a result, beginning lease receivable, right-of-use asset, lease liability, and deferred inflows of resources balances were restated. Our opinions are not modified with respect to this matter.

#### **Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Village's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Village's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Village's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

### **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and other post-employment benefits and pension schedules as listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

**Supplementary 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 and individual nonmajor fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 and individual nonmajor fund financial statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

**Other Information**

Management is responsible for the other information included in the annual comprehensive financial report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor’s report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated June 8, 2023, on our consideration of the Village’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Village’s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Village’s internal control over financial reporting and compliance.

*RSM US LLP*

Miami, Florida  
June 8, 2023

BAL HARBOUR  
- VILLAGE -

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**MANAGEMENT DISCUSSION AND ANALYSIS**  
**MD&A - UNAUDITED**

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BAL HARBOUR  
- VILLAGE -

## **MANAGEMENT'S DISCUSSION AND ANALYSIS - UNAUDITED**

The following narrative provides an overview of Bal Harbour Village, Florida, (the "Village") financial activities for the fiscal year ended September 30, 2022. This narrative should be read in conjunction with the letter of transmittal at the front of this report and the financial statements and accompanying notes which follow this section. Additional information is provided within this narrative and the accompanying required supplementary information and statistical sections of the financial statements.

### **Financial Highlights for Fiscal Year 2022**

- At the close of the fiscal year, the total assets and deferred outflows of the Village exceeded its liabilities and deferred inflows by \$161.3 million (*net position*), this reflects a 36.8% increase over the prior fiscal year. Of this amount, \$49.0 million (*unrestricted net position*) may be used to meet the Village's ongoing obligations to citizens and creditors, reflecting a 53.0% increase over FY 2021. Unrestricted net position is comprised of \$39.9 million in governmental activities and \$9.1 million in business-type activities.
- At the close of the fiscal year, the total assets are \$192.0 million, reflecting a 31.7% increase, total liabilities are \$26.6 million, reflecting a decrease of 9.5% over the prior year, with deferred pension, post-employment and lease related inflows and outflows of resources resulting in a net of \$4.1 million deferred inflow of resources.
- At the close of the fiscal year, the Village's governmental activities ended with a net position of \$131.9 million, and the business-type activities (*Water & Sewer Fund*) ended with a net position of \$29.4 million. The combined net position ending reflects an increase of \$43.4 million over 2021, comprised of an increase of \$46.2 million in total assets largely comprised of \$15.8 million *attributable to cash and cash equivalents and investments*, \$27.6 million *in capital assets*, and a decrease of \$2.8 million in liabilities.
- At year end, the change in net position of governmental activities totals \$42.8 million, the change is comprised of \$20.5 million in cash and cash equivalents & investments, \$1.7 million in pension related deferred inflows net of outflows, \$23.9 million in capital assets and a decrease of \$4.1 million in net pension liability and other post-employment benefit liabilities.
- At the close of the fiscal year, the Village governmental funds reported combined fund balances of \$62.3 million, an increase of \$16.6 million in comparison to the prior fiscal year. The *committed fund balance* of \$14.9 represents unused portion of funds received from Bal Harbour Shops for the future new Village Hall capital project. The *unassigned fund balance* is \$15.4 million, or 24.8% and 31.4% of the ending fund balance for governmental funds and general fund, respectively. This amount is available for spending at the Village's discretion.
- At the close of the fiscal year, governmental fund revenue increased by \$18.6 million to \$46.8 million. The increase is comprised of an \$18 million receipt in developer contributions earmarked for the construction of the New Village Hall Project; an increase of \$1.1 million in tourism tax receipts; an increase of \$.8 in licenses and permits; offset by a \$1.1 million reduction in COVID-19 intergovernmental revenue primarily from reimbursements received in the prior year.

- At the close of the fiscal year, ending net position for the water and sewer proprietary fund is \$29.4 million, reflecting a change in net position over 2021 of \$.6 million. Unrestricted net position for the fund is \$9.2 million or 31.1% of total net position, which may be used to meet the Village's ongoing utility obligations to citizens and creditors.
- At the close of the fiscal year, ending net position for the Village's two Fiduciary Funds is \$44.9 million, a decrease of \$5.7 million in comparison to fiscal year 2021. The decrease is driven by an overall increase in the depreciation of the fair value of investments for fiduciary funds.

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

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

Since the MD&A is designed to focus on the current year's activities, resulting changes and currently known facts, please read it in conjunction with the Village's financial statements (*beginning on page 7*).

## **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 23 and 24*) are designed to be corporate-like in that all governmental and business-type activities are consolidated into columns that add up to a total for the primary government. The focus of the Statement of Net Position (the "Unrestricted Net Position") is designed to be similar to bottom line results for the Village and its governmental and business-type activities. The two government-wide financial statements report the Village's net position and how they have changed. Net position—the difference between the Village's assets and deferred outflows and the Village's liabilities and deferred inflows—is one way to measure the Village's financial health and position.

The statement of activities (*see page 24*) is focused on both the gross and net cost of various activities (including governmental, component units and business-type) that are supported by the government's general tax and other revenues. This is intended to summarize and simplify the user's analysis of the cost of various governmental services and/or subsidy to various business-type activities and/or components.



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

## **Fund Financial Statements**

The Fund Financial Statement presentation focuses on major funds. The Government's major fund (*see pages 25 to 26*) presentation is presented on a sources and uses of liquid resource basis. This is the manner in which the financial plan (the budget) is typically developed. The flow and availability of liquid resources is a clear and appropriate focus of any analysis of a government. Funds are established for various purposes and the fund financial statements allow the demonstration of sources and uses and/or budgeting compliance associated therewith (*beginning on page 113*).

The fund financial statements also allow the government to address its fiduciary (or trust) funds (*see pages 31 to 32*) by type (*employee retirement funds and custodial funds*). While these funds represent trust or custodial responsibilities of the government, these assets are restricted in purpose and do not represent discretionary assets of the government. Therefore, these assets are not presented as part of the government-wide financial statements and are not considered generally available to the Village to use for any other purpose.

While the business-type activity - Enterprise column on the business-type fund financial statements (*see pages 28 to 29*) is the same as the business-type activities column on the government-wide financial statement, the government major funds total (*page 23*) 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 25 and 26*). The flow of current financial resources will reflect interfund transfers and other financial sources, as well as capital expenditures. The reconciliation will eliminate these transactions and incorporate the capital asset and long-term obligations into the government activities column (*in the government-wide statements*).

## **GOVERNMENT WIDE STATEMENTS**

The government wide financial statements were designed so that the user can determine if the Village is in a better or worse financial condition from the prior year. Net position may serve, over time, as a useful indicator of the government's financial position. In the case of the Village, assets and deferred outflows exceeded its liabilities and deferred inflows at September 30, 2022 by \$161.3 million.

## Summary Statement of Net Position

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

	<u>Governmental</u> <u>Activities</u>		<u>Business-type</u> <u>Activities</u>		<u>Total</u>		<u>Percent</u> <u>Change</u>
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	
Current and other assets	\$ 70,683	\$ 47,429	\$ 10,133	\$ 14,814	\$ 80,816	\$ 62,243	29.84%
Capital assets	80,385	56,510	30,823	27,085	111,208	83,595	33.03%
Total assets	151,068	103,939	40,956	41,899	192,024	145,838	31.67%
Deferred Outflows of Resources	4,783	3,926	115	71	4,898	3,997	22.54%
Current and other liabilities	2,771	1,421	1,490	1,805	4,261	3,226	32.08%
Non-current liabilities	12,304	14,797	10,039	11,357	22,343	26,154	-14.57%
Total liabilities	15,075	16,218	11,529	13,162	26,604	29,380	-9.45%
Deferred Inflows of Resources	8,876	2,513	149	16	9,025	2,529	256.86%
Net investment in capital assets	78,957	56,384	20,245	18,603	99,202	74,987	32.29%
Restricted	13,061	10,912	-	-	13,061	10,912	19.69%
Unrestricted	39,882	21,838	9,148	10,189	49,030	32,027	53.09%
Total net position	\$ 131,900	\$ 89,134	\$ 29,393	\$ 28,792	\$ 161,293	\$ 117,926	36.77%

As summarized above, the statement of net position for the Village reflects an increase of \$43.4 million, \$2.1 million increase to restricted net position, a \$24.2 million in net investment in capital assets which includes \$13.1 million in a developer donated asset, and \$17.0 million in unrestricted net position which includes an \$18 million receipt in developer contributions earmarked for the construction of the New Village Hall Project.

A large portion of the Village's net position reflects its investment in capital assets (e.g., land, building, and equipment) \$99.2 million. Net investment in capital assets is the portion of net position related to capital assets reduced by accumulated depreciation and by any outstanding debt incurred to acquire, construct, or improve those assets, excluding unexpended debt proceeds. The Village uses these capital assets to provide service to the citizens; consequently, these assets are not available for future spending.

An additional portion of the Village's net position represents resources that are subject to external restrictions on how they may be used (restricted assets) amounting to \$13.1 million; for the Village these include Capital Projects to be funded by developer contributions, Tourism, Security District, and State Forfeiture funds.

The Unrestricted balance is intended to be a corporate style measurement of well-being (or a bottom line) for the Village and its related governmental and business-type activities. The unrestricted net position for the Village is \$49.0 million, with \$39.9 million for governmental activities and \$9.1 million for business-type activities. This is due to the results of current year operations.

## CURRENT YEAR IMPACTS

### Statement of Activities

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

	Governmental Activities		Business-type Activities		Total		Percent Change
	2022	2021	2022	2021	2022	2021	
Revenues:							
Program revenues:							
Charges for services	\$ 13,838	\$ 11,210	\$ 4,693	\$ 4,543	\$ 18,531	\$ 15,753	17.63%
Operating grants and contributions	-	2,103	-	-	-	2,103	-100.00%
Capital grants and contributions	14,412	617	-	-	14,412	617	2235.82%
General revenue:							
Taxes	11,810	11,646	-	-	11,810	11,646	1.41%
Other	19,886	2,643	65	24	19,951	2,667	648.07%
Total revenues	59,946	28,219	4,758	4,567	64,704	32,786	97.35%
Expenses:							
General government	6,722	6,602	-	-	6,722	6,602	1.82%
Public safety	4,938	7,026	-	-	4,938	7,026	-29.72%
Solid waste and open space	777	780	-	-	777	780	-0.38%
Tourism	3,478	1,879	-	-	3,478	1,879	85.10%
Roads, streets and parks	1,261	1,238	-	-	1,261	1,238	1.86%
Interest on long-term debt	4	4	-	-	4	4	0.00%
Water and sewer	-	-	4,158	4,189	4,158	4,189	-0.74%
Total expenses	17,180	17,529	4,158	4,189	21,338	21,718	-1.75%
Changes in net position	42,766	10,690	600	378	43,366	11,068	291.81%
Net position - beginning	89,134	78,444	28,792	28,414	117,926	106,858	10.36%
Net position - ending	\$ 131,900	\$ 89,134	\$ 29,392	\$ 28,792	\$ 161,292	\$ 117,926	36.77%

The statement of activities as presented in comparative fashion, more closely resembles the manner in which revenue and expenses are programmed for budget purposes and allocated for departmental and fund use. The statement of net position ending for the Village in fiscal year 2022 is \$161.3 million, the most notable change is within restricted net position of the Governmental Activities resulting from \$13.1 million conveyance of Commercial Property located in Bal Harbour; and \$18 million receipt in developer contributions from Bal Harbour Shops in connection with its development agreement. Both donations are to be used for the New Village Hall Capital Project.

### Governmental activities:

Governmental activities increased by \$42.8 million. Key elements of the fluctuation are as follows:

Governmental activities revenues consisted of program revenues which amounted to \$28.3 million, capital grants and contributions which amounted to \$14.4 million and general revenues which amounted to \$31.7 million, for a total of \$59.9 million. Property tax revenue for general purposes was \$9.8 million and represents 16.3% of total revenues. This was a slight decrease of \$0.06 million or .56% from the prior year.

Property taxes are levied by the Village based on the Miami-Dade County Property Appraisers determined property values in the Village. The Miami-Dade County Property Appraiser determined that certified taxable property values in the Village decreased slightly \$5.28 billion in 2021 to \$5.26 billion, a decrease of \$0.01 billion or -0.3%. The Village's operating millage rate for 2021 was 1.9654 millage same as prior year.

Charges for services which represent 23.1% of total revenues were \$13.8 million. This amount is an increase of \$2.6 million or 23.4% over the prior year. These charges at the government wide statement level are primarily derived from resort tax revenues, permits, licenses, fines, forfeitures and administrative fees from enterprise funds and some forms of intergovernmental revenues. Resort tax which represents 42.9% of charges for services was \$5.9 million, which is an increase of \$1.1 million or 23.2% from the prior year. Resort tax is a 4% tax on the rent of a room or rooms in any hotel, motel, rooming house or apartment house and 2% on the total sales price of all food and beverage (included beer and wine sold at retail in any restaurant). Fluctuations in resort tax revenues are based on the fluctuations in the sales of the above items and vary from one year to another based on the economy.

Intergovernmental revenues totaled \$2.0 million for the year. Intergovernmental revenue increased by \$439 thousand or 27.4% from the prior year. The revenues are derived from federal, state and county grantors for various Village initiatives, such as capital project grants.

Capital Grants and Contributions includes a \$13.1 million conveyance of Commercial Property located in Bal Harbour from the Bal Harbour Shops in connection with its development agreement. This property is the future site of the New Village Hall.

Developer contributions increased by a combined \$16.9 million to \$18.1 million. This represents an \$18 million receipt in developer contributions earmarked for the construction of the New Village Hall Capital Project.

Governmental activities expense consisted of functional expenses for the Village's general government, public safety, physical environment, parks and recreation, tourism development and interest on long-term debt. These functional expenses amounted to \$17.2 million. Significant portions of these expenses were in the public safety, general government and culture and recreation functions.

General government function expense was \$6.7 million and represents 39.1% of total expense and increased \$0.1 million compared to prior year. The Village's general government function includes Village council, the Village manager's office, the finance department, the building department, capital construction department, the Village attorney's office and other special projects.

Public safety function expense was \$4.9 million and represents 28.7% of total expenses. The Village's public safety function includes the personnel and operations for police. In addition, grant funded expenses for police and other public safety activities (inclusive of code enforcement) are reported under this category. Total public safety expenses decreased by \$2.1 million or 42.3% from the prior year. The decrease in public safety expenditures are primarily related to reduced pension expenditures resulting from an increase in net investment income to the Police Pension Plan for the measurement date of September 30, 2021.

Community services function expense was \$2.0 million and represents 11.9% of total expenses. The Village's community services function includes solid waste, roads and streets and parks and recreation. Expenses in this function remained stable over the prior year.

Tourism development expense was \$3.5 million and represents 20.2% of total expenses. The tourism development services function includes programming of tourism and beautification activities. The objective is to generate on-going and incremental resort tax funds to be used for increasing the quality of life, beautification maintenance and enhancement of Village assets, and the ongoing creation of advertising, marketing, public relations efforts, programs and events to promote tourism to Bal Harbour Village.

### **Business-type activities:**

The Water and Sewer fund had an increase in net position of \$0.6 million or 59.0% compared to prior year. Operating revenues increased by \$0.2 million or 3.3% and operating expenses remained relatively stable from the prior year. The monthly water and sewer rates include fees to cover debt service on \$9.8 million of the outstanding water and sewer revenue bond, note and lease payable. The water rate charged to Village customers is \$4.91 per 1,000 gallons consumed with a 3,000 gallon minimum monthly charge. The sewer rate charged to Village customers is \$8.74 per 1,000 gallons consumed with a 3,000 gallon minimum monthly charge.

### **Village Highlights**

The Village concluded fiscal year 2022 with a 53.1% increase to unrestricted net position ending at \$49.0 million, and an increase of total net position by 36.8% to \$161.3 million. During 2018, the Village negotiated the first amendment to the Bal Harbour Shops Development Agreement which advanced the timeline for developer proffered improvements and contributions resulting in approval for redevelopment of the entire Business District of the Village. The negotiated development agreement includes provisions for the planning of a new waterfront park, a new Village Hall constructed by the developer, recurring revenue streams from leased property, parking surcharges, and guarantees for ad valorem revenue in future years. The improvements associated with the Bal Harbour Shops redevelopment serve to solidify the Village's property values and prospective financial position. During 2022, \$13.1 million in Commercial Property located in Bal Harbour was conveyed from Bal Harbour Shops in connection with its development agreement. This property is the future site of the New Village Hall. In addition, the Village received \$18 million in developer contributions from the Shops which is earmarked for the construction of the New Village Hall Capital Project.

During 2022, progress has been made on the Villages capital improvement projects, including the construction of the Bal Harbour Waterfront Park which will provide a new community center and park amenities, such as a splash pad, kayak launch, playground as well as the reconstruction of a seawall; the Jetty/96<sup>th</sup> Street-end construction project which is expected to be awarded in FYE 2024; and the continued implementation of the Utility Master Plan with improvements. These projects serve as a catalyst for improvements to Village infrastructure which will serve residents and visitors for the next 50 years.

### **Normal Impacts**

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

## Revenues

- **Overall Economic Condition.** This can reflect a declining, stable or growing economic environment and has a substantial impact on property, tourism, and other tax revenue as well as redevelopment efforts made by the development community. The Village is exposed to risks associated with tourism. Declines in tourism can adversely affect dollars available to the Village for marketing and parks, roads, and streets. Declines in tourism can result in reduced property values to the Village, which would result in lower property tax dollars. Likewise, a poor economy can also negatively impact the Village's property tax base. The Village has a handful of large properties that could stagnate or decline under certain economic conditions. The effect on the Village would be disproportionately leveraged. The Village has continued to experience redevelopment of its largest oceanfront properties, and plans for the redevelopment of the entire business district are moving through the approval process, with developer proffered donations of land, a new Village Hall, and future new revenue streams. Management believes the Village can weather most short-term economic scenarios as it did with Hurricane Irma, the 2017 Zika outbreak and continues to do as with the COVID-19 pandemic. If this current period of economic growth should cease, the Village provides services and has planned for capital projects within its current fiscal resources as they are available and does not leverage new debt in order to accomplish operating strategic goals.
- **Increase/Decrease in Council Approved or State-Mandated Tax Rates and Assessments.** The Village Council can raise or lower its various tax rates and special assessment levels. These rates have a direct relationship to the Village's revenue streams. Volatility in tax rates can be detrimental to business owners and homeowners, making their properties less attractive to own. The Village has a stable taxation policy. The fiscal year 2022 millage rate of 1.9654 was maintained making it the seventh year in a row at an ad valorem tax rate which is the third lowest in Miami-Dade County, and well below the statutory cap of 10 mills.
- **Reliance upon Intergovernmental Revenue.** The Village received approximately \$2.2 million dollars in revenue from other governments during FY2022. Since the Village does not directly control the levy or collection of these revenues, it is exposed to the risk that those revenues will not grow or even be available in future years. The loss of these revenues would likely require the Village to raise more money through higher local taxing efforts, or implement level of service adjustments. The Village has the capacity to raise its tax rates to more than offset the loss of these other governmental revenues.
- **Undiversified Tourism Tax Base.** Resort Tax Revenue increased by \$1.1 million. The Village receives about 51.7% of its Tourism funding from one venue. The loss of the venue would significantly and adversely affect the operations of the Village's marketing and tourism efforts. The Village's finances are not totally dependent upon tourism, but anything that materially affects tourism, such as a severe recession or natural disaster, could adversely affect the Village's revenues and put pressure on the Village to levy higher tax rates. When tourism declines, commercial property values also tend to decline.
- **Limits on Annual Assessments for Homestead Properties.** Florida's Constitution restricts residential homestead assessment growth to 3% per year, or less, on each home that has a homestead exemption. Commercial properties are limited to a maximum 10% annual increase on their assessment and they are not generally provided any exemptions

from assessment. The Village is overwhelmingly residential in nature, but is fortunate to have a number of residential units that are not subject to this annual limitation. Further, the value of the homes that are subject to the annual assessment cap is substantial and the Village does not suffer from a limited tax base growth to the extent other Florida municipalities might. However, the Village may be exposed to changes in the manner with which annual assessments are valued or the limit to which they may be taxed, or additional homestead exemptions granted by the Legislature, but to a lesser degree than most municipal jurisdictions.

## **Expenses**

- Public Safety expenses account for about 28.0% of the Village's General Fund expenditures. South Florida municipalities face constant pressure to remain competitive with the salary and benefits paid to sworn police personnel. The costs of maintaining competitive pay packages could have a growth rate that exceeds that of the revenue growth rate, resulting in pressure on the Village's budget. Additionally, the Village traditionally affords all civilian employees benefits similar in nature to those provided to Police employees.
- The Village provides water and sewer services to its residents and businesses. The Village buys water and transmits wastewater for further treatment under large-user agreements with other units of government. The Village cannot negotiate from a position of strength for these services and is largely at the mercy of the service provider. Increased operating costs, pass-through rate increases from wholesale service providers, combined with the additional debt service expense associated with capital improvements of our wholesale service providers, make additional rate increases likely for the foreseeable future.
- Solid Waste Disposal - The Village collects money from its property owners through special assessments to pay for the cost of collection and disposal of solid waste from its residents. The Village outsources its solid waste operation.
- Environmental Risks - The Village is located between an intracoastal waterway and the Atlantic Ocean and is exposed to significant risks caused by weather, particularly hurricanes. In addition to the potential damage to structures and infrastructure, substantial loss of beach can occur during hurricanes. Because a significant portion of the Village's attraction is its beachfront area, the loss of the beach, even if only temporary, could result in significant loss of revenue to the Village.

## **Current Year Impacts**

### **Revenues**

Ad-valorem tax collections declined by \$55.0 thousand due to a reduction in the condominium tax values. Capital grants and contributions increased by \$13.8 million, primarily due to \$13.1 million conveyance of Commercial Property located in Bal Harbour from Bal Harbour Shops in connection with its development agreement. This property is the future site of the New Village Hall. Operating grants and contributions decreased due to FY 2021 collections of \$2.1 million in Cares Act relief monies received in response to COVID-19 activities. Resort Tax Revenue increased by \$1.1 million.

The Security District assessment rate remained the same at \$4,000/single family resident unit, in order to enhance services to the residents of the area.

## **Expenses**

All of the Village's General Fund operating departments and activities concluded the fiscal year within budgeted appropriations, with expenditures less than budgeted. The Village continues to experience increases in existing retirement costs, but has taken action through the collective bargaining process to reduce those impacts by closing the Police Officers' Pension Plan to new participants, and reducing retiree cost of living increases by one-percent to new retirees under the Plan, and joining the Florida Retirement System (FRS). Effective October 1, 2017, all new police officers hired are now a part of FRS.

At the close of the fiscal year, the net pension liability for the Village is \$9.5 million for the 4 retirement plans and an other post employment benefit plan. This reflects a decrease of \$4.2 million from the prior year. The annual required contribution for each year is an actuarial computation which provides a fixed input for annual expenditures for the General Employees' Pension Plan that value was \$1.3 million, and for the Police Officers' Pension Plan that value was \$1.5 million. Increases to the actuarial required contribution for each Village Plan are due to adjusted rate of return assumptions, actual investment returns, Plan experience, salary increases, and mortality rates.

Other Post-Employment Benefits (OPEB) refers to the benefits, other than pensions, that state local government employees are eligible to receive as a part of their retirement benefits. OPEB, which, for the Village, are limited to healthcare costs, continue to increase. Under state law, the Village is required to allow its retirees to continue their health care coverage provided the retirees pay the full premium. This results in an "implied subsidy" to older participants with greater need. The Village also allows (through a collective bargaining agreement with its police officers) police retirees to receive a monthly health insurance stipend of \$350. An OPEB analysis was completed for 2022 indicating a liability of \$1.2 million, this is funded by the Village on a pay-as-you-go basis.

Increases in wholesale water and sewer rates from both Miami-Dade County, Florida and the City of Miami Beach, Florida resulted in increased expenses for the purchase of water and sewer service per 1,000/gallons, additional pass-through rate increases are anticipated in future years. Current employee and operating expenses and liabilities are allocated to the utility fund for work performed. Implementation of the Utility Master Plan capital project continued in fiscal year 2022, with the alternative approach of relining sewer pipes as opposed to excavation and replacement.

