



Village of Palmetto Bay



Council

Residents



Comprehensive Annual Financial Report



For the Fiscal Year
Ending September 30, 2019

Staff

Teamwork

VILLAGE OF PALMETTO BAY, FLORIDA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED

SEPTEMBER 30, 2019

Prepared By
The Village of Palmetto Bay Finance Department

VILLAGE OF PALMETTO BAY, FLORIDA

TABLE OF CONTENTS

	<u>Page</u>
I. INTRODUCTORY SECTION (UNAUDITED)	
Letter of Transmittal	i-iv
Elected and Appointed Officials	v
Organizational Chart	vi
Certificate of Achievement for Excellence in Financial Reporting	vii
II. FINANCIAL SECTION	
Independent Auditors' Report	1-2
Management's Discussion and Analysis (Unaudited)	3-11
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Position	12
Statement of Activities	13
Fund Financial Statements:	
Balance Sheet – Governmental Funds	14
Reconciliation of the Balance Sheet to the Statement of Net Position-Governmental Funds	15
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	16
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	17
Notes to Basic Financial Statements	18-31
Required Supplementary Information: (Unaudited)	
Budgetary Comparison Schedule:	
General Fund	32
Notes to Budgetary Comparison Schedule	33
Combining Financial Statements:	
Combining Balance Sheet – Nonmajor Governmental Funds	34
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Governmental Funds	35

VILLAGE OF PALMETTO BAY, FLORIDA

TABLE OF CONTENTS (CONTINUED)

	<u>Page</u>
III. STATISTICAL SECTION (UNAUDITED)	
Net Position by Component	36
Changes in Net Position	37
Fund Balances by Governmental Funds	38
Changes in Fund Balances of Governmental Funds	39
Net Assessed Value and Estimated Actual Value of Taxable Property	40
Property Tax Rates – Direct and Overlapping Governments	41
Principal Property Taxpayers – Current Year and Ten Years Ago	42
Property Tax Levies and Collections	43
Ratios of Outstanding Debt by Type	44
Direct and Overlapping Governmental Activities Debt	45
Legal Debt Service Margin Information	46
Pledged Revenue Coverage	47
Demographic and Economic Statistics	48
Principal Employers – Current Year and Ten Years Ago	49
Employees by Function/Program	50
Operating Indicators by Function/Program	51
Capital Asset Statistics by Function/Program	52
IV. COMPLIANCE SECTION	
Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	53-54
Management Letter in Accordance with the Rules of the Auditor General of the State of Florida	55-56
Independent Auditors' Report on Compliance with Requirements of Section 218.415, Florida Statutes	57

INTRODUCTORY SECTION



May 20, 2020

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

State law requires that all general-purpose local governments publish within nine months of the close of each fiscal year, a complete set of financial statements presented in conformity with accounting principles generally accepted in the United States of America (GAAP) and audited in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards* by a firm of licensed certified public accountants. Additionally, the Village's charter requires an annual independent audit of the books of accounts, financial records and transactions of all departments of the Village by independent certified public accountants. Pursuant to these requirements, we hereby issue the Comprehensive Annual Financial Report (CAFR) of the Village of Palmetto Bay for the fiscal year ended September 30, 2019.

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 the information presented in this report. To provide a reasonable basis for making these representations, management of the Village has established a comprehensive internal control framework that is designed both to protect the Village's assets from loss, theft or misuse, and to compile sufficient reliable information for the preparation of the Village of Palmetto Bay's financial statements in conformity with GAAP. The Village's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The Village's financial statements have been audited by Morrison, Brown, Argiz & Farra, LLC, 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, 2019, 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 unmodified opinion that the Village of Palmetto Bay's financial statements for the fiscal year ended September 30, 2019 are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

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

Profile of the Government

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

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

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

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

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

Factors Affecting Financial Condition

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

Local Economy

The Village of Palmetto Bay is a medium-sized municipality serving approximately 24,000 citizens. Most of the Village's ad valorem taxes are derived from its residential properties with an average taxable value for fiscal year 2019 of \$294,034, which is a 4.64% increase from prior year. The average County residential taxable value is \$233,358. Total property values for the Village increased by 4.3%. The foundation of Palmetto Bay is its low-density residential development that serves as housing for employment centers north of the Village. Commercial and office uses are primarily oriented towards the U.S. 1 corridor and consists of ten major auto dealerships, several large-box retailers, retail shopping plazas, and multiple office buildings. Two other concentrations of commercial uses are in the eastern portion of the Village and include retail service uses and a class A office park development. The latest U.S. Census classifies the Village residents as middle to upper-middle class. The Village residents support the local businesses which results in a stable local economy.

Long-Term Financial Planning and Major Initiatives

The Village has approved a zoning district encompassing 330 acres known as the Franjo Triangle and U.S. 1 Island area. The mixed-use district includes commercial, office and residential users. The County completed in 2014 a water and sewer infrastructure expansion project along the U.S 1 corridor that will assist in attracting developers to the area. In 2013 the Village Manager formed a Downtown Redevelopment Task Force (DRTF). The DRTF was made of residents, business owners, and developers. The DRFT was directed to study the commercial area and make recommendations based upon what was economically feasible. The new land use and zoning ordinances were written based upon a form base code with incentives. The Village is one of the first in Florida to write land use and zoning codes based on a form base code and as result won an award from the Florida Planning and Zoning Association for the process. As a result of the new codes the Village has received numerous inquiries from developers with eight projects in the planning stages worth about \$900,000,000 in new development. Among the planned development in Downtown is a mixed-use development sitting along the Village's Downtown Main Street. This development is composed of a selective service hotel, residential units with a commercial retail liner on the ground floor and a parking garage structure. The first completed project is mixed use project including 271 residential units with commercial retail on the ground floor, valued at \$60,000,000. This project was completed in 2019 and is fully operational. Another project on the U.S. 1 corridor with 210 units valued at \$55,000,000 is to be completed in early 2020.

The Village has been approved for a \$7,500,000 grant from the County for Main Street Infrastructure Improvement Project. The intent of the project is to create a pedestrian and bicycle friendly street network. The Main Street construction project includes two phases, one phase for the development of the Main Street and the other is the development of arterial streets which help complete connectivity in the Downtown area. The project is expected to be completed in early summer of 2020. The Village purchased a parcel of land in the heart of downtown, adjacent to Palmetto Bay park and it is intended to house the Village's Community Center and Retail Complex. A committee has been formed to determine the scope and uses for the future community center. The downtown area has spurred development for various mixed-use developments including commercial and residential units. The Village's Downtown is rapidly becoming a hub for new business, from building retrofits into shared office spaces to outdoor entertainment spaces for the community to gather. Palmetto Bay's Downtown revitalization is underway, sparking interest for development while the Village's new development code rolls out to prepare for an adequate and well-planned Downtown.

Financial Policies

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

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

Pension Benefits

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

Awards and Acknowledgments

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Village of Palmetto Bay for its CAFR for the fiscal year ended September 30, 2018. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized CAFR. This report must satisfy both GAAP and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR continues to meet the Certificate of Achievement Program’s requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

The preparation of the CAFR on a timely basis was made possible by the dedicated service of the entire staff of the Finance Department. Each member of the department has our sincere appreciation for the contributions made in preparation of this report. We also wish to recognize the assistance provided by the firm of Morrison, Brown, Argiz & Farra, LLC.

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

Sincerely,



Gregory Truitt, Interim Village Manager



Desmond Chin, Finance Director

Village of Palmetto Bay, Florida
ELECTED AND APPOINTED OFFICIALS

SEPTEMBER 30, 2019

VILLAGE COUNCIL

Mayor	Karyn Cunningham
Vice Mayor	John DuBois
Council Member	Patrick Fiore
Council Member	David Singer
Council Member	Marsha Matson

INTERIM VILLAGE MANAGER

Gregory Truitt

VILLAGE ATTORNEY

John Dellagloria

VILLAGE CLERK

Missel Arocha

FINANCE DIRECTOR

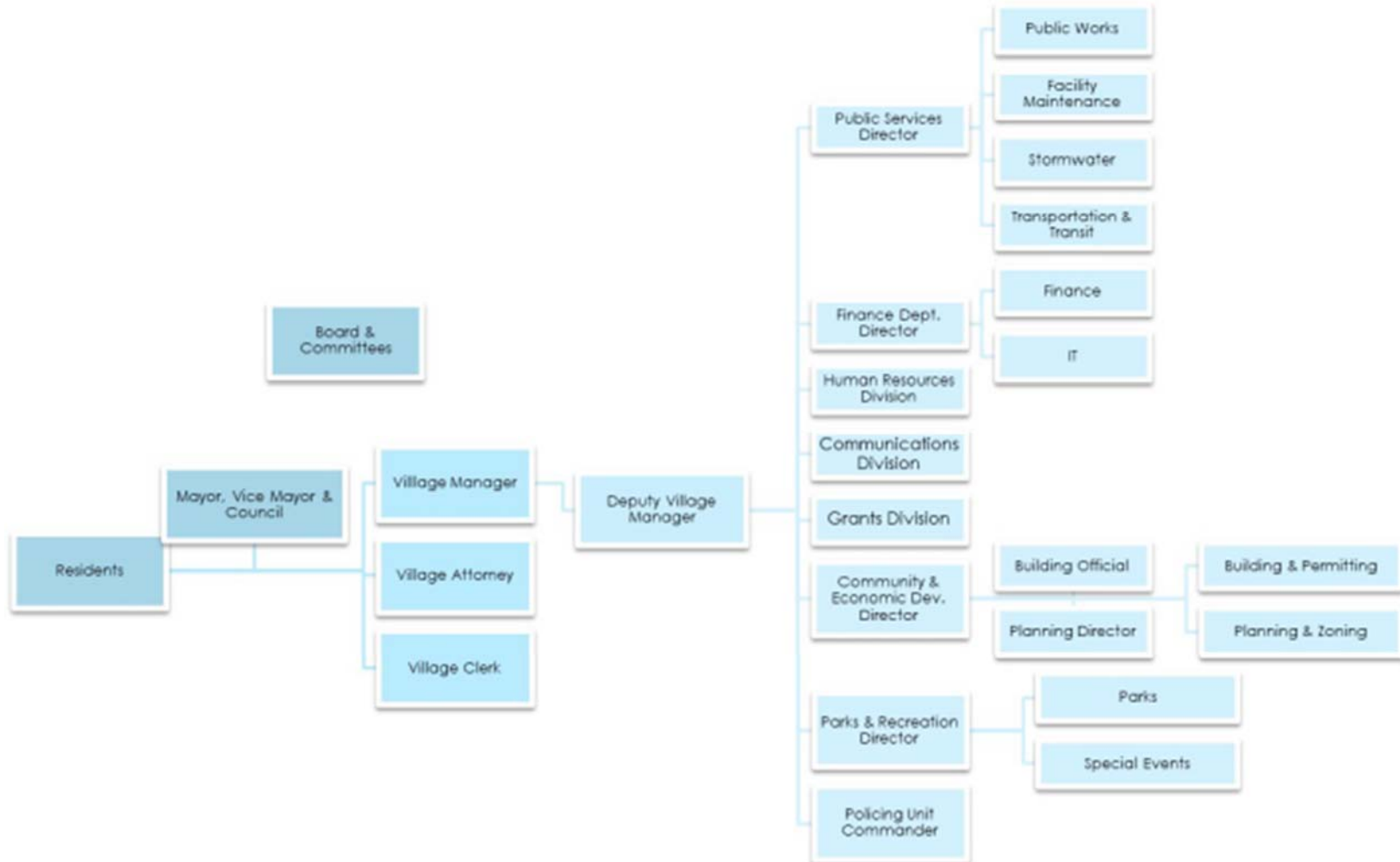
Desmond Chin, CPA

VILLAGE AUDITORS

Morrison, Brown, Argiz & Farra, LLC
Certified Public Accountants & Advisors

VILLAGE OF PALMETTO BAY, FLORIDA

ORGANIZATIONAL CHART
SEPTEMBER 30, 2019





Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**Village of Palmetto Bay
Florida**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

September 30, 2018

Christopher P. Morill

Executive Director/CEO

FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Village of Palmetto Bay, Florida (the "Village"), as of and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Village as of September 30, 2019, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As further discussed in Note 10, the Village is subject to the current economic and health conditions in the United States, including the coronavirus which was designated as a global pandemic by the World Health Organization on March 11, 2020. Management is currently assessing the impact of these conditions, however, the ultimate outcome is not known as of the date these financial statements were available to be issued. Our opinion is not modified with respect to this matter.



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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, and Budgetary Comparison Schedule on pages 3–11 and 32–33, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 20, 2020, on our consideration of the Village's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.

Monison, Brown, Ariz & Tana

Miami, Florida
May 20, 2020

**MANAGEMENT'S DISCUSSION AND ANALYSIS
(REQUIRED SUPPLEMENTARY INFORMATION)**

VILLAGE OF PALMETTO BAY, FLORIDA

MANAGEMENT'S DISCUSSION AND ANALYSIS SEPTEMBER 30, 2019

As management of the Village of Palmetto Bay (the "Village"), we offer readers of the Village's financial statements this narrative overview and analysis of the financial activities of the Village for the fiscal year ended September 30, 2019.

Financial Highlights

- The assets of the Village exceeded its liabilities at the close of the most recent fiscal year by \$60,311,446 (net position). Of this amount, \$14,980,195 (*unrestricted net position*) may be used to meet the Village's ongoing obligations to citizens and creditors. The balance, \$45,331,251 is comprised of net investment in capital assets of \$41,339,531 and restricted assets of \$3,991,720.
- The Village's net position of governmental activities increased by \$2,921,612. This increase is attributable to changes in the Village's only fund category, the governmental fund. Detailed changes are explained later under Governmental Activities.
- As of the close of the current fiscal year, the Village's governmental funds reported combined ending fund balances of \$18,052,981, a decrease of \$2,633,479 in comparison with the prior year. The decrease is due to a restatement to the prior period, as explained in Note 2, of (\$544,159) and the net change in fund balance of (\$2,089,320). Approximately 58% of ending fund balance or \$10,583,007 is from the General Fund and available for spending at the Village's discretion.
- At the end of the reporting period, unassigned fund balance for the General Fund was \$10,486,940, or approximately 71% of total General Fund expenditures.

