



Village of Palmetto Bay Comprehensive Annual Financial Report



*For the Fiscal Year Ending
September 30, 2017*

VILLAGE OF PALMETTO BAY, FLORIDA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
SEPTEMBER 30, 2017

VILLAGE OF PALMETTO BAY, FLORIDA

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INTRODUCTORY SECTION



March 30, 2018

To the Citizens of the Village of Palmetto Bay, Florida
And Other Interested Parties:

State law requires that all general-purpose local governments publish within nine months of the close of each fiscal year, a complete set of financial statements presented in conformity with accounting principles generally accepted in the United States of America (GAAP) and audited in accordance with auditing standards generally accepted in the United States of America and government auditing standards by a firm of licensed certified public accountants. Additionally, the Village's charter requires an annual independent audit of the books of accounts, financial records and transactions of all departments of the Village by independent certified public accountants. Pursuant to these requirements, we hereby issue the Comprehensive Annual Financial Report (CAFR) of the Village of Palmetto Bay for the fiscal year ended September 30, 2017.

This report consists of management's representations concerning the finances of the Village of Palmetto Bay. 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's assets from loss, theft or misuse, and to compile sufficient reliable information for the preparation of the Village of Palmetto Bay's financial statements in conformity with GAAP. 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.

The Village's financial statements have been audited by Caballero Fierman Llerena + Garcia LLP, a licensed certified public accounting firm. The goal of the independent audit was to provide reasonable assurance that the Village's financial statements for the fiscal year ended September 30, 2017, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon their audit, that there was a reasonable basis for rendering an unqualified opinion that the Village of Palmetto Bay's financial statements for the fiscal year ended September 30, 2017 are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

GAAP requires that management provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The Village of Palmetto Bay's MD&A can be found immediately following the report of the independent auditors.

Profile of the Government

The Village of Palmetto Bay is the 33rd incorporated municipality in Miami-Dade County. Its borders are SW 136th street to the north, US 1 to the west, Biscayne Bay to the east, and SW 184th street to the south. The Village is approximately eight square miles, comprised primarily of residential properties, and its business district is concentrated along the US 1 corridor.

The Village of Palmetto Bay was incorporated in 2002 and operates under the Council/Manager form of government. The Village Council is comprised of the Mayor, Vice-Mayor, and three Council Members elected village-wide. The Mayor and Council Members term is for four years, as of November 2012, the length of service was extended to three terms, but no person may serve more than two terms in any one position. The Village Council is responsible for enacting laws (resolutions, ordinances and regulations) governing the Village, as well as appointing the members of various advisory committees, and hiring the Village Manager, Village Clerk and Village Attorney. The Village Manager is responsible for enforcement of all laws, provisions of the Charter and directives of the Council, appointment of department heads with Council approval, and oversight of the operations of the Village.

The Village operates with a small, highly qualified core staff, and outsources several major functions including police protection, public works construction, and building inspections. The Village maintains a close working relationship with Miami-Dade County for such services as refuse collection, debris cleanup, fire protection, and libraries. The Village also works closely with all public and private schools serving Village residents.

The Mayor and Council Members are also the Board of Directors for the Palmetto Bay Foundation, Inc. The purpose of the Foundation is to raise the educational and quality of life concerns of the residents of the Village of Palmetto Bay, and to foster and promote community wide interest and concern for the history and preservation of the Village of Palmetto Bay. The Foundation is presented as a blended component unit in the financial statements as the Village has operational responsibility for the Foundation.

The annual budget serves as the foundation for the Village of Palmetto Bay's financial planning and control. All departments of the Village are required to submit proposed budgets to the Village Manager, who then makes any necessary revisions. The Village Manager then presents to the Village Council for their review, a budget estimate of the revenues and expenditures of all the Village's departments. Two public hearings are conducted, to inform the taxpayers of the proposed budget and to receive their comments. A majority affirmative vote of the quorum is needed to adopt the budget, which is legally enacted prior to October 1 by the passage of an ordinance. The Village's budget is approved at the fund level. The Village Manager may amend the adopted budget for adjustments between departments administratively, but the Village Council must approve all budget adjustments between funds. Supplemental appropriations of revenues in excess of the adopted budget may be appropriated by the Council by way of an ordinance.

Budget-to-actual comparisons are provided in this report for the general fund for which an appropriated annual budget has been adopted.

Factors Affecting Financial Condition

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the Village of Palmetto Bay operates.

Local Economy

The Village of Palmetto Bay is a medium-sized municipality serving approximately 24,000 citizens. The majority of the Village's ad-valorem taxes are derived from its residential properties with an average taxable value for fiscal year 2017 of \$266,048, which is a 2.5% increase from prior year. The average County residential taxable value is \$205,220. Total property values for the Village increased by 4.25%. The foundation of Palmetto Bay is its low-density residential development that serves as housing for employment centers north of the Village. Commercial and office uses are primarily oriented towards the U.S. 1 corridor and consists of ten major auto dealerships, several large-box retailers, retail shopping plazas, and multiple office buildings. Two other concentrations of commercial uses are located in the eastern portion of the Village and include retail service uses and a class A office park development. The latest US Census classifies the Village residents as middle to upper-middle class. The Village residents support the local businesses which results in a stable local economy.

Long-Term Financial Planning and Major Initiatives

The Village has approved a zoning district encompassing 330 acres known as the Franjo Triangle and U.S. 1 Island area. The mixed-use district includes commercial, office and residential users. The County completed in 2014 a water and sewer infrastructure expansion project along the U.S 1 corridor that will assist in attracting developers to the area. In 2013 the Village Manager formed a Downtown Redevelopment Task Force (DRTF). The DRTF was made of residents, business owners, and developers. The DRTF was directed to study the commercial area and make recommendations based upon what was economically feasible. The new land use and zoning ordinances were written based upon a form base code with incentives. The Village is one of the first in Florida to write land use and zoning codes based on a form based code and as result won an award from the Florida Planning and Zoning Association for the process. As a result of the new codes the Village has received numerous inquiries from developers with four in the planning stages worth about \$500,000,000 in new development. The first of the projects, a 271 rental units with retail, has broken ground for completion in early 2019. The Village has been approved for a \$7,500,000 grant from the County for Main Street to create a pedestrian and bicycle friendly road scape. The Village issued requests for proposals to seek a developer to design and build the main street project. The village is in final contract negotiations with a developer that was selected; the project should begin summer 2018. The Village has been awarded a grant for the building of a multimodal center to encourage the use of public transportation. The Village is in the process of purchasing 2 acres in the downtown area and adjacent to Palmetto Bay park for a community, retail and parking complex.

Financial Policies

The Village of Palmetto Bay has adopted and enacted financial policies when taken as a whole serves the purpose of timely informing management and the citizens of the financial position of the Village, while safeguarding Village assets and appropriating resources to provide the high level of services the citizens expect.

The Village has adopted Florida Statutes 218.415 for its investment policy. The Village Charter mandates the budget and debt policy. Council enacted the procurement policy. Village Administration implemented the revenue and capitalization policies.

Pension Benefits

The Village of Palmetto Bay maintains a defined contribution pension plan with the International City Managers' Association, Retirement Corporation (ICMA RC) for its full-time employees, created in accordance with Internal Revenue Code Section 401(a). The Village automatically contributes 6% for all full-time employees. In addition, each employee is allowed to contribute up to 6% of their income with an equal match from the Village. The Village also sponsors a 457 deferred compensation plan, of which participation is voluntary.

Awards and Acknowledgments

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Village of Palmetto Bay for its CAFR for the fiscal year ended September 30, 2015. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized CAFR. This report must satisfy both GAAP and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR 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.

The preparation of the CAFR on a timely basis was made possible by the dedicated service of the entire staff of the Finance Department. Each member of the department has our sincere appreciation for the contributions made in preparation of this report. We also wish to recognize the assistance provided by the firm of Caballero Fierman Llerena + Garcia LLP.

In closing, the Mayor, Vice-Mayor and the Village Council must be credited for their leadership, and for maintaining the highest standards of professionalism in the management of the Village's finances.

Sincerely,



Edward Silva, Village Manager



Desmond Chin, Finance Director

Village of Palmetto Bay, Florida
ELECTED AND APPOINTED OFFICIALS

SEPTEMBER 30, 2017

VILLAGE COUNCIL

Mayor	Eugene Flinn
Vice Mayor	John DuBois
Council Member	Karyn Cunningham
Council Member	David Singer
Council Member	Larissa Siegel-Lara

VILLAGE MANAGER

Edward Silva

VILLAGE ATTORNEY

Lehtinen, Schultz, Reidi,
Catalano & De La Fuente PLLP.

VILLAGE CLERK

Missel Arocha

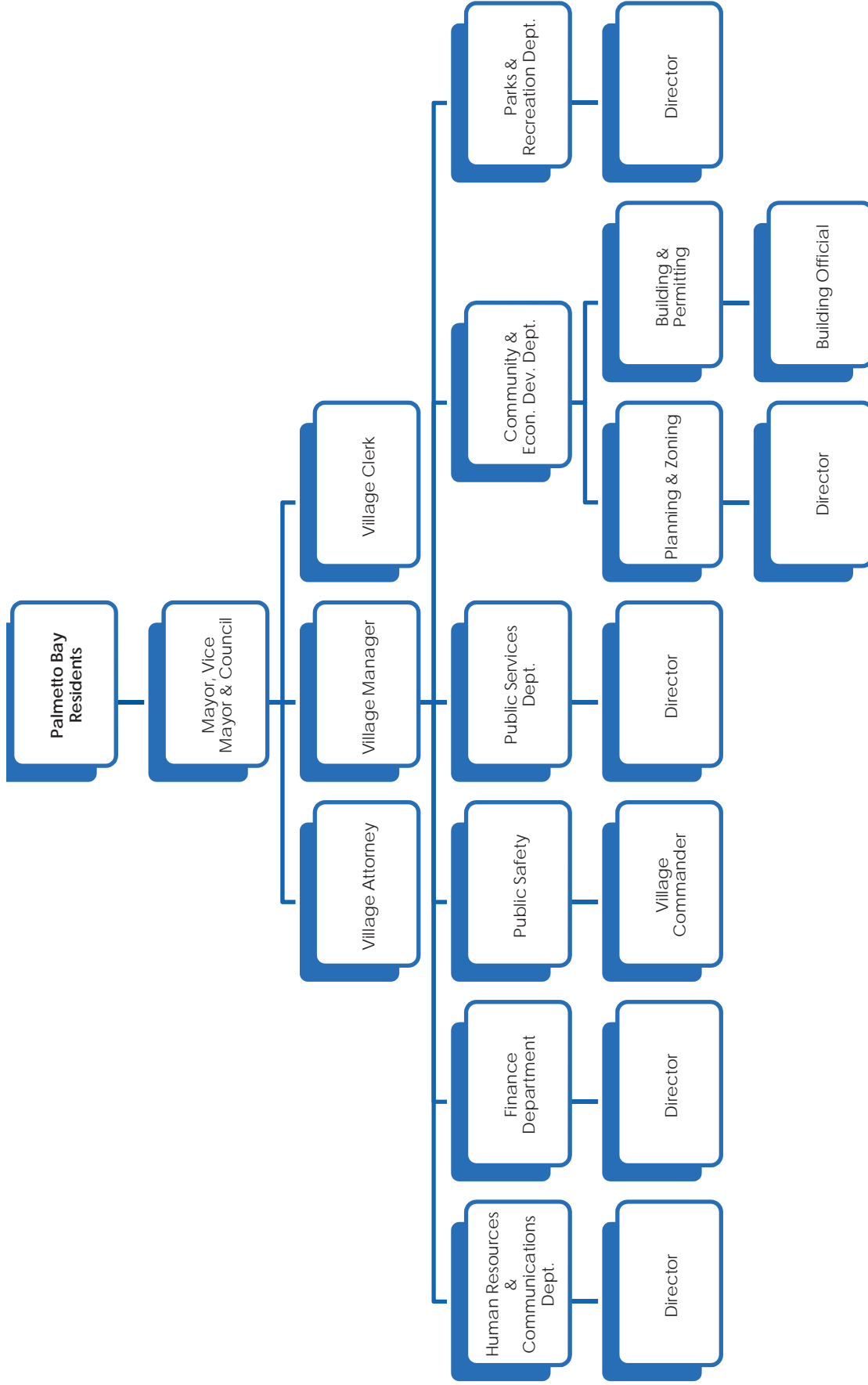
FINANCE DIRECTOR

Desmond Chin, CPA

VILLAGE AUDITORS

Caballero Fierman Llerena + Garcia, LLP
Accountants and Advisors

ORGANIZATIONAL CHART





Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**Village of Palmetto Bay
Florida**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

September 30, 2016

Christopher P. Morill

Executive Director/CEO

FINANCIAL SECTION

INDEPENDENT AUDITORS' REPORT



INDEPENDENT AUDITORS' REPORT

Honorable Mayor, Village Council and Village Manager
Village of Palmetto Bay, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Village of Palmetto Bay, Florida (the "Village") as of and for the fiscal year ended September 30, 2017, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Village of Palmetto Bay, Florida, as of September 30, 2017, and the respective changes in financial position for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, Budgetary Comparison Schedule, and Schedule of Funding Progress-Other Post-Employment Benefits on pages 3-11 and 32-34, respectively be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 30, 2018, 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, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.

Caballero Fierman Llerena + Garcia

Caballero Fierman Llerena + Garcia, LLP
Coral Gables, Florida
March 30, 2018

MANAGEMENT'S DISCUSSION AND ANALYSIS
(Required Supplementary Information)

Management's Discussion and Analysis

As management of the Village of Palmetto Bay (the "Village"), we offer readers of the Village's financial statements this narrative overview and analysis of the financial activities of the Village for the fiscal year ended September 30, 2017.

Financial Highlights

- The assets and deferred outflows of resources of the Village exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$54,471,761 (net position). Of this amount, \$16,651,125 (*unrestricted net position*) may be used to meet the Village's ongoing obligations to citizens and creditors. The balance, \$37,820,636 is comprised of net investment in capital assets of \$33,124,927 and restricted assets of \$4,695,709.
- The Village's net position of governmental activities decreased by \$67,428. This decrease is attributable to changes in the Village's only fund category, the Governmental fund. Detailed changes are explained later under Governmental Activities.
- As of the close of the current fiscal year, the Village's governmental funds reported combined ending fund balances of \$24,657,531, a decrease of \$62,245 in comparison with the prior year. Approximately 46% of ending fund balance or \$10,721,028 is from the General Fund and available for spending at the Village's discretion.
- At the end of the reporting period, unassigned fund balance for the General Fund was \$10,638,696, or approximately 79% of total General Fund expenditures.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Village's basic financial statements. The Village's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The government-wide financial statements are designed to provide readers with a broad overview of the Village's finances, in a manner similar to a private sector business.

The statement of net position presents information on all of the Village's assets and deferred outflows of resources and liabilities and deferred inflows of resources, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Village is improving or deteriorating.

The statement of activities presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the Village that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the Village include general government, economic development, public safety, public works and parks & recreation. The Village has a blended component unit described in Note 1 and no business-type activities. The government-wide financial statements includes, the Village itself (known as the *primary government*) and the Palmetto Bay Foundation (*a component unit of the Village*), and can be found on pages 12 and 13 of this report.

Fund financial statements. A fund is a grouping of related accounts that are used to maintain control over resources that have been segregated for specific activities or objectives. The Village, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The Village has one fund category: governmental funds.

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Village maintains four governmental fund types: a General Fund, Special Revenue Fund, a Debt Service Fund and a Capital Projects Fund. Information is presented separately in the governmental fund balance sheet and in the governmental statement of revenues, expenditures, and changes in fund balance.