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

## **THE VILLAGE FUNDS**

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

### **Governmental Funds**

As of the year end, the Governmental Funds (*as presented on the balance sheet*) reported total fund balance of \$62.3 million, with an increase of \$13.9 million noted for the General Fund with an ending balance of \$49.2 million. The Resort Tax Fund ended the year with



\$10.7 million in fund balance, an increase of \$2.5 million in comparison to the prior year despite the Resort Tax Collections being impacted by the COVID-19 pandemic. Total Fund Balances are \$49.2 million for the General Fund, \$10.7 million for Resort Tax and \$2.2 million for non-major funds, these funds, include the Security District Fund and the State Forfeiture Fund.

### **Enterprise Fund**

The Water and Sewer Fund net position at year end is \$29.4 million, an increase of \$.6 million in comparison to fiscal year 2021. Capital Assets continued to see improvements made to the underground water and wastewater Utility Master Plan ongoing project, with the addition of \$4.2 million of improvements, increasing capital assets to \$30.8 million. Operating revenue increased by \$150 thousand over the prior year, and operating expense decreased by \$31 thousand.

## **CAPITAL ASSETS AND DEBT ADMINISTRATION**

### **Capital Assets**

At the close of the fiscal year, governmental activities capital assets, net of depreciation is \$80.4 million, net capital assets for business-type activities are \$30.8 million, for a combined net book value of \$111.2 million in capital assets categorized as land, construction in progress, building, furniture and equipment, and infrastructure which will be depreciated over time on the government-wide and proprietary financial statements.

For additional information on the Village's capital assets, see Note 5 beginning on page 57.

### **Long-Term Debt**

Long-term liabilities, which consist of a bond, note, leases, compensated absences, pension and OPEB liabilities, decreased by \$5.3 from the previous year for governmental and business-type activities combined. At the close of 2022, the Village had \$20.6 million in outstanding long-term obligations, of which \$2.1 million is due during fiscal year 2023. The ending balance is comprised of \$2.9 million from Revenue Bonds issued in 2010, \$7.0 million Utility Revenue Note issued in 2020, net pension for the Village's 4 retirement plans and 1 other post-employment benefit liabilities comprise \$9.5 million, compensated absences comprise \$1.1 million, and right to use leases total \$96 thousand. The current year portion of all debt is budgeted within the 2022 operating budget of the Village.

For additional information on the Village's long-term debt, see Note 7 beginning on page 59.

## **ECONOMIC FACTORS AND NEXT YEAR'S BUDGET**

The Village, through disciplined approach to resource allocation, careful management practices and conservative fiscal policies, maintains a healthy financial position to provide the quality services deserved by our constituents.

The redevelopment plans for the Village's Business District and various residential projects enhanced the economic outlook for the Village. The property tax millage rate for fiscal year 2022 was maintained at 1.9654 mills per \$1,000 of assessed valuation.

In development of the current year's budget, the Village balanced Florida's limiting measures on residential property taxes which allow the exemption of the first \$25,000 of assessed values from taxation on homestead property. Further, homeowners over age 65 and who have income less than \$20,000 are able to avoid taxes on the next \$25,000 of assessed value. Florida's Constitution also limits the assessed value on homestead property to a maximum increase of 3% per year, or less if inflation is less. Commercial property is limited to a maximum 10% increase in assessed value per year. An additional \$25,000 exemption was approved in 2008; those impacts were evaluated for the Village and determined to be nominal in nature. Much of the condominium market in the Village does not have homestead exemption, and thus enjoys a higher rate of growth. This too insulates the Village from substantial impacts resulting from future State Legislative proposals.

A recurring challenge for the Village are personnel benefit costs that outpace its tax base growth, excluding new construction. For this reason, the value added resulting from redevelopment within the Village is important and permits the Village to retain the third lowest operating millage rate in the County.

Redevelopment of the Business District properties works in conjunction with Village marketing efforts to increase the value of the Bal Harbour brand and The Bal Harbour Shops, as an international destination-shopping venue enhance the tax base of the Village. The Shops is the Village's largest commercial taxpayer and the businesses that locate within the Shops tend to have large retail inventories that are also taxed by the Village. The expansion plans of the Shops, approved in 2017 will increase the development by an additional 350,000 square feet to total 860,000 square feet. Estimated increased values associated with this expansion are appraised at a range of \$193 million to \$270 million upon completion, resulting in a significant increase in ad valorem tax revenue at any millage rate. For the year ended September 30, 2022, Bal Harbour Shops contributed 5.8% of ad valorem tax revenue; the ad valorem tax revenue increases will be substantial after project completion. In addition, the accompanying development agreement provides an estimated benefit in excess of \$123 million to the Village in the years to come.

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

Water and sewer rates were adjusted to pass-through anticipated increases from our wholesale service providers, from \$4.74/1,000 to \$4.91/1,000 gallons of water consumed with a 3,000-gallon minimum monthly charge; wastewater rates increased from \$8.49/1,000 to \$8.74/1,000 gallons of wastewater consumed with a 3,000-gallon minimum monthly charge for sewer. The Village has continued the implementation of the Utility Master Plan infrastructure project, which when completed will result in renewed water, sewer, and stormwater infrastructure with a 30-year lifespan.

The Village benefitted from a beach renourishment truck project that widened the beaches throughout the Village in 2014. The Village coordinates with Miami Dade County, the State of Florida and the United States Army Corps of Engineers to advance the Sand

Bypass Project. Most significantly this year, the long-awaited beach sand nourishment project was completed, which added over 164,000 cubic yards of sand to Bal Harbour Beach, 74 days ahead of completion schedule. We continue our efforts to have renourishment plans included in the County's long-term plans to assist the Village in obtaining both County and State funding for these efforts in the future. This results in a positive impact on both tourism taxes and property values for the Village.

## **FINANCIAL CONTACT**

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

BAL HARBOUR  
- VILLAGE -

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## **BASIC FINANCIAL STATEMENTS**

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BAL HARBOUR  
- VILLAGE -

# BAL HARBOUR VILLAGE, FLORIDA

## STATEMENT OF NET POSITION

SEPTEMBER 30, 2022

	Governmental Activities	Business- type Activities	Total
<b><u>ASSETS</u></b>			
Cash and cash equivalents	\$ 49,407,956	\$ 7,866,025	\$ 57,273,981
Investments	16,403,935	1,489,475	17,893,410
Receivables, net	824,582	672,952	1,497,534
Lease receivable	3,847,888	-	3,847,888
Due from other governments	37,641	-	37,641
Prepaid expenses	161,459	-	161,459
Restricted assets:			
Cash – customer deposits	-	104,579	104,579
Capital assets not being depreciated	75,038,288	17,237,863	92,276,151
Capital assets being depreciated, net	5,347,186	13,584,914	18,932,100
Total assets	<u>151,068,935</u>	<u>40,955,808</u>	<u>192,024,743</u>
<b><u>DEFERRED OUTFLOWS OF RESOURCES</u></b>			
Pension related items	4,681,191	114,849	4,796,040
Other post-employment benefits (OPEB related items)	101,707	-	101,707
Total deferred outflows of resources	<u>4,782,898</u>	<u>114,849</u>	<u>4,897,747</u>
<b><u>LIABILITIES</u></b>			
Accounts payable and accrued liabilities	2,771,307	1,067,861	3,839,168
Due to other governments		317,599	317,599
Customer deposits	-	104,579	104,579
Unearned revenue	1,774,250	9,344	1,783,594
Non-current liabilities:			
Due within one year	864,683	1,267,852	2,132,535
Due in more than one year	329,712	8,583,860	8,913,572
Net pension liability – excess benefit plan	1,449,454	-	1,449,454
Net pension liability – defined benefit plans	6,695,859	177,945	6,873,804
Total other post-employment benefit liabilities	1,190,318	-	1,190,318
Total liabilities	<u>15,075,583</u>	<u>11,529,040</u>	<u>26,604,623</u>
<b><u>DEFERRED INFLOWS OF RESOURCES</u></b>			
Lease related	3,818,602	-	3,818,602
Pension related items	5,057,032	148,829	5,205,861
Total deferred inflows of resources	<u>8,875,634</u>	<u>148,829</u>	<u>9,024,463</u>
<b><u>NET POSITION</u></b>			
Net investment in capital assets	78,957,002	20,244,622	99,201,624
Restricted for:			
Capital projects	500,000	-	500,000
Tourism development	10,729,824	-	10,729,824
State law enforcement	789,062	-	789,062
Security district	1,042,435	-	1,042,435
Unrestricted	39,882,293	9,148,166	49,030,459
Total net position	<u>\$ 131,900,616</u>	<u>\$ 29,392,788</u>	<u>\$ 161,293,404</u>

See Notes to Financial Statements.

# BAL HARBOUR VILLAGE, FLORIDA

## STATEMENT OF ACTIVITIES

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

Functions/Programs	Program Revenues			Net Revenue (Expense) and Changes in Net Position		
	Expenses	Charges for Services	Capital Grants and Contributions	Governmental Activities	Business- type Activities	Total
Governmental activities:						
General government	\$ 6,744,530	\$ 6,450,109	\$ 14,411,696	\$ 14,117,275	\$ -	\$ 14,117,275
Public safety	4,937,857	1,133,619	-	(3,804,238)	-	(3,804,238)
Solid waste	718,066	322,814	-	(395,252)	-	(395,252)
Roads and streets	1,261,010	-	-	(1,261,010)	-	(1,261,010)
Parks and recreation	58,737	-	-	(58,737)	-	(58,737)
Tourism development	3,477,619	5,931,450	-	2,453,831	-	2,453,831
Interest on long-term debt	3,757	-	-	(3,757)	-	(3,757)
Total governmental activities	17,201,576	13,837,992	14,411,696	11,048,112	-	11,048,112
Business-type activities:						
Water and sewer	4,157,525	4,693,354	-	-	535,829	535,829
Total business-type activities	4,157,525	4,693,354	-	-	535,829	535,829
Total	\$ 21,359,101	\$ 18,531,346	\$ 14,411,696	11,048,112	535,829	11,583,941
General revenues:						
Property taxes				9,769,187	-	9,769,187
Franchise fees based on gross receipts				835,113	-	835,113
Utility taxes				958,805	-	958,805
Communications services tax				246,747	-	246,747
Unrestricted developer contribution				18,056,228	-	18,056,228
Unrestricted intergovernmental revenue				640,426	-	640,426
Unrestricted investment earnings				378,644	64,977	443,621
Miscellaneous				833,310	-	833,310
Total general revenues and transfers				31,718,460	64,977	31,783,437
Change in net position				42,766,572	600,806	43,367,378
Net position, beginning				89,134,044	28,791,982	117,926,026
Net position, ending				\$ 131,900,616	\$ 29,392,788	\$ 161,293,404

See Notes to Financial Statements.



## BAL HARBOUR VILLAGE, FLORIDA

### BALANCE SHEET GOVERNMENTAL FUNDS

SEPTEMBER 30, 2022

	General	Resort Tax	Aggregate Nonmajor Funds	Total Governmental Funds
<b>ASSETS</b>				
Cash and cash equivalents	\$ 38,524,124	\$ 8,429,688	\$ 2,454,144	\$ 49,407,956
Investments	13,914,670	2,489,265	-	16,403,935
Receivables, net	556,425	245,034	23,123	824,582
Lease receivable	3,847,888	-	-	3,847,888
Due from other governments	37,641	-	-	37,641
Prepaid items	159,584	-	1,875	161,459
Total assets	57,040,332	11,163,987	2,479,142	70,683,461
<b>LIABILITIES</b>				
Accounts payable and accrued liabilities	\$ 2,236,896	\$ 434,163	\$ 100,248	\$ 2,771,307
Unearned revenue	1,774,250	-	-	1,774,250
Total liabilities	4,011,146	434,163	100,248	4,545,557
<b>DEFERRED INFLOWS OR RESOURCES</b>				
Lease related	3,818,602	-	-	3,818,602
Total deferred inflows of resources	3,818,602	-	-	3,818,602
<b>Fund balances:</b>				
Non-Spendable - Prepays	159,584	-	1,875	161,459
Restricted:				
Capital projects	500,000	-	-	500,000
Tourism development	-	6,661,620	-	6,661,620
State and federal law enforcement	-	-	789,062	789,062
Security district	-	-	1,042,435	1,042,435
Committed:				
Capital projects	14,956,228	-	-	14,956,228
Assigned:				
Excess benefits plan	1,449,454	-	-	1,449,454
Other post-employment benefits and leave time	1,190,318	-	-	1,190,318
Red light camera claims	500,000	-	-	500,000
Building and zoning	285,000	-	-	285,000
Capital projects	14,743,828	4,068,204	545,522	19,357,554
Unassigned:				
General fund	15,426,172	-	-	15,426,172
Total fund balances	49,210,584	10,729,824	2,378,894	62,319,302
Total liabilities, deferred inflows of resources and fund balances	\$ 57,040,332	\$ 11,163,987	\$ 2,479,142	\$ 70,683,461
Total fund balances				\$ 62,319,302
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				80,385,474
Deferred outflows and inflows of resources related to pensions and OPEB are recorded in the statement of net position and not recognized under the modified accrual basis of accounting				(274,134)
Long-term liabilities are not due and payable in the current period and therefore, are not reported in the funds.				
Revenue bonds and leases				(176,934)
Compensated absences				(1,017,461)
Other post-employment benefits liabilities				(1,190,318)
Net pension liability				(8,145,313)
Net position of governmental activities				\$ 131,900,616

See Notes to Financial Statements.

## BAL HARBOUR VILLAGE, FLORIDA

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

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

	General	Resort Tax	Aggregate Non-major Funds	Total Governmental Funds
<b>Revenues:</b>				
Taxes:				
Property	\$ 9,769,187	\$ -	\$ -	\$ 9,769,187
Other local taxes	2,040,665	-	-	2,040,665
Resort tax	-	5,931,450	-	5,931,450
Licenses and permits	3,623,795	-	88,421	3,712,216
Developer contribution	18,056,228	-	-	18,056,228
Fines and forfeitures	1,133,619	-	-	1,133,619
Charges for services	1,800,933	-	-	1,800,933
Special assessments	-	-	936,960	936,960
Intergovernmental	2,244,936	-	-	2,244,936
Investment earnings	310,407	56,105	12,132	378,644
Miscellaneous	777,228	56,082	-	833,310
Total revenues	39,756,998	6,043,637	1,037,513	46,838,148
<b>Expenditures:</b>				
Current:				
General government	5,705,790	-	625,109	6,330,899
Public safety	7,191,216	-	-	7,191,216
Solid waste	718,066	-	-	718,066
Public works & beautification	1,102,699	-	-	1,102,699
Recreation, arts and culture	58,737	-	-	58,737
Tourism development	-	3,447,643	-	3,447,643
Capital outlay	11,066,891	97,262	206,864	11,371,017
Debt Service:				
Principal	37,109	7,676	-	44,785
Interest	3,687	70	-	3,757
Total expenditures	25,884,195	3,552,651	831,973	30,268,819
Excess (deficiency) of revenues over (under) expenditures	13,872,803	2,490,986	205,540	16,569,329
<b>Other financing sources:</b>				
Leases (as leasee)	56,936	-	-	56,936
Total other financing sources	56,936	-	-	56,936
<b>Net change in fund balances</b>	13,929,739	2,490,986	205,540	16,626,265
<b>Fund balances, beginning</b>	35,280,845	8,238,838	2,173,354	45,693,037
<b>Fund balances, ending</b>	\$ 49,210,584	\$ 10,729,824	\$ 2,378,894	\$ 62,319,302

See Notes to Financial Statements.

**BAL HARBOUR VILLAGE, FLORIDA**

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

**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022**

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

Net change in fund balances – total governmental funds \$ 16,626,265

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense

Depreciation expense	(513,338)
Expenditures for capital assets	11,219,932
Contribution of capital assets	13,130,000
Issuance of debt (lease)	(56,936)

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

Net pension liability – defined benefit plans	\$ 3,126,304	
Net pension liability – excess benefit plan	704,079	
Compensated absences	(68,975)	
Revenue bonds and capital lease principal payments	44,785	
Total other post-employment benefits liabilities	<u>241,789</u>	4,047,982

Deferred outflow of resources and deferred inflow of resources related to pensions and OPEB are not recognized in the governmental funds	<u>(1,687,333)</u>
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Change in net position of governmental activities \$ 42,766,572

See Notes to Financial Statements.

**BAL HARBOUR VILLAGE, FLORIDA**

**STATEMENT OF NET POSITION  
PROPRIETARY FUND**

SEPTEMBER 30, 2022

	<u>Water &amp; Sewer</u>
<b><u>ASSETS</u></b>	
Current assets:	
Cash and cash equivalents	\$ 7,866,025
Investments	1,489,475
Receivables, net	672,952
Restricted assets:	
Restricted Cash – customer deposits	104,579
Total current assets	<u>10,133,031</u>
Noncurrent assets:	
Capital assets not being depreciated	17,237,863
Capital assets being depreciated, net	13,584,914
Total noncurrent assets	<u>30,822,777</u>
Total assets	<u>40,955,808</u>
<b><u>DEFERRED OUTFLOWS OF RESOURCES</u></b>	
Pension related items	<u>114,849</u>
<b><u>LIABILITIES</u></b>	
Current liabilities:	
Accounts payable and accrued liabilities	1,067,861
Due to other governments	317,599
Customer deposits	104,579
Unearned Revenue	9,344
Compensated absences	41,976
Bonds, notes and leases payable	1,225,876
Total current liabilities	<u>2,767,235</u>
Noncurrent liabilities:	
Net pension liability	177,945
Compensated absences	12,454
Bonds, notes and leases payable	8,571,406
Total noncurrent liabilities	<u>8,761,805</u>
Total liabilities	<u>11,529,040</u>
<b><u>DEFERRED INFLOWS OF RESOURCES</u></b>	
Pension related items	<u>148,829</u>
<b><u>NET POSITION</u></b>	
Net investment in capital assets	20,244,622
Unrestricted	9,148,166
Total net position	<u>\$ 29,392,788</u>

See Notes to Financial Statements.

**BAL HARBOUR VILLAGE, FLORIDA**

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

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

	<u>Water &amp; Sewer</u>
<b>Revenues</b>	
Operating revenues:	
Charges for sales and services:	
Water sales	\$ 2,352,174
Sewer sales	2,330,348
Tap fees	800
Fines and penalties	2,103
Miscellaneous	<u>7,929</u>
Total operating revenues	<u>4,693,354</u>
<b>Operating expenses:</b>	
Materials, supplies and administration	662,121
Wastewater treatment charges	1,134,650
Water purchases	915,011
Depreciation	501,699
Personnel services	<u>761,072</u>
Total operating expenses	<u>3,974,553</u>
Operating income	<u>718,801</u>
<b>Nonoperating revenues (expenses):</b>	
Interest income	64,977
Interest expense	<u>(182,972)</u>
Total nonoperating revenues (expenses)	<u>(117,995)</u>
<b>Change in net position</b>	600,806
Net position, beginning	<u>28,791,982</u>
Net position, ending	<u>\$ 29,392,788</u>

See Notes to Financial Statements.

**BAL HARBOUR VILLAGE, FLORIDA**

STATEMENT OF CASH FLOWS  
PROPRIETARY FUND

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

	<u>Water &amp; Sewer</u>
Cash flows from operating activities:	
Receipts from customers and users	\$ 4,657,497
Payments from other government	11,245
Payments to suppliers	(3,036,756)
Payments to employees	(790,317)
Net cash provided by operating activities	<u>841,669</u>
Cash flows from capital and related financing activities:	
Principal payments on bonds and leases	(1,212,907)
Purchase and construction of capital assets	(4,215,173)
Interest paid on capital debt	(182,972)
Net cash used in capital and related financing activities	<u>(5,611,052)</u>
Cash flows from investing activities:	
Interest received	55,188
Purchase of investments	(1,479,686)
Net cash used in investing activities	<u>(1,424,498)</u>
Net decrease in cash and cash equivalents	(6,193,881)
Cash and cash equivalents, beginning	<u>14,164,485</u>
Cash and cash equivalents, ending	<u><u>\$ 7,970,604</u></u>
Cash and cash equivalents per statement of net position:	
Unrestricted	\$ 7,866,025
Restricted	104,579
	<u><u>\$ 7,970,604</u></u>
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	\$ 718,801
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation expense	501,699
Changes in operating assets, liabilities and deferred outflows/inflows:	
(Increase) decrease in:	
Receivables	(23,453)
Deferred outflows – pensions	(43,423)
Increase (decrease) in:	
Accounts payable and accrued liabilities	(324,974)
Due to other governments	11,245
Compensated absences	11,157
Customer deposits	(12,404)
Deferred inflows – pensions	132,598
Net pension liability	(129,577)
Net cash provided by operating activities	<u>\$ 841,669</u>
Noncash Investing, Capital and Financing Activities:	
Capital construction related liabilities	\$ 704,111

See Notes to Financial Statements.

**BAL HARBOUR VILLAGE, FLORIDA**  
**STATEMENT OF FIDUCIARY NET POSITION**  
**FIDUCIARY FUNDS**  
**SEPTEMBER 30, 2022**

	<u>Pension Trust Funds</u>	<u>Pending Forfeitures Custodial Fund</u>
<b><u>ASSETS</u></b>		
Cash and cash equivalents	\$ -	\$ 301,248
Investments:		
Money market mutual funds	963,502	-
Equity mutual funds	11,123,528	-
Bond mutual funds	5,092,515	-
U.S. Government obligations	4,607,804	-
Corporate bonds	3,182,125	-
Large cap equities	12,310,528	-
Real estate investments	4,296,632	-
Infrastructure investments	801,799	-
Foreign stock	2,411,239	-
Total investments	44,789,672	-
Accrued interest receivable	53,089	-
Contributions receivable	138,864	-
Prepaid expenses	4,375	-
Total assets	44,986,000	301,248
<b><u>LIABILITIES</u></b>		
Accounts payable and other liabilities	55,497	-
<b><u>NET POSITION</u></b>		
Net position restricted for pension benefits	44,930,503	-
Restricted for other governments	-	301,248
	44,930,503	301,248

See Notes to Financial Statements.

**BAL HARBOUR VILLAGE, FLORIDA**  
**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**  
**PENSION TRUST FUNDS**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022**

	<u>Pension Trust Funds</u>	<u>Pending Forfeitures Custodial Fund</u>
<b><u>ADDITIONS</u></b>		
Contributions:		
Village	\$ 2,813,023	\$ -
Employees	399,516	-
State	138,864	-
Total contributions	<u>3,351,403</u>	<u>-</u>
Investment income (loss):		
Interest and dividends	815,611	-
Net depreciation in the fair value of investments	<u>(6,743,081)</u>	<u>-</u>
	(5,927,470)	-
Less investment expenses	<u>(182,665)</u>	<u>-</u>
Net investment loss	<u>(6,110,135)</u>	<u>-</u>
Other (loss)	<u>(79,478)</u>	<u>-</u>
Total deletions	<u>(2,838,210)</u>	<u>-</u>
<b><u>DEDUCTIONS</u></b>		
Benefits payments	2,599,092	-
Lump sum DROP distributions	118,575	-
Administrative expenses	194,048	-
Total deductions	<u>2,911,715</u>	<u>-</u>
Change in net position	(5,749,925)	-
<b><u>Net position</u></b>		
Beginning	50,680,428	301,248
Ending	<u>\$ 44,930,503</u>	<u>\$ 301,248</u>

See Notes to Financial Statements.



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## **NOTES TO BASIC FINANCIAL STATEMENTS**

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BAL HARBOUR  
- VILLAGE -

# BAL HARBOUR VILLAGE, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS

### **NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

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

#### ***A. Financial Reporting Entity***

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

#### ***B. Government-Wide and Fund Financial Statements***

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

The statement of activities demonstrates the degree to which the direct expenses of a given function or identifiable activity is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or identifiable activity. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services or privileges provided by a given function or identifiable activity and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or identifiable activity. Taxes and other items not properly included among program revenues are reported instead as general revenues.

