

**BAL HARBOUR VILLAGE POLICE OFFICERS'
PENSION PLAN**

FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2025

BAL HARBOUR VILLAGE POLICE OFFICERS' PENSION PLAN

YEAR ENDED SEPTEMBER 30, 2025

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INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees of the
Bal Harbour Village Police Officers' Pension Plan

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the Bal Harbour Village Police Officers' Pension Plan, which comprise the statement of fiduciary net position as of September 30, 2025, and the related statement of changes in fiduciary net position for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the fiduciary net position of the Bal Harbour Village Police Officers' Pension Plan as of September 30, 2025, and the changes in its fiduciary net position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 Bal Harbour Village Police Officers' Pension Plan 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 opinion.

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 Bal Harbour Village Police Officers' Pension Plan's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

INDEPENDENT AUDITOR'S REPORT (Continued)

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 opinion. 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 generally accepted auditing standards 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 generally accepted auditing standards 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 Bal Harbour Village Police Officers' Pension Plan'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 Bal Harbour Village Police Officers' Pension Plan'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.

INDEPENDENT AUDITOR'S REPORT (Continued)**Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5-8 and the schedules of contributions from employers and other contributors, schedule of investment returns and schedules of changes in the employer's net pension liability and related ratios on pages 26-29 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 an opinion on the financial statements that collectively comprise the Bal Harbour Village Police Officers' Pension Plan's basic financial statements. The accompanying schedule of administrative expenses is presented for purposes of additional analysis and is 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 information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Prior Year Comparative Information

We have previously audited the Bal Harbour Village Police Officers' Pension Plan's 2024 financial statements, and our report dated March 3, 2025, expressed an unmodified opinion on those financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended September 30, 2024, is consistent, in all material respects, with the audited financial statements from which it has been derived.

INDEPENDENT AUDITOR'S REPORT (Continued)

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 2, 2026, on our consideration of the Bal Harbour Village Police Officers' Pension Plan'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 Bal Harbour Village Police Officers' Pension Plan's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Bal Harbour Village Police Officers' Pension Plan's internal control over financial reporting and compliance.

KSDT CPA LLP

Boca Raton, Florida
February 2, 2026

BAL HARBOUR VILLAGE POLICE OFFICERS' PENSION PLAN

MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the annual financial report presents Management's Discussion and Analysis (MD&A) of the Bal Harbour Village Police Officers' Pension Plan's (the Plan) financial performance. This analysis provides an overview of the financial activities and funding conditions for fiscal year ended September 30, 2025. Please read it in conjunction with the Plan's financial statements, which immediately follow.

Overview of the Financial Statements

The financial section of this annual report consists of five parts: MD&A, the basic financial statements, notes to the financial statements, supplementary information and required supplementary information.

The financial statements provide both long-term and short-term information about the Plan's overall financial status. The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of other and required supplementary information that further explains and supports the information in the financial statements.

The Plan's financial statements are prepared in conformity with accounting principles generally accepted in the United States of America (GAAP). Under GAAP, revenues are recognized in the period in which they are earned, expenses are recognized in the period in which they are incurred and appreciation (depreciation) of assets is recognized in the statement of changes in fiduciary net position. All assets and liabilities associated with the operation of the Plan are included in the statement of fiduciary net position.

The statement of fiduciary net position reports fiduciary net position and how it has changed. Net position is the difference between assets and any related liabilities. It is one measurement of the financial health or current position of the Plan.

Financial Highlights

The Plan's net results from operations for fiscal year 2025 reflected the following financial activities:

- Net position restricted for pension was \$39,454,858, which was 8% greater than the 2024 net position with the increase due primarily to favorable market conditions.
- Total contributions for the year were \$1,671,010, which was 8% greater than the 2024 contributions. The amount of employer contributions varies from year to year and is actuarially determined. Member contributions were 10% of compensation. The increase was primarily due to more employer contributions being actuarially calculated to properly fund the Plan.
- Total interest and dividend income was \$786,328, which was 4% greater than the 2024 income.
- Net investment income was \$3,658,630, which was 43% lower than the 2024 net investment income with the decrease primarily due to not as favorable market conditions.
- Benefits paid directly to retirees were \$2,100,511, which was 7% greater than the benefits paid directly to retirees during 2024 with the increase due primarily to current year new retirees.

BAL HARBOUR VILLAGE POLICE OFFICERS' PENSION PLAN

MANAGEMENT'S DISCUSSION AND ANALYSIS

Statement of Fiduciary Net Position

The following condensed comparative statement of fiduciary net position is a snapshot of account balances at the fiscal year end of the Plan. It reports the assets available for future payments to retirees and any current liabilities that are owed as of the financial statement date. The resulting net position, or assets minus liabilities, represents the value of assets held in trust for pension benefits.

The Plan continues to be evaluated for actuarial soundness by the actuary of the Plan. It should be noted that retirement system funding is based on a long-term perspective and that temporary fluctuations in the market are to be expected.

- Net position restricted for pension as of September 30, 2025 was \$39,454,858, an 8% increase from net position as of September 30, 2024.
- Total investments as of September 30, 2025 were \$39,355,828, an 8% increase from the investments as of September 30, 2024.

The table below presents condensed comparative statements of fiduciary net position as of September 30:

| | 2025 | 2024 | % Change |
|--------------------------------------|---------------|---------------|----------|
| Receivables | \$ 136,044 | \$ 200,082 | (32%) |
| Investments | 39,355,828 | 36,457,096 | 8% |
| Total assets | 39,491,872 | 36,657,178 | 8% |
| Accounts payable | 37,014 | 110,713 | (67%) |
| Net position restricted for pensions | \$ 39,454,858 | \$ 36,546,465 | 8% |

Statement of Changes in Fiduciary Net Position

The statement of changes in fiduciary net position presents the effect of Plan transactions that occurred during the fiscal year. On the statement, additions to the Plan minus deductions from the Plan equal net increase or decrease in fiduciary net position.

The funding objective is to meet long-term obligations and fund all pension benefits.

- Revenues (additions to the fiduciary net position) for the Plan were \$5,329,640, which was made up of total contributions of \$1,671,010 plus net investment income of \$3,658,630.
- Expenses (deductions from the fiduciary net position) increased from \$2,080,721 during 2024 to \$2,421,247 during 2025.