Overview of the Financial Statements

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

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

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

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

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

VILLAGE OF PALMETTO BAY, FLORIDA

MANAGEMENT'S DISCUSSION AND ANALYSIS SEPTEMBER 30, 2019

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

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

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

The Village maintains four governmental fund types: General Fund, Special Revenue Fund, Debt Service Fund and 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 Governmental Fund Balance Sheet and Statement of Revenues, Expenditures and Changes in Fund Balance is made up of, General Fund, Special Revenue Funds, Capital Projects Fund and Non-Major Funds. The Non-Major Governmental Funds combining statements consists of; four Special Revenue Funds (Stormwater, Law Enforcement Trust Fund, False Alarm Fund and Art in Public Places Fund), Debt Service Fund and the Palmetto Bay Foundation (the "*Foundation*"), which is a component unit. A description of the Foundation is found in the notes to the financial statements on page 18, and the combining statements can be found on pages 34 and 35.

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

The basic governmental fund financial statements can be found on pages 14 to 17 of this report.

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

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the Village's case, assets exceeded liabilities by \$60,311,446 at the close of the most recent fiscal year.

VILLAGE OF PALMETTO BAY, FLORIDA

MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2019

The largest portion of the Village's net position, \$41,339,531 or approximately 69%, reflects its investment in capital assets (e.g., land, buildings, furniture and equipment), less any related debt used to acquire those assets that is still outstanding. The Village uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. The debt related to these assets amounts to \$14,847,783, and it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The remaining balance of net position, \$18,971,915, may be used to meet the government's ongoing obligations to citizen's and creditors.

Village of Palmetto Bay's Net position

	September 30,	
	2019	2018
Current Assets	\$ 23,046,302	\$ 23,162,103
Capital Assets, net	57,149,609	52,484,451
Total Assets	80,195,911	75,646,554
Deferred Amount on Refunding of Bonds	60,612	65,632
Total Deferred Outflows of Resources	60,612	65,632
Long-Term Liabilities Outstanding	14,117,792	15,846,709
Other Liabilities	5,324,553	2,475,643
Total Liabilities	19,442,345	18,322,352
Unearned Franchise Fees	502,732	-
Total Deferred Inflows of Resources	502,732	-
Net Position:		
Net Investment in Capital Assets	41,339,531	37,879,325
Restricted for:		
Transportation Operations and Maintenance	2,740,023	3,609,262
Permitting	300,759	1,045,393
Debt Service	941,498	921,107
Charitable and Educational Projects	6,667	6,662
Police Equipment and Training	2,773	1,657
Unrestricted	14,980,195	13,926,428
Total Net Position	\$ 60,311,446	\$ 57,389,834

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

VILLAGE OF PALMETTO BAY, FLORIDA

MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2019

Governmental Activities. The Village's Governmental Funds net position increased by a total of \$2,921,612, net of a prior period adjustment of \$544,159 (Note 2), during the current fiscal year. Current Assets remained about equal to prior year. Capital Assets increased \$4,665,158 mainly due to the Village's \$10,000,000 main street project which is about 50% complete and being funded mainly by a \$7,500,00 County grant. Deferred Outflows decreased \$5,020 as the bond refunding expense is amortized over the life of the bonds. Liabilities increased \$1,119,993 mainly due to Other Liabilities increasing \$2,848,910 due to year end accounts payables, which was offset by the amortization of long-term debt of \$1,728,917. The Village corrected the recording of Franchise fees from arrears to prepaid resulting in Deferred Inflows of \$502,732.

Village of Palmetto Bay's Net Changes in Net Position

	Fiscal Year	
	2019	2018
Revenues:		
Program Revenues:		
Charges for Services	\$ 4,518,955	\$ 5,172,078
Operating Grants and Contributions	2,538,460	2,055,984
Capital Grants and Contributions	3,617,708	1,886,616
General Revenues:		
Property Taxes	6,311,243	6,280,596
Utility Taxes	2,504,675	2,476,087
Communications Service Tax	903,794	1,122,791
Franchise Fees	795,525	816,239
Unrestricted Intergovernmental Revenues	2,418,059	2,482,841
Unrestricted Interest Earnings	227,869	202,985
Miscellaneous	1,333,963	807,961
Total Revenues	<u>25,170,251</u>	<u>23,304,178</u>
Expenses:		
General Government	3,574,073	3,417,848
Building Permitting	2,765,502	2,101,149
Public Safety	8,089,316	7,640,492
Public Assistance	16,473	1,765,431
Public Works	3,138,825	2,108,425
Parks and Recreation	3,409,247	2,685,465
Interest on long-term debt	711,044	667,295
Total Expenses	<u>21,704,480</u>	<u>20,386,105</u>
Change in Net Position of Governmental Activities	<u>3,465,771</u>	<u>2,918,073</u>
Net Position, Beginning	57,389,834	54,471,761
Adjustment to Beginning Net Position (See Note 2)	(544,159)	-
Net Position, Beginning (Restated)	<u>56,845,675</u>	<u>-</u>
Net Position, Ending	<u>\$ 60,311,446</u>	<u>\$ 57,389,834</u>

VILLAGE OF PALMETTO BAY, FLORIDA

MANAGEMENT'S DISCUSSION AND ANALYSIS SEPTEMBER 30, 2019

Revenues:

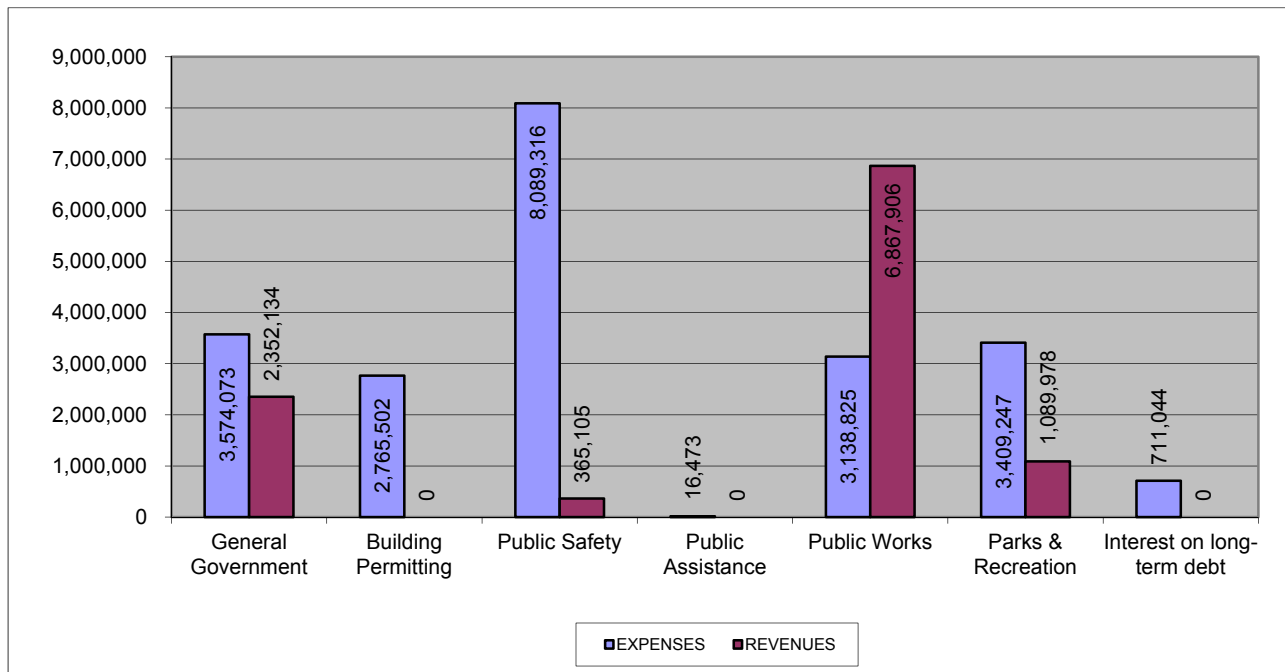
Total revenues increased \$1,866,073 from FY 2018 revenues to a total of \$25,170,251 for FY 2019. The major components are as follows:

- Taxes of \$9,719,712 comprised 39% of total revenues in the current fiscal year. Most of this category is property taxes of \$6,311,243. Property assessed values increased 4.3%. The Village decreased the millage rate from 2.3292 to 2.2387 per \$1,000 of assessed taxable value for fiscal year 2019 which resulted in a nominal increase in collections of \$30,647. In total, Taxes decreased \$159,762 mainly from Communication Services taxes which decreased \$218,997, and Utility taxes increased \$28,588.
- Grants and Contributions were \$6,156,168 or 24% of total revenues. An increase of \$2,213,568 over prior year is mainly due to capital grant receipts for the main street project.
- Charges for services totaled \$4,518,955 or 18% of total revenues. There was a decrease of \$653,123 mainly due to Public Works Storm water charges decreasing \$507,185 from less grants.
- Franchise fees decreased \$20,714 which is affected by electrical usage and property taxes paid by Florida Power and Light (FPL). Due to the renewal of the FPL agreement and a change in payments from prepaid to arrears there is a prior period adjustment discussed in Note 2.
- Miscellaneous Income increased \$526,002.

Expenses:

- Village expenses increased a total of \$1,318,375; mainly due to \$1,030,400 in Public Works expenses for the Village main street project. Building Permits increased \$664,353 due to new development in the Village. Parks and Recreation increased \$723,782 due to increased park amenities.
- Public Assistance decreased \$1,748,958 due to the expenses from Hurricane Irma in fiscal year 2018.

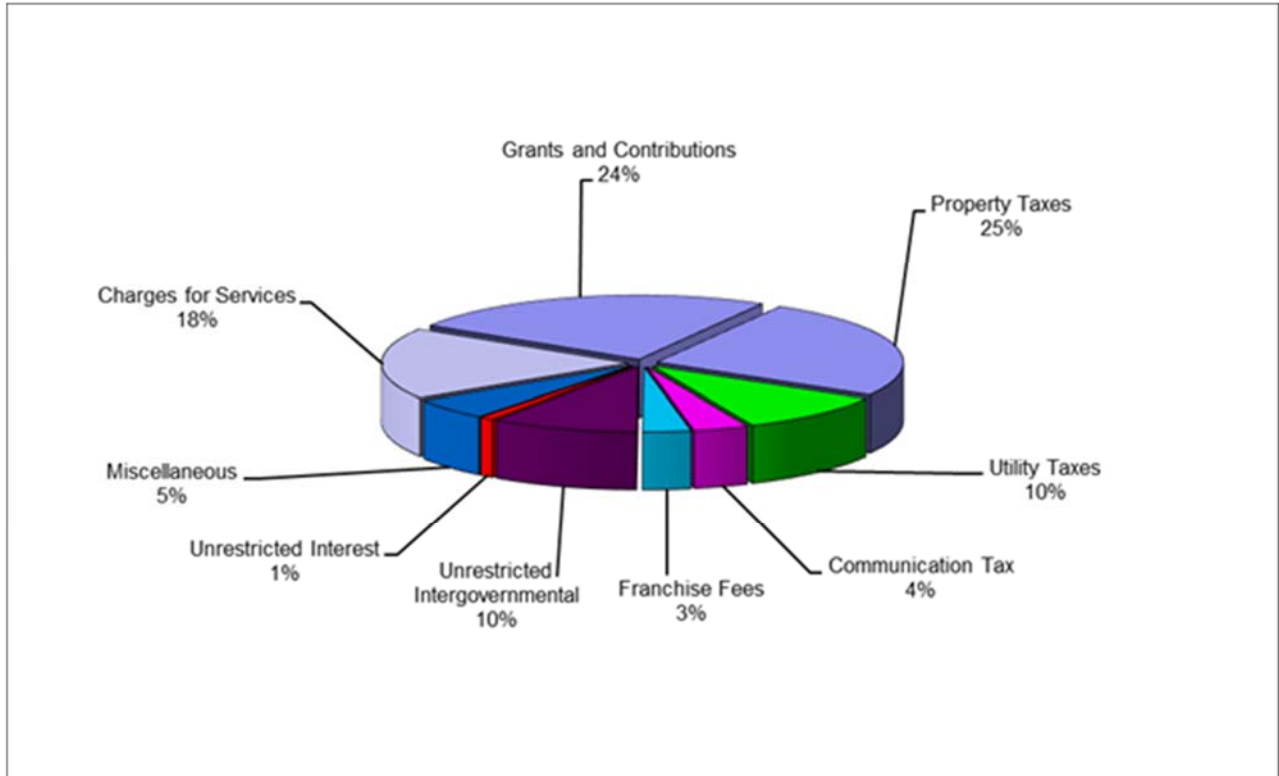
Expenses and Program Revenues – Governmental Activities



VILLAGE OF PALMETTO BAY, FLORIDA

MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2019

Revenues by Source – Governmental Activities



Financial Analysis of the Government's Funds

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

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

As of the end of the current fiscal year, the Village's governmental funds reported combined ending fund balances of \$18,052,981, a decrease of \$2,633,479, which includes a prior period adjustment of (\$544,159) in comparison with the prior year. Approximately 58% of the ending fund balance or \$10,486,940 constitutes unassigned fund balance, which is available for spending at the Village's discretion.