# BAL HARBOUR VILLAGE, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

### **NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

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

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

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

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

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

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

# BAL HARBOUR VILLAGE, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS

### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

(Continued)

The Village reports the following major governmental funds:

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

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

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

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

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

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

The Village also reports the following major proprietary fund:

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

Additionally, the Village reports the following fund types:

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

# BAL HARBOUR VILLAGE, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS

### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

(Continued)

The ***pending forfeitures custodial fund*** is 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. Therefore, monies are being held on behalf of other government agencies.

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

Amounts reported as program revenues in the government-wide financial statements include: 1) charges to customers or applicants for goods, services or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes, whose purpose has not been restricted to a specific purpose.

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

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

# BAL HARBOUR VILLAGE, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS

### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

For the year beginning October 1, 2021, the Village implemented GASB Statement No. 87, Leases; GASB No. 91, Conduit Debt; GASB No. 92, Omnibus 2020, and GASB No. 97, 457 deferred compensation plans and component units.

- GASB Statement No. 87, *Leases*, was issued June 2017. This Statement improves the accounting and financial reporting for leases by governments. The provisions of this Statement became effective and was implemented for the Village at the beginning of the year ending September 30, 2022. See Notes 5, 7, and Note 13 for disclosures. The implementation of GASB 87 Leases resulted in restatement of beginning balances.
- GASB Statement No. 92, *Omnibus 2021*, was issued January 2021. This statement enhances comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. The provisions of this Statement became effective and was implemented for the Village at the beginning of the year ending September 30, 2022. The adoption of this statements had no reporting impact for the Village.
- GASB Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*—an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32, was issued June 2021. The primary objectives of this Statement are to: (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans.

The requirements of this Statement are effective for the Village beginning with its year ending September 30, 2022. Except for the requirement of this Statement that: (1) exempt primary governments that perform the duties that a governing board typically performs from treating the absence of a governing board the same as the appointment of a voting majority of a governing board in determining whether they are financially accountable for defined contribution pension plans, defined contribution OPEB plans, or other employee benefit plans, and (2) limit the applicability of the financial burden criterion in paragraph 7 of Statement 84 to defined benefit pension plans and defined benefit OPEB plans that are administered through trust that meet the criteria in paragraph 30 of Statement 67 or paragraph 30 of Statement 74, respectively, are effective immediately for 2021. See Note 9 for disclosures.

# BAL HARBOUR VILLAGE, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS

### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The following GASB statements have been issued but are unadopted by the Village as of year-end:

- GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, was issued March 2021. This statement improves financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). This Statement also provides guidance for accounting and financial reporting for availability payment arrangements (APAs). The requirements of this Statement are effective for the Village beginning with its year ending September 30, 2023.
- GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*, was issued May 2021. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). The requirements of this Statement are effective for the Village beginning with its year ending September 30, 2023. GASB Statement No. 100, *Accounting Changes and Error Corrections* will improve the clarity of the accounting and financial reporting requirements for accounting changes and error corrections, which will result in greater consistency in application in practice. In turn, more understandable, reliable, relevant, consistent, and comparable information will be provided to financial statement users for making decisions or assessing accountability. In addition, the display and note disclosure requirements will result in more consistent, decision useful, understandable and comprehensive information for users about accounting changes and error corrections. The statement will be effective for the Village with its year ending September 30, 2024.
- GASB Statement No. 99, *Omnibus 2022* will enhance comparability in the application of accounting and financial reporting requirements and will improve the consistency of authoritative literature. Consistent authoritative literature enables governments and other stakeholders to more easily locate and apply the correct accounting and financial reporting provisions, which improves the consistency with which such provisions are applied. The comparability of financial statements also will improve as a result of this Statement. Better consistency and comparability improve the usefulness of information for users of state and local government financial statements. The statement will be effective for the Village at various times through the year ending September 30, 2024.



# BAL HARBOUR VILLAGE, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS

### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- GASB Statement No. 100, *Accounting Changes and Error Corrections* will improve the clarity of the accounting and financial reporting requirements for accounting changes and error corrections, which will result in greater consistency in application in practice. In turn, more understandable, reliable, relevant, consistent, and comparable information will be provided to financial statement users for making decisions or assessing accountability. In addition, the display and note disclosure requirements will result in more consistent, decision useful, understandable and comprehensive information for users about accounting changes and error corrections. The statement will be effective for the Village with its year ending September 30, 2024.
- GASB Statement No. 101, *Compensated Absences* will through its unified recognition and remeasurement model, result in a liability for compensated absences that more appropriately reflects when a government incurs an obligation. In addition, the model can be applied consistently to any type of compensated absence and will eliminate potential comparability issues between governments that offer different types of leave. The model also will result in a more robust estimate of the amount of compensated absences that a government will pay or settle, which will enhance the relevance and reliability of information about the liability for compensated absences. The statement will be effective for the Village with its year ending September 30, 2024.

#### ***D. Cash, Cash Equivalents and Investments***

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

GASB Statement No. 72, *Fair Value Measurement and Application*, requires that investments be categorized according to the fair value hierarchy established by this Statement. The hierarchy is based on valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are based on observable inputs for the assets either directly or indirectly, other than those considered Level 1 inputs, which may include quoted prices for identical assets in markets that are not considered to be active, and quoted prices of similar assets in active or inactive markets; Level 3 inputs are significant unobservable inputs.

Investments are reported at fair value which is the amount a financial instrument could be exchanged for in a current transaction between willing parties at the measurement date. Generally, these are quoted market prices. Investments, including restricted investments, consist of mutual funds, U.S. Government securities, corporate debt and equity securities, mortgage-backed securities, asset-backed securities and securities of governmental agencies unconditionally guaranteed by the U.S. Government. Investments with Florida PRIME are recorded at amortized costs.

# BAL HARBOUR VILLAGE, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS

### **NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

#### ***D. Cash, Cash Equivalents and Investments*** (Continued)

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

#### ***E. Receivables***

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

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

#### ***F. Prepaids***

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

#### ***G. Restricted Assets***

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

# BAL HARBOUR VILLAGE, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS

### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### ***H. Capital Assets***

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

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

Land and construction in progress are not depreciated. The other tangible and intangible property, plant, equipment, the right to use leased equipment, and infrastructure of the primary government are depreciated/amortized using the straight-line method over the following estimated useful lives:

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

#### ***I. Compensated Absences***

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

#### ***J. Long-Term Obligations***

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

# BAL HARBOUR VILLAGE, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS

### **NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

#### ***J. Long-Term Obligations*** (Continued)

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

#### ***K. Pensions***

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

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

For the purposes of measuring the Village's share of the net pension liability, net pension asset, deferred outflows of resources related to pensions, deferred inflows of resources related to pensions, and pension expense, the Village uses information about the fiduciary net position of the Village's General Employees' Pension Plan, Police Officer's Pension Plan, Florida Retirement System (FRS) and Retiree Health Insurance Subsidy (HIS) (the Plans). Additions to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by the Plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms.

#### ***L. Other Post-Employment Benefits (OPEB)***

The total OPEB liability, OPEB expense and deferred outflows and inflows of resources related to OPEB are measured and presented in accordance with the requirements of GASB Statement No. 75, *Accounting and Financial Reporting for Post-Employment Benefits Other Than Pensions*. Additional Information regarding the Village's OPEB liability can be found in Note 9.

# BAL HARBOUR VILLAGE, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS

### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### ***M. Deferred Outflows and Inflows of Resources***

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

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

#### ***N. Fund Balance***

The Village reports the following fund balance classifications:

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

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

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

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

# BAL HARBOUR VILLAGE, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS

### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### ***N. Fund Balance*** (Continued)

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

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

The Village adopted a formal Fund Balance Policy that provided for definitions and classifications of fund balance. The policy also provides for certain non-spendable fund balance, restricted, committed, and assigned categories. Of particular note is the assigned fund balance for the Village's excess benefit plan and other postemployment benefits of \$1.5 million and \$1.2 million, respectively, in the General Fund; and \$14.7 million for future capital projects. Committed fund balance of \$14.9 in the General Fund for the future new Village Hall capital project. A requirement to maintain a minimum unassigned General Fund balance of 33% of the subsequent year's General Fund budgeted operating expenditures exists, and the Village exceeded that goal with \$15.4 million or 92% of the General Fund fiscal year 2022 budgeted operating expenditures.

#### ***O. Net Position***

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

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

# BAL HARBOUR VILLAGE, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS

### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### ***O. Net Position*** (Continued)

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.

#### ***P. Leases***

The Village is a lessee for a noncancellable lease of equipment. The Village recognizes a lease liability and an intangible right-to-use lease asset (lease asset) in the government-wide financial statements. The Village recognizes lease liabilities with an initial, individual value of \$20,000 or more.

At the commencement of a lease, the Village initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

Key estimates and judgments related to leases include how the Village determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The Village uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the Village generally uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the Village is reasonably certain to exercise.

The Village monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability. Lease assets are reported with capital assets and lease liabilities are reported with long-term debt on the statement of net position.

# BAL HARBOUR VILLAGE, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS

### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### ***P. Leases*** (Continued)

The Village is a lessor for a noncancellable lease of a building. The Village recognizes a lease receivable and a deferred inflow of resources in the government-wide and governmental fund financial statements. At the commencement of a lease, the Village initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

Key estimates and judgments include how the Village determines (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts.

- The Village uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee.

The Village monitors changes in circumstances that would require a remeasurement of its lease, and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

#### ***Q. Use of Estimates***

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

### NOTE 2. PROPERTY TAXES

Under Florida Law, the assessment of all properties and the collection of all county, municipal and school board property taxes are consolidated in the offices of the County Property Appraiser and County Tax Collector. The laws of the State regulating tax assessments are also designed to assure a consistent property valuation method statewide. State statutes permit municipalities to levy property taxes at a rate of up to 10.0 mils. The fiscal year 2022 millage rate assessed by the Village was 1.9654 mills.



# BAL HARBOUR VILLAGE, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS

### NOTE 2. PROPERTY TAXES (Continued)

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

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

All real and tangible personal property taxes are due and payable on November 1 each year or as soon as practicable thereafter as the assessment roll is certified by the County Property Appraiser. The County mails to each property owner on the assessment roll a notice of the taxes due and the County also collects the taxes for the Village. Taxes may be paid upon receipt of such notice from the County, with discounts at the rate of 4% if paid in the month of November, 3% if paid in the month of December, 2% if paid in the month of January and 1% if paid in the month of February. Taxes paid during the month of March are without discount, and all unpaid taxes on real and tangible personal property become delinquent on April 1 of the year following the year in which taxes were assessed. Procedures for the collection of delinquent taxes by the County are provided for in the laws of Florida. There were no material delinquent property taxes as of September 30, 2022, however the Village continues to experience the effects of the Value Adjustment Board's action on appealing assessment values, which directly impacts the collection of budgeted property tax revenue.

### NOTE 3. DEPOSITS AND INVESTMENTS

At September 30, 2022, cash and investments of the primary government and the fiduciary funds consisted of the following:

	<b>Balance</b>
<b>Primary Government</b>	
Cash and cash equivalents	\$ 57,378,560
Investments	17,893,410
Total cash, cash equivalents and investments	<u>\$ 75,271,970</u>
<b>Fiduciary Funds</b>	
Cash and cash equivalents	\$ 301,248
Investments	44,789,672
Total cash, cash equivalents and investments	<u>\$ 45,090,920</u>

# BAL HARBOUR VILLAGE, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS

### NOTE 3. DEPOSITS AND INVESTMENTS (Continued)

#### ***Deposits***

The carrying amounts of the Village's cash deposits were \$13,169,388 as of September 30, 2022. In addition to insurance provided by the Federal Depository Insurance Corporation (FDIC), all deposits are held in banking institutions approved by the State Treasurer of the State of Florida to hold public funds. Under Florida Statutes Chapter 280, *Florida Security for Public Deposits Act*, the State Treasurer requires all Florida qualified public depositories to deposit with the Treasurer or another banking institution eligible collateral. In the event of a failure of a qualified public depository, the remaining public depositories would be responsible for covering any resulting losses. Accordingly, all amounts reported as deposits are deemed as insured or collateralized.

#### ***Investments - Other Than Pension Funds***

Village administration is authorized to invest in those instruments authorized by the Florida statutes, including the Florida PRIME administered by the Florida State Board of Administration (State Treasurer's Investment Pool); the Local Government Surplus Funds Trust Fund or any intergovernmental investment pool authorized pursuant to the Florida Interlocal Cooperation Act of 1969; Security and Exchange Commission registered money market funds with the highest credit quality ratings from a nationally recognized rating agency; interest bearing time deposits or savings accounts in qualified public depositories (as defined in Section 280.02, Florida Statutes) and direct obligations of the U.S. Treasury.

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

As of September 30, 2022, the Village had the following investments:

Investment Type	Fair Value	Weighted Average Duration (Years)	Credit Rating
Florida PRIME	\$ 23,179,258	0.05	AAAm
United States Treasury Notes	34,720,312	0.28	AA+
Money market mutual funds (exempt)	5,411,044	Daily	AAAm
Total	<u>\$ 63,310,614</u>		

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

# BAL HARBOUR VILLAGE, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS

### NOTE 3. DEPOSITS AND INVESTMENTS (Continued)

As of September 30, 2022, the Village's investments were categorized as follows:

Investment Type	Amount	Level 2
United States Treasury Notes	\$ 34,720,312	\$ 34,720,312
Total	\$ 34,720,312	\$ 34,720,312

Money market mutual funds (exempt)	5,411,044
Total investments	\$ 40,131,356

Investments measured at Net Asset Value (NAV):

Investment Type	Amount
Florida PRIME	\$ 23,179,258

#### ***Interest Rate Risk***

The dollar weighted average days to maturity (WAM) of the Florida PRIME at September 30, 2022, was 21 days. Next interest rate reset dates for floating rate securities are used in the calculation of the WAM. The pool's guidelines allow for the purchase of only money-market assets at least 50% rated 'A-1+' by Standard & Poor's and no more than 50% rated 'A-1', such as U.S. Treasury and U.S. agency obligations, corporate obligations including commercial paper and asset backed commercial paper; municipal securities; bank obligations; and money-market mutual funds. In accordance with its investment policy, the Village manages its exposure to declines in fair values by limiting the maximum maturity length of investments to three years.

#### ***Credit Risk***

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

#### ***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, 2022, the value of each position held in any one Issuer within the Village's portfolio is less than 5% of total Investments.

#### ***Custodial Credit Risk***

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

# BAL HARBOUR VILLAGE, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS

### NOTE 3. DEPOSITS AND INVESTMENTS (Continued)

#### ***Investments - General Employees' Pension Plan***

##### Policy

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

The Board of Trustees of the Bal Harbour Village General Employees' Pension Plan & Trust (the Plan) adopted an amended Investment Policy on April 5, 2022. The Board of Trustees has opted to invest in index funds, actively managed hedge strategy & infrastructure mutual funds, and actively managed real estate fund with a 1933 Act Non-Traded Perpetual Life REIT structure. All of these investments are permitted in the Investment Policy Statement. 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 and permitted ranges, expected annual rates of return and other investment requirements.

The Plans' investments are categorized as follows according to the GASB 72 fair value level hierarchy as of September 30, 2022:

Investment Type	General Employees	
	Fair Value Measurements Using	
	Balance	Quoted Prices in Active Markets for Identical Assets (Level 1)
Equity mutual funds	\$ 9,821,675	\$ 9,821,675
Bond mutual funds	5,092,515	5,092,515
<b>Total Investments at Fair Value</b>	14,914,190	<b>\$ 14,914,190</b>
Measured at Net Asset Value (NAV):		
Real estate investments	957,248	
Infrastructure investments	801,799	
	1,759,047	
Measured at amortized cost:		
Money market mutual funds (exempts)	78,478	
<b>Total Investments</b>	<b>\$ 16,751,715</b>	

Alternative real-estate and infrastructure investments in the limited partnership are valued at NAV per share, as provided by the investment fund manager. The Plan is permitted to establish the fair value of an investment in a nongovernmental entity that does not have a readily determinable fair value by using the NAV per share (or its equivalent), such as member units or an ownership interest in partners' capital to which a proportionate share of net assets is attributed.

# BAL HARBOUR VILLAGE, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS

### NOTE 3. DEPOSITS AND INVESTMENTS (Continued)

#### ***Investments - General Employees' Pension Plan*** (Continued)

The fair value of the Plan's investment in real-estate and infrastructure investments are measured using the NAV per share (or equivalent) valuation technique in accordance with GASB 72. The Plan's fair value of its investment in real-estate and infrastructure investments was \$957,248 and \$801,799 respectively as of September 30, 2022, and there are no unfunded commitments. The Plan may request redemption of its holdings in the real estate fund monthly, provided the Plan has no unfunded commitments outstanding. The infrastructure fund redemptions can be requested daily.

The real-estate and infrastructure investments are balanced portfolios of yield-driven real estate related assets that are broadly diversified by geography and product type. The objectives of the Fund are to preserve and protect investors' capital, provide potential for capital appreciation, produce income on invested capital of approximately 3-5% per annum, and target total annual average returns of approximately 6-8% per annum.

#### *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. The portfolio's current fixed income exposure is through investments in mutual funds; however, the investment policy also permits use of separately managed accounts.

As of September 30, 2022, the Plan had the following investments and maturities:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Less Than 1 Year</u>
Money market mutual funds	\$ 78,478	\$ 78,478
<b>Total</b>	<u>\$ 78,478</u>	<u>\$ 78,478</u>

#### *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 majority (over 85%) of the portfolio's investments are in index mutual funds. Therefore, the portfolio bears similar credit risk to the aggregated market.

# BAL HARBOUR VILLAGE, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS

### NOTE 3. DEPOSITS AND INVESTMENTS (Continued)

#### Concentration of Credit Risk

The majority (approximately 85%) of the portfolio's investments are in index mutual funds. Therefore, the majority of the portfolio represents the total diversification provided in the markets that the index funds mirror. The remaining approximately 15% of the portfolio is invested in alternative investment assets (hedge strategy, infrastructure, and real estate) that have lower correlations to the traditional equities & fixed income.

#### Custodial Credit Risk

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

#### ***Investments - Bal Harbour Police Officer's Pension Plan***

The Plan's investment policy establishes asset classes and stipulates the following maximum portfolio percentages as of September 30, 2022:

Authorized Investments	Allowable Range %	Target %
Domestic Equity	0% - 65%	50%
Fixed Income	0% - 100%	25%
Foreign Securities	0% - 25%	10%
Private Real Estate	0% - 10%	15%

# BAL HARBOUR VILLAGE, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS

### NOTE 3. DEPOSITS AND INVESTMENTS (Continued)

The Plans' investments are categorized as follows according to the GASB 72 fair value level hierarchy as of September 30, 2022:

	<b>Police Plan</b>		
	Fair Value Measurements Using		
	Balance	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)
<b>Investments by Fair Value Level</b>			
Fixed income securities:			
U.S. government obligations	\$ 4,607,804	\$ -	\$ 4,607,804
Corporate bonds	3,182,125	-	3,182,125
<b>Total Fixed Income Securities</b>	<u>7,789,929</u>	-	<u>7,789,929</u>
Equity securities:			
Large cap domestic stock	12,310,528	12,310,528	-
Foreign stocks	2,411,239	2,411,239	-
Mutual Funds	1,301,853	1,301,853	-
<b>Total Investments at Fair Value</b>	<u>23,813,549</u>	<u>16,023,620</u>	<u>7,789,929</u>
Investments not at Fair Value			
Real estate investments (measured at NAV)	3,339,384		
Money market funds (measured at amortized cost)	885,024		
<b>Total Investments</b>	<u>\$ 28,037,957</u>		

#### Custodial Risk

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

#### Interest Rate Risk

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

As of September 30, 2022, the Police Officer's Pension Plan had the following fixed income investments and maturities:

	Fair Value	Investment Maturities (In Years)			More than 10 years
		Less Than 1	1-5	6-10	
U.S. government obligations	\$ 4,607,804	\$ 79,965	\$ 4,527,839	\$ -	\$ -
Corporate bonds	3,182,125	-	3,182,125	-	-
<b>Total Investments</b>	<u>\$ 7,789,929</u>	<u>\$ 79,965</u>	<u>\$ 7,709,964</u>	<u>\$ -</u>	<u>\$ -</u>

# BAL HARBOUR VILLAGE, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS

### NOTE 3. DEPOSITS AND INVESTMENTS (Continued)

#### Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The Police Officer's Pension Plan's investment policy limits fixed income investments to a rating no lower than Standard & Poor's BBB or Moody's Baa. This Plan's fixed income investments had the following Standard & Poor's or Moody's ratings:

Rating	2022	
	Investment Type	
	US Government Obligations	Corporate Bonds
A	\$ -	\$ 831,178
A-	-	1,065,399
A+	-	302,562
AA	-	164,138
AA+	501,342.00	-
Aaa	312,330.00	-
Aaa	3,794,132.00	-
BBB	-	133,454
BBB+	-	685,394
	<u>\$ 4,607,804</u>	<u>\$ 3,182,125</u>

#### Concentration of Credit Risk

The Police Officer's Pension Plan's investment policy stipulates that not more than 5% of Police Officer's Pension Plan's assets can be invested in the common stock of any one issuing company nor can the aggregate investment in any one issuing company exceed 5% of the outstanding capital stock of any company. As of September 30, 2022, the value of each position in any one issuer held by the Police Pension comprised less than 5% of Police Pension net position and less than 5% of the value of the outstanding capital stock of any company.

### NOTE 4. RECEIVABLES

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

	Major Funds			Nonmajor Funds	Total
	General Fund	Resort Tax Fund	Water and Sewer Fund		
Receivables:					
Taxes and assessments	\$ 556,425	\$ 245,034	\$ -	\$ 23,123	\$ 824,582
Accounts	-	-	672,952	-	672,952
Gross receivables	556,425	245,034	672,952	23,123	1,497,534
Less allowance for uncollectible	-	-	-	-	-
<b>Net receivables</b>	<u>\$ 556,425</u>	<u>\$ 245,034</u>	<u>\$ 672,952</u>	<u>\$ 23,123</u>	<u>\$ 1,497,534</u>



# BAL HARBOUR VILLAGE, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS

### NOTE 5. CAPITAL ASSETS

Capital asset activity for the governmental activities for the fiscal year ended September 30, 2022, follows:

<b>Governmental activities:</b>	<b>Beginning Balance</b>	<b>Increases</b>	<b>Decreases</b>	<b>Transfers</b>	<b>Ending Balance</b>
Capital assets not being depreciated:					
Land	\$ 18,898,959	\$ 13,130,000	\$ -	\$ -	\$ 32,028,959
Land easements	29,000,000	-	-	-	29,000,000
Construction in progress	3,201,659	10,853,601	-	(45,931)	14,009,329
Total capital assets not being depreciated	51,100,618	23,983,601	-	(45,931)	75,038,288
Capital assets being depreciated:					
Buildings	4,761,062	1,848	-	-	4,762,910
Improvements other than buildings	2,325,094	80,000	-	-	2,405,094
Right-to-use leased equipment *	40,530	56,936	(2,105)	-	95,361
Furniture, fixtures and equipment	2,505,033	110,350	2,105	16,931	2,634,419
Software	449,854	117,198	-	29,000	596,052
Total capital assets being depreciated	10,081,573	366,332	-	45,931	10,493,836
Less accumulated depreciation for:					
Buildings	(1,450,649)	(174,914)	-	-	(1,625,563)
Improvements other than buildings	(1,326,167)	(117,604)	-	-	(1,443,771)
Right-to-use leased equipment *	-	(20,608)	2,105	-	(18,503)
Furniture, fixtures and equipment	(1,733,514)	(155,226)	(2,105)	-	(1,890,845)
Software	(122,982)	(44,986)	-	-	(167,968)
Total accumulated depreciation	(4,633,312)	(513,338)	-	-	(5,146,650)
Total capital assets being depreciated, net	5,448,261	(147,006)	-	45,931	5,347,186
<b>Governmental activities capital assets, net</b>	<b>\$ 56,548,879</b>	<b>\$ 23,836,595</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 80,385,474</b>

(\*) Balances were restated with the implementation of GASB 87, *Leases*.