BAL HARBOUR VILLAGE POLICE OFFICERS' PENSION PLAN

MANAGEMENT'S DISCUSSION AND ANALYSIS

Statement of Changes in Fiduciary Net Position (Continued)

The table below presents a condensed comparative of the changes in fiduciary net position for the years ended September 30:

| | 2025 | 2024 | % Change |
|--|---------------|---------------|----------|
| Total contributions | \$ 1,671,010 | \$ 1,546,605 | 8% |
| Net investment income | 3,658,630 | 6,426,363 | (43%) |
| Total additions | 5,329,640 | 7,972,968 | (33%) |
| Total deductions | 2,421,247 | 2,080,721 | 16% |
| Net change | 2,908,393 | 5,892,247 | (51%) |
| Net position restricted for pensions – beginning | 36,546,465 | 30,654,218 | 19% |
| Net position restricted for pensions – ending | \$ 39,454,858 | \$ 36,546,465 | 8% |

Asset Allocation

The table below indicates the Plan investment policy limitations and actual asset allocations as of September 30, 2025:

| Type of Investment | Investment Policy | Actual Allocation |
|---------------------------|-------------------|-------------------|
| Domestic equities | 45%-65% | 53.83% |
| International equities | 5%-15% | 12.95% |
| Fixed income | 10%-35% | 27.99% |
| Real estate | 0%-15% | 3.83% |
| Cash and cash equivalents | 0%-5% | 1.40% |

The investment guidelines provide for the appropriate diversification of the portfolio. Investments have been diversified to the extent practicable to control the risk of loss resulting from over-concentration of a specific maturity, issuer, instrument, dealer or bank through which financial instruments are bought and sold.

The Plan's Board of Trustees (the Board) recognizes that some risk must be assumed to achieve the Plan's long-term investment objectives. In establishing risk tolerances, the Plan's ability to withstand short and intermediate term variability has been considered. However, the Plan's financial condition enables the Board to adopt a long-term investment perspective.

BAL HARBOUR VILLAGE POLICE OFFICERS' PENSION PLAN

MANAGEMENT'S DISCUSSION AND ANALYSIS

Investment Activities

Investment income is vital to the Plan for current and future financial stability. Therefore, the Board has a fiduciary responsibility to act prudently when making Plan investment decisions. To assist the Board in this area, the Board retains investment managers who supervise and direct the investment of the assets. The Board also retains an investment monitor to evaluate and report on a quarterly basis compliance by the investment managers with the investment policy of the Board and investment performance of the Plan. The investment policy statement was last amended in November 2023.

The Board and its investment consultant review portfolio performance in compliance with the investment policy statement quarterly. Performance is evaluated both individually by money manager style, and collectively by investment type and for the aggregate portfolio.

Financial Analysis Summary

The investment activities for the fiscal year ended September 30, 2025 are a function of the underlying market, money managers' performance and the investment policy's asset allocation model. The Plan has consistently implemented a high quality, conservative approach.

Contacting the Plan's Financial Management

This financial analysis is designed to provide the Board, Plan participants, and the marketplace credit analysts with an overview of the Plan's finances and the prudent exercise of the Board's oversight. If you have any questions regarding this report or you need additional financial information, please contact the administrator of the Plan:

Rick Rivera - Pension Consultants of Florida
655 96th Street
Bal Harbour, FL 33154

BAL HARBOUR VILLAGE POLICE OFFICERS' PENSION PLAN

STATEMENT OF FIDUCIARY NET POSITION

SEPTEMBER 30, 2025

(WITH COMPARATIVE TOTALS AS OF SEPTEMBER 30, 2024)

| | <u>2025</u> | <u>2024</u> |
|---|----------------------|----------------------|
| ASSETS | | |
| RECEIVABLES: | | |
| Chapter 185 contributions | \$ - | \$ 95,154 |
| Accrued investment income | 126,285 | 104,928 |
| Accounts receivable - employee | 9,759 | - |
| TOTAL RECEIVABLES | <u>136,044</u> | <u>200,082</u> |
| INVESTMENTS: | | |
| Equity securities | 26,279,515 | 24,499,705 |
| Government securities | 7,687,289 | 6,148,961 |
| Corporate bonds | 3,329,422 | 2,739,616 |
| Real estate fund | 1,507,559 | 2,334,284 |
| Money market funds | 552,043 | 734,530 |
| TOTAL INVESTMENTS | <u>39,355,828</u> | <u>36,457,096</u> |
| TOTAL ASSETS | <u>39,491,872</u> | <u>36,657,178</u> |
| LIABILITIES | | |
| ACCOUNTS PAYABLE | <u>37,014</u> | <u>110,713</u> |
| NET POSITION RESTRICTED FOR PENSIONS | | |
| NET POSITION RESTRICTED FOR DEFINED BENEFITS | 39,048,912 | 36,174,684 |
| NET POSITION RESTRICTED FOR DROP BENEFITS | <u>405,946</u> | <u>371,781</u> |
| TOTAL NET POSITION RESTRICTED FOR PENSIONS | <u>\$ 39,454,858</u> | <u>\$ 36,546,465</u> |

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

BAL HARBOUR VILLAGE POLICE OFFICERS' PENSION PLAN

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

YEAR ENDED SEPTEMBER 30, 2025

(WITH COMPARATIVE TOTALS FOR YEAR ENDED SEPTEMBER 30, 2024)

| | <u>2025</u> | <u>2024</u> |
|---|----------------------|----------------------|
| ADDITIONS: | | |
| Contributions: | | |
| Employer | \$ 1,409,333 | \$ 1,299,340 |
| Employee | 153,243 | 152,111 |
| Chapter 185 | <u>108,434</u> | <u>95,154</u> |
| Total contributions | <u>1,671,010</u> | <u>1,546,605</u> |
| Investment income: | | |
| Net appreciation in fair value of investments | 3,047,911 | 5,846,331 |
| Interest and dividend income | <u>786,328</u> | <u>753,732</u> |
| Total investment income | 3,834,239 | 6,600,063 |
| Less: investment expenses | <u>175,609</u> | <u>173,700</u> |
| Net investment income | <u>3,658,630</u> | <u>6,426,363</u> |
| TOTAL ADDITIONS | <u>5,329,640</u> | <u>7,972,968</u> |
| DEDUCTIONS: | | |
| Benefit payments | 2,100,511 | 1,969,877 |
| DROP distributions | 213,704 | - |
| Administrative expenses | <u>107,032</u> | <u>110,844</u> |
| TOTAL DEDUCTIONS | <u>2,421,247</u> | <u>2,080,721</u> |
| NET CHANGE IN NET POSITION RESTRICTED FOR PENSIONS | <u>2,908,393</u> | <u>5,892,247</u> |
| NET POSITION RESTRICTED FOR PENSIONS - BEGINNING | <u>36,546,465</u> | <u>30,654,218</u> |
| NET POSITION RESTRICTED FOR PENSIONS - ENDING | <u>\$ 39,454,858</u> | <u>\$ 36,546,465</u> |

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

BAL HARBOUR VILLAGE POLICE OFFICERS' PENSION PLAN

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2025

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Investment Valuation and Income Recognition

Investments are reported at fair value except for certain investments measured at net asset value (see Note 3). Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants (see Note 5 for discussion of fair value measurements).