VILLAGE OF PALMETTO BAY, FLORIDA

MANAGEMENT'S DISCUSSION AND ANALYSIS SEPTEMBER 30, 2019

The General Fund is the chief operating fund of the Village. At the end of the current fiscal year, fund balance of the general fund was \$10,583,007, of which \$10,486,940 is unassigned. As a measure of the general fund's liquidity, it may be useful to compare both the unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 71% of total general fund expenditures, while total fund balance represents 71% of that same amount. The General Fund had a Net Change in Fund Balance of \$24,712 before a prior period adjustment of (\$544,159) resulting in a decrease in fund balance of (\$519,447). The Net Change in Fund Balance was a result of an operating surplus of \$175,997 and transfer outs of \$151,285. This was due mainly due to increases in Fines and Forfeitures of \$204,869 and Miscellaneous Income of \$149,257.

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

The Transportation Fund is used to account for the various fuel and transportation taxes that are restricted to the maintenance and improvement of the Village's roadways. The decrease in the ending fund balance of \$853,738 is due to work in progress on the Village's main street project.

The Grants Fund is used to account for and track the expenditures of the approximately 10 grants and impact fees. The increase in fund balance of \$1,269,343 is mainly due to County funding of the Village main street project.

The Building Fund is used to account for permit receipts and expenditures according to Florida Statute 553.80. The Building fund balance decreased \$744,634 because of increased permitting activity due to developers submitting plans for review but have not been permitted.

Non-Major Governmental Funds is the combination of four Special Revenue Funds (Stormwater, Law Enforcement Trust Fund, False Alarm Fund and Art in Public Places Fund), Debt Service Fund and the Palmetto Bay Foundation (the "Foundation"), which is a component unit. In total, Non-Major fund balance increased \$5,385. The more significant funds are discussed below:

The Stormwater Management Fund is used to account for assessments related to stormwater mitigation. The assessment revenue is committed for drainage projects in accordance with Village ordinance. The Stormwater fund balance decreased \$15,501, due to the completion of a major drainage project.

Art in Public Places is used to account for fees imposed on new construction to promote art in the Village. The fund balance increased \$13,519 due to increased development in the Village.

Debt Service is for debt reserves of the 2010 bonds used for the Village Hall complex. The fund balance increased \$20,391 due to interest.

False Alarm Fund is used to account for the registration and false alarm fines. The fund balance decreased \$14,145 due to the overall reduction of false alarms.

The Capital Projects is used to account for Village funded capital projects. The decrease in fund balance of \$1,790,388 is mainly due to the match required for the County grant to fund the Village main street project.

VILLAGE OF PALMETTO BAY, FLORIDA

MANAGEMENT’S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2019

General Fund Budgetary Highlights

The total budgetary operating surplus of \$175,997 resulted mainly from a surplus of revenues of \$153,594. There was a transfer out totaling \$151,285, \$70,000 was for Capital Projects in parks and \$81,285 a reimbursement to the Transportation fund. The net change in Fund Balance was an increase of \$24,712. The most significant variances are:

REVENUES:

- Utility Taxes – positive variance of \$119,675 mainly from increased receipts from electric and water utilities.
- Communication Services Tax – negative variance of \$246,206 due to the reduction of the tax rate by the State.
- Licenses and Permits – positive variance of \$107,038, due to increased zoning applications.
- Fines and Forfeitures – positive variance of \$202,555, from code enforcement fines.
- Charges for Services – negative variance of \$108,170 due to the demolition of Coral Reef Park recreation room.

EXPENDITURES:

- General Government – had total savings from all departments of \$132,878. No one department had any significant variances. On average each department contributed \$26,575 from reduction of operational cost.
- Public Safety – negative variance of \$124,096 due to unfunded mandate for School Safety.

Capital Assets and Debt Administration

Capital Assets. The Village’s investment in capital assets as of September 30, 2019, amounted to \$57,149,609 (net of accumulated depreciation). This investment in capital assets includes land, buildings, street and sidewalk improvements, furniture and equipment. The Village’s net investment in capital assets increased by \$4,665,158 in the current fiscal year, mainly due to the Main street project.

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

- Construction in progress for Roadway and Infrastructure - \$6,265,939
- Demolish of recreation building - \$712,823 (depreciation \$356,412)

Village of Palmetto Bay
Capital Assets (Net of Depreciation)

	September 30,	
	2019	2018
Governmental activities:		
Land	\$ 26,649,655	\$ 26,649,655
Construction in Progress	8,911,644	2,756,709
Furniture and Equipment	554,147	438,584
Building	9,508,112	10,318,977
Improvements Other than Buildings	4,852,174	5,426,513
Infrastructure	6,673,877	6,894,013
Governmental activities Capital Assets, net	<u>\$ 57,149,609</u>	<u>\$ 52,484,451</u>

Additional information on the Village’s capital assets can be found in Note 5 on pages 26 and 27.

VILLAGE OF PALMETTO BAY, FLORIDA

MANAGEMENT'S DISCUSSION AND ANALYSIS SEPTEMBER 30, 2019

Long-term Debt. At the end of the current fiscal year, the Village had total debt outstanding of \$12,965,741 and liabilities to Miami-Dade County in the amount of \$1,882,042. The total debt is backed by the full faith and credit of the Village for which the Village is liable in the unlikely event of default.

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

	September 30,	
	2019	2018
Promissory Note	\$ 960,741	\$ 1,293,966
Revenue Bond	12,005,000	12,360,000
Liabilities to Miami-Dade County	1,882,042	2,048,916
Total	\$ 14,847,783	\$ 15,702,882

There were two debt issues outstanding at the end of the fiscal year, Florida Municipal Loan Council Revenue Bond Series 2010B issued in the amount of \$14,780,000 and Promissory Note Series 2010 with Hancock Bank for \$1,205,000 which refinanced the Florida Municipal Loan Council Revenue Bond Series 2005D issued for the Village Library in the amount of \$1,495,000. Promissory Note Series 2007 issued for Street Signs in the amount of \$2,500,000 was paid off during FY 2019. Additional information on the Village's long-term debt can be found in Note 6, pages 27-30. The Village has contractual liabilities to Miami-Dade County as part of the Village's incorporation from the County.

Economic Factors and Next Year's Budgets and Rates

- The unemployment rate for Miami-Dade County in September 2019 was 2.3%, which represents a decrease of 1.2% from the previous year. This is slightly lower than the state's average unemployment rate of 2.9% and less than the national average rate of 3.5% in September 2019. The unemployment rate of the Village is generally lower than the County. (Source: US Census).
- Inflationary trends in the County at 1.9% are higher than the national average which was 1.7% for August 2019.
- Most municipalities property value continue to increase, the Village saw an increase in property values of 4.3% while the County had an average increase of 6.4%.

All these factors were considered in preparing the Village's budget for the 2020 fiscal year. For the fiscal year 2020, estimated ending fund balance in the general fund is expected to increase to \$11,173,139. The Village used a millage rate of 2.2387 for fiscal year 2019, which is more than to the roll back rate of 2.2157 mills. For fiscal year 2020 the millage rate was reduced to 2.2 which is greater than the roll back rate of 2.1392 by 2.84%.

Requests for information

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

BASIC FINANCIAL STATEMENTS

VILLAGE OF PALMETTO BAY, FLORIDA

STATEMENT OF NET POSITION
SEPTEMBER 30, 2019

	Governmental Activities
ASSETS	
Cash and cash equivalents	\$ 14,476,966
Receivables	282,015
Due from other governments	7,249,756
Prepaid assets	96,067
Restricted assets:	
Cash and cash equivalents	941,498
Capital assets not being depreciated	35,561,299
Capital assets being depreciated, net	21,588,310
Total assets	80,195,911
DEFERRED OUTFLOWS OF RESOURCES	
Loss on refunding	60,612
LIABILITIES	
Accounts payable	4,077,111
Accrued liabilities	150,058
Due to other governments	158,694
Park deposits	104,726
Noncurrent liabilities:	
Due in one year	833,964
Due in more than one year	14,117,792
Total liabilities	19,442,345
DEFERRED INFLOWS OF RESOURCES	
Unearned franchise fees	502,732
NET POSITION	
Net investment in capital assets	41,339,531
Restricted for:	
Public transportation operations and maintenance	2,740,023
Permitting	300,759
Debt service	941,498
Charitable and educational projects	6,667
Police equipment and training	2,773
Unrestricted	14,980,195
Total net position	\$ 60,311,446

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

VILLAGE OF PALMETTO BAY, FLORIDA

STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019

Functions/Programs	Expenses	Program Revenues			Net (Expense)
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Revenue and Changes in Net Position
					Governmental Activities
Governmental activities:					
General government	\$ 3,574,073	\$ 2,352,134	\$ -	\$ -	\$ (1,221,939)
Building permitting	2,765,502	-	-	-	(2,765,502)
Public safety	8,089,316	365,105	-	-	(7,724,211)
Public assistance	16,473	-	-	-	(16,473)
Public works	3,138,825	711,738	2,538,460	3,617,708	3,729,081
Parks and recreation	3,409,247	1,089,978	-	-	(2,319,269)
Interest on long-term debt	711,044	-	-	-	(711,044)
Total governmental activities	\$ 21,704,480	\$ 4,518,955	\$ 2,538,460	\$ 3,617,708	(11,029,357)
General revenues:					
Property taxes					6,311,243
Utility taxes					2,504,675
Communication service tax					903,794
Franchise fees					795,525
Intergovernmental (unrestricted)					2,418,059
Investment income (unrestricted)					227,869
Miscellaneous					1,333,963
Total general revenues					14,495,128
Change in net position					3,465,771
Net position, beginning					57,389,834
Adjustment to beginning net position (Note 2)					(544,159)
Net position, beginning (restated)					56,845,675
Net position, ending					\$ 60,311,446

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

VILLAGE OF PALMETTO BAY, FLORIDA

**BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2019**

	Major Funds						Total Governmental Funds
	General	Transportation Fund	Grants Fund	Building Fund	Capital Projects Fund	Nonmajor Governmental Funds	
ASSETS							
Cash and cash equivalents	\$ 5,337,428	\$ 2,088,981	\$ 1,547,658	\$ 490,758	\$ 3,802,830	\$ 1,209,311	\$ 14,476,966
Receivables	3,569	-	249,621	-	-	28,825	282,015
Due from other funds	6,745,406	-	-	167,846	-	2,909	6,916,161
Due from other governments	996,386	369,018	5,324,342	-	-	560,010	7,249,756
Prepaid assets	96,067	-	-	-	-	-	96,067
Restricted cash and cash equivalents	-	-	-	-	-	941,498	941,498
Total Assets	\$ 13,178,856	\$ 2,457,999	\$ 7,121,621	\$ 658,604	\$ 3,802,830	\$ 2,742,553	\$ 29,962,463
LIABILITIES							
Accounts payable	\$ 1,696,782	\$ 274,210	\$ 1,201,983	\$ 74,497	\$ 637,933	\$ 191,706	\$ 4,077,111
Accrued liabilities	115,868	6,584	-	23,429	-	4,177	150,058
Due to other funds	168,349	182,194	5,795,553	259,919	106,702	403,444	6,916,161
Due to other governments	7,392	-	151,302	-	-	-	158,694
Park deposits	104,726	-	-	-	-	-	104,726
Total Liabilities	2,093,117	462,988	7,148,838	357,845	744,635	599,327	11,406,750
DEFERRED INFLOWS OF RESOURCES							
Unearned franchise fees	502,732	-	-	-	-	-	502,732
FUND BALANCE							
Nonspendable:							
Prepaid items	96,067	-	-	-	-	-	96,067
Restricted:							
Public transportation operations and maintenance	-	1,995,011	-	-	-	745,012	2,740,023
Permitting	-	-	-	300,759	-	-	300,759
Debt service	-	-	-	-	-	941,498	941,498
Charitable and educational projects	-	-	-	-	-	6,667	6,667
Police equipment and training	-	-	-	-	-	2,773	2,773
Committed:							
False alarm management	-	-	-	-	-	7,246	7,246
Other capital projects	-	-	-	-	3,058,195	-	3,058,195
Art in public places	-	-	-	-	-	440,030	440,030
Unassigned	10,486,940	-	(27,217)	-	-	-	10,459,723
Total fund balances	10,583,007	1,995,011	(27,217)	300,759	3,058,195	2,143,226	18,052,981
Total liabilities, deferred inflows of resources and fund balances	\$ 13,178,856	\$ 2,457,999	\$ 7,121,621	\$ 658,604	\$ 3,802,830	\$ 2,742,553	\$ 29,962,463

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

VILLAGE OF PALMETTO BAY, FLORIDA

RECONCILIATION OF THE BALANCE SHEET TO THE STATEMENT OF NET POSITION
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2019

Fund balances - total government funds (Page 14)	\$	18,052,981
--	----	------------

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

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

Governmental capital assets	\$ 73,664,509		
Less accumulated depreciation	<u>(16,514,900)</u>		57,149,609

Deferred amounts on refunding are not reported in the governmental fund financial statements, but are reported net of accumulated amortization as deferred outflows of resources in the governmental wide financial statements.	\$	60,612	
---	----	--------	--

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

Bonds payable	(11,962,548)		
QNIP and Stormwater bonds	(1,882,042)		
Loans payable	(960,741)		
Compensated absences	<u>(146,425)</u>		<u>(14,891,144)</u>

Net position of governmental activities (Page 12)	\$	<u>60,311,446</u>
---	----	-------------------

