

**VILLAGE OF PALMETTO BAY, FLORIDA**

BASIC FINANCIAL STATEMENTS

SEPTEMBER 30, 2005

Prepared by:

THE FINANCE DEPARTMENT

# VILLAGE OF PALMETTO BAY, FLORIDA

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March 31, 2006

To the Citizens of the Village of Palmetto Bay  
and Other Interested Parties:

State law requires that all general purpose local governments publish within one year 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 (GAAP) and audited in accordance with generally accepted auditing standards 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 account, 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, 2005.

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. Since the cost of internal controls should not outweigh their benefits, the Village's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The Village's financial statements have been audited by Rachlin Cohen & Holtz 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, 2005 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, 2005, 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.

To the Citizens of the Village of Palmetto Bay  
and Other Interested Parties  
March 31, 2006

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 33<sup>rd</sup> incorporated municipality in Miami-Dade County. Its borders are SW 136<sup>th</sup> street to the north, US 1 to the west, Biscayne Bay to the east, and SW 184<sup>th</sup> street to the south. The Village is approximately 8 square miles, with primarily a residential population, and its business district 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 and four Council Members elected village-wide. The Mayor and Council Members term is for four years with a maximum of eight consecutive years. 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 the Village Manager. The Village Council also hires the Village Attorney, and approves the Village Manager's appointment to Village Clerk. The Village Manager is responsible for enforcement of all laws, provisions of the Charter and directives of the Council, appoints department heads, and oversees the operations of the Village.

The Village operates on a small highly qualified core staff, and outsources all other major functions such as police protection, public works, community development, and code enforcement. The Village keeps a close working relationship with Miami-Dade County for such services as refuse collection and debris cleanup, fire protection, and schools.

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 social levels of the residents of the Village of Palmetto Bay, Florida, 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.

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 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 then 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<sup>st</sup> by the passage of a Resolution. The Village's budget is approved at the department level. The Manager and Finance Director may amend the adopted budget for adjustments within a department administratively, but the Village Council must approve all budget adjustments between departments. Supplemental appropriations of revenues in excess of the adopted budget may be appropriated by the Council with an ordinance. Budget-to-actual comparisons are provided in this report for the general fund for which an appropriated annual budget has been adopted.

To the Citizens of the Village of Palmetto Bay  
and Other Interested Parties  
March 31, 2006

### **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 size municipality serving approximately 25,000 citizens. The majority of the Village's Ad-Valorem taxes is derived from residential property with an average value of \$500,000. The businesses are made up of seven major auto dealers, one large appliance retailer, several retail shopping plazas, and some office buildings.

### **Long-Term Financial Planning and Major Initiatives**

The Village has approved a new zoning district encompassing 330 acres known as the Franjo Triangle/US 1 Corridor. The new mixed use district will include retail, office space, and residential. Individual developers are beginning to commence new projects consistent with the plan. In the middle of the redevelopment area is Palmetto Bay Commons, which is an existing 5 acre park, which is being expanded to 20 acres. It will have softball fields, multi-purpose courts, a skate park, and one of the largest boundless playgrounds in the nation, and the only one south of West Palm. A library is being built on newly acquired property on Biscayne Bay, the plans also include a park and community center.

### **Cash Management Policies and Practices**

The Village invests operating funds in an effort to earn a reasonable yield on its portfolio. This is consistent with the Village's primary objective of safeguarding public assets by minimizing the level of credit and market risks assumed. The investment priority is safety of capital, liquidity of funds and investment income, in that order. The Village's investment policy is consistent with local government investment policies delineated in Chapter 218, F.S. The Village currently keeps a \$2.5 million cash reserve for cash flow and emergencies and is invested with the State Board of Administration Pooled Equity Fund, along with other surplus funds.

### **Pension Benefits**

The Village of Palmetto Bay maintains a defined contribution pension plan with 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 contributes 6% of all full-time employees' income and each employee can contribute up to 6% of their income with an equal match from the Village. In addition the Village sponsors a 457 deferred compensation plan, participation is voluntary.

To the Citizens of the Village of Palmetto Bay  
and Other Interested Parties  
March 31, 2006

### **Acknowledgments**

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 Rachlin Cohen and Holtz LLP.

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

Sincerely,



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Charles Scurr  
Village Manager



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Desmond Chin  
Finance Director

**VILLAGE OF PALMETTO BAY, FLORIDA**

**ELECTED AND APPOINTED OFFICIALS**

SEPTEMBER 30, 2005

**VILLAGE COUNCIL**

Mayor	Eugene P. Flinn
Vice Mayor	Linda Robinson
Council Member	Ed Feller, M.D.
Council Member	John Breder
Council Member	Paul Neidhart

**VILLAGE MANAGER**

Charles D. Scurr

**VILLAGE ATTORNEY**

Nagin Gallop Figueredo

**VILLAGE CLERK**

Meighan Pier

**FINANCE DIRECTOR**

Desmond Chin, CPA

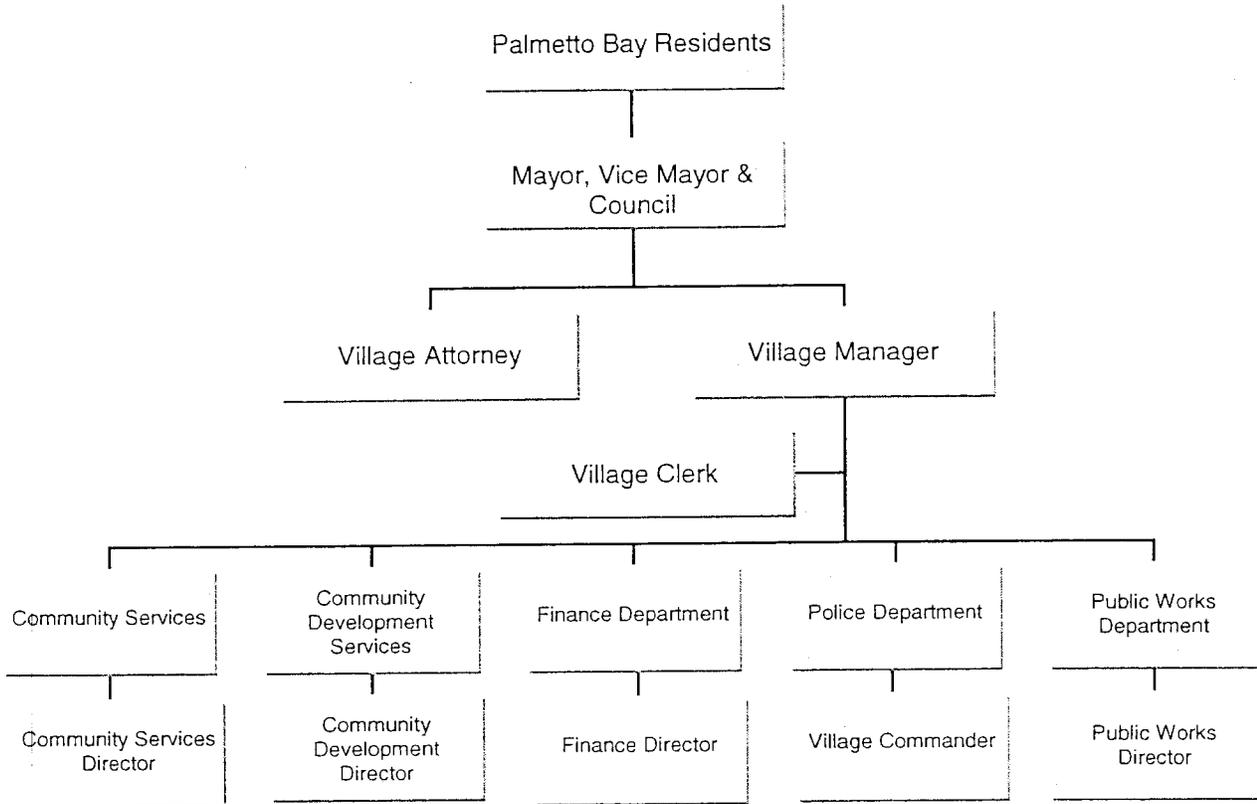
**VILLAGE AUDITORS**

Rachlin Cohen & Holtz LLP  
Accountants ▪ Consultants

# VILLAGE OF PALMETTO BAY, FLORIDA

## ORGANIZATION CHART

SEPTEMBER 30, 2005



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## FINANCIAL SECTION

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REPORT OF INDEPENDENT  
CERTIFIED PUBLIC ACCOUNTANTS

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**REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS**

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

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Village of Palmetto Bay, Florida (the Village), as of and for the year ended September 30, 2005, which collectively comprise the Village's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Village's management. 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 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 of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing 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 over financial reporting. Accordingly, we express no such opinion. An audit also includes 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, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our 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, 2005, and the respective changes in financial position, thereof for the year ended in conformity with accounting principles generally accepted in the United States.

In accordance with *Government Auditing Standards*, we have also issued a report dated March 2, 2006, on our consideration of the Village's internal control over financial reporting and our tests of compliance with certain laws, regulations, grant agreements, contracts 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 other matters and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. The report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

-1-



**Rachlin Cohen & Holtz LLP**

One Southeast Third Avenue ■ Tenth Floor ■ Miami, Florida 33131 ■ Phone 305.377.4228 ■ Fax 305.377.8331 ■ [www.rachlin.com](http://www.rachlin.com)

*An Independent Member of Baker Tilly International*

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

Management's discussion and analysis on pages 3 through 9 and budgetary comparison information on pages 29 and 30 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we express no opinion on it.