The Special Revenue Funds consist of two major funds which are presented separately in the balance sheet and statements of revenues and expenditures and changes in fund balances of governmental funds, and one non-major fund which is presented separately for consistency with prior years. Six Special Revenue funds, and the Debt Service are combined under Non-major Governmental Funds. The six Special Revenue funds are the Palmetto Bay Foundation (the "*Foundation*"), Law Enforcement Trust Fund, False Alarm Fund, Building Fund, Art In Public Places Fund and Stormwater Fund. A description of the Foundation is found in the notes to the financial statements on page 18, and the combining statements can be found on pages 35 and 36.

The Village adopts an annual appropriated budget for its General Fund. A budgetary comparison statement has been provided to demonstrate compliance with this budget on page 32.

The basic governmental fund financial statements can be found on pages 14 to 16 of this report.

Notes to the basic financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 18 to 31 of this report.

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the Village's case, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$54,471,761 at the close of the most recent fiscal year.

The largest portion of the Village's net position, \$33,124,927 or approximately 61%, reflects its investment in capital assets (e.g., land, buildings, furniture and equipment), less any related debt used to acquire those assets that is still outstanding. The Village uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. The debt related to these assets amount to \$16,594,154, and it

should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The remaining balance of net position, \$21,346,834, may be used to meet the government's ongoing obligations to citizen's and creditors.

Village of Palmetto Bay's Net position

	September 30,	
	2017	2016
Current Assets	\$ 24,249,395	\$ 23,627,416
Capital Assets	48,032,681	48,848,358
Total Assets	<u>72,282,076</u>	<u>72,475,774</u>
Deferred Amount on Refunding of Bonds	70,652	75,672
Total Deferred Outflows of Resources	<u>70,652</u>	<u>75,672</u>
Long-Term Liabilities Outstanding	16,736,782	17,552,296
Other Liabilities	1,144,185	459,961
Total Liabilities	<u>17,880,967</u>	<u>18,012,257</u>
Net Position:		
Net Investment in Capital Assets	33,124,927	33,134,812
Restricted for:		
Building Inspections	665,602	1,111,262
Public Transportation operations and maintenance	3,112,938	3,663,387
Debt Service	908,685	903,664
Charitable & Educational Projects	6,657	6,653
Culture & Recreation	-	56,259
Police equipment and training	1,827	65,750
Unrestricted	16,651,125	15,597,402
Total Net Position	<u>\$ 54,471,761</u>	<u>\$ 54,539,189</u>

At the end of the current fiscal year, the Village is able to report positive balances in all categories of net position. The same situation held true for the prior fiscal year.

Governmental Activities. The Village's Governmental Funds net position decreased by a total of \$67,428 during the current fiscal year. Current Assets increased by \$621,979 mainly from increases in intergovernmental transfers and cash and cash equivalents. Capital Assets decreased \$815,677 mainly due to depreciation of assets in the amount of \$1,547,092. Deferred Outflows of resources decreased \$5,020 as the bond refunding expense is amortized over the life of the bonds. Reductions in Capital assets was offset by additions from capital projects for, infrastructure improvements, \$480,717 and equipment purchases, \$250,698. Liabilities decreased \$131,290 mainly due to the amortization of long term debt of \$815,514.

Village of Palmetto Bay's Net Changes in Net Position

	Fiscal Year	
	2017	2016
Revenues:		
Program Revenues:		
Charges for Services	\$ 3,656,277	\$ 3,573,380
Operating Grants and Contributions	1,938,471	2,002,049
General Revenues:		
Property Taxes	5,949,675	5,967,015
Utility Taxes	2,449,906	2,371,602
Communications Service Tax	1,268,588	1,268,751
Franchise Fees	599,893	800,852
Unrestricted Intergovernmental Revenues	2,291,919	2,303,566
Unrestricted Interest Earnings	163,920	149,951
Miscellaneous	155,401	196,672
Total Revenues	18,474,050	18,633,838
Expenses:		
General Government	7,047,743	6,571,452
Public Safety	7,401,124	6,759,037
Public Works	939,841	978,242
Parks and Recreation	2,459,021	2,387,359
Interest on long-term debt	693,749	734,187
Total Expenses	18,541,478	17,430,277
Change in Net Position of Governmental Activities	\$ (67,428)	\$ 1,203,561
Net Position, Beginning	54,539,189	53,335,628
Net Position, Ending	54,471,761	54,539,189

Revenues:

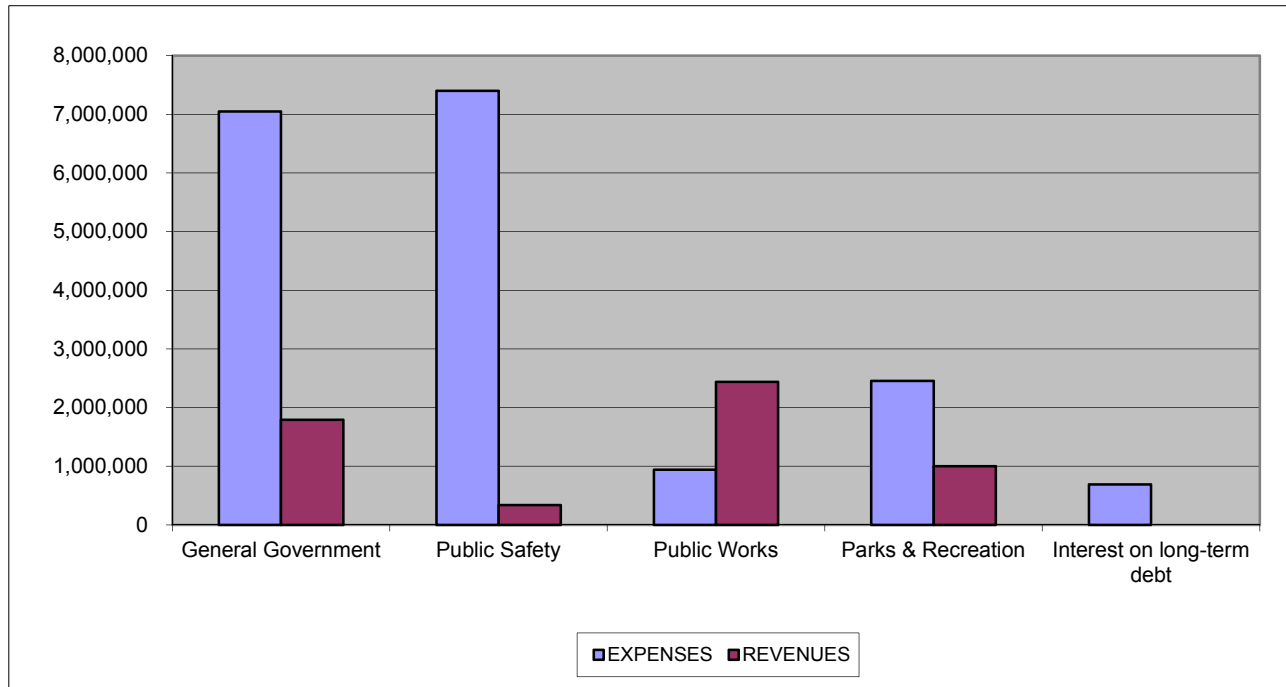
Total revenues decreased \$159,788 from FY 2016 revenues to a total of \$18,474,050 for FY 2017. The major components are as follows:

- Taxes of \$9,668,169 comprised 52% of total revenues in the current fiscal year. Most of this category is property taxes of \$5,949,675. Property assessed values increased 4.25%. The Village reduced the millage rate to 2.3292 per \$1,000 of assessed taxable value for fiscal year 2017 which resulted in a decrease in collections of \$48,050. In total Taxes increased \$60,801 mainly from Utility taxes which increased \$78,304 while Communication Services taxes was flat and Property Taxes decreased \$17,340.
- Operating grants and contributions were \$1,938,471 or 10% of total revenues. A decrease of \$63,578 over prior year is mainly due to grant receipts for Public Safety.
- Charges for services totaled \$3,656,277 or 20% of total revenues. There was an increase of \$82,897 mainly due to increases in Park services.
- Franchise fees decreased \$200,959 which is affected by electrical usage and property taxes paid by Florida Power and Light.
- Miscellaneous Income decreased \$41,271.

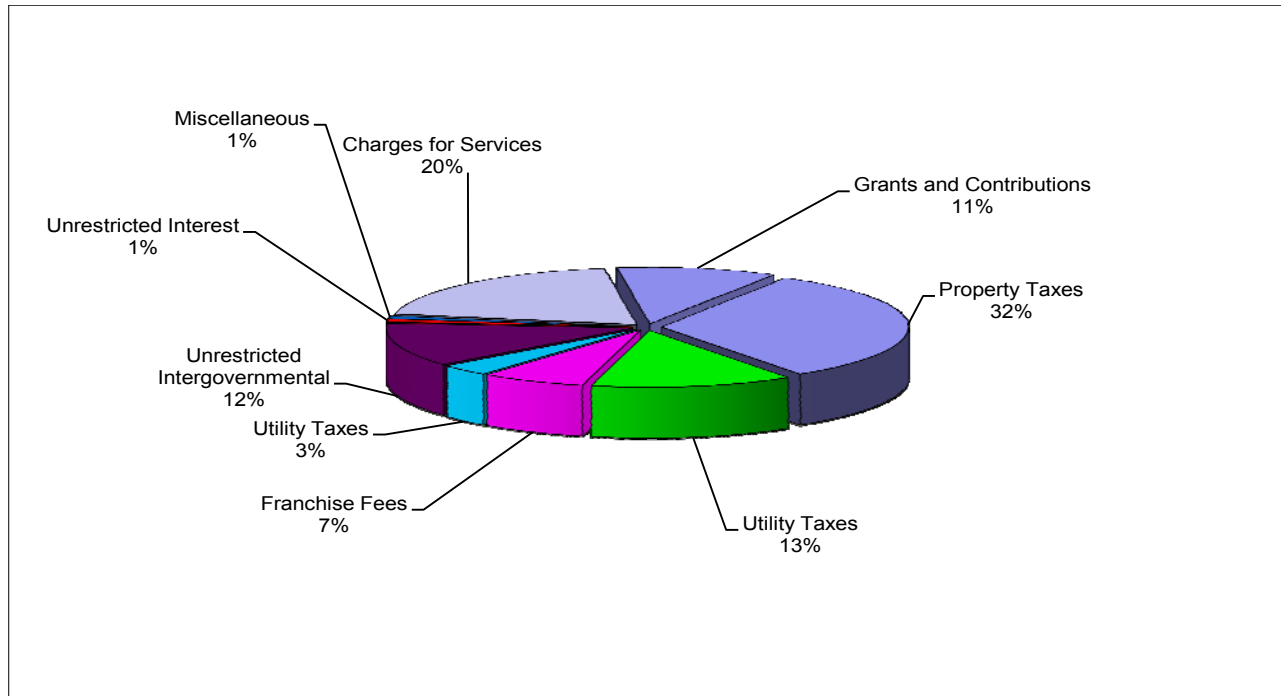
Expenses:

- Village expenses increased a total of \$1,111,201; mainly due to a \$476,291 increase in General Government due to building maintenance and operations, Public Safety increased \$642,087, as explained in Note 8.

Expenses and Program Revenues – Governmental Activities



Revenues by Source – Governmental Activities



Financial Analysis of the Government’s Funds

As noted earlier, the Village uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the Village’s governmental funds is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the Village’s financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government’s net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the Village’s governmental funds reported combined ending fund balances of \$23,105,210, a decrease of \$62,245 in comparison with the prior year. Approximately 46% of the ending fund balance or \$10,547,391 constitutes unassigned fund balance, which is available for spending at the Village’s discretion.

The General Fund is the chief operating fund of the Village. At the end of the current fiscal year fund balance of the general fund was \$10,721,028, of which \$10,638,696 was unassigned. As a measure of the general fund’s liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 79% of total general fund expenditures, while total fund balance represents 79% of that same amount. The General Fund had an operating surplus of \$745,998 and transfer outs of \$1,550,000 resulting in a fund balance decrease of \$804,002 during the current fiscal year.

Special Revenue Funds are used to account for monies received for a specific purpose. The Village has the following Special Revenue Funds:

The Transportation Fund is used to account for the various fuel and transportation taxes that are restricted to the maintenance and improvement of the Village’s roadways. The decrease in the ending fund balance of \$500,449 is due to completion of traffic calming projects.

The Grants Fund is used to account for and track the expenditures of the approximately 10 grants and impact fees. The decrease in fund balance of \$259,085 is mainly due to Hurricane Irma damages of \$283,956 which is reimbursable by FEMA. As of September 30 a revenue or receivable could not be recorded as FEMA had not approved the Project Worksheets for Public Assistance, which have subsequently been approved.

The Capital Projects is used to account for Village funded capital projects. The increase in fund balance of \$1,432,796 is mainly due to a transfer from General Fund in the amount of \$1,550,000, of which has been designated from park improvements.

Non-Major Governmental Funds is the combination of six Special Revenue funds (Stormwater, Palmetto Bay Foundation, Law Enforcement Trust Fund, False Alarm, Building Fund, and Art In Public Places Fund), and Debt Service fund. In total Non-Major fund balance increased \$68,495. The more significant funds are discussed below:

The Stormwater Management Fund is used to account for assessments related to stormwater mitigation. The assessment revenue is committed for drainage projects in accordance with Village ordinance. The Stormwater fund balance increased \$492,924, due to the carryover of a drainage project into fiscal year 2018.

The Building Fund is used to account for permit receipts and expenditures according to Florida Statute 553.80. The Building fund balance decreased \$445,660 as a result of increased plan review activity prior to permitting.

Art in Public Places is used to account for fees imposed on new construction to promote art in the Village. The fund balance increased \$24,197 due to increased development in the Village.

General Fund Budgetary Highlights

The total budgetary operating surplus of \$745,998 resulted from a surplus of revenues of \$471,299 plus expenditure savings of \$424,699. There was a transfer out totaling \$1,550,000 for Capital Projects in parks, and a budgetary revenue deficiency of \$150,000 resulting in \$1,700,000 of Other Financing Uses. The net change in Fund Balance was a decrease of \$62,555. The most significant variances are:

REVENUES:

- Utility Taxes – positive variance of \$254,906 mainly from increased receipts from electric and water utilities.
- Communication Services Tax – positive variance of \$231,323 due to adjustments as a result of State audits.
- Franchise Fees – negative variance of \$216,579, due to a new electric facility which the property taxes offsets the revenue.

EXPENDITURES:

- Finance and Human Resources – Savings of \$156,123 due to personnel vacancies.
- Other General Government – shortfall of \$108,939 mainly from Hurricane Irma expenditures.
- Police Services – Savings of \$192,801 due to adjustments from contracted police services.

Capital Assets and Debt Administration

Capital Assets. The Village's investment in capital assets as of September 30, 2017, amounted to \$48,032,681 (net of accumulated depreciation). This investment in capital assets includes land, buildings, street and sidewalk improvements, furniture and equipment. The Village's net investment in capital assets decreased by \$815,677 in the current fiscal year, mainly due to depreciation in the amount of \$1,547,092.