Purchase and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. Net (depreciation) appreciation includes the Plan's gains and losses on investments bought and sold as well as held during the year.

Basis of Accounting and Use of Estimates

The accompanying financial statements have been prepared using the accrual basis of accounting. The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America (GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, benefit obligations and changes therein, and disclosure of contingent assets and liabilities. Actual results could differ from those estimates.

Concentration of Credit Risk

Financial instruments which potentially expose the Plan to concentration of credit risk, as defined by GAAP, consist primarily of contribution receivables and accrued investment income.

The Plan's investments consist of common stocks, mutual funds, government securities, corporate bonds, real estate fund, and money market funds, which inherit in the fair market value determination, include the risk factor of credit worthiness for each individual security.

Comparative Information

The financial statements include certain prior-year comparative information. Such summarized information does not include sufficient detail in the notes to the financial statements to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Plan's financial statements for the year ended September 30, 2024, from which the information was derived.

NOTE 2. DESCRIPTION OF THE PLAN

The following description of the Bal Harbour Village Police Officers' Pension Plan (the Plan) provides only general information. Participants should refer to the Bal Harbour Village, Florida's (the Village) ordinance for more detailed and comprehensive information.

BAL HARBOUR VILLAGE POLICE OFFICERS' PENSION PLAN

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2025

NOTE 2. DESCRIPTION OF THE PLAN (Continued)

General

The Plan is a single employer defined benefit plan covering all full-time sworn police officers of the Village. The Plan was established by the Village on October 1, 1955. The Village passed Ordinance No. 584 on October 20, 2015, which closed the Plan to new participants, effective December 1, 2016, the date the Village was accepted to participate in the Florida Retirement System. The most recent Plan amendment recognized and restated on April 11, 2022. As the Plan is sponsored by the Village, the Plan is reported as a component unit of the Village and included as a pension trust fund in the Village's annual comprehensive financial report.

The Plan, in accordance with the above statute, is governed by a five-member pension board. Two police officers who are elected by a majority of police officers, two are appointed by the Village Council and must be legal residents of the Village and a fifth member who is elected by the Board and appointed (as a ministerial duty) by the Village council.

The Plan is also governed by certain provisions of Part VII, Chapter 112, Florida Statutes and the Internal Revenue Code.

Plan Membership

As of September 30, 2025, Plan membership consisted of the following:

| | |
|--|------------------|
| Inactive Plan members or beneficiaries | |
| currently receiving benefits | 31 |
| Active Plan members | <u>9</u> |
| Total | <u><u>40</u></u> |

Eligibility

The Plan is available to full-time sworn Police Officers from date of employment, including probationary period. Participation is mandatory as a condition of employment, except for the Police Chief, who may opt out. Service is measured as the total number of years and completed months of continuous employment with the Village beginning on the date of employment and ending on the date of termination or retirement. No service will be credited for any periods of employment for which the participant received a refund of their employee contributions.

Basic Compensation

Basic compensation, defined as compensation actually paid to a participant, including up to 150 hours per year (300 hours per year for participants who had not reached the normal retirement date on September 21, 2015), but excluding shift differentials, bonuses and all other extraordinary pay.

BAL HARBOUR VILLAGE POLICE OFFICERS' PENSION PLAN

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2025

NOTE 2. DESCRIPTION OF THE PLAN (Continued)

Final Average Earnings (FAE)

For those who reached their normal retirement date before September 21, 2015, average of compensation during the highest 3 years out of the last 10 years preceding the date of termination or retirement. For those who reached their normal retirement date on or after September 21, 2015, average of compensation during the highest 4 complete years.

Benefits

The Plan provides retirement, termination, death and disability benefits. The benefit provisions are established and may be amended under the authority of Village Ordinance.

➤ *Normal Retirement*

Eligibility: A participant may retire on the first day of the month coincident with or next following the earlier of:

- (1) age 57 regardless of credited service, or
- (2) age 55 with 10 years of credited service, or
- (3) 20 years of credited service regardless of age.

Benefit: For those who reached their normal retirement date before September 21, 2015: 3.5% of FAC times credited service. For those who reached their normal retirement date on or after September 21, 2015: 3.5% of FAC times credited service for each year before September 21, 2015, plus 3.0% for each year on or after September 21, 2015. Normal form of benefit is 10 Years certain and life thereafter and COLA is for those who reached their normal retirement date before September 21, 2015: 2.5% compounded, COLA commencing on the one-year anniversary of the retirement date and each year thereafter. For those who reached their normal retirement date on or after September 21, 2015: 1.25% compounded COLA commencing on the fifth-year anniversary of the retirement date and each year thereafter.

➤ *Early Retirement*

Eligibility: A participant may elect to retire earlier than normal retirement eligibility upon attainment of age 50 with 10 years of credited service.

Benefit: The normal retirement benefit is reduced by 3% for each year by which the early retirement date precedes the normal retirement date. Normal form of benefit is same as for normal retirement and COLA is same as for normal retirement.

➤ *Delayed Retirement*

Same as normal retirement taking into account compensation earned and service credited until the date of actual retirement.

BAL HARBOUR VILLAGE POLICE OFFICERS' PENSION PLAN

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2025

NOTE 2. DESCRIPTION OF THE PLAN (Continued)

Benefits (Continued)

➤ *Death Benefits*

Death in the line of duty eligibility: Any participant that dies as a direct result of an occurrence arising in the performance of service to the Village.

Benefit: 50% of the participant's base rate of pay in effect at the time of death payable to the designated beneficiary. Normal form of benefit is 10 years certain; minimum amount shall be equal to the deceased participant's own contributions and COLA is same as for normal retirement.

Other pre-retirement death eligibility: Any participant that dies not as a direct result of an occurrence arising in the performance of service to the Village.

Benefit: Calculated as if the participant was eligible for Early Retirement and retired immediately preceding the participant's death. Normal form of benefit is 10 years certain; minimum amount shall be equal to the deceased participant's own contributions and COLA is same as for normal retirement.