*Rachlin Cohen & Holtz LLP*

Miami, Florida  
March 2, 2006

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MANAGEMENT'S DISCUSSION AND ANALYSIS  
(MD&A)

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## 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 of Palmetto Bay for the fiscal year ended September 30, 2005.

### Financial Highlights

- The assets of the Village of Palmetto Bay exceeded its liabilities at the close of the most recent fiscal year by \$25,377,695 (net assets). Of this amount, \$9,894,528 (*unrestricted net assets*) may be used to meet the Village's ongoing obligations to citizens and creditors. The balance (\$15,483,167) is comprised of capital assets (\$14,184,649) and restricted assets (\$1,298,518).
- In the government-wide financial statements, the Village's total net assets increased by \$3,205,424. The increase is attributable to a bond issue (\$1,499,143) and capital lease proceeds (\$3,600,000) in Other Financing Sources.
- As of the close of the current fiscal year, the Village's governmental funds reported combined ending fund balances of \$9,818,254, an increase of \$3,620,830 in comparison with the prior year. This total amount is available for spending at the government's discretion (*unreserved fund balance*).
- At the end of the reporting period, unreserved fund balance for the general fund was \$5,769,238, or 40% of total general fund expenditures.
- The Village issue revenue bonds in the amount of \$1,495,000 to build a library.

### Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the Village of Palmetto Bay's basic financial statements. The Village of Palmetto Bay's basic financial statements comprise 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 of Palmetto Bay's finances, in a manner similar to a private sector business.

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

The *statement of activities* presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets 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 of Palmetto Bay 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 of Palmetto Bay include general government, public safety, public works, community service (parks), and building, planning & zoning. The Village has no business-type activities.

The government-wide financial statements include only the Village itself (known as the *primary government*) and can be found on pages 10 and 11 of this report.

**Fund financial statements.** A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Village of Palmetto Bay, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The Village of Palmetto Bay 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 statement 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 of Palmetto Bay maintains three governmental funds: a general fund, a special revenue 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 Village adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 12 to 14 of this report.

**Fiduciary Funds.** *Fiduciary funds* are used to account for resources held for the benefit of parties outside the Village. *Fiduciary fund* are not reflected in the government-wide financial statements because the resources of those funds are not available to support the Village's own programs. The Village maintains one *fiduciary fund* to account for the Palmetto Bay Foundation and the Kenneth H. Robinson Memorial Trust.

The basic fiduciary fund financial statements can be found on pages 30 through 31.

**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 17 to 27 of this report.

### Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the Village's case, assets exceeded liabilities by \$25,377,695 at the close of the most recent fiscal year.

The largest portion of the Village's net assets, \$14,184,649 or 56%, 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 of Palmetto Bay uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the Village of Palmetto Bay reports its investment in capital assets net of related debt (\$4,370,391), 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 unrestricted net assets (\$9,894,528) may be used to meet the government's ongoing obligations to citizen's and creditors.

### Village of Palmetto Bay's Net Assets

	Fiscal Year	
	<u>2005</u>	<u>2004</u>
Current assets	\$ 10,588,801	\$ 7,826,698
Capital assets	<u>19,901,532</u>	<u>16,124,316</u>
Total assets	<u>30,490,333</u>	<u>23,951,014</u>
Long-term liabilities outstanding	3,881,121	105,473
Other liabilities	<u>1,231,517</u>	<u>1,673,272</u>
Total liabilities	<u>5,112,638</u>	<u>1,778,745</u>
Net assets:		
Investment in capital assets, net of related debt	14,184,649	15,972,947
Restricted for:		
Law enforcement	15,500	-
Transportation	1,283,018	-
Unrestricted	<u>9,894,528</u>	<u>6,199,324</u>
Total net assets	<u>\$ 25,377,695</u>	<u>\$ 22,172,271</u>

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

The Village's net assets increased by \$3,205,424 during the current fiscal year. The increase is attributable to a bond issue (\$1,499,143) and capital lease proceeds (\$3,600,000) in Other Financing Sources.

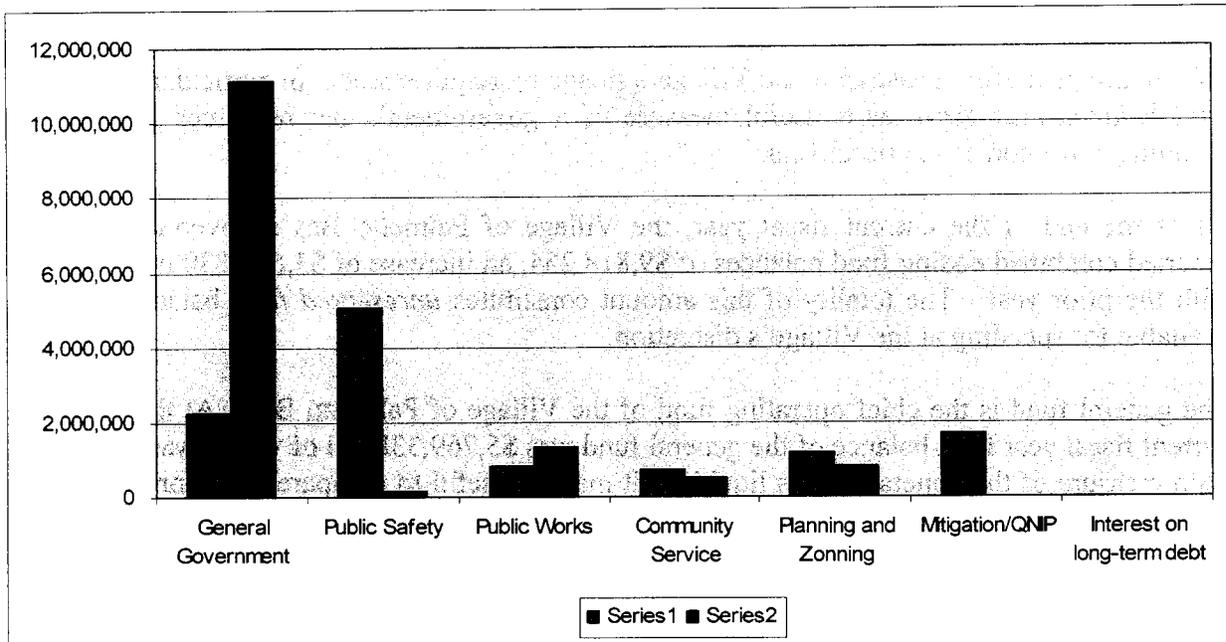
**Governmental activities.** Governmental activities increased the Village's net assets by \$3,205,424. Key elements of this increase are as follows:

**Village of Palmetto Bay's Changes in Net Assets**

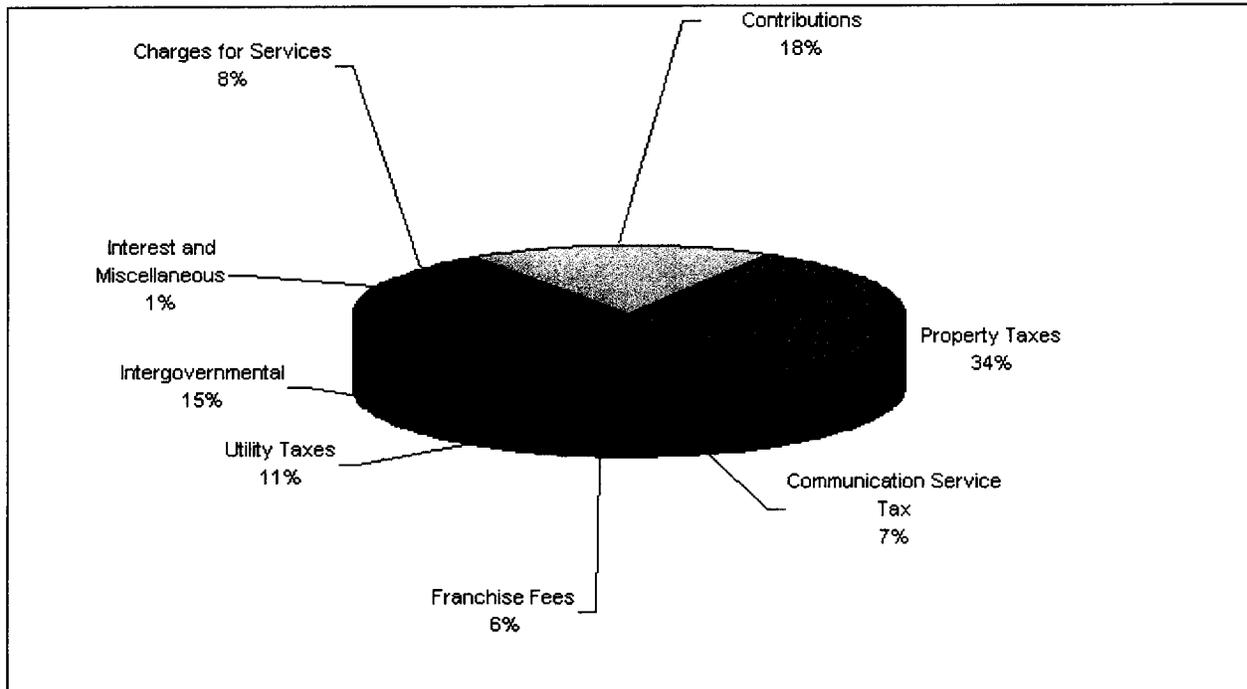
	Fiscal Year	
	2005	2004
Revenues:		
Program revenues:		
Charges for services	\$ 1,165,118	\$ 851,184
Operating grants and contributions	2,621,678	3,142
Capital grants and contributions	-	15,621,411
General revenues:		
Property taxes	4,883,257	4,465,261
Utility taxes	1,674,087	1,623,539
Communications service tax	1,059,858	795,085
Franchise fees	828,052	800,967
Intergovernmental	2,246,412	3,424,556
Investment income and miscellaneous	453,965	77,929
Total revenues	14,932,427	27,663,074
Expenses:		
General government	2,258,132	1,510,663
Public safety	5,075,834	4,600,142
Public works	799,823	607,009
Community services	738,130	671,670
Planning and zoning	1,164,167	909,235
Mitigation/QNIP	1,671,767	1,645,521
Interest on long-term debt	19,150	-
Total expenses	11,727,003	9,944,240
Change in net assets	\$3,205,424	\$17,718,834