Major capital asset events during the current fiscal year included the following:

- Traffic Calming - \$480,717
- Park Improvements - \$119,913
- New Transit Buses - \$123,312

Village of Palmetto Bay Capital Assets (Net of Depreciation)

	<u>September 30,</u>	
	<u>2017</u>	<u>2016</u>
Governmental activities:		
Land	\$ 23,689,655	\$ 23,689,655
Construction in progress	222,793	69,900
Furniture and Equipment	550,010	425,560
Building	10,691,766	11,177,426
Improvements Other than Buildings	6,023,757	6,656,556
Infrastructure	<u>6,854,700</u>	<u>6,829,261</u>
Governmental activities Capital Assets, net	<u>\$ 48,032,681</u>	<u>\$ 48,848,358</u>

Additional information on the Village's capital assets can be found in Note 4 on page 25.

Long-term Debt. At the end of the current fiscal year, the Village had total debt outstanding of \$14,317,089 and liabilities to Miami-Dade County in the amount of \$2,280,886. The total debt is backed by the full faith and credit of the Village for which the Village is liable in the unlikely event of default.

Village of Palmetto Bay's Outstanding Debt Promissory Notes and Revenue Bonds

	<u>September 30,</u>	
	<u>2017</u>	<u>2016</u>
Promissory Note	\$ 1,612,089	\$ 1,920,873
Revenue Bond	12,705,000	13,035,000
Liabilities to Miami-Dade County	2,280,886	2,483,513
Total	<u>\$ 16,597,975</u>	<u>\$ 17,439,386</u>

There were three debt issues outstanding at the end of the fiscal year. Promissory Note Series 2007 issued for Street Signs in the amount of \$2,500,000, Florida Municipal Loan Council Revenue Bond Series 2010B issued in the amount of \$14,780,000 and Promissory Note Series 2010 with Hancock Bank for \$1,205,000 which refinanced the Florida Municipal Loan Council Revenue Bond Series 2005D issued for the Village Library in the

amount of \$1,495,000. Additional information on the Village's long-term debt can be found in Note 5, pages 26-28. The Village has contractual liabilities to Miami-Dade County as part of the Village's incorporation from the County.

Economic Factors and Next Year's Budgets and Rates

- The unemployment rate for Miami-Dade County in September 2017 was 4.3%, which represents a decrease of 1.3% from the previous year. This is slightly higher than the state's average unemployment rate of 4.0% and slightly more than the national average rate of 4.2% in September 2017. The unemployment rate of the Village is generally lower than the County. (Source: US Census).
- Inflationary trends in the County at 2.7% are higher than the national average which was 2.2% for September 2017.
- Most municipalities are starting to show property value increases, the Village saw an increase in property values of 4.25% while the County had an average increase of 9.07%.

All of these factors were considered in preparing the Village's budget for the 2018 fiscal year. During the current fiscal year, fund balance in the general fund decreased to \$11,525,030. The Village appropriated \$1,550,000 capital outlays in the 2017 fiscal year budget. The Village used a millage rate of 2.3292 for fiscal year 2017, which is equal to the roll back rate of 2.3292 mills. For fiscal year 2018 the millage rate was kept the same at 2.3292 which is greater than the roll back rate of 2.1988 by 5.93%.

Requests for information

This financial report is designed to provide a general overview of the Village's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Finance Department, 9705 E Hibiscus Street, Palmetto Bay, Florida 33157.

BASIC FINANCIAL STATEMENTS

VILLAGE OF PALMETTO BAY, FLORIDA
STATEMENT OF NET POSITION
SEPTEMBER 30, 2017

<u>ASSETS</u>	<u>Governmental Activities</u>
Cash and cash equivalents	\$ 20,898,508
Receivables	171,826
Due from other governments	2,188,044
Prepaid Assets	82,332
Restricted assets:	
Cash and cash equivalents	908,685
Capital assets not being depreciated	23,912,448
Capital assets being depreciated, net	<u>24,120,233</u>
Total assets	<u>72,282,076</u>
 <u>DEFERRED OUTFLOWS OF RESOURCES</u> 	
Loss on refunding	<u>70,652</u>
Total deferred outflows of resources	<u>70,652</u>
 <u>LIABILITIES</u> 	
Accounts payable	834,692
Accrued liabilities	32,095
Due to other governments	9,643
Park deposits	267,755
Noncurrent liabilities:	
Due in one year	1,041,349
Due in more than one year	15,668,433
Net OPEB obligation	<u>27,000</u>
Total liabilities	<u>17,880,967</u>
 <u>NET POSITION</u> 	
Net investment in capital assets	33,124,927
Restricted for:	
Building inspections	665,602
Public transportation operations and maintenance	3,112,938
Debt service	908,685
Charitable and educational projects	6,657
Police equipment and training	1,827
Unrestricted	<u>16,651,125</u>
Total net position	<u>\$ 54,471,761</u>

See notes to basic financial statements

VILLAGE OF PALMETTO BAY, FLORIDA
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2017

<u>Functions/programs</u>	<u>Expenses</u>	<u>Charges for Services</u>	<u>Program Revenues</u> <u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Net (Expense) Revenue and Changes in Net Position</u> <u>Governmental Activities</u>
Governmental activities:					
General government	\$ 5,077,231	\$ 1,663,744	\$ -	\$ -	\$ (3,413,487)
Public Safety	7,401,124	258,500	3,543	-	(7,139,081)
Public works	1,017,091	694,083	1,893,193	-	1,570,185
Building and alarm permitting	1,893,262	-	-	-	(1,893,262)
Parks and recreation	2,459,021	1,039,950	41,735	-	(1,377,336)
Interest on long-term debt	693,749	-	-	-	(693,749)
Total governmental activities	<u>\$ 18,541,478</u>	<u>\$ 3,656,277</u>	<u>\$ 1,938,471</u>	<u>\$ -</u>	<u>(12,946,730)</u>
General revenues:					
Property taxes					5,949,675
Utility taxes					2,449,906
Communication service tax					1,268,588
Franchise fees based on gross receipts					599,893
Intergovernmental (unrestricted)					2,291,919
Investment income (unrestricted)					163,920
Miscellaneous					155,401
Total general revenues					<u>12,879,302</u>
Change in net position					<u>(67,428)</u>
Net position, beginning					54,539,189
Net position, ending					<u>\$ 54,471,761</u>

See notes to basic financial statements

VILLAGE OF PALMETTO BAY, FLORIDA
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2017

	Major Funds					
	General	Transportation Fund	Grants Fund	Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
<u>ASSETS</u>						
Cash and cash equivalents	\$ 9,662,156	\$ 3,002,783	\$ 180,225	\$ 6,303,412	\$ 1,749,932	\$ 20,898,508
Receivables	145,523	-	-	-	26,303	171,826
Due from other funds	107,809	-	-	-	300,327	408,136
Due from other governments	1,268,992	414,837	359,138	-	145,077	2,188,044
Prepaid Assets	82,332	-	-	-	-	82,332
Restricted cash and cash equivalents	-	-	-	-	908,685	908,685
Total Assets	<u>11,266,812</u>	<u>3,417,620</u>	<u>539,363</u>	<u>6,303,412</u>	<u>3,130,324</u>	<u>24,657,531</u>
<u>LIABILITIES</u>						
Accounts payable	255,773	136,017	395,804	2,413	44,685	834,692
Accrued liabilities	12,613	5,961	2,249	-	11,272	32,095
Due to other funds	-	162,704	232,615	3,279	9,538	408,136
Due to other governments	9,643	-	-	-	-	9,643
Park deposits	267,755	-	-	-	-	267,755
Total Liabilities	<u>545,784</u>	<u>304,682</u>	<u>630,668</u>	<u>5,692</u>	<u>65,495</u>	<u>1,552,321</u>
<u>FUND BALANCE</u>						
Nonspendable:						
Prepaid items	82,332	-	-	-	-	82,332
Restricted:						
Building inspections	-	-	-	-	665,602	665,602
Public transportation operations and maintenance	-	3,112,938	-	-	-	3,112,938
Debt Service	-	-	-	-	908,685	908,685
Charitable and Educational	-	-	-	-	6,657	6,657
Police Equipment and Training	-	-	-	-	1,827	1,827
Committed:						
False Alarm Management	-	-	-	-	38,058	38,058
Drainage Projects	-	-	-	-	1,132,370	1,132,370
Other Capital Projects	-	-	-	6,297,720	-	6,297,720
Art in Public Places	-	-	-	-	311,630	311,630
Unassigned	10,638,696	-	(91,305)	-	-	10,547,391
Total fund balances	<u>10,721,028</u>	<u>3,112,938</u>	<u>(91,305)</u>	<u>6,297,720</u>	<u>3,064,829</u>	<u>23,105,210</u>
Total liabilities and fund balances	<u>\$ 11,266,812</u>	<u>\$ 3,417,620</u>	<u>\$ 539,363</u>	<u>\$ 6,303,412</u>	<u>\$ 3,130,324</u>	<u>\$ 24,657,531</u>

See notes to basic financial statements

VILLAGE OF PALMETTO BAY, FLORIDA
RECONCILIATION OF THE BALANCE SHEET TO THE STATEMENT OF NET POSITION
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2017

Fund balances - total government funds (Page 14) \$ 23,105,210

Amounts reported for governmental activities in the statement of net position are different as a result of:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.

Governmental capital assets	\$ 61,774,789	
Less accumulated depreciation	<u>(13,742,108)</u>	48,032,681

Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the governmental funds.

Bonds payable	(12,658,598)	
Deferred loss on refunding of debt	70,652	
QNIP bonds	(2,280,886)	
Loans payable	(1,612,089)	
OPEB liability	(27,000)	
Compensated absences	<u>(158,209)</u>	<u>(16,666,130)</u>

Net position of governmental activities (Page 12) \$ 54,471,761

VILLAGE OF PALMETTO BAY, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2017

	Major Funds					
	General	Transportation Fund	Grants Fund	Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:						
Property taxes	\$ 5,949,675	\$ -	\$ -	\$ -	\$ -	\$ 5,949,675
Utility taxes	2,449,906	-	-	-	-	2,449,906
Communication service tax	1,268,588	-	-	-	-	1,268,588
Franchise fees	599,893	-	-	-	-	599,893
Intergovernmental	2,267,739	1,708,375	230,096	-	24,180	4,230,390
Licenses and permits	229,360	-	-	-	1,361,072	1,590,432
Fines and forfeitures	258,500	-	-	-	-	258,500
Charges for services	1,039,950	5,367	-	-	762,028	1,807,345
Interest	87,708	24,106	1,164	31,034	19,908	163,920
Miscellaneous	140,123	-	7,508	-	7,770	155,401
Total revenues	<u>14,291,442</u>	<u>1,737,848</u>	<u>238,768</u>	<u>31,034</u>	<u>2,174,958</u>	<u>18,474,050</u>
Expenditures:						
Current:						
General government	3,075,612	724,520	296,882	6,854	5,413	4,109,281
Public safety	7,385,366	-	-	-	-	7,385,366
Public works	550,722	-	-	-	100,354	651,076
Building and alarm permitting	-	-	-	-	1,893,262	1,893,262
Parks and recreation	1,523,791	-	-	-	-	1,523,791
Capital outlay	-	1,087,899	200,971	141,384	15,100	1,445,354
Debt service:						
Principal	410,571	357,954	-	-	72,886	841,411
Interest	599,382	67,924	-	-	19,448	686,754
Total expenditures	<u>13,545,444</u>	<u>2,238,297</u>	<u>497,853</u>	<u>148,238</u>	<u>2,106,463</u>	<u>18,536,295</u>
Excess (deficiency) of revenues over (under) expenditures	<u>745,998</u>	<u>(500,449)</u>	<u>(259,085)</u>	<u>(117,204)</u>	<u>68,495</u>	<u>(62,245)</u>
Other financing sources (uses):						
Transfers in	-	-	-	1,550,000	-	1,550,000
Transfers out	(1,550,000)	-	-	-	-	(1,550,000)
Total other financing sources (uses)	<u>(1,550,000)</u>	<u>-</u>	<u>-</u>	<u>1,550,000</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(804,002)	(500,449)	(259,085)	1,432,796	68,495	(62,245)
Fund balances - beginning	<u>11,525,030</u>	<u>3,613,387</u>	<u>167,780</u>	<u>4,864,924</u>	<u>2,996,334</u>	<u>23,167,455</u>
Fund balances - ending	<u>\$ 10,721,028</u>	<u>\$ 3,112,938</u>	<u>\$ (91,305)</u>	<u>\$ 6,297,720</u>	<u>\$ 3,064,829</u>	<u>\$ 23,105,210</u>

See notes to basic financial statements

VILLAGE OF PALMETTO BAY, FLORIDA
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2017

Amounts reported for governmental activities in the statement of activities are different as a result of:

Net change in fund balances - total government funds (Page 16)	\$	(62,245)
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is depreciated over their estimated useful lives.</p>		
Expenditures for capital outlays	\$ 1,445,354	
Less current year depreciation	<u>(1,547,092)</u>	(101,738)
Net adjustment		
Capital outlays not meeting threshold for capitalization		(713,939)
<p>The issuance of long term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position.</p>		
Bond principal payments	638,784	
QNIP bond payments	<u>202,627</u>	841,411
<p>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</p>		
Compensated absences	(28,922)	
OPEB liability	5,000	
Amortization of discount on bonds issued	(1,975)	
Amortization of deferred loss on bond refunding	<u>(5,020)</u>	<u>(30,917)</u>
Change in net position of governmental activities (Page 13)	\$	<u>(67,428)</u>

NOTES TO BASIC FINANCIAL STATEMENTS

VILLAGE OF PALMETTO BAY, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2017

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Village of Palmetto Bay, Florida (the “Village”) was incorporated on September 10, 2002. The Village operates under a Council-Manager form of government. In addition to the general government function, the Village provides its residents with public safety (police), public works, parks and recreation, planning and zoning and building and permitting. The Village does not provide educational or water and sewer, solid waste or hospital facilities; those services are provided by the Miami-Dade County School Board and Miami-Dade County, respectively.

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

A. Financial Reporting Entity

As required by generally accepted accounting principles, these basic financial statements present the reporting entity of the Village. Component units are legally separate entities for which the government is considered to be financially accountable and for which the nature and significance of their relationship with the primary government are such that exclusion would cause the Village’s combined financial statements to be misleading or incomplete. The primary government is considered financially accountable if it appoints a voting majority of an organization’s governing body and 1) it is able to impose its will on the organization or 2) there is a potential for the organization to provide specific financial benefit to or impose specific financial burden on the Board. Additionally, the primary government is required to consider other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity financial statements to be misleading or incomplete.

Component units are included in the reporting entity either as blended or as discretely presented. Blended component units, although legally separate entities are, in substance, part of the Village’s operations. Accordingly, data from these component units are combined with data of the primary government.

Based upon the application of the criteria described above, the financial activity of the blended component unit listed below has been included in the Village’s financial reporting entity. The Board of Directors of the Palmetto Bay Foundation, Inc. (the “Foundation”) are the same individuals as the Village Council.

Blended Component Unit – The Foundation was created on December 6, 2004 for the purpose of enhancing and preserving the history of Palmetto Bay. The Foundation is a not-for-profit 501(c)(3) corporation using a calendar year end and, therefore, amounts presented for the Foundation are as of and for the year ended December 31, 2016. The primary government has operational responsibility for the component unit. Revenues consist primarily of donations and investment income. The Foundation articles restrict the use of the funds to charitable, educational or scientific purposes. For the year ended December 31, 2016, the Foundation had approximately \$7,000 in assets and no revenue or expenditures.

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 activities of the Village as a whole. For the most part, 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 Village does not have any business-type activities.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *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 segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

VILLAGE OF PALMETTO BAY, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2017

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Separate financial statements are provided for governmental funds. The major individual governmental funds are reported as separate columns in the fund financial statements. All remaining nonmajor governmental 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*. 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 to be 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 revenues to be available when they are collected within 60 days of the end of the current fiscal period except for revenues received from Miami-Dade County for the half penny tax which are collected within 90 days of the end of the current fiscal period due to the nature of the collection cycle. Expenditures are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures as well as expenditures related to compensated absences are recorded only when payment is due.