Post retirement death benefit determined by the form of benefit elected upon retirement.

➤ *Disability Benefit*

Service-connected disability eligibility: Any participant who becomes totally and permanently disabled and unable to render useful and efficient service to the Village.

Benefit The participant becomes fully vested on the date of disability. The benefit is calculated as if the participant was eligible for Early Retirement and retired on the date of disability, but not less than 42% of average compensation on date of disability. Normal form of benefit is same as for normal retirement and COLA is same as for normal retirement.

Non-service-connected disability eligibility: Any participant who becomes totally and permanently disabled and unable to render useful and efficient service to the Village.

Benefit The participant becomes fully vested on the date of disability. The benefit is calculated as if the participant was eligible for Early Retirement and retired on the date of disability, but not less than 25% of average compensation on date of disability. Normal Form of benefit is same as for normal retirement and COLA is same as for normal retirement.

➤ *Vested Termination*

Eligibility: A participant has earned a non-forfeitable right to Plan benefits after the completion of 1 year of credited service. Less than 1 year, refund of member contribution, with 5% interest. 1-9 years, 10% of accrued pension for each complete year of service, payable at normal retirement, or a refund of contribution. 10 years or more, 100% of accrued pension payable at normal retirement date. In addition, any participant who is eligible for early, normal or disability retirement is automatically 100% vested.

BAL HARBOUR VILLAGE POLICE OFFICERS' PENSION PLAN

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2025

NOTE 2. DESCRIPTION OF THE PLAN (Continued)

Benefits (Continued)

➤ *Vested Termination* (Continued)

Benefit: The benefit is the member's vested portion of the accrued normal retirement benefit as of the date of termination. Benefit begins on the normal retirement date. Normal Form of benefit is same as for normal retirement and COLA is same as for normal retirement.

➤ *Refunds*

Eligibility: All participants leaving covered employment are eligible. Optionally, vested participant may withdraw their contributions plus interest in lieu of the deferred benefits otherwise due.

Benefit: The participant who terminates employment receives a lump-sum payment of their employee contributions plus interest. Interest is currently credited at 5% compounded annually.

➤ *Deferred Retirement Option Plan*

Eligibility: Plan members are eligible for the DROP the same time they are eligible for normal retirement. Members must make a written election to participate in the DROP.

Benefit: The member's credited service and FAC are frozen upon entry into the DROP. The monthly retirement benefit as described under normal retirement is calculated based upon the frozen credited service and FAC. Maximum DROP Period is 5 years and interest credited is upon entering the DROP and annually (calendar year basis) thereafter, the participant elects to receive earnings based upon one of the following options:

- (1) the actual quarterly net investment return realized by the Plan, or
- (2) 4% per annum.

➤ *Cost of Living Adjustments (COLA)*

For those who reached their normal retirement date before September 21, 2015: 2.5% compounded COLA commencing on the one-year anniversary of the retirement date and each year thereafter.

For those who reached their normal retirement date on or after September 21, 2015: 1.25% compounded COLA commencing on the fifth-year anniversary of the retirement date and each year thereafter.

BAL HARBOUR VILLAGE POLICE OFFICERS' PENSION PLAN

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2025

NOTE 2. DESCRIPTION OF THE PLAN (Continued)

Funding

All participants are required to contribute 10% of pretax earnings, which the Village pays as a pickup contribution pursuant to Internal Revenue Code (IRC) Section 414(h)(2).

Pursuant to Florida Statutes, Chapter 185, the Village imposes a 0.85% tax on casualty insurance premiums paid to insure property within its corporate limits. The proceeds of this tax are contributed to the Plan.

Pursuant to Florida law, the Village is ultimately responsible for the actuarial soundness of the Plan. Therefore, each year, the Village must contribute an amount determined by the Board in conjunction with the Plan's actuary to be sufficient, along with the employee's contribution, to fund the defined benefits under the Plan.

Rate of Return

For the year ended September 30, 2025, the annual money-weighted rate of return on Plan investments, net of Plan investment expense, was 10.11%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

NOTE 3. INVESTMENTS

The Plan's policy in regard to the allocation of invested assets is established and may be amended by the Board. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the Plan. The investment policy statement was last amended in November 2023. The following was the Board's adopted asset allocation policy as of September 30, 2025:

| <u>Type of Investment</u> | <u>Target Allocation</u> |
|---------------------------|--------------------------|
| Domestic equities | 45%-65% |
| International equities | 5%-15% |
| Fixed income | 10%-35% |
| Absolute return assets | 0%-15% |
| Real estate | 0%-15% |
| Cash and cash equivalents | 0%-5% |

During the year ended September 30, 2025 the Plan's investments (including gains and losses on investments bought and sold, as well as held during the year) appreciated in value by \$3,047,911 (reported as net appreciation in fair value of investments in the accompanying statement of changes in fiduciary net position).

The term "interest rate risk" refers to the portfolio's exposure to fair value losses arising from increasing interest rates. Interest rate risk disclosures are required for all debt investments, as well as investments in mutual funds, external investment pools and other pooled investments that do not meet the definition of a 2a7-like pool.

BAL HARBOUR VILLAGE POLICE OFFICERS' PENSION PLAN

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2025

NOTE 3. INVESTMENTS (Continued)

The Plan's investment policy does not currently set a parameter on the duration of its fixed income securities. The Plan's investments in government securities and corporate bonds had maturities as follows:

| <u>Investment Type</u> | <u>Fair Value</u> | <u>Less than 1</u> | <u>1 to 5</u> | <u>6 to 10</u> | <u>More than 10</u> |
|--------------------------|----------------------|---------------------|---------------------|---------------------|---------------------|
| U.S. Treasury securities | \$ 4,906,505 | \$ 1,400,849 | \$ 2,626,434 | \$ 879,222 | \$ - |
| U.S. Agency securities | 2,780,784 | - | - | - | 2,780,784 |
| Corporate bonds | 3,329,422 | 150,211 | 1,790,747 | 1,388,464 | - |
| Totals | <u>\$ 11,016,711</u> | <u>\$ 1,551,060</u> | <u>\$ 4,417,181</u> | <u>\$ 2,267,686</u> | <u>\$ 2,780,784</u> |

The term "credit risk" is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. The Plan limits its credit risk by limiting its investments in fixed income securities to U.S. Government and agency securities or corporate bonds which meet or exceed a credit rating of "BBB" or higher. The Plan's fixed income securities were rated as follows:

| <u>Rating</u> | <u>Fair Value</u> |
|---------------|----------------------|
| AA+ | \$ 7,687,289 |
| A+ | 524,424 |
| A | 442,186 |
| A- | 753,708 |
| BBB+ | 673,331 |
| BBB | 800,641 |
| BBB- | 135,132 |
| Total | <u>\$ 11,016,711</u> |

"Concentration of credit risk" is the risk of losses that may occur from having a large portion of the Plan's holding in a particular investment relative to the overall portfolio. GASB Statement 40 and GASB Statement 67, require disclosure of investments (other than those issued or guaranteed by the U.S. Government) in any one organization that represent 5% or more of total investments or fiduciary net position. As of September 30, 2025, investment in the following mutual fund represented more than 5% of the Plan's net position: Vanguard Russell 1000 Growth (23.6%).