- Property taxes (\$4,883,257) comprised 33% of total revenues in the current fiscal year. The Village has maintained the same millage rate of \$2.447 per \$1,000 of assessed taxable value in effect prior to the Village's incorporation.
- Operating Grants and Contributions increased \$2,618,536, due to the Village's successful grant writing program. The Village will continue leveraging Village funds with grant dollars where ever possible.

## Expenses and Program Revenues – Governmental Activities



## Revenues by Source – Governmental Activities



### Financial Analysis of the Government's Funds

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

**Governmental funds.** The focus of the Village of Palmetto Bay'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, *unreserved 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 of Palmetto Bay's governmental funds reported combined ending fund balances of \$9,818,254, an increase of \$3,620,830 in comparison with the prior year. The totality of this amount constitutes *unreserved fund balance*, which is available for spending at the Village's discretion.

The general fund is the chief operating fund of the Village of Palmetto Bay. At the end of the current fiscal year fund balance of the general fund was \$5,769,338, all of which was unreserved. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 40 percent of total general fund expenditures, while total fund balance also represents 40 percent of that same amount.

The fund balance of the Village's general fund increased \$291,241 during the current fiscal year.

#### **General Fund Budgetary Highlights**

No appropriation increases were required between the original and final budget, however some minor adjustments were needed between departments. Following are the main components of the adjustments:

- \$50,588 was taken from General Government and allocated to Manager/Clerk (\$13,167) and Legal (\$37,421).

#### **Capital Assets**

The Village of Palmetto Bay's investment in capital assets as of September 30, 2005, amounted to \$19,901,532 (net of accumulated depreciation). This investment in capital assets includes land, buildings, street and sidewalk improvements, machinery, furniture and equipment. The Village's investment in capital assets increased by \$3,777,216 in the current fiscal year.

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

- Acquisition of a historic house on Bayfront property (\$3,600,000).
- Stormwater construction (\$258,550).
- Addition to Tot-Lot at Coral Reef Park (\$246,043).

**VILLAGE OF PALMETTO BAY**  
Capital Assets (Net of Depreciation)

	Balance September 30,	
	2005	2004
Governmental activities:		
Land	\$ 18,334,506	\$ 14,734,506
Construction in progress	121,077	-
Building	790,182	818,403
Leasehold Improvements	-	11,084
Improvements other than buildings	137,474	241,560
Furniture and equipment	518,293	318,763
Governmental activities capital assets, net	\$ 19,901,532	\$ 16,124,316

Additional information on the Village's capital assets can be found in note 5 on pages 23-24 of this report.

**Economic Factors and Next Year's Budgets and Rates**

- The unemployment rate for Miami-Dade County in September 2006 was 4.1 percent, which represented a decrease from a rate of 5.5 percent the previous year. This compares unfavorably to the state's average unemployment rate of 3.7 percent but favorable to the national average rate of 4.8 percent in September 2006. (Source: Florida Agency for Workplace Innovation, Labor Market Statistics.)
- The occupancy rate of the government's central business district has remained stable since the Village's inception.
- Inflationary trends in the region are comparable to national indices.

All of these factors were considered in preparing the Village's budget for the 2006 fiscal year.

During the current fiscal year, unreserved fund balance in the general fund increased to \$5,769,338. The Village of Palmetto Bay has appropriated \$1,065,263 of this amount for capital projects in the 2006 fiscal year budget. It is intended that the use of available fund balance will avoid the need to raise taxes or charges during the 2006 fiscal year.

**Requests for Information**

This financial report is designed to provide a general overview of the Village of Palmetto Bay'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, 8950 S.W. 152nd Street, Palmetto Bay, Florida 33157.

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## BASIC FINANCIAL STATEMENTS

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# VILLAGE OF PALMETTO BAY, FLORIDA

## STATEMENT OF NET ASSETS

SEPTEMBER 30, 2005

	Governmental <u>Activities</u>
<u>ASSETS</u>	
Cash	\$ 8,445,244
Receivables, net	3,736
Due from other governments	2,073,819
Prepaid assets	33,559
Deferred charges	32,443
Capital assets not being depreciated	18,455,583
Capital assets being depreciated, net	<u>1,445,949</u>
Total assets	<u>30,490,333</u>
<u>LIABILITIES</u>	
Accounts payable	671,179
Accrued liabilities	59,007
Due to other governments	7,918
Bond premium	4,143
Noncurrent liabilities:	
Due in one year	489,270
Due in more than one year	<u>3,881,121</u>
Total liabilities	<u>5,112,638</u>
<u>NET ASSETS</u>	
Invested in capital assets, net of related debt	14,184,649
Restricted for:	
Law enforcement	15,500
Transportation	1,283,018
Unrestricted	<u>9,894,528</u>
Total net assets	<u>\$ 25,377,695</u>

See notes to basic financial statements.

Functions/Programs	Program Revenues			Charges for Services	Net (Expenses) Revenue and Changes in Net Assets
	Expenses	Operating Grants and Contributions	Capital Grants and Contributions		
Governmental activities:					
General government	\$ 2,258,132	\$ 883,293	\$ -	\$ 87,433	\$ (1,287,406)
Public safety	5,075,834	-	-	168,660	(4,907,174)
Public works	799,823	1,317,356	-	-	517,533
Community service	738,130	421,029	-	101,229	(215,872)
Planning and zoning	1,164,167	-	-	807,796	(356,371)
Mitigation/QNIP	1,671,767	-	-	-	(1,671,767)
Interest on long-term debt	19,150	-	-	-	(19,150)
Total governmental activities	<u>\$ 11,727,003</u>	<u>\$ 2,621,678</u>	<u>\$ -</u>	<u>\$ 1,165,118</u>	<u>\$ (7,940,207)</u>
General revenues:					
Real and personal property taxes					4,883,257
Communication service tax					1,059,858
Franchise fees based on gross receipts					828,052
Utility taxes					1,674,087
Intergovernmental					2,246,412
Interest					208,533
Miscellaneous					245,432
Total general revenues					<u>11,145,631</u>
Change in net assets					3,205,424
Net assets, beginning					<u>22,172,271</u>
Net assets, ending					<u>\$ 25,377,695</u>

See notes to basic financial statements.

# VILLAGE OF PALMETTO BAY, FLORIDA

## BALANCE SHEET GOVERNMENTAL FUNDS

SEPTEMBER 30, 2005

	<u>General</u>	<u>Grants Fund</u>	<u>Transportation Fund</u>	<u>Capital Projects Fund</u>	<u>Law Enforcement Trust Fund (Nonmajor Fund)</u>	<u>Totals Governmental Funds</u>
<u>ASSETS</u>						
Assets:						
Cash	\$ 6,973,070	\$ -	\$ 38,933	\$ 1,433,241	\$ -	\$ 8,445,244
Accounts receivable	3,736	-	-	-	-	3,736
Due from other funds	-	1,042,424	1,406,975	-	15,500	2,464,899
Due from other governments	1,377,328	621,734	74,757	-	-	2,073,819
Prepaid expenses	100	-	-	33,459	-	33,559
Total assets	<u>\$ 8,354,234</u>	<u>\$ 1,664,158</u>	<u>\$ 1,520,665</u>	<u>\$ 1,466,700</u>	<u>\$ 15,500</u>	<u>\$ 13,021,257</u>
<u>LIABILITIES AND FUND BALANCES</u>						
Liabilities:						
Accounts payable	\$ 281,870	\$ 380,460	\$ 8,849	\$ -	\$ -	\$ 671,179
Accrued liabilities	59,007	-	-	-	-	59,007
Due to other governments	7,918	-	-	-	-	7,918
Due to other funds	2,236,101	-	228,798	-	-	2,464,899
Total liabilities	<u>2,584,896</u>	<u>380,460</u>	<u>237,647</u>	<u>-</u>	<u>-</u>	<u>3,203,003</u>
Fund balances:						
Reserved for:						
Prepaid expenses	100	-	-	33,459	-	33,559
Unreserved recorded in:						
General fund	5,769,238	-	-	-	-	5,769,238
Special revenue funds	-	1,283,698	1,283,018	-	15,500	2,582,216
Capital projects fund	-	-	-	1,433,241	-	1,433,241
Total fund balances	<u>5,769,338</u>	<u>1,283,698</u>	<u>1,283,018</u>	<u>1,466,700</u>	<u>15,500</u>	<u>9,818,254</u>
Total liabilities and fund balances	<u>\$ 8,354,234</u>	<u>\$ 1,664,158</u>	<u>\$ 1,520,665</u>	<u>\$ 1,466,700</u>	<u>\$ 15,500</u>	

Amounts reported for governmental activities in the statement of net assets are difference because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	19,901,532
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.	(4,370,391)
Governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued whereas these amounts are deferred and amortized in the statement of activities.	
The details of the difference are as follows:	
Bond issue costs	32,443
Bond premium	(4,143)
Net assets of governmental activities	<u>\$ 25,377,695</u>

See notes to basic financial statements.