Property taxes, franchise fees and other taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and, as such, have been recognized as revenues of the current fiscal period. Revenue for expenditure driven grants are recognized when the qualifying expenditures are incurred. All other revenue items are considered to be measurable and available only when cash is received by the Village.

The Village reports the following major governmental funds:

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

The **Transportation Fund** accounts for the revenues received from the transportation surtax and new local option gas tax and expenditures for related transportation costs.

The **Grants Fund** accounts for all grant monies and the related program income from federal, state and local agency grants. This fund is reported separately for consistency.

The **Capital Projects Fund** accounts for the activities of the Village's ongoing capital projects.

Additionally, the Village reports nonmajor funds within the government fund type:

The **Special Revenue Funds** account for monies received which are to be used in accordance with the funds' stated purposes.

The financial statements of the Village have been prepared in accordance with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the standard setting body for governmental accounting and financial reporting. The financial statements of the Village follow the guidance of GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements* for the government wide financial statements. The Village has elected not to follow subsequent FASB guidance.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements.

VILLAGE OF PALMETTO BAY, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2017

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Deposits and Investments

The Village's cash and cash equivalents include cash on hand, pooled cash, demand deposits, and short-term investments in highly liquid investments with original maturities of three months or less from the date of acquisition.

The nature of investments is governed by the provisions of Florida Statutes Section 218. Under this statute, authorized investments are limited, unless otherwise authorized by law or ordinance, to the local government surplus funds trust fund, money market funds, direct or unconditionally guaranteed obligations of the United States Government, obligations of certain governmental agencies, interest bearing time deposits or savings accounts. Income from investments is recorded as earned.

E. Interfund Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as "due to/from other funds".

F. 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 program expenditures/expenses are incurred. Allowances for uncollectible receivables are based upon historical trends and the periodic aging of receivables. Management has considered outstanding receivables and has deemed them to be fully collectible. As such, an allowance for doubtful accounts was not considered necessary.

G. Prepaid Assets

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. These costs are expensed when used. Amounts reported in the governmental funds are offset by an equal reservation of fund balance in the fund financial statements. This is an indication that these components of current assets do not constitute available spending resources.

H. Property Taxes

Property values are assessed on a county-wide basis by the Miami-Dade County Property Appraiser as of January 1, the lien date, of each year and are due the following November 1. Taxable value of property within the Village is certified by the Property Appraiser and the Village levies a tax millage rate upon the taxable value, which provides revenue required for the fiscal year beginning October 1. The millage rate assessed by the Village for the fiscal year ended September 30, 2017 was 2.3292 mills.

Property taxes levied each November 1, by the Village and all other taxing authorities within Miami-Dade County, are centrally billed and collected by Miami-Dade County, with remittances to the Village of its proportionate share of collected taxes. Taxes for the fiscal year beginning October 1 are billed in the month of November, subject to a 1% per month discount for the period November through February, and are due no later than March 31. On April 1, unpaid amounts become delinquent with interest and penalties added thereafter. Beginning June 1, tax certificates representing delinquent taxes with interest and penalties are sold by Miami-Dade County, with remittance to the Village for its share of those receipts. At September 30, 2017, there were no material delinquent taxes.

I. Restricted Assets

Assets of the debt service fund have been classified as restricted because their use is restricted by a bond indenture agreement for the Village's debt service requirements.

VILLAGE OF PALMETTO BAY, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2017

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

J. Capital Assets

Capital assets, which include land, buildings, furniture and equipment and infrastructure assets (e.g., roads, sidewalks, and similar items), are reported in the government-wide financial statements. Capital assets are defined by the Village as assets with an initial, individual cost of more than \$5,000 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 their acquisition value (the price that would be paid to acquire an asset with equivalent service potential in an orderly market transaction at the acquisition date).

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

The Village maintains a \$750,000 threshold for capitalizing easements and a \$250,000 threshold for capitalizing software.

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

<u>Assets</u>	<u>Years</u>
Furniture and equipment	5-20
Buildings	30
Leasehold improvements	10
Infrastructure	30
Software	5

K. Compensated Absences

The Village’s policy is to permit employees to accumulate paid time off (“PTO”) benefits. Based on their length of service to the Village, employees may carry over a maximum of 80 unused hours each calendar year, with the exception of the village clerk and village manager, who can carry over a maximum of 720 unused hours each calendar year. Any unused hours in excess of the maximum is paid out. All PTO is accrued when incurred in the government-wide fund financial statements based on current rates of pay. Compensated absences are expected to be used in the following year. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements. For the governmental funds, compensated absences are liquidated from the general fund.

L. Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities. Bond premiums and discounts and deferred amounts on refunding are deferred and amortized over the life of the bonds using the straight-line amortization method. The results of using this method do not differ significantly from the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts. The face amount of debt issued is reported 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. Long-term liabilities of governmental funds are generally liquidated through the general fund with the exception of the debt accounted for in the transportation fund.

M. Deferred Outflows and Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflow of resources. This separate financial statement element represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. The Village has one item that meets this criterion, an unamortized loss on a refunding of FMLC Bonds.

VILLAGE OF PALMETTO BAY, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2017

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

M. Deferred Outflows and Inflows of Resources (Continued)

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The Village has no items meeting this criterion.

N. Fund Balance

The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the Village is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

Non-spendable – This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact.

Restricted – This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.

Committed – This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by ordinance which is the Village Council's highest level of decision-making authority. These amounts cannot be used for any other purpose unless the Village Council removes or changes the specified use by taking the same type of action or motion that was employed when the funds were initially committed. An ordinance is required to establish, modify, or rescind fund balance commitments. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements.

Assigned – This classification includes amounts that are constrained by the Village's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the Village Council or their designee. The Village Manager has been designated by the Village Council via resolution as authorized to assign fund balances.

Unassigned – This classification includes the residual fund balance for the General Fund and the amount established for minimum funding which represents the portion of the General Fund balance that has been established to be used in emergency situations. The unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of assigned fund balance amounts.

The Village considers restricted amounts to be spent first when both restricted and unrestricted fund balance is available unless there are legal documents/contracts that prohibit doing this, such as in grant agreement requiring dollar for dollar spending. Additionally, the Village would first use committed, then assigned, and lastly unassigned amounts of unrestricted fund balance when expenditures are made.

O. Fund Balance Flow Assumptions

Sometimes the government 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, unless the Village Council has provided otherwise in its commitment or assignment actions by either ordinance or resolution.

VILLAGE OF PALMETTO BAY, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2017

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

P. Net Position

Total equity as of September 30, 2017, is classified into three components of net position:

Net investment in capital assets – This category consists of capital assets, net of accumulated depreciation and reduced by any outstanding debt incurred to acquire, construct or improve those assets, excluding unexpended proceeds.

Restricted net position – This category consists 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 – This category consists of all net position that does not meet the definition of either of the other two components.

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.

Q. Net Position Flow Assumption

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

R. Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenditures during the reporting period. These estimates include assessing the collectability of receivables, OPEB, and the useful lives of capital assets. Actual results could differ from those estimates.

NOTE 2 – DEPOSITS AND INVESTMENTS

Deposits

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

Investments

The Florida SBA Pool, hereinafter referred to as "Florida PRIME", is not a registrant with the Securities and Exchange Commission ("SEC"); however, its board has adopted operating procedures consistent with the requirements for a 2a-7 fund. For the Florida PRIME, a 2a-7 like pool, the value of the Village's position is the same as the value of the pool shares and is recorded at amortized cost. At September 30, 2017, the Village's investment in the Florida PRIME was that of \$2,814,353. In accordance with these requirements, the method used to determine the participants' shares sold and redeemed is the amortized cost method. Amortized cost includes accrued income and is a method of calculating an investment's value by adjusting its acquisition cost for the amortization of discount or premium over the period from purchase to maturity.

VILLAGE OF PALMETTO BAY, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2017

NOTE 2 – DEPOSITS AND INVESTMENTS (Continued)

Investments (Continued)

Thus, the Village's account balance in the SBA is its amortized cost. The SBA is governed by Chapter 19-7 of the Florida Administrative Code. These rules provide guidance and establish the general operating procedures for the administration of the SBA. Additionally, the Office of the Auditor General of the State of Florida performs the operational audit of the activities and investment of the SBA. The SBA accounts are not subject to custodial credit risk as these investments are not evidenced by securities that exist in physical or bank entry form.

In accordance with GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*, the Village's investment in the Florida PRIME meets the definition of a qualifying investment pool that measures for financial reporting purposes all of its investments at amortized cost and should disclose the presence of any limitations or restrictions on withdrawals. As of September 30, 2017, there were no redemption fees, maximum transaction amounts, or any other requirements that serve to limit a participant's daily access to 100 percent of their account value.

Interest Rate Risk – The Village 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. To mitigate risk, the Village primarily invests in investments with maturities of twelve months or less.

The dollar weighted average days to maturity (WAM) of Florida PRIME at September 30, 2017, is 51 days. Next interest rate reset dates for floating rate securities are used in the calculation of the WAM. The weighted average like (WAL) of Florida PRIME at September 30, 2017, is 80 days.

Credit Risk – The Village does not have a formal investment policy that limits investments to the highest ratings by a nationally recognized statistical rating organization (“NRSRO”) (Standard and Poor's and Moody's investment services). In order to mitigate credit risk, the Village does limit investments to the highest ratings by a NRSRO. PRIME is rated AAAM by Standard and Poor's.

The SBA issues a separate financial report. A copy of this financial report can be found on the SBA website at www.sbafla.com or a hard copy may be obtained by sending an email to flaudgen@aud.state.fl.us.

Concentration of Credit Risk – The Village diversifies its portfolio in such a way 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.

NOTE 3 – INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

Interfund receivable and payable balances at September 30, 2017 were as follows:

	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$ 107,809	\$ -
Transportation Fund	-	162,704
Grants Fund	-	232,615
Capital Projects Fund	-	3,279
Non-Major Governmental Funds	<u>300,327</u>	<u>9,538</u>
	<u>\$ 408,136</u>	<u>\$ 408,136</u>

Outstanding balances between funds result mainly from the time lag between the dates (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

Transfers – There were transfers of \$1,550,000 from the General Fund to the Capital Projects Fund as funding for various ongoing capital projects of the Village, including the recreational center at Coral Reef Park.

VILLAGE OF PALMETTO BAY, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2017

NOTE 4 – CAPITAL ASSETS

Capital asset activity for the fiscal year ended September 30, 2017 was as follows:

<u>Governmental activities</u>	<u>Beginning</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending</u>
Capital assets not being depreciated:				
Land	\$ 23,689,655	\$ -	\$ -	\$ 23,689,655
Construction in progress	69,900	152,893	-	222,793
Total capital assets not being depreciated	<u>23,759,555</u>	<u>152,893</u>	-	<u>23,912,448</u>
Capital assets being depreciated:				
Furniture and equipment	2,131,790	250,698	-	2,382,488
Buildings	14,569,800	-	-	14,569,800
Improvements other than buildings	11,820,910	-	-	11,820,910
Infrastructure	8,761,319	327,824	-	9,089,143
Total capital assets being depreciated	<u>37,283,819</u>	<u>578,522</u>	-	<u>37,862,341</u>
Less accumulated depreciation for:				
Furniture and equipment	(1,706,230)	(126,248)	-	(1,832,478)
Buildings	(3,392,374)	(485,660)	-	(3,878,034)
Improvements other than buildings	(5,164,354)	(632,799)	-	(5,797,153)
Infrastructure	(1,932,058)	(302,385)	-	(2,234,443)
Total accumulated depreciation	<u>(12,195,016)</u>	<u>(1,547,092)</u>	-	<u>(13,742,108)</u>
Total capital assets being depreciated, net	<u>25,088,803</u>	<u>(968,570)</u>	-	<u>24,120,233</u>
Governmental activities capital assets, net	<u>\$ 48,848,358</u>	<u>\$ (815,677)</u>	<u>\$ -</u>	<u>\$ 48,032,681</u>

Depreciation expense charged to the functions or programs of the Village for the fiscal year ended September 30, 2017 was a follows:

General government	\$ 244,665
Public safety	4,406
Transportation	365,133
Culture & Recreation	<u>932,888</u>
Total depreciation expense	<u>\$ 1,547,092</u>

VILLAGE OF PALMETTO BAY, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2017

NOTE 5 – LONG-TERM LIABILITIES

Long-term debt activity for the fiscal year ended September 30, 2017 was as follows:

	<u>Beginning</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending</u>	<u>Due within One Year</u>
Governmental Activities					
Bonds and loans payable:					
Bonds payable:					
FMLC Bonds - Series 2010B	\$ 13,035,000	\$ -	\$ (330,000)	\$ 12,705,000	\$ 345,000
Less deferred amounts:					
Issuance discount	<u>(48,377)</u>	<u>-</u>	<u>1,975</u>	<u>(46,402)</u>	<u>-</u>
Total bonds payable	<u>12,986,623</u>	<u>-</u>	<u>(328,025)</u>	<u>12,658,598</u>	<u>345,000</u>
Loans payable:					
Refunding Revenue Note, Series 2015	1,182,872	-	(72,267)	1,110,605	72,246
Promissory Note 2007	<u>738,001</u>	<u>-</u>	<u>(236,517)</u>	<u>501,484</u>	<u>245,877</u>
Total loans payable	<u>1,920,873</u>	<u>-</u>	<u>(308,784)</u>	<u>1,612,089</u>	<u>318,123</u>
Liabilities to Miami-Dade County:					
QNIP bonds	1,243,469	-	(129,741)	1,113,728	136,371
Stormwater	<u>1,240,044</u>	<u>-</u>	<u>(72,886)</u>	<u>1,167,158</u>	<u>83,646</u>
Total liabilities to Miami-Dade County	<u>2,483,513</u>	<u>-</u>	<u>(202,627)</u>	<u>2,280,886</u>	<u>220,017</u>
Net OPEB obligation	32,000	-	(5,000)	27,000	-
Compensated absences	<u>129,287</u>	<u>158,209</u>	<u>(129,287)</u>	<u>158,209</u>	<u>158,209</u>
Governmental activities long-term liabilities	<u>\$ 17,552,296</u>	<u>\$ 158,209</u>	<u>\$ (973,723)</u>	<u>\$ 16,736,782</u>	<u>\$ 1,041,349</u>

A. Florida Municipal Loan Council Revenue Bonds Series 2010B

In August 2010, the Village issued Florida Municipal Loan Council Revenue Bonds, Series 2010B in the principal amount of \$14,780,000. The proceeds were used to refund two previously issued promissory notes in 2006 and 2009, and for the construction of the Village Hall. The refunding was an advance refunding; an irrevocable trust with an escrow agent was established to provide for future debt service payments until the bonds are called. The reacquisition price exceeded the net carrying amount of the old debt by \$110,089, which was deferred and is being amortized as a component of interest expense over the term of the bonds. The bonds are secured by a pledge of the Village's non-ad valorem revenues. Total principal and interest remaining on the bonds is \$20,527,556. The bonds are payable semi-annually over 30 years with principal amounts ranging from \$225,000 to \$855,000 and interest payments ranging from 3% to 5%. The final maturity date of the bonds is September 20, 2040. On January 17, 2013, Moody's Investors Service ("Moody's") downgraded the rating assigned to Assured Guaranty Municipal Corp. ("Assured") from "Aa3" to "A2" with a stable outlook. Assured is the bond insurer for the Florida Municipal Loan Council Revenue Bonds, Series 2010 ("Bonds"). Moody's downgrade of Assured has caused the insured rating assigned to the Bonds to likewise be downgraded to "A2". In addition, the Village has a Standard & Poor's rating of AA+ and a Fitch rating of AA.