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

VILLAGE OF PALMETTO BAY, FLORIDA

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019

	Major Funds					Nonmajor Governmental Funds	Total Governmental Funds
	General	Transportation Fund	Grants Fund	Building Fund	Capital Projects Fund		
Revenues:							
Property taxes	\$ 6,311,243	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,311,243
Utility taxes	2,504,675	-	-	-	-	-	2,504,675
Communication service tax	903,794	-	-	-	-	-	903,794
Franchise fees	795,525	-	-	-	-	-	795,525
Intergovernmental	2,385,011	1,767,411	4,388,757	-	-	33,048	8,574,227
Licenses and permits	290,788	-	-	2,010,727	-	-	2,301,515
Fines and forfeitures	365,105	-	-	-	-	-	365,105
Charges for services	1,089,978	3,894	-	-	-	758,463	1,852,335
Interest	63,449	33,230	22,737	10,063	64,705	33,685	227,869
Miscellaneous	316,238	182	1,012,816	78	-	4,649	1,333,963
Total revenues	15,025,806	1,804,717	5,424,310	2,020,868	64,705	829,845	25,170,251
Expenditures:							
Current:							
General government	3,029,926	-	-	-	95,882	84,353	3,210,161
Public safety	8,079,196	-	-	-	-	-	8,079,196
Public assistance	-	-	16,473	-	-	-	16,473
Public works	712,148	1,316,434	152,660	-	28,565	535,777	2,745,584
Building permitting	-	-	-	2,765,502	-	-	2,765,502
Parks and recreation	2,016,256	-	109,942	-	25,073	-	2,151,271
Capital outlay	-	995,180	3,875,892	-	1,775,573	78,596	6,725,241
Debt service:							
Principal	441,781	389,624	-	-	-	23,694	855,099
Interest	570,502	38,502	-	-	-	102,040	711,044
Total expenditures	14,849,809	2,739,740	4,154,967	2,765,502	1,925,093	824,460	27,259,571
Excess (deficiency) of revenues over (under) expenditures	175,997	(935,023)	1,269,343	(744,634)	(1,860,388)	5,385	(2,089,320)
Other financing sources (uses):							
Transfers in	-	81,285	-	-	70,000	-	151,285
Transfers out	(151,285)	-	-	-	-	-	(151,285)
Total other financing sources (uses)	(151,285)	81,285	-	-	70,000	-	-
Net change in fund balances	24,712	(853,738)	1,269,343	(744,634)	(1,790,388)	5,385	(2,089,320)
Fund balances - beginning of the year	11,102,454	2,848,749	(1,296,560)	1,045,393	4,848,583	2,137,841	20,686,460
Adjustment to beginning fund balance (Note 2)	(544,159)	-	-	-	-	-	(544,159)
Fund balances - beginning of the year (restated)	10,558,295	2,848,749	(1,296,560)	1,045,393	4,848,583	2,137,841	20,142,301
Fund balances - ending	\$ 10,583,007	\$ 1,995,011	\$ (27,217)	\$ 300,759	\$ 3,058,195	\$ 2,143,226	\$ 18,052,981

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

VILLAGE OF PALMETTO BAY, FLORIDA

RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019

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

Net change in fund balances - total government funds (Page 16)	\$	(2,089,320)
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is depreciated over their estimated useful lives.</p>		
Expenditures for capital outlay	\$ 6,725,241	
Less current year depreciation	<u>(1,581,847)</u>	5,143,394
<p>In the statement of activities, only the gain (loss) on disposal of capital assets is reported.</p>		
Net book value of asset disposals		(356,411)
Capital outlay not meeting threshold for capitalization		(121,825)
<p>The issuance of long term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position.</p>		
Bond principal payments	\$ 355,000	
Loan principal payments	333,225	
QNIP and Stormwater bond payments	<u>166,874</u>	855,099
<p>Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.</p>		
Compensated absences	\$ 41,829	
Amortization of discount on bonds issued	(1,975)	
Amortization of deferred loss on bond refunding	<u>(5,020)</u>	34,834
Change in net position of governmental activities (Page 13)	\$	<u>3,465,771</u>

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

VILLAGE OF PALMETTO BAY, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS SEPTEMBER 30, 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

Financial Reporting Entity

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

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

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

Blended Component Unit – The Foundation was created on December 6, 2004 for the purpose of enhancing and preserving the history of Palmetto Bay. The Foundation is a not-for-profit 501(c)(3) corporation using a calendar year end and, therefore, amounts presented for the Foundation are as of and for the year ended December 31, 2018. The primary government has operational responsibility for the component unit. Revenues consist primarily of donations and investment income. The Foundation's articles restrict the use of the funds to charitable, educational or scientific purposes. For the year ended December 31, 2018, the Foundation had approximately \$7,000 in assets and no revenue or expenditures.

Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the activities of the Village as a whole. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. The Village does not have any business-type activities.

VILLAGE OF PALMETTO BAY, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS SEPTEMBER 30, 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Government-Wide and Fund Financial Statements (Continued)

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or 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. The major individual governmental funds are reported as separate columns in the fund financial statements. All remaining nonmajor governmental funds are aggregated and reported as nonmajor governmental funds.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Village considers revenues to be available when they are collected within 60 days of the end of the current fiscal period except for revenues received from Miami-Dade County for the half penny tax which are collected within 90 days of the end of the current fiscal period due to the nature of the collection cycle. Expenditures are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures as well as expenditures related to compensated absences are recorded only when payment is due.

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

The Village reports the following major governmental funds:

General Fund: The 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.

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

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

Building Fund: The fund accounts for the operations of building permitting and inspections.

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

VILLAGE OF PALMETTO BAY, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS SEPTEMBER 30, 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Additionally, the Village reports nonmajor funds within the governmental fund type as follows:

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

Debt Service Fund: The fund accounts for resources consumed for principal and interest payments applied to the Village's long-term liabilities.

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

Deposits and Investments

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

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

Interfund Receivables and Payables

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

Receivables

Receivables include amounts due from other governments and others for services provided by the Village. Receivables are recorded and revenues are recognized as earned or as specific program expenditures/expenses are incurred. Allowances for uncollectible receivables are based upon historical trends and the periodic aging of receivables. Management has considered outstanding receivables and has deemed them to be fully collectible. As such, an allowance for doubtful accounts was not considered necessary.

Prepaid Assets

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

VILLAGE OF PALMETTO BAY, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property Taxes

Property values are assessed on a county-wide basis by the Miami-Dade County Property Appraiser as of January 1, the lien date, of each year and are due the following November 1. Taxable value of property within the Village is certified by the Property Appraiser and the Village levies a tax millage rate upon the taxable value, which provides revenue required for the fiscal year beginning October 1. The millage rate assessed by the Village for the fiscal year ended September 30, 2019 was 2.2387 mills.

Property taxes levied each November 1, by the Village and all other taxing authorities within Miami-Dade County, are centrally billed and collected by Miami-Dade County, with remittances to the Village of its proportionate share of collected taxes. Taxes for the fiscal year beginning October 1 are billed in the month of November, subject to a 1% per month discount for the period November through February, and are due no later than March 31. On April 1, unpaid amounts become delinquent with interest and penalties added thereafter. Beginning June 1, tax certificates representing delinquent taxes with interest and penalties are sold by Miami-Dade County, with remittance to the Village for its share of those receipts. At September 30, 2019, there were no material delinquent taxes.

Restricted Assets

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

Capital Assets

Capital assets, which include land, buildings, furniture and equipment, improvements other than buildings, intangibles (i.e. software) and infrastructure assets (e.g., roads, sidewalks, and similar items), are reported in the government-wide financial statements. Capital assets are defined by the Village as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at their acquisition value (the price that would be paid to acquire an asset with equivalent service potential in an orderly market transaction at the acquisition date).

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are expensed as incurred. Major outlays for capital assets and improvements are capitalized as projects are constructed. The Village maintains a \$750,000 threshold for capitalizing easements and a \$250,000 threshold for capitalizing software.

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

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

VILLAGE OF PALMETTO BAY, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS SEPTEMBER 30, 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Compensated Absences

The Village's policy is to permit employees to accumulate paid time off ("PTO") benefits. Based on their length of service to the Village, employees may carry over a maximum of 80 unused hours each calendar year, with the exception of the village clerk and village manager, who can carry over a maximum of 720 unused hours each calendar year. Any unused hours in excess of the maximum is paid out. All PTO is accrued when incurred in the government-wide fund financial statements based on current rates of pay. Compensated absences are expected to be used in the following year.

A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements. For the governmental funds, compensated absences are liquidated from the general fund.

Long-Term Obligations

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

In the fund financial statements, governmental fund types recognize bond premiums and discounts. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures. Long-term liabilities of governmental funds are generally liquidated through the general fund with the exception of the debt accounted for in the transportation fund and nonmajor governmental fund.

Deferred Outflows and Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflow of resources. This separate financial statement element represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. The Village has one item that meets this criterion, an amortized loss on a refunding of FMLC Bonds (Note 6).

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The Village has one item meeting this criterion, unearned franchise fees.

Fund Balance

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

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

VILLAGE OF PALMETTO BAY, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS SEPTEMBER 30, 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Balance (Continued)

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

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

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

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

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

Fund Balance Flow Assumptions

Sometimes the government will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned and unassigned fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the Village's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last, unless the Village Council has provided otherwise in its commitment or assignment actions by either ordinance or resolution.

Net Position

Net position in the government-wide financial statements are classified into three components:

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

VILLAGE OF PALMETTO BAY, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS SEPTEMBER 30, 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Position (Continued)

Restricted net position – This category consists of net position that has been restricted for general use by external parties (creditors, grantors, contributors, or laws or regulations of other governments) or imposed by law through constitutional provisions or enabling legislation.

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

When both restricted and unrestricted resources are available for use, it is the Village's policy to use restricted resources first, then unrestricted resources as they are needed.

Net Position Flow Assumption

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

Use of Estimates

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

Adopted Accounting Pronouncement

GASB Statement No. 88 - *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*.

The Village adopted GASB Statement No. 88, beginning October 1, 2018. The objective of this Statement is to improve consistency in the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements, and to provide financial statement users with additional essential information about debt. This Statement applies to notes to financial statements of all periods presented. This adoption did not have a material effect on the Village.

2. RESTATEMENT OF PRIOR PERIOD

In connection with the renewal of the franchise fee agreement, the Village identified an error in the recognition of franchise fees revenue. The Village corrected the recognition of franchise fees in the current year by recognizing revenue over the service period of the contract. As a result, the Village prior year's revenue was overstated, and deferred revenue was understated. Accordingly, an adjustment of \$544,159 was recorded to fund balance and net position as of October 1, 2018 to correct the impact of the misstatement on prior year financial statements. Had the error not been made, for the year ended September 30, 2018, the fund balance and net position would have been reduced by \$399,929, representing the cumulative effect of the error relating to prior periods, along with a decrease in franchise fee revenue of \$144,230 and an increase in deferred revenue of \$544,159.

VILLAGE OF PALMETTO BAY, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS SEPTEMBER 30, 2019

3. DEPOSITS AND INVESTMENTS

Deposits

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

Investments

The Florida State Board of Administration ("SBA") Pool, hereinafter referred to as "Florida PRIME", is not a registrant with the Securities and Exchange Commission ("SEC"); however, its board has adopted operating procedures consistent with the requirements for a 2a-7 fund. For the Florida PRIME, a 2a-7 like pool, the value of the Village's position is the same as the value of the pool shares and is recorded at amortized cost. At September 30, 2019, the Village's investment in the Florida PRIME was \$1,936,112. In accordance with these requirements, the method used to determine the participants' shares sold and redeemed is the amortized cost method. Amortized cost includes accrued income and is a method of calculating an investment's value by adjusting its acquisition cost for the amortization of discount or premium over the period from purchase to maturity.

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

In accordance with GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*, the Village's investment in the Florida PRIME meets the definition of a qualifying investment pool that measures for financial reporting purposes all of its investments at amortized cost and should disclose the presence of any limitations or restrictions on withdrawals. As of September 30, 2019, there were no redemption fees, maximum transaction amounts, or any other requirements that serve to limit a participant's daily access to 100 percent of their account value.

Interest Rate Risk – The Village does not have a formal investment policy that limits investment maturities as a means of managing its exposure to market value losses arising from increasing interest rates. To mitigate risk, the Village primarily invests in investments with maturities of twelve months or less.

The dollar weighted average days to maturity (WAM) of Florida PRIME at September 30, 2019, is 37 days. Next interest rate reset dates for floating rate securities are used in the calculation of the WAM. The weighted average life (WAL) of Florida PRIME at September 30, 2019, is 85 days.

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

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

Concentration of Credit Risk – The Village diversifies its portfolio in such a way to control the risk of loss resulting from concentration of assets to a specific maturity, instrument, issue, dealer, or bank though which these securities are bought and sold.

VILLAGE OF PALMETTO BAY, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

4. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

Interfund receivable and payable balances at September 30, 2019 were as follows:

	Interfund Receivable	Interfund Payable
General Fund	\$ 6,745,406	\$ 168,349
Transportation Fund	-	182,194
Building Fund	167,846	259,919
Grants Fund	-	5,795,553
Capital Projects Fund	-	106,702
Nonmajor Governmental Funds	2,909	403,444
	\$ 6,916,161	\$ 6,916,161

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

Transfers – There were transfers totaling \$151,285 among funds during the year ended September 30, 2019.