## VILLAGE OF PALMETTO BAY, FLORIDA

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

FISCAL YEAR ENDED SEPTEMBER 30, 2005

	<u>General</u>	<u>Grants Fund</u>	<u>Transportation Fund</u>	<u>Capital Projects Fund</u>	<u>Law Enforcement Trust Fund (Nonmajor Fund)</u>	<u>Total Governmental Funds</u>
<b>Revenues:</b>						
Real and personal property taxes	\$ 4,883,257	\$ -	\$ -	\$ -	\$ -	\$ 4,883,257
Utility taxes	1,674,087	-	-	-	-	1,674,087
Communication service tax	1,059,858	-	-	-	-	1,059,858
Franchise fees	828,052	-	-	-	-	828,052
Intergovernmental	3,129,705	849,580	888,805	-	-	4,868,090
Licenses and permits	895,229	-	-	-	-	895,229
Impact fees	1,772	20,516	-	-	-	22,288
Fines and forfeitures	151,388	-	-	-	15,500	166,888
Charges for services	80,713	-	-	-	-	80,713
Interest	207,249	1,284	-	-	-	208,533
Miscellaneous fees	244,377	1,055	-	-	-	245,432
Total revenues	<u>13,155,687</u>	<u>872,435</u>	<u>888,805</u>	<u>-</u>	<u>15,500</u>	<u>14,932,427</u>
<b>Expenditures:</b>						
<b>Current:</b>						
General government	1,667,116	115	-	32,443	-	1,699,674
Public safety	5,066,538	-	-	-	-	5,066,538
Public works	324,113	195,885	268,778	-	-	788,776
Community service	699,809	-	-	-	-	699,809
Planning and zoning	1,163,352	-	-	-	-	1,163,352
Mitigation/QNIP	1,671,767	-	-	-	-	1,671,767
Capital outlay	3,648,759	543,945	165,978	-	-	4,358,682
<b>Debt service:</b>						
Principal payments	42,992	900,000	-	-	-	942,992
Interest expense	-	19,150	-	-	-	19,150
Total expenditures	<u>14,284,446</u>	<u>1,659,095</u>	<u>434,756</u>	<u>32,443</u>	<u>-</u>	<u>16,410,740</u>
(Deficiency) excess of revenues over expenditures	<u>(1,128,759)</u>	<u>(786,660)</u>	<u>454,049</u>	<u>(32,443)</u>	<u>15,500</u>	<u>(1,478,313)</u>
<b>Other financing sources (uses):</b>						
Transfers in	-	2,180,000	-	-	-	2,180,000
Transfers out	(2,180,000)	-	-	-	-	(2,180,000)
Bonds issued	-	-	-	1,499,143	-	1,499,143
Capital lease proceeds	3,600,000	-	-	-	-	3,600,000
Total other financing sources (uses)	<u>1,420,000</u>	<u>2,180,000</u>	<u>-</u>	<u>1,499,143</u>	<u>-</u>	<u>5,099,143</u>
Net change in fund balances	291,241	1,393,340	454,049	1,466,700	15,500	3,620,830
Fund balances, beginning	<u>5,478,097</u>	<u>(109,642)</u>	<u>828,969</u>	<u>-</u>	<u>-</u>	<u>6,197,424</u>
Fund balances, ending	<u>\$ 5,769,338</u>	<u>\$ 1,283,698</u>	<u>\$ 1,283,018</u>	<u>\$ 1,466,700</u>	<u>\$ 15,500</u>	<u>\$ 9,818,254</u>

See notes to basic financial statements.

# VILLAGE OF PALMETTO BAY, FLORIDA

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

FISCAL YEAR ENDED SEPTEMBER 30, 2005

Amounts reported for governmental activities in the statement  
of activities (Page 11) are different because:

Net change in fund balances - total government funds (Page 13)	\$ 3,620,830
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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. This is the amount  
by which capital outlay exceeds depreciation in the current period:

Details of the difference are as follows:

Expenditures for capital outlays	\$ 3,855,994	
Depreciation expense	<u>(80,678)</u>	
		3,775,316

In the year of acquisition, governmental funds report the  
acquisition of capital leases as an expenditure as well as an  
other financing source. Repayment of capital lease principal  
is an expenditure in the governmental funds, but the repayment  
reduces long-term liabilities in the statement of net assets.

Details of the difference are as follows:

Capital lease acquired	(3,600,000)	
Bonds issued	(1,495,000)	
Principal payments	<u>942,992</u>	
		(4,152,008)

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:

Details of the difference are as follows:

Compensated absences	(67,014)	
Bond issue costs	32,443	
Bond premium	<u>(4,143)</u>	
		<u>(38,714)</u>

Change in net assets of governmental activities (Page 11)	\$ <u>3,205,424</u>
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See notes to basic financial statements

VILLAGE OF PALMETTO BAY, FLORIDA

STATEMENT OF FIDUCIARY NET ASSETS

SEPTEMBER 30, 2005

	Fiduciary Funds
<u>ASSETS</u>	
Cash	<u>\$ 3,725</u>
<u>NET ASSETS</u>	
Net assets	<u>\$ 3,725</u>

See notes to basic financial statements.

**VILLAGE OF PALMETTO BAY, FLORIDA**  
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS  
FISCAL YEAR ENDED SEPTEMBER 30, 2005

	Fiduciary <u>Funds</u>
Additions:	
Donations	\$ 1,812
Interest	<u>14</u>
Total additions	<u>1,826</u>
Net increase	1,826
Net assets, beginning	<u>1,899</u>
Net assets, ending	<u>\$ 3,725</u>

See notes to basic financial statements.

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NOTES TO BASIC FINANCIAL STATEMENTS

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# VILLAGE OF PALMETTO BAY, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2005

### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Village of Palmetto Bay, Florida (the Village) was incorporated on September 11, 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, community service and planning and zoning. The Village does not provide educational 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 (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. During the fiscal year ended September 30, 2003, the Village adopted the new accounting and financial reporting requirements of GASB Statement No. 34, *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments*. The more significant of the Village’s accounting policies are described below:

#### A. Financial Reporting Entity

The financial statements were prepared in accordance with GASB Statement No. 14, *The Financial Reporting Entity* as amended, which establishes standards for defining and reporting on the financial reporting entity. The definition of the financial reporting entity is based upon the concept that elected officials are accountable to their constituents for their actions. One of the objectives of financial reporting is to provide users of financial statements with a basis for assessing the accountability of the elected officials. The financial reporting entity consists of the Village, organizations for which the Village is financially accountable, and other organizations for which the nature and significance of their relationship with the Village are such that exclusion would cause the reporting entity’s financial statements to be misleading or incomplete. The Village is financially accountable for a component unit if it appoints a voting majority of the organization’s governing board and it is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the Village.

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 units listed below have been included in the Village’s financial reporting entity.

1. The Palmetto Bay Foundation, Inc. (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 (505(c)(3)) corporation using a calendar year end. Revenues consist primarily of donations and investment income. The Foundation articles restrict the use of the funds to charitable, educational or scientific purposes.

# VILLAGE OF PALMETTO BAY, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

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

#### A. Financial Reporting Entity (Continued)

2. The Kenneth H. Robinson Memorial Trust Fund was created on January 21, 2003 for the purpose of the beautification of the Village of Palmetto Bay. Revenues consist primarily of donations and investment income.

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

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the non-fiduciary activities of the Village. 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 are 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*.

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. The major individual governmental funds are reported as a separate column in the fund financial statements. All remaining nonmajor governmental funds are aggregated and reported as other governmental funds. The Village has only one nonmajor governmental fund (the Law Enforcement Trust Fund).

#### 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.

# VILLAGE OF PALMETTO BAY, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

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

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

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 if they are collected within 60 days of the end of the current fiscal period. 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 so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the Village.

The Village reports the following major governmental funds:

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

The *Grants Fund* accounts for all grant monies and the related program income from federal, state and local agency grants.

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 *Capital Projects Fund* accounts for the acquisition and construction of major capital facilities.

The Village also reports the following nonmajor governmental fund:

The *Law Enforcement Trust Fund* accounts for monies received from federal and state confiscated and forfeited property. These funds (equitable shared property) are to be used in accordance with laws, regulations, and orders of the state or local jurisdiction governing the use of public funds available for law enforcement purposes.

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided, 2) capital grants and contributions. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

# VILLAGE OF PALMETTO BAY, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

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

#### D. Assets, Liabilities, and Net Assets or Equity

##### 1. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the amounts of assets, liabilities, disclosures of contingent liabilities, revenues and expenditures/expenses reported in the financial statements and accompanying notes. These estimates include assessing the collectibility of receivables and the useful lives of capital assets. Although these estimates as well as all estimates are based on management's knowledge of current events and actions it may undertake in the future, they may ultimately differ from actual results.