# BAL HARBOUR VILLAGE, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS

### NOTE 5. CAPITAL ASSETS (Continued)

Capital asset activity for the business-type activities for the fiscal year ended September 30, 2022, follows:

<b>Business-type activities:</b>	<b>Beginning Balance</b>	<b>Increases</b>	<b>Decreases</b>	<b>Transfers</b>	<b>Ending Balance</b>
Capital assets not being depreciated:					
Land	\$ 6,545,190	\$ -	\$ -	\$ -	\$ 6,545,190
Construction in progress	6,554,178	4,154,397	-	(15,902)	10,692,673
Total capital assets not being depreciated	13,099,368	4,154,397	-	(15,902)	17,237,863
Capital assets being depreciated:					
Buildings	1,091,429	-	-	-	1,091,429
Furniture, fixtures and equipment	61,005	17,504	2,105	15,902	96,516
Water/sewer system	15,493,118	43,272	-	-	15,536,390
Right-to-use leased equipment *	26,560	-	(2,105)	-	24,455
Total capital assets being depreciated	16,672,112	60,776	-	15,902	16,748,790
Less accumulated depreciation for:					
Buildings	(4,548)	(27,286)	-	-	(31,834)
Furniture, fixtures and equipment	(27,117)	(13,149)	-	-	(40,266)
Water/sewer system	(2,630,512)	(455,510)	-	-	(3,086,022)
Right-to-use leased equipment *	-	(5,754)	-	-	(5,754)
Total accumulated depreciation	(2,662,177)	(501,699)	-	-	(3,163,876)
Total capital assets being depreciated, net	14,009,935	(440,923)	-	15,902	13,584,914
<b>Business-type activities capital assets, net</b>	<b>\$ 27,109,303</b>	<b>\$ 3,713,474</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 30,822,777</b>

(\*) Balances were restated with the implementation of GASB 87, *Leases*.

# BAL HARBOUR VILLAGE, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS

**NOTE 5. CAPITAL ASSETS** (Continued)

Depreciation expense for the fiscal year ended September 30, 2022, was charged to functions/programs as follows:

Governmental activities:	
General government	\$ 221,938
Public safety	103,113
Road, streets, and parks	158,311
Tourism development	<u>29,976</u>
Total depreciation expense - governmental activities	<u>\$ 513,338</u>
Business-type activities:	
Water and sewer	<u>\$ 501,699</u>

**NOTE 6. ADMINISTRATIVE CHARGES**

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

Resort Tax Fund	Security District Fund	Water and Sewer Fund	Total
\$ 40,000	\$ 45,000	\$ 70,000	<u>\$ 155,000</u>

**NOTE 7. LONG-TERM DEBT**

On October 18, 2011, the Village issued the Capital Improvement Revenue Bonds, Series 2011 Bonds (Bonds). 96.5% of this debt was allocated to the water and sewer fund and 3.5% was allocated to the governmental activities. The Bonds bear interest on the outstanding principal balance from their date of issuance payable semi-annually on each March 31, September 30 (the Interest Payment Dates) at an interest rate equal to 63% of the 10-Year H-15 Swap Index, plus 1.05% (the Fixed Rate). As used herein, "10-Year H-15 Swap Index" means the most recent rate designated as the 10-year interest rate swap rate under the H.15 Selected Interest Rates published by the Federal Reserve. The interest rate as of September 30, 2022 on the Bonds was 3.61%.

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

# BAL HARBOUR VILLAGE, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS

### NOTE 7. LONG-TERM DEBT (Continued)

On April 23, 2022, the Village issued the Series 2022 Utility Revenue Note in the amount of \$8,096,000. The Note bears interest on the outstanding principal balance from their date of issuance payable semiannually on each March 31 and September 30 (the Interest Payment Dates) at an interest rate equal to 1.29% per annum. The Village pledged that it will charge such rates, fees and other charges of the Utility System that will maintain Pledged Revenues equal to at least 1.10 times the Maximum Annual Debt Service on the Note and any other Utility System Parity Debt.

The debt outstanding at September 30, 2022, consist of the following:

Debt	Purpose of Issue	Amount Issued	Amount Outstanding	Interest Rate	Maximum Annual Debt Service
Series 2011 Revenue Bond	To Fund Water and sewer projects	\$ 10,000,000	\$ 2,851,362	1.040%	\$ 770,886
Series 2020 Utility Note	To Fund Water and sewer projects	\$ 8,096,000	\$ 7,027,000	1.290%	\$ 636,286

The Villages bond and note are secured by a pledge of specific revenues. Total pledged revenues to repay the principal and interest of those liabilities as of September 30, 2022 are as follows:

#### Revenue Bond:

Current revenue pledged	\$399,286
Current debt service	\$770,886
Total future revenue pledged	\$3,030,642
Description of debt	Bal Harbour Village, Florida Capital Improvement Revenue Bonds, Series 2011
Purpose of debt	To fund water and sewer projects
Term of commitment	2011 - 2026
Percentage of debt service to pledged revenue (current year)	193%

# BAL HARBOUR VILLAGE, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS

### NOTE 7. LONG-TERM DEBT (Continued)

Note Payable:

Current revenue pledged	\$718,801
Current debt service	\$635,649
Total future revenue pledged	\$7,630,112
Description of debt	Bal Harbour Village, Florida Series 2020 Utility Note
Purpose of debt	To fund water and sewer projects
Term of commitment	2011 - 2034
Percentage of debt service to pledged revenue (current year)	88%

Long-term liabilities activity for the fiscal year ended September 30, 2022, for governmental and business-type activities follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<b>Governmental activities:</b>					
Revenue bonds	\$ 123,982	\$ -	\$ (24,184)	\$ 99,798	\$ 24,487
Leases *	40,800	56,936	(20,600)	77,136	29,294
Compensated absences	948,486	581,884	(512,909)	1,017,461	810,902
Total OPEB liability	1,432,107	-	(241,789)	1,190,318	-
Net pension liability - defined benefit plans	9,822,163	-	(3,126,304)	6,695,859	-
Net pension liability - excess benefit plan	2,153,533	-	(704,079)	1,449,454	-
<b>Total governmental activities, long-term liabilities</b>	<b>\$ 14,521,071</b>	<b>\$ 638,820</b>	<b>\$ (4,629,865)</b>	<b>\$ 10,530,026</b>	<b>\$ 864,683</b>
<b>Business-type activities:</b>					
Revenue bonds	\$ 3,418,360	\$ -	\$ (666,796)	\$ 2,751,564	\$ 675,129
Note payable	7,565,000	-	(538,000)	7,027,000	545,000
Leases *	26,829	-	(8,111)	18,718	5,747
Compensated absences	43,273	35,552	(24,395)	54,430	41,976
Net pension liability - defined benefit plans	307,522	-	(129,577)	177,945	-
<b>Total business-type activities, long-term liabilities</b>	<b>\$ 11,360,984</b>	<b>\$ 35,552</b>	<b>\$ (1,366,879)</b>	<b>\$ 10,029,657</b>	<b>\$ 1,267,852</b>

(\*) Balances were restated with the implementation of GASB 87, *Leases*.

The Village's outstanding revenue bonds contain a provision that in an event of default, outstanding amounts become immediately due if the Village is unable to make payment. The Village's outstanding note payable contains a provision that in the event of default, the interest rate shall be the then current interest rate on the Note at the time of the event of default plus 2%, provided such interest rate is not in excess of the maximum rate permitted by law.

# BAL HARBOUR VILLAGE, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS

### NOTE 7. LONG-TERM DEBT (Continued)

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

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

#### Revenue Bond:

Fiscal Years Ended September 30:	Principal	Interest	Total
2023	\$ 699,616	\$ 71,270	\$ 770,886
2024	708,359	53,782	762,141
2025	717,211	36,078	753,289
2026	726,176	18,150	744,326
	<u>\$ 2,851,362</u>	<u>\$ 179,280</u>	<u>\$ 3,030,642</u>

#### Note payable:

Fiscal Years Ended September 30:	Principal	Interest	Total
2023	\$ 545,000	\$ 90,649	\$ 635,649
2024	552,000	83,617	635,617
2025	559,000	76,497	635,497
2026	567,000	69,285	636,285
2027	574,000	61,972	635,972
2028 - 2032	2,982,000	196,892	3,178,892
2033 - 2034	1,248,000	24,200	1,272,200
	<u>\$ 7,027,000</u>	<u>\$ 603,112</u>	<u>\$ 7,630,112</u>

During the current fiscal year, the Village entered into a three-year lease agreement as lessee for the acquisition and use of copier equipment. An initial lease liability was recorded in the amount of \$56,936 during the current fiscal year. As of September 30, 2022, the value of the lease liability was \$49,276. The Village is required to make monthly principal and interest payments of \$1,642. The lease has an interest rate of 2.45%. The equipment has a three-year estimated useful life. The value of the right-to-use asset as of the end of the current fiscal year was \$49,029 and had accumulated amortization of \$7,907. In addition, the Village has lease agreements as lessee for financing the acquisition of vehicles. Under the terms of the agreements, the Village will make payments including interest at various rates.

The future principal and interest lease payments as of September 30, 2022, were as follows:

Years Ending September 30:	
2023	\$ 36,121
2024	36,121
2025	22,604
2026	2,778
Total lease payments	<u>97,624</u>
Less amount representing interest	<u>(1,770)</u>
Lease payable	<u>\$ 95,854</u>

# BAL HARBOUR VILLAGE, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS

### NOTE 8. EMPLOYEE RETIREMENT PLANS

#### A. DEFINED BENEFIT PLANS

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

#### ***Summary of Significant Accounting Policies***

##### *Basis of Accounting*

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

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

##### *Plan Descriptions*

The Village, as a single employer, maintains two Public Employee Retirement Systems (PERS) defined benefit pension plans covering substantially all full-time employees and an unfunded excess benefits plan. On October 1, 1955, the Village established the Bal Harbour Village Employees' Pension Trust (General Employees' Plan). In fiscal year ended September 30, 2000, the police officers of the Village elected to form their own plan (Police Officer's Pension Plan) in order to continue receiving Section 185 monies from the State of Florida. The Police Officers' Pension Plan was effectively closed October 1, 2017, all full-time officers sworn in after that date are members of the FRS. To fund benefits owed by employment contracts that cannot be funded through either defined benefit plan, the Village also established the Bal Harbour Village Excess Benefit Plan (Excess Benefit Plan) in year 2006.

The pension plans are considered to be part of the Village's financial reporting entity and are included in the Village's financial statements as pension trust funds. The Bal Harbour Police Officers' Pension Trust (Police Officer's Pension Plan) issues a publicly available financial report that includes the financial statements and required supplementary information. The report may be obtained by writing to the Plan Administrator at rickrivera@pensionfl.com or calling (786) 303-3488.

# BAL HARBOUR VILLAGE, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS

### NOTE 8. EMPLOYEE RETIREMENT PLANS (Continued)

The Police Officer's Pension Plan received a favorable IRS Determination on April 20, 2016, and subsequently on September 18, 2016, the General Employees' Plan received the same. This indicates that both Plans are designed and are currently being operated in compliance with the applicable sections of the Internal Revenue Code. On October 1, 2021, a new bargaining agreement was reached with the Police Benevolent Association (PBA).

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

Plan membership consisted of the following. The most recent actuarial valuation date for the General Employees' Plan and Police Officer's Pension Plan is October 1, 2020 and October 1, 2020 respectively, and the actuarial valuation date is September 30, 2022 for the Excess Benefit Plan:

	General	Police Officer's	Excess Benefit
Inactive plan members and beneficiaries currently receiving benefits	32	23	1
Inactive plan members entitled to but not yet receiving benefits	7	1	-
Active plan members	34	18	-
Total members	<u>73</u>	<u>42</u>	<u>1</u>



# BAL HARBOUR VILLAGE, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS

### **NOTE 8. EMPLOYEE RETIREMENT PLANS** (Continued)

#### **General Employees' Plan**

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

#### Vesting

Benefits are fully vested after 10 years of credited service.

#### Eligibility for Participation

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

#### Eligibility for Retirement

The Plan provides for normal retirement as follows:

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

#### Annual Retirement Benefit

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

#### Cost of Living Adjustment

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

# BAL HARBOUR VILLAGE, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS

### NOTE 8. EMPLOYEE RETIREMENT PLANS (Continued)

#### General Employees' Plan (Continued)

##### Target Asset Mix

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

<u>Asset Class</u>	<u>Target Allocation</u>
Domestic Equity	50%
Domestic Bonds	25%
International Equity	10%
Other (FofHF, Infrastructure, Private Real Estate)	15%
	<u>100%</u>

##### Other Benefits

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

##### Contributions and Funding Policy

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

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

##### Rate of Return

For the year ended September 30, 2022, the annual money-weighted rate of return on pension investments, net of pension plan investment expense was  $-(16.37\%)$ .

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 (loss) calculation are determined on a monthly basis.

# BAL HARBOUR VILLAGE, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS

### **NOTE 8. EMPLOYEE RETIREMENT PLANS** (Continued)

#### **General Employees' Plan** (Continued)

##### *Deferred Retirement Option Program*

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

At September 30, 2022, there were 4 members who were enrolled under the DROP. The total liability for the members DROP account as of September 30, 2022 was \$433,482. This amount is included in the total investment balance and the net position presented on the statement of fiduciary net position.

# BAL HARBOUR VILLAGE, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS

### NOTE 8. EMPLOYEE RETIREMENT PLANS (Continued)

#### General Employees' Plan (Continued)

The Plan does not issue separate stand-alone financial statements; therefore, included below is the Statement of Fiduciary Net Position and the Statement of Changes in Fiduciary Net Position as of and for the fiscal year ended September 30, 2022.

#### STATEMENT OF FIDUCIARY NET POSITION

##### ASSETS

##### Investments:

Cash and money market mutual funds	\$ 78,478
Equity mutual funds	9,821,675
Bond mutual funds	5,092,515
Real estate investments	957,248
Infrastructure investments	801,799
	<hr/>
	16,751,715
Prepaid expenses	4,375
Total assets	<hr/>
	16,756,090

##### Liabilities

Accounts payable	<hr/>
	20,323

##### NET POSITION

Net position restricted for pension benefits	<hr/> <hr/>
	\$ 16,735,767

#### STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

##### ADDITIONS

Village contributions	\$ 1,295,078
Employee contributions	192,383
Total contributions	<hr/>
	1,487,461

##### Investment losses:

Net investment loss	<hr/>
	(3,419,545)
Total deletions	<hr/>
	(1,932,084)

##### DEDUCTIONS

Benefits paid	967,261
Administrative expenses	71,051
Total deductions	<hr/>
	1,038,312

Change in net position	(2,970,396)
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##### Net position restricted for pension benefits

Beginning of year	19,706,163
End of year	<hr/> <hr/>
	\$ 16,735,767

# BAL HARBOUR VILLAGE, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS

### **NOTE 8. EMPLOYEE RETIREMENT PLANS** (Continued)

#### **Police Officer's Pension Plan**

The Police Officer's Pension Plan was established to account for the pension for the Village's police officers. The Plan is considered part of the Village's financial reporting entity and is included in the Village's financial statements as a pension trust fund. Benefit and contribution provisions are established by Village ordinance and may be amended only by the Board of Trustees, subject to approval of the Village Council. The Plan was available to full-time sworn Police Officers from date of employment, including probationary period. Participation was mandatory as a condition of employment, except for the Police Chief, who may opt out. The Police Officers' Pension Plan was effectively closed October 1, 2017, all full-time officers sworn in after that date are members of the Florida Retirement System.

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

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

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

#### *Contributions and Funding Policy*

Employees contribute 10% of their compensation. The Village is required to contribute the amount in excess of employee contributions to pay the annual pension cost. The Village Council, through establishment or modification of enabling legislation, establishes the required employee contribution. The required employer contribution, which is a percentage of annual covered payroll and includes amounts contributed by the State pursuant to Chapter 175, Florida Statutes, is actuarially determined as of October 1st of each year. The annual required employer contribution for the fiscal year ended September 30, 2022, was determined based on the October 1, 2020 actuarial valuation and was 79.99% of non-DROP covered payroll.

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

#### *Benefits Provided*

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

#### *Normal Retirement*

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

# BAL HARBOUR VILLAGE, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS

### NOTE 8. EMPLOYEE RETIREMENT PLANS (Continued)

#### **Police Officer's Pension Plan** (Continued)

Benefit: 3.50% of final average compensation times years of credited service.  
Minimum Benefit: \$25 per month.

#### Early Retirement

Eligibility: Age 50 and 10 Years of Credited Service.

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

#### Vesting (Termination of Employment)

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

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

#### Disability

Eligibility: Total and permanent; medical proof required.

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

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

#### Pre-Retirement Death Benefits

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

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

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

#### Cost-of-Living Adjustment

Retirees who were actively employed on or after February 21, 2006 receive 2.5% annually, after one year of receiving benefits. Retirees who were actively employed after October 01, 2016 receive a 1.25% Cost-of-Living Adjustment, delayed for 5 years after retirement or entry into DROP.

#### Target Asset Mix

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

<u>Asset Class</u>	<u>Target Allocation</u>
Domestic Equity	50%
Domestic Bonds	25%
International Equity	10%
Other (FofHF, Infrastructure, Private Real Estate)	15%
Total	<u>100%</u>

# BAL HARBOUR VILLAGE, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS

### **NOTE 8. EMPLOYEE RETIREMENT PLANS** (Continued)

#### **Police Officer's Pension Plan** (Continued)

##### Rate of Return

For the year ended September 30, 2022, the annual money-weighted rate (loss) on pension investments, net of pension plan investment expense, was -(8.85%).

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 loss calculation are determined on a monthly basis.

##### Deferred Retirement Option Program (DROP)

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

At September 30, 2022, there was 1 participant enrolled under the DROP. The DROP balance as of September 30, 2022 is \$22,449. The DROP investment assets are included in the total investment balance presented on the Statement of Fiduciary Net Position (when applicable).

#### **Excess Benefit Plan**

##### Vesting

Benefits are fully vested immediately upon entry into the Plan.

##### Eligibility for Participation

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

# BAL HARBOUR VILLAGE, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS

### NOTE 8. EMPLOYEE RETIREMENT PLANS (Continued)

#### **Excess Benefit Plan** (Continued)

##### *Eligibility for Benefits Under the Plan*

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

##### *Funding Policy*

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



# BAL HARBOUR VILLAGE, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS

### NOTE 8. EMPLOYEE RETIREMENT PLANS (Continued)

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

#### Plan Financial Information

The actuarial valuation date for the General Employees' Plan and Police Officer's Pension Plan was October 1, 2020, with updated asset information as of September 30, 2021. The measurement date of the net pension liability for each plan was determined as of September 30, 2021. The actuarial valuation date for the Excess Benefit Plan was September 30, 2022, and the measurement date was September 30, 2022. The Required Supplementary Information section provides additional detailed information about actuarial methods and assumptions used to determine the contribution rates for each plan. In addition, a schedule of employer contributions for each plan and a schedule of total pension liability, plan fiduciary net position and the change in net pension liability for each plan is included here in.

#### Aggregate Information for all Pension Plans

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

	General Employees'	Police Officer's	Excess Benefit Plan
Total pension liability	\$ 22,671,901	\$ 33,334,545	\$ 1,449,454
Fiduciary net position	(19,706,163)	(30,974,265)	-
Net pension liability	<u>\$ 2,965,738</u>	<u>\$ 2,360,280</u>	<u>\$ 1,449,454</u>
Fiduciary net position as % of total pension liability	86.92%	92.92%	0.00%

# BAL HARBOUR VILLAGE, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS

### NOTE 8. EMPLOYEE RETIREMENT PLANS (Continued)

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

	<b>General Employees' Plan</b>	<b>Police Officer's Pension Plan</b>	<b>Excess Benefit Plan</b>
Valuation Date:	October 1, 2020	October 1, 2020	September 30, 2022
Measurement Date:	September 30, 2021	September 30, 2021	September 30, 2022
Inflation	2.25%	2.50%	2.00%
Annual Salary Increases	3.15% - 6.75%	4.5 - 15.0%	not applicable
Assumed Discount Rate	5.75%	7.00%	4.40%
Retirement Age	Experienced-based table of rates based on year of eligibility	Earlier of age 55 and 10 years of credited service or age 57, regardless of service, or 20 years of credited service, regardless of age; Members at the assumed retirement age are assumed to continue employment for one more year	not applicable
Mortality	The mortality table for General Employees is the PUB-2010 Headcount Weighted Below Median Employee Male Table (pre-retirement), the PUB-2010 Headcount Weighted Below Median Employee Female Table (pre-retirement), the PUB-2010 Headcount Weighted Below Median Healthy Retiree Male Table (post-retirement) and the PUB-2010 Headcount Weighted Below Median Retiree Female Table (postretirement). These tables use ages set back one year for males and future improvements in mortality projected to all future years after 2010 using scale MP-2018. These are the same rates used for Regular Class members of the Florida Retirement System (FRS) in their actuarial valuation as of July 1, 2020.	Mortality Tables for retirees and employees are the same as used by the Florida Retirement System (FRS) for its Special Risk Class in their July 1, 2021 actuarial valuation, described as Pub-2010 Headcount Weighted Safety Below Median Mortality Tables, set forward 1 year. Rates for beneficiaries are the same as for FRS Regular Class. Rates are generationally projected for all years after 2010 using SOA mortality improvement Scale MP-2018. These tables were adopted following an experience study published in 2019 covering the period July 1, 2013 through June 30, 2018.	The same versions of PUB-2010 Headcount-Weighted Mortality Tables as used by the Florida Retirement System (FRS) for Regular Class members in their July 1, 2021 actuarial valuation (with mortality improvements projected for healthy lives to all future years after 2010 using Scale MP-2018). Florida Statutes Chapter 112.63(1)(f) mandates the use of mortality tables from one of the two most recently published FRS actuarial valuation reports.
Assumption Changes	For 2022, the mortality rates were changed to the same as used by the Florida Retirement System for classes other than Special Risk. See Note 8 for further information.	For 2022, the discount rate was decreased from 7.25% to 7.00%. The salary increase assumption was changed to be based on years of service rather than age. The normal retirement rate assumption was changed, resulting in later retirements for older participants with lower service. The termination rate assumption was changed, resulting in generally fewer terminations than previously assumed.	For 2022, the discount rate was changed from 2.19% to 4.40% (the municipal bond rate used to measure the September 30, 2022 Total Pension Liability)

# BAL HARBOUR VILLAGE, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS

### NOTE 8. EMPLOYEE RETIREMENT PLANS (Continued)

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

#### General Employees' Plan

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	50%	7.1%
Domestic Bonds	25%	1.6%
International Equity	10%	5.9%
Other (FofHF, Infrastructure, Private Real Estate)	15%	5.4%
	<u>100%</u>	

#### Police Officer's Pension Plan

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	50%	7.1%
Domestic Bonds	25%	1.6%
International Equity	10%	5.9%
Other (FofHF, Infrastructure, Private Real Estate)	15%	5.4%
	<u>100%</u>	

# BAL HARBOUR VILLAGE, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS

### NOTE 8. EMPLOYEE RETIREMENT PLANS (Continued)

*Discount rate:* A single discount rate of 7.0% and 5.75% were used to measure the total pension liability for the police and general employee pension trust plans, respectively. The single discount rates were based on the expected rate of return on pension plan investments of 7.0% and 5.75%, respectively. The projection of cash flows used to determine each single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between the total actuarially determined contribution rates and the member rate. Based on these assumptions, the fiduciary net position of the plans was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability for each plan.

The discount rate used to measure the excess benefit plan total pension liability was 4.4%. In general, the discount rate for calculating the total pension liability is equal to the single rate equivalent to discounting at the long-term expected rate of return for benefit payments prior to the projected depletion date. Because the excess benefit plan is essentially funded on a pay-as-you-go basis, the depletion date is considered to be immediate, and the single equivalent discount rate is equal to the Long-Term Municipal Bond Rate selected by the Village. The Fidelity Bond Index, general obligation, 20 years to maturity, mixed quality was adopted as the applicable municipal bond index rate.