Debt service requirements to maturity for the fiscal year ended September 30, 2017 are summarized as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 345,000	\$ 541,963	\$ 886,963
2019	355,000	531,613	886,613
2020	370,000	520,963	890,963
2021	385,000	506,163	891,163
2022	400,000	490,763	890,763
2023-2027	2,220,000	2,226,694	4,446,694
2028-2032	2,745,000	1,716,500	4,461,500
2033-2037	3,430,000	1,050,750	4,480,750
2038-2040	<u>2,455,000</u>	<u>237,150</u>	<u>2,692,150</u>
Total	<u>\$ 12,705,000</u>	<u>\$ 7,822,556</u>	<u>\$ 20,527,556</u>

VILLAGE OF PALMETTO BAY, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2017

NOTE 5 – LONG-TERM LIABILITIES (Continued)

B. Village of Palmetto Bay, Florida Refunding Revenue Note, Series 2015

During fiscal year 2016, the Village issued a Refunding Revenue Note, Series 2015, facilitated by the Florida Municipal Loan Council in the principal amount of \$1,252,148. The proceeds were used for the cost of the initial issuance of the Note and to refund the cost of the Florida Municipal Loan Council Bond Series 2005D for the construction of a library building which had an outstanding balance of \$1,205,000. The Note is collateralized by a pledge of the Village's non-ad valorem revenues. Total pledged amounts over the life of the note are expected to be approximately \$3,000,000. For the current year, debt service and pledged revenues were approximately \$100,000 and \$109,000, respectively. The total principal and interest remaining on the bonds is \$1,302,900. The refunding reduced total debt service payment by nearly \$357,385. This results in an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$217,528. The bonds are payable semi-annually through October 2030 with principal amounts ranging from \$72,000 to \$98,000 with an interest of 2.359%. The final maturity date of the bonds is October 1, 2030.

Debt service requirements to maturity for the fiscal year ended September 30, 2017 are summarized as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 72,246	\$ 26,199	\$ 98,445
2019	77,618	24,495	102,113
2020	77,507	22,664	100,171
2021	77,394	20,835	98,229
2022	82,186	19,010	101,196
2023-2027	436,265	65,454	501,719
2028-2030	287,388	13,638	301,026
Total	<u>\$ 1,110,605</u>	<u>\$ 192,295</u>	<u>\$ 1,302,900</u>

C. Promissory Note, Series 2007

During fiscal year 2007, the Village issued a Promissory Note for the principal amount of \$2,500,000. The proceeds were used for the manufacture and installation of street signs throughout the Village. The note is collateralized by a pledge of the Village's portion of the Miami-Dade County's Citizens' Independent Transportation Trust ("CITT") One-Half Cent Transportation Surtax. The Village has committed to budget and apply on an annual basis all amounts required to pay principal and interest required for the repayment of the note from the CITT surtax. Total pledged revenue over the life of the note is expected to be approximately \$7,000,000. For the current year, debt service and pledged revenues were approximately \$262,000 and \$769,000, respectively. The total principal and interest remaining on the bonds is \$525,736. The note requires quarterly principal and interest payments of \$65,467 through August 2019, at which time it will be paid in full. Payments include interest at 3.90% per annum.

Debt service requirements to maturity for the fiscal year ended September 30, 2017 are summarized as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 245,877	\$ 15,991	\$ 261,868
2019	255,607	6,261	261,868
Total	<u>\$ 501,484</u>	<u>\$ 22,252</u>	<u>\$ 523,736</u>

VILLAGE OF PALMETTO BAY, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2017

NOTE 5 – LONG-TERM LIABILITIES (Continued)

D. Quality Neighborhood Improvement Program (QNIP)

The Village is required to pay Miami-Dade County its allocated share of principal and interest of the Miami-Dade County Public Service Tax Revenue Bonds, Series 1999, that were issued prior to the Village's incorporation. The Village's pro rata share of the County's bonds is approximately 3.6% and is payable annually through 2024. The principal and interest payment for the period ended September 30, 2017 was approximately \$176,000. Payments include interest at approximately 3.9% per annum.

Debt service requirements to maturity for the fiscal year ended September 30, 2017 are summarized as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 136,371	\$ 41,822	\$ 178,193
2019	143,181	36,231	179,411
2020	150,528	30,357	180,885
2021	158,234	24,181	182,415
2022	166,477	17,687	184,164
2023-2024	<u>358,938</u>	<u>14,540</u>	<u>373,478</u>
Total	<u>\$ 1,113,728</u>	<u>\$ 164,818</u>	<u>\$ 1,278,546</u>

E. Stormwater

The Village is required to pay Miami-Dade County its pro rata share of principal and interest of the Miami-Dade County Stormwater Utility Revenue Bonds, Series 1999 and 2004 issued and outstanding since the exemption date of the Village. On September 16, 2013 the Miami-Dade County refunded all of the outstanding Stormwater Utility Revenue Bonds, Series 1999 and Series 2004, except for the Stormwater Utility Revenue Bonds, Series 2004, maturing on April 1, 2014 and April 1, 2015. The Villages pro-rata share of the bonds is approximately 1.7% and is payable annually through 2029. The principal and interest payment for the period ended September 30, 2017 was approximately \$126,000. Payments include interest at approximately 4.5% per annum.

Debt service requirements to maturity for the fiscal year ended September 30, 2017 are summarized as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 83,646	\$ 42,142	\$ 125,788
2019	86,479	39,248	125,727
2020	89,504	36,256	125,760
2021	92,615	33,159	125,775
2022	95,779	29,955	125,734
2023-2027	530,990	97,708	628,698
2028-2029	<u>188,145</u>	<u>12,473</u>	<u>200,618</u>
Total	<u>\$ 1,167,158</u>	<u>\$ 290,942</u>	<u>\$ 1,458,100</u>

NOTE 6 – DEFINED CONTRIBUTION PLAN

The Village provides retirement benefits for full time employees through a money purchase plan (a defined contribution plan). The Plan is a tax qualified plan under Section 401(a) of the Internal Revenue Code and all contributions by or on behalf of the employees are tax deferred until the time of withdrawal. The Plan is administered by ICMA Retirement Corporation. Amendments to the Plan are authorized by the Village Council. The plan was established pursuant to Resolution 03-82 adopted on October 7, 2003 by the Village Council.

Plan benefits depend solely on amounts contributed to the Plan, plus investment earnings, less administrative expenses. The Village's contribution for participating employees is 6% of the employees' gross salary. Plan members may contribute up to 6% of the Plan member's gross salary and receive matching from the Village for a total Village contribution of up to 12% of the member's salary. Employees are fully vested after 5 years of service. Employees contributed \$164,171 and the Village contributed \$335,770 to the Plan for the fiscal year ended September 30, 2017.

VILLAGE OF PALMETTO BAY, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2017

NOTE 7 – OTHER POST EMPLOYMENT BENEFITS

The Village previously implemented GASB Statement No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions (“OPEB”). This statement established accounting standards for post-retirement benefits other than pensions. The standard does not require funding of OPEB expense, but any difference between the annual required contribution (“ARC”) and the amount funded during the year is required to be recorded in the Village’s Statement of Net Position as an increase (or decrease) in the OPEB obligation.

Plan Description and Funding Policy

Eligible individuals include all regular employees and elected officials of the Village who retire from active services. Under certain conditions, eligible individuals for healthcare coverage also include spouses and dependent children. The Village provides optional post-employment healthcare, dental, and life insurance coverage to eligible individuals. As of October 1, 2016, the date of the most recent actuarial valuation, there was one participating retiree and 49 participating active employees.

The Village provides no funding for any portion of the premiums after retirement. However, the Village recognizes that there is an “implicit subsidy” arising as a result of the blended rate premium since retiree health care costs, on average, are higher than active employee healthcare costs. The plan is not accounted for as a trust fund and an irrevocable trust has not been established to fund this plan. The plan does not issue a separate financial report. It is the Village’s current policy to fund the plan on a “pay-as-you-go” basis.

The Village requires that retirees must pay the monthly premium as determined by the insurance carrier for single coverage, spousal coverage, children coverage, or family coverage, as applicable.

Annual OPEB Cost and Net OPEB Obligation

The following table shows the components of the Village’s annual OPEB cost for the year, the amount contributed, and the change in the net OPEB obligation.

Annual Required Contribution (ARC)	\$ 6,000
Interest on net pension obligation	1,000
Adjustment to annual required contribution	<u>(3,000)</u>
Total annual OPEB cost	4,000
Employer contributions made	<u>(9,000)</u>
Increase in net OPEB obligation	(5,000)
Net OPEB obligation - beginning of year	<u>32,000</u>
Net OPEB obligation - end of year	<u>\$ 27,000</u>

Schedule of Employer Contributions

<u>Year ended</u> <u>September 30</u>	<u>Annual OPEB</u> <u>Cost</u>	<u>Net Actual</u> <u>Contribution</u>	<u>Percentage</u> <u>Contributed</u>	<u>Net OPEB</u> <u>Obligation</u>
2015	\$ 26,000	\$ 15,000	58%	\$ 37,000
2016	4,000	9,000	225%	32,000
2017	4,000	9,000	225%	27,000

VILLAGE OF PALMETTO BAY, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2017

NOTE 7 – OTHER POST EMPLOYMENT BENEFITS (Continued)

Funding Status and Funding Progress

The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets are increasing or decreasing over time relative to the actuarial accrued liability for benefits. The funded status and an analysis of funding progress as of October 1, 2016, (the last plan year valuation date) is as follows:

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	UnfundedA AL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a percentage of Covered Payroll (b-a)/c
10/1/2009	\$ -	\$ 4,000	\$ 4,000	0%	\$ 2,156,000	0.2%
1/1/2013	-	65,000	65,000	0%	2,511,000	2.6%
10/1/2016	-	35,000	35,000	0%	2,874,000	1.2%

Actuarial Methods and Assumptions

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events in the future. Amounts determined regarding the status of the plan and the annual required contributions of the Village are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. The required schedule of funding progress, presented as Required Supplementary Information above, is designed to provide multi-year trend information that shows whether the actuarial value of the plan assets is increasing or decreasing over time relative to the actuarial liabilities for benefits.

Projections of benefits are based on the substantive plan and include the types of benefits in force at the time of valuation date and the pattern of sharing benefits between the Village and the plan members at that point. Actuarial calculations reflect a long-term perspective and employ methods and assumptions that are designed to reduce the short-term volatility in actuarial accrued liabilities and the actuarial value of assets. Significant methods and assumptions used for the valuation are as follows:

Measurement date	October 1, 2016
Actuarial cost method	Projection unit credit
Amortization method	15-years open period; Level-dollar payment
Investment return	4.00% per annum (includes inflation at 2.75% per annum)

Healthcare cost trend rate(s):

Insurance Premiums

Selected rates	8.00% for 2016/17 graded to 5.50% for 2021/22
Ultimate rate	5.00% per annum

VILLAGE OF PALMETTO BAY, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2017

NOTE 8 – COMMITMENTS AND CONTINGENCIES

Grants

Grant monies received and disbursed by the Village are for specific purposes and 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. Based upon prior experience, 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.

Litigation

The Village is also subject to various claims that arise in the normal course of business. Management is of the opinion that, although the outcome of the litigation cannot be predicted with certainty, the ultimate liability, if any, will not have a material adverse effect on the Village's financial statements.

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 was no reduction in insurance coverage from coverage in the prior year and there were no settlements that exceeded insurance coverage for each of the past three years.

Agreement with Miami-Dade County for Local Police Patrol Services

On May 5, 2003, the Village executed an agreement with Miami-Dade County for local police patrol services. The Village makes regular monthly payments to Miami-Dade County. Payments are adjusted to accrue for labor costs incurred and deducted from the gross revenues due to the Village from Miami-Dade County. Payments for the services provided by Miami-Dade County are based on the level of staffing services requested by the Village utilizing the actual personnel costs of officers and equipment. This agreement was modified in July 2014 and will expire in July 2019. Payments for patrol services totaled approximately \$7,320,000 during fiscal year ended September 30, 2017.

Construction Commitments

The Village had construction commitments of approximately \$145,206 outstanding at September 30, 2017. Of this amount there was approximately \$131,251 in the Transportation fund and \$13,955 in the Capital Projects fund. In addition, the \$145,206 was for park improvement projects (\$13,955) and roadway beautification and traffic calming projects (\$131,251).

REQUIRED SUPPLEMENTARY INFORMATION

VILLAGE OF PALMETTO BAY, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FISCAL YEAR ENDED SEPTEMBER 30, 2017

	<u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u>	Variance with Final Budget - Positive <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Property taxes	\$ 5,905,263	\$ 5,905,263	\$ 5,949,675	\$ 44,412
Utility taxes	2,195,000	2,195,000	2,449,906	254,906
Communication service tax	1,037,265	1,037,265	1,268,588	231,323
Franchise fees	816,472	816,472	599,893	(216,579)
Intergovernmental	2,250,788	2,250,788	2,267,739	16,951
Licenses and permits	180,500	180,500	229,360	48,860
Fines and forfeitures	185,000	185,000	258,500	73,500
Charges for services	1,023,755	1,023,755	1,039,950	16,195
Interest	95,000	95,000	87,708	(7,292)
Miscellaneous	131,100	131,100	140,123	9,023
Total revenues	<u>13,820,143</u>	<u>13,820,143</u>	<u>14,291,442</u>	<u>471,299</u>
Expenditures:				
Current:				
General government				
Village council	177,525	177,525	170,932	6,593
Village manager/clerk	556,503	588,182	550,514	37,668
Finance department	802,029	757,029	600,906	156,123
Village attorney	175,000	175,000	159,336	15,664
Other general government	1,405,964	1,484,985	1,593,924	(108,939)
Total general government	<u>3,117,021</u>	<u>3,182,721</u>	<u>3,075,612</u>	<u>107,109</u>
Public safety	7,578,167	7,578,167	7,385,366	192,801
Public works	709,619	639,619	550,722	88,897
Parks and recreation	1,554,585	1,558,885	1,523,791	35,094
Debt service:				
Principal	399,276	410,571	410,571	-
Interest	611,475	600,180	599,382	798
Total expenditures	<u>13,970,143</u>	<u>13,970,143</u>	<u>13,545,444</u>	<u>424,699</u>
Excess (deficiency) of revenues over (under) expenditures before other financing sources (uses)	<u>(150,000)</u>	<u>(150,000)</u>	<u>745,998</u>	<u>46,600</u>
Other financing sources (uses):				
Transfers in	150,000	150,000	-	(150,000)
Transfers out	-	-	(1,550,000)	(1,550,000)
Total other financing sources (uses)	<u>150,000</u>	<u>150,000</u>	<u>(1,550,000)</u>	<u>(1,700,000)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (804,002)</u>	<u>\$ (1,653,400)</u>

VILLAGE OF PALMETTO BAY, FLORIDA
NOTE TO BUDGETARY COMPARISON SCHEDULES
SEPTEMBER 30, 2017

NOTE 1 – BUDGETARY COMPARISON SCHEDULES

The General Fund annual budget is adopted on a basis consistent with accounting principles generally accepted in the United States of America. Special Revenue, Debt Service and Capital Projects Funds do not have adopted budgets.