##### 2. Capital Assets

Capital assets, which include land, buildings and furniture and equipment are reported in the governmental column in the government-wide financial statements. Capital assets are defined by the Village as assets with an initial, individual cost of more than \$1,000 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 estimated fair market value at the date of donation.

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

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

	<u>Estimated Useful Lives (Years)</u>
Furniture and equipment	5-20
Buildings	30
Leasehold improvements	10
Improvements other than buildings	20-30

##### 3. Compensated Absences

The Village's policy is to permit employees to accumulate earned but unused sick and vacation pay benefits, limited to certain maximums, based on length of service. For certain employees, the Village also grants compensation time. All vacation, sick and compensated pay is accrued when incurred in the government-wide fund financial statements. 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 by the general fund.

# VILLAGE OF PALMETTO BAY, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

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

#### D. Assets, Liabilities, and Net Assets or Equity

##### 4. 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, as well as issuance costs 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, as well as bond issuance costs during the current period. 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.

##### 5. Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance, where noted, represent tentative management plans that are subject to change.

### NOTE 2. 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 will provide revenue required for the fiscal year beginning October 1.

Property taxes levied each November 1, by the Village and all other taxing authorities within the County, are centrally billed and collected by Miami-Dade County, with remittances to the Village of their 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, 2005, there were no material delinquent taxes.

# VILLAGE OF PALMETTO BAY, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

### NOTE 3. DEPOSITS AND INVESTMENTS

In March 2003, the GASB issued Statement No. 40 *Deposits and Investment Risks Disclosures* (GASB Statement No. 40), which amends GASB No. 3, *Deposits with Financial Institutions, Investments (including Repurchase Agreements), and Reverse Purchase Agreements* and addresses additional risks to which governments are exposed. GASB 40 is designed to inform financial statement users about deposit and investment risks that could affect a government's ability to provide services and meet its obligations as they become due.

GASB 40 addresses common deposit and investment risks related to credit risk, custodial credit risk, concentration of credit risk, interest rate risk, and foreign currency risk and requires that deposit and investment policies related to the risks be disclosed, as applicable.

This statement is effective for financial statements for periods beginning after June 15, 2004, and has been adopted for the fiscal year ended September 30, 2005. The adoption of GASB 40 has resulted in changes to the form and content of the deposit and investment notes to the financial statements but did not have an impact on the Village's financial position and results of operations. The following disclosure represents the adoption of GASB 40:

#### *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 with securities held by the entity or its agent in the entity's name.

#### *Investments*

The Village is authorized to invest in obligations of the U.S. Treasury, its agencies, instrumentalities and the Local Government Surplus Funds Trust Fund administered by the State Board of Administration. The investments follow the investment rules defined in Florida Statutes Chapter 215. The investment policy defined in the statutes attempts to promote, through state assistance, the maximization of net interest earnings on invested surplus funds of local units of governments while limiting the risk to which the funds are exposed.

The Local Government Surplus Funds Trust Fund is governed by Ch. 19-7 of the Florida Administrative Code, which identifies the Rules of the State Board of Administration. These rules provide guidance and establish the general operating procedures for the administration of the Local Government Surplus Funds Trust Fund. Additionally, the Office of the Auditor General performs the operational audit of the activities and investments of the State Board of Administration. The Local Government Surplus Funds Trust Fund is not a registrant with the Securities and Exchange Commission (SEC); however, the Board has adopted operating procedures consistent with the requirements for a 2a-7 fund.

# VILLAGE OF PALMETTO BAY, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

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

#### *Credit Risk*

The Village has an investment policy that limits investments to the highest ratings by a nationally recognized statistical rating organizations (NRSRO). Excess funds are also transferred daily to the Florida State Board of Administration (SBA) for their investment. The SBA does not have a rating from a NRSRO. This is the only external investment pool that the Village can invest in.

### NOTE 4. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

#### *Interfund Receivables and Payables*

Interfund receivable and payable balances at September 30, 2005 are as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Grants Fund	General Fund	\$ 813,626
Grants Fund	Transportation Fund	228,798
Transportation Fund	General Fund	1,406,975
Law Enforcement Trust Fund	General Fund	<u>15,500</u>
Total		<u>\$2,464,899</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*

Transfers of \$2,180,000 from the general fund to the grants fund are used to transfer unrestricted general fund revenues to finance various projects in accordance with budgetary authorizations.

# VILLAGE OF PALMETTO BAY, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

### NOTE 5. CAPITAL ASSETS

<u>Governmental activities</u>	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital assets not being depreciated:				
Land	\$ 14,734,506	\$ 3,600,000	\$ -	\$ 18,334,506
Construction in progress	-	121,077	-	121,077
Total capital assets not being depreciated	<u>14,734,506</u>	<u>3,721,077</u>	<u>-</u>	<u>18,455,583</u>
Capital assets being depreciated:				
Furniture and equipment	359,708	282,959	33,223	609,444
Buildings	846,624	-	-	846,624
Leasehold improvements	11,854	-	11,854	-
Improvements other than buildings	242,518	137,474	242,518	137,474
Total capital assets being depreciated	<u>1,460,704</u>	<u>420,433</u>	<u>287,595</u>	<u>1,593,542</u>
Less accumulated depreciation for:				
Furniture and equipment	40,945	52,457	2,251	91,151
Buildings	28,221	28,221	-	56,442
Leasehold improvements	770	-	770	-
Improvements other than buildings	958	-	958	-
Total accumulated depreciation	<u>70,894</u>	<u>80,678</u>	<u>3,979</u>	<u>147,593</u>
Total capital assets, being depreciated, net	<u>1,389,810</u>	<u>339,755</u>	<u>283,616</u>	<u>1,445,949</u>
Governmental activities capital assets, net	<u>\$ 16,124,316</u>	<u>\$ 4,060,832</u>	<u>\$ 283,616</u>	<u>\$ 19,901,532</u>

Depreciation expense charged to the functions or programs of the Village as follows:

General government	\$ 21,199
Public safety	9,296
Public works	11,047
Community service	38,321
Planning and zoning	<u>815</u>
Total depreciation expense - governmental activities	<u>\$ 80,678</u>

# VILLAGE OF PALMETTO BAY, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

### NOTE 6. LONG-TERM DEBT

Long-term liability activity for the period ended September 30, 2005 was as follows:

	Beginning		Ending		Due Within
	<u>Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u>	<u>One Year</u>
Governmental activities:					
Bonds payable:					
FMLC Bonds	\$ -	\$ 1,495,000	\$ -	\$ 1,495,000	\$ -
Bond Premium	-	4,143	-	4,143	-
	<u>-</u>	<u>1,499,143</u>	<u>-</u>	<u>1,499,143</u>	<u>-</u>
Less deferred amounts:					
Unamortized issue cost	-	32,443	-	32,443	-
Total bonds payable	<u>-</u>	<u>1,466,700</u>	<u>-</u>	<u>1,466,700</u>	<u>-</u>
Capital leases	151,369	3,600,000	942,992	2,808,377	489,270
Compensated absences	<u>-</u>	<u>76,666</u>	<u>9,652</u>	<u>67,014</u>	<u>-</u>
Long-term liabilities	<u>\$ 151,369</u>	<u>\$ 5,143,366</u>	<u>\$ 952,644</u>	<u>\$ 4,342,091</u>	<u>\$ 489,270</u>

#### *Capital Leases*

The Village has entered into lease agreements for the financing of equipment and a lease purchase agreement for a parcel of real property. Future minimum lease and the present value of net minimum lease payments at September 30, 2005 are as follows:

Fiscal year ending September 30:	
2006	\$ 600,386
2007	571,956
2008	1,903,956
2009	<u>7,989</u>
Total minimum lease payments	3,084,287
Less amount representing interest	<u>(275,910)</u>
Present value of minimum lease payments	<u>\$ 2,808,377</u>

#### *Florida Municipal Loan Council Revenue Bonds Series 2005D*

During fiscal year 2005, the Village issued Florida Municipal Loan Council Revenue Bonds, Series 2005D for the principal amount of \$1,495,000. The bonds carry a premium of \$4,143. The proceeds will be used for the purpose of constructing a library building and funding the interest on the bonds until April 1, 2006. The bonds are payable over 30 years with principal amounts ranging from \$30,000 to \$90,000 beginning in fiscal year 2008 and interest payments ranging from 3% to 5% beginning in fiscal year 2006.

# VILLAGE OF PALMETTO BAY, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

### NOTE 6. LONG-TERM DEBT (Continued)

#### *Florida Municipal Loan Council Revenue Bonds Series 2005D* (Continued)

The amortization of the \$1,495,000 obligation is as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Year ending September 30:			
2006	\$ -	\$ 33,459	\$ 33,459
2007	-	64,070	64,070
2008	30,000	63,620	93,620
2009	30,000	62,683	92,683
2010	30,000	61,707	91,707
2011-2015	165,000	293,152	458,152
2016-2020	200,000	259,984	459,984
2021-2025	245,000	211,900	456,900
2026-2030	315,000	145,150	460,150
2031-2035	390,000	65,700	455,700
2036	90,000	2,025	92,025
Total	<u>\$1,495,000</u>	<u>\$1,263,450</u>	<u>\$2,758,450</u>

### NOTE 7. 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. The contribution 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. The Village contributed approximately \$87,000 for the year ended September 30, 2005.