"Custodial risk" is the risk that, in the event of the failure of a counterparty, the Plan will not be able to recover the value of its investments or collateral securities in possession of an outside party. To avoid this risk, the Plan registers all securities in its own name.

BAL HARBOUR VILLAGE POLICE OFFICERS' PENSION PLAN

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2025

NOTE 3. INVESTMENTS (Continued)

“Foreign currency risk” is the risk that fluctuations in currency exchange rate may affect transactions conducted in currencies other than U.S. Dollars as well as the carrying value of foreign investments. The Plan’s potential exposure to foreign currency risk would be derived mainly from investments in international equity funds. The Plan is invested with international equity managers that hold investments in individual securities of foreign companies through American Depository Receipts (ADRs) or other dollar denominated securities. The Plan’s domestic equity managers also take small positions in foreign companies through ADRs. The investment policy limits the foreign investments to no more than 15% of the Plan’s investment balance. As of September 30, 2025, there were 12.95% of foreign investments.

NOTE 4. RISKS AND UNCERTAINTIES

The Plan invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such change could materially affect the amounts reported in the statement of fiduciary net position held in trust for Plan benefits.

Plan contributions are made, and the actuarial present value of accumulated plan benefits are reported based on certain assumptions pertaining to interest rates, inflation rates and employee demographics, all of which are subject to change. Due to uncertainties inherent in the estimations and assumptions process, it is at least reasonably possible that changes in these estimates and assumptions in the near term would be material to the financial statements.

NOTE 5. FAIR VALUE MEASUREMENTS

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Plan categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The fair value hierarchy categorizes the inputs to valuation techniques used to measure fair value into three levels based on the extent to which inputs used in measuring fair value are observable in the market as follows:

Level 1- Inputs to the valuation methodology are based upon quoted prices for identical assets in active markets.

Level 2- Inputs to the valuation methodology are based upon 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 to the valuation methodology are based upon unobservable inputs.

The asset or liability’s fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques maximize the use of relevant observable inputs and minimize the use of unobservable inputs.

BAL HARBOUR VILLAGE POLICE OFFICERS' PENSION PLAN

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2025

NOTE 5. FAIR VALUE MEASUREMENTS (Continued)

The following is a description of the valuation methodologies used for investments measured at fair value.

Common stocks: Valued at the closing price reported on the New York Stock Exchange.

Mutual funds: Valued at the daily closing price as reported by the Plan. Mutual funds held by the Plan are open-ended mutual funds that are registered with the Securities and Exchange Commission. These funds are required to publish their daily net asset value (NAV) and to transact at that price. The mutual funds held by the Plan are deemed to be actively traded.

Government securities: Valued using pricing models maximizing the use of observable inputs for similar securities.

Corporate bonds: Valued using pricing models maximizing the use of observable inputs for similar securities. This includes basing the value on yields currently available on comparable securities of issuers with similar credit ratings. When quoted prices are not available for identical or similar bonds, the bond is valued under a discounted cash flows approach that maximizes observable inputs, such as current yield of similar instruments, but includes adjustments for certain risks that may not be observable, such as credit and liquidity risks or a broker quote, if available.

The Plan has investments in alternative asset classes which consists of a real estate fund which does not have readily available market quotations. This investment is measured at net asset value based on its proportionate share of the value of the investments as determined by the fund managers and is valued according to methodologies which include pricing models, discounted cash flow models and similar techniques.

Money market funds are valued at the floating net asset value of shares held by the Plan at year end.

BAL HARBOUR VILLAGE POLICE OFFICERS' PENSION PLAN

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2025

NOTE 5. FAIR VALUE MEASUREMENTS (Continued)

The following table presents the Plan's fair value hierarchy for investments at fair value as of September 30, 2025:

| | <u>Total</u> | <u>Fair Value Measurements Using</u> | | |
|---|----------------------|---|--|--|
| | | <u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u> | <u>Significant Other Observable Inputs (Level 2)</u> | <u>Significant Unobservable Inputs (Level 3)</u> |
| <u>Investments by fair value level</u> | | | | |
| Equity securities: | | | | |
| Common stocks | \$ 11,764,533 | \$ 11,764,533 | \$ - | \$ - |
| International equities | 5,095,837 | 5,095,837 | - | - |
| Mutual fund | 9,419,145 | 9,419,145 | - | - |
| Total equity securities | <u>26,279,515</u> | <u>26,279,515</u> | <u>-</u> | <u>-</u> |
| Debt securities: | | | | |
| U.S. Treasury securities | 4,906,505 | 4,906,505 | - | - |
| U.S. Agency securities | 2,780,784 | - | 2,780,784 | - |
| Corporate bonds | 3,329,422 | - | 3,329,422 | - |
| Total debt securities | <u>11,016,711</u> | <u>4,906,505</u> | <u>6,110,206</u> | <u>-</u> |
| Total investments by fair value level | 37,296,226 | <u>\$ 31,186,020</u> | <u>\$ 6,110,206</u> | <u>\$ -</u> |
| <u>Investments measured at the net asset value (NAV) ^(a)</u> | | | | |
| Real estate fund | <u>1,507,559</u> | | | |
| Total investments measured at the NAV | <u>1,507,559</u> | | | |
| Money market funds (exempt) | <u>552,043</u> | | | |
| Total investments | <u>\$ 39,355,828</u> | | | |

(a) As required by GAAP, certain investments have not been classified in the fair value hierarchy. The fair value amounts presented in the table above were intended to permit reconciliation of the fair value hierarchy to the total investment line item in the statement of fiduciary net position.