5. CAPITAL ASSETS

Capital asset activity for the fiscal year ended September 30, 2019 was as follows:

Governmental activities	Beginning	Additions	Deletions	Ending
Capital assets not being depreciated:				
Land	\$ 26,649,655	\$ -	\$ -	\$ 26,649,655
Construction in progress	2,756,709	6,265,939	111,004	8,911,644
Total capital assets not being depreciated	29,406,364	6,265,939	111,004	35,561,299
Capital assets being depreciated:				
Intangibles	492,153	-	-	492,153
Furniture and equipment	1,888,614	279,215	-	2,167,829
Buildings	14,686,563	11,730	712,823	13,985,470
Improvements other than buildings	11,859,171	45,870	1,572	11,903,469
Infrastructure	9,442,623	111,666	-	9,554,289
Total capital assets being depreciated	38,369,124	448,481	714,395	38,103,210
Less accumulated depreciation for:				
Intangibles	492,153	-	-	492,153
Furniture and equipment	1,450,030	163,652	-	1,613,682
Buildings	4,367,586	466,184	356,412	4,477,358
Improvements other than buildings	6,432,658	620,209	1,572	7,051,295
Infrastructure	2,548,610	331,802	-	2,880,412
Total accumulated depreciation	15,291,037	1,581,847	357,984	16,514,900
Total capital assets being depreciated, net	23,078,087	(1,133,366)	356,411	21,588,310
Governmental activities capital assets, net	\$ 52,484,451	\$ 5,132,573	\$ 467,415	\$ 57,149,609

VILLAGE OF PALMETTO BAY, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

5. CAPITAL ASSETS (CONTINUED)

Depreciation expense charged to the functions or programs of the Village for the fiscal year ended September 30, 2019, was as follows:

General government	\$	276,921
Public safety		10,120
Transportation		393,241
Parks and recreation		901,565
		901,565
Total depreciation expense	\$	1,581,847

6. LONG-TERM LIABILITIES

Long-term debt activity for the fiscal year ended September 30, 2019 was as follows:

Governmental activities	Beginning	Additions	Reductions	Ending	Due within One Year
Bonds and loans payable:					
Bonds payable:					
FMLC Bonds - Series 2010B	\$ 12,360,000	\$ -	\$ (355,000)	\$ 12,005,000	\$ 370,000
Less deferred amounts:					
Issuance discount	(44,427)	-	1,975	(42,452)	-
Total bonds payable	12,315,573	-	(353,025)	11,962,548	370,000
Loans payable:					
Refunding Revenue Note, Series 2015	1,038,359	-	(77,618)	960,741	77,507
Promissory Note 2007	255,607	-	(255,607)	-	-
Total loans payable	1,293,966	-	(333,225)	960,741	77,507
Liabilities to Miami-Dade County:					
QNIP bonds	977,357	-	(143,180)	834,177	150,528
Stormwater bonds	1,071,559	-	(23,694)	1,047,865	89,504
Total liabilities to Miami-Dade County	2,048,916	-	(166,874)	1,882,042	240,032
Compensated absences	188,254	146,425	(188,254)	146,425	146,425
Governmental activities long-term liabilities	\$ 15,846,709	\$ 146,425	\$ (1,041,378)	\$ 14,951,756	\$ 833,964

Florida Municipal Loan Council Revenue Bonds Series 2010B

In August 2010, the Village issued Florida Municipal Loan Council Revenue Bonds ("FMLC Bonds"), Series 2010B in the principal amount of \$14,780,000. The proceeds were used to refund two previously issued promissory notes in 2006 and 2009, and for the construction of the Village Hall. The refunding was an advance refunding; an irrevocable trust with an escrow agent was established to provide for future debt service payments until the bonds are called. The reacquisition price exceeded the net carrying amount of the old debt by \$110,089, which was deferred and is being amortized as a component of interest expense over the term of the bonds. The bonds are secured by a pledge of the Village's non-ad valorem revenues. Total principal and interest payments during the year ended September 30, 2019 was approximately \$886,000. The bonds are payable semi-annually over 30 years with principal amounts ranging from \$225,000 to \$855,000 and interest payments ranging from 3% to 5%. The final maturity date of the bonds is September 20, 2040. On January 17, 2013, Moody's Investors Service ("Moody's") downgraded the rating assigned to Assured Guaranty Municipal Corp. ("Assured") from "Aa3" to "A2" with a stable outlook. Assured is the bond insurer for the Florida Municipal Loan Council Revenue Bonds, Series 2010 ("Bonds"). Moody's downgrade of Assured has caused the insured rating assigned to the Bonds to likewise be downgraded to "A2". In addition, the Village has a Standard & Poor's rating of AA+ and a Fitch rating of AA.

VILLAGE OF PALMETTO BAY, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

6. LONG-TERM LIABILITIES (CONTINUED)

Florida Municipal Loan Council Revenue Bonds Series 2010B (Continued)

Debt service requirements to maturity for the fiscal year ended September 30, 2019 are summarized as follows:

	Principal	Interest	Total
2020	\$ 370,000	\$ 520,963	\$ 890,963
2021	385,000	506,163	891,163
2022	400,000	490,763	890,763
2023	410,000	476,763	886,763
2024	425,000	462,413	887,413
2025-2029	2,410,000	2,044,031	4,454,031
2030-2034	3,000,000	1,470,063	4,470,063
2035-2039	3,750,000	735,075	4,485,075
2040	855,000	42,750	897,750
	\$ 12,005,000	\$ 6,748,982	\$ 18,753,982

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

During fiscal year 2016, the Village issued a Refunding Revenue Note, Series 2015 ("Note"), facilitated by the Florida Municipal Loan Council in the principal amount of \$1,252,148. The proceeds were used for the cost of the initial issuance of the Note and to refund the cost of the Florida Municipal Loan Council Bond Series 2005D for the construction of a library building which had an outstanding balance of \$1,205,000. The Note is collateralized by a pledge of the Village's non-ad valorem revenues. Total pledged amounts over the life of the note are expected to be approximately \$3,000,000. For the current year, debt service and pledged revenues were approximately \$102,000 and \$109,000, respectively. The total principal and interest remaining on the bonds is \$1,102,335. The refunding reduced total debt service payment by nearly \$357,385. This results in an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$217,528. The bonds are payable semi-annually through October 2030 with principal amounts ranging from approximately \$72,000 to \$97,000 with an interest of 2.359%. The final maturity date of the bonds is October 1, 2030.

Debt service requirements to maturity for the fiscal year ended September 30, 2019 are summarized as follows:

	Principal	Interest	Total
2020	\$ 77,507	\$ 22,664	\$ 100,171
2021	77,394	20,835	98,229
2022	82,186	19,010	101,196
2023	81,428	17,071	98,499
2024	86,046	15,150	101,196
2025-2029	459,634	44,593	504,227
2030	96,546	2,271	98,817
	\$ 960,741	\$ 141,594	\$ 1,102,335

VILLAGE OF PALMETTO BAY, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS SEPTEMBER 30, 2019

6. LONG-TERM LIABILITIES (CONTINUED)

Promissory Note, Series 2007

During fiscal year 2007, the Village issued a promissory note for the principal amount of \$2,500,000. The proceeds were used for the manufacture and installation of street signs throughout the Village. The promissory note was collateralized by a pledge of the Village's portion of the Miami-Dade County's Citizens' Independent Transportation Trust ("CITT") One-Half Cent Transportation Surtax. The Village has committed to budget and apply on an annual basis all amounts required to pay principal and interest required for the repayment of the promissory note from the CITT surtax. For the current year, debt service and pledged revenues were approximately \$262,000 and \$827,000, respectively. The note required quarterly principal and interest payments of \$65,467 through August 2019, and included interest at 3.90% per annum. The promissory note was paid in full during the year ended September 30, 2019.

Quality Neighborhood Improvement Program (QNIP)

The Village is required to pay Miami-Dade County its allocated share of principal and interest of the Miami-Dade County Public Service Tax Revenue Bonds, Series 1999, that were issued prior to the Village's incorporation. The proceeds from the bonds were used for the construction of parks, drainage and roads throughout the Village. The Village's pro rata share of the Miami-Dade County's bonds is approximately 3.6% and is payable annually through 2024. The principal and interest payment for the period ended September 30, 2019 was approximately \$179,000. Payments include interest at approximately 3.7% per annum.

Debt service requirements to maturity for the fiscal year ended September 30, 2019 are summarized as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 150,528	\$ 30,356	\$ 180,884
2021	158,234	24,181	182,415
2022	166,477	17,687	184,164
2023	174,899	10,860	185,759
2024	184,039	3,681	187,720
	<u>\$ 834,177</u>	<u>\$ 86,765</u>	<u>\$ 920,942</u>

Stormwater

The Village is required to pay Miami-Dade County its pro rata share of principal and interest of the Miami-Dade County Stormwater Utility Revenue Bonds, Series 1999 and 2004 issued and outstanding since the exemption date of the Village. On September 16, 2013 the Miami-Dade County refunded all of the outstanding Stormwater Utility Revenue Bonds, Series 1999 and Series 2004, except for the Stormwater Utility Revenue Bonds, Series 2004, which matured on April 1, 2014 and April 1, 2015. The proceeds from the bonds were used for the installation of drainage throughout the Village. The Village's pro-rata share of the bonds is approximately 1.7% and is payable annually through 2029. The principal and interest payments for the period ended September 30, 2019 were approximately \$126,000. Payments include interest at approximately 3.5% per annum.

VILLAGE OF PALMETTO BAY, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS SEPTEMBER 30, 2019

6. LONG-TERM LIABILITIES (CONTINUED)

Stormwater (Continued)

Debt service requirements to maturity for the fiscal year ended September 30, 2019 are summarized as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 89,504	\$ 36,256	\$ 125,760
2021	92,615	33,159	125,774
2022	95,779	29,955	125,734
2023	99,116	26,641	125,757
2024	102,523	23,211	125,734
2025-2029	568,328	60,328	628,656
Total	\$ 1,047,865	\$ 209,550	\$ 1,257,415

7. DEFINED CONTRIBUTION PLAN

The Village provides retirement benefits for full time employees through a money purchase plan (a defined contribution plan) (the "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 International City Managers' Association Retirement Corporation. Amendments to the Plan are authorized by the Village Council. The Plan was established pursuant to Resolution 03-82 adopted on October 7, 2003 by the Village Council.

Plan benefits depend solely on amounts contributed to the Plan, plus investment earnings, less administrative expenses. The Village's contribution for participating employees is 6% of the employees' gross salary. Plan members may contribute up to 6% of the Plan member's gross salary and receive equal matching from the Village for a total Village contribution of up to 12% of the member's salary. Employees are fully vested after 5 years of service. Employees contributed \$202,076 and the Village contributed \$406,023 to the Plan for the fiscal year ended September 30, 2019.

8. COMMITMENTS AND CONTINGENCIES

Grants

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

Litigation

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

VILLAGE OF PALMETTO BAY, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS SEPTEMBER 30, 2019

8. COMMITMENTS AND CONTINGENCIES (CONTINUED)

Risk Management

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

Agreement with Miami-Dade County for Local Police Patrol Services

On May 5, 2003, the Village executed an agreement with Miami-Dade County for local police patrol services. The Village makes regular monthly payments to Miami-Dade County. Payments are adjusted to accrue for labor costs incurred and deducted from the gross revenues due to the Village from Miami-Dade County. Payments for the services provided by Miami-Dade County are based on the level of staffing services requested by the Village utilizing the actual personnel costs of officers and equipment. This agreement was modified in July 2019 and expires in September 2024. Payments for patrol services totaled approximately \$7,968,000 during fiscal year ended September 30, 2019.

Construction Commitments

The Village had construction commitments of approximately \$4,035,000 outstanding at September 30, 2019. Of this amount, approximately \$3,335,000 was allocated to improvements for the Franjo Road Project.

9. DEFICIT IN FUND BALANCE

At September 30, 2019, the Grants Fund had a deficit of \$27,217. The Village expects to fund this deficit with transfers from the General Fund in subsequent years.

10. SUBSEQUENT EVENT – COVID-19

Since January 2020, the coronavirus (COVID-19) outbreak has caused substantial disruption in international and U.S. economies and markets, which intensified in recent weeks. The coronavirus and fear of further spread of the coronavirus has caused quarantines, cancellation of events, and overall reduction in business and economic activity. On March 11, 2020, the World Health Organization designated the coronavirus outbreak a pandemic. The impact of the outbreak of the coronavirus continues to rapidly evolve. As of the date these financial statements were available to be issued, the Village cannot reasonably estimate the duration and severity of this pandemic, which could have a material adverse impact on the Village's operations, financial position and cash flows. Other economic effects of the COVID-19 pandemic are difficult to predict, however, it is reasonable possible that it will adversely impact the Village's revenue sources such as ad valorem tax collections, permit fees, and impact fees, among others.