# VILLAGE OF PALMETTO BAY, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

### NOTE 8. COMMITMENTS AND CONTINGENCIES

#### *Municipal Service Trust Fund*

The Village is required to contribute municipal property tax revenues into a municipal service Trust Fund (MSTF) of the County. The MSTF will be utilized by the County to (1) maintain police services in the unincorporated areas proximate to the Village; and (2) to provide a municipal assistance retainer enabling the Village to obtain certain advice, expertise, training, financial planning and technological services, and other assistance from the County. The contribution ("Mitigation Payment") will vary yearly and is based on the Consumer Price Index and other calculations. The Mitigation Payment totaled \$1,482,000 for the year ended September 30, 2005.

#### *Quality Neighborhood Improvement Program (QNIP)*

The Village is required to pay the County its pro rata share for the Public Service Tax Revenue Bonds, Series 1999 issued prior to the Village's incorporation. The payment for the period ended September 30, 2005 was approximately \$190,000. The balance of the remaining payments are estimated to be relatively the same per year until the debt is liquidated in fiscal year 2023-2024.

#### *Litigation*

The Village is involved in several lawsuits incidental to its operations, the outcome of which, in the opinion of management and legal counsel, should not have a material adverse effect on the financial position of the Village.

#### *Risk Management*

The Village is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets, errors and omissions and natural disasters for which the Village carries commercial insurance. There were no settlements that exceeded coverage during the year.

#### *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 installments to the County. Payments are adjusted to accrue labor costs incurred and deducted from the gross revenues due the Village from Miami-Dade County. Payments for the services provided by the County are based on the level of staffing services requested by the Village utilizing the actual personnel costs of officers and equipment. The initial term of the agreement expires on June 30, 2006 and may be renewed for a period of up to five years. Payments for patrol services totaled approximately \$4,612,000 during fiscal year ended September 30, 2005.

# VILLAGE OF PALMETTO BAY, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

### NOTE 8. COMMITMENTS AND CONTINGENCIES (Continued)

#### *Agreement with Miami-Dade County for Specialized Police Services*

Effective June 1, 2003, the Village executed an agreement with Miami-Dade County for specialized police services. The payment for specialized police services during fiscal year ended September 30, 2005 was approximately \$363,000. A payment credit is provided to the Village based on the contribution made by Village residents in their countywide millage for specialized police services. This ensures that there is no double taxation to the residents of the Village. Payments for the services provided by the County for subsequent fiscal years shall be determined by the County based on factors detailed in the agreement. The initial term of the agreement expires in three years, unless otherwise terminated in accordance with the agreement, the agreement is automatically renewed for consecutive three year terms in perpetuity.

#### *Operating Lease*

On March 14, 2003, the Village executed a lease agreement for office space from May 1, 2003 for a period of ten years. An addendum to this agreement was executed on August 29, 2003 to provide for additional office space starting November 1, 2003. The Village is paying a base rent of \$12,160.66 per month. The lease is subject to a 10% rental increase on each three year anniversary. Utilities are not included in the rent.

The future minimum lease payments for this lease are as follows:

Year ending September 30:	
2006	\$ 152,008
2007	160,521
2008	160,521
2009	167,209
2010	176,573
2011-2013	<u>554,733</u>
Total	<u>\$1,371,564</u>

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**REQUIRED SUPPLEMENTARY INFORMATION**

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# VILLAGE OF PALMETTO BAY, FLORIDA

## BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

FISCAL YEAR ENDED SEPTEMBER 30, 2005

	<u>Budgeted Amounts</u>			Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Revenues:</b>				
Real and personal property taxes	\$ 4,950,645	\$ 4,950,645	\$ 4,883,257	\$ (67,388)
Utility taxes	1,727,000	1,727,000	1,674,087	(52,913)
Communication service tax	903,526	903,526	1,059,858	156,332
Franchise fees	855,000	855,000	828,052	(26,948)
Intergovernmental	2,408,336	2,408,336	3,129,705	721,369
Licenses and permits	725,000	725,000	895,229	170,229
Impact fees	1,000	1,000	1,772	772
Fines and forfeitures	122,000	122,000	151,388	29,388
Charges for services	143,000	143,000	80,713	(62,287)
Interest	35,000	35,000	207,249	172,249
Other	1,200	1,200	244,377	243,177
Revenue contingency	(250,000)	(250,000)	-	250,000
Total revenues	11,621,707	11,621,707	13,155,687	1,533,980
<b>Expenditures:</b>				
<b>Current:</b>				
<b>General government:</b>				
Village council	64,000	64,000	55,694	8,306
Village manager/clerk	468,675	481,842	478,836	3,006
Finance department	163,430	163,430	148,831	14,599
Village Attorney	225,000	262,421	262,418	3
Other general government	1,076,410	1,025,822	784,319	241,503
Total general government	1,997,515	1,997,515	1,730,098	267,417
Public safety	5,484,476	5,484,476	5,080,961	403,515
Public works	394,240	394,240	329,084	65,156
Community services	809,467	809,467	706,695	102,772
Community development (planning/zoning)	1,215,371	1,215,371	1,165,842	49,529
Mitigation/QNIP	1,720,638	1,720,638	1,671,767	48,871
Total expenditures	11,621,707	11,621,707	10,684,447	937,260
Excess of revenues over expenditures	-	-	2,471,240	2,471,240
<b>Other financing sources (uses):</b>				
Transfers out	(2,180,000)	(2,180,000)	(2,180,000)	-
Appropriation of prior years' fund balance	2,180,000	2,180,000	-	(2,180,000)
Total other financing sources (uses)	-	-	(2,180,000)	(2,180,000)
Net change in fund balance	\$ -	\$ -	\$ 291,240	\$ 291,240

See note to budgetary comparison schedule.

# VILLAGE OF PALMETTO BAY, FLORIDA

## NOTE TO BUDGETARY COMPARISON SCHEDULES

YEAR ENDED SEPTEMBER 30, 2004

### NOTE 1. BUDGETS AND BUDGETARY ACCOUNTING

The General Fund annual budget is adopted on a basis consistent with accounting principles generally accepted in the United States. Special Revenue Funds do not have adopted budgets.

- (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 operating 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 September 30th (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 at any time transfer any unencumbered appropriated balance or portion thereof between general classifications of expenditures within an office, department or agency. At the request of the Village Manager and within the last three months of the budget year, the Council may by ordinance transfer any unencumbered appropriated balance or portion thereof, from one office, department or agency to another.
- (5) Budgeted amounts are as originally adopted or as amended. No significant revisions to the budget were required in 2005.
- (6) Unencumbered appropriations lapse at year-end.

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## COMBINING STATEMENTS

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## **FIDUCIARY FUNDS**

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# VILLAGE OF PALMETTO BAY, FLORIDA

## COMBINING STATEMENT OF FIDUCIARY NET ASSETS FIDUCIARY FUNDS

SEPTEMBER 30, 2005

	Palmetto Bay Foundation (1)	Kenneth H. Robinson Memorial Trust Fund	Total Fiduciary Funds
<u>ASSETS</u>			
Cash	\$ <u>1,801</u>	\$ <u>1,924</u>	\$ <u>3,725</u>
<u>NET ASSETS</u>			
Net assets	\$ <u>1,801</u>	\$ <u>1,924</u>	\$ <u>3,725</u>

(1) Amounts reflected as of December 31, 2004, the date of the latest foundation year.

# VILLAGE OF PALMETTO BAY, FLORIDA

## COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS FIDUCIARY FUNDS

FISCAL YEAR ENDED SEPTEMBER 30, 2005

	Palmetto Bay Foundation (1)	Kenneth H. Robinson Memorial Trust Fund	Total Fiduciary Funds
Additions:			
Donations	\$ 1,801	\$ 11	\$ 1,812
Interest	<u>          -</u>	<u>          14</u>	<u>          14</u>
Total additions	<u>          1,801</u>	<u>              25</u>	<u>          1,826</u>
Net increase	1,801	25	1,826
Net assets, beginning	<u>          -</u>	<u>          1,899</u>	<u>          1,899</u>
Net assets, ending	<u>          \$ 1,801</u>	<u>          \$ 1,924</u>	<u>          \$ 3,725</u>

(1) Amounts reflected as of December 31, 2004, the date of the latest foundation year.

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**STATISTICAL SECTION**

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## 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.

<u>Contents</u>	<u>Page</u>
<b>Financial Trends</b>	
These schedules contain trend information to help the reader understand how the Village's financial performance and well-being have changed over time.	33-36
<b>Revenue Capacity</b>	
These schedules contain information to help the reader understand and assess the Village's most significant local revenue source, the property tax.	37-40
<b>Debt Capacity</b>	
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.	41-44
<b>Demographic and Economic Information</b>	
These schedules offer demographic and economic indicators to help the reader understand the environment within which the Village financial activities take place.	45-46
<b>Operating Information</b>	
These schedules contain service and infrastructure data to help the reader understand how the information in the city's financial reports relates to the services the Village provides and the activities it performs.	47-49

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# VILLAGE OF PALMETTO BAY

## NET ASSETS BY COMPONENT

LAST THREE FISCAL YEARS

(Accrual Basis of Accounting)

	Fiscal Year		
	<u>2003</u>	<u>2004</u>	<u>2005</u>
Governmental activities:			
Investment in capital assets, net of related debt	\$ 36,174	\$ 15,972,947	\$ 14,184,649
Restricted	-	-	1,298,518
Unrestricted	<u>4,417,263</u>	<u>6,199,324</u>	<u>9,894,528</u>
Total governmental activities net asset	<u>\$ 4,453,437</u>	<u>\$ 22,172,271</u>	<u>\$ 25,377,695</u>

Note: There are no business-type activities

\*GASB 34 is implemented this year. Only Fiscal Year 2004 is available.