BAL HARBOUR VILLAGE POLICE OFFICERS' PENSION PLAN

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2025

NOTE 5. FAIR VALUE MEASUREMENTS (Continued)

The following table summarizes investments for which fair value is measured using the net asset value per share practical expedient, including their related unfunded commitments and redemption restrictions.

| <u>Investments Measured at the NAV</u> | <u>Fair Value</u> | <u>Unfunded Commitment</u> | <u>Redemption Frequency</u> | <u>Redemption Notice Period</u> |
|--|---------------------|--------------------------------|---------------------------------|-------------------------------------|
| Real estate fund ⁽¹⁾ | \$ 1,507,559 | \$ - | Quarterly | 60 Days |
| Investments measured at the NAV | <u>\$ 1,507,559</u> | <u>\$ -</u> | | |

- (1) Real estate fund: The fund is open-end, commingled private equity real estate portfolios. These funds are structured as limited partnerships. Their primary focus is to invest in well-based income producing properties within major U.S. markets. The investments are valued at NAV and redemption requests must be received by the fund 60 days prior to quarter end.

NOTE 6. NET PENSION LIABILITY

The components of the net pension liability as of September 30, 2025 were as follows:

| | |
|--|-------------------|
| Total pension liability | \$ 39,685,111 |
| Plan fiduciary net position | <u>39,454,858</u> |
| Net pension liability | <u>\$ 230,253</u> |
| Plan fiduciary net position as a percentage of the total pension liability | 99.42% |

The total pension liability was determined by an actuarial valuation as of October 1, 2024, and rolled forward to the measurement date of September 30, 2025, using the following most significant actuarial assumptions, 6.50% for the investment rate of return, 4.50% to 15% for projected salary increases and 2.50% for inflation.

Sex distinct PUB-2010 Headcount Weighted Below Median Safety Employee Male Table (pre-retirement), the PUB-2010 Headcount Weighted Employee Safety Female Table (pre-retirement), the PUB-2010 Headcount Weighted Below Median Healthy Safety Retiree Male Table (postretirement) and the PUB-2010 Healthy Safety Retiree Female Table (postretirement). Rates are generationally projected from 2010 using improvement scale MP 2018. These are the same rates as used by the Florida Retirement System (FRS) in their actuarial valuation as of July 1, 2023 for Special Risk Class members.

For disabled retirees, the mortality tables used were 80% of the PUB-2010 Headcount Weighted General Disabled Retiree Male Table and 20% of the Headcount Weighted Safety Disabled Retiree Male Table, and 80% of the PUB-2010 Headcount Weighted General Disabled Retiree Female Table and 20% Headcount Weighted Safety Disabled Retiree Female Table, both with no provision being made for future mortality improvements. These tables were adopted following an experience study published in 2019 covering the period July 1, 2013 through June 30, 2018.

The long-term expected rate of return on Plan investments was determined using the best estimate of ranges of expected future real rates of return (expected returns, net of Plan investment expense and inflation), and 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.

BAL HARBOUR VILLAGE POLICE OFFICERS' PENSION PLAN

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2025

NOTE 6. NET PENSION LIABILITY (Continued)

Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of September 30, 2025 are summarized in the following table:

| <u>Asset Class</u> | <u>Long-term expected real rate of return</u> |
|------------------------|---|
| Domestic equity | 6.97% |
| International equities | 5.68% |
| Real estate | 4.70% |
| Fixed income | 1.40% |
| Cash equivalents | 0.60% |

The discount rate used to measure the total pension liability was 6.50%. The projection of cash flows used to determine the discount rate assumed that Plan participant contributions will be made at the current contribution rate and that Village contributions will be made at rates equal to the difference between actuarially determined contribution rates and the participant rate. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current Plan participants. Therefore, the long-term expected rate of return on Plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The sensitivity of the net pension liability to changes in the discount rate was measured as follows. The net pension liability of the Plan was calculated using the discount rate of 6.50%. It was also calculated using a discount rate that was 1-percentage-point lower (5.50%) and 1-percentage-point higher (7.50%) and the different computations were compared.

| | 1% decrease | Current discount rate | 1% increase |
|-------------------------------|----------------|--------------------------|----------------|
| | <u>(5.50%)</u> | <u>(6.50%)</u> | <u>(7.50%)</u> |
| Net pension liability (asset) | \$ 4,746,449 | \$ 230,253 | \$ (3,524,326) |

NOTE 7. INCOME TAXES

The Plan is exempt from federal income taxes under the IRC and, accordingly, no provision for federal income taxes has been made.

Accounting principles generally accepted in the United States of America require Plan management to evaluate tax positions taken by the Plan and recognize a tax liability if the Plan has taken an uncertain position that more likely than not would not be sustained upon examination by a taxing authority. The Plan is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress.

NOTE 8. SUBSEQUENT EVENTS

Management has evaluated subsequent events through February 2, 2026, the date the financial statements were available to be issued.

SUPPLEMENTARY INFORMATION
YEAR ENDED SEPTEMBER 30, 2025

BAL HARBOUR VILLAGE POLICE OFFICERS' PENSION PLAN

SCHEDULE OF ADMINISTRATIVE EXPENSES

YEAR ENDED SEPTEMBER 30, 2025

(WITH COMPARATIVE TOTALS FOR YEAR ENDED SEPTEMBER 30, 2024)

| | <u>2025</u> | <u>2024</u> |
|---------------------------------|-------------------|-------------------|
| ADMINISTRATIVE EXPENSES: | | |
| Actuarial | \$ 25,600 | \$ 26,784 |
| Administrative fees | 21,600 | 23,270 |
| Accounting | 29,500 | 30,000 |
| Insurance | 4,757 | 4,790 |
| Legal | 22,000 | 26,000 |
| Conferences | <u>3,575</u> | <u>-</u> |
| TOTAL ADMINISTRATIVE EXPENSES | <u>\$ 107,032</u> | <u>\$ 110,844</u> |

The accompanying independent auditor's report should be read with this supplementary schedule.

REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED SEPTEMBER 30, 2025

BAL HARBOUR VILLAGE POLICE OFFICERS' PENSION PLAN

SCHEDULES OF CONTRIBUTIONS FROM EMPLOYER AND OTHER CONTRIBUTORS (UNAUDITED)

| | <u>2025</u> | <u>2024</u> | <u>2023</u> | <u>2022</u> | <u>2021</u> |
|--|---------------------|---------------------|---------------------|---------------------|---------------------|
| Actuarially determined employer contribution | \$ 1,490,266 | \$ 1,380,084 | \$ 1,322,134 | \$ 1,591,232 | \$ 1,616,888 |
| Actual employer and state contribution | <u>1,517,767</u> | <u>1,394,494</u> | <u>1,322,134</u> | <u>1,656,809</u> | <u>1,614,513</u> |
| Annual contribution deficiency (excess) | <u>\$ (27,501)</u> | <u>\$ (14,410)</u> | <u>\$ -</u> | <u>\$ (65,577)</u> | <u>\$ 2,375</u> |
| Covered-employee payroll | <u>\$ 1,532,433</u> | <u>\$ 1,521,103</u> | <u>\$ 1,775,415</u> | <u>\$ 2,071,335</u> | <u>\$ 2,161,913</u> |
| Actual contributions as a percentage of covered-employee payroll | 99.04% | 91.68% | 74.47% | 79.99% | 74.68% |
| | <u>2020</u> | <u>2019</u> | <u>2018</u> | <u>2017</u> | <u>2016</u> |
| Actuarially determined employer contribution | \$ 1,484,107 | \$ 1,489,108 | \$ 1,388,921 | \$ 1,340,039 | \$ 1,231,003 |
| Actual employer and state contribution | <u>1,496,714</u> | <u>1,501,157</u> | <u>1,388,921</u> | <u>1,090,340</u> | <u>1,460,365</u> |
| Annual contribution deficiency (excess) | <u>\$ (12,607)</u> | <u>\$ (12,049)</u> | <u>\$ -</u> | <u>\$ 249,699</u> | <u>\$ (229,362)</u> |
| Covered-employee payroll | <u>\$ 2,096,536</u> | <u>\$ 2,040,801</u> | <u>\$ 1,979,108</u> | <u>\$ 2,090,649</u> | <u>\$ 2,077,194</u> |
| Actual contributions as a percentage of covered-employee payroll | 71.39% | 73.56% | 70.18% | 52.15% | 70.30% |

Notes to Schedules of Contributions from Employer and Other Contributors

| | |
|-------------------------------|--|
| Actuarial cost method | Entry Age Normal |
| Amortization Method | Level Dollar, Closed |
| Remaining Amortization Period | 20 Years |
| Asset Valuation Method | 5-year smoothed market |
| Inflation | 2.50% |
| Salary increases | 4.5% to 15% depending on service, including inflation |
| Investment rate of return | 6.75% |
| Mortality | Sex distinct PUB-2010 Headcount Weighted Below Median Safety Employee Male Table (pre-retirement), the PUB-2010 Headcount Weighted Employee Safety Female Table (pre-retirement), the PUB-2010 Headcount Weighted Below Median Healthy Safety Retiree Male Table (post-retirement) and the PUB-2010 Healthy Safety Retiree Female Table (post-retirement). Rates are generationally projected from 2010 using improvement scale MP 2018. These are the same rates as used by the Florida Retirement System (FRS) in their actuarial valuation as of July 1, 2023 for Special Risk Class members. |

The accompanying independent auditor's report should be read with this required supplementary schedule.

BAL HARBOUR VILLAGE POLICE OFFICERS' PENSION PLAN

SCHEDULE OF INVESTMENT RETURNS (UNAUDITED)

| <u>Year Ended September 30,</u> | <u>Annual money - weighted rate of return net of investment expense</u> |
|-------------------------------------|---|
| 2025 | 10.11% |
| 2024 | 21.02% |
| 2023 | 10.59% |
| 2022 | (8.85%) |
| 2021 | 14.73% |
| 2020 | 11.58% |
| 2019 | 5.76% |
| 2018 | 12.55% |
| 2017 | 9.99% |
| 2016 | 7.65% |

The accompanying independent auditor's report should be read with this required supplementary schedule.

BAL HARBOUR VILLAGE POLICE OFFICERS' PENSION PLAN

SCHEDULES OF CHANGES IN THE EMPLOYER'S NET PENSION LIABILITY AND RELATED RATIOS (UNAUDITED)

| | <u>2025</u> | <u>2024</u> | <u>2023</u> | <u>2022</u> | <u>2021</u> |
|---|----------------------|----------------------|----------------------|----------------------|----------------------|
| TOTAL PENSION LIABILITY: | | | | | |
| Service cost | \$ 292,479 | \$ 387,212 | \$ 433,577 | \$ 576,273 | \$ 714,032 |
| Interest | 2,490,612 | 2,452,033 | 2,373,566 | 2,312,493 | 2,279,678 |
| Benefit Changes | - | - | - | - | 143,457 |
| Difference between actual and expected experience | 450,708 | 314,490 | 304,282 | (39,233) | (157,031) |
| Assumption changes | 1,002,948 | 951,954 | - | - | 589,671 |
| Benefit payments | <u>(2,314,215)</u> | <u>(1,969,877)</u> | <u>(1,918,330)</u> | <u>(1,750,406)</u> | <u>(1,643,202)</u> |
| NET CHANGE IN TOTAL PENSION LIABILITY | <u>1,922,532</u> | <u>2,135,812</u> | <u>1,193,095</u> | <u>1,099,127</u> | <u>1,926,605</u> |
| TOTAL PENSION LIABILITY - BEGINNING | <u>37,762,579</u> | <u>35,626,767</u> | <u>34,433,672</u> | <u>33,334,545</u> | <u>31,407,940</u> |
| TOTAL PENSION LIABILITY - ENDING | <u>\$ 39,685,111</u> | <u>\$ 37,762,579</u> | <u>\$ 35,626,767</u> | <u>\$ 34,433,672</u> | <u>\$ 33,334,545</u> |
| PLAN FIDUCIARY NET POSITION: | | | | | |
| Contributions - town | \$ 1,409,333 | \$ 1,299,340 | \$ 1,235,738 | \$ 1,517,945 | \$ 1,546,824 |
| Contributions - state | 108,434 | 95,154 | 86,396 | 138,864 | 67,689 |
| Contributions - member | 153,243 | 152,111 | 177,542 | 207,133 | 216,191 |
| Net investment income (loss) | 3,807,823 | 6,426,363 | 2,981,280 | (2,770,068) | 4,064,363 |
| Benefit payments | (2,314,215) | (1,969,877) | (1,918,330) | (1,750,406) | (1,643,202) |
| Administrative expenses | <u>(256,225)</u> | <u>(110,844)</u> | <u>(103,144)</u> | <u>(122,997)</u> | <u>(110,388)</u> |
| NET CHANGE IN PLAN FIDUCIARY NET POSITION | <u>2,908,393</u> | <u>5,892,247</u> | <u>2,459,482</u> | <u>(2,779,529)</u> | <u>4,141,477</u> |
| PLAN FIDUCIARY NET POSITION - BEGINNING | <u>36,546,465</u> | <u>30,654,218</u> | <u>28,194,736</u> | <u>30,974,265</u> | <u>26,832,788</u> |
| PLAN FIDUCIARY NET POSITION - ENDING | <u>39,454,858</u> | <u>36,546,465</u> | <u>30,654,218</u> | <u>28,194,736</u> | <u>30,974,265</u> |
| NET PENSION LIABILITY - ENDING | <u>\$ 230,253</u> | <u>\$ 1,216,114</u> | <u>\$ 4,972,549</u> | <u>\$ 6,238,936</u> | <u>\$ 2,360,280</u> |
| PLAN FIDUCIARY NET POSITION AS A PERCENTAGE OF TOTAL PENSION LIABILITY | 99.42% | 96.78% | 86.04% | 81.88% | 92.92% |
| COVERED EMPLOYEE PAYROLL | \$ 1,532,433 | \$ 1,521,103 | \$ 1,775,415 | \$ 2,071,335 | \$ 2,161,913 |
| NET PENSION LIABILITY AS A PERCENTAGE OF COVERED EMPLOYEE PAYROLL | 15.03% | 79.95% | 280.08% | 301.20% | 109.18% |