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

<b><u>General Employees' Plan</u></b>	<b>1% Decrease</b>	<b>Discount Rate</b>	<b>1% Increase</b>
	4.75%	5.75%	6.75%
Net Pension Liability	\$ 6,379,973	\$ 2,965,738	\$ 190,440
<b><u>Police Officer's Pension Plan</u></b>	<b>1% Decrease</b>	<b>Discount Rate</b>	<b>1% Increase</b>
	6.00%	7.00%	8.00%
Net Pension Liability (asset)	\$ 6,289,244	\$ 2,360,280	\$ (899,291)
<b><u>Excess Benefit Plan</u></b>	<b>1% Decrease</b>	<b>Discount Rate</b>	<b>1% Increase</b>
	3.40%	4.40%	5.40%
Net Pension Liability	\$ 1,685,099	\$ 1,449,454	\$ 1,260,708

# BAL HARBOUR VILLAGE, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS

### NOTE 8. EMPLOYEE RETIREMENT PLANS (Continued)

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

For the year ended September 30, 2022, the Village recognized pension expenses of \$621,700 and \$542,827 for its General Employees' and Police Plans, respectively. For the year ended September 30, 2022, the Village recognized a credit pension expense of \$636,655 for its Excess Benefit Plan.

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

Description	General Employees' Plan		Police Officer's Pension Plan	
	Deferred Outflows of Resources	Deferred Inflow of Resources	Deferred Outflows of Resources	Deferred Inflow of Resources
Village contribution subsequent to measurement date	\$ 1,295,078	\$ -	\$ 1,517,945	\$ -
Differences between expected and actual experience	510,644	33,918	-	78,515
Change of assumptions	-	359,095	294,836	-
Net difference between projected and actual earnings on pension plan investments	108,431	2,087,463	170,740	2,518,664
	<u>\$ 1,914,153</u>	<u>\$ 2,480,476</u>	<u>\$ 1,983,521</u>	<u>\$ 2,597,179</u>

The deferred outflows of resources related to Village's contributions to the Plans subsequent to the measurement date will be recognized as a reduction of the net pension liability for the fiscal year ended September 30, 2023. Other amounts reported as deferred outflows of resources and as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal Years Ending September 30:	General Employees' Plan	Police Officer's Pension Plan
2022	\$ (448,068)	\$ (532,089)
2023	(407,240)	(545,454)
2024	(523,856)	(630,824)
2025	(482,237)	(423,236)
<b>Total</b>	<u>\$ (1,861,401)</u>	<u>\$ (2,131,603)</u>

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

# BAL HARBOUR VILLAGE, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS

### NOTE 8. EMPLOYEE RETIREMENT PLANS (Continued)

Changes in the net pension liability for each Plan follows:

	<b>General Employees' Plan</b>		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
<b>Balance at September 30, 2021</b>	\$ 21,448,567	\$ 16,323,210	\$ 5,125,357
<b>Changes for the year:</b>			
Service cost	914,119	-	914,119
Interest	1,251,834	-	1,251,834
Differences between expected and actual experience	811,023	-	811,023
Contributions - employer	-	1,068,711	(1,068,711)
Contributions - employee	-	204,581	(204,581)
Net investment income	-	3,350,705	(3,350,705)
Benefit payments, including refunds of employee contributions	(1,183,313)	(1,183,313)	-
Assumption changes	(570,329)	-	(570,329)
Administrative expense	-	(57,731)	57,731
<b>Net changes</b>	<u>1,223,334</u>	<u>3,382,953</u>	<u>(2,159,619)</u>
<b>Balance at September 30, 2022</b>	<u>\$ 22,671,901</u>	<u>\$ 19,706,163</u>	<u>\$ 2,965,738</u>

	<b>Police Officer's Pension Plan</b>		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
<b>Balance at September 30, 2021</b>	\$ 31,407,940	\$ 26,832,788	\$ 4,575,152
<b>Changes for the year:</b>			
Service cost	714,032	-	714,032
Interest	2,279,678	-	2,279,678
Changes in benefit terms	143,457	-	143,457
Differences between expected and actual experience	(157,031)	-	(157,031)
Contributions - employer	-	1,546,824	(1,546,824)
Contributions - employee	-	216,191	(216,191)
Contributions - State	-	67,689	(67,689)
Net investment income	-	4,064,363	(4,064,363)
Benefit payments, including refunds of employee contributions	(1,643,202)	(1,643,202)	-
Changes of assumptions	589,671	-	589,671
Administrative expense	-	(110,388)	110,388
<b>Net changes</b>	<u>1,926,605</u>	<u>4,141,477</u>	<u>(2,214,872)</u>
<b>Balance at September 30, 2022</b>	<u>\$ 33,334,545</u>	<u>\$ 30,974,265</u>	<u>\$ 2,360,280</u>

# BAL HARBOUR VILLAGE, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS

### NOTE 8. EMPLOYEE RETIREMENT PLANS (Continued)

	<b><u>Excess Benefit Plan</u></b>
	<u>Increase (Decrease)</u>
	Total Pension Liability
<b>Balance at September 30, 2021</b>	<u>\$ 2,153,533</u>
Changes for the year:	
Interest	46,424
Differences between expected and actual experience	(77,941)
Assumption changes	(605,138)
Benefit payments, including refunds of employee contributions	(67,424)
Net changes	<u>(704,079)</u>
<b>Balance at September 30, 2022</b>	<u><u>\$ 1,449,454</u></u>

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

#### **B. FLORIDA RETIREMENT SYSTEM (FRS and HIS)**

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

##### **Florida Retirement System**

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

# BAL HARBOUR VILLAGE, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS

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

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

The Village's pension expense for FRS totaled \$307,988 for the fiscal year ended September 30, 2022.

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

#### *Plan Description*

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

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

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

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



# BAL HARBOUR VILLAGE, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS

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

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

#### *FRS Retirement Benefits and Contributions*

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

<u>Class, Initial Enrollment and Retirement Age/Years of Service</u>	<u>% Value</u>
Regular Class Members Initially Enrolled on or After July 1, 2011:	
Retirement up to age 65 or up to 33 years of service	1.60
Retirement at age 66 or up to 34 years of service	1.63
Retirement at age 67 or up to 35 years of service	1.65
Retirement at age 68 or up to 36 years of service	1.68
Elected County Officers	3.33
Senior Management Service Class	2
Special Risk Regular:	
Service from December 1, 1970 through September 30, 1974	2
Service on and after October 1, 1974	3

# BAL HARBOUR VILLAGE, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS

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

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

Contributions during the 2022 fiscal year were as follows:

Class	Percent of Gross Salary <sup>(2)</sup>	
	Employee	Employer <sup>(1)</sup>
FRS, Regular	3.00%	10.00%
FRS, Elected Council Officers	3.00%	49.18%
FRS, Senior Management Service	3.00%	27.29%

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

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

The Village's contributions to the FRS amounted to \$154,704 and employees' contributions amounted to \$18,427 for the fiscal year ended September 30, 2022.

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

On September 30, 2022, the Village reported a liability of \$1,348,956 for its proportionate share of the Plan's net pension liability. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2022. The Village's proportionate share of the net pension liability was based on the Village's 2022 fiscal year contributions relative to the participating members. At June 30, 2022, the Village's proportionate share was 0.0036%. This is an increase of 0.00044 percentage points from its proportionate share measured at June 30, 2021.

# BAL HARBOUR VILLAGE, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS

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

For the fiscal year ended September 30, 2022, the Village recognized pension expense of \$307,988 related to the Plan. In addition, the Village reported deferred outflows of resources related to pensions, from the following sources:

	<b>FRS</b>	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 64,068	\$ -
Changes of Assumptions	166,130	-
Net difference between projected and actual earnings on FRS pension plan investments	89,071	-
Changes in proportion and differences between Village FRS contributions and proportionate share of contributions	394,846	96,572
Village FRS contributions subsequent to the measurement date	55,646	-
Total	<u>\$ 769,761</u>	<u>\$ 96,572</u>

The deferred outflows of resources totaling \$55,646, resulting from the Village's contributions to the FRS Plan subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the fiscal year ended September 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Years ending September 30:	
2023	\$ 195,770
2024	137,954
2025	29,989
2026	230,665
2027	23,165
	<u>\$ 617,543</u>

# BAL HARBOUR VILLAGE, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS

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

#### Actuarial Assumptions

The FRS actuarial valuation was determined using the following actuarial assumptions, as of July 1, 2022, applied to all periods included in the measurement:

Inflation	2.40%
Salary Increases	3.25% average, including inflation
Investment Rate of Return	6.70%, net of pension plan investment expense, including inflation

Mortality rates were based on the PUB-2010 base table and varies by member category and sex, projected generationally with Scale MP-2018. The actuarial assumptions used in the July 1, 2022 valuation were based on the results of an actuarial experience study for the period July 1, 2013 through June 30, 2018.

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

Asset Class	FRS			
	Target Allocation*	Annual Arithmetic Return	Compound Annual (Geometric) Return	Standard Deviation
Cash	1.0%	2.6%	2.6%	1.1%
Fixed income	19.8%	4.4%	4.4%	3.2%
Global equity	54.0%	8.8%	7.3%	17.8%
Real estate (property)	10.3%	7.4%	6.3%	15.7%
Private equity	11.1%	12.0%	8.9%	26.3%
Strategic investment	3.8%	6.2%	5.9%	7.8%
	<u>100.0%</u>			
Assumed inflation-mean			2.4%	1.3%

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

# BAL HARBOUR VILLAGE, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS

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

*Discount Rate* - The discount rate used to measure the net pension liability of the Plan was 6.70%. The Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected rate of return. The discount rate is reviewed annually and set by mutual agreement between the Board of Trustees and its actuarial firm.

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

The following represents the Village's proportionate share of the net pension liability calculated using the discount rate of 6.70%, as well as what the Village's proportionate share of the net pension liability would be if it calculated using a discount rate that is one percentage point lower (5.70%) or one percentage point higher (7.70%) than the current rate:

	<b>FRS</b>		
	1% Decrease 5.70%	Discount Rate 6.70%	1% Increase 7.70%
Village's proportionate share of the FRS net pension liability	\$ 2,332,927	\$ 1,348,956	\$ 526,240

### **Retiree Health Insurance Subsidy Program (HIS)**

*Plan Description*

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

*Benefits Provided*

For the fiscal year ended September 30, 2022, eligible retirees and beneficiaries received a monthly HIS payment of \$5 for each year of creditable service completed at the time of retirement, with a minimum HIS payment of \$30 and a maximum HIS payment of \$150 per month, pursuant to Section 112.363, Florida Statutes. To be eligible to receive a HIS benefit, a retiree under a State-administered retirement system must provide proof of health insurance coverage, which may include Medicare.

# BAL HARBOUR VILLAGE, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS

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

#### Contributions

The HIS is funded by required contributions from FRS participating employers as set by the Florida Legislature. Employer contributions are a percentage of gross compensation for all active FRS members. For the fiscal year ended September 30, 2022, the HIS contribution rate was 1.66%. The Village contributed 100% of its statutorily required contributions for the current fiscal year. The HIS contributions are deposited in a separate trust fund from which payments are authorized. HIS benefits are not guaranteed and are subject to annual legislative appropriation. In the event the legislative appropriation or available funds fail to provide full subsidy benefits to all participants, benefits may be reduced or canceled.

The Village's contributions to the HIS totaled \$11,359 for the fiscal year ended September 30, 2022.

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

At September 30, 2022, the Village reported a net pension liability of \$198,830 for its proportionate share of the HIS Plan's net pension liability. The total pension liability was determined by an actuarial valuation date as of July 1, 2022. The Village's proportionate share of the net pension liability was based on the Village's 2022 fiscal year contributions relative to the 2022 fiscal year contributions of all participating members. At June 30, 2022, the Village's proportionate share was 0.0019%. This is an increase of the 0.00034 percentage points from its proportionate share measured at June 30, 2021.

For the fiscal year ended September 30, 2022, the Village recognized pension expense of \$38,727 related to the HIS. In addition, the Village reported, deferred outflows of resources and deferred inflows of resources related to the HIS from the following sources:

	<b>HIS</b>	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 6,035	\$ 875
Changes of assumptions	11,397	30,759
Net difference between projected and actual earnings on HIS pension plan investments	288	-
Changes in proportion and differences between Village HIS contributions and proportionate share of contributions	106,982	-
Village HIS contributions subsequent to the measurement date	3,903	-
Total	<u>\$ 128,605</u>	<u>\$ 31,634</u>

# BAL HARBOUR VILLAGE, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS

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

The deferred outflows of resources totaling \$3,903, resulting from the Village's contributions to the HIS Plan subsequent to the measurement date, will be recognized as a reduction of the net pension liability for the fiscal year ended September 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Years ending September 30:	
2023	\$ 25,110
2024	26,645
2025	24,965
2026	12,671
2027	3,191
Thereafter	486
Total	<u>\$ 93,068</u>

#### Actuarial Assumptions

The HIS plan's actuarial valuation was determined using the following actuarial assumptions as of July 1, 2022, applied to all periods included in the measurement:

Inflation	2.40%
Salary Increases	3.25%
Municipal Bond Rates - Investment Rate of Return	3.54%

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

The actuarial assumptions used in the July 1, 2022 valuation were based on the results of an actuarial experience study for the period July 1, 2013 through June 30, 2018.

*Discount Rate* - The discount rate used to measure the total pension liability for the HIS Plan was 3.54%. In general, the discount rate for calculating the total pension liability is equal to the single rate equivalent to discounting at the long-term expected rate of return for benefit payments prior to the projected depletion date. Because the HIS benefit is essentially funded on a pay-as-you-go basis, the depletion date is considered to be immediate, and the single equivalent discount rate is equal to the municipal bond rate selected by the HIS Plan sponsor. The Bond Buyer General Obligation 20-Bond Municipal Bond Index was adopted as the applicable municipal bond index.

# BAL HARBOUR VILLAGE, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS

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

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

The following presents the Village's proportionate share of the net pension liability calculated using a discount rate of 3.54%, as well as what the Village's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

	<b>HIS</b>		
	1%	Discount Rate	1%
	Decrease 2.54%	3.54%	Increase 4.54%
Village's proportionate share of the HIS net pension liability	\$ 227,477	\$ 198,830	\$ 175,124

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

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

	Net Pension Liability	Deferred Outflow of Resources	Deferred Inflow of Resources	Pension Expense (Income)
General Employees' Pension Plan	\$ 2,965,738	\$ 1,914,153	\$ 2,480,476	\$ 621,700
Police Pension Plan	2,360,280	1,983,521	2,597,179	542,827
Florida Retirement System (FRS plan)	1,348,956	769,761	96,572	307,988
Health Insurance Subsidy (HIS plan)	198,830	128,605	31,634	38,727
<b>Total - defined benefit plans</b>	<b>6,873,804</b>	<b>4,796,040</b>	<b>5,205,861</b>	<b>1,511,242</b>
Excess Benefit Plan	1,449,454	-	-	(636,655)
<b>Total</b>	<b>\$ 8,323,258</b>	<b>\$ 4,796,040</b>	<b>\$ 5,205,861</b>	<b>\$ 874,587</b>



# BAL HARBOUR VILLAGE, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS

### NOTE 9. OTHER POST-EMPLOYMENT BENEFITS

#### Plan Description

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

#### Funding Policy

Currently, the Village's Other Post-Employment Benefits (OPEB) plan is unfunded. That is, the Village Council has not established a separate trust fund or equivalent arrangement to advance-fund the obligation, presently the obligation is funded on a pay as you go basis.

For the fiscal year ended September 30, 2022, the Village provided required contributions of \$108,542 toward the annual OPEB cost, in the form of age adjusted premiums paid on behalf of retirees for the fully insured benefits and health stipend. If the Plan is amended or terminated by the Village because of Florida law changes, amendments to collective bargaining agreements, or other reasons, the Village may amend its funding system or its benefits. The funding percentage for each employee is 100% of the implied subsidy or 100% of the \$350 stipend, as applicable.

Employees Covered by benefit terms, as of October 1, 2021, employee membership data related to the OPEB Plan is as follows:

Inactive employees or beneficiaries currently receiving benefit payments	11
Active employees entitled to but not yet receiving benefit payments	56
Total	<u>67</u>

# BAL HARBOUR VILLAGE, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS

### NOTE 9. OTHER POST-EMPLOYMENT BENEFITS (Continued)

#### ***Total OPEB Liability***

The Village's total OPEB liability was measured as of September 30, 2021.

*Actuarial assumptions.* The total OPEB liability was determined by an actuarial valuation as of September 30, 2021, using the following assumptions, applied to all prior periods included in the measurement:

Inflation rate	2.25%
Salary increases	6.00%
Discount rate	2.19%
Healthcare cost trend rates:	
Select rates	6.00% for FY 2022, 5.75% for FY 2023 and then decreasing to the ultimate trend rate of 4.00% per annum

Mortality tables used in the July 1, 2021 actuarial valuation of the Florida Retirement System for non-K-12 Instructional Regular Class members. These rates were taken from adjusted PUB-2010 mortality tables published by the Society of Actuaries with generational mortality improvements using Scale MP-2018. Adjustments to referenced tables are based on the results of a statewide experience study covering the period 2013 through 2018.

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

Changes in assumptions and other inputs include the change in the discount rate from 2.41% to 2.19% for the year ended. Premiums were updated based on information provided. Updated mortality rates to those used for non-K-12 Instructional Regular Class members in the July 1, 2021 Florida Retirement System (FRS) valuation. There were no benefit changes during the year.

# BAL HARBOUR VILLAGE, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS

### NOTE 9. OTHER POST-EMPLOYMENT BENEFITS (Continued)

#### Changes in Total OPEB Liability

	Liability
<b>Balance at September 30, 2021</b>	<u>\$ 1,432,107</u>
Changes for the year:	
Service cost	86,133
Interest	35,282
Differences between expected and actual experience	(191,402)
Change in assumptions	(63,260)
Benefit payments	<u>(108,542)</u>
Net changes	<u>(241,789)</u>
<b>Balance at September 30, 2022</b>	<u><u>\$ 1,190,318</u></u>

*Sensitivity of the Total OPEB Liability to Changes in the Discount Rate.* The following table illustrates the impact of interest rate sensitivity on the total OPEB liability of the Village as of September 30, 2022:

	<b>1% Decrease</b>	<b>Discount Rate</b>	<b>1% Increase</b>
	<b>1.19%</b>	<b>2.19%</b>	<b>3.19%</b>
Total OPEB Liability	\$ 1,265,824	\$ 1,190,318	\$ 1,118,265

*Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates.* The following table illustrates the impact of healthcare cost trend rate sensitivity on the total OPEB liability of the Village as of September 30, 2022:

	<b>Healthcare Cost</b>		
	<b>1% Decrease</b>	<b>Trend Rates</b>	<b>1% Increase</b>
	<b>5.00% down to</b>	<b>6.00% down to</b>	<b>7.00% down</b>
	<b>3.00%</b>	<b>4.00%</b>	<b>to 5.00%</b>
Total OPEB Liability	\$ 1,124,480	\$ 1,190,318	\$ 1,265,468

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

For the year ended September 30, 2022, the Village recognized OPEB income of \$241,789. At September 30, 2022, the Village reported deferred outflows of resources related to the OPEB plan totaling \$101,707, resulting from Village contributions to the Plan subsequent to the measurement date. This amount will be recognized as a reduction of the OPEB liability for the fiscal year ending September 30, 2023.

# BAL HARBOUR VILLAGE, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS

### NOTE 10. COMMITMENTS AND CONTINGENCIES

#### ***Construction and Other Significant Commitments***

The Village has active Construction projects as of September 30, 2022. These projects include infrastructure redevelopment and improvement, water, wastewater and drainage projects. At year end, the Village's outstanding commitments related to these projects follows:

<b>Project</b>	<b>Spent to Date</b>	<b>Remaining Commitment</b>
Bal Harbour Haulover Inlet Jetty	\$ 1,382,877	\$ 734,451
Utility Master Plan - Stormwater	1,204,375	1,636,974
Utility Master Plan - Utility Fund	14,761,820	1,571,103
Waterfront Park	11,249,156	7,992,683
Village Hall	50	3,099,955
	<u>\$ 28,598,278</u>	<u>\$ 15,035,166</u>

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

#### ***Litigation, Claims and Assessments***

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

#### ***Development Agreement***

In Fiscal Year 2017, the Village entered into a development agreement with Bal Harbour Shops. During Fiscal Year 2018, the Village negotiated the first amendment to the Bal Harbour Shops Development Agreement which advanced the timeline for developer proffered improvements and contributions resulting in approval for redevelopment of the entire Business District of the Village. The negotiated development agreement includes a new Village Hall constructed by the developer, conveyance of property to the Village, funding for various Village capital projects, recurring revenue streams from leased property, parking surcharges, and guarantees for ad valorem revenue in future years. In the current year the Village recorded land at fair value in the amount of \$13,130,000, which was contributed to the Village as required under the development agreement. In addition, approximately \$18 million was received for the development of new Village Hall. The developer is entitled to retain up 50% of each quarterly payment of future parking surcharges, up to \$6 million, to offset the developer's contribution towards construction of the new Village Hall. These items are recorded as capital assets and capital contributions on the government-wide statement of activities and net position.

# BAL HARBOUR VILLAGE, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS

### **NOTE 10. COMMITMENTS AND CONTINGENCIES**

#### ***Grants***

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

### **NOTE 11. RISK MANAGEMENT**

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

### **NOTE 12. LEASE RECEIVABLE**

The Village leases land and building to a third party. The lease is for 10 years and the Village will receive monthly payments ranging from approximately \$58,000 to \$63,000 through 2028. The Village recognized \$727,360 in lease revenue and \$3,078 in interest revenue during the current fiscal year related to this lease. As of September 30, 2022, the Village's lease receivable balance was \$3,847,888. Also, the Village has a deferred inflow of resources associated with this lease that will be recognized as revenue over the lease term. As of September 30, 2022, the balance of the deferred inflow of resources for leases was \$3,818,602.

# BAL HARBOUR VILLAGE, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS

### NOTE 13. RESTATEMENT

The Village implemented GASB Statement 87, *Leases* during the fiscal year 2022. The new standard requires the reporting of certain lease assets and liabilities, which were not previously reported. The result of these changes impacted the beginning lease receivable, right-of-use asset, lease liability and deferred inflows of resources as shown below:

	<b>Governmental Activities</b>			
	Lease Receivable	Deferred Inflow of Resources - Leases	Right-to-use leased Asset	Lease Liability
<b>Statement of Net Position</b>				
Balances September 30, 2021, as previously reported	\$ -	\$ -	\$ 2,105	\$ 2,375
Change to implement GASB No. 87	4,545,955	4,545,955	38,425	38,425
Balances October 1, 2021, as restated	\$ -	\$ -	\$ 40,530	\$ 40,800

	Lease Receivable	Deferred Inflow of Resources - Leases
<b>Balance Sheet - Governmental Funds</b>		
Balances September 30, 2021, as previously reported	\$ -	\$ -
Change to implement GASB No. 87	4,545,955	4,545,955
Balances October 1, 2021, as restated	\$ 4,545,955	\$ 4,545,955

# BAL HARBOUR VILLAGE, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS

### NOTE 12. RESTATEMENT (Continued)

	<b>Business-type Activities</b>	
	Right-to-use leased Asset	Lease Liability
<b>Statement of Net Position</b>		
Balances September 30, 2021, as previously reported	\$ 2,105	\$ 2,374
Change to implement GASB No. 87	24,455	24,455
Balances October 1, 2021, as restated	<u>\$ 26,560</u>	<u>\$ 26,829</u>

	<b>Water &amp; Sewer Fund</b>	
	Right-to-use leased Asset	Lease Liability
<b>Statement of Net Position</b>		
Balances September 30, 2021, as previously reported	\$ 2,105	\$ 2,374
Change to implement GASB No. 87	24,455	24,455
Balances October 1, 2021, as restated	<u>\$ 26,560</u>	<u>\$ 26,829</u>

BAL HARBOUR  
- VILLAGE -



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

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BAL HARBOUR  
- VILLAGE -

**BAL HARBOUR VILLAGE, FLORIDA**  
**BUDGETARY COMPARISON SCHEDULE – UNAUDITED**  
**GENERAL FUND (BUDGETARY BASIS)**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022**

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget
Revenues:				
Taxes:				
Property	\$ 9,826,847	\$ 9,826,847	\$ 9,769,187	\$ (57,660)
Other local taxes	1,864,820	1,864,820	2,040,665	175,845
Licenses and permits	2,138,431	2,213,431	3,623,795	1,410,364
Developer contribution	1,700,000	3,100,000	18,056,228	14,956,228
Fines and forfeitures	835,970	900,970	1,133,619	232,649
Charges for services	1,879,705	1,879,705	1,800,933	(78,772)
Intergovernmental	2,371,527	4,711,724	2,244,936	(2,466,788)
Investment earnings	50,000	135,000	310,407	175,407
Miscellaneous	709,445	709,445	834,163	124,718
Total revenues	<u>21,376,745</u>	<u>25,341,942</u>	<u>39,813,933</u>	<u>14,471,991</u>
Expenditures:				
Current:				
General government:				
Legislative	360,180	360,180	321,967	38,213
Executive	1,500,540	1,528,019	1,492,159	35,860
Finance	820,662	832,352	765,209	67,143
General government	2,575,952	2,400,514	759,638	1,640,876
Building department	1,508,168	1,603,184	1,413,580	189,604
Information technology	423,034	539,450	455,480	83,970
Capital construction	2,322,141	22,624,630	10,743,983	11,880,647
Legal	387,020	422,020	420,545	1,475
Total general government	<u>9,897,697</u>	<u>30,310,349</u>	<u>16,372,561</u>	<u>13,937,788</u>
Public safety	8,303,606	8,460,009	7,233,388	1,226,621
Public works & beautification	3,663,707	4,159,770	2,217,225	1,942,545
Recreation, arts and culture	41,735	72,397	61,020	11,377
Total expenditures	<u>21,906,745</u>	<u>43,002,525</u>	<u>25,884,194</u>	<u>17,118,331</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(530,000)</u>	<u>(17,660,583)</u>	<u>13,929,739</u>	<u>31,590,322</u>
Net change in fund balance	<u>\$ (530,000)</u>	<u>\$ (17,660,583)</u>	<u>\$ 13,929,739</u>	<u>\$ 31,590,322</u>

See notes to budgetary comparison schedules.