# VILLAGE OF PALMETTO BAY, FLORIDA

## CHANGES IN NET ASSETS

LAST THREE FISCAL YEARS

(Accrual Basis of Accounting)

	Fiscal Year		
	2003	2004	2005
Expenses:			
Governmental activities:			
General government	\$ 1,161,167	\$ 1,510,663	\$ 2,258,132
Public safety	3,292,636	4,600,142	5,075,834
Public works	190,219	607,009	799,823
Community services	694,497	671,670	738,130
Planning and zoning	65,918	909,235	1,164,167
Mitigation/QNIP	1,864,041	1,645,521	1,671,767
Interest on long-term debt	-	-	19,150
Total governmental activities expenses	7,268,478	9,944,240	11,727,003
Program revenue:			
Governmental activities:			
Charge for services:			
Occupational licenses	94,000	90,370	87,433
Public safety	137,944	116,650	168,660
Planning and zoning	60,828	586,450	807,796
Community services	-	57,714	101,229
Operating grants and contributions	-	3,142	2,621,678
Capital grants and contributions	343,465	15,621,411	-
Total governmental activities programs revenues	636,237	16,475,737	3,786,796
Net (expense) revenue:			
Governmental activities	(6,632,241)	6,531,497	(7,940,207)
General revenues and other changes in net assets:			
Governmental activities:			
Taxes:			
Property taxes	4,224,785	4,465,261	4,883,257
Franchise taxes	900,000	800,967	828,052
Utility taxes	2,344,606	1,623,539	1,674,087
Communication taxes	1,470,541	795,085	1,059,858
Unrestricted intergovernmental revenue	2,094,780	3,424,556	2,246,412
Unrestricted Investment earnings	46,906	77,050	208,533
Miscellaneous	4,060	879	245,432
Total governmental activities	11,085,678	11,187,337	11,145,631
Change in net asset:			
Governmental activities	4,453,437	17,718,834	3,205,424
Total primary government	\$ 4,453,437	\$ 17,718,834	\$ 3,205,424

# VILLAGE OF PALMETTO BAY, FLORIDA

## FUND BALANCES - GOVERNMENTAL FUNDS

### LAST THREE FISCAL YEARS

(Modified Accrual Basis of Accounting)

	Fiscal Year		
	<u>2003</u>	<u>2004</u>	<u>2005</u>
General fund:			
Reserved	\$ -	\$ -	\$ -
Unreserved	3,989,133	5,479,997	5,769,338
Total general fund	<u>\$ 3,989,133</u>	<u>\$ 5,479,997</u>	<u>\$ 5,769,338</u>
All other governmental funds:			
Reserved	\$ -	\$ -	\$ 33,559
Unreserved, reported in:			
Special revenue funds	428,131	719,327	2,582,216
Capital projects funds	-	-	1,433,241
Debt service funds	-	-	-
Total all governmental funds	<u>\$ 428,131</u>	<u>\$ 719,327</u>	<u>\$ 4,049,016</u>

# VILLAGE OF PALMETTO BAY, FLORIDA

## CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS

LAST THREE FISCAL YEARS

(Modified Accrual Basis of Accounting)

	Fiscal Year		
	<u>2003</u>	<u>2004</u>	<u>2005</u>
Revenues:			
Property taxes	\$ 4,224,785	\$ 4,465,261	\$ 4,883,257
Utility taxes	2,344,606	1,623,539	1,674,087
Communication taxes	1,470,541	795,085	1,059,858
Franchise fees	900,000	800,967	828,052
Intergovernmental	2,094,780	3,424,556	4,868,090
Licenses and permits	154,828	674,435	895,229
Impact fees	343,465	40,281	22,288
Fines and forfeitures	137,944	117,850	166,888
Charges for services	-	58,899	80,713
Interest	46,906	77,050	208,533
Miscellaneous fees	4,060	4,018	245,432
Total revenues	<u>11,721,915</u>	<u>12,081,941</u>	<u>14,932,427</u>
Expenditures:			
General government	1,153,401	1,151,514	1,699,674
Public safety	3,292,636	4,594,747	5,066,538
Public work	190,219	576,370	788,776
Community services	694,496	671,670	699,809
Planning and zoning	65,918	909,235	1,163,352
Mitigation/QNIP	1,864,041	1,645,521	1,671,767
Capital outlay	89,075	855,722	4,358,682
Debt service	6,053	42,214	962,142
Total expenditures	<u>7,355,839</u>	<u>10,446,993</u>	<u>16,410,740</u>
Excess of revenues over (under) expenditures	<u>4,366,076</u>	<u>1,634,948</u>	<u>(1,478,313)</u>
Other financing sources (uses):			
Bond issue	-	-	1,499,143
Proceeds from capital leases	51,188	147,110	3,600,000
Total other financing sources (uses)	<u>51,188</u>	<u>147,110</u>	<u>5,099,143</u>
Net change in fund balances	<u>\$ 4,417,264</u>	<u>\$ 1,782,058</u>	<u>\$ 3,620,830</u>
Debt services as a percentage of noncapital expenditures	0.0833%	0.4401%	7.9832%

# VILLAGE OF PALMETTO BAY, FLORIDA

## ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY

LAST FISCAL YEAR

(Dollars Expressed in Thousands)

Fiscal Year	Real Property		Personal Property	Less Tax- Exempt Property	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Value	(1) Assessed Value as a % of Actual Value
	Residential	Commercial						
2004 (2)	\$2,151,379		\$ 71,180	\$ 323,274	\$ 1,899,285	2.447	N/A	N/A
2005	1,862,490	499,261	71,230	350,041	2,082,940	2.447	3,168,376	76.79%

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

Information not available for fiscal year 2003

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

(1) Includes tax-exempt property.

(2) Detail not available.

N/A - Not available.

# VILLAGE OF PALMETTO BAY, FLORIDA

## PROPERTY TAX RATES

### DIRECT AND OVERLAPPING GOVERNMENTS

#### LAST THREE FISCAL YEARS

Fiscal Year	Village of Palmetto Bay Direct Rates		Overlapping Rates				Total Millage
	Basic Rate	Total Direct	School District	State Rates	Miami- Dade County	Special District Millages	
2003	2.4470	2.4470	9.1000	0.7355	6.2540	3.6470	22.1835
2004	2.4470	2.4470	8.6870	0.7355	6.2200	3.5912	21.6807
2005	2.4470	2.4470	8.4380	0.7355	6.1200	3.5758	21.3163

Information Obtained from Miami-Dade County Department of Property Appraisal

# VILLAGE OF PALMETTO BAY, FLORIDA

## PRINCIPAL PROPERTY TAXPAYERS

SEPTEMBER 30, 2005

<u>Taxpayer</u>	<u>Type of Business</u>	<u>Taxable Assessed Value</u>	<u>Rank</u>	<u>Percentage of Total City Taxable Assessed Value</u>
Brandsmart USA	Retail Outlet	\$ 24,324,981	1	1.21%
Metropolitan Life Insurance	Retail Outlet	21,805,507	2	1.08%
17777 Old Cutler RD LLC	Office Building	17,159,234	3	0.85%
AutoNation USA Corp.	Automobile Dealer	10,719,686	4	0.53%
KC Partnership	Automobile Dealer	10,100,407	5	0.50%
Florida Power & Light	Utility	10,058,844	6	0.50%
Royal Coast Apartments Assoc. Ltd.	Multifamily	8,511,985	7	0.42%
Gramercy Park Nursing Care Ctr	Health Care	7,638,511	8	0.38%
Coral Colony Associates	Multifamily	6,415,482	9	0.32%
SunTrust Bank	Retail Outlet	6,388,995	10	0.32%
		<u>\$ 123,123,632</u>		6.11%

(1) The total taxable assessed valuation of taxable property taken from the 2004 tax roll is

\$ 2,014,317,979

Prior years information not available.

# VILLAGE OF PALMETTO BAY, FLORIDA

## PROPERTY TAX LEVIES AND COLLECTIONS

### LAST TWO FISCAL YEARS

Fiscal Year	(1) Total Tax <u>Levy</u>	(2) Current Tax <u>Collections</u>	Percent of Current Taxes <u>Collected</u>	(2) Delinquent Tax <u>Collections</u>	Total Tax <u>Collections</u>	Ratio of Total Tax Collection to	(3) Outstanding Delinquent <u>Taxes</u>	Ratio of Delinquent Taxes to
						Total Tax <u>Levy</u>		Total Tax <u>Levy</u>
2004	\$ 4,647,551	\$ 4,465,261	96.1%	\$ -	\$ 4,465,261	96.1%	\$ 82,348	1.8%
2005	5,105,943	4,883,257	95.6%	-	4,883,257	95.6%	44,458	0.9%

(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.

# VILLAGE OF PALMETTO BAY, FLORIDA

## RATIOS OF OUTSTANDING DEBT - BY TYPE

LAST THREE FISCAL YEARS

<u>Fiscal</u> <u>Year</u>	<u>Special</u> <u>Revenue</u> <u>Bonds</u>	<u>Percentage</u> <u>of Actual</u> <u>Property</u> <u>Value</u>	<u>(1)</u> <u>Per</u> <u>Capita</u>	<u>Capital</u> <u>Leases</u>
2003	\$ -	0.00%	0.00	\$ 45,135
2004	-	0.00%	0.00	151,369
2005	1,466,700	0.05%	59.15	2,808,377

Note: Details regarding the Village's outstanding debt can be found in Note 6 of the financial statements.