The accompanying independent auditor's report should be read with this required supplementary schedule.

BAL HARBOUR VILLAGE POLICE OFFICERS' PENSION PLAN

SCHEDULES OF CHANGES IN THE EMPLOYER'S NET PENSION LIABILITY AND RELATED RATIOS (Continued)

| | <u>2020</u> | <u>2019</u> | <u>2018</u> | <u>2017</u> | <u>2016</u> |
|---|----------------------|----------------------|----------------------|----------------------|----------------------|
| TOTAL PENSION LIABILITY: | | | | | |
| Service cost | \$ 667,911 | \$ 592,730 | \$ 613,120 | \$ 627,129 | \$ 553,182 |
| Interest | 2,246,668 | 2,210,418 | 2,097,099 | 2,041,709 | 1,860,042 |
| Change in excess state money | - | - | - | - | (20,337) |
| Difference between actual and expected experience | 55,771 | (597,774) | 864,085 | 71,973 | 474,826 |
| Assumption changes | (47,199) | 818,183 | 801,021 | - | 935,656 |
| Benefit payments | (1,647,433) | (1,681,923) | (2,402,714) | (1,666,151) | (1,587,483) |
| Other | 25,667 | (9,660) | - | - | - |
| NET CHANGE IN TOTAL PENSION LIABILITY | <u>1,301,385</u> | <u>1,331,974</u> | <u>1,972,611</u> | <u>1,074,660</u> | <u>2,215,886</u> |
| TOTAL PENSION LIABILITY - BEGINNING | <u>30,106,555</u> | <u>28,774,581</u> | <u>26,801,970</u> | <u>25,727,310</u> | <u>23,511,424</u> |
| TOTAL PENSION LIABILITY - ENDING | <u>\$ 31,407,940</u> | <u>\$ 30,106,555</u> | <u>\$ 28,774,581</u> | <u>\$ 26,801,970</u> | <u>\$ 25,727,310</u> |
| PLAN FIDUCIARY NET POSITION: | | | | | |
| Contributions - town | \$ 1,429,097 | \$ 1,440,569 | \$ 1,283,722 | \$ 1,090,340 | \$ 1,412,053 |
| Contributions - state | 67,617 | 60,588 | 105,199 | - | 48,312 |
| Contributions - member | 209,654 | 204,080 | 197,911 | 209,065 | 207,719 |
| Net investment income | 2,858,469 | 1,355,299 | 2,655,694 | 1,967,324 | 1,378,398 |
| Benefit payments | (1,647,433) | (1,681,923) | (2,402,714) | (1,666,151) | (1,587,483) |
| Administrative expenses | (97,786) | (86,303) | (76,694) | (82,083) | (86,139) |
| NET CHANGE IN PLAN FIDUCIARY NET POSITION | <u>2,819,618</u> | <u>1,292,310</u> | <u>1,763,118</u> | <u>1,518,495</u> | <u>1,372,860</u> |
| PLAN FIDUCIARY NET POSITION - BEGINNING | <u>24,013,170</u> | <u>22,720,860</u> | <u>20,957,742</u> | <u>19,439,247</u> | <u>18,066,387</u> |
| PLAN FIDUCIARY NET POSITION - ENDING | <u>26,832,788</u> | <u>24,013,170</u> | <u>22,720,860</u> | <u>20,957,742</u> | <u>19,439,247</u> |
| NET PENSION LIABILITY - ENDING | <u>\$ 4,575,152</u> | <u>\$ 6,093,385</u> | <u>\$ 6,053,721</u> | <u>\$ 5,844,228</u> | <u>\$ 6,288,063</u> |
| PLAN FIDUCIARY NET POSITION AS A PERCENTAGE OF TOTAL PENSION LIABILITY | 85.43% | 79.76% | 78.96% | 78.19% | 75.56% |
| COVERED EMPLOYEE PAYROLL | \$ 2,096,536 | \$ 2,040,801 | \$ 1,979,108 | \$ 2,090,649 | \$ 2,077,194 |
| NET PENSION LIABILITY AS A PERCENTAGE OF COVERED EMPLOYEE PAYROLL | 218.22% | 298.58% | 305.88% | 279.54% | 302.72% |

The accompanying independent auditor's report should be read with this required supplementary schedule.

COMPLIANCE REPORT

SEPTEMBER 30, 2025



**INDEPENDENT AUDITOR'S 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**

To the Board of Trustees of the
Bal Harbour Village Police Officers' Pension Plan

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Bal Harbour Village Police Officers' Pension Plan, as of and for the year ended September 30, 2025, and the related notes to the financial statements, which collectively comprise the Bal Harbour Village Police Officers' Pension Plan's basic financial statements, and have issued our report thereon dated February 2, 2026.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Bal Harbour Village Police Officers' Pension Plan's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Bal Harbour Village Police Officers' Pension Plan's internal control. Accordingly, we do not express an opinion on the effectiveness of the Bal Harbour Village Police Officers' Pension Plan'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 Plan'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.

**INDEPENDENT AUDITOR'S 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** (Continued)

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Bal Harbour Village Police Officers' Pension Plan'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 Plan'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 Plan's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

KSDT CPA LLP

Boca Raton, Florida
February 2, 2026