REQUIRED SUPPLEMENTARY INFORMATION

VILLAGE OF PALMETTO BAY, FLORIDA

REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FISCAL YEAR ENDED SEPTEMBER 30, 2019

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues:				
Property taxes	\$ 6,333,938	\$ 6,333,938	\$ 6,311,243	\$ (22,695)
Utility taxes	2,385,000	2,385,000	2,504,675	119,675
Communication service tax	1,150,000	1,150,000	903,794	(246,206)
Franchise fees	800,000	800,000	795,525	(4,475)
Intergovernmental	2,358,076	2,358,076	2,385,011	26,935
Licenses and permits	183,750	183,750	290,788	107,038
Fines and forfeitures	162,550	162,550	365,105	202,555
Charges for services	1,198,148	1,198,148	1,089,978	(108,170)
Interest	75,000	75,000	63,449	(11,551)
Miscellaneous	225,750	225,750	316,238	90,488
Total revenues	14,872,212	14,872,212	15,025,806	153,594
Expenditures:				
Current:				
General government				
Village council	194,899	194,899	162,891	32,008
Village manager/clerk	730,565	730,565	663,516	67,049
Finance department	613,544	613,544	549,634	63,910
Village attorney	125,000	125,000	168,042	(43,042)
Other general government	1,498,796	1,498,796	1,485,843	12,953
Total general government	3,162,804	3,162,804	3,029,926	132,878
Public safety	7,955,100	7,955,100	8,079,196	(124,096)
Public works	752,717	752,717	712,148	40,569
Parks and recreation	1,931,381	1,931,381	2,016,256	(84,875)
Debt service:				
Principal	441,783	441,783	441,781	2
Interest	558,427	558,427	570,502	(12,075)
Total expenditures	14,802,212	14,802,212	14,849,809	(47,597)
Excess (deficiency) of revenues over (under) expenditures	70,000	70,000	175,997	105,997
Other financing sources (uses):				
Transfers in	-	-	-	-
Transfers out	(70,000)	(70,000)	(151,285)	(81,285)
Total other financing sources (uses)	(70,000)	(70,000)	(151,285)	(81,285)
Net change in fund balance	\$ -	\$ -	\$ 24,712	\$ 24,712

VILLAGE OF PALMETTO BAY, FLORIDA

NOTES TO BUDGETARY COMPARISON SCHEDULE SEPTEMBER 30, 2019

1. BUDGETARY COMPARISON SCHEDULES

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

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

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

COMBINING FINANCIAL STATEMENTS

VILLAGE OF PALMETTO BAY, FLORIDA

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2019

	Special Revenue							Total
	Stormwater Management	Law		Art in		Debt Service Fund	Palmetto Bay Foundation	
		Enforcement Trust Fund	False Alarm Fund	Public Places Fund	-			
ASSETS								
Cash and cash equivalents	\$ 738,409	\$ 2,172	\$ 7,033	\$ 455,030	\$ -	\$ 6,667	\$ 1,209,311	
Receivables	28,825	-	-	-	-	-	28,825	
Due from other funds	-	209	2,700	-	-	-	2,909	
Due from other governments	559,618	392	-	-	-	-	560,010	
Restricted cash and cash equivalents	-	-	-	-	941,498	-	941,498	
Total Assets	\$ 1,326,852	\$ 2,773	\$ 9,733	\$ 455,030	\$ 941,498	\$ 6,667	\$ 2,742,553	
LIABILITIES								
Accounts payable	\$ 176,501	\$ -	\$ 205	\$ 15,000	\$ -	\$ -	\$ 191,706	
Accrued liabilities	4,177	-	-	-	-	-	4,177	
Due to other funds	401,162	-	2,282	-	-	-	403,444	
Total Liabilities	581,840	-	2,487	15,000	-	-	599,327	
FUND BALANCE								
Restricted:								
Public transportation operations and maintenance	745,012	-	-	-	-	-	745,012	
Debt service	-	-	-	-	941,498	-	941,498	
Charitable and educational	-	-	-	-	-	6,667	6,667	
Police equipment and training	-	2,773	-	-	-	-	2,773	
Committed:								
False alarm management	-	-	7,246	-	-	-	7,246	
Art in public places	-	-	-	440,030	-	-	440,030	
Total fund balances	745,012	2,773	7,246	440,030	941,498	6,667	2,143,226	
Total liabilities and fund balances	\$ 1,326,852	\$ 2,773	\$ 9,733	\$ 455,030	\$ 941,498	\$ 6,667	\$ 2,742,553	

VILLAGE OF PALMETTO BAY, FLORIDA

COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019

	Special Revenue						Total
	Stormwater Management	Law Enforcement Trust Fund	False Alarm Fund	Art in Public Places Fund	Debt Service Fund	Palmetto Bay Foundation	
Revenues:							
Intergovernmental	\$ -	\$ -	\$ -	\$ 33,048	\$ -	\$ -	\$ 33,048
Charges for services	711,738	-	46,725	-	-	-	758,463
Interest	12,537	31	250	471	20,391	5	33,685
Miscellaneous	331	2,585	1,733	-	-	-	4,649
Total revenues	<u>724,606</u>	<u>2,616</u>	<u>48,708</u>	<u>33,519</u>	<u>20,391</u>	<u>5</u>	<u>829,845</u>
Expenditures:							
Current:							
General government	-	1,500	62,853	20,000	-	-	84,353
Public works	535,777	-	-	-	-	-	535,777
Capital outlay	78,596	-	-	-	-	-	78,596
Debt service:							
Principal	23,694	-	-	-	-	-	23,694
Interest	102,040	-	-	-	-	-	102,040
Total expenditures	<u>740,107</u>	<u>1,500</u>	<u>62,853</u>	<u>20,000</u>	<u>-</u>	<u>-</u>	<u>824,460</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(15,501)</u>	<u>1,116</u>	<u>(14,145)</u>	<u>13,519</u>	<u>20,391</u>	<u>5</u>	<u>5,385</u>
Net change in fund balances	(15,501)	1,116	(14,145)	13,519	20,391	5	5,385
Fund balances - beginning	760,513	1,657	21,391	426,511	921,107	6,662	2,137,841
Fund balances - ending	<u>\$ 745,012</u>	<u>\$ 2,773</u>	<u>\$ 7,246</u>	<u>\$ 440,030</u>	<u>\$ 941,498</u>	<u>\$ 6,667</u>	<u>\$ 2,143,226</u>

STATISTICAL SECTION

Statistical Section

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

<u>Contents</u>	Page
Financial Trends	36 - 39
These schedules contain trend information to help the reader understand how the Village's financial performance and well-being have changed over time.	
Revenue Capacity	40 - 43
These schedules contain information to help the reader understand and assess the Village's most significant local revenue source, the property tax.	
Debt Capacity	44 - 47
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.	
Demographic and Economic Information	48
This schedule offers demographic and economic indicators to help the reader understand the environment within which the Village financial activities take place.	
Operating Information	49 - 52
These schedules contain service and infrastructure data to help the reader understand how the information in the Village's financial reports relates to the services the Village provides and the activities it performs.	

VILLAGE OF PALMETTO BAY, FLORIDA

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

	<u>2010</u>	<u>2011¹</u>	<u>2012²</u>	<u>2013</u>	<u>Fiscal Year 2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Governmental activities										
Net investment in capital assets	\$ 35,384,115	\$ 36,667,463	\$ 34,403,772	\$ 34,455,529	\$ 33,862,202	\$ 33,588,474	\$ 33,134,812	\$ 33,124,927	\$ 37,879,325	\$ 41,339,531
Restricted	100,822	4,496,251	4,777,407	4,658,334	5,028,591	5,523,082	5,806,975	4,695,709	5,584,081	3,991,720
Unrestricted	13,729,932	6,808,011	10,152,507	11,033,358	12,660,148	14,224,072	15,597,402	16,651,125	13,926,428	14,980,195
Total governmental activities net position	<u>\$ 49,214,869</u>	<u>\$ 47,971,725</u>	<u>\$ 49,333,686</u>	<u>\$ 50,147,221</u>	<u>\$ 51,550,941</u>	<u>\$ 53,335,628</u>	<u>\$ 54,539,189</u>	<u>\$ 54,471,761</u>	<u>\$ 57,389,834</u>	<u>\$ 60,311,446</u>

NOTE: There are no Business-type activities.

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

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

VILLAGE OF PALMETTO BAY, FLORIDA

**CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)**

	Fiscal Year									
	2010	2011 ¹	2012 ²	2013	2014	2015	2016	2017	2018	2019
Expenses										
Governmental activities:										
General government	\$ 4,623,275	\$ 3,982,970	\$ 4,941,661	\$ 5,743,583	\$ 4,883,138	\$ 5,451,964	\$ 6,571,452	\$ 7,047,743	\$ 5,518,997	\$ 6,339,575
Economic development	-	-	-	-	212,328	115,794	-	-	-	-
Public safety	5,797,578	6,900,767	5,964,055	5,982,271	6,638,112	7,006,463	6,759,037	7,401,124	7,640,492	8,089,316
Public assistance	-	-	-	-	-	-	-	-	1,765,431	16,473
Public works	1,090,398	1,211,458	949,063	956,794	975,188	854,938	978,242	939,841	2,108,425	3,138,825
Parks and recreation	2,095,709	2,355,165	2,574,210	2,611,721	2,820,743	2,920,756	2,387,359	2,459,021	2,685,465	3,409,247
Interest on long-term debt	413,835	845,619	757,437	872,105	837,207	807,485	734,187	693,749	667,295	711,044
Total governmental activities expenses	\$ 14,020,795	\$ 15,295,979	\$ 15,186,426	\$ 16,166,474	\$ 16,366,716	\$ 17,157,400	\$ 17,430,277	\$ 18,541,478	\$ 20,386,105	\$ 21,704,480
Program Revenue										
Governmental activities:										
Charge for services:										
General government	\$ 1,076,930	\$ 992,107	\$ 1,090,789	\$ 1,162,707	\$ 1,509,505	\$ 1,606,244	\$ 1,791,654	\$ 1,663,744	\$ 2,753,482	\$ 2,352,134
Public safety	482,152	397,137	269,662	306,074	298,121	241,096	259,831	258,500	160,236	365,105
Public works	519,126	519,786	715,634	726,818	729,259	712,742	680,536	694,083	1,218,923	711,738
Parks and recreation	527,409	554,600	773,020	841,724	774,676	1,049,133	841,359	1,039,950	1,039,437	1,089,978
Operating grants and contributions	283,986	300,712	1,522,549	1,507,892	1,617,420	1,925,957	2,002,049	1,938,471	2,055,984	2,538,460
Capital grants and contributions	1,663,377	1,788,147	192,604	14,948	2,526	-	-	-	1,886,616	3,617,708
Total governmental activities programs revenues	\$ 4,552,980	\$ 4,552,489	\$ 4,564,258	\$ 4,560,163	\$ 4,931,507	\$ 5,535,172	\$ 5,575,429	\$ 5,594,748	\$ 9,114,678	\$ 10,675,123
Net (Expense)/Revenue										
Governmental activities	\$ (9,467,815)	\$ (10,743,490)	\$ (10,622,168)	\$ (11,606,311)	\$ (11,435,209)	\$ (11,622,228)	\$ (11,854,848)	\$ (12,946,730)	\$ (11,271,427)	\$ (11,029,357)
General Revenues and Other Changes in Net Assets										
Governmental activities:										
Taxes										
Property taxes	\$ 5,879,429	\$ 5,559,345	\$ 5,446,837	\$ 5,528,940	\$ 5,555,032	\$ 5,788,016	\$ 5,967,015	\$ 5,949,675	\$ 6,280,596	\$ 6,311,243
Utility taxes	2,058,896	2,052,017	2,093,849	2,188,566	2,360,864	2,336,472	2,371,602	2,449,906	2,476,087	2,504,675
Communication taxes	1,469,338	1,515,934	1,375,239	1,310,324	1,434,739	1,326,446	1,268,751	1,268,588	1,122,791	903,794
Franchise taxes	1,345,736	960,331	1,101,516	1,016,281	829,882	787,126	800,852	599,893	816,239	795,525
Unrestricted intergovernmental revenue	2,367,925	2,722,512	1,975,588	2,091,722	2,180,210	2,255,791	2,303,566	2,291,919	2,482,841	2,418,059
Unrestricted investment earnings	157,272	114,921	149,253	139,668	134,833	155,623	149,951	163,920	202,985	227,869
Miscellaneous	146,454	93,700	191,226	144,345	343,369	157,441	196,672	155,401	807,961	1,333,963
Total governmental activities	\$ 13,425,050	\$ 13,018,760	\$ 12,333,508	\$ 12,419,846	\$ 12,838,929	\$ 12,806,915	\$ 13,058,409	\$ 12,879,302	\$ 14,189,500	\$ 14,495,128
Extraordinary Items										
GASB 65 expense of debt issuance costs	\$ -	\$ -	\$ (349,379)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Change in Net Position										
Governmental activities	\$ 3,957,235	\$ 2,275,270	\$ 1,361,961	\$ 813,535	\$ 1,403,720	\$ 1,184,687	\$ 1,203,561	\$ (67,428)	\$ 2,918,073	\$ 3,465,771
Total primary government	\$ 3,957,235	\$ 2,275,270	\$ 1,361,961	\$ 813,535	\$ 1,403,720	\$ 1,184,687	\$ 1,203,561	\$ (67,428)	\$ 2,918,073	\$ 3,465,771

1. 2011 General Government expenses were restated to remove payments to Miami-Dade County in the amount of \$57,745 as these should have reduced long-term liabilities due to Miami-Dade county.

2. 2012 restated to include implementation of GASB 65 expenditure of debt issuance costs.

VILLAGE OF PALMETTO BAY, FLORIDA

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

	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
General Fund										
Non-Spendable	\$ -	\$ 95,418	\$ 106,594	\$ 80,185	\$ 125,402	\$ 676,220	\$ 82,883	\$ 82,332	\$ 85,383	\$ 96,067
Restricted	161,870	98,783	-	-	-	-	-	-	-	-
Assigned	40,000	62,189	103,728	125,231	2,645,776	-	-	-	-	-
Unassigned	9,602,106	11,234,723	12,235,109	12,933,169	10,299,723	13,181,246	11,442,147	10,638,696	11,017,071	10,486,940
Total general fund	\$ 9,803,976	\$ 11,491,113	\$ 12,445,431	\$ 13,138,585	\$ 13,070,901	\$ 13,857,466	\$ 11,525,030	\$ 10,721,028	\$ 11,102,454	\$ 10,583,007
All other governmental funds										
Restricted:										
Special revenue	\$ 3,515,591	\$ 2,707,373	\$ 3,139,924	\$ 3,399,620	\$ 4,126,942	\$ 4,621,251	\$ 4,903,311	\$ 3,787,024	\$ 4,662,974	\$ 3,050,222
Debt service	-	900,320	901,092	901,505	901,649	901,831	903,664	908,685	921,107	941,498
Capital projects	141,358	789,775	1,306,121	357,209	-	-	-	-	-	-
Committed:										
Special revenue	2,610	986,269	990,419	743,588	800,887	1,120,149	970,526	1,482,058	447,902	447,276
Capital projects	4,849,217	228,144	98,639	993,799	2,316,605	1,986,638	4,864,924	6,297,720	4,848,583	3,058,195
Unassigned	-	-	-	-	-	-	-	(91,305)	(1,296,560)	(27,217)
Total all other governmental funds	\$ 8,508,776	\$ 5,611,881	\$ 6,436,195	\$ 6,395,721	\$ 8,146,083	\$ 8,629,869	\$ 11,642,425	\$ 12,384,182	\$ 9,584,006	\$ 7,469,974
Total all funds	\$ 18,312,752	\$ 17,102,994	\$ 18,881,626	\$ 19,534,306	\$ 21,216,984	\$ 22,487,335	\$ 23,167,455	\$ 23,105,210	\$ 20,686,460	\$ 18,052,981