**BAL HARBOUR VILLAGE, FLORIDA**  
**BUDGETARY COMPARISON SCHEDULE – UNAUDITED**  
**RESORT TAX SPECIAL REVENUE FUND (BUDGETARY BASIS)**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022**

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget
Revenues:				
Resort tax	\$ 4,123,599	\$ 4,123,599	\$ 5,931,450	\$ 1,807,851
Investment earnings	35,000	35,000	56,105	21,105
Miscellaneous	25,000	25,000	56,082	31,082
Total revenues	<u>4,183,599</u>	<u>4,183,599</u>	<u>6,043,637</u>	<u>1,860,038</u>
Expenditures:				
Tourism development	2,170,211	2,275,677	1,902,577	373,100
Beautification	2,013,388	2,013,388	1,650,074	363,314
Total expenditures	<u>4,183,599</u>	<u>4,289,065</u>	<u>3,552,651</u>	<u>736,414</u>
Excess (deficiency) of revenues over (under) expenditures	-	(105,466)	2,490,986	2,596,452
Net change in fund balance	<u>\$ -</u>	<u>\$ (105,466)</u>	<u>\$ 2,490,986</u>	<u>\$ 2,596,452</u>

See notes to budgetary comparison schedules.

# BAL HARBOUR VILLAGE, FLORIDA

## NOTE TO BUDGETARY COMPARISON SCHEDULES

### NOTE 1. BUDGET AND BUDGETARY ACCOUNTING

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

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

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

**BAL HARBOUR VILLAGE, FLORIDA**

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

**BAL HARBOUR EMPLOYEES' PENSION PLAN**

	2022	2021	2020	2019	2018	2017	2016	2015
<b>Total Pension Liability</b>								
Service cost	\$ 914,119	\$ 656,197	\$ 547,042	\$ 511,875	\$ 397,466	\$ 389,223	\$ 283,241	\$ 287,964
Interest	1,251,834	1,192,594	1,121,125	997,443	941,414	946,114	842,798	865,195
Difference between actual and expected experience	811,023	(146,976)	232,029	524,845	392,032	(774,055)	97,731	-
Changes of assumptions	(570,329)	-	701,152	637,728	380,153	550,516	903,212	-
Benefit payments	(768,588)	(610,472)	(608,845)	(601,429)	(580,345)	(559,166)	(723,310)	(361,172)
Refunds	(414,725)	(65,172)	(25,800)	(55,304)	(91,020)	-	-	-
<b>Net Change in Total Pension Liability</b>	<b>1,223,334</b>	<b>1,026,171</b>	<b>1,966,703</b>	<b>2,015,158</b>	<b>1,439,700</b>	<b>552,632</b>	<b>1,403,672</b>	<b>791,987</b>
<b>Total Pension Liability – Beginning</b>	<b>21,448,567</b>	<b>20,422,396</b>	<b>18,455,693</b>	<b>16,440,535</b>	<b>15,000,835</b>	<b>14,448,203</b>	<b>13,044,531</b>	<b>12,252,544</b>
<b>Total Pension Liability – Ending (a)</b>	<b>22,671,901</b>	<b>21,448,567</b>	<b>20,422,396</b>	<b>18,455,693</b>	<b>16,440,535</b>	<b>15,000,835</b>	<b>14,448,203</b>	<b>13,044,531</b>
<b>Plan Fiduciary Net Position</b>								
Contributions – employer/state	\$ 1,068,711	\$ 1,052,612	\$ 957,499	\$ 793,089	\$ 745,642	\$ 622,677	\$ 565,619	\$ 671,605
Contributions – member	204,581	162,333	124,099	126,093	103,551	78,154	69,983	89,677
Net Investment income	3,350,705	1,071,430	569,622	964,907	1,252,600	995,129	(83,165)	798,212
Benefit payments	(768,588)	(610,472)	(608,845)	(601,429)	(580,345)	(559,166)	(723,310)	(361,172)
Refunds and lump sums	(414,725)	(65,172)	(25,800)	(55,304)	(91,020)	-	-	-
Administrative expense	(57,731)	(64,839)	(54,941)	(53,293)	(54,150)	(54,775)	(63,251)	(27,338)
<b>Net Change in Plan Fiduciary Net Position</b>	<b>3,382,953</b>	<b>1,545,892</b>	<b>961,634</b>	<b>1,174,063</b>	<b>1,376,278</b>	<b>1,082,019</b>	<b>(234,124)</b>	<b>1,170,984</b>
<b>Plan Fiduciary Net Position – Beginning</b>	<b>16,323,210</b>	<b>14,777,318</b>	<b>13,815,684</b>	<b>12,641,621</b>	<b>11,265,343</b>	<b>10,183,324</b>	<b>10,417,448</b>	<b>9,246,464</b>
<b>Plan Fiduciary Net Position – Ending (b)</b>	<b>19,706,163</b>	<b>16,323,210</b>	<b>14,777,318</b>	<b>13,815,684</b>	<b>12,641,621</b>	<b>11,265,343</b>	<b>10,183,324</b>	<b>10,417,448</b>
<b>Net Pension Liability – Ending (a) – (b)</b>	<b>\$ 2,965,738</b>	<b>\$ 5,125,357</b>	<b>\$ 5,645,078</b>	<b>\$ 4,640,009</b>	<b>\$ 3,798,914</b>	<b>\$ 3,735,492</b>	<b>\$ 4,264,879</b>	<b>\$ 2,627,083</b>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	86.92%	76.10%	72.36%	74.86%	76.89%	75.10%	70.48%	79.86%
Covered Payroll	\$ 2,557,263	\$ 2,029,163	\$ 1,551,238	\$ 1,576,163	\$ 1,332,178	\$ 1,251,987	\$ 1,360,903	\$ 1,726,458
Net Pension Liability as a Percentage of Covered Payroll	115.97%	252.58%	363.91%	294.39%	285.17%	298.37%	313.39%	152.17%

Assumptions changes: For 2022, the mortality rates were changed to the same as used by the Florida Retirement System for classes other than Special Risk. See Note 8 for further information.

This schedule is presented to illustrate the requirements of GASB 68. Currently, only data for fiscal years ended September 30, 2015 through 2022 are available.

**BAL HARBOUR VILLAGE, FLORIDA**

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

**BAL HARBOUR POLICE OFFICERS' PENSION PLAN**

	2022	2021	2020	2019	2018	2017	2016	2015
<b>Total Pension Liability</b>								
Service cost	\$ 714,032	\$ 667,911	\$ 592,730	\$ 613,120	\$ 627,129	\$ 553,181	\$ 410,248	\$ 346,348
Interest	2,279,678	2,246,668	2,210,418	2,097,099	2,041,709	1,860,042	1,811,845	1,800,823
Change in excess state money	-	-	-	-	-	(20,337)	-	-
Changes of benefit terms	143,457	-	-	-	-	-	(673,655)	-
Differences between expected and actual experience	(157,031)	55,771	(597,774)	864,085	71,973	474,826	25,401	-
Changes of assumptions	589,671	(47,199)	818,183	801,021	-	935,656	-	-
	-	25,667	(9,660)	-	-	-	-	-
Benefit payments, including refunds of employee contributions	(1,643,202)	(1,647,433)	(1,681,923)	(2,402,714)	(1,666,151)	(1,587,483)	(1,988,455)	(810,802)
<b>Net Change in Total Pension Liability</b>	1,926,605	1,301,385	1,331,974	1,972,611	1,074,660	2,215,885	(414,616)	1,336,369
<b>Total Pension Liability – Beginning</b>	31,407,940	30,106,555	28,774,581	26,801,970	25,727,310	23,511,425	23,926,041	22,589,672
<b>Total Pension Liability – Ending (a)</b>	33,334,545	31,407,940	30,106,555	28,774,581	26,801,970	25,727,310	23,511,425	23,926,041
<b>Plan Fiduciary Net Position</b>								
Contributions – employer	1,546,824	1,429,097	1,440,569	1,283,722	1,090,340	1,412,053	1,267,776	972,601
Contributions – state	67,689	67,617	60,588	105,199	-	48,213	48,213	44,490
Contributions – employee	216,191	209,654	204,080	197,911	209,065	207,719	173,806	133,415
Net investment income	4,064,363	2,858,469	1,331,926	2,674,490	1,967,324	1,378,398	349,967	1,966,648
Benefit payments, including refunds of member contributions	(1,643,202)	(1,647,433)	(1,691,583)	(2,402,714)	(1,666,151)	(1,587,483)	(1,988,455)	(810,802)
Administrative expense	(110,388)	(97,786)	(53,270)	(95,490)	(82,083)	(86,042)	(90,015)	(78,730)
<b>Net Change in Plan Fiduciary Net Position</b>	4,141,477	2,819,618	1,292,310	1,763,118	1,518,495	1,372,858	(238,708)	2,227,622
<b>Plan Fiduciary Net Position – Beginning</b>	26,832,788	24,013,170	22,720,860	20,957,742	19,439,247	18,066,389	18,305,097	16,077,475
<b>Plan Fiduciary Net Position – Ending (b)</b>	30,974,265	26,832,788	24,013,170	22,720,860	20,957,742	19,439,247	18,066,389	18,305,097
<b>Net Pension Liability – Ending (a) – (b)</b>	2,360,280	4,575,152	6,093,385	6,053,721	5,844,228	6,288,063	5,445,036	5,620,944
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	92.92%	85.43%	79.76%	78.96%	78.19%	75.56%	76.84%	76.51%
Covered Payroll	\$ 2,161,913	\$ 2,096,536	\$ 2,040,801	\$ 1,979,108	\$ 2,090,649	\$ 2,077,194	\$ 2,168,613	\$ 1,334,157
Net Pension Liability as a Percentage of Covered Payroll	109.18%	218.22%	298.58%	305.88%	279.54%	302.72%	251.08%	421.31%

Assumptions changes: For 2022, the discount rate was decreased from 7.25% to 7.00%. The salary increase assumption was changed to be based on years of service rather than age. The normal retirement rate assumption was changed, resulting in later retirements for older participants with lower service. The termination rate assumption was changed, resulting in generally fewer terminations than previously assumed. See Note 8 for further information.

This schedule is presented to illustrate the requirements of GASB 68. Currently, only data for fiscal years ended September 30, 2015 through 2022 are available.

**BAL HARBOUR VILLAGE, FLORIDA**

REQUIRED SUPPLEMENTARY INFORMATION - UNAUDITED  
SCHEDULE OF CHANGES IN THE TOTAL PENSION LIABILITY AND RELATED RATIOS  
LAST SIX YEARS

**BAL HARBOUR VILLAGE EXCESS BENEFIT PLAN**

	2022	2021	2020	2019	2018	2017
<b>Total Pension Liability</b>						
Interest on the total pension liability	\$ 46,424	\$ 52,267	\$ 52,077	\$ 60,210	\$ 59,631	\$ 56,322
Difference between actual and expected experience	(77,941)	(55,252)	(98,115)	14,829	10,635	1,860
Changes of assumptions	(605,138)	20,673	386,030	310,002	(140,081)	(134,713)
Benefit payments	(67,424)	(65,780)	(64,175)	(62,610)	(61,083)	(59,593)
Net Change in Total Pension Liability	(704,079)	(48,092)	275,817	322,431	(130,898)	(136,124)
Total Pension Liability - Beginning	2,153,533	2,201,625	1,925,808	1,603,377	1,734,275	1,870,399
Total Pension Liability - Ending	\$ 1,449,454	\$ 2,153,533	\$ 2,201,625	\$ 1,925,808	\$ 1,603,377	\$ 1,734,275
<b>Covered Payroll</b>	not applicable	not applicable	not applicable	not applicable	not applicable	not applicable
<b>Total Pension Liability as a Percentage of Covered Payroll</b>	not applicable	not applicable	not applicable	not applicable	not applicable	not applicable

Assumption changes: \. See Note 8 for further information.

This schedule is presented to illustrate the requirements of GASB 68. Currently, only data for fiscal years ended September 30, 2017 through 2022 are available.



## BAL HARBOUR VILLAGE, FLORIDA

### REQUIRED SUPPLEMENTARY INFORMATION – UNAUDITED SCHEDULES OF EMPLOYER CONTRIBUTIONS LAST NINE YEARS

#### BAL HARBOUR EMPLOYEES' PENSION PLAN

	2022	2021	2020	2019	2018	2017	2016	2015	2014
Actuarially Determined Contribution	\$ 1,295,078	\$ 1,068,711	\$ 1,052,612	\$ 957,499	\$ 793,089	\$ 745,642	\$ 622,677	\$ 565,619	\$ 497,853
Contributions in Relation to the Actuarially Determined Contribution	1,295,078	1,068,711	1,052,612	957,499	793,089	745,642	622,677	565,619	671,605
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (173,752)
Covered Payroll	\$ 2,583,723	\$ 2,557,263	\$ 1,551,238	\$ 1,576,163	\$ 1,575,163	\$ 1,332,178	\$ 1,251,987	\$ 1,360,903	\$ 1,726,458
Contributions as a Percentage of Covered Payroll	50.12%	41.79%	67.86%	60.75%	50.35%	55.97%	49.74%	41.56%	38.90%

#### Notes to Schedule of Contributions

Valuation Date	October 1, 2020
Actuarial Cost Method	Entry Age Normal Cost Method
Amortization Method	Closed, Level Percent of Pay Method
Remaining Amortization Period	20 years
Asset Valuation Method	5-year Smoothed Market Value: Difference between the expected and actual return on market value of assets phased in over a period of five (5) years (at the rate of 20% per year), adjusted to be no greater than 120% and no less than 80% of the fair market value
Inflation	2.25% per year
Salary Increases	Age-based salary increase table with values ranging from 3.15% - 6.75%, including inflation
Investment Rate of Return	5.75% per year compounded annually, net of investment expenses, including inflation
Retirement Age	Experience-based table of rates based on year of eligibility
Mortality	The mortality table for General Employees is the PUB-2010 Headcount Weighted Below Median Employee Male Table (pre-retirement), the PUB-2010 Headcount Weighted Below Median Employee Female Table (pre-retirement), the PUB-2010 Headcount Weighted Below Median Healthy Retiree Male Table (post-retirement) and the PUB- 2010 HeadcountWeighted Below Median Retiree Female Table (postretirement). These tables use ages set back one year for males and future improvements in mortality projected to all future years after 2010 using scale MP-2018. These are the same rates used for Regular Class members of the Florida Retirement System (FRS) in their actuarial valuation as of July 1, 2020.

This schedule is presented to illustrate the requirements of GASB 68. Currently, only data for fiscal years ended September 30, 2014 through 2022 are available.

**BAL HARBOUR VILLAGE, FLORIDA**  
 REQUIRED SUPPLEMENTARY INFORMATION – UNAUDITED  
 SCHEDULES OF EMPLOYER CONTRIBUTIONS  
 LAST NINE YEARS

<b>BAL HARBOUR POLICE OFFICERS' PENSION PLAN</b>	2022	2021	2020	2019	2018	2017	2016	2015	2014
Actuarially Determined Contribution	\$ 1,591,232	\$ 1,616,888	\$ 1,484,107	\$ 1,489,108	\$ 1,388,921	\$ 1,340,039	\$ 1,231,003	\$ 1,284,001	\$ 1,004,620
Contributions in Relation to the Actuarially Determined Contribution	1,656,809	1,614,513	1,496,714	1,501,157	1,388,921	1,090,340	1,460,266	1,315,261	1,017,091
Contribution Deficiency (Excess)	\$ (65,577)	\$ 2,375	\$ (12,607)	\$ (12,049)	\$ -	\$ 249,699	\$ (229,263)	\$ (31,260)	\$ (12,471)
Covered Payroll	\$ 2,071,335	\$ 2,161,913	\$ 2,096,536	\$ 2,040,801	\$ 1,979,108	\$ 2,090,649	\$ 2,077,194	\$ 2,168,613	\$ 1,334,157
Contributions as a Percentage of Covered Payroll	79.99%	74.68%	71.39%	73.56%	70.18%	52.15%	70.30%	60.65%	76.23%

**Notes to Schedule of Contributions**

Valuation Date                      October 1, 2020

Methods and assumptions used to determine contribution rates:

Actuarial Cost Method	Entry Age Normal Cost Method
Amortization Method	Closed, Level Percent of Pay Method
Remaining Amortization Period	20 years (as of 10/01/2020).
Asset Valuation Method	Each year, the prior Actuarial Value of Assets is brought forward utilizing the historical geometric five-year average market value return (net of fees). It is possible that over time this technique will produce an insignificant bias above or below market.
Inflation	2.5% per year
Salary Increases	7.0% per year up to the assumed retirement age
Investment Rate of Return	7.25%, net of pension plan investment expense, including inflation
Fund Earnings	7.25% per year, compounded annually, net of investment related expenses
Payroll Increase	0.0% per year
Cost-of-Living Adjustment	2.5% per year
Retirement Age	Earlier of age 55 and 10 years of service or age 57, regardless of service, or 20 years of service, regardless of age. Members at the assumed retirement age are assumed to continue employment for one more year.
Early Retirement	None
Mortality	Mortality Tables for retirees and employees are the same as used by the Florida Retirement System (FRS) for its Special Risk Class in their July 1, 2021 actuarial valuation, described as Pub-2010 Headcount Weighted Safety Below Median Mortality Tables, set forward 1 year. Rates for beneficiaries are the same as for FRS Regular Class. Rates are generationally projected for all years after 2010 using SOA mortality improvement Scale MP-2018. These tables were adopted following an experience study published in 2019 covering the period July 1, 2013 through June 30, 2018.

This schedule is presented to illustrate the requirements of GASB 68. Currently, only data for fiscal years ended September 30, 2014 through 2022 are available.

**BAL HARBOUR VILLAGE, FLORIDA**  
 REQUIRED SUPPLEMENTARY INFORMATION – UNAUDITED  
 SCHEDULES OF INVESTMENT RETURNS  
 LAST NINE YEARS

	2022	2021	2020	2019	2018	2017	2016	2015	2014
<b>BAL HARBOUR EMPLOYEES' PENSION PLAN</b>									
Annual Money-Weighted Rate of Return, Net of Investment Expense	16.37%	19.11%	7.17%	3.65%	6.89%	10.43%	9.90%	-0.87%	8.59%
<b>BAL HARBOUR POLICE OFFICERS' PENSION PLAN</b>									
Annual Money-Weighted Rate of Return, Net of Investment Expense	-8.85%	14.73%	5.76%	12.55%	12.32%	9.56%	7.42%	2.53%	12.81%

This schedule is presented to illustrate the requirements of GASB 68. Currently, only data for fiscal years ended September 30, 2014 through 2022 are available.

**BAL HARBOUR VILLAGE, FLORIDA**

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

	2022	2021	2020	2019	2018
<b>Total OPEB Liability</b>					
Service cost	\$ 86,133	\$ 78,851	\$ 60,262	\$ 60,520	\$ 61,563
Interest cost	35,282	38,931	47,718	44,190	39,361
Differences between expected and actual experience	(191,402)	-	251,892	-	-
Changes in assumptions	(63,260)	29,973	(106,810)	(26,655)	(36,296)
Benefit payments	(108,542)	(104,947)	(98,795)	(90,177)	(51,268)
<b>Net change in total OPEB liability</b>	<u>(241,789)</u>	<u>42,808</u>	<u>154,267</u>	<u>(12,122)</u>	<u>13,360</u>
<b>Total OPEB Liability - beginning</b>	<u>1,432,107</u>	<u>1,389,299</u>	<u>1,235,032</u>	<u>1,247,154</u>	<u>1,233,794</u>
<b>Total OPEB Liability - ending</b>	<u><u>\$ 1,190,318</u></u>	<u><u>\$ 1,432,107</u></u>	<u><u>\$ 1,389,299</u></u>	<u><u>\$ 1,235,032</u></u>	<u><u>\$ 1,247,154</u></u>
<b>Covered payroll</b>	\$ 6,842,569	\$ 6,640,185	\$ 6,417,541	\$ 5,974,274	\$ 5,416,800
<b>Total OPEB Liability as a percentage of covered payroll</b>	17%	22%	22%	21%	23%

Assumption changes: For 2022, the discount rate was changed from 2.41% to 2.19% (the municipal bond rate used to measure the September 30, 2022 Total Pension Liability). Premiums were updated based on information provided. Updated mortality rates to those used for non-K-12 Instructional Regular Class Members in the July 1, 2021 Florida Retirement System (FRS) valuation. See Note 8 for further information.

The schedule is presented to illustrate the requirements of GASB 75. Currently, only data for the fiscal years 2018 through 2022 are available to be presented.