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

- (1) Prior to fiscal year end, the Village Manager submits to the Village Council a proposed operating budget for the fiscal year commencing the following October 1st. The operating budget is restricted to proposed expenditures and the means of financing them by means of appropriated revenues, other financing sources and appropriations of fund balances. Budgetary control over expenditures, including capital outlay and transfers in the General Fund is legally maintained at the departmental level.
- (2) Two public hearings are conducted to obtain taxpayer comments as required by Truth in Millage (“TRIM”) legislation.
- (3) Prior to October 1st (unless preempted by TRIM) as stated in the Village's Charter, the budget is legally enacted through passage of an ordinance.
- (4) The Village Manager may amend the adopted budget for adjustments between departments administratively, but the Village Council must approve all budget adjustments between funds. Supplemental appropriations of revenues in excess of the adopted budget may be appropriated by the Council by way of an ordinance.
- (5) For the fiscal year ended September 30, 2017 the Village's other general government expenditures exceeded the amended budget by \$108,939. The excess of expenditures was funded by surpluses in other departments.
- (6) Unencumbered appropriations lapse at year-end.

VILLAGE OF PALMETTO BAY, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF FUNDING PROGRESS
OTHER POST-EMPLOYMENT BENEFITS

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded Actuarially Accrued Liability (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAAL as a % of Covered Payroll (b-a)/c
10/1/2009	\$ -	\$ 4,000	\$ 4,000	0%	\$ 2,156,000	0.2%
1/1/2013	-	65,000	65,000	0%	2,511,000	2.6%
10/1/2016	-	35,000	35,000	0%	2,874,000	1.2%

* Year of GASB Statement No. 45 implementation. No prior information is available.
The above schedule reflects data for the most recent actuarial valuation dates.

COMBINING FINANCIAL STATEMENTS

VILLAGE OF PALMETTO BAY, FLORIDA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2017

Special Revenue

	<u>Stormwater Management</u>	<u>Palmetto Bay Foundation</u>	<u>Law Enforcement Trust Fund</u>	<u>False Alarm Fund</u>	<u>Building Fund</u>	<u>Art in Public Places Fund</u>	<u>Debt Service Fund</u>	<u>Total</u>
<u>ASSETS</u>								
Cash and cash equivalents	\$ 985,930	\$ 6,657	\$ 187	\$ 31,485	\$ 438,223	\$ 287,450	\$ -	\$ 1,749,932
Receivables	26,303	-	-	-	-	-	-	26,303
Due from other funds	-	-	991	7,333	267,823	24,180	-	300,327
Due from other governments	144,428	-	649	-	-	-	-	145,077
Restricted cash and cash equivalents	-	-	-	-	-	-	908,685	908,685
Total assets	<u>1,156,661</u>	<u>6,657</u>	<u>1,827</u>	<u>38,818</u>	<u>706,046</u>	<u>311,630</u>	<u>908,685</u>	<u>3,130,324</u>
<u>LIABILITIES</u>								
Accounts payable	14,255	-	-	205	30,225	-	-	44,685
Accrued liabilities	498	-	-	555	10,219	-	-	11,272
Due to other funds	9,538	-	-	-	-	-	-	9,538
Total liabilities	<u>24,291</u>	<u>-</u>	<u>-</u>	<u>760</u>	<u>40,444</u>	<u>-</u>	<u>-</u>	<u>65,495</u>
<u>FUND BALANCES</u>								
Restricted	-	6,657	1,827	-	665,602	-	908,685	1,582,771
Committed	1,132,370	-	-	38,058	-	311,630	-	1,482,058
Total fund balances	<u>1,132,370</u>	<u>6,657</u>	<u>1,827</u>	<u>38,058</u>	<u>665,602</u>	<u>311,630</u>	<u>908,685</u>	<u>3,064,829</u>
Total liabilities and Fund balances	<u>\$ 1,156,661</u>	<u>\$ 6,657</u>	<u>\$ 1,827</u>	<u>\$ 38,818</u>	<u>\$ 706,046</u>	<u>\$ 311,630</u>	<u>\$ 908,685</u>	<u>\$ 3,130,324</u>

VILLAGE OF PALMETTO BAY, FLORIDA
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2017

	Special Revenue							
	Stormwater Management	Palmetto Bay Foundation	Law Enforcement Trust Fund	False Alarm Fund	Building Fund	Art in Public Places Fund	Debt Service Fund	Total
Revenues:								
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 24,180	\$ -	\$ 24,180
Licenses and permits	-	-	-	-	1,361,072	-	-	1,361,072
Charges for services	694,083	-	-	67,945	-	-	-	762,028
Interest	6,063	4	7	398	8,098	317	5,021	19,908
Miscellaneous	566	-	2,704	4,500	-	-	-	7,770
Total revenues	<u>700,712</u>	<u>4</u>	<u>2,711</u>	<u>72,843</u>	<u>1,369,170</u>	<u>24,497</u>	<u>5,021</u>	<u>2,174,958</u>
Expenditures:								
Current:								
General government	-	-	5,113	-	-	300	-	5,413
Public works	100,354	-	-	-	-	-	-	100,354
Building and alarm permitting	-	-	-	78,432	1,814,830	-	-	1,893,262
Capital outlay	15,100	-	-	-	-	-	-	15,100
Debt service:								
Principal	72,886	-	-	-	-	-	-	72,886
Interest	19,448	-	-	-	-	-	-	19,448
Total expenditures	<u>207,788</u>	<u>-</u>	<u>5,113</u>	<u>78,432</u>	<u>1,814,830</u>	<u>300</u>	<u>-</u>	<u>2,106,463</u>
Excess (deficiency) of revenues over (under) expenditures	<u>492,924</u>	<u>4</u>	<u>(2,402)</u>	<u>(5,589)</u>	<u>(445,660)</u>	<u>24,197</u>	<u>5,021</u>	<u>68,495</u>
Net change in fund balance	<u>492,924</u>	<u>4</u>	<u>(2,402)</u>	<u>(5,589)</u>	<u>(445,660)</u>	<u>24,197</u>	<u>5,021</u>	<u>68,495</u>
Fund balances, beginning	<u>639,446</u>	<u>6,653</u>	<u>4,229</u>	<u>43,647</u>	<u>1,111,262</u>	<u>287,433</u>	<u>903,664</u>	<u>2,996,334</u>
Fund balances, ending	<u>\$ 1,132,370</u>	<u>\$ 6,657</u>	<u>\$ 1,827</u>	<u>\$ 38,058</u>	<u>\$ 665,602</u>	<u>\$ 311,630</u>	<u>\$ 908,685</u>	<u>\$ 3,064,829</u>

STATISTICAL SECTION

STATISTICAL SECTION

This part of the Village of Palmetto Bay's comprehensive annual financial report represents detailed information as a context for understanding what the information in the financial statements, notes disclosures, and required supplementary information says about the Village's overall financial health.

Contents

	<u>Page</u>
Financial Trends	37-40
<i>These schedules contain trend information to help the reader understand how the Village's financial performance and well-being have changed over time.</i>	
Revenue Capacity	41-44
<i>These schedules contain information to help the reader understand and assess the Village's most significant local revenue source, the property tax.</i>	
Debt Capacity	45-48
<i>These schedules represent 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>	
Demographic and Economic Information	49
<i>This schedule offers demographic and economic indicators to help the reader understand the environment within which the Village financial activities take place.</i>	
Operating Information	50-53
<i>These schedules contain service and infrastructure data to help the reader understand how the information in the Village's financial reports relates to the services the Village provides and the activities it performs.</i>	

VILLAGE OF PALMETTO BAY
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)

	Fiscal Year									
	2008	2009	2010	2011 ¹	2012 ²	2013	2014	2015	2016	2017
Governmental activities										
Net investment in capital assets	\$ 26,660,555	\$ 31,957,486	\$ 35,384,115	\$ 36,667,463	\$ 34,403,772	\$ 34,455,529	\$ 33,862,202	\$ 33,588,474	\$ 33,134,812	\$ 33,124,927
Restricted	916,679	795,730	100,822	4,496,251	4,777,407	4,658,334	5,028,591	5,523,082	5,806,975	4,695,709
Unrestricted	17,930,478	12,504,418	13,729,932	6,808,011	10,152,507	11,033,358	12,660,148	14,224,072	15,597,402	16,651,125
Total governmental activities net position	<u>\$ 45,507,712</u>	<u>\$ 45,257,634</u>	<u>\$ 49,214,869</u>	<u>\$ 47,971,725</u>	<u>\$ 49,333,686</u>	<u>\$ 50,147,221</u>	<u>\$ 51,550,941</u>	<u>\$ 53,335,628</u>	<u>\$ 54,539,189</u>	<u>\$ 54,471,761</u>

NOTE: There are no Business-type activities

1. 2011 net position were restated to record long-term liabilities due to Miami-Dade County in the amount of \$3,365,669.

2. 2012 net position were restated (\$349,379) to implement GASB 65

VILLAGE OF PALMETTO BAY
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)

	Fiscal Year									
	2008	2009 ¹	2010	2011 ²	2012 ³	2013	2014	2015	2016	2017
Expenses										
Governmental activities:										
General Government	\$ 4,206,918	\$ 3,857,678	\$ 4,623,275	\$ 3,982,970	\$ 4,941,661	\$ 5,743,583	\$ 4,883,138	\$ 5,451,964	\$ 6,571,452	\$ 7,047,743
Economic Development	-	-	-	-	-	-	212,328	115,794	-	-
Public Safety	5,563,958	5,987,514	5,797,578	6,900,767	5,964,055	5,982,271	6,638,112	7,006,463	6,759,037	7,401,124
Public Works	1,291,657	1,417,707	1,090,398	1,211,458	949,063	956,794	975,188	854,938	978,242	939,841
Parks & Recreation	1,787,333	1,998,470	2,095,709	2,355,165	2,574,210	2,611,721	2,820,743	2,920,756	2,387,359	2,459,021
Interest on long-term debt	427,126	486,744	413,835	845,619	757,437	872,105	837,207	807,485	734,187	693,749
Total governmental activities expenses	\$ 13,276,992	\$ 13,748,113	\$ 14,020,795	\$ 15,295,979	\$ 15,186,426	\$ 16,166,474	\$ 16,366,716	\$ 17,157,400	\$ 17,430,277	\$ 18,541,478
Program Revenue										
Governmental activities:										
Charge for services:										
General Government	\$ 117,453	\$ 916,567	\$ 1,076,930	\$ 992,107	\$ 1,090,789	\$ 1,162,707	\$ 1,509,505	\$ 1,606,244	\$ 1,791,654	\$ 1,663,744
Public Safety	300,551	325,270	482,152	397,137	269,662	306,074	298,121	241,096	259,831	258,500
Building & Permitting/Planning & Zoning ¹	830,970	-	-	-	-	-	-	-	-	-
Public Works	-	523,417	519,126	519,786	715,634	726,818	729,259	712,742	680,536	694,083
Park & Recreation	925,824	376,785	527,409	554,600	773,020	841,724	774,676	1,049,133	841,359	1,039,950
Operating Grants and Contributions	1,364	15,321	283,986	300,712	1,522,549	1,507,892	1,617,420	1,925,957	2,002,049	1,938,471
Capital Grants and Contributions	3,156,510	2,159,722	1,663,377	1,788,147	192,604	14,948	2,526	-	-	-
Total governmental activities programs revenues	\$ 5,332,672	\$ 4,317,082	\$ 4,552,980	\$ 4,552,489	\$ 4,564,258	\$ 4,560,163	\$ 4,931,507	\$ 5,535,172	\$ 5,575,429	\$ 5,594,748
Net (Expense)/Revenue										
Governmental activities	\$ (7,944,320)	\$ (9,431,031)	\$ (9,467,815)	\$ (10,743,490)	\$ (10,622,168)	\$ (11,606,311)	\$ (11,435,209)	\$ (11,622,228)	\$ (11,854,848)	\$ (12,946,730)
General Revenues and Other changes in Net Position										
Governmental activities:										
Taxes										
Property taxes	\$ 6,692,181	\$ 6,574,981	\$ 5,879,429	\$ 5,559,345	\$ 5,446,837	\$ 5,528,940	\$ 5,555,032	\$ 5,788,016	\$ 5,967,015	\$ 5,949,675
Utility Taxes	1,904,671	1,903,636	2,058,896	2,052,017	2,093,849	2,188,566	2,360,864	2,336,472	2,371,602	2,449,906
Communication Taxes	1,255,103	1,250,495	1,469,338	1,515,934	1,375,239	1,310,324	1,434,739	1,326,446	1,268,751	1,268,588
Franchise taxes	1,371,130	1,308,472	1,345,736	960,331	1,101,516	1,016,281	829,882	787,126	800,852	599,893
Unrestricted intergovernmental revenue	2,698,468	2,438,119	2,367,925	2,722,512	1,975,588	2,091,722	2,180,210	2,255,791	2,303,566	2,291,919
Unrestricted investment earnings	527,081	306,355	157,272	114,921	149,253	139,668	134,833	155,623	149,951	163,920
Miscellaneous	121,233	30,618	146,454	93,700	191,226	144,345	343,369	157,441	196,672	155,401
Total governmental activities	\$ 14,569,867	\$ 13,812,676	\$ 13,425,050	\$ 13,018,760	\$ 12,333,508	\$ 12,419,846	\$ 12,838,929	\$ 12,806,915	\$ 13,058,409	\$ 12,879,302
Extraordinary Items										
Settlements	\$ -	\$ (4,631,723)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
GASB 65 Expense of debt issuance costs					\$ (349,379)					
Change in Net Position										
Governmental activities	\$ 6,625,547	\$ (250,078)	\$ 3,957,235	\$ 2,275,270	\$ 1,361,961	\$ 813,535	\$ 1,403,720	\$ 1,184,687	\$ 1,203,561	\$ (67,428)
Total Primary Government	\$ 6,625,547	\$ (250,078)	\$ 3,957,235	\$ 2,275,270	\$ 1,361,961	\$ 813,535	\$ 1,403,720	\$ 1,184,687	\$ 1,203,561	\$ (67,428)

1: As of 2009 Building & Permitting and Planning & Zoning were divided into separate departments and are respectively included in the Public Safety and General Government functions.

2. 2011 General Government expenses were restated to remove payments to Miami-Dade County in the amount of \$152,745 as these should have reduced long-term liabilities due to Miami-Dade county.

3. 2012 restated to include implementation of GASB 65 expenditure of debt issuance costs.