Personal income information is not available for the Village of Palmetto Bay.

(1) See the Schedule E-1 for Demographic and Economic Statistics.

The Village has no General Obligation Bonds.

# VILLAGE OF PALMETTO BAY, FLORIDA

## DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT

SEPTEMBER 30, 2005

(Dollars Expressed in Thousands)

	Net General Obligation Bonded Debt <u>Outstanding</u>	Percentage Applicable to Village of Palmetto Bay	Amount Applicable to Village of Palmetto Bay
School Board of Miami-Dade County	\$ 498,794	1.00%	\$ 4,988
Miami-Dade County (1)	<u>500,362</u>	<u>1.00%</u>	<u>5,004</u>
	<u>\$ 999,156</u>	<u>0.00%</u>	<u>\$ 9,992</u>

(1) Information obtained from Miami-Dade County, Florida's Finance Department.

# VILLAGE OF PALMETTO BAY, FLORIDA

## LEGAL DEBT MARGIN INFORMATION

LAST THREE FISCAL YEARS

(Dollars Expressed in Thousands)

	Fiscal Year		
	2003 (1)	2004	2005
Debt limit	\$ -	\$ 107,569	\$ 121,649
Total net debt applicable to limit	-	-	1,467
Legal debt margin	\$ -	\$ 107,569	\$ 120,182
Total net debt applicable to the limit as a percentage of debt limit		0.00%	1.21%

### Legal Debt Margin Calculation for Fiscal Year 2005

Assessed value	\$ 2,082,940
Add back: exempt property	350,041
Total assessed value	2,432,981
Debt limit (5% of total assessed value)	121,649
Debt applicable to limit:	
Special revenue bonds	1,467
Legal debt margin	\$ 120,182

(1) Information not available for fiscal year 2003

The Village of Palmetto Bay has set a total debt limit of 5% of the property tax base.

# VILLAGE OF PALMETTO BAY, FLORIDA

## PLEDGED-REVENUE COVERAGE

LAST FISCAL YEAR

(Dollars Expressed in Thousands)

<u>Fiscal Year</u>	Gross Revenue	<u>Debt Service Requirements</u>		<u>Total</u>	<u>Coverage</u>
		<u>Principal</u>	<u>Interest</u>		
2005	\$0	\$0	\$0	\$0	0.00

NOTE: The special revenue bonds were issued September 2005.

# VILLAGE OF PALMETTO BAY, FLORIDA

## DEMOGRAPHIC AND ECONOMIC STATISTICS

LAST THREE FISCAL YEARS

<u>Year</u>	(2) <u>Population</u>	(1) Personal Income (Thousands of Dollars)	(1) Per Capita Income	(4) Public School Enrollment	(3) Unemployment Rate
2003	24,789	\$ 64,461	\$ 27,593	3,975	5.9%
2004	24,903	N/A	N/A	3,933	5.4%
2005	24,795	N/A	N/A	3,968	4.3%

N/A Information not available for year indicated.

Note: Information not available for Median Age and Education Level.

- (1) Amounts presented are for Miami-Dade County, obtained from the U.S. Department of Commerce.
- (2) Population for Village of Palmetto Bay obtained from Bureau of Economic and Business Research, University of Florida.
- (3) Rates presented are for Miami-Dade County, obtained from the U.S. Department of Labor.
- (4) Enrollment numbers obtained from Miami-Dade Public Schools.

# VILLAGE OF PALMETTO BAY, FLORIDA

## PRINCIPAL EMPLOYERS

SEPTEMBER 30, 2005

<u>Employer</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>
South Motors	592	1	N/A
Publix Supermarket	350	2	N/A
Brandsmart	200	3	N/A
World Ford Kendall	140	4	N/A
Westminster Christian School	135	5	N/A
Palmer Trinity Christian School	120	6	N/A
Marshall's	119	7	N/A
Maroone Nissan of Kendall	110	8	N/A
Dade Jeep Chrysler Plymouth	100	9	N/A
McDonalds	<u>100</u>	10	N/A
	<u>1,966</u>		

Total employment is not available for the area.

# VILLAGE OF PALMETTO BAY, FLORIDA

## CITY GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAMS

LAST THREE FISCAL YEARS

	Fiscal Year					
	2003		2004		2005	
	Full Time	Part Time	Full Time	Part Time	Full Time	Part Time
Manager/clerk	N/A	N/A	5	0	5	0
Finance	N/A	N/A	1	1	1	1
Community development	N/A	N/A	2	1	2	1
Community services	N/A	N/A	3	9	3	9
Public work	N/A	N/A	4	0	4	0
Total employees	0	0	15	11	15	11

# VILLAGE OF PALMETTO BAY, FLORIDA

## OPERATING INDICATORS BY FUNCTION/PROGRAM-STATISTICAL

LAST THREE FISCAL YEARS

	Fiscal Year		
	<u>2003</u>	<u>2004</u>	<u>2005</u>
Police (1):			
Physical arrests	284**	419	394
Juvenile arrests	8**	20	35
Traffic violations	N/A	N/A	5216*
Culture and recreation:			
Park rentals	0	98	141
Building permits:			
Permits issued	N/A	3,203	5,039
Inspections	N/A	5,368	7,470

(1) Reported on a calendar bases

\* For the period January - September 05

\*\* For July - December 03

# VILLAGE OF PALMETTO BAY, FLORIDA

## CAPITAL ASSETS STATISTICS BY FUNCTION/PROGRAM-STATISTICAL

LAST THREE FISCAL YEARS

	Fiscal Year		
	<u>2003</u>	<u>2004</u>	<u>2005</u>
Police:			
Station	-	1	1
Patrol units	42	42	42
Public works:			
Streets (miles)	118	118	118
Traffic signals	29	29	29
Parks and recreation:			
Acreage	60.00	70.50	81.50
Parks	3	4	5
Playgrounds	2	2	2
Tennis court	8	8	8
Racquetball courts	8	8	8
Basketball courts	2	2	2
Football fields	2	2	2
Baseball fields	5	5	5
Community centers	2	2	2

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## **COMPLIANCE SECTION**

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**Report of Independent Certified Public Accountants on Compliance and Other Matters and on  
Internal Control over Financial Reporting 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 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 September 30, 2005 and for the period then ended, which collectively comprise the Village's basic financial statements, and have issued our report dated March 2, 2006. We conducted our audit in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the Village's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the basic financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Village's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance 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 non-compliance and other matters that are required to be reported under *Government Auditing Standards*.

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

This report is intended solely for the information and use of the Mayor, Village Council, management and regulatory agencies, and is not intended to be and should not be used by anyone other than these specified parties.

*Rachlin Cohen & Holtz LLP*

Miami, Florida  
March 2, 2006

**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

We have audited 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 period then ended September 30, 2005 which collectively comprise the Village's basic financial statements, and have issued our report thereon dated March 2, 2006. We conducted our audit in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. We have issued our Report of Independent Certified Public Accountants on Compliance and Other Matters and on Internal Control over Financial Reporting. Disclosures in that report, which are dated March 2, 2006, should be considered in conjunction with this management letter.

In connection with our audit of basic financial statements of the Village for the year ended September 30, 2005, we report the following in accordance with Chapter 10.550 Rules of the Auditor General, *Local Government Entity Audits*, which requires that this report specifically address but not be limited to the matters outlined in Rule 10.554(1)(h):

1. There were no significant findings or recommendations made in the preceding financial audit report.
2. The Village was in compliance with Section 218.415, Florida Statutes, regarding the investment of public funds.
3. There are no recommendations to improve the Village's present financial management, accounting procedures, and internal controls.
4. During the course of our audit, other than matters that are clearly inconsequential considering both quantitative and qualitative factors, nothing came to our attention that caused us to believe that the Village:
  - a. Was in violation of any laws, rules or regulations and contractual provisions or abuse that have occurred, or were likely to have occurred, or were discovered within the scope of the audit.

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

- a. Made any illegal or improper expenditures that were discovered within the scope of the audit that may materially affect the financial statements.
  - b. Had deficiencies in internal control that are reportable conditions including but not limited to:
    - (1) Improper or inadequate accounting procedures
    - (2) Failures to properly record financial transactions
    - (3) Other inaccuracies, shortages, defalcations, and instances of fraud discovered by, or that came to the attention of the auditor.
5. The Village of Palmetto Bay, Florida was incorporated in accordance with the Laws of the State of Florida and the Home Rule Charter of Miami-Dade County on September 11, 2002. There were no component units related to the Village.
6. a. The Village, during fiscal year 2005, did not meet any of the specific conditions described in Florida Statutes 218.503(1).
- b. The annual financial report for the fiscal year ended September 30, 2005 has been filed with the Department of Financial Services pursuant to Section 218.32(1)(a), Florida Statutes and is in agreement with the audited financial statements for the fiscal year ended September 30, 2005.
- c. During the course of our audit, we applied financial condition assessment procedures pursuant to Rule 10.566(8). It is management's responsibility to monitor the Village's financial condition, and our financial condition assessment, which was performed as of the Village's fiscal year end, was based on representations made by management and the review of financial information provided by the Village. There were no findings that identified deteriorating financial conditions.

This report is intended solely for the information and use of the Mayor, Village Council, management 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.

*Rachlin Cohen & Holtz LLP*

Miami, Florida  
March 2, 2006