**BAL HARBOUR VILLAGE, FLORIDA**

REQUIRED SUPPLEMENTARY INFORMATION – UNAUDITED  
 SCHEDULE OF VILLAGE’S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY  
 FLORIDA RETIREMENT SYSTEM PLANS  
 LAST FIVE YEARS

<b>Florida Retirement System</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>
Villages’ proportion of the net pension liability	0.003625%	0.003183%	0.003659%	0.002846%	0.000583%
Village’s proportionate share of the net pension liability	\$ 1,348,956	\$ 240,452	\$ 1,585,931	\$ 980,181	\$ 175,516
Village’s covered payroll	\$ 684,117	\$ 544,676	\$ 511,616	\$ 387,351	\$ 77,050
Village’s proportionate share of the net pension liability as a percentage of its covered payroll	197.18%	44.15%	309.98%	253.05%	227.79%
Plan fiduciary net position as a percentage of the total pension liability	82.61%	82.61%	82.61%	82.61%	84.26%
<b>Health Insurance Subsidy Program</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>
Villages’ proportion of the net pension liability	0.00187724%	0.00153900%	0.00147411%	0.00115183%	0.00023600%
Village’s proportionate share of the net pension liability	\$ 198,830	\$ 188,724	\$ 179,986	\$ 129,589	\$ 24,967
Village’s covered payroll	\$ 684,117	\$ 544,676	\$ 511,616	\$ 387,351	\$ 77,050
Village’s proportionate share of the net pension liability as a percentage of its covered payroll	29.06%	34.65%	35.18%	33.46%	32.40%
Plan fiduciary net position as a percentage of the total pension liability	2.63%	2.63%	2.63%	2.63%	2.15%

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

**BAL HARBOUR VILLAGE, FLORIDA**

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

<b>Florida Retirement System</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>
Contractually required contribution	\$ 154,704	\$ 121,265	\$ 121,577	\$ 88,252	\$ 16,607
Contributions in relation to the contractually required contribution	(154,704)	(121,265)	(121,577)	(88,252)	(16,607)
<b>Contribution deficiency (excess)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
Village's covered payroll	\$ 982,880	\$ 602,638	\$ 509,007	\$ 443,167	\$ 136,738
Contributions as a percentage of covered payroll	15.74%	20.12%	23.89%	19.91%	12.15%
<b>Health Insurance Subsidy Program</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>
Contractually required contribution	\$ 11,359	\$ 9,044	\$ 8,465	\$ 6,431	\$ 1,279
Contributions in relation to the contractually required contribution	(11,359)	(9,044)	(8,465)	(6,431)	(1,279)
<b>Contribution deficiency (excess)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
Village's covered payroll	\$ 982,880	\$ 602,638	\$ 509,007	\$ 443,167	\$ 136,738
Contributions as a percentage of covered payroll	1.16%	1.50%	1.66%	1.45%	0.94%

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

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

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BAL HARBOUR  
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**BAL HARBOUR VILLAGE, FLORIDA**  
**COMBINING BALANCE SHEET**  
**NON-MAJOR GOVERNMENTAL FUNDS**  
**SEPTEMBER 30, 2022**

	State Law Enforcement Special Revenue	Federal Law Enforcement Special Revenue	Security District Special Revenue	Total Non-Major Governmental Funds
<b><u>ASSETS</u></b>				
Cash and cash equivalents	\$ 765,531	22,531	\$ 1,666,082	\$ 2,454,144
Receivables, net	1,000	-	22,123	23,123
Prepaid expenses	-	-	1,875	1,875
Total assets	<u>766,531</u>	<u>22,531</u>	<u>1,690,080</u>	<u>2,479,142</u>
<b><u>LIABILITIES AND FUND BALANCE</u></b>				
Accounts payable and accrued liabilities	-	-	100,248	100,248
<b><u>Fund balance:</u></b>				
Non-Spendable - Prepays	-	-	1,875	1,875
Restricted:				
State and federal law enforcement	766,531	22,531	-	789,062
Security district	-	-	1,587,957	1,587,957
Total fund balances	<u>766,531</u>	<u>22,531</u>	<u>1,589,832</u>	<u>2,378,894</u>
Total liabilities and fund balances	<u>\$ 766,531</u>	<u>\$ 22,531</u>	<u>\$ 1,690,080</u>	<u>\$ 2,479,142</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, 2022**

	State Law Enforcement Special Revenue	Federal Law Enforcement Special Revenue	Security District Special Revenue	Total Non-Major Governmental Funds
Revenues:				
Special assessments	\$ -	\$ -	\$ 936,960	\$ 936,960
Licenses and permits	-	-	88,421	88,421
Investment earnings	732	-	11,400	12,132
Total revenues	<u>732</u>	<u>-</u>	<u>1,036,781</u>	<u>1,037,513</u>
Expenditures:				
General government	5,000	-	620,109	625,109
Capital outlay	-	-	206,864	206,864
Total expenditures	<u>5,000</u>	<u>-</u>	<u>826,973</u>	<u>831,973</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(4,268)</u>	<u>-</u>	<u>209,808</u>	<u>205,540</u>
Net change in fund balance	<u>(4,268)</u>	<u>-</u>	<u>209,808</u>	<u>205,540</u>
Fund balance, beginning	770,799	22,531	1,380,024	2,173,354
Fund balance, ending	<u>\$ 766,531</u>	<u>\$ 22,531</u>	<u>\$ 1,589,832</u>	<u>\$ 2,378,894</u>

**BAL HARBOUR VILLAGE, FLORIDA**  
**BUDGETARY COMPARISON SCHEDULE**  
**SECURITY DISTRICT FUND**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022**

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget
Revenues:				
Special assessments	\$ 917,434	\$ 917,434	\$ 936,960	\$ 19,526
Licenses and permits	25,000	25,000	88,421	63,421
Investment earnings	-	-	11,400	11,400
Miscellaneous	40,000	40,000	-	(40,000)
Total revenues	<u>982,434</u>	<u>982,434</u>	<u>1,036,781</u>	<u>54,347</u>
Expenditures:				
General government	801,064	811,064	620,109	190,955
Capital outlay	181,370	735,206	206,864	528,342
Total expenditures	<u>982,434</u>	<u>1,546,270</u>	<u>826,973</u>	<u>719,297</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>(563,836)</u>	<u>209,808</u>	<u>773,644</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ (563,836)</u>	<u>\$ 209,808</u>	<u>\$ 773,644</u>

**BAL HARBOUR VILLAGE, FLORIDA**  
**COMBINING STATEMENT OF FIDUCIARY NET POSITION**  
**PENSION TRUST FUNDS**  
**SEPTEMBER 30, 2022**

	General Employees Pension	Police Officers Pension	Totals
<b><u>ASSETS</u></b>			
Investments, at fair value:			
Money market mutual funds	\$ 78,478	\$ 885,024	\$ 963,502
Equity mutual funds	9,821,675	1,301,853	11,123,528
Bond mutual funds	5,092,515	-	5,092,515
U.S. Government obligations	-	4,607,804	4,607,804
Corporate bonds	-	3,182,125	3,182,125
Large cap equities	-	12,310,528	12,310,528
Real estate investments	957,248	3,339,384	4,296,632
Infrastructure investments	801,799	-	801,799
Foreign stock	-	2,411,239	2,411,239
Total investments	<u>16,751,715</u>	<u>28,037,957</u>	<u>44,789,672</u>
Accrued interest receivable	-	53,089	53,089
Contributions receivable	-	138,864	138,864
Prepaid expenses	4,375	-	4,375
Total assets	<u>16,756,090</u>	<u>28,229,910</u>	<u>44,986,000</u>
<b><u>LIABILITIES</u></b>			
Accounts payables	<u>20,323</u>	<u>35,174</u>	<u>55,497</u>
<b><u>NET POSITION</u></b>			
Net position restricted for pension benefits	<u>\$ 16,735,767</u>	<u>\$ 28,194,736</u>	<u>\$ 44,930,503</u>

**BAL HARBOUR VILLAGE, FLORIDA**  
**COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**  
**PENSION TRUST FUNDS**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022**

	General Employees Pension	Police Officers Pension	Totals
<b>ADDITIONS</b>			
Contributions:			
Village	\$ 1,295,078	\$ 1,517,945	\$ 2,813,023
Employees	192,383	207,133	399,516
State	-	138,864	138,864
Total contributions	<u>1,487,461</u>	<u>1,863,942</u>	<u>3,351,403</u>
Investment income (loss):			
Interest, dividends and other income	325,524	490,087	815,611
Net change in the fair value of investments	<u>(3,705,586)</u>	<u>(3,037,495)</u>	<u>(6,743,081)</u>
	(3,380,062)	(2,547,408)	(5,927,470)
Less investment expenses	<u>(39,483)</u>	<u>(143,182)</u>	<u>(182,665)</u>
Net investment loss	<u>(3,419,545)</u>	<u>(2,690,590)</u>	<u>(6,110,135)</u>
Other loss			
	-	(79,478)	(79,478)
Total deletions	<u>(1,932,084)</u>	<u>(906,126)</u>	<u>(2,838,210)</u>
<b>DEDUCTIONS</b>			
Benefits payments	848,686	1,750,406	2,599,092
Administrative expenses	71,051	122,997	194,048
Lump sum DROP distributions	118,575	-	118,575
Total deductions	<u>1,038,312</u>	<u>1,873,403</u>	<u>2,911,715</u>
Change in net position	(2,970,396)	(2,779,529)	(5,749,925)
<b>NET POSITION RESTRICTED FOR PENSION BENEFITS</b>			
Beginning	<u>19,706,163</u>	<u>30,974,265</u>	<u>50,680,428</u>
Ending	<u>\$ 16,735,767</u>	<u>\$ 28,194,736</u>	<u>\$ 44,930,503</u>

BAL HARBOUR  
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**STATISTICAL SECTION - UNAUDITED**

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## 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.

<b><u>Contents</u></b>	<b><u>Page</u></b>
<b>Financial Trends</b> <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>	<b>123-127</b>
<b>Revenue Capacity</b> <i>These schedules contain information to help the reader assess the Village's most significant local revenue source, the property tax.</i>	<b>128-133</b>
<b>Debt Capacity</b> <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>	<b>134-138</b>
<b>Demographic and Economic Information</b> <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>	<b>139-140</b>
<b>Operating Information</b> <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>	<b>141-142</b>

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

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## BAL HARBOUR VILLAGE, FLORIDA

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

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
<b>Government activities:</b>										
Net investment in capital assets	\$ 10,745,368	\$ 10,540,631	\$ 9,735,309	\$ 2,706,557	\$ 31,630,842	\$ 32,114,123	\$ 33,150,693	\$ 54,484,061	\$ 56,384,097	\$ 78,957,002
Restricted	5,064,897	5,871,135	5,659,681	5,112,055	5,035,027	5,156,817	9,635,715	10,125,644	10,912,192	13,061,321
Unrestricted	8,858,923	11,864,368	6,474,732	7,510,264	9,322,579	12,019,793	13,780,660	13,834,008	21,837,755	39,882,293
Total governmental activities net position	\$ 24,669,188	\$ 28,276,134	\$ 21,869,722	\$ 15,328,876	\$ 45,988,448	\$ 49,290,733	\$ 56,567,068	\$ 78,443,713	\$ 89,134,044	\$ 131,900,616
<b>Business-type activities:</b>										
Net Invested in capital assets	\$ 603,883	\$ 1,914,085	\$ 2,674,221	\$ 4,448,041	\$ 13,717,215	\$ 15,826,763	\$ 17,139,918	\$ 17,940,383	\$ 18,603,172	\$ 20,244,622
Unrestricted	8,455,727	8,110,121	8,372,874	8,356,699	9,802,290	8,711,616	10,143,185	10,473,847	10,188,810	9,148,166
Total business-type activities net position	\$ 9,059,610	\$ 10,024,206	\$ 11,047,095	\$ 12,804,740	\$ 23,519,505	\$ 24,538,379	\$ 27,283,103	\$ 28,414,230	\$ 28,791,982	\$ 29,392,788
<b>Primary government:</b>										
Net Invested in capital assets	\$ 11,349,251	\$ 12,455,436	\$ 12,409,530	\$ 7,154,598	\$ 45,348,057	\$ 47,940,886	\$ 50,290,811	\$ 72,424,444	\$ 74,987,269	\$ 99,201,624
Restricted	5,064,897	5,871,135	5,659,681	5,112,055	5,035,027	5,156,817	9,635,715	10,125,644	10,912,192	13,061,321
Unrestricted	17,314,650	19,974,489	14,847,606	15,896,963	19,124,869	20,731,409	23,923,845	24,307,855	32,026,565	49,030,459
Total primary government net position	\$ 33,728,798	\$ 38,301,060	\$ 32,916,817	\$ 28,163,616	\$ 69,507,953	\$ 73,829,112	\$ 83,850,371	\$ 106,857,943	\$ 117,926,026	\$ 161,293,404

**BAL HARBOUR VILLAGE, FLORIDA**

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

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
<b>Expenses:</b>										
<b>Governmental activities:</b>										
General government	\$ 3,858,620	\$ 4,143,524	\$ 4,187,109	\$ 4,629,417	\$ 5,863,429	\$ 5,617,805	\$ 6,456,473	\$ 7,040,358	\$ 6,604,179	\$ 6,748,287
Public safety	5,607,676	5,739,694	6,161,865	6,605,925	6,064,111	6,568,155	6,635,010	8,227,790	7,026,299	4,937,857
Community services	1,792,239	1,811,359	1,881,892	1,963,975	2,081,680	2,193,271	2,539,431	2,264,482	2,018,345	2,037,813
Tourism development	3,120,890	2,909,298	3,523,612	3,479,071	3,351,037	3,629,100	3,539,890	2,304,237	1,879,376	3,477,619
Interest on long-term debt	8,214	7,675	-	-	-	-	-	-	-	-
Total governmental activities expenses	14,387,639	14,611,550	15,754,478	16,678,388	17,360,257	18,008,331	19,170,804	19,836,867	17,528,199	17,201,576
<b>Business-type activities:</b>										
Water and sewer	2,800,180	2,527,403	2,920,314	3,567,105	3,300,056	3,333,587	3,800,127	3,791,346	4,189,214	4,157,525
Total business-type activities	2,800,180	2,527,403	2,920,314	3,567,105	3,300,056	3,333,587	3,800,127	3,791,346	4,189,214	4,157,525
Total primary government expenses	17,187,819	17,138,953	18,674,792	20,245,493	20,660,313	21,341,918	22,970,931	23,628,213	21,717,413	21,359,101
<b>Program revenues:</b>										
<b>Government activities:</b>										
<b>Charges for services:</b>										
General government	2,711,878	3,086,654	3,048,718	2,645,886	3,510,905	4,392,385	3,996,536	4,448,128	5,546,973	6,450,109
Public safety	645,339	904,073	919,762	1,103,188	669,672	407,099	914,305	559,142	849,682	1,133,619
Community services	115,466	193,847	-	-	-	-	-	-	-	322,814
Operating grants and contributions	-	-	-	-	-	-	-	-	2,102,721	-
Capital grants and contributions	-	243,000	-	138,308	29,020,077	(20,077)	3,025,000	20,000,000	616,900	14,411,696
Total governmental activities and program revenues	3,472,683	4,427,574	3,968,480	3,887,382	33,200,654	4,779,407	7,935,841	25,007,270	9,116,276	22,318,238
<b>Business-type activities:</b>										
<b>Charges for services:</b>										
Water and sewer	3,351,332	3,547,076	4,323,705	4,438,684	4,183,763	4,276,844	4,392,761	4,294,451	4,543,188	4,693,354
Capital grants and contributions	259,470	-	-	1,009,698	9,783,539	7,041	2,057,840	658,232	-	-
Total business-type activities program revenues	3,610,802	3,547,076	4,323,705	5,448,382	13,967,302	4,283,885	6,450,601	4,952,683	4,543,188	4,693,354
Total primary government program revenues	7,083,485	7,974,650	8,292,185	9,335,764	47,167,956	9,063,292	14,386,442	29,959,953	13,659,464	27,011,592

(Continued)

## BAL HARBOUR VILLAGE, FLORIDA

CHANGES IN NET POSITION – UNAUDITED

(Continued)

LAST TEN FISCAL YEARS

(Accrual Basis of Accounting)

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Net (expense) revenue:										
Business type activities	810,622	1,019,673	1,403,391	1,881,277	10,667,246	950,298	2,650,474	1,161,337	353,974	535,829
Total primary government net expense	(10,104,334)	(9,164,303)	(10,382,607)	(10,909,729)	26,507,643	(12,278,626)	(8,584,489)	6,331,740	(8,057,949)	5,675,073
General revenues and other changes in net assets:										
Governmental activities										
Taxes:										
Ad-valorem taxes	6,797,002	6,781,637	7,591,502	7,193,763	8,195,619	10,010,648	10,139,283	10,258,510	9,824,672	9,769,187
Franchise fees based on gross receipts and utility taxes	1,463,181	1,688,621	1,513,181	1,528,901	1,590,867	1,601,350	1,613,151	1,518,958	1,587,850	1,793,918
Unrestricted intergovernmental revenue	580,399	638,806	631,608	629,457	731,511	756,387	1,012,413	1,083,278	888,970	887,173
Tourism tax	3,229,946	3,600,359	3,448,249	3,423,437	3,331,088	3,825,266	4,526,248	2,777,408	4,813,175	5,931,450
Unrestricted investment earnings	33,000	29,531	53,748	50,747	84,091	150,075	203,734	129,251	50,802	378,644
Miscellaneous	165,772	992,008	22,701	957,404	855,999	609,934	1,003,220	848,977	1,936,785	18,866,956
Transfers	60,000	60,000	60,000	-	-	18,722	13,449	89,660	-	-
Total governmental activities	12,329,300	13,790,962	13,320,989	13,783,709	14,789,175	16,972,382	18,511,498	16,706,042	19,102,254	37,627,328
Business-type activities										
Unrestricted investment earnings	20,312	5,643	22,461	19,205	47,519	87,298	107,699	59,450	23,778	64,977
Transfers	(60,000)	(60,000)	(60,000)	-	-	(18,722)	(13,449)	(89,660)	-	-
Total business-type activities	(39,688)	(54,357)	(37,539)	19,205	47,519	68,576	94,250	(30,210)	23,778	64,977
Total primary government	12,289,612	13,736,605	13,283,450	13,802,914	14,836,694	17,040,958	18,605,748	16,675,832	19,126,032	37,692,305
Change in net position										
Governmental activities	1,414,344	3,606,946	2,480,201	992,703	30,629,572	3,743,458	7,276,535	21,876,445	10,690,331	42,766,572
Business-type activities	770,934	965,316	1,162,238	1,900,482	10,714,765	1,018,874	2,744,724	1,131,127	377,752	600,806
Total primary government	\$ 2,185,278	\$ 4,572,262	\$ 3,642,439	\$ 2,893,185	\$ 41,344,337	\$ 4,762,332	\$ 10,021,259	\$ 23,007,572	\$ 11,068,083	\$ 43,367,378

## BAL HARBOUR VILLAGE, FLORIDA

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

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
General fund:										
Restricted	\$ 328,373	\$ 306,477	\$ 284,306	\$ 368,934	\$ 368,934	\$ 368,934	\$ 3,025,000	\$ 3,000,000	\$ 500,000	\$ 500,000
Committed	-	-	-	-	-	-	-	-	-	14,956,228
Non-spendable	5,000	3,199	3,199	-	-	-	64,996	77,752	110,627	159,584
Assigned	2,147,395	2,505,746	3,839,071	5,155,978	5,634,930	6,309,833	9,493,556	12,700,628	22,520,890	18,168,600
Unassigned	8,348,881	10,904,188	12,090,936	10,960,921	12,890,324	15,247,427	15,216,033	14,037,405	12,149,328	15,426,172
Total general fund	<u>\$ 10,829,649</u>	<u>\$ 13,719,610</u>	<u>\$ 16,217,512</u>	<u>\$ 16,485,833</u>	<u>\$ 18,894,188</u>	<u>\$ 21,926,194</u>	<u>\$ 27,799,585</u>	<u>\$ 29,815,785</u>	<u>\$ 35,280,845</u>	<u>\$ 49,210,584</u>
All other government funds:										
Reserved, reported in:										
Non-spendable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,500	\$ 2,680	\$ 13,750	\$ 1,875
Restricted:										
Tourism fund	-	-	3,262,914	3,090,456	3,110,249	3,318,691	4,737,680	5,291,064	8,225,088	10,729,824
Other governmental funds	-	-	2,112,461	2,021,599	1,924,778	1,868,126	1,869,535	1,834,400	2,173,354	2,377,019
Restricted	4,736,524	5,564,658	-	-	-	-	-	-	-	-
Total all other governmental funds	<u>\$ 4,736,524</u>	<u>\$ 5,564,658</u>	<u>\$ 5,375,375</u>	<u>\$ 5,112,055</u>	<u>\$ 5,035,027</u>	<u>\$ 5,186,817</u>	<u>\$ 6,610,715</u>	<u>\$ 7,128,144</u>	<u>\$ 10,412,192</u>	<u>\$ 13,108,718</u>

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

\*\*Assigned fund balance includes amounts for future capital projects (\$14.7M), post-employment benefits and pensions (\$2.6M), future claims (\$500k), and for building and zoning future costs. Prior year balances primarily represent monies set aside for future capital projects; as well as post-employment benefits and pensions.

# BAL HARBOUR VILLAGE, FLORIDA

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

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
<b>Revenues:</b>										
Ad valorem taxes	\$ 6,797,002	\$ 6,781,637	\$ 7,591,502	\$ 7,193,763	\$ 8,195,619	\$ 10,010,648	\$ 10,139,283	\$ 10,258,510	\$ 9,824,672	\$ 9,769,187
Utility taxes and franchise fees	1,784,020	2,005,201	1,834,540	1,840,407	1,880,227	1,601,350	1,882,756	1,794,819	1,821,576	2,040,665
Licenses and permits	1,004,325	1,598,837	1,537,695	1,296,318	2,186,908	2,287,708	2,703,831	2,259,810	2,851,772	3,712,216
Special assessments	932,338	614,015	413,953	407,333	424,346	603,159	592,950	688,946	919,422	936,960
Intergovernmental	375,026	516,073	462,333	456,259	442,151	756,387	742,808	807,417	3,374,865	2,244,936
Charges for services	775,215	873,802	1,097,070	942,235	899,651	1,025,384	1,175,889	1,499,372	1,775,779	1,800,933
Tourist tax	3,229,946	3,600,359	3,448,249	3,423,437	3,331,088	3,825,266	4,526,248	2,777,408	4,813,175	5,931,450
Fines and forfeitures	642,947	869,783	915,108	1,101,657	663,240	383,907	914,305	554,154	849,682	1,133,619
Investment earnings	33,157	28,403	30,374	50,924	84,248	150,219	203,734	129,251	50,802	378,644
Developer contribution	87,009	965,561	662,463	834,922	840,852	500,000	3,525,000	459,011	1,139,456	18,056,228
Grants	-	243,000	-	-	-	-	-	-	-	-
Miscellaneous	80,998	61,855	50,729	123,836	21,422	132,982	503,220	394,954	797,329	833,310
<b>Total revenues</b>	<b>15,741,983</b>	<b>18,158,526</b>	<b>18,044,016</b>	<b>17,671,091</b>	<b>18,969,752</b>	<b>21,277,010</b>	<b>26,910,024</b>	<b>21,623,652</b>	<b>28,218,530</b>	<b>46,838,148</b>
<b>Expenditures:</b>										
General government	3,766,627	3,948,411	4,187,109	5,040,926	4,982,816	5,026,069	5,203,742	5,742,688	6,000,598	6,330,899
Public safety	5,471,270	5,620,615	6,110,890	6,484,618	5,929,379	6,140,275	6,596,510	6,999,460	7,286,884	7,191,216
Solid waste	613,773	613,773	610,333	615,626	613,849	610,507	682,978	697,872	695,588	718,066
Road and streets	819,193	787,614	924,503	977,257	948,261	1,154,994	1,290,374	1,112,096	1,099,784	1,102,699
Parks and recreation	331,742	389,739	347,056	328,956	405,336	314,807	416,337	286,594	84,589	58,737
Tourism development	3,114,011	2,902,419	3,523,612	3,373,729	3,317,701	3,593,659	3,510,355	2,275,996	1,853,605	3,447,643
Capital outlay	815,299	208,299	50,975	362,101	31,581	627,704	1,807,579	1,966,352	2,405,753	11,371,017
<b>Debt service:</b>										
Principal	21,627	21,896	-	266,861	330,309	660,052	80,718	93,024	38,594	44,785
Interest	8,214	7,675	-	95,699	110,772	13,869	7,591	5,601	4,027	3,757
<b>Total expenditures</b>	<b>14,961,756</b>	<b>14,500,441</b>	<b>15,754,478</b>	<b>17,545,773</b>	<b>16,670,004</b>	<b>18,141,936</b>	<b>19,596,184</b>	<b>19,179,683</b>	<b>19,469,422</b>	<b>30,268,819</b>
<b>Excess (deficiency) of revenue over expenditures</b>	<b>780,227</b>	<b>3,658,095</b>	<b>2,289,538</b>	<b>125,318</b>	<b>2,299,748</b>	<b>3,135,074</b>	<b>7,313,840</b>	<b>2,443,969</b>	<b>8,749,108</b>	<b>16,569,329</b>
<b>Other financing sources (uses):</b>										
Bonds issued/ lease	-	-	-	29,527	31,581	-	-	-	-	56,936
Transfers in	120,000	120,000	125,000	314	-	18,722	13,449	89,600	-	-
Transfers out	(60,000)	(60,000)	(65,000)	(314)	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>60,000</b>	<b>60,000</b>	<b>60,000</b>	<b>29,527</b>	<b>31,581</b>	<b>18,722</b>	<b>13,449</b>	<b>89,600</b>	<b>-</b>	<b>56,936</b>
<b>Net change in fund balance</b>	<b>\$ 840,227</b>	<b>\$ 3,718,095</b>	<b>\$ 2,349,538</b>	<b>\$ 154,845</b>	<b>\$ 2,331,329</b>	<b>\$ 3,153,796</b>	<b>\$ 7,327,289</b>	<b>\$ 2,533,569</b>	<b>\$ 8,749,108</b>	<b>\$ 16,626,265</b>
<b>Debt service expenditures as a % of noncapital expenditures</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>	<b>2%</b>	<b>3%</b>	<b>4%</b>	<b>0%</b>	<b>1%</b>	<b>0%</b>	<b>0%</b>