VILLAGE OF PALMETTO BAY, FLORIDA

**CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)**

	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Revenues:										
Property taxes	\$ 5,879,429	\$ 5,559,345	\$ 5,446,837	\$ 5,528,940	\$ 5,555,032	\$ 5,788,016	\$ 5,967,015	\$ 5,949,675	\$ 6,280,596	\$ 6,311,243
Utility taxes	2,058,896	2,052,017	2,093,849	2,188,566	2,360,864	2,336,472	2,371,602	2,449,906	2,476,087	2,504,675
Communication taxes	1,469,338	1,515,934	1,375,239	1,310,324	1,434,739	1,326,446	1,268,751	1,268,588	1,122,791	903,794
Franchise fees	1,345,736	960,331	1,101,516	1,016,281	829,882	787,126	800,852	599,893	816,239	795,525
Intergovernmental	4,315,288	4,811,371	3,690,741	3,614,562	3,800,156	4,181,748	4,305,615	4,230,390	6,425,441	8,574,227
Licenses and permits	1,076,930	992,107	1,028,694	1,089,455	1,434,834	1,542,529	1,707,230	1,590,432	2,684,316	2,301,515
Fines and forfeitures	401,157	328,385	269,662	306,074	298,121	241,096	259,831	258,500	160,236	365,105
Charges for services	1,127,530	1,143,138	1,550,749	1,641,794	1,578,606	1,825,590	1,606,319	1,807,345	2,327,526	1,852,335
Interest	157,272	114,921	149,253	139,668	134,833	155,623	149,951	163,920	202,985	227,869
Miscellaneous fees	157,349	93,700	191,226	144,345	343,369	157,441	196,672	155,401	807,961	1,333,963
Total revenues	\$ 17,988,925	\$ 17,571,249	\$ 16,897,766	\$ 16,980,009	\$ 17,770,436	\$ 18,342,087	\$ 18,633,838	\$ 18,474,050	\$ 23,304,178	\$ 25,170,251
Expenditures:										
General government	\$ 3,429,396	\$ 3,700,958	\$ 4,701,490	\$ 4,713,967	\$ 4,536,099	\$ 3,215,109	\$ 3,621,256	\$ 3,384,761	\$ 3,056,414	\$ 3,210,161
Economic development	-	-	-	-	212,328	115,708	-	-	-	-
Public safety	6,487,112	6,888,043	5,960,192	5,972,399	6,570,600	8,067,338	8,146,706	9,278,628	7,636,086	8,079,196
Public assistance	-	-	-	-	-	-	-	-	1,765,431	16,473
Public works	859,870	964,662	676,414	701,135	703,360	1,422,213	1,470,397	1,375,596	1,733,355	2,745,584
Building and permitting	-	-	-	-	-	-	-	-	2,101,149	2,765,502
Parks and recreation	1,317,030	1,524,692	1,721,369	1,749,626	1,901,354	2,012,989	1,472,640	1,523,791	1,742,948	2,151,271
Capital outlay	6,878,450	4,432,455	801,920	1,628,022	604,506	690,087	1,704,949	1,445,354	6,125,156	6,725,241
Debt service										
Principal payments	627,552	442,383	519,798	698,834	729,299	724,968	810,577	841,411	895,094	855,099
Interest expense	233,586	827,814	737,951	863,346	830,212	823,324	727,192	686,754	667,295	711,044
Total expenditures	\$ 19,832,996	\$ 18,781,007	\$ 15,119,134	\$ 16,327,329	\$ 16,087,758	\$ 17,071,736	\$ 17,953,717	\$ 18,536,295	\$ 25,722,928	\$ 27,259,571
Excess of revenues over (under) expenditures	\$ (1,844,071)	\$ (1,209,758)	\$ 1,778,632	\$ 652,680	\$ 1,682,678	\$ 1,270,351	\$ 680,121	\$ (62,245)	\$ (2,418,750)	\$ (2,089,320)
Other financing sources (uses):										
Transfer in	\$ 1,564,425	\$ 1,099,677	\$ 682,691	\$ 897,000	\$ 1,480,000	\$ 121,000	\$ 3,200,000	\$ 1,550,000	\$ 480,000	\$ 151,285
Transfer out	(1,564,425)	(1,099,677)	(682,691)	(897,000)	(1,480,000)	(121,000)	(3,200,000)	(1,550,000)	(480,000)	(151,285)
Refinanced debt	(7,949,076)	-	-	-	-	-	(1,209,840)	-	-	-
Discount/Issuance cost on debt issue	(59,239)	-	-	-	-	-	(42,308)	-	-	-
Proceeds from issuance of debt	14,780,000	-	-	-	-	-	1,252,148	-	-	-
Total other financing sources (uses)	\$ 6,771,685	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net change in fund balances	\$ 4,927,614	\$ (1,209,758)	\$ 1,778,632	\$ 652,680	\$ 1,682,678	\$ 1,270,351	\$ 680,121	\$ (62,245)	\$ (2,418,750)	\$ (2,089,320)
Debt services as a percentage of noncapital expenditures	6.6474%	8.8524%	8.7849%	10.6276%	10.0722%	9.4514%	9.4639%	8.9414%	7.9723%	7.6269%

VILLAGE OF PALMETTO BAY, FLORIDA

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

Fiscal Year	Real Property		Personal Property	Less:	Total Taxable	Total ¹	Estimated ²	Assessed
	Residential	Commercial		Tax-Exempt Property	Assessed Value	Direct Tax Rate	Actual Value	Value as a % of Actual Value
2010	2,294,737	757,157	77,838	595,108	2,534,624	2.4470	3,735,438	83.78%
2011	2,551,825	545,884	90,712	799,248	2,389,173	2.4470	3,336,588	95.56%
2012	2,550,693	506,154	90,003	788,174	2,358,676	2.4470	3,312,269	95.01%
2013	2,641,678	517,040	89,089	832,846	2,414,961	2.4470	3,423,310	94.87%
2014	2,591,982	498,036	76,327	766,243	2,400,102	2.4470	3,343,102	94.71%
2015	2,834,094	487,906	75,767	935,530	2,462,237	2.4470	3,574,274	95.06%
2016	3,044,310	489,506	78,598	1,061,101	2,551,313	2.4470	3,788,921	95.34%
2017	3,327,991	526,672	80,748	1,275,694	2,659,717	3.3292	4,118,692	95.55%
2018	3,511,675	579,694	79,439	1,361,809	2,808,999	2.3292	4,358,279	95.70%
2019	3,555,946	834,994	81,027	1,352,102	2,930,713	2.2387	4,471,967	95.77%

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

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

2: Includes tax-exempt property.

VILLAGE OF PALMETTO BAY, FLORIDA

PROPERTY TAX RATES
DIRECT AND OVERLAPPING GOVERNMENTS
LAST TEN FISCAL YEARS

<u>Fiscal Year</u>	<u>Village of Palmetto Bay Direct Rates</u>		<u>Overlapping Rates</u>				<u>Total Millage</u>
	<u>Basic Rate</u>	<u>Total Direct</u>	<u>School District</u>	<u>State Rates</u>	<u>Miami Dade County</u>	<u>Special District Millages</u>	
2010	2.4470	2.4470	7.9950	0.6585	5.1229	3.1093	19.3327
2011	2.4470	2.4470	8.2490	0.6585	5.8725	3.3793	20.6063
2012	2.4470	2.4470	8.0050	0.4708	5.0900	3.1422	19.1550
2013	2.4470	2.4470	7.9980	0.4634	4.9885	3.1352	19.0321
2014	2.4470	2.4470	7.9770	0.4455	5.1255	3.1348	19.1298
2015	2.4470	2.4470	7.9740	0.4187	5.1169	3.2161	19.1727
2016	2.4470	2.4470	7.6120	0.3871	5.1169	3.2133	18.7763
2017	2.3292	2.3292	7.3220	0.3627	5.0669	3.2122	18.2930
2018	2.3292	2.3292	6.9940	0.3420	5.0669	3.1795	17.9116
2019	2.2387	2.2387	6.7330	0.3256	5.1313	3.1462	17.5748

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

VILLAGE OF PALMETTO BAY, FLORIDA

PRINCIPAL PROPERTY TAXPAYERS
CURRENT YEAR AND TEN YEARS AGO

Taxpayer	2019				2010			
	Type of Business	Taxable Value	Rank	Percentage of Total City Taxable Value	Type of Business	Taxable Value	Rank	Percentage of Total City Taxable Value
Brandsmart USA	Retail Outlet	\$ 29,000,000	1	1.01%	Retail Outlet	\$ 29,700,000	2	1.28%
Metropolitan Life Insurance	Retail Outlet	28,900,000	2	1.01%	Retail Outlet	19,100,000	3	0.83%
17777 Old Cutler RD LLC	Office Building	24,200,000	3	0.84%	Office Building	30,457,093	1	1.32%
AutoNation USA Corp	Automotive	17,500,000	4	0.61%	Automotive	14,936,437	4	0.65%
South Motor Company of Dade Co	Automotive	12,468,912	5	0.44%	Automotive	9,534,799	8	0.41%
Publix Supermarket	Retail Outlet	12,188,759	6	0.43%	Retail Outlet	9,451,696	9	0.41%
Equity One Inc.	Retail Outlet	10,202,500	7	0.36%	Retail Outlet	13,326,633	5	0.58%
17475 LLC	Health Care	10,088,635	8	0.35%				
Gus Machado Kendall LLC	Automotive	9,622,745	9	0.34%	Automotive	10,673,270	6	0.46%
Kings Bay Shopping Center	Retail Outlet	8,093,690	10	0.28%				
Fla Power & Light	Utility				Utility	10,058,844	7	0.43%
Gramercy Park Nursing Care Ctr	Health Care				Health Care	9,240,072	10	0.40%
Total		<u>\$ 162,265,241</u>		<u>5.67%</u>		<u>\$ 156,478,844</u>		<u>6.77%</u>
Total Taxable Value		\$2,865,295,617				\$2,313,431,060		

Source: Miami-Dade tax assessor's office.

VILLAGE OF PALMETTO BAY, FLORIDA

PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS

Fiscal Year	Total Tax Levy¹	Current Tax Collections²	Percent of Current Taxes Collected	Delinquent Tax Collections²	Total Tax Collections	Ratio of Total Tax Collection to Total Tax Levy	Outstanding Delinquent Taxes³	Ratio of Delinquent Taxes to Total Tax Levy
2010	6,208,598	5,827,371	93.9%	52,057	5,879,428	94.7%	25,000	0.4%
2011	5,846,304	5,512,579	94.3%	45,537	5,558,116	95.1%	19,457	0.3%
2012	5,771,680	5,390,428	93.4%	55,584	5,446,012	94.4%	31,896	0.6%
2013	5,909,411	5,492,139	92.9%	36,801	5,528,940	93.6%	32,700	0.6%
2014	5,873,051	5,522,319	94.0%	32,713	5,555,032	94.6%	185,246	3.2%
2015	6,025,091	5,671,041	94.1%	116,975	5,788,016	96.1%	312,186	5.2%
2016	6,243,063	5,864,698	93.9%	102,317	5,967,015	95.6%	668,042	10.7%
2017	6,195,014	5,794,653	93.5%	154,179	5,948,832	96.0%	723,080	11.7%
2018	6,542,719	6,123,394	93.6%	157,202	6,280,596	96.0%	587,301	9.0%
2019	6,560,986	6,169,601	94.0%	141,642	6,311,243	96.2%	N/A	0.0%

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

VILLAGE OF PALMETTO BAY, FLORIDA

RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS

Fiscal Year	Special Revenue Bonds	Capital Leases	Liabilities to Miami-Dade ¹	Total	Percentage of Personal Income ³	Per Capita ²
2010	18,134,575	-	3,520,502	\$ 21,655,077	2.30%	860.35
2011	17,692,192	-	3,365,669	\$ 21,057,861	2.20%	837.86
2012	17,116,117	-	3,206,356	\$ 20,322,473	2.12%	868.11
2013	16,585,585	-	3,040,029	\$ 19,625,614	2.04%	837.02
2014	16,037,039	-	2,903,930	\$ 18,940,969	1.89%	801.12
2015	15,475,162	-	2,677,301	\$ 18,152,463	1.75%	772.87
2016	14,907,496	-	2,483,513	\$ 17,391,009	1.63%	731.73
2017	14,270,687	-	2,280,886	\$ 16,551,573	1.52%	694.19
2018	13,609,539	-	2,048,916	\$ 15,658,455	1.27%	653.47
2019	12,923,289	-	1,882,042	\$ 14,805,331	N/A	199.00

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

Note: The Village has no General Obligation Bonds.

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

2: See page 48 for Demographic and Economic Statistics.

3: See page 48 for Personal Income.

N/A - Information not available.

VILLAGE OF PALMETTO BAY, FLORIDA

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF SEPTEMBER 30, 2019

<u>Governmental Unit</u>	<u>Bonded Debt Outstanding</u>	<u>Percentage Applicable to Village of Palmetto Bay¹</u>	<u>Amount Applicable to Village of Palmetto Bay</u>	<u>Amount Per Capita Village of Palmetto Bay¹</u>
County Debt				
Miami-Dade County ²	\$ 2,070,235,000	0.88%	\$ 18,218,068	\$ 755
School Board ³	958,461,000	0.88%	8,434,457	349
Contractual Debt⁴	1,882,042	100.00%	1,882,042	78
Subtotal Overlapping Debt	<u>\$ 3,030,578,042</u>		<u>\$ 28,534,567</u>	<u>\$ 1,182</u>
Village Direct Debt	<u>12,965,741</u>	100.00%	<u>\$ 12,965,741</u>	<u>\$ 537</u>
Total Direct and Overlapping Debt	<u>\$ 3,043,543,783</u>		<u>\$ 41,500,308</u>	<u>\$ 1,719</u>

1: Based upon population; information obtained from Bureau of Economic and Business Research, as of April 2017 used for FY2019; Village of Palmetto Bay - 24,138 and Miami-Dade County - 2,733,125

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

3: Information obtain from Miami-Dade School Board.