VILLAGE OF PALMETTO BAY
FUND BALANCES BY GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)

	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General Fund										
Non-Spendable	\$ -	\$ -	\$ -	\$ 95,418	\$ 106,594	\$ 80,185	\$ 125,402	\$ 676,220	\$ 82,883	\$ 82,332
Restricted	2,753,041	172,222	161,870	98,783	-	-	-	-	-	-
Assigned	-	20,000	40,000	62,189	103,728	125,231	2,645,776	-	-	-
Unassigned	7,905,680	7,673,549	9,602,106	11,234,723	12,235,109	12,933,169	10,299,723	13,181,246	11,442,147	10,638,696
Total General Fund	<u>\$ 10,658,721</u>	<u>\$ 7,865,771</u>	<u>\$ 9,803,976</u>	<u>\$ 11,491,113</u>	<u>\$ 12,445,431</u>	<u>\$ 13,138,585</u>	<u>\$ 13,070,901</u>	<u>\$ 13,857,466</u>	<u>\$ 11,525,030</u>	<u>\$ 10,721,028</u>
All Other Governmental Funds										
Restricted:										
Special Revenue Funds	\$ 4,585,989	\$ 327,674	\$ 3,515,591	\$ 2,707,373	\$ 3,139,924	\$ 3,399,620	\$ 4,126,942	\$ 4,621,251	\$ 4,903,311	\$ 3,787,024
Debt Service Fund	-	-	-	900,320	901,092	901,505	901,649	901,831	903,664	908,685
Capital Projects Funds	-	96,814	141,358	789,775	1,306,121	357,209	-	-	-	-
Committed:										
Special Revenue Funds	-	1,247,431	2,610	986,269	990,419	743,588	800,887	1,120,149	970,526	1,482,058
Capital Projects Funds	3,597,846	3,847,446	4,849,217	228,144	98,639	993,799	2,316,605	1,986,638	4,864,924	6,297,720
Unassigned	-	-	-	-	-	-	-	-	-	(91,305)
Total All Other Governmental Funds	<u>\$ 8,183,835</u>	<u>\$ 5,519,365</u>	<u>\$ 8,508,776</u>	<u>\$ 5,611,881</u>	<u>\$ 6,436,195</u>	<u>\$ 6,395,721</u>	<u>\$ 8,146,083</u>	<u>\$ 8,629,869</u>	<u>\$ 11,642,425</u>	<u>\$ 12,384,182</u>
Total All Funds	<u>\$ 18,842,556</u>	<u>\$ 13,385,136</u>	<u>\$ 18,312,752</u>	<u>\$ 17,102,994</u>	<u>\$ 18,881,626</u>	<u>\$ 19,534,306</u>	<u>\$ 21,216,984</u>	<u>\$ 22,487,335</u>	<u>\$ 23,167,455</u>	<u>\$ 23,105,210</u>

VILLAGE OF PALMETTO BAY
CHANGE IN FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)

	Fiscal Year									
	2008	2009 ¹	2010	2011	2012	2013	2014	2015	2016	2017
Revenues:										
Property Taxes	\$ 6,692,181	\$ 6,574,981	\$ 5,879,429	\$ 5,559,345	\$ 5,446,837	\$ 5,528,940	\$ 5,555,032	\$ 5,788,016	\$ 5,967,015	\$ 5,949,675
Utility Taxes	1,904,671	1,903,636	2,058,896	2,052,017	2,093,849	2,188,566	2,360,864	2,336,472	2,371,602	2,449,906
Communication Taxes	1,169,070	1,336,528	1,469,338	1,515,934	1,375,239	1,310,324	1,434,739	1,326,446	1,268,751	1,268,588
Franchise Fees	1,371,130	1,308,472	1,345,736	960,331	1,101,516	1,016,281	829,882	787,126	800,852	599,893
Intergovernmental	5,854,978	4,597,841	4,315,288	4,811,371	3,690,741	3,614,562	3,800,156	4,181,748	4,305,615	4,230,390
Licenses and permits	948,423	916,567	1,076,930	992,107	1,028,694	1,089,455	1,434,834	1,542,529	1,707,230	1,590,432
Impact Fees	1,364	15,321	-	-	-	-	-	-	-	-
Fines and Forfeitures	300,551	241,620	401,157	328,385	269,662	306,074	298,121	241,096	259,831	258,500
Charges for services	925,824	983,852	1,127,530	1,143,138	1,550,749	1,641,794	1,578,606	1,825,590	1,606,319	1,807,345
Interest	527,081	306,355	157,272	114,921	149,253	139,668	134,833	155,623	149,951	163,920
Miscellaneous fees	141,594	30,618	157,349	93,700	191,226	144,345	343,369	157,441	196,672	155,401
Total revenues	\$ 19,836,867	\$ 18,215,791	\$ 17,988,925	\$ 17,571,249	\$ 16,897,766	\$ 16,980,009	\$ 17,770,436	\$ 18,342,087	\$ 18,633,838	\$ 18,474,050
Expenditures:										
General Government ¹	\$ 4,164,609	\$ 2,911,097	\$ 3,429,396	\$ 3,700,958	\$ 4,701,490	\$ 4,713,967	\$ 4,536,099	\$ 5,107,052	\$ 5,841,242	\$ 6,079,793
Economic Development	-	-	-	-	-	-	212,328	115,708	-	-
Public Safety	5,548,280	6,703,650	6,487,112	6,888,043	5,960,192	5,972,399	6,570,600	6,999,209	6,755,484	7,385,366
Public works	1,121,576	986,779	859,870	964,662	676,414	701,135	703,360	598,399	641,633	573,826
Parks & Recreation	1,228,659	1,284,957	1,317,030	1,524,692	1,721,369	1,749,626	1,901,354	2,012,989	1,891,056	1,523,791
Capital outlay	7,502,075	8,774,226	6,878,450	4,432,455	801,920	1,628,022	604,506	690,087	1,286,533	1,445,354
Debt service										
Principal Payments	295,308	407,840	627,552	442,383	519,798	698,834	729,299	724,968	810,577	841,411
Interest Expense	433,484	472,939	233,586	827,814	737,951	863,346	830,212	823,324	727,192	686,754
Total Expenditures	\$ 20,293,991	\$ 21,541,488	\$ 19,832,996	\$ 18,781,007	\$ 15,119,134	\$ 16,327,329	\$ 16,087,758	\$ 17,071,736	\$ 17,953,717	\$ 18,536,295
Excess of revenues over (under)expenditures	\$ (457,124)	\$ (3,325,697)	\$ (1,844,071)	\$ (1,209,758)	\$ 1,778,632	\$ 652,680	\$ 1,682,678	\$ 1,270,351	\$ 680,121	\$ (62,245)
Other Financing Sources (Uses):										
Transfer In	\$ -	\$ 1,193,404	\$ 1,564,425	\$ 1,099,677	\$ 682,691	\$ 897,000	\$ 1,480,000	\$ 631,075	\$ 3,200,000	\$ 1,550,000
Transfer Out	-	(1,193,404)	(1,564,425)	(1,099,677)	(682,691)	(897,000)	(1,480,000)	(631,075)	(3,200,000)	(1,550,000)
Refinanced Debt	-	-	(7,949,076)	-	-	-	-	-	(1,209,840)	-
Discount/Issuance Cost on debt issue	-	-	(59,239)	-	-	-	-	-	(42,308)	-
Proceeds from issuance of debt	-	2,500,000	14,780,000	-	-	-	-	-	1,252,148	-
Proceeds from Capital Leases	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	\$0	\$2,500,000	\$ 6,771,685	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Extraordinary Items:										
Mitigation/Litigation Settlement	\$ -	\$ (4,631,723)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net change in fund balances	\$ (457,124)	\$ (5,457,420)	\$ 4,927,614	\$ (1,209,758)	\$ 1,778,632	\$ 652,680	\$ 1,682,678	\$ 1,270,351	\$ 680,121	\$ (62,245)
Debt services as a percentage of noncapital expenditures	5.6973%	6.8987%	6.6474%	8.8524%	8.7849%	10.6276%	10.0722%	9.4514%	9.2263%	8.9414%

1: As of FY 2009, the Building and Permitting department was established under Public Safety function when the Village moved from contractual to Village employees.

VILLAGE OF PALMETTO BAY
NET ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS
(DOLLARS EXPRESSED IN THOUSANDS)

Fiscal Year	Real Property		Personal Property	less:	Total Taxable	Total¹	Estimated²	Assessed
	Residential	Commercial		Tax-Exempt Property	Assessed Value	Direct Tax Rate	Actual Value	Value as a % of Actual Value
2008	2,521,530	786,828	90,879	446,014	2,953,223	2.3736	5,011,457	67.83%
2009	2,553,179	867,054	90,731	699,788	2,811,176	2.4476	4,737,424	74.11%
2010	2,294,737	757,157	77,838	595,108	2,534,624	2.4470	3,735,438	83.78%
2011	2,551,825	545,884	90,712	799,248	2,389,173	2.4470	3,336,588	95.56%
2012	2,550,693	506,154	90,003	788,174	2,358,676	2.4470	3,312,269	95.01%
2013	2,641,678	517,040	89,089	832,846	2,414,961	2.4470	3,423,310	94.87%
2014	2,591,982	498,036	76,327	766,243	2,400,102	2.4470	3,343,102	94.71%
2015	2,834,094	487,906	75,767	935,530	2,462,237	2.4470	3,574,274	95.06%
2016	3,044,310	489,506	78,598	1,061,101	2,551,313	2.4470	3,788,921	95.34%
2017	3,327,991	526,672	80,748	1,275,694	2,659,717	2.3292	4,118,692	95.55%

Information obtained from Miami-Dade County Department of Property Appraisal.

N/A - Information not available

1: Tax rates are per \$1,000 of assessed value.

2: Includes tax-exempt property.

VILLAGE OF PALMETTO BAY
PROPERTY TAX RATES
DIRECT AND OVERLAPPING GOVERNMENTS
LAST TEN FISCAL YEARS

<u>Fiscal Year</u>	<u>Village of Palmetto Bay Direct Rates</u>		<u>Overlapping Rates</u>				<u>Total Millage</u>
	<u>Basic Rate</u>	<u>Total Direct</u>	<u>School District</u>	<u>State Rates</u>	<u>Miami Dade County</u>	<u>Special District Millages</u>	
2008	2.3736	2.3736	7.9480	0.6585	4.8646	3.0552	18.8999
2009	2.4476	2.4476	7.7970	0.6585	5.1229	3.0305	19.0565
2010	2.4470	2.4470	7.9950	0.6585	5.1229	3.1093	19.3327
2011	2.4470	2.4470	8.2490	0.6585	5.8725	3.3793	20.6063
2012	2.4470	2.4470	8.0050	0.4708	5.0900	3.1422	19.1550
2013	2.4470	2.4470	7.9980	0.4634	4.9885	3.1352	19.0321
2014	2.4470	2.4470	7.9770	0.4455	5.1255	3.1348	19.1298
2015	2.4470	2.4470	7.9740	0.4187	5.1169	3.2161	19.1727
2016	2.4470	2.4470	7.6120	0.3871	5.1169	3.2133	18.7763
2017	2.3292	2.3292	7.3220	0.3627	5.0669	3.2122	18.2930

Information Obtained from Miami-Dade County Department of Property Appraisal

VILLAGE OF PALMETTO BAY
PRINCIPAL PROPERTY TAX PAYERS
AS OF SEPTEMBER 30, 2017

Taxpayer	2017				2008			
	Type of Business	Taxable Value	Rank	Percentage of Total City Taxable Value	Type of Business	Taxable Value	Rank	Percentage of Total City Taxable Value
Brandsmart USA	Retail Outlet	28,160,000	1	1.03%	Retail Outlet	24,324,981	1	0.82%
17777 Old Cutler RD LLC	Office Building	27,085,850	2	0.99%	Office Building	\$ 17,159,234	2	0.58%
Metropolitan Life Insurance	Retail Outlet	25,664,056	3	0.93%	Retail Outlet	21,805,507	3	0.74%
AutoNation USA Corp	Automotive	15,616,000	4	0.57%	Automotive	10,719,686	4	0.36%
South Motor Company of Dade Co	Automotive	13,000,000	5	0.47%	Automotive	10,095,350	7	0.34%
Publix Supermarket	Retail Outlet	11,439,327	6	0.42%	Retail Outlet	9,528,446	9	0.32%
Equity One Inc.	Retail Outlet	9,814,138	7	0.36%	Retail Outlet	6,388,995	6	0.22%
17475 LLC	Health Care	9,365,734	8	0.34%				
Gus Machado Kendall LLC	Automotive	7,952,682	9	0.29%	Automotive	10,100,407	5	0.34%
Kings Bay Shopping Center	Retail Outlet	7,364,550	10	0.27%				
Fla Power & Light	Utility				Utility	10,058,844	8	0.34%
Royal Coast Apartments Assoc. Ltd.					Multifamily	8,511,985	10	0.29%
Total		<u>\$ 155,462,337</u>		<u>5.67%</u>		<u>\$ 128,693,435</u>		<u>4.35%</u>
Total Taxable Value		\$2,747,315,915				\$2,953,223,000		

Source: Miami-Dade tax assessor's office.

VILLAGE OF PALMETTO BAY
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS

Fiscal Year	Total Tax Levy¹	Current Tax Collections²	Percent of Current Taxes Collected	Delinquent Tax Collections²	Total Tax Collections	Ratio of Total Tax Collection to Total Tax Levy	Outstanding Delinquent Taxes³	Ratio of Delinquent Taxes to Total Tax Levy
2008	6,987,852	6,667,982	95.4%	12,131	6,680,113	95.6%	19,740	0.3%
2009	6,874,631	6,548,147	95.3%	26,834	6,574,981	95.6%	22,732	0.3%
2010	6,208,598	5,827,371	93.9%	52,057	5,879,428	94.7%	25,000	0.4%
2011	5,846,304	5,512,579	94.3%	45,537	5,558,116	95.1%	19,457	0.3%
2012	5,771,680	5,390,428	93.4%	55,584	5,446,012	94.4%	31,896	0.6%
2013	5,909,411	5,492,139	92.9%	36,801	5,528,940	93.6%	32,700	0.6%
2014	5,873,051	5,522,319	94.0%	32,713	5,555,032	94.6%	185,246	3.2%
2015	6,025,091	5,671,041	94.1%	116,975	5,788,016	96.1%	312,186	5.2%
2016	6,243,063	5,864,698	93.9%	102,317	5,967,015	95.6%	668,042	10.7%
2017	6,195,014	5,794,653	93.5%	154,179	5,948,832	96.0%	723,080	11.7%

- 1: Information taken from Certification of Taxable Value.
2: Information obtained from Village of Palmetto Bay's financial statements.
3: Information obtained from Miami-Dade County Tax Collector confirmation.
New reporting system as of 2014.

VILLAGE OF PALMETTO BAY
RATIOS OF OUTSTANDING DEBT, BY TYPE
LAST TEN FISCAL YEARS

Fiscal Year	Special Revenue Bonds	Capital Leases	Liabilities to Miami-Dade ¹	Total	Percentage of Personal Income ³	Per Capita ²
2008	9,548,705	7,926	3,811,535	\$ 13,368,166	1.23%	532
2009	11,640,864	-	3,668,947	\$ 15,309,811	1.64%	609
2010	18,134,575	-	3,520,502	\$ 21,655,077	2.30%	860
2011	17,692,192	-	3,365,669	\$ 21,057,861	2.20%	838
2012	17,116,117	-	3,206,356	\$ 20,322,473	2.12%	868
2013	16,585,585	-	3,040,029	\$ 19,625,614	2.04%	837
2014	16,037,039	-	2,903,930	\$ 18,940,969	1.89%	801
2015	15,475,162	-	2,677,301	\$ 18,152,463	1.75%	773
2016	14,907,496	-	2,483,513	\$ 17,391,009	1.63%	732
2017	14,270,687	-	2,280,886	\$ 16,551,573	N/A	694

Note: Details regarding the Village's outstanding debt can be found in Note 5 of the financial statements.

Note: The Village has no General Obligation Bonds.

1: The Village of Palmetto Bay was allocated a portion of Miami-Dade's Stormwater (as of 2007) and Quality Neighborhood Improvement (as of 2003) bonds as part of incorporation.

2: See the page 49 for Demographic and Economic Statistics.