**BAL HARBOUR VILLAGE, FLORIDA**

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

Fiscal Year Ended September 30,	Tax Roll Year	Ad Valorem Taxes	Franchise Fees and Utility Taxes	Tourism Tax	Total
2013	2012	6,797,002	1,784,020	3,229,946	11,810,968
2014	2013	6,781,637	2,005,201	3,600,359	12,387,197
2015	2014	7,591,502	1,687,146	3,448,249	12,726,897
2016	2015	7,193,763	1,528,901	3,423,437	12,146,101
2017	2016	8,195,619	1,590,867	3,331,088	13,117,574
2018	2017	10,010,648	1,601,350	3,825,266	15,437,264
2019	2018	10,139,283	1,613,151	4,526,247	16,278,681
2020	2019	10,258,510	1,518,958	2,777,408	14,554,876
2021	2020	9,824,672	1,587,850	4,813,175	16,225,697
2022	2021	9,769,187	1,793,918	5,931,450	17,494,555



## BAL HARBOUR VILLAGE, FLORIDA

### GENERAL FUND GOVERNMENTAL REVENUES BY SOURCE – UNAUDITED LAST TEN FISCAL YEARS

Fiscal Year Ended September 30,	Taxes	Inter- Governmental	Licenses and Permits	Charges for Service	Fines and Forfeitures	Investment Earnings	Other	Developer Contribution	Total
2013	8,581,022	375,026	1,004,325	745,540	642,947	28,546	48,777	87,009	11,513,192
2014	8,786,838	516,073	1,598,837	827,112	869,783	24,568	269,227	965,561	13,857,999
2015	9,278,648	462,333	1,537,695	992,051	915,108	22,221	45,798	662,463	13,916,317
2016	12,457,607	456,259	1,296,318	1,349,568	1,101,657	50,924	123,836	834,922	17,671,091
2017	13,406,934	442,151	2,186,908	1,323,997	663,240	84,248	21,422	840,852	18,969,752
2018	11,913,189	455,196	2,287,708	1,025,384	383,907	109,746	109,934	500,000	16,785,064
2019	12,022,039	742,808	2,703,831	1,175,889	914,305	148,867	125,042	3,525,000	21,357,781
2020	12,053,329	807,417	2,229,867	1,499,372	553,545	98,481	336,294	459,011	18,037,316
2021	11,646,248	3,374,865	2,787,470	1,775,779	849,682	40,941	771,060	1,139,456	22,385,501
2022	11,809,852	2,244,936	3,623,795	1,800,933	1,133,619	310,407	777,228	18,056,228	39,756,998

## BAL HARBOUR VILLAGE, FLORIDA

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

Calendar Year	Residential Property	Commercial Property	Personal Property	Other Property	Total Estimated Actual Value	Exemptions	Net Assessed Value	Total Direct Tax Rate (a)	Net Assessed Value as a Percentage of Estimated Actual Value
2013	2,823,731,833	566,152,958	35,164,780	91,428,428	3,516,477,999	348,237,714	3,168,240,285	2.2678	90.10%
2014	2,823,731,833	566,152,958	35,164,780	91,428,428	3,516,477,999	348,237,714	3,168,240,285	1.9192	90.10%
2015	3,389,022,070	532,009,772	75,795,113	-	3,996,826,955	42,378,896	3,954,448,059	2.0611	98.94%
2016	4,630,037,791	576,530,305	74,345,511	8,793,501	5,289,707,108	1,040,402,108	4,249,305,000	1.9654	80.33%
2017	4,887,875,474	549,764,276	85,089,223	13,079,086	5,535,808,059	1,102,076,500	4,433,731,559	1.9654	80.09%
2018	5,499,313,271	553,901,409	80,038,174	103,762,729	6,237,015,583	922,809,073	5,314,206,510	1.9654	85.20%
2019	5,418,035,388	601,166,952	84,448,270	63,952,817	6,167,603,427	668,781,338	5,498,822,089	1.9654	89.16%
2020	5,332,307,758	642,413,314	80,740,683	74,886,913	6,130,348,668	630,230,842	5,500,117,826	1.9654	89.72%
2021	4,901,373,815	639,222,999	79,630,705	83,869,382	5,704,096,901	427,106,395	5,276,990,506	1.9654	92.51%
2022	4,943,014,024	644,559,447	75,770,056	125,262,853	5,788,606,380	525,530,237	5,263,076,143	1.9654	90.92%

(a) Miami Dade Property Appraiser

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

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

# BAL HARBOUR VILLAGE, FLORIDA

## PRINCIPAL PROPERTY ASSESSED VALUES - UNAUDITED

	Fiscal Year 2022			
	Market Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
St. Regis Hotel and Condominiums (Seldar)	\$ 1,055,285,709	\$ 1,054,185,709	1	20.12%
Oceana	850,592,257	850,042,257	2	16.22%
One Bal Harbour /Ritz Carlton Complex	548,202,962	546,501,962	3	10.45%
Bal Harbour Shops Complex	301,716,766	301,716,766	4	5.75%
Balmoral Complex	273,518,247	269,704,747	5	5.22%
The Majestic Complex	264,131,360	261,928,360	6	5.04%
Bal Harbour Tower Complex	220,282,868	218,280,868	7	4.20%
Harbour House Complex	211,291,204	209,589,704	8	4.03%
Bal Harbour 101	175,508,364	172,601,364	9	3.35%
Bellini	164,873,537	163,823,037	10	3.14%
<b>Total</b>	<b>\$ 4,065,403,274</b>	<b>\$ 4,048,374,774</b>		<b>77.52%</b>

- Notes:
- The ten properties with the highest assessed values comprise 77.52% of the total taxable value for the Village as a whole.
  - 36.34% of the percent of total taxable value for 2022, is within 2 of the 10 highest taxable value.
  - Properties ranked #1 and #2 did not exist 10 years ago, this indicates significant assessed value growth due to oceanfront development within the Village, as these properties comprise just over half of the top 10 value for the Village.

**BAL HARBOUR VILLAGE, FLORIDA**

PROPERTY TAX LEVIES AND COLLECTIONS - UNAUDITED  
LAST TEN FISCAL YEARS

Fiscal Years Ended September 30,	Taxes Levied for the Fiscal Year			Collected within the Fiscal Year of the Levy		Distribution of Prior Year Levy	Total Collections to Date	
	Gross Levy	Discount	Net Levy	Amount	Percentage of Levy		Amount	Percentage of Net Levy
2013	7,194,529	287,781	6,906,748	6,637,686	92.26%	218,692	6,856,378	95.30%
2014	7,009,092	303,842	6,705,250	6,705,250	95.67%	76,387	6,781,637	96.75%
2015	8,146,491	554,989	7,591,502	7,591,502	93.19%	221,412	7,812,914	95.91%
2016	8,351,584	1,161,483	7,190,101	7,190,101	86.09%	3,661	7,193,762	86.14%
2017	8,715,056	838,213	7,876,843	7,876,843	90.38%	318,776	8,195,619	94.04%
2018	10,444,541	522,227	9,922,314	9,656,475	92.45%	354,173	10,010,648	95.85%
2019	10,808,734	541,718	10,267,016	9,704,307	89.78%	434,976	10,139,283	93.81%
2020	10,599,003	329,568	10,269,435	9,869,362	93.12%	389,148	10,258,510	96.79%
2021	10,103,870	251,043	9,852,827	9,493,585	93.96%	331,087	9,824,672	97.24%
2022	10,166,564	339,717	9,826,847	9,514,720	93.59%	254,467	9,769,187	96.09%

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

## BAL HARBOUR VILLAGE, FLORIDA

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

Fiscal Years Ended September 30,	Tax Roll Year	Direct Rate	Overlapping Rates										Total Direct & Overlapping Rates
		Village	School District		State			Miami-Dade County		Special Districts			
		Operating and Total Millage	Operating Millage/Voted Operating	Debt Service Millage	Everglades Project	South Florida Water Management District	Florida Inland Navigation District	Operating Millage	Debt Service Millage	Children's Trust	Fire & Rescue	Fire Debt	
2013	2012	2.2678	7.765	0.2330	0.0613	0.3676	0.0345	4.7035	0.2850	0.5000	2.4496	0.0131	18.6804
2014	2013	1.9192	7.644	0.3330	0.0587	0.3523	0.0345	4.7035	0.4220	0.5000	2.4496	0.0124	18.4292
2015	2014	2.0611	7.775	0.1990	0.0548	0.1577	0.0345	4.6669	0.4500	0.5000	2.4207	0.0114	18.3311
2016	2015	1.9654	7.413	0.1990	0.0506	0.1459	0.0320	4.6669	0.4500	0.5000	2.4207	0.0086	17.8521
2017	2016	1.9654	6.774	0.2200	0.0441	0.1275	0.0320	4.6669	0.4000	0.4673	2.4207	0.0075	17.1254
2018	2017	1.9654	6.504	0.2290	0.0417	0.1209	0.0320	4.6669	0.4644	0.4415	2.4207	0.0000	16.8865
2019	2018	1.9654	7.025	0.1230	0.0397	0.1152	0.0320	4.6669	0.4780	0.4680	2.4207	0.0000	17.3339
2020	2019	1.9654	6.936	0.1930	0.038	0.1103	0.0320	4.6669	0.4780	0.4507	2.4207	0.0000	17.2910
2021	2020	1.9654	6.829	0.1800	0.0365	0.1061	0.0320	4.6669	0.5075	0.5000	2.4207	0.0000	17.2441
2022	2021	1.9654	6.424	0.1650	0.0327	0.0948	0.0320	4.6202	0.4853	0.5000	2.3965	0.0000	16.7159

Source: Miami-Dade County Property Appraiser's Office

## BAL HARBOUR VILLAGE, FLORIDA

### RATIOS OF OUTSTANDING DEBT BY TYPE - UNAUDITED LAST TEN FISCAL YEARS

Fiscal Years Ended September 30,	Governmental Activities			Business-type Activities			Total Primary Government	Per Capita Personal Income (1)	Percentage of Total Personal Income	Population	Net Debt per Capita
	General Obligation (GO) Bonds	Revenue Bonds	Leases	Outstanding Non-GO Bonds	Note Payable	Capital Lease					
2013	-	328,373	-	8,443,447	-	-	8,771,820	46,814	6.43%	2,915	3,009
2014	-	304,953	-	7,841,243	-	-	8,146,196	46,814	6.09%	2,855	2,853
2015	-	281,240	1,228,329	7,231,514	-	41,873	8,782,956	52,081	5.86%	2,877	3,053
2016	-	240,499	1,110,950	6,630,895	-	27,923	8,010,267	52,081	5.66%	2,716	2,949
2017	-	217,770	780,795	6,004,248	-	47,414	7,050,227	53,856	4.82%	2,716	2,596
2018	-	194,758	143,935	5,369,769	-	37,199	5,745,661	53,856	3.40%	3,134	1,833
2019	-	171,458	86,517	4,727,363	-	27,421	5,012,759	57,585	2.86%	3,039	1,649
2020	-	147,867	17,084	4,076,926	8,096,000	16,509	12,354,386	69,567	2.04%	3,004	4,113
2021	-	123,982	2,375	3,418,360	7,565,000	2,374	11,112,091	69,567	5.16%	3,093	3,593
2022	-	99,798	77,136	2,751,564	7,027,000	18,718	9,974,216	89,702	3.66%	3,037	3,284

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

(1) Population and Income Estimates from the 2021 US Census American Community Survey - Fact Finder; 2021 population current BEBR estimates.

**BAL HARBOUR VILLAGE, FLORIDA**

RATIOS OF BONDED DEBT OUTSTANDING - UNAUDITED  
LAST TEN FISCAL YEARS

Fiscal Years Ended September 30,	Gross Bonded Debt	Less: Amounts Available in Debt Service Funds	Net Bonded Debt	Assessed Value of Taxable Property	Ratio of Net Bonded Debt to Assessed Value	Population	Net Bonded Debt per Capita (1)
2013	8,771,820	-	8,771,820	3,172,470,734	0.276%	2,915	3,009
2014	8,146,196	-	8,146,196	3,652,782,693	0.223%	2,855	2,853
2015	7,512,754	-	7,512,754	3,955,257,876	0.190%	2,877	2,611
2016	6,871,394	-	6,871,394	4,243,000,000	0.162%	2,716	2,530
2017	6,222,018	-	6,222,018	4,433,731,559	0.140%	2,716	2,291
2018	5,564,527	-	5,564,527	5,314,206,510	0.105%	3,314	1,679
2019	4,898,821	-	4,898,821	5,498,822,089	0.089%	3,039	1,612
2020	4,224,793	-	4,224,793	5,500,117,826	0.077%	3,004	1,406
2021	3,542,342	-	3,542,342	5,276,990,506	0.067%	3,093	1,145
2022	2,851,362	-	2,851,362	5,263,076,143	0.054%	3,037	939

(1) Population & Income Estimates from the 2021 US Census AmericanCommunity Survey - Fact Finder; 2021 population current BEBR estimates.

## BAL HARBOUR VILLAGE, FLORIDA

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITY DEBT – UNAUDITED  
SEPTEMBER 30, 2022

	Debt Outstanding	Percentage Applicable to Bal Harbour Village (1)	Share of Direct & Overlapping Debt
<b>Jurisdiction</b>			
<b>Direct</b>			
Bal Harbour Village	\$ 176,934	100.00%	\$ 176,934
<b>Overlapping:</b>			
Miami-Dade Board of County Commissioners (2)	19,533,008,000	1.56%	304,714,925
Miami-Dade County School Board (3)	3,151,802,000	1.44%	45,385,949
Subtotal, overlapping debt	22,684,810,000		350,100,874
Total direct and overlapping	\$ 22,684,986,934		\$ 350,277,808

**Notes:**

- (1) Based on ratio of assessed taxable value obtained from Miami-Dade County Property Appraiser 2022 roll.
- (2) Source: Most recent data available for Miami-Dade County is as of September 2022.
- (3) Source: Miami-Dade County School Board 2021 ACFR.

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



# **BAL HARBOUR VILLAGE, FLORIDA**

## **LEGAL DEBT MARGIN INFORMATION – UNAUDITED LAST TEN FISCAL YEARS**

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

**BAL HARBOUR VILLAGE, FLORIDA**  
**PLEDGED REVENUE COVERAGE**  
**LAST TEN FISCAL YEARS**

**CAPITAL IMPROVEMENT REVENUE BONDS, SERIES 2011 - UNAUDITED**

Fiscal Years Ended September 30:	Pledged Revenues	Additional Appropriated Revenues, Not From Ad Valorem, Water and Sewer System	Additional Appropriated Revenues, Not From Ad Valorem, General Fund	Total Revenue Pledged or Appropriated	Total Debt Service Required	Coverage	Required Coverage
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	1,132,372	837,058	1.35	0.00
2016	295,833	-	800,121	1,095,954	829,141	1.32	0.00
2017	290,807	-	792,386	1,083,193	821,126	1.32	0.00
2018	295,374	-	784,555	1,079,929	813,010	1.33	0.00
2019	315,888	-	776,625	1,092,513	804,793	1.36	0.00
2020	277,554	-	760,469	1,038,023	788,050	1.32	0.00
2021	326,136	-	752,238	1,078,374	779,521	1.38	0.00
2022	399,286	-	743,904	1,143,190	770,886	1.48	0.00

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

# BAL HARBOUR VILLAGE, FLORIDA

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

Calendar Year	Population		School Enrollment	Unemployment Rate	Personal Income (Expressed in Thousands)	
	Village	County (a)			Total (d)	Per Capita (e)
2013	2,915	2,540,172	353,152	8.4%	185,737,970	63,718
2014	2,855	2,613,962	353,152	5.6%	193,226,400	67,680
2015	2,877	2,693,117	349,152	6.2%	149,837,037	52,081
2016	2,716	2,700,794	355,269	5.2%	141,451,996	52,081
2017	2,716	2,727,606	356,086	4.6%	146,272,896	53,856
2018	3,134	2,751,796	418,498	4.7%	168,784,704	53,856
2019	3,134	2,761,581	350,040	3.2%	180,471,390	57,585
2020	3,004	2,716,940	347,069	9.7%	208,979,268	69,567
2021	3,093	2,701,767	334,400	4.9%	215,170,731	69,567
2022	(f) 3,037	2,662,777	329,337	2.3%	272,424,974	89,702

Note:

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

**BAL HARBOUR VILLAGE, FLORIDA**  
**PRINCIPAL EMPLOYERS 2022 – UNAUDITED**

Employer	2022			2013		
	Employees	Rank	Total County Employment	Employees	Rank	Percentage of Total County Employment
Miami-Dade County Public Schools	34,486	1	2.64%	41,988	1	3.28%
Miami-Dade County	30,000	2	2.30%	29,000	2	2.27%
Federal Government	20,000	3	1.53%	19,500	3	1.52%
Florida State Government	17,100	4	1.31%	17,100	4	1.34%
University of Miami, Inc	17,000	5	1.30%	16,000	5	1.25%
Publix Supermarket	17,000	6	1.30%	10,800	8	0.84%
American Airlines	12,500	7	0.96%	9,000	9	0.70%
Florida International University	12,500	8	0.96%	8,000	10	0.63%
First Service Residential	5,000	9	0.38%			
Miami-Dade College	5,000	10	0.38%			
Jackson Health System	-	-	0.00%	12,571	7	0.98%
Baptist Health Systems of South FL	-	-	0.00%	13,376	6	1.05%
<b>Total Labor Force Employment</b>	<b>1,305,100</b>		<b>13.06%</b>	<b>1,279,047</b>		

Source: The Beacon Council, Miami, Florida, Most recent data available.  
 Miami-Dade County Comprehensive Financial Report 2013.  
 Miami-Dade County Public Schools Statistical Highlights 2022.

**BAL HARBOUR VILLAGE, FLORIDA**

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

Function/Program	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
<b>General government:</b>										
Non-sworn personnel	38	38	48.5	48.5	49	49	53	53	54	56
Square miles	.6 miles	.6 miles	.6 miles	.6 miles	.6 miles	.6 miles	.6 miles	.6 miles	.6 miles	.6 miles
<b>Elections:</b>										
Registered voters	1,780	1,705	1,724	1,612	1,732	1,855	1,855	1,426	2,139	2,207
Votes cast in last election	1,317	103	795	n/a	1,360	1,125	1,101	1,101	785	937
Ordinances prepared and adopted	9	9	8	6	8	11	14	9	8	5
Resolutions prepared and adopted	16	99	108	58	59	85	68	73	84	111
Commission minutes prepared/approved	20	20	15	15	15	15	13	12	14	13
<b>Public safety:</b>										
<b>Police</b>										
Stations	1	1	1	1	1	1	1	1	1	1
Sworn employees	22	22	25	25	25	25	24	24	25	27
Calls for service handled	3,929	4,542	5,822	7,373	7,628	6,554	7,239	2,913	2,976	3,073
Traffic accidents handled	116	126	268	171	168	136	136	123	150	182
Traffic citations/warnings issued	4,090	3,982	3,961	3,783	3,028	3,509	3,370	2,825	4,060	10,005
Part 1 crimes reported	75	75	110	95	87	82	90	99	121	139
Arrests	50	50	82	122	130	90	89	78	78	65
<b>Building:</b>										
Permits issued	1,426	1,258	1,149	951	1,101	1,416	1,382	1,007	1,283	1,474
Value of construction	\$ 42,119,493	\$ 79,100,703	\$ 320,670,729	\$ 44,154,727	\$ 69,946,011	\$ 62,116,337	\$ 95,880,509	\$ 112,808,867	\$ 86,901,861	\$ 121,713,950
Business tax receipts issued	106	253	253	194	277	291	251	221	208	257
<b>Physical environment:</b>										
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
<b>Culture/recreation:</b>										
Facilities	2	2	2	2	2	2	2	2	2	2
Park acreage	.44 acres	.44 acres	.44 acres	.44 acres	.44 acres	.44 acres	.44 acres	.44 acres	.44 acres	.44 acres

Source:

Various Village departments

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

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

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

# BAL HARBOUR VILLAGE, FLORIDA

## CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM – UNAUDITED

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Government activities:										
General government:										
Miles of streets	3.03	3.03	3.03	3.03	3.03	3.03	3.03	3.03	3.03	3.03
Square feet of buildings	21,200	21,200	21,200	21,200	21,200	21,200	26,818	26,818	17,286	17,286
Public safety:										
Number of police stations	1	1	1	1	1	1	1	1	1	1
Acres of parks	0.44	0.44	0.44	0.44	0.44	0.44	0.44	0.44	0.44	0.44
Number of parks	1	1	1	1	1	1	1	1	1	1
Acres of beaches	12.73	12.73	12.73	12.73	12.73	12.73	12.73	12.73	12.73	12.73

Source: Village of Bal Harbour, Florida

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## **REPORTING SECTION**

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BAL HARBOUR  
- VILLAGE -



**Report on Internal Control Over Financial Reporting and on Compliance  
and Other Matters Based on an Audit of Financial Statements Performed in Accordance  
With Government Auditing Standards**

Independent Auditor's Report

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Bal Harbour Village, Florida (the Village), as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements, and have issued our report thereon dated June 8, 2022. Our report included an emphasis of matter paragraph for the adoption of Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases*. The adoption of this statement resulted in the restatement of the financial statements as of October 1, 2021.

**Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Village's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our 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 or significant deficiencies may exist that were not identified.

**Report on Compliance and Other Matters**

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

**Purpose of This Report**

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

*RSM US LLP*

Miami, Florida  
June 8, 2023

# **Bal Harbour Village, Florida**

Management Letter in Accordance  
with the Chapter 10.550, Rules of the Auditor  
General of the State of Florida

Fiscal Year Ended September 30, 2022

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

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

**Report on the Financial Statements**

We have audited the financial statements of the Bal Harbour Village, Florida (the Village), as of and for the year ended September 30, 2022, and have issued our report thereon dated June 8, 2023. Our report also includes an emphasis of matter paragraph for the adoption of Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases*. The adoption of this statement resulted in the restatement of the financial statements as of October 1, 2021.

**Auditor's Responsibility**

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

**Other Reporting Requirements**

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

**Prior Audit Findings**

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

**Official Title and Legal Authority**

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

**Financial Condition and Management**

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

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

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

**Special District Component Units**

Section 10.554(1)(i)5.c., Rules of the Auditor General, requires, if appropriate, that we communicate the failure of a special district that is a component unit of a county, municipality, or special district, to provide the financial information necessary for proper reporting of the component unit within the audited financial statements of the county, municipality or special district in accordance with Section 218.39(3)(b), Florida Statutes. In connection with our audit, we did not note any special district component units that failed to provide the necessary information for proper reporting in accordance with Section 218.39(3)(b), Florida Statutes.

**Additional Matters**

Section 10.554(1)(i)3., Rules of the Auditor General, requires us to communicate noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but warrants the attention of those charged with governance. In connection with our audit, we did note any such findings.

**Purpose of this Letter**

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

*RSM US LLP*

Miami, Florida  
June 8, 2023



RSM US LLP

**Independent Accountant's Report  
on the Examination of the Village's Compliance  
with Section 218.415, Florida Statutes**

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

We have examined the Bal Harbour Village, Florida's (the Village) compliance with *Section 218.415, Florida Statutes, Local Government Investment Policies* (the specified requirements) during the period October 1, 2021 to September 30, 2022. Management of the Village is responsible for the Village's compliance with the specified requirements. Our responsibility is to express an opinion on the Village's compliance with the specified requirements based on our examination.

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

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

We are required to be independent and to meet our other ethical responsibilities in accordance with relevant ethical requirements relating to the engagement.

In our opinion, the Village complied, in all material respects, with the specified requirements during the period October 1, 2021 to September 30, 2022.

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

*RSM US LLP*

Miami, Florida  
June 8, 2023

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