4: Debt issued by Miami-Dade County but a proportionate share was agreed to be paid by the Village as part of incorporation. See Note 6.

VILLAGE OF PALMETTO BAY, FLORIDA

**LEGAL DEBT SERVICE MARGIN INFORMATION
LAST TEN FISCAL YEARS**

	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Legal Debt Service Margin Calculation										
Total general fund revenues ¹	\$ 17,988,925	\$ 17,571,249	\$ 16,897,766	\$ 16,980,009	\$ 17,770,436	\$ 18,342,087	\$ 18,633,838	\$ 18,474,050	\$ 23,304,178	\$ 25,170,251
Debt service Limit (20% of General Fund Revenues) ²	3,620,472	3,556,017	3,446,902	3,387,778	3,475,045	3,611,252	3,697,593	3,710,789	4,177,823	4,847,443
Debt service applicable to limit	861,138	1,270,197	1,257,749	1,562,180	1,559,511	1,548,292	1,537,769	1,528,165	1,562,389	1,566,143
Legal debt service margin	<u>\$ 2,759,334</u>	<u>\$ 2,285,820</u>	<u>\$ 2,189,153</u>	<u>\$ 1,825,598</u>	<u>\$ 1,915,534</u>	<u>\$ 2,062,960</u>	<u>\$ 2,159,824</u>	<u>\$ 2,182,624</u>	<u>\$ 2,615,434</u>	<u>\$ 3,281,300</u>
Total debt service applicable to the limit as a percentage of debt service limit	23.79%	35.72%	36.49%	46.11%	44.88%	42.87%	41.59%	41.18%	37.40%	32.31%

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

2: The Village of Palmetto Bay is required by debt covenants not to exceed 20% of general fund revenues.

VILLAGE OF PALMETTO BAY, FLORIDA

PLEGGED REVENUE COVERAGE
LAST TEN FISCAL YEARS

Fiscal Year	Library Bonds					Special Revenue Bonds				
	Rent ¹ Revenue	Debt Service Requirements			Coverage	Non-Ad Valorem Revenue	Debt Service Requirements			Coverage
		Principal	Interest	Total			Principal	Interest	Total	
2010	186,175	30,000	63,059	93,059	2.00	9,421,085	237,053	269,216	506,269	18.61
2011	108,981	30,000	62,232	92,232	1.18	9,300,338	225,000	679,463	904,463	10.28
2012	108,981	35,000	61,410	96,410	1.13	8,048,999	290,000	610,814	900,814	8.94
2013	108,981	35,000	60,244	95,244	1.14	8,175,721	295,000	604,792	899,792	9.09
2014	108,981	35,000	59,019	94,019	1.16	8,414,930	305,000	595,666	900,666	9.34
2015	108,981	35,000	58,759	93,759	1.16	8,675,285	310,000	589,019	899,019	9.65
2016	108,981	69,276 ²	32,299	101,575	1.07	8,155,563	320,000	581,493	901,493	9.05
2017	108,981	72,267	27,904	100,171	1.09	8,341,768	330,000	568,462	898,462	9.28
2018	108,981	72,246	26,199	98,445	1.11	8,432,621	353,729	557,394	911,123	9.26
2019	108,981	77,618	24,495	102,113	1.07	8,714,563	355,000	543,688	898,688	9.70

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

2: The Village refinanced the debt see Note 6.

VILLAGE OF PALMETTO BAY, FLORIDA

DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS

Fiscal Year	Population¹	Personal Income²	Per Capita Income²	Median Age²	School Enrollment⁴	Public School Enrollment³	Unemployment Rate²
2010	25,170	943,497,450	37,485	41.9	7,969	3,884	7.2%
2011	25,133	959,175,812	38,164	40.6	7,903	3,799	6.3%
2012	23,410	959,294,980	40,978	41.0	7,797	3,728	5.9%
2013	23,447	963,695,147	41,101	40.9	8,298	3,617	6.1%
2014	23,643	1,001,588,409	42,363	40.5	8,166	3,614	5.6%
2015	23,784	1,038,980,256	43,684	41.1	7,901	3,713	7.7%
2016	23,767	1,067,043,232	44,896	41.8	7,552	3,617	6.8%
2017	23,843	1,091,341,796	45,772	40.8	7,680	3,376	7.7%
2018	23,962	1,232,916,786	51,453	41.1	7,366	2,528	4.8%
2019	24,138	N/A	N/A	N/A	N/A	N/A	N/A

N/A Information not available for year indicated.

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

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

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

4: Information obtained from U.S. Census Bureau. Enrollment is for population 3 years and over enrolled in school.

VILLAGE OF PALMETTO BAY, FLORIDA

PRINCIPAL EMPLOYERS
CURRENT YEAR AND TEN YEARS AGO

Employer	2019			2010		
	Employees	Rank	Percentage of Total Village Population ¹	Employees	Rank	Percentage of Total Village Population ¹
BUPA	450	1	1.89%	-		0.00%
Dade County Schools	432	2	1.81%	419	2	1.69%
Brandsmart	200	3	0.84%	200	4	0.81%
BCA Financial Services	184	4	0.77%	-		0.00%
South Motors	157	5	0.66%	592	1	2.39%
Publix Supermarket	138	6	0.58%	350	3	1.41%
Marshall's Department Store	134	7	0.56%	119	8	0.48%
Miller's Ale House Restaurant	100	8	0.42%	-		0.00%
Progressive	91	9	0.38%	-		0.00%
Dade Jeep Chrysler Plymouth	70	10	0.29%	100	10	0.40%
Palmer Trinity Christian School	-		0.00%	120	7	0.48%
Westminster Christian School	-		0.00%	135	6	0.54%
Maroone Nissan of Kendall	-		0.00%	110	9	0.44%
World Ford Kendall/Gus Machado	-		0.00%	140	5	0.56%
	<u>1,956</u>		<u>8.20%</u>	<u>2,285</u>		<u>9.20%</u>

1: Population information available on page 48 Demographic and Economic statistics.

NOTE: Information obtained from Village business license data.

VILLAGE OF PALMETTO BAY, FLORIDA

EMPLOYEES BY FUNCTION/PROGRAMS
LAST TEN FISCAL YEARS

	2010		2011		2012		2013		2014		2015		2016		2017		2018		2019	
	FT	PT	FT	PT	FT	PT	FT	PT	FT	PT	FT	PT	FT	PT	FT	PT	FT	PT	FT	PT
Village Manager	5	0	6	0	5	1	4	0	4	0	4	1	6	0	6	0	6	0	6	0
Village Clerk	2	0	2	0	2	0	2	0	2	0	2	0	2	0	2	0	3	0	3	0
Human Resources	1	1	1	1	2	0	2	0	2	0	2	1	4	2	4	1	4	0	4	0
Finance	3	0	4	0	4	0	6	0	6	0	6	0	6	0	6	0	6	1	6	1
Planning and Zoning	6	0	6	0	7	0	8	0	7	0	3	0	2	0	2	0	3	0	3	0
Building and Permitting	7	1	7	1	7	0	7	2	8	2	12	1	13	0	13	0	13	0	13	0
Parks & Recreation	8	20	9	23	9	22	11	33	11	28	9	21	8	23	8	23	8	24	8	24
Public Work	5	1	8	2	9	2	9	3	9	3	15	6	18	7	17	6	19	6	19	6
Total Employees	37	23	43	27	45	25	49	38	49	33	53	30	59	32	58	30	62	31	62	31

FT - Full Time

PT - Part Time

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

VILLAGE OF PALMETTO BAY, FLORIDA

OPERATING INDICATORS BY FUNCTION/PROGRAM LAST TEN FISCAL YEARS

	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Police										
Arrests	511	335	324	375	341	340	308	283	235	221
Targeted crimes ¹	386	432	431	442	345	363	313	295	258	206
False alarms	1,713	1,748	1,756	1,685	1,714	1,790	1,689	1,470	1,237	1,256
Culture and recreation										
Tennis court rentals	N/A	N/A	8,765	11,322	9,557	9,687	5,898	6,595	5,972	7,709
Wedding rentals	N/A	N/A	135	57	97	167	240	145	101	89
Park rentals	599	844	496	589	431	697	992	817	632	468
Summer camp registrants	590	665	1,070	762	1,095	1,480	1,346	1,337	1,254	1,371
Planning & Zoning										
Code violation	658	637	599	566	496	396	734	377	1,040	1,002
Zoning hearing applications	29	7	7	5	9	13	8	19	7	12
Building Permits										
Residential	1,486	2,652	2,237	2,661	3,808	2,151	4,158	3,747	4,434	3,727
Commercial	644	687	487	676	607	424	593	616	671	565
Inspections	6,507	8,387	8,810	9,750	11,602	10,709	17,519	15,224	21,128	20,040
Manager/Clerk										
Ordinances	14	12	29	18	6	17	25	21	15	24
Resolutions	127	83	96	91	80	116	133	127	118	165
Public Works										
Transit passengers	11,926	10,290	8,428	8,301	5,650	7,190	5,941	5,276	7,109	16,589
Roads resurfaced (miles)	8.16	4.66	3	7	3	7	3	2.41	0	0
Finance										
Journal entries	966	784	572	504	519	525	747	764	722	789
Deposits	1,604	1,282	1,299	1,318	1,296	1,355	1,233	1,135	1,204	1,229
Checks	2,142	2,152	2,196	2,540	2,614	2,583	2,725	2,531	2,375	2,618
Facilities Maintenance										
Solar energy produced (Kwh)	N/A	N/A	46,064	83,703	90,770	90,520	85,670	78,910	N/A	N/A

N/A Information not available.

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

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

VILLAGE OF PALMETTO BAY, FLORIDA

**CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS**

	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
General Government										
Municipal Center	0	1	1	1	1	1	1	1	1	1
Police										
Station	1	1	1	1	1	1	1	1	1	1
Patrol Units	41	40	41	42	42	42	43	43	43	43
Public Works										
Streets (miles)	118	122	122	122	122	122	122	125	125	125
Traffic signals	30	29	29	29	29	29	29	28	28	28
Traffic circles	1	2	2	2	2	2	2	3	3	3
Park and Recreation										
Acreage	82	82	82	82	82	82	82	82	82	82
Parks	5	5	5	5	5	5	5	5	5	5
Playgrounds	2	2	2	2	2	2	2	2	2	2
Tennis courts	8	8	8	8	8	8	8	8	8	8
Racquetball courts	4	4	4	4	4	4	4	4	4	4
Basketball courts	2	2	2	2	2	2	2	2	2	2
Football fields	2	2	2	2	2	2	2	2	2	2
Baseball fields	5	5	5	5	5	5	5	5	5	5
Softball fields	6	6	6	6	6	6	6	6	6	6
Community centers	3	3	3	3	3	3	3	3	3	3
Skate parks	1	1	1	1	1	1	1	1	1	1
Dog Park	1	1	1	1	1	1	1	1	1	1

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

COMPLIANCE SECTION

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

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Village of Palmetto Bay, Florida, (the "Village") as of and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements, and have issued our report thereon dated May 20, 2020.

Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. We did identify a deficiency in internal control, described below as item 2019-001 that we consider to be a significant deficiency.

2019-001	During the year ended September 30, 2019, the Village identified a significant error in franchise fee revenue that resulted in a restatement to the prior year's fund balance of \$544,159. The error identified is an isolated incident and was caused by a misinterpretation of the multi-party FPL franchise fee agreement with Miami-Dade County, in which revenue was recognized upon receipt of payment rather than over the term of the agreement. Once the error was identified by management, it was corrected in the financial statements.
----------	--

Compliance and Other Matters

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



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

The Village's Response to Finding

The Village is responsible for identifying and recording the restatement in its financial statements as of October 1, 2018. In our opinion, although the restatement is a material amount, it was an isolated incident and it affected other municipalities that also had this arrangement with FPL and Miami-Dade County. The Village's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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

Monison, Brown, Ariz & Fana

Miami, Florida
May 20, 2020

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

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

Report on the Financial Statements

We have audited the financial statements of the Village of Palmetto Bay, Florida (the "Village"), as of and for the fiscal year ended September 30, 2019, and have issued our report thereon dated May 20, 2020.

Auditor's Responsibility

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

Other Reporting Requirements

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards and Independent Auditor's Report on an examination conducted in accordance with AICPA Professional Standards, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports, which are dated May 20, 2020, should be considered in conjunction with this management letter.

Prior Audit Findings

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

Official Title and Legal Authority

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

Financial Condition and Management

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

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

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



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

Additional Matters

Section 10.554(1)(i)3., Rules of the Auditor General, requires us to communicate noncompliance with provisions of contracts or grant agreements, or abuse, that has occurred, or is likely to have occurred, that have an effect on the financial statements that is less than material but warrants the attention of those charged with governance. In connection with our audit, we did not note any such findings.

Purpose of this Letter

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

Monison, Brown, Ariz & Fana

Miami, Florida
May 20, 2020

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH
REQUIREMENTS OF SECTION 218.415, FLORIDA STATUTES**

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

We have examined the Village of Palmetto Bay, Florida (the "Village") compliance with Section 218.415, Florida Statutes, concerning the investment of public funds during the year ended September 30, 2019. Management of the Village is responsible for the Village's compliance with those requirements. Our responsibility is to express an opinion on the Village's compliance with the specified requirements based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and the standards applicable to attestation engagements contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the Village complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether the Village complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

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

In our opinion, the Village complied, in all material respects, with the requirements contained in Section 218.415, Florida Statutes for the year ended September 30, 2019.

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

Morrison, Brown, Ariz & Fama

Miami, Florida
May 20, 2020