3: See page 49 for Personal Income

N/A - Information not available

VILLAGE OF PALMETTO BAY
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF SEPTEMBER 30, 2017

<u>Governmental Unit</u>	<u>Bonded Debt Outstanding</u>	<u>Percentage Applicable to Village of Palmetto Bay¹</u>	<u>Amount Applicable to Village of Palmetto Bay</u>	<u>Amount Per Capita Village of Palmetto Bay¹</u>
County Debt				
Miami-Dade County ²	\$ 1,700,151,000	0.90%	\$ 15,301,359	\$ 642
School Board ³	988,846,000	0.90%	8,899,614	373
Contractual Debt⁴	2,280,886	100.00%	2,861,250	120
Subtotal Overlapping Debt	<u>\$ 2,691,277,886</u>		<u>\$ 24,200,973</u>	<u>\$ 1,135</u>
Village Direct Debt	<u>14,317,089</u>	100.00%	<u>\$ 14,317,089</u>	<u>\$ 600</u>
Total Direct and Overlapping Debt	<u>\$ 2,705,594,975</u>		<u>\$ 38,518,062</u>	<u>\$ 1,735</u>

1: Based upon population; information obtained from Bureau of Economic and Business Research, as of April 2015 used for FY2017; Village of Palmetto Bay - 23,843 and Miami-Dade County - 2,644,650

2: Information obtained from Miami-Dade County Finance Department.

3: Information obtain from Miami-Dade School Board.

4. Debt issued by Miami-Dade county but a proportionate share was agreed to be paid by the Village as part of incorporation. See Note 5.

VILLAGE OF PALMETTO BAY
LEGAL DEBT SERVICE MARGIN INFORMATION
LAST TEN FISCAL YEARS

	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Legal Debt Service Margin Calculation										
Total General Fund Revenues ¹	\$ 19,836,867	\$ 18,215,791	\$ 17,988,925	\$ 17,571,249	\$ 16,897,766	\$ 16,980,009	\$ 17,770,436	\$ 18,342,087	\$ 18,633,838	\$ 18,474,050
Debt Service Limit (20% of General Fund Revenues) ²	3,898,440	3,805,266	3,620,472	3,556,017	3,446,902	3,387,778	3,475,045	3,611,252	3,697,593	3,710,789
Debt Service applicable to limit	728,792	880,779	861,138	1,270,197	1,257,749	1,562,180	1,559,511	1,548,292	1,537,769	1,528,165
Legal debt service margin	<u>\$ 3,169,648</u>	<u>\$ 2,924,487</u>	<u>\$ 2,759,334</u>	<u>\$ 2,285,820</u>	<u>\$ 2,189,153</u>	<u>\$ 1,825,598</u>	<u>\$ 1,915,534</u>	<u>\$ 2,062,960</u>	<u>\$ 2,159,824</u>	<u>\$ 2,182,624</u>
Total debt service applicable to the limit as a percentage of debt service limit	18.69%	23.15%	23.79%	35.72%	36.49%	46.11%	44.88%	42.87%	41.59%	41.18%

1: General Fund Revenues is defined as revenues from General Fund, Special Revenue Funds, Debt Service Funds and Capital Project Funds exclusive of (i) ad valorem revenues restricted to payment of debt service on any debt and (ii) any debt proceeds, and based on the Village's audited financial statements (average of actual receipts of the prior two years).

2: The Village of Palmetto Bay is required by debt covenants not to exceed 20% of General Fund Revenues

VILLAGE OF PALMETTO BAY
PLEDGED-REVENUE COVERAGE
LAST TEN FISCAL YEARS

Fiscal Year	Library Bonds					Special Revenue Bonds				
	Rent ¹ Revenue	Debt Service Requirements			Coverage	Non-Ad Valorem Revenue	Debt Service Requirements			Coverage
		Principal	Interest	Total			Principal	Interest	Total	
2008	-	30,000	64,730	94,730	0.00	9,116,475	98,520	266,081	364,601	25.00
2009	-	30,000	64,136	94,136	0.00	8,774,444	204,452	315,361	519,813	16.88
2010	186,175	30,000	63,059	93,059	2.00	9,421,085	237,053	269,216	506,269	18.61
2011	108,981	30,000	62,232	92,232	1.18	9,300,338	225,000	679,463	904,463	10.28
2012	108,981	35,000	61,410	96,410	1.13	8,048,999	290,000	610,814	900,814	8.94
2013	108,981	35,000	60,244	95,244	1.14	8,175,721	295,000	604,792	899,792	9.09
2014	108,981	35,000	59,019	94,019	1.16	8,414,930	305,000	595,666	900,666	9.34
2015	108,981	35,000	58,759	93,759	1.16	8,675,285	310,000	589,019	899,019	9.65
2016	108,981	69,276 ²	32,299	101,575	1.07	8,155,563	320,000	581,493	901,493	9.05
2017	108,981	72,267	27,904	100,171	1.09	8,341,768	330,000	568,462	898,462	9.28

1: The Village has a contract with the County to rent the facility for the life of the debt.

2: The Village refinanced the debt see NOTE 5

VILLAGE OF PALMETTO BAY
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS

Fiscal Year	Population¹	Personal Income²	Per Capita Income²	Median Age²	School Enrollment⁴	Public School Enrollment³	Unemployment Rate²
2008	25,142	1,084,374,460	43,130	40.1	8,652	3,937	2.9%
2009	25,156	935,954,136	37,206	39.9	8,331	3,915	6.4%
2010	25,170	943,497,450	37,485	41.9	7,969	3,884	7.2%
2011	25,133	959,175,812	38,164	40.6	7,903	3,799	6.3%
2012	23,410	959,294,980	40,978	41.0	7,797	3,728	5.9%
2013	23,447	963,695,147	41,101	40.9	8,298	3,617	6.1%
2014	23,643	1,001,588,409	42,363	40.5	8,166	3,614	5.6%
2015	23,784	1,038,980,256	43,684	41.1	7,901	3,713	7.7%
2016	23,767	1,067,043,232	44,896	41.8	7,552	3,617	6.8%
2017	23,843	N/A	N/A	N/A	N/A	N/A	N/A

N/A Information not available for year indicated.

1: Population for Village of Palmetto Bay obtained from Bureau of Economic and Business Research, University of Florida.

2: Amounts obtained from the U.S. Census Bureau.

3: Enrollment numbers obtained from Miami-Dade Public Schools.

VILLAGE OF PALMETTO BAY
PRINCIPAL EMPLOYERS
AS OF SEPTEMBER 30, 2017

Employer	2017			2008		
	Employees	Rank	Percentage of Total Village Population¹	Employees	Rank	Percentage of Total Village Population¹
Dade County Schools	316	1	1.33%	419	2	1.69%
South Motors	282	2	1.18%	592	1	2.39%
Marshall's Department Store	256	3	1.07%	119	8	0.48%
Maroone Nissan of Kendall	248	4	1.04%	110	9	0.44%
Brandsmart	200	5	0.84%	200	4	0.81%
Walgreen	198	6	0.83%	-		0.00%
Variety Children Hospital	185	7	0.78%	-		0.00%
Palmer Trinity Christian School	160	8	0.67%	120	7	0.48%
Westminster Christian School	142	9	0.60%	135	6	0.54%
Publix Supermarket	124	10	0.52%	350	3	1.41%
World Ford Kendall/Gus Machado	78		0.33%	140	5	0.56%
Dade Jeep Chrysler Plymouth	-		0.00%	100	10	0.40%
	<u>2,189</u>		<u>9.19%</u>	<u>2,285</u>		<u>9.20%</u>

1: Population information available on page 46 Demographic and Economic statistics.

NOTE: Information obtained from Village business license data.

VILLAGE OF PALMETTO BAY
EMPLOYEES BY FUNCTION/PROGRAMS
LAST TEN FISCAL YEARS

	<u>2008</u>		<u>2009</u>		<u>2010</u>		<u>2011</u>		<u>2012</u>		<u>2013</u>		<u>2014</u>		<u>2015</u>		<u>2016</u>		<u>2017</u>	
	FT	PT	FT	PT	FT	PT	FT	PT	FT	PT	FT	PT	FT	PT	FT	PT	FT	PT	FT	PT
Village Manager	5	0	5	0	5	0	6	0	5	1	4	0	4	0	4	1	6	0	6	0
Village Clerk	3	0	2	0	2	0	2	0	2	0	2	0	2	0	2	0	2	0	2	0
Human Resources	0	0	0	0	1	1	1	1	2	0	2	0	2	0	2	1	4	2	4	1
Finance	2	0	3	0	3	0	4	0	4	0	6	0	6	0	6	0	6	0	6	0
Planning and Zoning	2	0	6	0	6	0	6	0	7	0	8	0	7	0	3	0	2	0	2	0
Building and Permitting	2	0	7	1	7	1	7	1	7	0	7	2	8	2	12	1	13	0	13	0
Parks & Recreation	4	19	7	19	8	20	9	23	9	22	11	33	11	28	9	21	8	23	8	23
Public Work	5	0	5	0	5	1	8	2	9	2	9	3	9	3	15	6	18	7	17	6
Total Employees	<u>23</u>	<u>19</u>	<u>35</u>	<u>20</u>	<u>37</u>	<u>23</u>	<u>43</u>	<u>27</u>	<u>45</u>	<u>25</u>	<u>49</u>	<u>38</u>	<u>49</u>	<u>33</u>	<u>53</u>	<u>30</u>	<u>59</u>	<u>32</u>	<u>58</u>	<u>30</u>

FT - Full Time

PT - Part Time

NOTE: Information obtained from Village of Palmetto Bay Human Resources.

VILLAGE OF PALMETTO BAY
OPERATING INDICATORS BY FUNCTION/PROGRAM-STATISTICAL
LAST TEN FISCAL YEARS

	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Police										
Arrests	331	270	511	335	324	375	341	340	308	283
Targeted Crimes ¹	429	395	386	432	431	442	345	363	313	299
False Alarms	2,244	1,826	1,713	1,748	1,756	1,685	1,714	1,790	1,689	1,470
Culture and Recreation										
Tennis Court Rentals	N/A	N/A	N/A	N/A	8,765	11,322	9,557	9,687	5,898	6,595
Wedding Rentals	N/A	N/A	N/A	N/A	135	57	97	167	240	145
Park rentals	319	404	599	844	496	589	431	697	992	817
Summer Camp Registrants	988	731	590	665	1,070	762	1,095	1,480	1,346	1,337
Planning & Zoning										
Code Violation	695	940	658	637	599	566	496	396	734	377
Zoning Hearing Applications	7	8	29	7	7	5	9	13	8	25
Building Permits										
Residential	3,744	2,895	1,486	2,652	2,237	2,661	3,808	2,151	4,158	3,747
Commercial	544	666	644	687	487	676	607	424	593	616
Inspections	7,310	5,955	6,507	8,387	8,810	9,750	11,602	10,709	17,519	15,224
Manager/Clerk										
Ordinances	23	28	14	12	29	18	6	17	25	21
Resolutions	125	99	127	83	96	91	80	116	133	127
Public Works										
Transit Passengers	N/A	10208	11926	10290	8,428	8,301	5,650	7,190	5,941	5,276
Roads Resurfaced (miles)	12.88	2.17	8.16	4.66	3	7	3	7	3	2.41
Finance										
Journal Entries	566	678	966	784	572	504	519	525	747	764
Deposits	902	1,089	1,604	1,282	1,299	1,318	1,296	1,355	1,233	1,135
Checks	1,775	2,130	2,142	2,152	2,196	2,540	2,614	2,583	2,725	2,531
Facilities Maintenance										
Solar Energy Produced (Kwh)	N/A	N/A	N/A	N/A	46,064	83,703	90,770	90,520	85,670	78910

N/A Information not available

1: Targeted Crimes: Homicide, Sex Offenses, Robbery, Larceny, Auto Theft, Burglary Commercial/Residential, Aggravated Assault/Battery

NOTE: Information obtained from Village of Palmetto Bay department records.

VILLAGE OF PALMETTO BAY
CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM-STATISTICAL
LAST TEN FISCAL YEARS

	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General Government										
Municipal Center	0	0	0	1	1	1	1	1	1	1
Police										
Station	1	1	1	1	1	1	1	1	1	1
Patrol Units	41	41	41	40	41	42	42	42	43	43
Public Works										
Streets (miles)	118	118	118	122	122	122	122	122	122	125
Traffic signals	30	30	30	29	29	29	29	29	29	29
Traffic Circles	0	1	1	2	2	2	2	2	2	3
Park and Recreation										
Acreage	82	82	82	82	82	82	82	82	82	82
Parks	5	5	5	5	5	5	5	5	5	5
Playgrounds	2	2	2	2	2	2	2	2	2	2
Tennis court	8	8	8	8	8	8	8	8	8	8
Racquetball courts	4	4	4	4	4	4	4	4	4	4
Basketball courts	2	2	2	2	2	2	2	2	2	2
Football fields	2	2	2	2	2	2	2	2	2	2
Baseball fields	5	5	5	5	5	5	5	5	5	5
Softball fields	6	6	6	6	6	6	6	6	6	6
Community centers	2	3	3	3	3	3	3	3	3	3
Skate parks	1	1	1	1	1	1	1	1	1	1
Dog Park	1	1	1	1	1	1	1	1	1	1

NOTE: Information obtained from Village of Palmetto Bay department records.

COMPLIANCE SECTION



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

Honorable Mayor, Village Council and Village Manager
Village of Palmetto Bay, Florida

We have audited, 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, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Village of Palmetto Bay, Florida, (the "Village") as of and for the fiscal year ended September 30, 2017, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements and have issued our report thereon dated March 30, 2018.

Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or 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 over financial reporting that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Village'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 Village's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Caballero Fierman Llerena + Garcia

Caballero Fierman Llerena + Garcia, LLP
Coral Gables, Florida
March 30, 2018



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

Honorable Mayor, Village Council and Village Manager
Village of Palmetto Bay, Florida

Report on the Financial Statements

We have audited the financial statements of the Village of Palmetto Bay, Florida (the "Village") as of and for the fiscal year ended September 30, 2017 and have issued our report thereon dated March 30, 2018.

Auditors' Responsibility

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

Other Reporting requirement

We have issued our Independent Auditors' 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 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, which are dated March 30, 2018, should be considered in conjunction with this management letter.

Prior Audit Findings

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

Official Title and Legal Authority

Section 10.554(1)(i)4., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. This information is disclosed in the notes to the financial statements, Note 1. The Village has no component units.

Financial Condition and management

Section 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 has 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.c. 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 the 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.

Annual Financial Report

Section 10.554(1)(i)5.b. 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 the annual financial report for the Village for the fiscal year ended September 30, 2017, filed with the Florida Department of Financial Services pursuant to Section 218.32(1)(a), Florida Statutes, is in agreement with the annual financial audit report for the fiscal year ended September 30, 2017. In connection with our audit, we determined that these two reports were in agreement.

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 which warrants the attention of those charged with governance. In connection with our audit, we did not have any such findings.

Purpose of this Letter

Our Management Letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, Federal and other granting agencies, 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.

Caballero Fierman Llerena + Garcia

Caballero Fierman Llerena + Garcia, LLP
Coral Gables, Florida
March 30, 2018



CABALLERO FIERMAN
LLERENA + GARCIA LLP
accountants | advisors

INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE WITH THE REQUIREMENTS OF SECTION 218.415 FLORIDA STATUTES

Honorable Mayor, Village Council and Village Manager
Village of Palmetto Bay, Florida

We have examined the Village of Palmetto Bay, Florida, (the "Village") compliance with the requirements of Section 218.415 Florida Statutes during the period of October 1, 2016 to September 30, 2017. Management of the Village is responsible for the Village of Palmetto's compliance with the specified requirements. Our responsibility is to express an opinion on the Village's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. 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 specified requirements. In our opinion, the Village complied, in all material respects, with the requirements of Section 218.415 Florida Statutes during the period of October 1, 2016 to September 30, 2017.

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

Caballero Fierman Llerena + Garcia

Caballero Fierman Llerena + Garcia, LLP
Coral Gables, Florida
March 30, 2018